PVH

ANNUAL REPORT 2019

THE POWER of PVH

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ABOUT PVH

PVH is one of the most admired fashion and lifestyle companies in the world. We power brands that drive FASHION FORWARD – for good. We manage a diversified brand portfolio, including the *CALVIN KLEIN*, *TOMMY HILFIGER*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga* and *Geoffrey Beene* brands, as well as the digital-centric *True&Co.* intimates brand. We market a variety of goods under these and other nationally and internationally known owned and licensed brands. PVH has over 40,000 associates operating in more than 40 countries and generated $9.9 billion in revenues in 2019. That's the Power of Us. That's the **POWER OF PVH**.

VISION

To be the most admired fashion and lifestyle company in the world.

PURPOSE

We power brands that drive fashion forward – for good.

PVH

CALVIN KLEIN

TOMMY HILFIGER

HERITAGE BRANDS

PRIORITIES

1. **DRIVE**
   consumer engagement through innovative designs and personalized brand and shopping experiences that capture the heart of the consumer.

2. **EXPAND**
   our worldwide reach through organic growth and acquisitions.

3. **INVEST**
   in and evolve how we operate by leveraging technology and data to be dynamic, nimble and forward-thinking.

4. **DEVELOP**
   a talented and skilled workforce that embodies our values and an entrepreneurial spirit, while empowering our associates to design their future.

5. **DELIVER**
   sustainable, profitable growth and generate free cash flow to create long-term stockholder value.

VALUES

Individuality
Be you

Partnership
Work together

Passion
Inspire and innovate

Integrity
Do the right thing

Accountability
Own it

LETTER TO STOCKHOLDERS

Emanuel Chirico
Chairman and
Chief Executive Officer

2019 demonstrated the **Power of PVH**. Inspired by our vision and our purpose, we expanded our international businesses, both organically and through the strategic acquisitions of licensed businesses, further strengthened our senior leadership team and deepened our commitments to effect positive change in our industry and the world at large.

We power brands that drive fashion forward – for good. In 2019, we built upon our long-standing commitment to corporate responsibility (“CR”) by launching Forward Fashion, our vision for the future that provides a new level of ambition and transparency across our CR platform and reinforces our long-standing commitment to sustainable business.

We invested in the consumer data journey, digitization, our supply chain and our talent, with an emphasis on inclusion and diversity. Our dedication to providing the most desirable products and a personalized consumer experience helped us deepen our connection with consumers. These important investments continue to support the transformation of our operations, while allowing us to make faster and more informed decisions to drive long-term opportunities.

The year also presented us with several headwinds – from a softening consumer environment to geopolitical challenges to some self inflicted issues and ending with the onset of the COVID-19 outbreak. We took decisive actions by evolving *CALVIN KLEIN* product assortments and in addressing excess inventory levels at Tommy Hilfiger North America stemming from lower levels of international tourists travelling to the U.S., as well as weathered challenges in the moderate segment of the market where our Heritage Brands business operates. While these issues negatively impacted our financial performance for the year, we believe that our actions will position us to deliver sustainable, profitable future growth.

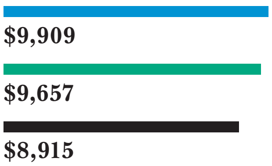
PVH has a long legacy of delivering financial excellence and, in March 2020, we celebrated our 100-year anniversary listed on the New York Stock Exchange. This is truly an incredible achievement, as we are the first apparel company and one of only 28 companies to reach this milestone. Our success since our founding almost 140 years ago speaks to our resilience and ability to drive transformation while successfully managing our brands.

These characteristics will be critical for PVH as we navigate 2020. As we begin the year, the COVID-19 outbreak has become a pandemic, impacting every major market in which we operate, with temporary store closings by us and our retail partners across all regions. Our people are demonstrating their passion and dedication to PVH as I write this, as most of our associates around the world are working remotely to continue to operate our business through this difficult time. While the pandemic is highly dynamic and continues to unfold, my confidence in PVH and its ability to navigate this crisis is unwavering. I believe that our core strengths – our talent, our brands, our strong fundamentals and balance sheet – will continue to support us through the uncertain time, and ultimately lead us back to a healthy path of long-term growth once the pandemic subsides.

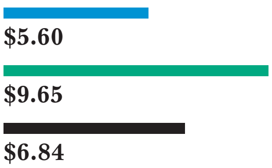
By the Numbers

REVENUES

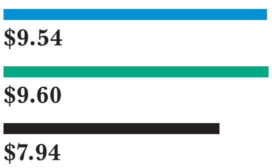
($ in millions)



GAAP EARNINGS PER SHARE



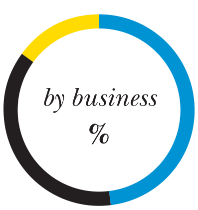
NON-GAAP EARNINGS PER SHARE[1]



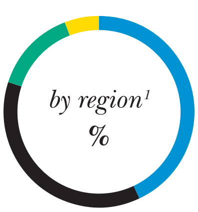
2019 2018 2017

[1] Figures exclude certain amounts that were deemed non-recurring or non-operational. Refer to GAAP to Non-GAAP Reconciliations on pages 30 and 31.

2019 REVENUES



48% Tommy Hilfiger
37% Calvin Klein
15% Heritage Brands



43% U.S.
37% Europe
14% Asia Pacific
6% Americas (excluding U.S.)

[1] Europe includes the Middle East and Africa; Asia Pacific includes Australia and New Zealand; Americas (excluding U.S.) includes Canada, Mexico, South America, Central America and the Caribbean.

2019 FINANCIAL PERFORMANCE

The power of our diversified business model helped us navigate the challenges and mitigate some of the pressure on our financial performance. We executed against our strategic priorities and continued to invest in and evolve our brands to capture the heart of today's consumer.

We grew revenues by 3% to $9.9 billion and delivered GAAP earnings per share of $5.60 compared to $9.65 in 2018. On a non-GAAP basis, we posted earnings per share of $9.54* (which included a negative impact of $0.35 per share related to foreign currency exchange rates) as compared to $9.60* in 2018. While these results were below our initial expectations, performance in our Europe business was a highlight, as we continued to experience outstanding results in our Tommy Hilfiger business and we re-ignited the *CALVIN KLEIN* brand's momentum.

Operating a business in these uncertain times required us to embrace change while preserving our unique culture, and we took actions to best position PVH for long-term success. These included:

- **Hiring Stefan Larsson into the newly created role of President, PVH Corp.,** where he is overseeing PVH's branded businesses and regions, with the Calvin Klein business turnaround as his top focus area.
- **Appointing Cheryl Abel-Hodges as CEO of Calvin Klein,** with an immediate focus on overseeing the product turnaround and driving brand expansion, particularly in Europe and Asia.
- **Appointing Tom Chu as President, PVH Asia Pacific,** where he is overseeing the expansion of *CALVIN KLEIN* and *TOMMY HILFIGER* across the region, which is our largest long-term market opportunity.
- **Continuing the optimization of our Heritage Brands portfolio,** including by streamlining operations, selling our Speedo North America business (which closed in April 2020), and exiting businesses, such as DKNY men's apparel, that did not meet our profitability requirements.
- **Addressing challenges in the Tommy Hilfiger North America business** by proactively taking markdowns to right-size inventory levels, including in response to lower levels of international tourism into the U.S.
- **Evolving to the new era of retail** by growing our digital commerce penetration, expanding our omni-channel capabilities and reducing our retail store footprint.

*Figures exclude certain amounts that were deemed non-recurring or non-operational. Refer to GAAP to Non-GAAP Reconciliations on pages 30 and 31.

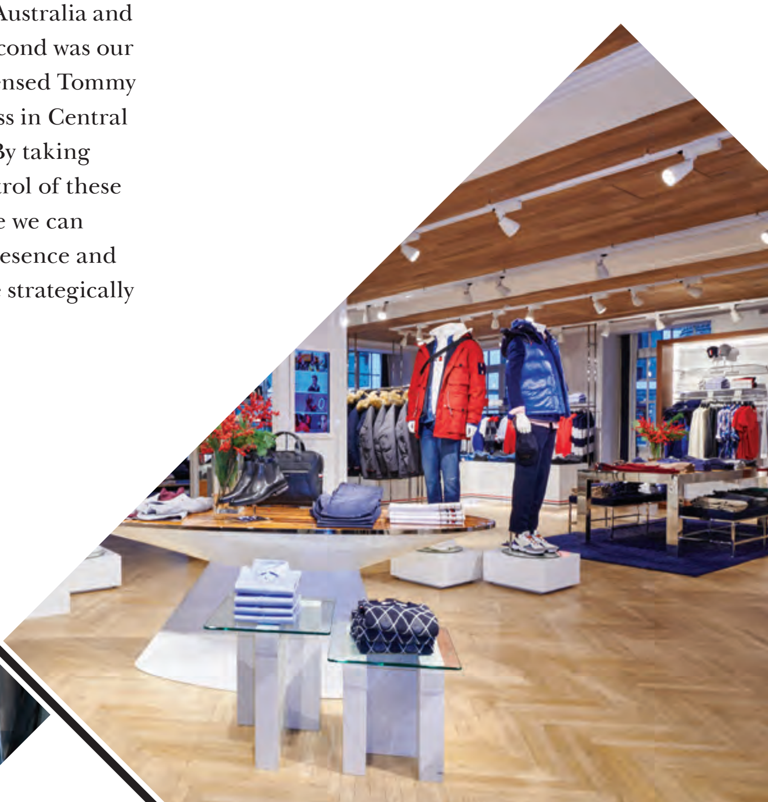
CAPTURING INTERNATIONAL EXPANSION OPPORTUNITIES

Powered by our brands' strength, relevance and recognition, we continued to pursue our global expansion efforts. We capitalized on organic growth opportunities internationally and acquired two regional licensed businesses, resulting in 9% revenue growth outside the U.S.

"We leveraged the incredible **power of our brands** to capture **international expansion opportunities.**"

Highlights from 2019 include:

- **Capitalizing on the European opportunity:** Europe outperformed as our highest-growth region, and our strong regional presence is a key competitive advantage. Performance for *TOMMY HILFIGER* continued to be exceptional. While the brand is well-penetrated, with nearly $2.5 billion in revenues in Europe, it continues to gain market share and exhibit momentum across all major countries, channels and categories. We also further expanded the *CALVIN KLEIN* lifestyle in Europe beyond jeans and underwear, and our apparel and accessories businesses under the brand are being met with an increasingly strong consumer response. We remain confident in the business's potential to achieve at least $2 billion in revenues in Europe over time.
- **Acquiring regional licenses:** We completed two acquisitions during the second quarter of 2019. The first was our acquisition of Gazal Corporation Limited ("Gazal"), which was our joint venture partner for *CALVIN KLEIN*, *TOMMY HILFIGER*, *Van Heusen* and other brands in Australia and New Zealand. The second was our acquisition of the licensed Tommy Hilfiger retail business in Central and Southeast Asia. By taking direct operating control of these businesses, we believe we can expand our brand presence and market share in these strategically important markets over the long-term by leveraging the power of our regional operations.
- **Navigating the brand opportunities in Asia:** While Asia experienced mixed trends during 2019, we continued to position our businesses for a long-term trajectory of sustainable top and bottom-line growth. Our strong brand positioning and talented teams drove the businesses forward, despite the weakening consumer environment in China, protests in Hong Kong SAR, the U.S.-China trade tensions, and the COVID-19 outbreak coincident with the start of the Lunar New Year holiday. We have dramatically increased our digital penetration over the last several years to reflect local market preferences and provided more unique brand experiences. We were pleased to see a stabilization of business trends in China during the fourth quarter before the onset of the COVID-19 outbreak and continue to believe the region has significant growth potential. Japan remained a positive story, particularly for *TOMMY HILFIGER*, and the newly acquired Australia business performed better than expected.



YEAR IN REVIEW
2019 HIGHLIGHTS

"2019 demonstrated the **Power of PVH** as we expanded our international businesses, further **strengthened our senior leadership team** and deepened our commitments to **effect positive change** in our industry and the world at large."

WINTER 2019

- PVH announces support for the Global Fashion Agenda's ***CEO Agenda** 2019*
- PVH enters a licensing agreement with NIKE, Inc. for the design, sourcing, marketing and worldwide distribution of ***NIKE***-branded men's underwear beginning Fall 2020
- ***TOMMY HILFIGER*** begins partnership with Zendaya as global brand ambassador for Spring and Fall 2019

SPRING/SUMMER 2019

- PVH announces Forward Fashion, our new CR strategy along with 15 key targets
- Stefan Larsson appointed into the newly created role of President, PVH Corp.
- Cheryl Abel-Hodges appointed CEO of Calvin Klein
- PVH supports LGBTQ rights through worldwide Pride celebrations
- PVH closes on two acquisitions:
  - Acquires the Tommy Hilfiger retail business in Central and Southeast Asia
  - Acquires Gazal, our joint venture partner for ***CALVIN KLEIN, TOMMY HILFIGER*** and ***Van Heusen*** in Australia and New Zealand
- ***True&Co***. expands to additional Target locations
- Calvin Klein and G-III enter into a license agreement for ***CALVIN KLEIN JEANS*** women's assortments in North America

FALL 2019

- ***CALVIN KLEIN*** marks 50-year anniversary with a ***CK50*** capsule collection and marketing campaign featuring Justin Bieber and his wife Hailey Bieber, among others
- PVH signs The Fashion Pact, a coalition of fashion and textile companies pledging to reduce the environmental impact of the fashion industry
- ***CALVIN KLEIN*** names singer-actor Lay Zhang as its first-ever Chinese global ambassador
- PVH re-certified as ***Great Place to Work*** in the U.S. for the second year
- PVH announces a $3 million, three-year grant extension with Save the Children

WINTER 2020

- Tommy Hilfiger commits for all global design teams at its Amsterdam headquarters to achieve 100% 3D apparel design by its Spring 2022 collections
- ***CALVIN KLEIN*** and ***TOMMY HILFIGER*** launch Lunar New Year capsule collections
- Tom Chu appointed as President, PVH Asia Pacific
- Received approval of our absolute greenhouse gas emission reduction targets by the Science Based Targets initiative
- PVH ranked #16 on ***Newsweek*** magazine's "America's Most Responsible Companies" list
- PVH listed on ***Fortune*** magazine's "100 Best Workplaces for Diversity" list
- PVH announces sale of Speedo North America business

USING OUR PLATFORM TO INSPIRE CONSUMERS

Consumers today are looking to express their individuality. We have reflected this social paradigm by enlisting a diverse representation of brand ambassadors who appeal to a wide range of consumers and regional audiences. For *TOMMY HILFIGER*, we leveraged our successful partnership with Lewis Hamilton and introduced Zendaya as *TOMMY HILFIGER*'s female brand ambassador beginning in Spring 2019, which was applauded for its focus on inclusivity and its diverse vision of beauty. We also increased our use of regional influencers to better serve each market's needs, including our partnerships catering to Asia, featuring Shawn Yue for *TOMMY HILFIGER* and Lay Zhang for *CALVIN KLEIN*.

We continued to invest in and evolve our industry-leading marketing efforts to ignite brand heat, with a focus on expanding our global social media following, engagement and earned media value. To celebrate *CALVIN KLEIN*'s 50th anniversary, we offered a limited-edition *CK50* capsule collection and offered curated experiences to reinforce brand moments and drive product engagement. Across all of our platforms, we delivered consistent messaging to enhance the consumer journey.

Unique and differentiated product continues to be a key value driver to convert consumers and instill long-lasting brand loyalty. We increased our offerings of personalized products, including Calvin Klein's *#MYCALVINS CUSTOM* collection; our Pride collections for *CALVIN KLEIN*, *TOMMY HILFIGER*, *IZOD* and *Speedo*; and our Lunar New Year product drops for *CALVIN KLEIN* and *TOMMY HILFIGER*. Overall, these capsule collections experienced strong community engagement, with elevated conversion, sell-throughs and average unit retail prices.

The in-store experience remains critically important for consumers. We tested new experiential retail concepts, launched pop-up shops and expanded our presence to meet the next generation of consumers where they prefer to shop. One of the highest profile store openings of the year was the *CALVIN KLEIN* store in Le Marais district of Paris, which offers the most up-to-date store features, including personalization services, digital screens and tablets to enhance the shopping experience.

Sustainability increasingly is top of mind for consumers, and we are seeking ways to produce more of our products using environmentally friendly processes, including our efforts with *TOMMY JEANS*, which included 100% recycled cotton denim styles for Spring 2019. This was in addition to utilizing low impact denim finishing techniques at Calvin Klein and reducing our use of plastics, while also using more recycled materials across our Heritage Brands divisions.

“**We made significant investments** to ignite brand heat, while also **investing in the next generation** of tools and technologies.”

DRIVING BUSINESS TRANSFORMATION WITH INVESTMENTS

As the global retail environment continues transforming at a rapid pace, so too are the tools and technologies that can make companies smarter, faster and better equipped to enhance the consumer experience. We continue to prioritize investments that we believe will drive sustainable growth and build new capabilities for us to succeed in the evolving retail landscape.

We made significant strides in the consumer data journey, as we believe that understanding our consumers more thoroughly can help us build more meaningful, longer-lasting relationships. We enabled data-driven marketing, allowing us to personalize the consumer experience, and we began to unlock the power of consumer segmentation. As we continue to expand upon our capabilities and acquire more consumer data, we believe that we will be in a stronger position to better target our consumers and optimize our product mix, while also driving higher conversion and more frequent purchasing.

We continued to fuel our digital capabilities by upgrading our digital and mobile commerce sites to allow more storytelling and improve our site navigation. We increased our digital penetration with our wholesale partners, in addition to introducing new brand events and activations to gain market share. Omni-channel was another focus area, and we opened additional store locations that featured RFID inventory management, digital touch screens and use of tablets.

Optimizing our supply chain, with a focus on sustainability, remained a top priority. Together with our supply partners, we continued to diversify our sourcing footprint across Southeast Asia and into sub-Saharan east Africa, including Ethiopia, which became even more critical in light of the protracted trade tensions between the U.S. and China, including the imposition of significant additional tariffs on Chinese goods imported into the U.S.

We focused on leveraging our use of speed models, particularly for core replenishment items. Our expanded use of 3D capabilities for product design, development and showrooms reduces our needs for samples and decreases the time to market, which can help us improve markdown rates and gross margins. Across all of these initiatives, we maintained our commitment to sustainability and circularity by seeking to reduce waste and pollution, as we recognize that our business has a direct impact on the environment and communities where we operate.

> "I believe that we are **well-positioned to deliver** sustainable, profitable **long-term growth**, in addition to leading the fashion industry towards a **more responsible future**."

LEVERAGING THE POWER OF OUR BALANCE SHEET

The health of our balance sheet continues to be a key priority and we were pleased with several developments from the year:

- **Achieving investment grade status from Moody's, which is consistent with our rating from S&P.**
- **Further solidifying our credit profile through our senior credit facilities refinancing.**
- **Successfully launching our first-ever commercial paper program,** giving us access to another capital market, while helping us lower our overall cost of capital.
- **Maintaining our steadfast focus on working capital management,** as reflected by our inventory levels, which ended the year down 7% compared to 2018.
- **Generating approximately $665 million in free cash flow[*†],** which we deployed across many of our capital allocation priorities.
- **Repurchasing $325 million of stock.**
- **Paying down $71 million of debt,** which brought our net leverage ratio down to 1.8x[*], which is within our target leverage range.

We believe that the health of our balance sheet, and our willingness to use it as a strategic asset to improve liquidity while navigating these uncertain times, is a key competitive advantage for PVH.

† Free cash flow is a non-GAAP financial measure defined as cash flow from operations less capital expenditures and dividends.

* Figures exclude certain amounts that were deemed non-recurring or non-operational. Refer to GAAP to Non-GAAP Reconciliations on pages 30 and 31.

THE POWER OF PVH

I feel so inspired to lead a company that empowers its associates every day to push new boundaries, drive excitement and continue to win over the hearts of consumers worldwide. I truly believe that PVH is one of the most admired fashion and lifestyle companies in the world, driven by the incredible talent and passion of our people across the company.

Together, we received numerous recognitions in 2019, including placement on *Fortune* magazine's lists of "100 Best Workplaces for Diversity" and "The World's Most Admired Companies," in addition to being ranked #12 on *Barron's* list of "100 Most Sustainable Companies in America" and being re-certified as a *Great Place to Work* in the U.S. I am so proud to be recognized for the positive impacts and inclusive culture that we have all worked so hard to create, which will help us continue to secure and maintain the best talent in the industry.

We continue to manage our businesses for the long-term but the impact of the COVID-19 pandemic will significantly weigh on our businesses during 2020 and shape the future of consumer spending and the retail landscape. Our top priority is the well-being of our associates and business partners, their families and local communities, and we continue to follow health guidelines and government protocols relating to our store operations to mitigate the spread of the virus. We are taking decisive actions to help us navigate this backdrop, from enhancing our liquidity position to making significant expense reductions, including payroll reductions and further managing our inventories in response to lower levels of consumer demand as we come out of the pandemic.

While 2020 is certainly beginning with significant global challenges, *CALVIN KLEIN* and *TOMMY HILFIGER* have exceptional brand power and together with our business model, I believe we have the ability to navigate this environment. As we harness the collective power of PVH and execute on our key value drivers over the next few years, I believe that we are well-positioned to deliver sustainable, profitable long-term growth for our stockholders, in addition to leading the fashion industry towards a more sustainable and responsible future.

Emanuel Chirico
Chairman and Chief Executive Officer

TOMMY HILFIGER

> "As *TOMMY HILFIGER* continues to **experience momentum**, we believe that there are significant opportunities for **long-term growth** and margin expansion."

The *TOMMY HILFIGER* brand continued to experience momentum in 2019. Brand health remained strong, with increasing brand awareness across Europe, Asia and the Americas compared to 2018. Consumer interest also continued to grow, as searches of *TOMMY HILFIGER* increased the most on Google among our competitive brands for the second year.

Revenues for Tommy Hilfiger rose 8% to $4.7 billion, as we deepened our connections with our core consumers, while at the same time converting the next generation, by delivering differentiated product assortments and engaging consumer experiences. While we experienced softness in our North America retail business, our international results were outstanding, particularly in Europe, where the brand continues to gain market share and outperform the broader apparel market.

We capitalized on *TOMMY HILFIGER*'s international strength by acquiring licensed businesses in Central and Southeast Asia, and in Australia and New Zealand. With greater direct control, we believe that we can further develop the brand's lifestyle positioning, expand our distribution and offer consumers a more immersive and elevated brand experience in the Asia Pacific region.

DRIVING IMPACT THROUGH CONSUMER ENGAGEMENT INITIATIVES

The consumer is at the heart of everything we do and we continued to reinvent how to connect with and inspire the *TOMMY HILFIGER* consumer. We delivered exciting activations that drove commercial sell-outs and strengthened our consumers' connection with the brand. This includes the brand's experiential event in Berlin, where attendees were able to browse and customize the brand's Spring 2019 *TommyXLewis* collection. Tommy Hilfiger and Lewis Hamilton also presented their Fall 2019 *TommyXLewis* collection, one of their most successful commercial collaborations to-date, at a one-night-only event in Milan, which included a 100% sell-out on a limited edition golden hoodie that was released on the day of the fashion show.

We continued to inject freshness into our collections through collaborations, including the *TommyXRossignol* capsule collection, which was designed with the legendary ski brand, and the bold *TOMMY JEANS* Coca-Cola® capsule collection, a special re-edition of the styles Mr. Tommy Hilfiger designed in 1986 to create the very first *TOMMY HILFIGER JEANS* Coca-Cola® Clothes collection.

Celebrity partnerships continued to be a cornerstone of *TOMMY HILFIGER* for consumer engagement efforts, with Tommy Hilfiger using a balance of global and regional brand ambassadors. Beginning in Spring 2019, actress, singer and activist Zendaya joined as global brand ambassador, further elevating the brand's profile and reach with the female consumer. The Fall 2019 TOMMYNOW fashion show for the *TommyXZendaya* collaboration resulted in *TOMMY HILFIGER* being the #1 most talked about fashion brand on Twitter during New York Fashion Week.

China continues to be a strategically important market for Tommy Hilfiger and, with this in mind, we launched the Fall 2019 collection with Shawn Yue as our brand ambassador. The partnership contributed to Tommy Hilfiger's outstanding performance on Tmall for China's Single's Day, where revenues rose nearly 60% compared to the prior year, driven by strong sell-through of men's apparel.

TARGETED INVESTMENTS TO DRIVE THE CONSUMER EXPERIENCE

As the retail landscape continues its rapid transformation, Tommy Hilfiger took further actions to enhance the shopping environments across all channels of distribution. To drive the ultimate in-store shopping experience, we opened additional "Store of the Future" locations globally. This included opening the first Store of the Future in Asia in Beijing in May 2019, with the store becoming our second best-selling full-price store in China. We continued to merge the online and offline experience by offering features such as RFID scanning, which allows consumers to easily check for product availability, outfit recommendations powered by artificial intelligence, and smart size guides to help consumers find their perfect denim fit.

We also continued our journey to drive digitization across the business and build the online *TOMMY HILFIGER* community by reaching the next generation of consumers. We launched *tommy*.com websites in Greece, Peru and UAE, which, together with our other markets, drove over 30% digital growth on our own sites.

Tommy Hilfiger also leveraged the power of digital through its 3D design capabilities, which are helping the business reduce lead times throughout the value chain. The brand solidified its commitment to 3D design by announcing its goal for 100% of global sportswear apparel collections to be designed using 3D technology by Spring 2022.

STRENGTH OF OUR GLOBAL OPERATIONS

Tommy Hilfiger delivered strong revenue growth in 2019, driven by exceptional performance in its international operations, where revenues rose 15%. Europe continued to outperform our expectations and our revenue in the region reached nearly $2.5 billion, driven by broad-based strength across all channels of distribution in key markets. We believe that we can leverage our market-leading position to further expand the brand lifestyle into additional categories and continue to gain share from regional and global competitors.

Our business in the Asia Pacific region was also a highlight. Our business in Japan posted healthy growth, driven by our investments in products, marketing and the overall consumer experience. Outperformance in Australia was experienced following the acquisition of our business there.

While the consumer backdrop in the Greater China region was challenging, in part due to political protests in Hong Kong SAR, the on-going U.S.- China trade tensions and the onset of the COVID-19 outbreak, we continue to believe that there is a significant multi-year opportunity as we expand our category offerings, integrate the acquired licensed business in Central and Southeast Asia, and hone in on the incredible brand power in the region.

In North America, the wholesale business continued to post positive performance, particulary on the digital channel. We capitalized on the consumer demand for *TOMMY HILFIGER* in North America by beginning to expand our distribution of sportswear beyond Macy's to accounts including Amazon, Belk and Nordstrom. Over time, we believe that these accounts will further diversify the Tommy Hilfiger North America business and will allow us to reach a broader audience. However, the retail side of the business experienced softness, driven primarily by lower levels of international tourists coming to the U.S., which led to higher than planned promotional activity.

Tommy Hilfiger's global licensing business was a positive story for the year, demonstrating the underlying strength of the brand. In particular, the Tommy Hilfiger women's business for North America, which is operated under a license to G-III Apparel Group, Ltd., performed very well, with healthy sell-throughs and significant growth year-over-year.

OUR COMMITMENT TO INCLUSIVITY AND CIRCULARITY

We recognize our power to make positive contributions to our society and the environment. This includes our expansion of the *Tommy Hilfiger Adaptive* line, particularly on *tommy*.com and Amazon. To further the impact of *Tommy Hilfiger Adaptive*, we incorporated the line into a celebrity collaboration for the first time, with ten Fall 2019 *TommyXZendaya* styles available with adaptive features in the U.S. on *tommy*.com. Additionally, Tommy Hilfiger deepened its commitment to inclusion and diversity by launching the second edition of its Fashion Frontier Challenge, where two social entrepreneurs were awarded a cash prize for developing solutions that promote inclusivity and sustainability in fashion.

Sustainability remained at the heart of *TOMMY HILFIGER*, and we increased our commitment to circular brand principles with our launch of 100% recycled cotton denim styles in the Spring 2019 *TOMMY JEANS* collection. We continue to build on our commitment to create fashion that wastes nothing and welcomes all through our Make it Possible strategy. Highlights include an increased focus on the use of sustainable cotton, developing lower-impact denim and setting new standards for producing denim in a faster, more consistent and more environmentally friendly way.

Looking ahead, we believe that Tommy Hilfiger is well-positioned to continue its path of long-term growth. Once the COVID-19 pandemic subsides, we see significant opportunities for us to expand our revenues as we capitalize on the regional and category opportunities where the brand is underpenetrated, including growing our presence in Greater China and Australia. Additionally, we see a significant path forward to enhance Tommy Hilfiger's operating margins, particularly in North America, as we build meaningful connections with consumers, while also delivering excellent products at the right price/value proposition.

As we execute on these priorities and continue to evolve with the consumer as their needs and behaviors change, we believe that we can deliver a strong growth trajectory for the brand globally over the long-term.

TOMMY HILFIGER

Accelerating Consumer-Centric Sustainability

Make it Possible

With hard work and a positive outlook, anything is possible. Tommy Hilfiger's story is proof that if you are determined, you can create opportunity in the face of any challenge. Today, we face some of the biggest challenges yet – from climate change to inequality and prejudice. One fashion brand can't change all of this. But we will do everything in our power to create fashion that wastes nothing and welcomes all.

CALVIN KLEIN

“We feel confident about the trajectory of **growth for Calvin Klein** and continue to believe that it has a substantial opportunity to **drive revenue growth and margin expansion** over the long-term.”

Calvin Klein continued to ignite brand heat during 2019. The *CALVIN KLEIN* brand’s health remained incredibly strong, with 80% global awareness and over 32 million followers across social media.

We capitalized on the brand’s global appeal by expanding our lifestyle offerings and pursuing international growth opportunities. We also focused on deepening our connection with consumers by delivering compelling products, engaging brand experiences and providing a platform for self-expression.

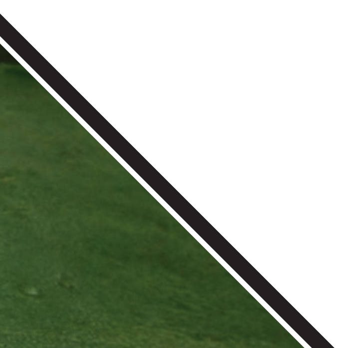
The Calvin Klein business posted revenues of $3.7 billion, with strength in our higher-margin international operations, driven by continued solid growth in Europe. We initiated critical efforts to capitalize on Calvin Klein’s significant multi-year margin opportunity by identifying operational efficiencies and managing inventory levels more prudently, particularly in North America.

We addressed product missteps from 2018 in our *CALVIN KLEIN JEANS* assortments by improving the product mix, increasing our penetration of core denim styles and delivering fashion product that was more commercial. This was in addition to effecting changes in the brand’s leadership, as we promoted Cheryl Abel-Hodges to the role of Chief Executive Officer.

DRIVING GLOBAL BRAND ENGAGEMENT

Calvin Klein continued to deliver impact and spark cultural conversations through engaging marketing campaigns and consumer activations, resulting in over $234 million of earned media value.

We celebrated five decades of iconic brand history with a special capsule collection, which was accompanied by a marketing campaign featuring Justin Bieber back in his *CALVIN KLEIN UNDERWEAR*, alongside his wife Hailey Bieber, musicians A$AP Rocky and Troye Sivan, and models Kendall Jenner and Liu Wen. Calvin Klein hosted events across Europe and Asia, and in Brazil, Mexico and Peru as part of the celebration.



Core to the brand purpose, we created unique product moments, including a *CALVIN KLEIN* Pride capsule collection – a celebration of self-expression, confidence and inclusivity. The collection, which featured jeans, underwear, swimwear and accessories, was sold globally in all channels. Products were highly commercial and achieved strong sell-throughs and higher average order values online.

We continued to evolve our marketing strategy, shifting to a digital and video-first mindset by creating branded content and curated experiences to leverage across social media. A highlight of the year was *CALVIN KLEIN*'s official sponsorship of the Coachella Valley Music and Arts Festival in California, where our Spring 2019 campaign came to life through an immersive experience that offered festivalgoers the opportunity to interact with both product and branded content. The activation was recognized by *Brandweek* with its Constellation Award for best luxury/ fashion team.

Calvin Klein also continued to leverage strategic influencer partnerships by balancing global and regional brand ambassadors. Singer-actor Lay Zhang was named *CALVIN KLEIN*'s first-ever Chinese global ambassador, underscoring the significant long-term opportunity to grow *CALVIN KLEIN*'s footprint and gain market share across the region. In celebration of the partnership, we hosted several experiential events, including a surprise performance for fans in Shanghai.

INVESTING IN CRITICAL AREAS TO DRIVE THE BUSINESS FORWARD

As the retail landscape continues to evolve, Calvin Klein made key investments to modernize its capabilities and better capture the heart of its consumer. The consumer data journey was a top priority and we enhanced our abilities to collect and segment data, allowing us to deepen our understanding of consumers worldwide. As we leverage this knowledge, we believe that we can build more meaningful relationships by personalizing the brand experience, which, over time, can lead to higher conversion and more repeat purchasing.

Our digital-first efforts saw online penetration increase across platforms, with us experiencing a 30% increase in visits and 14% sales growth across our own sites globally. We continued our partnerships with key pure play and wholesale accounts online and launched new offerings, including a customizable offering on Tmall for Chinese Valentine's Day. Across all of our efforts, we implemented a greater focus on driving financial returns and making our investments more productive.

THE POWER OF OUR GLOBAL PLATFORM

Calvin Klein capitalized on the power of its global business model, continuing to expand the brand across regions, product categories and channels of distribution. The Calvin Klein International segment posted healthy revenue growth of 3% on top of 2018's outstanding results.

Performance in Europe was a standout, as we continued to expand our lifestyle offerings beyond our largest categories, jeanswear and underwear. The broad-based strength across the business demonstrates the strong consumer demand for *CALVIN KLEIN* in Europe, solidifying our belief that the Calvin Klein business can ultimately double over time.

While China was a challenging market for the first half of 2019, we were pleased to see a stabilization in the business there for the fourth quarter (before the onset of the COVID-19 outbreak). With a focus on creating more unique experiences, we used local brand ambassadors and offered specialized product assortments, including a Lunar New Year capsule collection. We continue to see notable growth opportunities in Central and Southeast Asia and Japan, as well as

in Australia and New Zealand following our acquisition of Gazal. We continue to believe that there is a long-term opportunity to double our Calvin Klein revenue in the Asia Pacific region.

The Calvin Klein North America business continued its path of transformation. While revenues declined 7%, it was largely tied to the strategic decision to license *CALVIN KLEIN JEANS* women's apparel in North America to G-III Apparel Group, Ltd., as we believe that they have the capabilities and market expertise to capture the true potential of the denim category for the brand in this region. We remained a key account for our wholesale partners, driven by our strong brand health and efforts to grow our penetration of products sold in the digital channel. This was alongside our efforts to reduce our level of clearance markdowns and focus on enhancing store productivity at retail.

While the COVID-19 pandemic will impact our results in 2020, we feel confident about the trajectory of growth for Calvin Klein over the long-term and continue to believe that, over time, it can grow global retail sales, while at the same time improving operating margins by several hundred basis points. We believe that the actions we took in 2019 helped solidify the business's foundation, setting up a greater opportunity to expand *CALVIN KLEIN* across higher-margin international markets and across various product categories in the future. As we continue to stay true to *CALVIN KLEIN*'s brand DNA and drive brand heat, we believe that we can generate a long-term path of sustainable, profitable growth.

CALVIN KLEIN

Accelerating Consumer-Centric Sustainability

Design a Future that Defies the Status Quo

Together we will create the future by defying the boundaries of the past, by breaking the norms that hold our communities back, by reinventing how we do what we do to make real, lasting impact. Together we will defy expectations and make fashion a force for good.

HERITAGE BRANDS

“In our Heritage Brands business, we continue to focus on **enhancing our operating margins.**”

During 2019, our Heritage Brands business navigated the challenging North American retail landscape, with revenues declining 3%. Changing consumer shopping habits continued to impact consumer spending. Moderate price point businesses in particular, including all of our Heritage Brands businesses, felt pressure from department store customers, who continued to push for faster inventory turns, while also committing to lower inventory levels upfront.

Driven by these competitive dynamics, we focused on our strategic priorities. We pursued growth areas, including the digital and mass channels. We concentrated on the categories where we maintain significant market share positions – such as bras, woven and knit shirts, and pants – and introduced new products at a compelling price/value proposition such as dress shirts made of *Supima* cotton. We also took measures to streamline the business and enhance our supply chain to position us for enhanced margins in the future.

VAN HEUSEN

IZOD

ARROW USA·1851

GEOFFREY BEENE

warner's

Olga by warner's

TRUE

Our women's intimates business performed very well during the year. We continued to experience success in our top *Warner's* franchises, including the *Cloud 9* collection, the *No Side Effects* bra, and the wire-free *Easy Does It* bra, which all offer comfort and function. This was in addition to launching new products, including the *Elements of Bliss* collection, which consists of wire-free bras, and the *Lace Escape* collection of contour bras. We also capitalized on opportunities to expand distribution with key accounts. At Walmart, we experienced strong performance in *Warner's* bras, achieved higher average unit retail prices in our panty assortments and posted healthy digital growth as we expanded our intimate apparel offerings online. Target was another positive story, as we rolled out our *True&Co. True Everybody* offerings to additional doors after a successful Spring 2019 launch.

Our dress furnishings and sportswear businesses experienced mixed performance. We expanded our popular franchises, including the *Van Heusen Flex* collection, in addition to woven shirts under the *Traveler* and *Never Tuck* programs. Amazon was our fastest growing account for the year and the business with them continued to perform. However, the second half of the year was more challenging, as higher promotional activity and elevated inventory levels in the moderate price point segment negatively impacted our performance.

In response to these competitive pressures, we took measures to optimize the Heritage Brands business. We made the strategic decision to sell our Speedo North America business, which we acquired as part of the Warnaco acquisition in 2013. We believe that this will allow us to refocus resources in our core businesses. We further streamlined the licensed brands portfolio by exiting businesses that did not meet our profitability requirements, including the DKNY men's dress furnishings and sportswear businesses, and identified further efficiencies across the business.

We took additional measures to enhance profitability by making supply chain improvements, including increased use of speed models and expanding our core replenishment programs. We continued to leverage sourcing in sub-Saharan east Africa, including Ethiopia, which offers lower-cost and duty-free production. Across all of our efforts, corporate responsibility remained critically important to our teams, and we focused on innovating for circularity and reducing our use of plastics.

Despite the challenges we faced in 2019, our Heritage Brands business generates healthy free cash flows, which we are able to redeploy across the entire organization, in addition to providing expense leverage across our North American operations. Additionally, we are focused on driving enhanced operating margins as we leverage our market share positions, supply chain, manage our inventory levels prudently, and evaluate further measures to streamline and optimize the portfolio.

Heritage Brands Market Share

By Category as a Percentage of Total

	2019*
Neckwear	>50
Woven Shirts	13
Bras and Panties	10
Knit Shirts	8
Casual Pants	5

*Based on percentage of 2019 unit volume in U.S. Department and Chain Stores.

Accelerating Consumer-Centric Sustainability

Together in Good Company

Our planet and people matter. Highlighting and further promoting the good, sustainable work being done within each of our brands, the Heritage Brands corporate responsibility five-point plan aligns with the greater goals set forth within Forward Fashion. By being thoughtful in our design choices, development solutions, and daily decisions in running the business, we are "Together in Good Company" on our journey to a more sustainable future.

CORPORATE RESPONSIBILITY

We firmly believe that corporate responsibility is linked to our long-term success, and we were proud to deliver several high-profile achievements during the year:

- **We signed the Fashion Pact**, a coalition of more than 30 global fashion and textile companies pledging to reduce the environmental impact of the fashion industry. The pact has three key areas of focus: climate, biodiversity and oceans.
- **We received approval of our absolute greenhouse gas ("GHG") emission reduction targets by the Science Based Targets initiative[1]**, furthering our commitment to a zero-carbon economy, in line with the most ambitious level of decarbonization set by the Paris Agreement[2];
- **Our CEO was appointed to the United Nations' Global Compact Board** whose mission is to mobilize a global movement of companies and stakeholders as a force for good to create a better world. With more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, it is the largest corporate sustainability initiative in the world.

2019 was a year of action, as we made progress against our Forward Fashion corporate responsibility strategy, which was introduced in May 2019. Through this ambitious agenda, we aim to reduce our negative impacts to zero, increase our positive impacts to 100% and improve the over one million lives we touch throughout our value chain: our associates and supply chain workers, their families and their communities.

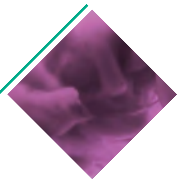
We are prioritizing our impact on these three strategic focus areas where we believe we can have the most transformative change. Within these areas, we are focusing on 15 priorities, each with a specific, measurable, and time bound target for our business to achieve.

Our values as an organization and our longstanding commitment to corporate responsibility have also been instrumental in informing how we navigate the recent COVID-19 global crisis that is profoundly impacting people, communities and businesses across the world. We are working closely with our suppliers and other industry partners to find and implement solutions for those affected, while simultaneously planning ahead for emerging social and environmental needs. Our efforts to move our business and the fashion industry towards a more innovative and responsible future are more important now than ever before.

[1] The Science Based Targets initiative is a collaboration between CDP, World Resources Institute, WWF and the United Nations Global Compact ("UNGC").

[2] The Paris Agreement is a United Nations-led agreement among nations to limit the earth's rising temperature to fight climate change.

Forward Fashion – 15 Priorities



ZERO

REDUCE NEGATIVE IMPACTS TO ZERO

Our products and business generate zero waste, carbon emissions and hazardous chemicals

Eliminate carbon emissions
End waste
Eliminate hazardous chemicals and microfibers
Innovate for circularity

100%

INCREASE POSITIVE IMPACTS TO 100%

Our products and packaging are ethically and sustainably sourced from suppliers who respect human rights and are good employers

Source ethically
Amplify worker voices
Promote safe workplaces
Advance living wages
Recruit ethically
Regenerate materials

1M+

IMPROVE 1 MILLION+ LIVES ACROSS OUR VALUE CHAIN

Our business invests in critical community-level gender, health and education initiatives, enabling opportunity for generations to come

Empower women
Foster inclusion & diversity
Develop talent
Provide access to water
Educate the future

- **We worked alongside the Council of Fashion Designers of America to produce a research-based white paper that examines the roles of Inclusion and Diversity in the fashion industry,** with the goal of beginning a meaningful industry dialogue.
- **We partnered with Fordham University to create a hub for the study of Corporate Responsibility.** The partnership will be focused on enhancing sustainability curriculum and convening global thought leaders to develop students into the conscientious business leaders of tomorrow.

Forward Fashion is bigger than PVH. Its goal is to achieve lasting change for the fashion industry which cannot be achieved alone. To realize our vision, PVH engages other organizations to help measure and share our performance, improve how we design, make and operate our business, and innovate new solutions to achieve true transformation at scale.

Global Greenhouse Gas Inventory

MT CO_2e GHG Emissions by Scope	2018	**2019**
Scope 1 Emissions*	35,039	**33,776**
Scope 2 Emissions*	93,839	**70,370**
Total GHG Emissions	**128,878**	**104,146**
MT CO_2e Emission Source		
Offices†	12,203	**9,857**
Retail	92,807	**71,315**
Warehouses^	21,046	**19,894**
Vehicles‡	2,822	**3,080**
Total GHG Emissions	**128,878**	**104,146**

* Scope 1 includes direct GHG emissions from natural gas and combustion in boilers, furnaces, and vehicles. Scope 2 includes indirect GHG emissions from consumption of purchased electricity, heat or steam.
† Offices include emissions from showrooms.
^ Warehouses include emissions from distribution centers.
‡ Includes fugitive emissions from vehicle refrigerants.

/
FORWARD FASHION
/

ZERO

Our ambition is for our products and business operations to generate zero waste, zero carbon and zero hazardous chemicals, and for our products to be truly circular. 2019 key accomplishments include:

- **Our CEO joined more than 75 U.S. CEOs and labor leaders in signing a collective statement supporting the Paris Agreement to combat climate change.**
- **We set a target to reduce our Scope 3 GHG footprint by 30% by 2030 after calculating our GHG Scope 3 footprint for first time in line with UN Fashion Charter for Climate Change.** Our Scope 3 footprint was about 2.7 million metric tons of CO_2 and measures indirect emissions including those generated from our supply chain, third-party logistics and distribution of goods.
- **We launched our Forest Protection Policy,** alongside a formal commitment to both the CanopyStyle[3] and Pack4Good[4] initiatives to help save the world's ancient and endangered forests and spark a transition to next generation solutions as they become available, such as recycled textiles in fabrics and helping advance landscape level conservation in high carbon value and bio-diverse forests.
- **Our Dress Furnishings business committed to a pilot program to adopt the use of 50% recycled content polybags.** This is part of our broader goal for all PVH offices, distribution centers and stores to achieve zero waste and eliminate single-use plastics by 2030.
- **We advanced our circularity efforts** through a series of trainings on the application of circular principles in current and future design and business practices, as well as conducting a clothing takeback pilot in the U.S., which is helping us learn which garments can be reused, refurbished, and recycled to improve the circularity of our products.

100%

We strive for 100% of our products and packaging to be ethically and sustainably sourced and for 100% of our suppliers to respect human rights and provide a fair working environment. Recent highlights include:

- **Under the Transparency Pledge, PVH has continued to increase our level of detail and transparency.** We currently disclose all of our Level 1 direct factories and key fabric and trim suppliers and include details such as facility names, addresses, count of workers and product type, fully aligned with the Transparency Pledge.
- **We joined 144 brands in the signing of the American Apparel and Footwear Association and Fair Labor Association's Commitment to Responsible Recruitment,** in which brands pledge to work with their global supply chains to create conditions to alleviate the thousands of dollars in recruitment fees migrant workers often pay to gain employment, leading to situations of modern slavery and forced labor.
- **We were named one of the two leading companies by Platform Living Wage Financials for our efforts to advance living wage payments for supply chain workers.**

[3] Canopystyle is a campaign based on the belief that the fashion industry could help conserve the world's remaining ancient and endangered forests to the benefit of humanity, as well as species such as orangutans and caribou.

[4] Pack4Good is a campaign that works with large consumers of forest products to eliminate ancient and endangered forests from their cardboard and other paper packaging, while also supporting the development of next generation solutions.

- **Almost 100% of our in-scope factories completed the annual Sustainable Apparel Coalition Higg Facility Environmental Module self-assessment,** which helps us assess supplier facilities' environmental impact and measure performance.
- **With a goal of alleviating audit fatigue for our suppliers, we initiated the transition from the use of proprietary PVH brand CR assessment** to the adoption of the Social and Labor Convergence Program assessment, an industry wide data collection tool that aims to create an efficient and sustainable solution for social audits, implementing within facilities across India, China and Sri Lanka.

1 MILLION+

Our ambition is for PVH to improve the over one million lives across our value chain by enabling our associates and workers, their families and their communities to reach their full potential. Key highlights from 2019 include:

- **Announced a $3 million, three-year grant extension with Save the Children.** Our pledge continues PVH's support of early childhood development and early learning programs in the U.S., China, Bangladesh and India, as well as youth employability programming in Ethiopia.
- **Signed the "Open to All" pledge** joining a nationwide campaign to build awareness and understanding about the importance of protecting people from discrimination — and to defend the principle that when businesses open their doors to the public, they should be Open to All.
- **PVH is the first apparel company to obtain a license for the P.A.C.E.[5] curriculum and technical training, thus allowing us to implement P.A.C.E. within our supply chain.** This program is one tool to help us remove barriers to advancement and create pathways for opportunity and choice for women in our supply chain.
- **PVH was honored by the Women's Forum of New York** for advancing gender parity in the boardroom, building upon our commitment to Empower Women and create an inclusive environment where every individual is valued.
- **PVH received a score of A- in CDP's water ranking for 2019, for acting with transparency to protect the climate and use water responsibly for the health of future generations.** The CDP operates the global environmental disclosure system, supporting thousands of companies, cities, states and regions to measure and manage their risks and opportunities on environmental factors. Our score earns PVH a spot in the Leadership Band, confirming that we are implementing best practices with respect to water.

We are committed to making challenging decisions, working collaboratively to effect change at scale, and sharing our lessons and challenges along the way. We will know we are successful when every garment has a positive thread of human rights, environmental protection, inclusion and community engagement running through it. And when, as the world's most admired fashion and lifestyle company, our work is driving fashion forward – for good.

[5] Developed by Gap Inc., P.A.C.E. is a women's empowerment training program designed to help female garment workers excel in their personal and professional lives. The curriculum covers soft skills such as communication and time management skills, as well as issue-specific topics, such as financial and legal literacy, general and reproductive health, and water, sanitation, and hygiene.

DIRECTORS, OFFICERS, EXECUTIVES & BRAND MANAGEMENT

DIRECTORS

Emanuel Chirico
Chairman and Chief Executive Officer, PVH Corp.; Director, Dick's Sporting Goods, Inc.
Director since 2005

Mary Baglivo[1]
Chief Executive Officer/The Baglivo Group, a brand strategy advisory consultancy; Former Vice Chancellor of Communications and Marketing, Rutgers University; Director, Host Hotels & Resorts, L.P. and Ruth's Hospitality Group, Inc.
Director since 2007

Brent Callinicos[1]
Former Chief Operating and Chief Financial Officer, Virgin Hyperloop One, a privately held autonomous transportation company; Former Chief Financial Officer, Uber Technologies Inc., an on-demand car service company; Director, Baidu, Inc.
Director since 2014

Juan R. Figuereo[2]
Venture Partner, Ocean Azul Partners, an early stage venture capital fund; Former Executive Vice President and Chief Financial Officer, Revlon, Inc., a global cosmetics, hair color, hair care and hair treatments, beauty tools, men's grooming products, antiperspirant deodorants, fragrances, skincare and other beauty care products company; Director, Deckers Outdoor Corporation.
Director since 2011

Joseph B. Fuller[3]
Professor of Management Practice in Business Administration, Harvard Business School; Visiting Fellow, American Enterprise Institute; Founder, Joseph Fuller, LLC, a business consulting firm.
Director since 1991

V. James Marino[2]
Retired Chief Executive Officer, Alberto-Culver Company, a personal care products company; Director, Office Depot, Inc.
Director since 2007

Geraldine (Penny) McIntyre[1]
Former Chief Executive Officer of Sunrise Senior Living, LLC, a provider of senior living services.
Director since 2015

Amy McPherson[2]
Principal investor and consultant to a children-focused media business; Retired President and Managing Director, Europe, Marriott International, Inc., a global lodging company.
Director since 2017

Henry Nasella[3,4]
Partner and Co-Founder, LNK Partners, a private equity investment firm.
Director since 2003

Edward R. Rosenfeld[2]
Chairman (Director) and Chief Executive Officer, Steven Madden, Ltd., a fashion footwear and accessories company.
Director since 2014

Craig Rydin[3,4]
Operating Partner, LNK Partners, a private equity investment firm; Former Chairman of the Board of Directors, Yankee Holding Corp.; Former Non- Executive Chairman, The Yankee Candle Company, Inc.
Director since 2006

Judith Amanda Sourry Knox[3,4]
Former President, Unilever North America, a personal care, foods, refreshment and home care consumer products company.
Director since 2016

[1] Member, Corporate Responsibility Committee
[2] Member, Audit & Risk Management Committee
[3] Member, Nominating, Governance & Management Development Committee
[4] Member, Compensation Committee

CORPORATE OFFICERS & EXECUTIVES

Emanuel Chirico
Chairman and Chief Executive Officer

Stefan Larsson
President

Michael A. Shaffer
Executive Vice President and Chief Operating & Financial Officer

Mark D. Fischer
Executive Vice President, General Counsel and Secretary

David F. Kozel
Executive Vice President, Chief Human Resources Officer

James W. Holmes
Senior Vice President and Controller

Dana M. Perlman
Treasurer, Senior Vice President, Business Development and Investor Relations

Melanie Steiner
Senior Vice President, Chief Risk Officer

Eileen Mahoney
Executive Vice President, Chief Information Officer

BRAND MANAGEMENT

Francis K. Duane
Vice Chairman, PVH Corp., and Chief Executive Officer, Heritage Brands

Daniel Grieder
Chief Executive Officer, Tommy Hilfiger Global and PVH Europe

Cheryl Abel-Hodges
Chief Executive Officer, Calvin Klein

OTHER INFORMATION

TRANSFER

Agent and Registrar
Equiniti Trust Company
P.O. Box 64854
St. Paul, MN 55164-0854
Telephone: 1-800-468-9716
Website: www.shareowneronline.com

As of March 19, 2020, there were 562 holders of record of the Company's common stock.

STOCK EXCHANGE

The Company's common stock is listed on the New York Stock Exchange. The New York Stock Exchange symbol is PVH. Options on the Company's common stock are traded on the Chicago Board Options Exchange.

MARKET DATA

We obtained the market and competitive position data used throughout this report from research, surveys or studies conducted by third parties (including, with respect to the brand rankings, the NPD Group/POS Tracking Service), information provided by customers, and industry or general publications. The U.S. department and chain store rankings to which we refer in this report are on a unit basis. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications and all other information are reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information.

CODE OF ETHICS

The Company intends to post on its corporate website any amendments to, or waivers of, its Code of Ethics for the Chief Executive Officer and Senior Financial Officers that would otherwise be reportable on a current report on Form 8-K. Such disclosure would be posted within four days following the date of the amendment or waiver.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995). Most forward-looking statements contain words that identify them as forward-looking, such as "may," "plan," "seek," "will," "expect," "intend," "estimate," "anticipate," "believe," "project," "opportunity," "target," "goal," "growing," and "continue" or other words that relate to future events, as opposed to past or current events. By their nature, forward-looking statements are not statements of historical facts and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These statements give PVH's current expectation of future events or its future performance and do not relate directly to historical or current performance. As such, PVH's future results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this report, possibly to a material degree.

PVH cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this report speak only as of the date made and PVH undertakes no obligation to update or revise publicly any such forward-looking statements.

PVH cautions you not to place undue weight on forward-looking statements pertaining to potential growth opportunities and long-term financial goals. Actual results may vary significantly from these statements.

CORPORATE RESPONSIBILITY

We publish a report regarding our corporate responsibility program. The report is available at www.responsibility.pvh.com. Questions regarding our CR program may be directed to cr@PVH.com.

CORPORATE WEBSITE

www.PVH.com

ASSOCIATES

The Company had over 40,000 associates as of February 2, 2020.

TRADEMARKS

References in this Report to the brand names *CALVIN KLEIN, CALVIN KLEIN JEANS, CALVIN KLEIN UNDERWEAR, TOMMY HILFIGER, TOMMY JEANS, Van Heusen, IZOD, ARROW, Warner's, Speedo, Olga, Geoffrey Beene* and *True&Co.* and to other brand names in this report are to trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand.

2020 ANNUAL MEETING

As a result of the COVID-19 pandemic and out of an abundance of caution for the health and safety of our stockholders, directors and associates, our Annual Meeting will be a "virtual meeting"; it will be conducted exclusively online via live webcast. We will provide in our proxy materials information regarding how to join the meeting. We intend to return to in-person meetings in 2021.

SEC REPORTS

The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto are available free of charge on the Company's corporate website. Requests for copies of such reports can be made on the Company's corporate website or can be directed to the attention of the Senior Vice President, Business Development and Investor Relations at the Company's principal office:

PVH Corp.
200 Madison Avenue
New York, NY 10016-3903
(212) 381-3500

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share data)

		2019	
	GAAP	Adjustments[1]	Non-GAAP
Net Income per Common Share Calculation			
Net Income Attributable to PVH Corp.	**$ 417**	**$ (294)**	**$ 711**
Total Shares for Diluted Net Income per Common Share	**75**		**75**
Diluted Net Income per Common Share Attributable to PVH Corp.	**$ 5.60**		**$ 9.54**

		2018	
	GAAP	Adjustments[2]	Non-GAAP
Net Income per Common Share Calculation			
Net Income Attributable to PVH Corp.	$ 746	$ 4	$ 742
Total Shares for Diluted Net Income per Common Share	77		77
Diluted Net Income per Common Share Attributable to PVH Corp.	$ 9.65		$ 9.60

		2017	
	GAAP	Adjustments[3]	Non-GAAP
Net Income per Common Share Calculation			
Net Income Attributable to PVH Corp.	$ 538	$ (86)	$ 624
Total Shares for Diluted Net Income per Common Share	79		79
Diluted Net Income per Common Share Attributable to PVH Corp.	$ 6.84		$ 7.94

[1] Adjustments for 2019 represent the elimination of (i) the costs incurred related to the restructuring associated with the strategic changes for our Calvin Klein business announced in January 2019 (the “Calvin Klein restructuring”); (ii) the costs incurred in connection with the closure of our *TOMMY HILFIGER* flagship and anchor stores in the United States (the “TH U.S. store closures”); (iii) the costs incurred in connection with the refinancing of our senior credit facilities; (iv) the costs incurred related to the acquisition of the approximately 78% interest in Gazal Corporation Limited (“Gazal”) that we did not already own (the “Australia acquisition”) and the acquisition of the Tommy Hilfiger retail business in Central and Southeast Asia from our previous licensee in that market (the “TH CSAP acquisition”), primarily consisting of noncash valuation adjustments; (v) the noncash gain recorded to write up our equity investments in Gazal and PVH Brands Australia Pty. Limited (“PVH Australia”) to fair value in connection with the Australia acquisition; (vi) the one-time costs recorded on our equity investments in Gazal and PVH Australia prior to the Australia acquisition closing; (vii) the costs incurred in connection with the agreements 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 order to consolidate the socks and hosiery businesses for all of our 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; (viii) the expense resulting from the remeasurement of our mandatorily redeemable non-controlling interest recognized in connection with the Australia acquisition; (ix) the noncash loss related to the pending sale of the Speedo North America business (the “Speedo transaction”) and the expected deconsolidation of the net assets of the business; (x) the recognized actuarial loss on retirement plans; (xi) the discrete tax benefit related to the write-off of deferred tax liabilities in connection with the Speedo transaction; and (xii) the tax effects associated with the other foregoing pre-tax items.

[2] Adjustments for 2018 represent the elimination of (i) the costs incurred related to the acquisition of the 55% interest in TH Asia, Ltd. (“TH China”), our former joint venture for *TOMMY HILFIGER* in China, that we did not already own (the “TH China acquisition”), consisting of noncash amortization of short-lived assets; (ii) the costs incurred related to the Calvin Klein restructuring; (iii) the recognized actuarial loss on retirement plans; (iv) the tax effects associated with the foregoing pre-tax items; (v) the discrete net tax benefit recorded in connection with the U.S. Tax Cuts and Jobs Act of 2017 (the “U.S. Tax Legislation”); and (vi) the discrete tax benefit related to the remeasurement of certain of our net deferred tax liabilities in connection with the legislation in the Netherlands, which became effective on January 1, 2019.

[3] Adjustments for 2017 represent the elimination of (i) the costs incurred related to the TH China acquisition, primarily consisting of noncash amortization of short-lived assets; (ii) the costs incurred in connection with agreements to restructure our supply chain relationship with Li & Fung Trading Limited (“Li & Fung”), under which we terminated our non-exclusive buying agency agreement with Li & Fung in 2017; (iii) the costs incurred in connection with the relocation of the Tommy Hilfiger office in New York, including noncash depreciation expense; (iv) the costs in connection with the noncash settlement of certain of our benefit obligations related to our retirement plans as a result of an annuity purchased for certain participants, under which such obligations were transferred to an insurer; (v) the net costs incurred in connection with the consolidation within our warehouse and distribution network in North America, which included a gain recorded on the sale of a warehouse and distribution center; (vi) the costs incurred in connection with an amendment to Mr. Tommy Hilfiger’s employment agreement pursuant to which we made a cash buyout of a portion of the future payments to Mr. Hilfiger; (vii) the costs incurred in connection with the early redemption of our $700 million 4 1/2% senior notes; (viii) the costs incurred in connection with the issuance of our €600 million 3 1/8% senior notes; (ix) the recognized actuarial loss on retirement plans; (x) the tax effects associated with the foregoing pre-tax items; (xi) the tax benefits associated with discrete items related to the resolution of uncertain tax positions; (xii) the discrete net tax benefit recorded in connection with the U.S. Tax Legislation; and (xiii) the discrete tax benefit related to an excess tax benefit from the exercise of stock options by our Chairman and Chief Executive Officer.

GAAP TO NON-GAAP RECONCILIATIONS

Net Leverage Ratio (in millions)

		2019[1]
GAAP Net Income Attributable to PVH Corp.	$	**417**
Pre-Tax Items Deemed Non-recurring or Non-operational		**381**
GAAP Interest and Taxes		**144**
GAAP Depreciation and Amortization		**324**
Interest Items Deemed Non-recurring or Non-operational		**(9)**
Non-GAAP EBITDA as presented	$	**1,257**
Gross Debt, Including Current Portion and Short-term Borrowings	$	**2,775**
Finance Lease Obligations		**15**
Total Debt	$	**2,790**
Cash and Cash Equivalents		**503**
Net Debt	$	**2,286**
Net Leverage Ratio		**1.8**

[1] Amounts that were deemed non-recurring or non-operational for 2019 were (i) the costs related to the Calvin Klein restructuring; (ii) the costs incurred in connection with the TH U.S. store closures; (iii) the costs incurred in connection with the refinancing of our senior credit facilities; (iv) the costs related to the Australia and TH CSAP acquisitions, primarily consisting of noncash valuation adjustments; (v) the noncash gain recorded to write up our equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition; (vi) the one-time costs recorded on our equity investments in Gazal and PVH Australia prior to the Australia acquisition closing; (vii) the costs incurred in connection with the Socks and Hosiery transaction; (viii) the expense resulting from the remeasurement of our mandatorily redeemable non-controlling interest recognized in connection with the Australia acquisition; (ix) the noncash loss related to the Speedo transaction; and (x) the recognized actuarial loss on retirement plans.

GAAP TO NON-GAAP RECONCILIATIONS

Free Cash Flow (in millions)

		2019
Cash Flow from Operations	$	**1,020**
Less:		
Capital Expenditures		**345**
Dividends		**11**
Free Cash Flow		**664**

We use non-GAAP financial measures to evaluate our operating performance and to discuss our business with investment institutions, our Board of Directors and others. We believe these non-GAAP financial measures provide useful information to assist investors in evaluating the effectiveness of our ongoing operations and underlying business trends and to facilitate a comparison of our current results against past and future results. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be viewed in addition to, and not in lieu of or superior to, the comparable financial information calculated in accordance with GAAP. Please understand that these non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies.

THE POWER of PVH

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

FORM 10-K

(Mark One)

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

For the fiscal year ended February 2, 2020

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

Securities registered pursuant to Section 12(g) of the Act: **None**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether 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 and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	☐	(Do not check if a smaller reporting company)	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 Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant (assuming, for purposes of this calculation only, that the registrant's directors and corporate officers are affiliates of the registrant) based upon the closing sale price of the registrant's common stock on August 4, 2019 (the last business day of the registrant's most recently completed second quarter) was $5,921,209,861.

Number of shares of Common Stock outstanding as of March 19, 2020: 70,883,444

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 18, 2020	Part III

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Annual Report on Form 10-K 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, such as the acquisitions referenced in this Annual Report on Form 10-K; (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 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 the Company to absorb costs or try to pass costs onto consumers, which could materially impact the Company's 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, such as the current outbreak of COVID-19, which could result in (and, in the case of the COVID-19 outbreak, has resulted in some of the following) supply chain disruptions due to closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in affected areas; closed stores, reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure, or governments impose mandatory business closures, travel restrictions or the like to prevent the spread of disease; and market or other changes that could result in noncash impairments of our goodwill and other intangible assets, operating lease right-of-use assets, and property, plant and equipment; (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.

PVH Corp.

Form 10-K

For the Year Ended February 2, 2020

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PART I

Item 1. Business

Introduction

Unless the context otherwise requires, the terms “we,” “our” or “us” refer to PVH Corp. and its subsidiaries.

Our fiscal years are based on the 52-53 week period 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 our fiscal year, unless the context requires otherwise. Our 2019 year commenced on February 4, 2019 and ended on February 2, 2020; our 2018 year commenced on February 5, 2018 and ended on February 3, 2019; and our 2017 year commenced on January 30, 2017 and ended on February 4, 2018.

References to the brand names *TOMMY HILFIGER*, *HILFIGER COLLECTION*, *TOMMY HILFIGER TAILORED*, *TOMMY JEANS, TOMMY SPORT*, *CALVIN KLEIN*, *CALVIN KLEIN 205 W39 NYC*, *CK CALVIN KLEIN*, *CALVIN KLEIN JEANS*, *CALVIN KLEIN UNDERWEAR*, *CALVIN KLEIN PERFORMANCE*, *Van Heusen*, *IZOD*, *ARROW*, *Speedo*, *Warner's*, *Olga*, *True&Co.*, *Geoffrey Beene*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *Unlisted, a Kenneth Cole Production, MICHAEL Michael Kors*, *Michael Kors Collection*, *DKNY, Chaps*, and to other brand names in this report 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.

References to the acquisition of Warnaco refer to our February 2013 acquisition of The Warnaco Group, Inc. and its subsidiaries, which companies we refer to collectively as “Warnaco.”

References to the acquisition of Tommy Hilfiger refer to our May 2010 acquisition of Tommy Hilfiger B.V. and certain affiliated companies, which companies we refer to collectively as “Tommy Hilfiger.”

References to the acquisition of Calvin Klein refer to our February 2003 acquisition of Calvin Klein, Inc. and certain affiliated companies, which companies we refer to collectively as “Calvin Klein.”

We obtained the market and competitive position data used throughout this report from research, surveys or studies conducted by third parties (including, with respect to the brand rankings, the NPD Group/POS Tracking Service), information provided by customers, and industry or general publications. The United States department and chain store rankings to which we refer in this report are on a unit basis. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications and all other information are reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information.

Company Information

We were incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881. Our principal executive offices are located at 200 Madison Avenue, New York, New York 10016; our telephone number is (212) 381-3500.

We make available at no cost, on our corporate website, PVH.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we have electronically filed such material with the Securities and Exchange Commission (“SEC”). All such filings are also available on the SEC's website at sec.gov.

We also make available at no cost on PVH.com, the charters of the committees of our Board of Directors, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics.

Company Overview

We are one of the largest global apparel companies in the world. We have over 40,000 associates operating in more than 40 countries and generated $9.9 billion in revenues in 2019. We manage a diversified brand portfolio, including *TOMMY HILFIGER, CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga* and *Geoffrey Beene* brands, as well as the digital-centric *True&Co.* intimates brand. We license brands from third parties, including *Speedo* (licensed in perpetuity for North

America and the Caribbean), *Kenneth Cole New York*, *Kenneth Cole Reaction*, *Unlisted, a Kenneth Cole Production, MICHAEL Michael Kors*, *Michael Kors Collection, DKNY* and *Chaps*. Our brand portfolio also consists of various other owned, licensed and, to a lesser extent, private label brands. We entered into a definitive agreement on January 9, 2020 to sell our Speedo North America business to Pentland Group PLC ("Pentland"), parent company of Speedo International Limited, which licenses the *Speedo* brand to us, and we will no longer license the *Speedo* trademark upon closing of the sale (the "Speedo transaction"). The Speedo transaction is expected to close in the first quarter of 2020, subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which has been received.

We design and market branded dress shirts, neckwear, sportswear (casual apparel), jeanswear, performance apparel, intimate apparel, underwear, swimwear, swim products, handbags, accessories, footwear and other related products. Our brands are positioned 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. During 2019, our directly operated businesses in North America consisted principally of wholesale sales under our *TOMMY HILFIGER*, *CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Speedo*, *Warner's*, *Olga* and *Geoffrey Beene* trademarks; the operation of digital commerce sites under the *TOMMY HILFIGER*, *CALVIN KLEIN*, *Speedo*, *True&Co.*, *Van Heusen* and *IZOD* trademarks and the *styleBureau*.com digital commerce site; and the operation of retail stores, principally in premium outlet centers, primarily under our *TOMMY HILFIGER, CALVIN KLEIN* and certain of our heritage brands trademarks. Our directly operated businesses outside of North America consisted principally of our wholesale and retail sales in Europe and the Asia-Pacific region under our *TOMMY HILFIGER* trademarks; our wholesale and retail sales in Europe, the Asia-Pacific region and Latin America under our *CALVIN KLEIN* trademarks; and the operation of digital commerce sites under the *TOMMY HILFIGER* and *CALVIN KLEIN* trademarks. Our licensing activities principally related to the licensing worldwide of our *TOMMY HILFIGER* and *CALVIN KLEIN* trademarks for a broad array of product categories and for use in numerous discrete jurisdictions.

We have evolved from our 1881 roots to become a diversified global company through a combination of strategic acquisitions, including the Calvin Klein, Tommy Hilfiger, and Warnaco acquisitions, and by successfully growing our brands globally across all channels of distribution. We have also acquired several regional licensed businesses and will continue to explore strategic acquisitions of licensed businesses, trademarks and companies that we believe are additive to our overall business.

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 order 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 bring in-house the international Calvin Klein socks and hosiery wholesale businesses. The Socks and Hosiery transaction closed on December 2, 2019. PVH Legwear was formed with a wholly owned subsidiary of our former Heritage Brands socks and hosiery licensee. PVH Legwear licenses from us the rights to distribute and sell *TOMMY HILFIGER*, *CALVIN KLEIN*, *IZOD*, *Van Heusen* and *Warner's* socks and hosiery.

We acquired the Tommy Hilfiger retail business in Central and Southeast Asia from our previous licensee in that market (the "TH CSAP acquisition") on July 1, 2019. As a result of the TH CSAP acquisition, we now operate directly the Tommy Hilfiger retail business in the Central and Southeast Asia market.

We acquired the approximately 78% ownership interests in Gazal Corporation Limited ("Gazal") that we did not already own (the "Australia acquisition") on May 31, 2019. 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 in Australia, New Zealand and other parts of Oceania under the *TOMMY HILFIGER*, *CALVIN KLEIN* and *Van Heusen* brands, along with other owned and licensed brands. PVH Australia came under our full control as a result of the Australia acquisition and we now operate directly those businesses.

We entered into a licensing agreement on May 30, 2019 with G-III Apparel Group, Ltd. ("G-III") 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 acquired the *Geoffrey Beene* tradename from Geoffrey Beene, LLC ("Geoffrey Beene") on April 20, 2018. 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 True & Co., a direct-to-consumer intimate apparel digital commerce retailer, on March 30, 2017. This acquisition enabled us to participate further in the fast-growing online channel and provided a platform to increase innovation, data-driven decisions and speed in the way we serve our consumers across our channels of distribution.

We aggregate our reportable segments for purposes of discussion in this Report into three main businesses: (i) Tommy Hilfiger, which consists of the Tommy Hilfiger North America and Tommy Hilfiger International segments; (ii) Calvin Klein, which consists of the Calvin Klein North America and Calvin Klein International segments; and (iii) Heritage Brands, which consists of the Heritage Brands Wholesale and Heritage Brands Retail segments. Note 21, "Segment Data," in the Notes to Consolidated Financial Statements included in Item 8 of this report contains information with respect to revenue, income before interest and taxes, assets, depreciation and amortization, and capital expenditures related to each segment, as well as information regarding our revenue generated by distribution channel and based on geographic location, and the geographic locations where our net property, plant and equipment is held.

Our 2019 revenue was $9.9 billion, of which over 50% was generated outside of the United States. Our global designer lifestyle brands, *TOMMY HILFIGER* and *CALVIN KLEIN*, together generated approximately 85% of our revenue during 2019.

Tommy Hilfiger Business Overview

We believe *TOMMY HILFIGER* is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style with a preppy twist. Global retail sales of products sold under the *TOMMY HILFIGER* brands, including sales by our licensees, were approximately $9.2 billion in 2019. Our Tommy Hilfiger business markets its products under several brands in order to fully capitalize on its global appeal, as each brand varies in terms of price point, product offerings, demographic target or distribution. The *TOMMY HILFIGER* brands consist of:

- *HILFIGER COLLECTION* — the pinnacle of the *TOMMY HILFIGER* product offerings, *HILFIGER COLLECTION* blends the brand's Americana heritage with contemporary influences and a playful fashion edge. The collection targets 25 to 40 year-old consumers. *HILFIGER COLLECTION* is available globally at select *TOMMY HILFIGER* stores, through our wholesale partners (in stores and online) and on *tommy*.com.

- *TOMMY HILFIGER TAILORED* — this line integrates sharp, sophisticated style with the *TOMMY HILFIGER* brand's American menswear heritage. From structured suiting to casual weekend wear, classics are modernized with precision fit, premium fabrics, updated cuts, rich colors and luxe details, executed with the *TOMMY HILFIGER* brand's signature twist. The collection targets 25 to 40 year-old consumers. *TOMMY HILFIGER TAILORED* is available globally at select *TOMMY HILFIGER* stores, through our wholesale partners (in stores and online) and on *tommy*.com.

- *TOMMY HILFIGER* — our core line is globally recognized for bringing to life the classic American cool spirit at the heart of the brand. The collection focuses on 25 to 40 year-old consumers with a broad selection of designs across more than 25 categories, including men's, women's and children's sportswear, footwear and accessories. *TOMMY HILFIGER* is available globally in our *TOMMY HILFIGER* stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers and on *tommy.*com.

- *TOMMY JEANS* — inspired by American denim classics with a modern, casual edge, *TOMMY JEANS* adds a youthful energy and irreverent twist to the *TOMMY HILFIGER* brand's heritage. The men's and women's collections focus on premium denim and target 18 to 30 year-old consumers. *TOMMY JEANS* is available globally at select *TOMMY HILFIGER* stores, *TOMMY JEANS* stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers and on *tommy.*com.

- *TOMMY SPORT* — this line is engineered for performance and infused with the brand's bold red, white and blue heritage. Silhouettes evoke the classic American cool spirit of the *TOMMY HILFIGER* brand with unique details and functional features. *TOMMY SPORT* is available globally at select *TOMMY HILFIGER* stores, through select wholesale partners (in stores and online), through pure play digital commerce retailers and on *tommy.*com.

Tommy Hilfiger's global marketing and communications strategy is to build a consumer-centric, go-to-market strategy that maintains the brand's momentum, driving awareness, consistency and relevancy across product lines and regions. We engage consumers through comprehensive 360° marketing campaigns, which have a particular focus on innovative experiences and digital marketing initiatives. Marketing campaigns for the brand are focused on attracting a new generation of consumers worldwide through a blend of global and regional brand ambassadors. Tommy Hilfiger spent over $200 million on global marketing and communications efforts in 2019.

Through our Tommy Hilfiger North America and Tommy Hilfiger International segments, we sell *TOMMY HILFIGER* products in a variety of distribution channels, including:

- Wholesale — principally consists of the distribution and sale of products in North America, Europe and the Asia-Pacific region under the *TOMMY HILFIGER* brands. In North America, distribution is primarily through department stores, warehouse clubs, and off-price and independent retailers, as well as digital commerce sites operated by the department store customers and pure play digital commerce retailers. In Europe and the Asia-Pacific region, distribution is through 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.

- Retail — principally consists of the distribution and sale of products under the *TOMMY HILFIGER* brands in our stores in North America, Europe and the Asia-Pacific region, as well as on the *tommy*.com sites we operate in over 30 countries. Our stores in North America are primarily located in premium outlet centers. In Europe and the Asia-Pacific region, we operate full-price specialty and outlet stores, as well as select flagship stores and concession locations.

- Licensing — we license the *TOMMY HILFIGER* brands to third parties globally for a broad range of products through approximately 25 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in Brazil, India and Mexico.

Tommy Hilfiger's key licensees, and the products and territories licensed, include:

Licensee	**Product Category and Territory**
American Sportswear S.A.	Men's, women's and children's apparel, footwear and accessories (Central America, South America (excluding Brazil) and the Caribbean)
F&T Apparel LLC & KHQ Investment LLC	Children's apparel, children's underwear and sleepwear and boy's tailored clothing (United States and Canada)
G-III	Men's and women's outerwear, luggage and women's apparel, dresses, suits and swimwear (excluding intimates, sleepwear, loungewear, hats, scarves, gloves and footwear) (United States and Canada)
Handsome Corporation	Men's, women's and children's apparel, sportswear, socks and accessories and men's and women's outerwear (South Korea)
MBF Holdings LLC	Men's and women's footwear (United States and Canada)
Movado Group, Inc. & Swissam Products, Ltd.	Men's and women's watches and jewelry (worldwide, excluding Japan (except certain customers))
Peerless Clothing International, Inc.	Men's tailored clothing (United States and Canada)
Safilo Group S.P.A.	Men's, women's and children's eyeglasses and non-ophthalmic sunglasses (worldwide, excluding India)

Our Tommy Hilfiger North America segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case relating to the joint venture's Tommy Hilfiger businesses. Our Tommy Hilfiger International segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investments in joint ventures in Brazil and India relating to the joint ventures' Tommy Hilfiger businesses.

Calvin Klein Business Overview

CALVIN KLEIN is a global lifestyle brand built on iconic essentials and powered by bold, progressive ideals. Global retail sales of products sold under the *CALVIN KLEIN* brands, including sales by our licensees, were approximately $9.4 billion in 2019. The *CALVIN KLEIN* brands provide us with the opportunity to market products both domestically and internationally at various price points, through multiple distribution channels and to different consumer groups. Our tiered-brand strategy provides a focused, consistent approach to global growth and development that preserves the brand's prestige and image. The *CALVIN KLEIN* brands consist of:

- *CK CALVIN KLEIN* — our "contemporary" brand, offering modern, sophisticated items including apparel and accessories. Distribution is in the Asia-Pacific region through select *CALVIN KLEIN* stores, select wholesale partners (in stores and online) and *calvinklein*.com.

- *CALVIN KLEIN* — our "master" brand, offering men's and women's sportswear, swimwear, outerwear, fragrance, accessories, footwear, men's dress furnishings, women's dresses, suits and handbags, and items for the home. Distribution is primarily in North America, Europe and the Asia-Pacific region through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and on *calvinklein*.com.

- *CALVIN KLEIN JEANS* — the casual expression of the *CALVIN KLEIN* brand with roots in denim, offering men's and women's jeanswear, related apparel and accessories. *CALVIN KLEIN JEANS* is known for its unique details and innovative washes. Distribution is worldwide through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and on *calvinklein*.com.

- *CALVIN KLEIN UNDERWEAR* — known across the globe for provocative, cutting-edge products and marketing campaigns and consistently delivering innovative designs with superior fit and quality. Offerings include men's and women's underwear, women's intimates, sleepwear and loungewear. Distribution is worldwide through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and on *calvinklein*.com.

- *CALVIN KLEIN PERFORMANCE* — built on the foundation of innovation, fit and function. Designs are fashion-inspired and feature trend-driven, modern pieces that unite innovative fabric technology with classic American design elements. Distribution is primarily in North America, Europe and the Asia-Pacific region through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and on *calvinklein*.com.

Over $365 million was spent globally in 2019 in connection with the advertising, marketing and promotion of the *CALVIN KLEIN* brands and approximately 40% of these expenses were funded by Calvin Klein's licensees and other authorized users of the brands. Calvin Klein's global marketing and communications strategy is to bring together all facets of the consumer marketing experience. The *CALVIN KLEIN* brands continue to generate compelling brand and cultural relevancy by continually evolving and driving consumer engagement. Marketing campaigns for the brand are focused on a truly digital first, socially powered experience for consumers, through the use of global and regional brand ambassadors and experiential events.

Through our Calvin Klein North America and Calvin Klein International segments, we sell *CALVIN KLEIN* products in a variety of distribution channels, including:

- Wholesale — principally consists of the distribution and sale of products in North America, Europe, the Asia-Pacific region and Brazil under the *CALVIN KLEIN* brands. In North America, distribution is primarily through 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. In Europe, the Asia-Pacific region and Brazil, distribution is through 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.
- Retail — principally consists of the distribution and sale of apparel, accessories and related products under the *CALVIN KLEIN* brands in our stores in North America, Europe, the Asia-Pacific region and Brazil, as well as on the *calvinklein*.com sites we operate in over 35 countries. Our stores in North America are primarily located in premium outlet centers. In Europe, the Asia-Pacific region and Brazil, we operate full-price and outlet stores and concession locations.

- Licensing — we license the *CALVIN KLEIN* brands throughout the world in connection with a broad array of product categories. In these arrangements, Calvin Klein combines its design, marketing and branding skills with the specific manufacturing, distribution and geographic capabilities of its partners to develop, market and distribute these goods, most of which are subject to our prior approval and continuing oversight. Calvin Klein has approximately 45 licensing and other arrangements across the *CALVIN KLEIN* brands. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in India and Mexico.

Calvin Klein's key licensees, and the products and territories licensed, include:

Licensee	**Product Category and Territory**
CK21 Holdings Pte. Ltd.	Men's and women's *CK CALVIN KLEIN* apparel (Asia, excluding Japan)
CK Watch & Jewelry Co., Ltd. (Swatch SA)	Men's and women's watches and jewelry (worldwide) *
Coty Inc.	Men's and women's fragrance, bath products and color cosmetics (worldwide)
Himatsingka Seide, Ltd.	Soft home bed and bath furnishings (United States, Canada, Mexico, Europe, Middle East, Asia and India)
G-III	Women's coats, suits, dresses, sportswear, jeanswear, active performancewear, handbags and small leather goods, men's coats, men's and women's luggage and men's and women's swimwear (United States and Canada with luggage jurisdictions including Europe, Asia and elsewhere)
Jimlar Corporation	Men's and women's footwear (various jurisdictions) *
Marchon Eyewear, Inc.	Men's and women's optical frames and sunglasses (worldwide)
Onward Kashiyama Co. Ltd.	Men's and women's *CK CALVIN KLEIN* apparel (Japan)
Peerless Clothing International Inc.	Men's tailored clothing (United States, Canada and Mexico)

*Licenses for these categories will be transitioning to new licensees in 2020.

Our Calvin Klein North America segment includes the results of our Calvin Klein wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case relating to the joint venture's Calvin Klein businesses in North America. Our Calvin Klein International segment includes the results of our Calvin Klein wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investment in our joint venture in India relating to the joint venture's Calvin Klein business.

Heritage Brands Business Overview

Our Heritage Brands business designs, sources and markets a varied selection of prominent brand label dress shirts, neckwear, sportswear, swimwear, swim products, intimate apparel, underwear and related apparel and accessories, and licenses certain of our brands for an assortment of products. The Heritage Brands business also offers private label dress furnishings programs, particularly in neckwear. We design, source and market substantially all of these products on a brand-by-brand basis, targeting distinct consumer demographics and lifestyles in an effort to minimize competition among our brands. Global retail sales of products sold under our owned and licensed heritage brands, including sales by our licensees, were approximately $3.3 billion in 2019.

Through our Heritage Brands Wholesale and Heritage Brands Retail segments, we sell heritage brands products in a variety of distribution channels, including:

Wholesale — We principally distribute our Heritage Brands products at wholesale in the United States and Canada through department, chain and specialty stores, warehouse clubs, and mass market, off-price and independent retailers (in stores and online), as well as through pure play digital commerce retailers and, for *Speedo* products, through sporting goods stores, team dealers and swimclubs. Products sold through this channel principally consist of:

- Men's dress shirts and neckwear under brands including *Van Heusen*, *IZOD*, *ARROW*, *Geoffrey Beene*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *Unlisted, a Kenneth Cole Production*, *MICHAEL Michael Kors*, *Michael Kors Collection* and *DKNY*. We also market dress shirts under the *Chaps* brand, among others. We offer private label dress shirt and neckwear programs to retailers, primarily national department stores and mass market retailers. We believe our product offerings collectively represent a sizeable portion of the domestic dress furnishings market.

  We license certain of the brands under which we sell men's dress shirts and neckwear. The following table provides information with respect to the expiration of the licenses for the more significant brands (as determined based on 2019 sales volume):

Brand Name	Licensor(s)	Expiration
MICHAEL Michael Kors and *Michael Kors Collection*	Michael Kors, LLC and Michael Kors (Switzerland) International GmbH	January 31, 2022
DKNY	Donna Karan Studio LLC	Terminated on December 31, 2019
Kenneth Cole New York, *Kenneth Cole Reaction* and *Unlisted, a Kenneth Cole Production*	Kenneth Cole Productions (Lic), LLC and Kenneth Cole Productions, Inc.	December 31, 2022, with a right of renewal (subject to certain conditions) through December 31, 2025
Chaps	The Polo/Lauren Company, LP and PRL USA, Inc.	March 31, 2023

- Men's sportswear, including sport shirts, sweaters, bottoms and outerwear, principally under the *Van Heusen*, *IZOD* and *ARROW* brands. *IZOD* and *Van Heusen* were the first and second best selling national brand men's woven sport shirts, respectively, in United States department and chain stores in 2019. We also produced men's sportswear under a license agreement for the *DKNY* brand as noted in the table above.

- Men's, women's and children's swimwear, pool and deck footwear, and swim-related products and accessories under the *Speedo* trademark. The *Speedo* brand is exclusively licensed to us for North America and the Caribbean in perpetuity from Speedo International Limited. We will no longer license the *Speedo* trademark in conjunction with the Speedo transaction, which is expected to close in the first quarter of 2020, subject to customary closing conditions.

- Women's intimate apparel under the *Warner's* and *Olga* brands and intimate apparel under the *True&Co.* brand. *Warner's* was the fourth best selling brand for bras and panties in United States department and chain stores in 2019. *True&Co.* is primarily distributed in the United States through our *TrueAndCo*.com digital commerce site, and, to a lesser extent, through a department store and a mass market retailer.

Retail — We also market products directly to consumers through our Heritage Brands stores, primarily located in outlet centers throughout the United States and Canada. A majority of our stores offer a broad selection of *Van Heusen* men's and women's apparel, along with a limited selection of our 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. We also sell our products in the United States through our directly operated digital commerce sites for *Speedo*, *True&Co.*, *VanHeusen* and *IZOD,* as well as our *styleBureau*.com site.

Licensing — We license our *Van Heusen*, *IZOD*, *ARROW*, *Geoffrey Beene*, *Speedo*, *Warner's* and *Olga* brands globally for a broad range of products through approximately 80 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licenses include our joint venture in Mexico.

Our heritage brands licensees, and the products and territories licensed by them, include:

Licensee	Product Category and Territory
Arvind Fashions Limited	*ARROW* men's and women's dresswear, sportswear and accessories (India, Middle East, Nepal and Sri Lanka)
Basic Resources, Inc.	*Van Heusen* and *IZOD* men's and boys' knit and woven underwear (United States and Canada)
Five Star Blue, LLC	*IZOD* men's denim, twill pants and shorts (United States, Canada and Mexico)
F&T Apparel LLC	*Van Heusen* and *ARROW* boys' dress furnishings and sportswear; *IZOD* boys' sportswear; *IZOD* and *ARROW* boys' and girls' school uniforms; *ARROW* men's tailored clothing; *IZOD* boys' tailored clothing (United States and Canada)
I.C.C. International Public Company Limited	*ARROW* men's dress furnishings, tailored clothing, sportswear and accessories; *ARROW* women's dresswear and sportswear (Thailand, Myanmar, Laos, Cambodia and Vietnam)
Peerless Clothing International Inc.	*Van Heusen* and *IZOD* men's tailored clothing (United States, Canada and Mexico)
Eastman Dress Group Inc. (and subsidiaries)	*IZOD* men's, women's and children's footwear (United States, Canada and Mexico); *Van Heusen* men's and boys' footwear (United States and Canada)

Our Heritage Brands Wholesale segment includes the results of our Heritage Brands wholesale and licensing activities, the results of our directly operated digital commerce sites, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case relating to the joint venture's Heritage Brands businesses. Our Heritage Brands Retail segment includes the results of our Heritage Brands stores.

Our Business Strategy

We see opportunities for long-term growth as we employ our strategic priorities across our organization. Our global growth strategies include:

- Driving consumer engagement through innovative designs and personalized brand and shopping experiences that capture the heart of the consumer.
    - Leveraging data driven marketing to deepen the relationships with our consumers through segmented product assortments and personalized content.
- Expanding our worldwide reach through organic growth and acquisitions.
- Investing in and evolving how we operate by leveraging technology and data to be dynamic, nimble and forward-thinking.
    - Evolving our supply chain to adapt more quickly to change and reduce lead times.
- Developing a talented and skilled workforce that embodies our core values and an entrepreneurial spirit, while empowering our associates to design their future.
- Delivering sustainable, profitable growth and generating free cash flow to create long-term stockholder value.

Our strategies are complemented by our purpose to power brands that drive fashion forward, for good.

Tommy Hilfiger Business

We believe that we can continue to grow global retail sales of *TOMMY HILFIGER* product through a number of initiatives, which include:

- Driving brand heat and conversion by delivering dynamic consumer engagement initiatives that include brand ambassadors, capsule collections, consumer activations and experiential events.
- Delivering compelling products that reflect *TOMMY HILFIGER*'s accessible premium positioning and classic American cool aesthetic, with a focus on sustainability and social innovation.
- Category expansion within womenswear, accessories, denim and underwear.
- Regional expansion, particularly in the Asia-Pacific region.
- Digitizing the complete brand experience, from design to our showrooms for wholesale customers, to our online and in-store experiences.

Calvin Klein Business

We believe growth opportunities exist to drive further global retail sales of *CALVIN KLEIN* product and improvements in the operating margin of our Calvin Klein business over time, including through:

- Reigniting the brand and driving conversion with consumer engagement initiatives that include brand ambassadors, capsule collections, consumer activations and experiential events.
- Delivering compelling products that reflect *CALVIN KLEIN*'s accessible premium positioning and seductive aesthetic, with a focus on sustainable product creation.
- Product improvement and expansion, particularly within men's and women's sportswear, jeanswear, accessories and women's intimates.
- Regional expansion, particularly in Europe and the Asia-Pacific region.
- Further digitizing the brand by growing online sales and expanding omni-channel capabilities.
- Identifying operating efficiencies across the business to drive improvements in our operating margins.

Heritage Brands Business

Our Heritage Brands business represents our original business, where we developed our core competencies, and is an important complement to our global designer brand businesses. In addition to capturing market share and generating healthy cash flows, we will continue to look for further ways to optimize the Heritage Brands portfolio. Our strategic initiatives for our Heritage Brands business include:

- Leveraging and enhancing each brand's position in the market to drive market share gains, with a focus on the most profitable brands.
- Delivering trend-right products at an attractive value proposition, with a focus on new technologies, features and sustainability.
- Optimizing distribution, particularly in the mass market retailers and digital commerce, with a focus on driving profitable volume.
- Enhancing profitability by optimizing our portfolio, capitalizing on supply chain opportunities, reducing costs and maintaining a critical focus on inventory management.

Other Strategic Opportunities

We believe we have an attractive and diverse portfolio of brands with growth potential. Nonetheless, we will continue to explore strategic acquisitions of companies or trademarks and licensing opportunities that we believe are additive to our overall business, including to address product category expertise and brand positioning and design perspective needs. We take a disciplined approach to acquisitions, seeking brands with broad consumer recognition that we can grow profitably and expand by leveraging our infrastructure and core competencies and, where appropriate, by extending the brand through licensing.

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.

Design

Our business depends on our ability to stimulate and respond to consumer tastes and demands, as well as on our ability to remain competitive in the areas of quality and delivering a compelling price value proposition.

Our in-house design teams are significant contributors to the continued strength of our brands. Each of our branded businesses employs its own teams of designers and merchandisers that develop products representing its brand's aesthetics, while also being mindful of consumers' tastes, lifestyle needs and current fashion trends. To reflect consumer variances in each of our regional markets, the businesses tailor their products and offerings to appeal to local tastes, fit differences or other preferences, while maintaining the cohesive creative vision for each brand. Our teams have expanded their use of 3D design technology to enhance our design capabilities, which reduces the need for samples early in the design process and the time needed to bring products to market.

Product Sourcing

Our capabilities for worldwide procurement and sourcing enable us to deliver to our customers competitive and high quality goods at an attractive value and on a timely basis. We have an extensive established network of worldwide sourcing partners that enables us to meet our customers' needs in an efficient manner without relying on any one vendor or factory or on vendors or factories in any one country. Our products were produced in over 1,200 factories in approximately 50 countries during 2019. All but one of these factories were operated by independent manufacturers, with most being located in Asia.

We source finished products and, to a limited extent, raw materials and trim. Raw materials and trim include fabric, buttons, thread, labels and similar components. Finished products consist of manufactured and fully assembled products ready for shipment to our customers and our stores. Raw material, trim, and finished product commitments are generally made two to six months prior to production. We believe we are one of the largest users of shirting fabric in the world. We believe that an ample number of alternative suppliers exist should we need to secure additional or replacement production capacity and raw materials.

Our purchases from our suppliers are effected through individual purchase orders specifying the price, quantity, delivery date and destination of the items to be produced. Sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made either to increase or reduce inventories. We look to establish long-term supplier relationships in the appropriate locations throughout the world to meet our needs and we place our orders in a manner designed to limit the risk that a production disruption at any one facility could cause a serious inventory problem, while seeking to maximize the pricing opportunities.

The manufacturers of our products are required to meet our quality, human rights, safety, environmental and cost requirements. Our global supply chain teams, offices and buying agents enable us to monitor the quality of the goods manufactured by, and the delivery performance of, our suppliers and work with our global compliance teams to ensure the enforcement of our human rights and labor standards and other code of conduct requirements through our ongoing extensive training, approval and monitoring system. They also monitor and track the primary cost inputs to the finished product to ensure that we pay the most appropriate cost for our finished goods.

We continue to explore new areas of production that can grow with our businesses. Our country of origin strategy provides a flexible approach to product sourcing, which enables us to maximize regional opportunities and mitigate our potential exposure to risks associated with new duties, tariffs, surcharges, or other import controls or restrictions. While China remains an important sourcing country for us, we have reduced our exposure to the country over time by growing our sourcing base in other parts of Asia, as well as Africa. Many of these efforts have been with our existing factory partners. Additionally, we began producing finished products in Ethiopia during 2017 to evolve our supply chain and become more dynamic. Production is through a joint venture, PVH Arvind Manufacturing Private Limited Company ("PVH Ethiopia"), that we formed with Arvind Limited ("Arvind"). The goods produced are primarily distributed in the United States through our Heritage Brands business.

We also continue to develop strategies that can enhance the operational efficiency of our supply chain and unlock gross margin opportunities. We have incorporated 3D technology to enhance our design capabilities, which reduce our lead times, improve our planning abilities and eliminate the need for early samples in the design process. Speed is another critical focus area across the Company. We have implemented various speed models, core replenishment and read and react capabilities for select categories to enhance our operations and make our business model more dynamic and responsive, while also increasing service levels, reducing inventory exposure and improving quality and consumer value. We believe the enhancement of our supply chain efficiencies and working capital management through the effective use of our distribution network and overall infrastructure will allow us to control costs better and provide improved service to our customers.

Corporate Responsibility

As an industry leader and one of the largest branded apparel companies in the world, we recognize that we have a responsibility to address our social and environmental impacts. Corporate responsibility is central to how we conduct business and it is a crucial consideration embodied in all of the strategic business decisions that we make.

In 2019, we built upon our long-standing commitment to corporate responsibility by launching *Forward Fashion*, our evolved vision for the future that provides a new level of ambition and transparency across our corporate responsibility program and reinforces our long-standing commitment to sustainable business. Our *Forward Fashion* strategy supports the standards released by the Global Fashion Agenda in its *CEO Agenda 2019*, which reflect global developments and focus on climate change as a core priority. We are committed to the goals outlined in our *Forward Fashion* strategy and are taking action in a number of ways, including joining key pledges and industry groups that align with our strategy.

Our three strategic focus areas are:

- Reduce negative impacts — Our ambition is for our products and business operations to generate zero waste, zero carbon emissions and zero hazardous chemicals. This means protecting our environment by reducing energy use and powering our business through renewable sources, diverting the waste we send to landfills, eliminating water pollution from our wet processors, and fostering and harnessing innovation to design and manufacture products that eliminate product waste.

- Increase positive impacts — Our ambition is for 100% of our products and packaging to be ethically and sustainably sourced from suppliers who respect human rights and are good employers.

- Improve lives across our value chain — Our ambition is to improve the lives of the over one million people across our value chain, focusing on education and opportunities for women and children, ensuring access to clean water, investing in health and education initiatives, and continuing to champion inclusion and diversity.

We issue an annual report on our corporate responsibility efforts that can be found on our corporate website.

Warehousing, Distribution and Logistics

Our products are shipped from manufacturers to our wholesale and retail warehousing and distribution centers for inspection, sorting, packing and shipment. Centers range in size and our main facilities, some of which are operated by independent third parties, are located in the United States, the Netherlands, Canada, China, Japan, South Korea, Brazil and Australia. Our warehousing and distribution centers are designed to provide responsive service to our customers and our retail stores on a cost-effective basis.

Our backlog of customer orders totaled $1.693 billion and $1.652 billion as of February 2, 2020 and February 3, 2019, respectively. The size of our order backlog depends upon a number of factors, including the timing of the market weeks for our particular lines, during which a significant percentage of our orders are received, and the timing of the shipments, which varies from year-to-year with consideration for holidays, consumer trends, concept plans, and the usage of our basic stock replenishment programs. As a consequence, a comparison of the size of our order backlog from period to period may not be meaningful, nor may it be indicative of eventual shipments.

Material Customers

Our largest customers account for significant portions of our revenue. Sales to our five largest customers were 18.4% of our revenue in 2019 and 18.9% of our revenue in each of 2018 and 2017. No single customer accounted for more than 10% of our revenue in 2019, 2018 or 2017.

Advertising and Promotion

Our marketing programs are an integral component of the success of our brands and the products offered under them. We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness, relevance and consumer loyalty. We believe that our brands are successful in their respective market segments because we have strategically positioned each brand to target a distinct consumer demographic. Advertisements generally portray a lifestyle representation of our category offerings rather than a specific item. We design and market our products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers, deliver a strong price/value proposition and encourage consumer loyalty.

A significant component of our marketing programs is digital media, including our digital commerce platforms and social media channels, which allow us to expand our reach to customers and enable us to provide timely information in an entertaining fashion to consumers about our products, special events, promotions and store locations. Tommy Hilfiger's digital commerce site, *tommy*.com, and Calvin Klein's digital commerce site, *calvinklein*.com, serve as marketing vehicles to complement the ongoing development of the *TOMMY HILFIGER* and *CALVIN KLEIN* lifestyle brands, respectively, in addition to offering a broad array of apparel and licensed products. We also operate five Heritage Brands digital commerce sites in the United States: *VanHeusen*.com, *IZOD*.com, *styleBureau*.com, *TrueAndCo.*com and *SpeedoUSA*.com.

We also advertise through print media (including fashion, entertainment/human interest, business, men's, women's and sports magazines and newspapers), on television, through outdoor signage and through in-store point of sale materials, as well as participate in cooperative advertising programs with our retail partners. In addition, we advertise our brands through sport sponsorships and product tie-ins. We believe that our use of high-profile brand ambassadors and well-known social media influencers across our marketing programs helps drive our brand awareness and cultural relevance.

With respect to our retail outlet stores, the majority of which are located in premium outlet centers in the United States and Canada, we generally rely upon local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage, print advertising, direct marketing, radio and television advertising, and special promotions.

Tommy Hilfiger Business

We believe that *TOMMY HILFIGER* is one of the world's leading lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style with a preppy twist. Tommy Hilfiger employs advertising, marketing and communications staff, including an in-house creative team, as well as outside agencies, to implement its global marketing and communications strategy across all channels of distribution. The Tommy Hilfiger marketing and communications team develops and coordinates *TOMMY HILFIGER* advertising for all regions and product lines, licensees and regional distributors. Advertisements for *TOMMY HILFIGER* brand products appear primarily in social media outlets, fashion and lifestyle magazines, newspapers, outdoor media and cinema and on television. The digital and online focus of marketing for the *TOMMY HILFIGER* brands is integral to its campaigns and continues to increase. Additionally, the marketing and communications team coordinates personal appearances by Mr. Tommy Hilfiger, including at runway shows and brand events as part of its efforts. Tommy Hilfiger maintains multiple showroom facilities and sales offices around the world. Nearly all of its showrooms are digitized, offering a more engaging, integrated and seamless buying experience for its wholesale partners.

Celebrity partnerships continued to be a cornerstone of our *TOMMY HILFIGER* consumer engagement efforts in 2019 using a balance of global and regional brand ambassadors. *TOMMY HILFIGER*'s partnership with British Formula One™ racing driver and five-time Formula One™ World Champion Lewis Hamilton, which began in 2018, continued to drive momentum in 2019, including through an experiential event during Fall 2019 Milan Fashion Week, where consumers were able to experience the *TOMMY HILFIGER* fashion show and view the *TommyXLewis* collaborative collection on different platforms. *TOMMY HILFIGER* also has a multi-year strategic partnership with four-time World Champions Mercedes-AMG Petronas Motorsport as their Official Apparel Partner.

Tommy Hilfiger also delivered engaging partnerships geared toward the female consumer, enlisting Zendaya as a brand ambassador beginning in Spring 2019, helping raise the brand's profile. The collaboration continued through our TOMMYNOW fashion show, starring *TommyXZendaya* in Fall 2019, which resulted in *TOMMY HILFIGER* being the #1 most talked about fashion brand at New York Fashion Week on Twitter.

Calvin Klein Business

CALVIN KLEIN is a global lifestyle brand built on iconic essentials and powered by bold, progressive ideals. *CALVIN KLEIN* continues to generate compelling brand and cultural relevancy by evolving and driving consumer engagement. The *CALVIN KLEIN* brands are unified by a dedicated brand purpose with a focus on "defying the boundaries of self-expression." We established a Consumer Marketing Organization (the "CMO") in 2019, which encompasses the business's marketing, communications, social media, celebrity dressing and special events, while also building personalized relationships and tailoring the overall consumer experience through highly specialized teams. We believe that this enhanced marketing approach will better meet our consumers' needs as we adapt to their rapidly changing demands.

We celebrated five decades of iconic brand history with a special capsule collection in 2019, which was accompanied by a marketing campaign featuring Justin Bieber back in his *CALVIN KLEIN UNDERWEAR*, alongside wife Hailey Bieber, musicians A$AP Rocky and Troye Sivan, and models Kendall Jenner and Liu Wen. We hosted events across Europe, Asia, Brazil, Mexico and Peru as part of the celebration. As well, core to the brand purpose, we created unique product moments, including a *CALVIN KLEIN* Pride capsule collection — a celebration of self-expression, confidence and inclusivity. The collection, which featured jeans, underwear, swimwear and accessories, was sold globally across all distribution channels.

We continued to evolve our marketing strategy, shifting to a digital and video-first mindset by creating branded content and curated experiences to leverage across social media platforms. A highlight of 2019 was *CALVIN KLEIN*'s official sponsorship of the Coachella Valley Music and Arts Festival in California, where our Spring 2019 campaign came to life through an immersive experience offering the opportunity to interact with both product and branded content. The activation was recognized by *Brandweek* with its Constellation Award for best luxury/fashion team.

Calvin Klein also continued to leverage strategic partnerships by balancing global and regional brand ambassadors. Singer-actor Lay Zhang was named *CALVIN KLEIN*'s first-ever Chinese global ambassador, underscoring the significant long-term opportunity to grow *CALVIN KLEIN*'s footprint and gain market share across the region. In collaboration with the partnership, we hosted several experiential events, including a surprise performance for fans in Shanghai.

Heritage Brands Business

In our Heritage Brands business, we continued a partnership for *Van Heusen* with the UFC® that featured MMA fighter Stephen Thompson as brand ambassador. We also continued our largest media campaign to-date for *IZOD* that features Green Bay Packers quarterback Aaron Rodgers and comedian Colin Jost from *Saturday Night Live*.

We continue to promote our Heritage Brands business through sport sponsorships. Four-time PGA Tour winner Marc Leishman serves as brand ambassador for *IZOD Golf*, which includes wearing *IZOD Golf* apparel on-course. Olympic gold medalists and World No. 1 ranked men's double tennis team, Bob and Mike Bryan continue to serve as brand ambassadors for *IZOD*. In addition, we have an all-brand, regional sponsorship relationship with the New York Giants.

Trademarks

We own the *TOMMY HILFIGER*, *CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.* and *Geoffrey Beene* brands, as well as related trademarks (*e.g.*, the interlocking "*IZ*" logo for *IZOD* and the *TOMMY HILFIGER* flag logo and crest design) and lesser-known names. These trademarks are registered for use in each of the primary countries where our products are sold and additional applications for registration of these and other trademarks are made in jurisdictions to accommodate new marks, uses in additional trademark classes or additional categories of goods or expansion into new countries.

Mr. Tommy Hilfiger is prohibited in perpetuity from using, or authorizing others to use, the *TOMMY HILFIGER* marks (except for the use by Mr. Hilfiger of his name personally and in connection with certain specified activities). In addition, we are prohibited in perpetuity from selling products not ordinarily sold under the names of prestige designer businesses or prestige global lifestyle brands without Mr. Hilfiger's consent, from engaging in new lines of business materially different from such types of lines of business without Mr. Hilfiger's consent, or from disparaging or intentionally tarnishing the *TOMMY HILFIGER*-related marks or Mr. Hilfiger's personal name.

We own the *CALVIN KLEIN* marks and derivative marks in all trademark classes and for all product categories through our ownership of Calvin Klein Trademark Trust ("the Trust"), which is the sole and exclusive title owner of substantially all registrations of the *CALVIN KLEIN* trademarks. The sole purpose of the Trust is to hold these marks. Calvin Klein maintains and protects the marks on behalf of the Trust. The Trust licenses to Calvin Klein and Warnaco on an exclusive, irrevocable, perpetual and royalty-free basis the use of the marks.

Mr. Calvin Klein retains the right to use his name, on a non-competitive basis, with respect to his right of publicity, unless those rights are already being used in the Calvin Klein business. Mr. Klein has also been granted a royalty-free worldwide right to use the *CALVIN KLEIN* mark with respect to certain personal businesses and activities, subject to certain limitations designed to protect the image and prestige of the *CALVIN KLEIN* brands and to avoid competitive conflicts.

Our trademarks are the subject of registrations and pending applications throughout the world for use on a variety of apparel, footwear and related products, as well as licensed product categories, and we continue to expand our worldwide usage and registration of new and related trademarks. In general, trademarks remain valid and enforceable as long as the marks continue to be used in connection with the products and services with which they are identified and, as to registered tradenames, the required registration renewals are filed. In markets where products bearing any of our brands are not sold by us or any of our licensees or other authorized users, our rights to the use of trademarks may not be clearly established.

Our trademarks and other intellectual property rights are valuable assets and we vigorously seek to protect them on a worldwide basis against infringement. We are susceptible to others imitating our products and infringing on our intellectual property rights. This is especially the case with respect to the *TOMMY HILFIGER* and *CALVIN KLEIN* brands, as these brands enjoy significant worldwide consumer recognition and their generally higher pricing (as compared to our heritage brands) provides significant opportunity and incentive for counterfeiters and infringers. We have broad, proactive enforcement programs that we believe have been generally effective in controlling the sale of counterfeit products in the United States and in major markets abroad.

Competition

The apparel industry is competitive as a result of its fashion orientation, mix of large and small producers, low barriers to entry, the flow of domestic and imported merchandise and the wide diversity of retailing methods. We compete with numerous domestic and foreign designers, brands owners, manufacturers and retailers of apparel, accessories and footwear, including, in certain circumstances, the private label brands of our wholesale customers. Additionally, with the shift in consumer shopping preferences driving growth in the digital channel, there are more companies in the apparel sector and an increased level of transparency in pricing and product comparisons, which impacts purchasing decisions. As well, as consumers are increasingly focused on circularity with respect to apparel, companies that enable consumers to rent or purchase pre-owned apparel also impact purchasing decisions.

We believe we are well-positioned to compete in the apparel industry on the basis of style, quality, price and service. Our business depends on our ability to stimulate consumer tastes and demands, as well as on our ability to remain competitive in these areas. Our diversified portfolio of brands and products and our use of multiple channels of distribution have allowed us to develop a business that produces results that are not dependent on any one demographic group, merchandise preference, distribution channel or region. We have developed a portfolio of brands that appeals to a broad spectrum of consumers. Our owned brands have long histories and enjoy high recognition and awareness within their respective consumer segments. We develop our owned and licensed brands to complement each other and to generate strong consumer loyalty. The worldwide recognition of the *TOMMY HILFIGER* and *CALVIN KLEIN* brands generally provide us with significant global opportunities and the opportunity to develop businesses that target different consumer groups at higher price points and in higher-end distribution channels than our heritage brands.

Imports and Import Restrictions

A substantial portion of our products is imported into the United States, Canada, Europe, the Asia-Pacific region and Latin America. These products are subject to various customs laws, which may impose tariffs, as well as quota restrictions. In addition, each of the countries in which our products are sold has laws and regulations covering imports. The United States and other countries in which our products are sold may impose, from time to time, new duties, tariffs, surcharges, or other import controls or restrictions, including the imposition of a "safeguard quota," or adjust presently prevailing duty or tariff rates or levels. We, therefore, maintain a program of intensive monitoring of import restrictions and developments. We seek to minimize, where possible, our potential exposure to import related risks through, among other measures, adjustments in product design and fabrication, shifts of production among countries, including consideration of countries with tariff preference and free trade agreements, and manufacturers, and geographical diversification of our sources of supply. In some instances, production of a specific product category (*e.g.*, swim goggles), component parts or raw materials may be highly concentrated in one country.

The United States and China are involved in a trade dispute that has seen the imposition in 2019 of significant additional tariffs on the products we sell that are imported into the United States from China. Please see our risk factor "*We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations*" in Item 1A, "Risk Factors," for further discussion.

Environmental Matters

Our facilities and operations are subject to various environmental, health and safety laws and regulations. In addition, we may incur liability under environmental statutes and regulations with respect to the contamination of sites that we own or operate or previously owned or operated (including contamination caused by prior owners and operators of such sites, abutters or other persons) and the off-site disposal of hazardous materials. We believe our operations are in compliance with the terms of all applicable laws and regulations and our compliance with these laws and regulations has not had, and is not expected to have, a material effect on our capital expenditures, cash flows, earnings or competitive position.

Employees

As of February 2, 2020, we employed approximately 21,500 persons on a full-time basis and approximately 18,500 persons on a part-time basis. Approximately 2% of our employees were represented for the purpose of collective bargaining by four different unions in the United States. Additional persons, some represented by these four unions, are employed from time to time based upon our manufacturing schedules and retailing seasonal needs. Our collective bargaining agreements generally are for three-year terms. In some international markets, a significant percentage of employees are covered by governmental labor arrangements. We believe that our relations with our employees are good.

Executive Officers of the Registrant

The following table sets forth the name, age and position of each of our executive officers:

Name	Age	Position
Emanuel Chirico	62	Chairman and Chief Executive Officer
Stefan Larsson	45	President
Michael A. Shaffer	57	Executive Vice President and Chief Operating & Financial Officer
Francis K. Duane	63	Vice Chairman and Chief Executive Officer, Heritage Brands
Daniel Grieder	58	Chief Executive Officer, Tommy Hilfiger Global and PVH Europe
Cheryl Abel-Hodges	56	Chief Executive Officer, Calvin Klein
Mark D. Fischer	58	Executive Vice President, General Counsel & Secretary
David F. Kozel	64	Executive Vice President, Chief Human Resources Officer

Mr. Chirico joined us as Vice President and Controller in 1993. Mr. Chirico was named Executive Vice President and Chief Financial Officer in 1999, President and Chief Operating Officer in 2005, Chief Executive Officer in 2006, and Chairman of the Board in 2007.

Mr. Larsson joined us as President in 2019. From 2015 until 2017, Mr. Larsson was President and Chief Executive Officer and a director of Ralph Lauren Corporation. From 2012 until 2015, he was the Global President of Old Navy, Inc., a division of The Gap, Inc.

Mr. Shaffer has been employed by us since 1990. He served as Senior Vice President, Retail Operations immediately prior to being named Executive Vice President, Finance in 2005, Executive Vice President and Chief Financial Officer in 2006, and Executive Vice President and Chief Operating & Financial Officer in 2012.

Mr. Duane served as President of our Izod division from 1998 until 2001, was named Vice Chairman, Sportswear in 2001, Vice Chairman, Wholesale Apparel in 2006, Chief Executive Officer, Wholesale Apparel in 2012, Chief Executive Officer, Heritage Brands and North America Wholesale in 2013, and Vice Chairman and Chief Executive Officer, Heritage Brands in 2018. Mr. Duane will relinquish his title and duties as Vice Chairman and Chief Executive Officer, Heritage Brands in June 2020, in advance of his retirement in February 2021.

Mr. Grieder has been employed by Tommy Hilfiger since 2004. He served as Chief Executive Officer, Tommy Hilfiger Europe from 2008 until 2014, prior to being named Chief Executive Officer, Tommy Hilfiger Global and PVH Europe in July 2014.

Ms. Abel-Hodges has been employed by us since 2006. She served as President of our Izod division from 2009 until 2015, President, The Underwear Group from 2015 until 2018, was named Group President, Calvin Klein North America and The Underwear Group in 2018, and Chief Executive Officer, Calvin Klein in 2019.

Mr. Fischer joined us as Vice President, General Counsel & Secretary in 1999. He became Senior Vice President in 2007 and Executive Vice President in 2013.

Mr. Kozel served as Vice President, Human Resources from 2003 until 2007, was named Senior Vice President, Human Resources in 2007, Executive Vice President, Human Resources in 2013, and Executive Vice President and Chief Human Resources Officer in 2015.

Item 1A. Risk Factors

The following risk factors should be read in conjunction with the other information set forth in this Annual Report on Form 10-K when evaluating our business and the forward-looking statements contained within this report. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may occur or become material and may also adversely affect our business, financial condition or results of operations.

A substantial portion of our revenue and gross profit is derived from a small number of large wholesale customers and the loss of any of these customers or significant financial difficulties in their businesses could substantially reduce our revenue.

A few of our customers account for significant portions of our revenue. Sales to our five largest customers were 18.4% of our revenue in 2019 and 18.9% of our revenue in each of 2018 and 2017. No single customer accounted for more than 10% of our revenue in 2019, 2018 or 2017. Collectively, Macy's, Inc. ("Macy's") and J. C. Penney Corporation, Inc. ("J. C. Penney"), two of our ten largest customers in 2019, have closed approximately 275 stores since 2016 and Macy's announced plans to close 125 additional stores over the next three years. These store closings have resulted and may continue to result in a decrease in the total amount of purchases made by Macy's and J. C. Penney. A continued decline in purchases made over the next several years could have a materially adverse effect on our United States wholesale business.

We had an agreement with Macy's pursuant to which Macy's was the exclusive department store distributor in the United States of men's sportswear under the *TOMMY HILFIGER* brand; G-III, a licensee of the *TOMMY HILFIGER* brand, had a similar arrangement with Macy's for women's sportswear under the *TOMMY HILFIGER* brand. As a result of these strategic alliances, the success of Tommy Hilfiger's North American men's wholesale business and its licensed women's wholesale business with G-III were substantially dependent on these relationships and on the ability of Macy's to maintain and increase sales of *TOMMY HILFIGER* products. Both exclusive arrangements were terminated effective for the Spring 2019 selling season. We cannot assure you that Macy's will continue to order the same volume of *TOMMY HILFIGER* products from us, G-III or our other *TOMMY HILFIGER* licensees, or that other department stores will purchase *TOMMY HILFIGER* products in sufficient volume to offset any reduction in sales to Macy's in the future. This could result in a decline in overall revenue and have a material adverse effect on our results of operations.

We do not have long-term agreements with any of our customers and purchases generally occur on an order-by-order basis. A decision by any of our major customers, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing or other partners, or to change their manner of doing business with us or our licensing or other partners, could substantially reduce our revenue and materially adversely affect our profitability. The retail industry's recent history has seen a great deal of consolidation, particularly in the United States, and other ownership changes, as well as management changes and store closing programs, and we expect such changes to be ongoing. Store closing programs, such as those described above, decrease the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and may reduce the retail floor space designated for our brands. In the future, retailers may further consolidate, undergo restructurings or reorganizations, realign their affiliations or reposition their stores' target markets or marketing strategies. Any of these types of actions could decrease the number of stores that carry our products or increase the ownership concentration within the retail industry. These changes could decrease our opportunities in the market, increase our reliance on a smaller number of large customers and decrease our negotiating strength with our customers. These factors could have a material adverse effect on our financial condition and results of operations.

We may not be able to continue to develop and grow our Tommy Hilfiger and Calvin Klein businesses.

A significant portion of our business strategy involves growing our Tommy Hilfiger and Calvin Klein businesses. Our achievement of revenue and profitability growth from Tommy Hilfiger and Calvin Klein will depend largely upon our ability to:

- continue to maintain and enhance the distinctive brand identities of the *TOMMY HILFIGER* and *CALVIN KLEIN* brands;
- continue to maintain good working relationships with Tommy Hilfiger's and Calvin Klein's licensees;
- continue to enter into new, or renew or extend existing, licensing agreements for the *TOMMY HILFIGER* and *CALVIN KLEIN* brands; and

- continue to strengthen and expand the Tommy Hilfiger and Calvin Klein businesses.

We cannot assure you that we can successfully execute any of these actions or our growth strategy for these businesses, nor can we assure you that the launch of any additional product lines or businesses by us or our licensees or that the continued offering of these lines will achieve the degree of consistent success necessary to generate profits or positive cash flow. Our ability to successfully carry out our growth strategy may be affected by, among other things, our ability to enhance our relationships with existing customers to obtain additional selling space or add additional product lines, our ability to develop new relationships with retailers, economic and competitive conditions, changes in consumer spending patterns and changes in consumer tastes and style trends. If we fail to continue to develop and grow the Tommy Hilfiger or Calvin Klein business, our financial condition and results of operations may be materially adversely affected.

The success of our Tommy Hilfiger and Calvin Klein businesses depends on the value of our "TOMMY HILFIGER" and "CALVIN KLEIN" brands and, if the value of either of those brands were to diminish, our business could be adversely affected.

Our success depends on our brands and their value. The *TOMMY HILFIGER* name is integral to the existing Tommy Hilfiger business, as well as to our strategies for continuing to grow and expand the business. Mr. Hilfiger, who remains active in the business, is closely identified with the *TOMMY HILFIGER* brand and any negative perception with respect to Mr. Hilfiger could adversely affect the *TOMMY HILFIGER* brands. In addition, under Mr. Hilfiger's employment agreement, if his employment is terminated for any reason, his agreement not to compete with the Tommy Hilfiger business will expire two years after such termination. Although Mr. Hilfiger could not use any *TOMMY HILFIGER* trademark in connection with a competitive business, his association with a competitive business could adversely affect the Tommy Hilfiger business. We also have exposure with respect to the *CALVIN KLEIN* brands, which are integral to the existing Calvin Klein business and could be adversely affected if Mr. Klein's public image or reputation were to be tarnished.

Our business is heavily dependent on the ability and desire of consumers to travel and shop.

Reduced consumer traffic and purchasing, whether in our own retail stores or in the stores of our wholesale customers, could have a material adverse effect on our financial condition and results of operations. Reductions could result from economic conditions, fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, natural disasters, war, terrorist attacks or the perceived threat of war or terrorist attacks. Disease epidemics and other health-related concerns, such as the current COVID-19 outbreak, also could result in (and, in the case of the COVID-19 outbreak, has resulted in) closed stores, reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure, or governments impose mandatory business closures, travel restrictions or the like to prevent the spread of disease. Additionally, political or civil unrests and demonstrations also could affect consumer traffic and purchasing, as was the case with the recent protests in Hong Kong SAR.

Our U.S. retail store operations are a material contributor to our revenue and earnings. The majority of our United States retail stores are located away from major residential centers or near vacation destinations, making travel a critical factor in their success. These retail businesses historically also have had a significant portion of their revenue and earnings attributable to sales to international tourists. In addition to the factors discussed above, international tourism to the United States could be reduced, as could the extent to which international tourists shop at our retail stores, during times of a strengthening United States dollar, particularly the euro, the Brazilian real, the Canadian dollar, the Mexican peso, the Korean won and the Chinese yuan renminbi. A reduction in international tourist traffic or spending therefore could have a material adverse effect on our financial condition and results of operations. In fact in 2019, we did experience a significant decrease in sales to international tourists, which we believe was attributable in part to the strength of the United States dollar and which negatively impacted sales and earnings for our Calvin Klein and Tommy Hilfiger retail businesses in the United States.

Other factors that could affect the success of our stores include:

- the location of the store or mall, including the location of a particular store within the mall;
- the other tenants occupying space at the mall;
- increased competition in areas where the stores are located;
- the amount of advertising and promotional dollars spent on attracting consumers to the store or mall;
- the changing patterns of consumer shopping behavior;
- increased competition from online retailers; and

- the diversion of sales from our retail stores due to our digital commerce sites.

Acquisitions may not be successful in achieving intended benefits, cost savings and synergies.

One component of our growth strategy has been to make acquisitions, such as the Tommy Hilfiger, Calvin Klein and Warnaco acquisitions. Prior to completing any acquisition, our management team identifies expected synergies, cost savings and growth opportunities but, due to legal and business limitations, we may not have access to all necessary information. The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure to implement our business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;
- unanticipated changes in applicable laws and regulations affecting the acquired business;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- retaining key customers, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- operating risks inherent in the acquired business;
- diversion of the attention and resources of management;
- consumers' failure to accept product offerings by us or our licensees;
- assumption of liabilities not identified in due diligence;
- the impact on our or an acquired business' internal controls and compliance with the requirements under applicable regulation; and
- other unanticipated issues, expenses and liabilities.

We have completed acquisitions that have not performed as well as initially expected and cannot assure you that any acquisition will not have a material adverse impact on our financial condition and results of operations.

Future economic conditions, including volatility in the financial and credit markets may adversely affect our business.

Economic conditions in the past have adversely affected, and in the future may adversely affect, our business, our customers and licensees and their businesses, and our financing and other contractual arrangements, including, for example, as a result of the current COVID-19 outbreak. Such conditions, among other things, have resulted, and in the future may result, in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers and licensees, may cause such customers to reduce or discontinue orders of our products and licensed products sold by our licensees, and may result in customers being unable to pay us for products they have purchased from us and licensees being unable to pay us for royalties owed to us. Financial difficulties of customers and licensees may also affect the ability of our customers and licensees to access credit markets or lead to higher credit risk relating to receivables from customers and licensees.

Future volatility in the financial and credit markets, including the recent volatility due, in part, to the current COVID-19 outbreak, could make it more difficult for us to obtain financing or refinance existing debt when the need arises, including upon maturity, which for our senior unsecured credit facilities is currently scheduled for April 2024, or on terms that would be acceptable to us.

Our business is exposed to foreign currency exchange rate fluctuations and control regulations.

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. 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 our 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 Australian dollar, 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.

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 selling, general and administrative (commonly referred to as "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.

We are also exposed to foreign exchange risk in connection with our licensing businesses. Most of our licensing agreements require the licensee to report sales to us in the licensee's local currency but to pay us in United States dollars based on the exchange rate as of the last day of the contractual selling period. Thus, while we are not generally exposed to exchange rate gains and losses between the end of the selling period and the date we collect payment, we are exposed to changes in exchange rates during and up to the last day of the selling period. In addition, certain of our other foreign licensing agreements expose us to changes in exchange rates up to the date we collect payment or convert local currency payments into United States dollars. As a result, during times of a strengthening United States dollar, our foreign royalty revenue will be negatively impacted, and during times of a weakening United States dollar, our foreign royalty revenue will be favorably impacted.

We also have exposure to changes in foreign currency exchange rates related to our €950 million aggregate principal amount of euro-denominated senior notes. During times of a strengthening United States dollar against the euro, we could be required to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments on our euro-denominated senior notes, whereas during times of a weakening United States dollar against the euro, we could be required to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments on these notes.

We conduct business, directly or through licensees and other partners, in countries that are or have been subject to exchange rate control regulations and have, as a result, experienced difficulties in receiving payments owed to us when due, with amounts left unpaid for extended periods of time. Although the amounts to date have been immaterial to our results, as our international businesses grow and if controls are enacted or enforced in additional countries, there can be no assurance that such controls would not have a material and adverse effect on our business, financial condition or results of operations.

Our level of debt could impair our financial condition and ability to operate.

We had outstanding as of February 2, 2020 an aggregate principal amount of $2.725 billion of indebtedness under our senior unsecured credit facilities, our senior unsecured notes and our unsecured debentures. In March 2020, we increased our aggregate borrowings outstanding under our senior unsecured revolving credit facilities, other short-term revolving credit facilities and unsecured commercial paper note program from $50 million at February 2, 2020 to approximately $930 million, in order to increase our cash position and preserve financial flexibility in responding to the impacts of the COVID-19 outbreak on our business. Our level of debt could have important consequences to investors, including:

- requiring a substantial portion of our cash flows from operations be used for the payment of interest on our debt, thereby reducing the funds available to us for our operations or other capital needs;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures necessary to address these changes;
- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flow, such as during the current COVID-19 outbreak, we will be required to devote a proportionally greater amount of our cash flow to paying principal and interest on our debt;
- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions, contributions to our pension plans and general corporate requirements;
- placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to fund working capital, capital expenditures, acquisitions, share repurchases, dividend payments, contributions to pension plans and general corporate requirements; and
- with respect to any borrowings we make at variable interest rates, including under our senior unsecured credit facilities, leaving us vulnerable to increases in interest rates to the extent the borrowings are not subject to an interest rate swap agreement.

In addition, our interest rate swap agreements as well as a portion of the borrowings under our senior unsecured credit facilities that have variable interest rates are tied to the London Interbank Offered Rate ("LIBOR"). In July 2017, the Financial Conduct Authority in the United Kingdom announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021, or whether different benchmark rates used to price indebtedness will develop. We cannot predict the consequences and timing of these developments, which could include an increase in interest expense and may also require the amendment of contracts that reference LIBOR.

We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations.

The majority of our apparel, footwear and accessories are produced by and purchased or procured from independent manufacturers located in countries in Asia, South America, Europe, the Middle East, North America, Africa, Central America and the Caribbean. Although no single supplier or country is or is expected to become critical to our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations:

- political or labor instability or military conflict involving any of the countries in which we, our contractors, or our suppliers operate, which could cause a delay in the transportation of our products and raw materials to us and an increase in transportation costs;
- heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundments of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti-counterfeiting measures and damage to the reputation of our brands;
- a significant decrease in availability or increase in cost of raw materials, including commodities (particularly cotton), or the ability to use raw materials produced in a country that is a major provider due to political, human rights, labor, environmental, animal cruelty or other concerns
- a significant decrease in factory and shipping capacity or increase in demand for such capacity;
- a significant increase in wage and shipping costs;

- natural disasters, which could result in closed factories and scarcity of raw materials;
- disease epidemics and health related concerns, such as the current COVID-19 outbreak, which could result in (and in the case of the COVID-19 outbreak, has resulted in certain of the following) closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- migration and development of manufacturers, which could affect where our products are or are planned to be produced;
- imposition of regulations, quotas and safeguards relating to imports and our ability to adjust timely to changes in trade regulations, which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and expertise needed; and
- imposition of duties, taxes and other charges on imports.

The United States government imposed tariffs in 2019 and 2018 on a variety of imports from China into the United States, including certain categories of apparel, footwear and accessories. These additional tariffs, which were included in a trade agreement signed by the United States and China in January 2020, are not expected to be decreased, at least not in the near term, and in the future the United States could impose additional tariffs or increase existing tariffs on goods imported from China into the United States. China is the largest sourcing country of apparel, footwear and accessories for us globally and for most of our licensees. We imported approximately $215 million of inventory into the United States from China in 2019. Accordingly, any tariffs on apparel, footwear and accessories imported from China into the United States result in an increase in our cost of goods sold for that product. We are looking at alternative sourcing options but we may not be able to shift production of inventory bound for the United States from China to other countries. In addition, higher costs in sourcing from other countries, including because others in the industry are looking to move production for the same reason, may make the move price-prohibitive. We may not be able to pass the entire cost increase resulting from the tariffs onto consumers or could choose not to. Any increase in prices to consumers could have an adverse impact on our direct sales to consumers, as well as sales by our wholesale customers and our licensees. Any adverse impact on such sales or increase in our cost of goods sold could have a material adverse effect on our business and results of operations.

If our manufacturers, the manufacturers used by our licensees, or our licensees themselves fail to use legal and ethical business practices, our business could suffer.

We require our manufacturers, the manufacturers used by our licensees and the licensees themselves to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. Additionally, we impose upon our business partners operating guidelines that require additional obligations in those areas in order to promote ethical business practices. We audit, or have third parties audit, the operations of these independent parties to determine compliance. We were a member of the Accord on Fire and Building Safety in Bangladesh and are a member of its successor, the mission of each of which is to improve fire and building safety in Bangladesh's apparel factories. We also collaborate with factories, suppliers, industry participants and other engaged stakeholders to improve the lives of our factory workers and others in our sourcing communities. However, we do not control our manufacturers, the manufacturers used by our licensees, or our licensees themselves, or their labor, manufacturing and other business practices.

If any of these manufacturers or licensees violates labor, environmental, building and fire safety, or other laws or implements labor, manufacturing or other business practices that are generally regarded as unethical, the shipment of finished products to us could be interrupted, orders could be canceled and relationships could be terminated. Further, we could be prohibited from importing goods by governmental authorities. In addition, we could be the focus of adverse publicity and our reputation could be damaged. Any of these events could have a material adverse effect on our revenue and, consequently, our results of operations.

We are dependent on third parties to source and manufacture our products and any disruption in our relationships with these parties or in their businesses may materially adversely affect our businesses.

We rely upon independent third parties for the manufacturing of the vast majority of our apparel, footwear and accessories. A manufacturer's failure to ship products to us in a timely manner, which has occurred, and may occur in the future, as a result of the current COVID-19 outbreak, or to meet required quality standards could cause us to miss the delivery date requirements of our customers for those products. As a result, customers could cancel their orders, refuse to accept deliveries or demand reduced prices. Any of these actions taken by our customers could have a material adverse effect on our revenue and, consequently, our results of operations.

We use third party buying offices for a portion of our product sourcing. Any interruption in the operations of these buying offices, or the failure of these buying offices to perform effectively their services for us, could result in material delays, reductions of shipments and increased costs. Furthermore, such events could harm our wholesale and retail relationships. Any disruption in our relationships with these buying offices or in their businesses could have a material adverse effect on our cash flows, business, financial condition and results of operations.

We are dependent on a limited number of distribution facilities. If one becomes inoperable, our business, financial condition and operating results could be negatively impacted.

We operate a limited number of distribution facilities and also engage independently operated distribution facilities around the world to warehouse and ship products to our customers and our retail stores, as well as perform related logistics services. Our ability to meet the needs of our wholesale customers and of our retail stores depends on the proper operation of our primary facilities. If any of our primary facilities were to shut down or otherwise become inoperable or inaccessible, including as a result of disease epidemics and other health-related concerns, such as the current COVID-19 outbreak, we could have a substantial loss of inventory or disruptions of deliveries to our customers and our stores, incur significantly higher costs or experience longer lead times associated with the distribution of our products during the time it takes to reopen or replace the facility. This could materially and adversely affect our business, financial condition and operating results.

A portion of our revenue is dependent on royalties and licensing.

The operating profit associated with our royalty, advertising and other revenue is significant because the operating expenses directly associated with administering and monitoring an individual licensing or similar agreement are minimal. Therefore, the loss of a significant licensee, whether due to the termination or expiration of the relationship, the cessation of the licensee’s operations or otherwise (including as a result of financial difficulties of the licensee), without an equivalent replacement, or a significant decline in our licensees’ sales, for example as occurred as a result of the current COVID-19 outbreak, could materially impact our profitability.

While we generally have significant control over our licensees’ products and advertising, we rely on them for, among other things, operational and financial controls over their businesses. Our licensees’ failure to successfully market licensed products or our inability to replace our existing licensees could materially and adversely affect our revenue both directly from reduced royalty, advertising and other revenue received and indirectly from reduced sales of our other products. Risks are also associated with our licensees’ ability to obtain capital, execute their business plans, timely deliver quality products, manage their labor relations, maintain relationships with their suppliers, manage their credit risk effectively and maintain relationships with their customers.

Our licensing business makes us susceptible to the actions of third parties over whom we have limited control.

We rely on our licensees to preserve the value of our brands. Although we attempt to protect our brands through, among other things, approval rights over design, production quality, packaging, merchandising, distribution, advertising and promotion of our products, we cannot assure you that we can control our licensees’ use of our brands. The misuse of our brands by a licensee could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to protect our trademarks and other intellectual property rights.

Our trademarks and other intellectual property rights are important to our success and our competitive position. We are susceptible to others imitating our products and infringing on our intellectual property rights, especially with respect to the *TOMMY HILFIGER* and *CALVIN KLEIN* brands, as they enjoy significant worldwide consumer recognition and the generally premium pricing of *TOMMY HILFIGER* and *CALVIN KLEIN* brand products creates additional incentive for counterfeiters and infringers. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our revenue. We cannot assure you that the actions we take to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation of our products by others. We cannot assure you that other third parties will not seek to invalidate our trademarks or block sales of our products as a violation of their own trademarks and intellectual property rights. In addition, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in marks that are similar to ours or marks that we license or market or that we will be able to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our marks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar trademarks. We have in the past been and currently are involved both domestically and internationally in proceedings relating to a company's claim of prior rights to some of our trademarks or marks similar to some of our brands.

We face intense competition in the apparel industry.

Competition is intense in the apparel industry. We compete with numerous domestic and foreign designers, brand owners, manufacturers and retailers of apparel, accessories and footwear, some of which have greater resources than we do. We also face increased competition from online retailers in the digital channel, which is characterized by low barriers to entry. In addition, in certain instances, we compete directly with our wholesale customers, as they also sell their own private label products in their stores and online. We compete within the apparel industry primarily on the basis of:

- anticipating and responding to changing consumer tastes, demands and shopping preferences in a timely manner and developing attractive, quality products;
- maintaining favorable brand recognition and relevance, including through digital brand engagement and online and social media presence;
- appropriately pricing products and creating an acceptable value proposition for customers;
- providing strong and effective marketing support;
- ensuring product availability and optimizing supply chain efficiencies with third party manufacturers and retailers; and
- obtaining sufficient retail floor space at retail and effective presentation of our products at retail, on digital commerce sites operated by our department store customers and pure play digital commerce retailers, and on our digital commerce sites.

The failure to compete effectively or to keep pace with rapidly changing markets could have a material adverse effect on our business, financial condition and results of operations.

Our profitability may decline as a result of increasing pressure on margins.

The apparel industry, particularly in the United States (our largest market), is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers and changes in consumer demand including, for example, as a result of the current COVID-19 outbreak. These factors may cause us to reduce our sales prices to retailers and consumers, which could cause our profitability to decline if we are unable to appropriately manage inventory levels or offset price reductions with sufficient reductions in product costs or operating expenses. This could have a material adverse effect on our results of operations, liquidity and financial condition.

If we are unable to manage our inventory effectively and accurately forecast demand for our products, our results of operations could be materially adversely affected.

We have made and continue to make investments in our supply chain management systems and processes that enable us to respond more rapidly to changes in sales trends and consumer demands and enhance our ability to manage inventory. However, we cannot assure you that we will be able to anticipate and respond successfully to changing consumer tastes and style trends or economic conditions and, as a result, we may not be able to manage inventory levels to meet our future order requirements. If we are unable to or fail to accurately forecast consumer demand, including, for example, as a result of the current COVID-19 outbreak, we may experience excess inventory levels or a shortage of product required to meet demand. Inventory levels in excess of consumer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have a material adverse effect on the reputation of our brands and our profitability. If we underestimate consumer demand for our products, we may not have sufficient inventories of product to meet consumer requirements in a timely manner, which could result in lost revenues, as well as damage to our reputation and relationships.

We rely significantly on information technology. Our business and reputation could be adversely impacted if our computer systems, or systems of our business partners and service providers, are disrupted or cease to operate effectively or if we or they are subject to a data security or privacy breach.

Our ability to manage and operate our business effectively depends significantly on information technology systems, including systems operated by third parties and us and systems that communicate with third parties, including website and mobile applications through which we communicate with our consumers and our employees. We process, transmit, store and maintain information about consumers, employees, and other individuals in the ordinary course of business, including through our digital commerce operations. This includes personally identifiable information protected under applicable laws and the collection and processing of customers' credit and debit card numbers and reliance on systems maintained by third parties with whom we contract to provide payment processing. The failure of any system to operate effectively or disruption in these systems, which may occur as a result of circumstances beyond our control including fire, natural disasters, power outages and systems disruptions, could require significant remediation costs and adversely impact our operations.

We take, and require third party providers to take, measures to protect data but have no control over their efforts and are limited in our ability to assess their systems and processes. Furthermore, while we invest, and believe our service providers invest, considerable resources in protecting systems and information, we all are still subject to security events, including but not limited to cybercrimes and cybersecurity attacks, such as those perpetrated by sophisticated and well-resourced bad actors attempting to disrupt operations or access or steal data. Security events may not be detected for an extended period of time, which could compound the scope and extent of the damages and problems. Such security events could disrupt our business, severely damage our reputation and our relationship with consumers, and expose us to risks of litigation and liability, which may not be covered by insurance or may result in costs in excess of the insurance coverage we maintain.

We regularly implement new systems and hardware and are currently undertaking a major multi-year SAP S/4 implementation to upgrade of our platforms and systems worldwide. The implementation of new software and hardware involves risks and uncertainties that could cause disruptions, delays or deficiencies in the design, implementation or application of these systems including:

- adversely impacting our operations;
- increased costs;
- disruptions in our ability to effectively source, sell or ship our products;
- delays in collecting payments from our customers; and
- adversely affecting our ability to timely report our financial results.

Our business, results of operations and financial condition could be materially adversely affected as a result of these implementations. In addition, intended improvements may not be realized. Our business partners and service providers face the same risks, which could also adversely impact our business and operations.

We are subject to data privacy and security laws and regulations, the number and complexity of which are increasing globally. We may be the subject of enforcement or other legal actions despite our compliance efforts.

We collect, use, store, and otherwise process or rely upon access to data, including personally identifiable information, of consumers, employees, and other individuals in the daily conduct of our business, including through our digital commerce operations. There have been significant developments in the area of data privacy and cybersecurity law and regulation. Significant new laws, such as the European Union's General Data Protection Regulation, the Brazilian General Data Protection Law and the California Consumer Privacy Act, are continuously being proposed and enacted around the world. These laws and regulations have caused and could continue to cause us to change the way we operate, including in a less efficient manner, in order to comply with local requirements. We have a privacy compliance program but our compliance efforts are not an assurance that we will not be the subject of regulatory or other legal actions. We could expend significant management and associate time and incur significant cost investigating and defending ourselves against the claims in any such matter, which matters also could result in us being the subject of significant fines, judgments or settlements. In addition, any such claim could give rise to significant reputational damage, whether or not we are ultimately successful in defending ourselves.

The loss of members of our executive management and other key employees could have a material adverse effect on our business.

We depend on the services and management experience of our executive officers, who have substantial experience and expertise in our business. We also depend on other key executives in various areas of our businesses and operations. Competition for qualified personnel in the apparel industry is intense and competitors may use aggressive tactics to recruit our key employees. The unexpected loss of services of one or more of these individuals could have a material adverse effect on us.

A significant shift in the relative sources of our earnings, adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow.

We have direct operations in many countries and the applicable tax rates vary by jurisdiction. As a result, our overall effective tax rate could be materially affected by the relative level of earnings in the various taxing jurisdictions to which our earnings are subject. In addition, the tax laws and regulations in the countries where we operate may be subject to change. Moreover, there may be changes from time to time in interpretation and enforcement of tax law. As a result, we may pay additional taxes if tax rates increase or if tax laws, regulations or treaties in the jurisdictions where we operate are modified by the authorities in an adverse manner.

In addition, various national and local taxing authorities periodically examine us and our subsidiaries. The resolution of an examination or audit may result in us paying more than the amount that we may have reserved for a particular tax matter, which could have a material adverse effect on our cash flows, business, financial condition and results of operations for any affected reporting period.

We and our subsidiaries are engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm's length terms and that proper transfer pricing documentation is in place, which should be respected for tax purposes, the transfer prices and conditions may be scrutinized by local tax authorities, which could result in additional tax liabilities.

If we are unable to fully utilize our deferred tax assets, our profitability could be reduced.

Our deferred income tax assets are valuable to us. These assets include tax loss and foreign tax credit carryforwards in various jurisdictions. Realization of deferred tax assets is based on a number of factors, including whether there will be adequate levels of taxable income in future periods to offset the tax loss and foreign tax credit carryforwards in jurisdictions where such assets have arisen. Valuation allowances are recorded in order to reduce the deferred tax assets to the amount expected to be realized in the future. In assessing the adequacy of our valuation allowances, we consider various factors including reversal of deferred tax liabilities, forecasted future taxable income and potential tax planning strategies. These factors could reduce the value of the deferred tax assets, which could have a material effect on our profitability.

Volatility in securities markets, interest rates and other economic factors could increase substantially our defined benefit pension costs and liabilities.

We have significant obligations under our defined benefit pension plans. The funded status of our pension plans is dependent on many factors, including returns on invested plan assets and the discount rate used to measure pension obligations. Unfavorable returns on plan assets, which, for example, may result from recent market volatility due, in part, to the COVID-19 outbreak, a lower discount rate or unfavorable changes in the applicable laws or regulations could materially change the timing and amount of pension funding requirements, which could reduce cash available for our business.

Our operating performance also may be significantly impacted by the amount of expense recorded for our pension plans. Pension expense 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 pension expense, generally in the fourth quarter of the year. These gains and losses can be significant and can create volatility in our operating results.

Our balance sheet includes a significant amount of intangible assets and goodwill. A decline in the estimated fair value of an intangible asset or of a reporting unit could result in an impairment charge recorded in our operating results, which could be material.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Also, we review our amortizable intangible assets for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. If the carrying amount of our goodwill or another intangible asset were to exceed its fair value, the asset would be written down to its fair value, with the impairment charge recognized as a noncash expense in our operating results. Adverse changes in future market conditions or weaker operating results compared to our expectations, including, for example, as a result of the current COVID-19 outbreak, may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potentially material impairment charge if we are unable to recover the carrying value of our goodwill and other intangible assets.

As of February 2, 2020, we had approximately $3.678 billion of goodwill and $3.481 billion of other identifiable intangible assets on our balance sheet, which together represented 53% of our total assets. No impairment was recorded in 2019 based on our annual goodwill and other indefinite-lived intangible assets impairment tests. However, during the fourth quarter of 2019, we entered into a definitive agreement to sell our Speedo North America business, which prompted the need for us to perform an interim impairment assessment of our *Speedo* perpetual license right. As a result of this interim test, the perpetual license right was determined to be impaired and an impairment charge of $116.4 million was recorded. The Speedo transaction was also a triggering event that prompted the need for us to perform an interim goodwill impairment test for the Heritage Brands Wholesale reporting unit, the reporting unit that includes the Speedo North America business. No goodwill impairment resulted from this interim test.

Our balance sheet includes a significant amount of long-lived assets in our retail stores, including operating lease right-of-use assets and property, plant and equipment. A decline in the current and projected cash flows in our retail stores could result in impairment charges, which could be material.

Long-lived assets, such as operating lease right-of-use assets and property, plant and equipment in our retail stores, are tested for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. If the carrying amount of a long-lived asset were to exceed its fair value, the asset would be written down to its fair value and an impairment charge recognized as a noncash expense in our operating results. Adverse changes in future market conditions or weaker operating results compared to our expectations, including, for example, as a result of the current COVID-19 outbreak, may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potentially material impairment charge if we are unable to recover the carrying value of our long-lived assets.

Provisions in our certificate of incorporation and our by-laws and Delaware General Corporation Law could make it more difficult to acquire us and may reduce the market price of our common stock.

Our certificate of incorporation and by-laws contain provisions requiring stockholders who seek to introduce proposals at a stockholders meeting or nominate a person to become a director to provide us with advance notice and certain information, as well as meet certain ownership criteria; permitting the Board of Directors to fill vacancies on the Board; and authorizing the Board to issue shares of preferred stock without approval of our stockholders. These provisions could have the effect of deterring changes of control.

In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board.

The United Kingdom's withdrawal from the European Union could harm our business and financial results.

Voters in the United Kingdom approved a referendum to withdraw from the European Union (commonly referred to as "Brexit"). The United Kingdom formally withdrew from the European Union on January 31, 2020 and is now in a period of transition until December 31, 2020. During the transition period, the United Kingdom's trading relationship with the European Union is expected to remain largely the same while the two parties negotiate a trade agreement as well as other aspects of the United Kingdom's relationship with the European Union. The uncertainty surrounding the terms of the United Kingdom's future relationship with the European Union after December 31, 2020 and its consequences could adversely impact consumer and investor confidence and the level of consumer purchases of discretionary items and retail products, including our products. The eventual terms upon which the withdrawal occurs (which could leave the United Kingdom without a trade agreement with the European Union) also could significantly disrupt the free movement of goods, services and people between the United Kingdom and the European Union and may result in increased legal and regulatory complexities and higher costs of conducting business in Europe. Volatility in the value of the British pound sterling, the euro and other European currencies could also result. Any of these effects, among others, could adversely affect our business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The general location, use, ownership status and approximate size of the principal properties that we occupied as of February 2, 2020 are set forth below:

Location	Use	Ownership Status	Approximate Area in Square Feet	
New York, New York	Corporate and Heritage Brands administrative offices and showrooms	Leased	209,000	
New York, New York	Calvin Klein administrative offices and showrooms	Leased	474,000	
New York, New York	Tommy Hilfiger administrative offices and showrooms	Leased	220,000	
Bridgewater, New Jersey	Corporate and retail administrative offices	Leased	285,000	
Banksmeadow, Australia	Tommy Hilfiger, Calvin Klein and Heritage Brands administrative offices, showrooms, warehouse and distribution center	Leased	243,000	(1)
Milperra, Australia	Warehouse and distribution center	Leased	86,000	(1)
Amsterdam, The Netherlands	Tommy Hilfiger and Calvin Klein administrative offices, warehouse and showrooms	Leased	499,000	
Venlo/Oud Gastel, The Netherlands	Warehouse and distribution centers	Leased	2,051,000	
McDonough, Georgia	Warehouse and distribution center	Leased	851,000	
Palmetto, Georgia	Warehouse and distribution center	Leased	983,000	
Jonesville, North Carolina	Warehouse and distribution center	Owned	778,000	
Montreal, Canada	Administrative offices, warehouse and distribution center	Leased	183,000	
Hong Kong SAR, China	Corporate, Tommy Hilfiger and Calvin Klein administrative offices	Leased	163,000	
Hawassa, Ethiopia	Manufacturing facility	Leased	155,000	
Dusseldorf, Germany	Tommy Hilfiger and Calvin Klein administrative offices and showrooms	Leased	91,000	
Cypress, California	Speedo administrative offices	Leased	69,000	(2)
Shanghai, China	Tommy Hilfiger and Calvin Klein administrative offices	Leased	74,000	

(1) We occupy properties in Australia since May 2019 in connection with the Australia acquisition.

(2) Our Speedo administrative offices in Cypress, California will no longer be occupied by us following the pending sale of our Speedo North America business to Pentland, which is expected to close in the first quarter of 2020, subject to customary conditions. Please see Note 4, "Assets Held For Sale," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

In addition, as of February 2, 2020, we leased certain other administrative offices and showrooms in various domestic and international locations. We also leased and operated as of February 2, 2020 over 1,800 retail locations in the United States, Canada, Europe, Asia-Pacific, and Brazil.

Information with respect to maturities of the Company's lease liabilities in which we are a lessee is included in Note 17, "Leases," in the Notes to Consolidated Financial Statements included in Item 8 of this report.

Item 3. 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 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "PVH." Certain information with respect to the dividends declared on our common stock appear in the Consolidated Statements of Changes in Stockholders' Equity and Redeemable Non-Controlling Interest included in Item 8 of this report. Please see Note 9, "Debt," in the Notes to Consolidated Financial Statements included in Item 8 of this report for a description of the restrictions to our paying dividends on our common stock. As of March 19, 2020, there were 562 stockholders of record of our common stock.

ISSUER PURCHASES OF EQUITY SECURITIES

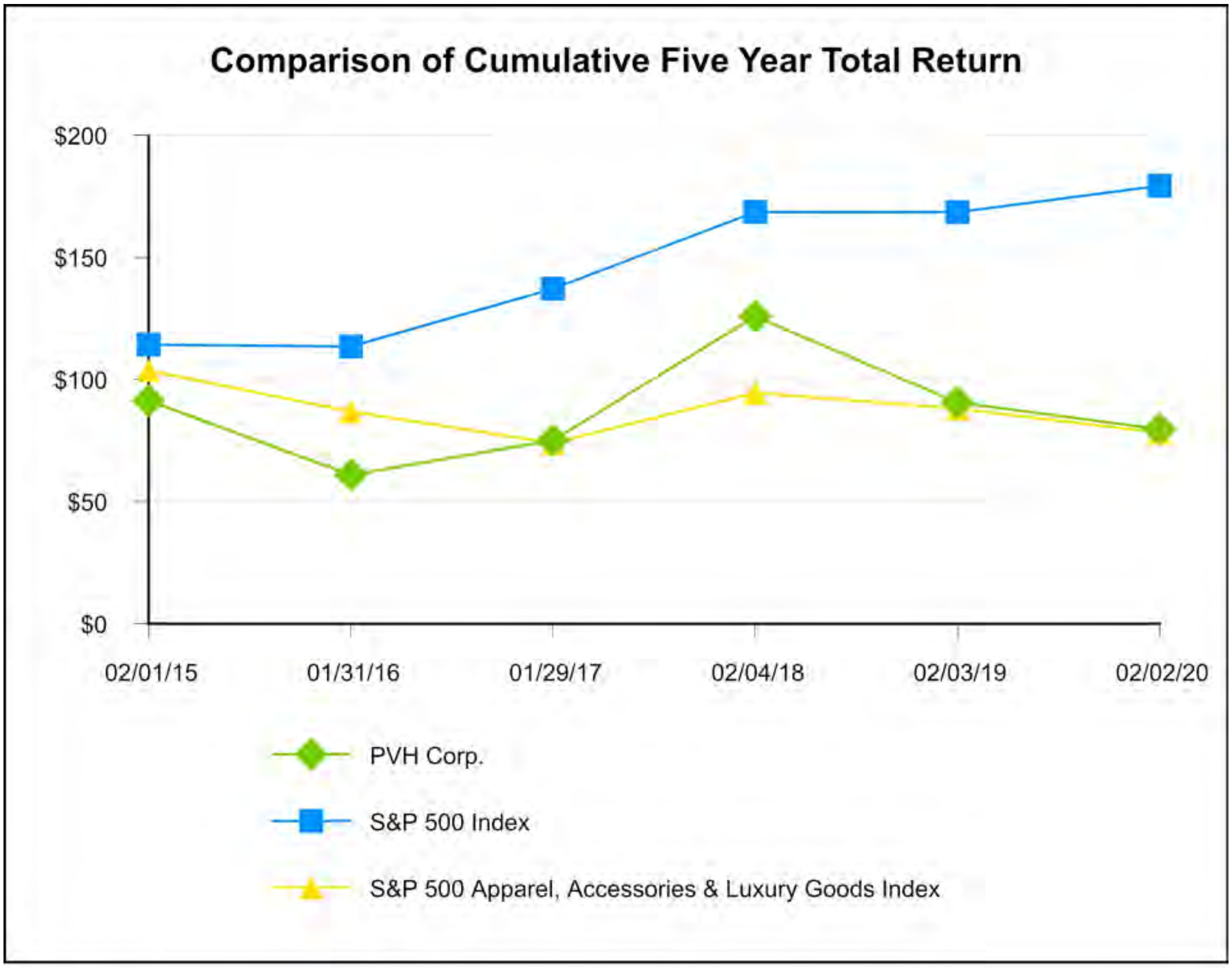
Period	(a) Total Number of Shares (or Units) Purchased[1][2]	(b) Average Price Paid per Share (or Unit)[1][2]	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[1]	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs[1]
November 4, 2019 - December 1, 2019	333,392	$ 97.47	332,451	$ 752,514,829
December 2, 2019 - January 5, 2020	381,889	102.92	381,441	713,255,373
January 6, 2020 - February 2, 2020	307,761	98.67	304,259	683,257,019
Total	1,023,042	$ 99.87	1,018,151	$ 683,257,019

(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 fourth quarter of 2019 principally 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.

The following performance graph and return to stockholders information shown below are provided pursuant to Item 201(e) of Regulation S-K promulgated under the Exchange Act. The graph and information are not deemed to be "filed" under the Exchange Act or otherwise subject to liabilities thereunder, nor are they to be deemed to be incorporated by reference in any filing under the Securities Act or Exchange Act unless we specifically incorporate them by reference.

The performance graph compares the yearly change in the cumulative total stockholder return on our common stock against the cumulative return of the S&P 500 Index and the S&P 500 Apparel, Accessories & Luxury Goods Index for the five fiscal years ended February 2, 2020.



Value of $100.00 invested after 5 years:

Our Common Stock	$	79.62
S&P 500 Index	$	179.17
S&P 500 Apparel, Accessories & Luxury Goods Index	$	78.24

Item 6. Selected Financial Data

Selected Financial Data appears under the heading “Five Year Financial Summary” on pages F-70 and F-71.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 elsewhere in this report.

We are one of the largest global apparel companies in the world and, in March 2020, we marked our 100-year anniversary as a listed company on the New York Stock Exchange. We manage a diversified brand portfolio, including *TOMMY HILFIGER*, *CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Speedo* (licensed in perpetuity for North America and the Caribbean), *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. We entered into a definitive agreement on January 9, 2020 to sell our Speedo North America business to Pentland and, upon closing of the sale, we will no longer license the *Speedo* trademark. The Speedo transaction is expected to close in the first quarter of 2020. The closing is subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which has been received.

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 $9.9 billion in 2019, of which over 50% was generated outside of the United States. Our global lifestyle brands, *TOMMY HILFIGER* and *CALVIN KLEIN*, together generated approximately 85% of our revenue.

RESULTS OF OPERATIONS

COVID-19 Outbreak

The COVID-19 outbreak is having a significant impact on our business, financial condition, cash flows and results of operations in 2020.

Virus-related concerns, reduced travel, temporary store closures and government-imposed restrictions have resulted in sharply reduced traffic and consumer spending trends and sales stoppages in our retail stores and in the stores of our wholesale customers in virtually all key markets during the first quarter of 2020. In addition, our supply chain had been disrupted and may experience future disruptions as a result of either closed factories or factories with reduced workforces. Our licensees' sales and their supply chain are also being negatively impacted by the COVID-19 outbreak, which in turn negatively impacts our royalty revenue.

There is significant uncertainty about the duration and extent of the impact of the COVID-19 outbreak; however, there will be a significant negative impact to our 2020 revenue and net income.

Further, our fourth quarter of 2019 earnings were negatively impacted compared to the prior year period by $22 million of additional inventory reserves that we recorded in anticipation of the lower sales trends projected in 2020 as a result of the onset of the COVID-19 outbreak.

Operations Overview

We generate net sales from (i) the wholesale distribution to retailers, franchisees, licensees and distributors of dress shirts, neckwear, sportswear (casual apparel), jeanswear, performance apparel, intimate apparel, underwear, swimwear, 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 1,830 Company-operated free-standing 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 our *TOMMY HILFIGER* and *CALVIN KLEIN* trademarks and in the United States through our directly operated digital commerce sites for *Speedo*, *True&Co.*, *Van Heusen*, and *IZOD*, as well as our *styleBureau*.com site. 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 that have impacted our results of operations and the comparability among the years, including our 2020 expectations as compared to 2019, as discussed below:

- We entered into a definitive agreement on January 9, 2020 to sell our Speedo North America business to Pentland for \$170 million in cash, subject to a working capital adjustment, as described above. We recorded a pre-tax noncash loss of \$142 million in the fourth quarter of 2019 related to the Speedo transaction and expected deconsolidation of the net assets of the business, consisting of (i) a noncash impairment of our perpetual license right for the *Speedo* trademark and (ii) a noncash loss to reduce the carrying value of the business to its estimated fair value, less costs to sell.

- 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 in order 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, in which we own a 49% economic interest, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. PVH Legwear was formed with a wholly owned subsidiary of our former Heritage Brands socks and hosiery licensee, and licenses from us the rights to distribute and sell *TOMMY HILFIGER*, *CALVIN KLEIN*, *IZOD*, *Van Heusen* and *Warner's* socks and hosiery beginning in December 2019. We recorded a pre-tax charge of \$60 million during 2019 in connection with these agreements.

- We completed the Australia and TH CSAP acquisitions in the second quarter of 2019. The Australia acquisition closed on May 31, 2019. Prior to the closing, we, along with Gazal, jointly owned and managed a joint venture, PVH Australia, which licensed and operated businesses under the *TOMMY HILFIGER*, *CALVIN KLEIN* and *Van Heusen* brands, along with other owned and licensed brands. PVH Australia came under our full control as a result of the Australia acquisition and we now operate directly those businesses. 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. We completed the TH CSAP acquisition on July 1, 2019 for \$74 million, as a result of which we now operate directly the Tommy Hilfiger retail business in the Central and Southeast Asia market. Please see Note 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

  In connection with the Australia and TH CSAP acquisitions, we recorded an aggregate net pre-tax gain of \$83 million during 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) \$21 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 \$9 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 entered into a licensing agreement on May 30, 2019 with G-III for the design, production and wholesale distribution of *CALVIN KLEIN JEANS* women's jeanswear collections in the United States and Canada, which resulted in the discontinuation of our directly operated Calvin Klein North America women's jeanswear wholesale business in 2019.

- 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 Item 8 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. All costs related to this restructuring were incurred by the end of 2019. We recorded pre-tax costs of $103 million during 2019 in connection with the Calvin Klein restructuring, 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 recorded pre-tax costs of $41 million in the fourth quarter of 2018, consisting of $27 million of severance, $7 million of noncash asset impairments, $4 million of contract termination and other costs and $2 million of inventory markdowns. Please see Note 18, “Exit Activity Costs,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

- We acquired on April 20, 2018 the *Geoffrey Beene* tradename from 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 issued on December 21, 2017 €600 million euro-denominated principal amount of 3 1/8% senior notes due December 15, 2027. We redeemed on January 5, 2018 our $700 million principal amount of 4 1/2% senior notes due December 15, 2022 (using the proceeds of the senior notes due December 15, 2027) and recorded pre-tax debt extinguishment charges of $24 million. Please see the section entitled “Liquidity and Capital Resources” below for further discussion.

- We amended on December 20, 2017 Mr. Tommy Hilfiger’s employment agreement, pursuant to which we made a cash buyout of a portion of the future payment obligation (the “Mr. Hilfiger amendment”). We recorded pre-tax charges of $83 million in 2017 in connection with the amendment.

- We restructured our supply chain relationship with Li & Fung Trading Limited (“Li & Fung”) in a transaction that closed on September 30, 2017. Our non-exclusive buying agency agreement with Li & Fung was terminated in connection with this transaction (the “Li & Fung termination”). We recorded pre-tax charges of $54 million in 2017 in connection with the termination.

- We acquired on September 1, 2017 the Tommy Hilfiger and Calvin Klein wholesale and concessions businesses in Belgium and Luxembourg from a former agent (the “Belgian acquisition”) for $12 million. As a result of this acquisition, we now operate directly our Tommy Hilfiger and Calvin Klein businesses in this region.

- We acquired on March 30, 2017 True & Co., a direct-to-consumer intimate apparel digital-centric retailer, for $28 million, net of $400,000 of cash acquired. This acquisition enabled us to participate further in the fast-growing online channel and provided a platform to increase innovation, data-driven decisions and speed in the way we serve our consumers across our channels of distribution.

- We completed the relocation of our Tommy Hilfiger office in New York in 2017 and recorded related pre-tax charges of $19 million, including noncash depreciation expense.

- We purchased a group annuity in 2017 for certain participants of our retirement plans under which certain of our benefit obligations were transferred to an insurer. We recorded a pre-tax loss of $9 million in connection with the noncash settlement of such benefit obligations.

- We acquired on April 13, 2016 the 55% ownership interests in our former joint venture for *TOMMY HILFIGER* in China that we did not already own (the “TH China acquisition”). As a result of the TH China acquisition, we now operate directly our Tommy Hilfiger business in this market. We recorded pre-tax charges of $24 million and $27 million in 2018 and 2017, respectively, primarily 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 2019 revenue was subject to foreign currency translation. The United States dollar strengthened against most major currencies in the latter part of 2018 and in 2019, particularly the euro, which is the foreign currency in which we transact the most business. As a result, our 2019 revenue and net income decreased by approximately $215 million and $25 million, respectively, as compared to 2018 due to the impact of foreign currency translation. We currently expect a decrease in our revenue and net income in 2020 as compared to 2019 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. Our 2019 net income included a slight benefit as compared to 2018 as a result of this transactional impact. However, the unfavorable impact of a strengthening United States dollar against most major currencies in the latter part of 2018 and in 2019, particularly the euro, is expected to negatively impact our gross margin during 2020. Additionally, there is a transactional impact related to changes in SG&A expenses as a result of fluctuations in foreign currency exchange rates. We currently expect a decrease in our net income in 2020 as compared to 2019 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 that we had issued in the United States. The strengthening of the United States dollar against the euro would require us to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments, whereas 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 Company-operated retail stores that have been open and operated by us 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 prolonged period of time 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. As a result of the 53rd week in 2017, the 2018 retail comparable store sales are more appropriately compared with the 52 week period ended February 4, 2018 (which excludes for this purpose the first week of 2017). As such, all 2018 retail comparable store sales are presented on this shifted basis.

The following table summarizes our income statements in 2019, 2018 and 2017:

(Dollars in millions)	2019	2018	2017
Net sales	$ 9,400	$ 9,154	$ 8,439
Royalty revenue	380	376	366
Advertising and other revenue	129	127	109
Total revenue	9,909	9,657	8,915
Gross profit	5,388	5,308	4,894
% of total revenue	*54.4%*	*55.0%*	*54.9%*
SG&A	4,715	4,433	4,245
% of total revenue	*47.6%*	*45.9%*	*47.6%*
Non-service related pension and postretirement cost	90	5	3
Debt modification and extinguishment costs	5	—	24
Other noncash loss, net	29	—	—
Equity in net income of unconsolidated affiliates	10	21	10
Income before interest and taxes	559	892	632
Interest expense	120	121	128
Interest income	5	5	6
Income before taxes	444	776	510
Income tax expense (benefit)	29	31	(26)
Net income	415	745	536
Less: Net loss attributable to redeemable non-controlling interest	(2)	(2)	(2)
Net income attributable to PVH Corp.	$ 417	$ 746	$ 538

Total Revenue

Total revenue was $9.909 billion in 2019, $9.657 billion in 2018 and $8.915 billion in 2017. Revenue in 2017 included the benefit of a 53rd week. The increase in revenue of $252 million, or 3%, in 2019 as compared to 2018 was due principally to the net effect of the following items:

- The net addition of an aggregate $367 million of revenue, or an 8% increase over the prior year, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included a negative impact of $129 million, or 3%, related to foreign currency translation. Tommy Hilfiger International segment revenue increased 15% (including a 5% negative foreign currency impact), driven principally by outperformance in Europe and the addition of revenue resulting from the Australia and TH CSAP acquisitions. Tommy Hilfiger International comparable store sales increased 9%, including a benefit of 4% from sales on our digital commerce sites. Revenue in our Tommy Hilfiger North America segment decreased 1%, as growth in the North America wholesale business was more than offset by a 6% decline in Tommy Hilfiger North America comparable store sales due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.

- The net reduction of an aggregate $63 million of revenue, or a 2% decrease compared to the prior year, attributable to our Calvin Klein International and Calvin Klein North America segments, which included a negative impact of $85 million, or 2%, related to foreign currency translation. Calvin Klein International segment revenue increased 3% (including a 4% 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 protests in Hong Kong SAR 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 1%. Revenue in our Calvin Klein North America segment decreased 7%, driven by the effect of the G-III license and a 2% decrease in Calvin Klein North America comparable store sales due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.

- The reduction of an aggregate $52 million of revenue, or a 3% decrease compared the prior year, 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.

The increase in revenue of $742 million, or 8%, in 2018 as compared to 2017 was due principally to the effect of the following items:

- The addition of an aggregate $451 million of revenue, or a 12% increase over the prior year, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included the addition of $49 million, or 1%, related to the impact of foreign currency translation. Tommy Hilfiger International segment revenue increased 15% (including a 2% positive foreign currency impact), driven by strong performance across all regions and channels. Tommy Hilfiger International comparable store sales increased 13%. Revenue in our Tommy Hilfiger North America segment increased 6%, principally attributable to strength in the wholesale business and a 5% increase in Tommy Hilfiger North America comparable store sales.

- The addition of an aggregate $270 million of revenue, or an 8% increase over the prior year, attributable to our Calvin Klein International and Calvin Klein North America segments, which included the addition of $12 million related to the impact of foreign currency translation. Calvin Klein International segment revenue increased 10%, driven by growth in Europe and Asia. Calvin Klein International comparable store sales increased 5%. Revenue in our Calvin Klein North America segment increased 5% primarily as a result of growth in the wholesale business and a 1% increase in Calvin Klein North America comparable store sales.

- The addition of an aggregate $21 million of revenue, or a 1% increase over the prior year, attributable to our Heritage Brands Retail and Heritage Brands Wholesale segments. Comparable store sales increased 1%.

There is significant uncertainty with respect to the impact of the COVID-19 outbreak on our business and the businesses of our licensees and other business partners. We currently expect that revenue will decrease significantly in 2020 compared to 2019, inclusive of a negative impact related to foreign currency translation, primarily due to the negative impacts to our businesses caused by the COVID-19 outbreak. Revenue in 2020 is also expected to decrease by approximately $150 million due to the aggregate net effect of reductions resulting from (i) the Speedo transaction, which is expected to close in the first quarter of 2020, and (ii) the G-III license, which commenced in 2019, partially offset by an addition of revenue resulting from (iii) the Australia and TH CSAP acquisitions, which closed in the second quarter of 2019.

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.

The following table shows our revenue mix between net sales and royalty, advertising and other revenue, as well as our gross margin for 2019, 2018 and 2017:

	2019	2018	2017
Components of revenue:			
Net sales	94.9%	94.8%	94.7%
Royalty, advertising and other revenue	5.1	5.2	5.3
Total	100.0%	100.0%	100.0%
Gross margin	54.4%	55.0%	54.9%

Gross profit in 2019 was $5.388 billion, or 54.4% of total revenue, as compared to $5.308 billion, or 55.0% of total revenue, in 2018. The 60 basis point decrease in gross margin was principally driven by (i) a gross margin decline in our Tommy Hilfiger North America business due to more promotional selling as compared to the prior year, (ii) the impact of additional inventory reserves recorded in the fourth quarter of 2019 in anticipation of lower 2020 sales trends as a result of the onset of the COVID-19 outbreak, (iii) short-lived noncash inventory valuation adjustments recorded in connection with the Australia and TH CSAP acquisitions, and (iv) the negative impact of tariffs imposed on goods imported from China into the United States. 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.

Gross profit in 2018 was $5.308 billion, or 55.0% of total revenue, as compared to $4.894 billion, or 54.9% of total revenue, in 2017. The 10 basis point increase in gross margin was principally driven by (i) a favorable 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 gross margins, and (ii) gross margin improvement in our Tommy Hilfiger business. Partially offsetting these increases were gross margin declines in our Calvin Klein and Heritage Brands businesses principally due to more promotional selling.

We currently expect that gross margin in 2020 will decrease as compared to 2019 primarily due to (i) the need for increased promotional selling and inventory liquidation as a result of the COVID-19 outbreak and (ii) the unfavorable impact of the stronger United States dollar on our international businesses that purchase inventory in United States dollars, particularly our European businesses, as the increased local currency value of inventory results in higher cost of goods in local currency when the goods are sold. There is significant uncertainty with respect to the impact of the COVID-19 outbreak on our business and the businesses of our licensees and other business partners.

SG&A Expenses

Our SG&A expenses were as follows:

(In millions)	2019	2018	2017
SG&A expenses	$ 4,715	$ 4,433	$ 4,245
% of total revenue	47.6%	45.9%	47.6%

SG&A expenses in 2019 were $4.715 billion, or 47.6% of total revenue, as compared to $4.433 billion, or 45.9% of total revenue in 2018. The 170 basis point increase in SG&A expenses as a percentage of total revenue was principally attributable to (i) an increase in costs incurred in connection with the Calvin Klein restructuring, (ii) the costs incurred in connection with the Socks and Hosiery transaction, and (iii) the costs incurred in connection with the TH U.S. store closures. Also contributing to the increase was 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.

SG&A expenses in 2018 were $4.433 billion, or 45.9% of total revenue, as compared to $4.245 billion, or 47.6% of total revenue in 2017. The 170 basis point decrease in SG&A expenses as a percentage of total revenue was principally attributable to the absence in 2018 of costs that were recorded in 2017 in connection with (i) the Mr. Hilfiger amendment, (ii) the Li & Fung termination, and (iii) the relocation of our Tommy Hilfiger office in New York, including noncash depreciation expense. Also contributing to the decrease was a leveraging of expenses in the Tommy Hilfiger business. These decreases were partially offset by (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) the costs incurred in connection with the Calvin Klein restructuring and (iii) an increase in corporate expenses due, in part, to investments in digital and information technology initiatives.

In light of the negative impacts on our business resulting from the COVID-19 outbreak, we are taking measures to significantly reduce SG&A expenses in 2020. As such, we currently expect our SG&A expenses in 2020 will be significantly lower as compared to 2019, including as a result of the reductions resulting from these measures and the absence in 2020 of costs related to (i) the Calvin Klein restructuring, (ii) the Socks and Hosiery transaction and (iii) the TH U.S. store closures. However, we expect our SG&A expenses as a percentage of total revenue in 2020 will increase as compared to 2019 primarily due to a deleveraging of expenses driven by the expected decline in revenue resulting from the COVID-19 outbreak. There is significant uncertainty with respect to the impact of the COVID-19 outbreak on our business and our SG&A expenses may be subject to significant material change, including as a result of noncash impairments of our property, plant and equipment, operating lease right-of-use assets, or goodwill and other intangible assets that we may recognize as a result of the COVID-19 outbreak.

Non-Service Related Pension and Postretirement Cost

Non-service related pension and postretirement cost in 2019 was $90 million as compared to $5 million in 2018. Non-service related pension and postretirement cost in 2019 and 2018 included actuarial losses on our retirement plans of $98 million and $15 million, respectively. Please see Note 13, “Retirement and Benefit Plans,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Non-service related pension and postretirement cost in 2018 was $5 million as compared to $3 million in 2017. Non-service related pension and postretirement cost in 2018 included a $15 million actuarial loss on our retirement plans. Non-service related pension and postretirement cost in 2017 included a $9 million loss recorded in connection with the noncash settlement of certain of our benefit obligations related to our retirement plans as a result of a group annuity purchased for certain participants under which such obligations were transferred to an insurer, as well as a $3 million actuarial loss on our retirement plans. Please see Note 13, “Retirement and Benefit Plans,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

We currently expect that non-service related pension and postretirement (income) for 2020 will be approximately $15 million compared to non-service related pension and postretirement cost of $90 million in 2019. Our 2019 non-service related pension and postretirement cost included a $98 million actuarial loss on our retirement plans recorded in the fourth quarter. 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 expectation of 2020 non-service related pension and post-retirement income does not include the impact of an actuarial gain or loss. However, if recent market volatility due, in part, to the COVID-19 outbreak continues, we may incur a significant actuarial loss in 2020 as a result of the difference between actual and expected returns on plan assets or if there is a decline in discount rates. Our actual 2020 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 in 2019 in connection with the refinancing of our senior credit facilities. Please see the section entitled “Liquidity and Capital Resources” below for further discussion.

We incurred costs totaling $24 million in 2017 in connection with the early redemption of our $700 million 4 1/2% senior notes due December 15, 2022. Please see the section entitled “Liquidity and Capital Resources” below for further discussion.

Other Noncash Loss, Net

We recorded a pre-tax noncash loss of $142 million in the fourth quarter of 2019 related to the Speedo transaction and expected deconsolidation of the net assets of the Speedo North America business, consisting of a noncash impairment of our perpetual license right for the *Speedo* trademark, and a noncash loss to reduce the carrying value of the business to its estimated fair value, less costs to sell. Please see Note 4, “Assets Held For Sale,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

We recorded a pre-tax noncash gain of $113 million in the second quarter of 2019 to write up our equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition. Please see Note 3, “Acquisitions,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Equity in Net Income of Unconsolidated Affiliates

The equity in net income of unconsolidated affiliates was $10 million in 2019 as compared to $21 million in 2018 and $10 million in 2017. These amounts relate to our share of income (loss) from PVH Australia (prior to acquiring it on May 31, 2019 through the Australia acquisition), our joint venture for the *TOMMY HILFIGER, CALVIN KLEIN, Warner's, Olga* and *Speedo* brands in 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 for the *TOMMY HILFIGER*, *CALVIN KLEIN*, *IZOD*, *Van Heusen* and *Warner's* brands and other owned and licensed trademarks in the United States and Canada. (PVH Legwear began operations in December 2019.) Also included is our share of income (loss) from our investments in Karl Lagerfeld Holding B.V. (“Karl Lagerfeld”) and in Gazal (prior to acquiring it on May 31, 2019 through the Australia acquisition). The equity in net income for 2019 decreased as compared to 2018, primarily due to having 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 operations 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 2020 will include an increase in income on our investment in PVH Legwear as compared to 2019, as we recognize a full year of income in 2020, offset by a decrease in income on our investments due to the negative impact of the COVID-19 outbreak on our unconsolidated affiliates’ businesses in 2020.

Interest Expense, Net

Net interest expense decreased to $115 million in 2019 from $116 million in 2018 primarily due to lower interest rates on our senior unsecured credit facilities as compared to 2018, partially offset by the $9 million loss on remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition. Please see the section entitled “Financing Arrangements” within “Liquidity and Capital Resources” below for further discussion.

Net interest expense decreased to $116 million in 2018 from $122 million in 2017 primarily due to (i) the net impact of the early redemption of our $700 million 4 1/2% senior notes in January 2018 and issuance of €600 million euro-denominated 3 1/8% senior notes in December 2017 and (ii) the cumulative impact of long-term debt repayments made during 2018 and 2017, partially offset by an increase in short-term borrowings and interest rates as compared to 2017. Please see the section entitled “Financing Arrangements” within “Liquidity and Capital Resources” below for further discussion.

We currently expect that net interest expense in 2020 will increase as compared to 2019. We have increased the aggregate borrowings outstanding under our senior unsecured revolving credit facilities, other short-term revolving credit facilities and unsecured commercial paper note program in 2020 to approximately $930 million in order to increase our cash position and preserve financial flexibility in responding to the impacts of the COVID-19 outbreak on our business, and we expect that we may further increase our borrowings under existing or new financing arrangements. There is significant uncertainty with respect to the impact of the COVID-19 outbreak on our business and our interest expense may be subject to further significant increase.

Income Taxes

Income tax expense (benefit) was as follows:

(Dollars in millions)	2019	2018	2017
Income tax expense (benefit)	$ 29	$ 31	$ (26)
Income tax expense (benefit) as a % of pre-tax income	6.5%	4.0%	(5.1)%

The United States Tax Cuts and Job Act of 2017 (the “U.S. Tax Legislation”) was enacted on December 22, 2017. The U.S. Tax Legislation is comprehensive and significantly revised the United States tax code. The revisions that significantly impact us are (i) the reduction of the corporate income tax rate from 35.0% to 21.0%, (ii) the imposition of a one-time transition tax on earnings of foreign subsidiaries deemed to be repatriated, (iii) the implementation of a modified territorial tax system, (iv) the introduction of a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations (known as “GILTI”) and a beneficial tax rate to be applied against foreign derived intangible income (known as “FDII”) and (v) the introduction of a base erosion anti-abuse tax measure (known as “BEAT”) that taxes certain payments between United States corporations and their subsidiaries.

We recorded a provisional net tax benefit of $53 million in the fourth quarter of 2017 in connection with the U.S. Tax Legislation, consisting of a $265 million benefit primarily from the remeasurement of our net United States deferred tax liabilities, partially offset by a $38 million valuation allowance on our foreign tax credits and a $174 million transition tax on earnings of foreign subsidiaries deemed to be repatriated. In the fourth quarter of 2018, we completed our final analysis of the impacts of the U.S. Tax Legislation and recorded a net tax benefit of $25 million to adjust the provisional amount recorded in 2017, during the measurement period allowed by the Securities and Exchange Commission. The $25 million net tax benefit included the release of a $26 million valuation allowance on our foreign tax credits, partially offset by a $2 million expense related to the remeasurement of our net United States deferred tax liabilities.

We file income tax returns in more than 40 international jurisdictions each year. A substantial amount of our earnings are in international jurisdictions, particularly in the Netherlands and Hong Kong SAR, 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, and reduced our consolidated effective income tax rate during 2019, 2018 and 2017. We expect to benefit from these special rates until 2022. The reduction in the United States statutory income tax rate from 35.0% to 21.0% as a result of the U.S. Tax Legislation did not have a significant impact on our overall effective tax rate due to our mix of earnings.

Our effective income tax rate for 2019 was lower than the 21.0% United States statutory income tax rate primarily due to (i) the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation and the settlement of a multi-year audit from an international jurisdiction, which together resulted in a benefit to our effective income tax rate of 11.8%, 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 5.4% benefit to our effective income tax rate.

The effective income tax rate for 2019 was 6.5% compared with 4.0% in 2018. The 2019 effective income tax rate was higher than the effective income tax rate for 2018 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 legislation enacted 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) a favorable change in our uncertain tax positions activity of 8.1%, which includes the benefit to our 2019 effective income tax rate resulting from settlement of a multi-year audit from an international jurisdiction. The variance between the 2019 and 2018 effective income tax rates is also affected by the substantial change in our pre-tax income, which was $444 million in 2019 and $776 million in 2018. As a result, the effect that discrete tax amounts have on the effective income tax rate in each year is not comparable.

Our effective income tax rate for 2018 was lower than the 21.0% United States statutory income tax rate primarily due to (i) a $41 million benefit from the remeasurement of certain of our net deferred tax liabilities in connection with the enactment of the 2019 Dutch Tax Plan, which resulted in a benefit to our effective income tax rate of 5.3%, (ii) 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 income tax rate of 3.7%, (iii) a net tax benefit of $25 million recorded in 2018 to adjust the provisional amount recorded in 2017 in connection with the U.S. Tax Legislation, which resulted in a benefit to our effective income tax rate of 3.2%, and (iv) the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns.

The effective income tax rate for 2018 was 4.0% compared with (5.1)% in 2017. The 2018 effective income tax rate was higher than the effective income tax rate for 2017 primarily due to (i) a lower net benefit recorded in connection with the U.S. Tax Legislation, which resulted in a 3.2% benefit to our 2018 effective income tax rate compared with a 10.4% benefit to our 2017 effective income tax rate, (ii) an unfavorable change in our uncertain tax positions activity of 3.8%, and (iii) the absence of a 3.0% benefit to our 2017 effective income tax rate resulting from an excess tax benefit from the exercise of stock options by our Chairman and Chief Executive Officer. These unfavorable impacts to our effective income tax rate for 2018 were partially offset by a 5.3% benefit to our 2018 effective income tax rate from the remeasurement of certain of our net deferred tax liabilities in connection with the 2019 Dutch Tax Plan.

As a result of the U.S. Tax Legislation, which reduced the United States statutory income tax rate from 35.0% to 21.0% effective January 1, 2018, our United States statutory income tax rate for 2017 was a blended rate of 33.7%. Our effective income tax rate for 2017 was lower than the United States statutory income tax rate primarily due to (i) the provisional net benefit of $53 million recorded in connection with the U.S. Tax Legislation, which resulted in a benefit to our 2017 effective income tax rate of 10.4%, (ii) the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns, and (iii) the overall benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions and an excess tax benefit from the exercise of stock options by our Chairman and Chief Executive Officer, which resulted in benefits to our 2017 effective income tax rate of 7.5% and 3.0%, respectively.

Given the significant uncertainty with respect to the impact of the COVID-19 outbreak on our business and results of operations, we are not able to estimate our effective income tax rate in 2020.

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 receipt of new information, which can cause us to change our estimate for uncertain tax positions. Please see Note 10, “Income Taxes,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Redeemable Non-Controlling Interest

We have a joint venture in Ethiopia with Arvind Limited, 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 manufacturing facility began operations in 2017.

The net loss attributable to the redeemable non-controlling interest in PVH Ethiopia was immaterial in 2019, 2018 and 2017. We currently expect that the net loss attributable to the redeemable non-controlling interest for 2020 will also be immaterial. Please see Note 7, “Redeemable Non-Controlling Interest,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary

Cash and cash equivalents at February 2, 2020 was $503 million, an increase of $51 million from the amount at February 3, 2019 of $452 million. The change in cash and cash equivalents included the impact of (i) $325 million of common stock repurchases under the stock repurchase program, (ii) $71 million of long-term debt repayments, (iii) a $59 million net payment made in connection with the Australia acquisition, and (iv) a $74 million payment made in connection with the TH CSAP acquisition.

Cash flow in 2020 will be impacted by various factors in addition to those noted below in this “Liquidity and Capital Resources” section, including (i) mandatory long-term debt repayments of approximately $14 million, subject to exchange rate fluctuations, (ii) common stock repurchases under the stock repurchase program of $111 million, which reflects stock repurchases through March 2020 with no further repurchases planned for the remainder of 2020, and (iii) the expected proceeds of $170 million, subject to a working capital adjustment, related to the Speedo transaction, which is expected to close in the first quarter of 2020. In addition, in March 2020 we increased the aggregate borrowings outstanding under our senior unsecured revolving credit facilities, other short-term revolving credit facilities and unsecured commercial paper note program to approximately $930 million, in order to increase our cash position and preserve financial flexibility in responding to the impacts of the COVID-19 outbreak on our business. Given the dynamic nature of the COVID-19 outbreak, our estimates of cash flows in 2020 may be subject to material significant change, including as a result of the actual impact of the COVID-19 outbreak on our 2020 earnings, additional borrowings under existing or new financing arrangements, excess inventories, delays in collection of, or inability to collect on, certain trade receivables, and other working capital changes that we may experience as a result of the COVID-19 outbreak.

As of February 2, 2020, approximately $405 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 $1.020 billion in 2019 compared to $852 million in 2018. The increase in cash provided by operating activities as compared to the prior year 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 and $56 million in 2018 and 2017, respectively. The final payment due to Mr. Klein was made in the second quarter of 2018.

Capital Expenditures

Our capital expenditures in 2019 were $345 million compared to $379 million in 2018. The capital expenditures in 2019 primarily related to (i) investments in new stores and store expansions, (ii) 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. We currently expect that capital expenditures for 2020 will decrease to approximately $190 million and will include only certain minimum required expenditures in our retail stores and expenditures for projects currently in progress, primarily related to (i) investments to support the multi-year upgrade of our platforms and systems worldwide and (ii) enhancements to our warehouse and distribution network. Given the dynamic nature of the COVID-19 outbreak, our estimates of capital expenditures in 2020 may be subject to change. Our capital expenditures may differ materially compared to our current expectations as a result.

Investments in Unconsolidated Affiliates

We own a 49% economic interest in our newly formed PVH Legwear joint venture. We made payments of $28 million to PVH Legwear during 2019 to contribute our share of the joint venture funding.

We held an approximately 22% ownership interest in Gazal and a 50% ownership interest in PVH Australia until the closing of the Australia acquisition on May 31, 2019. These investments were accounted for under the equity method of accounting. We derecognized our equity investments in Gazal and PVH Australia and began to consolidate the operations of Gazal and PVH Australia in our financial statements effective with the closing of the transaction. We received aggregate dividends of $6 million, $8 million and $4 million from Gazal and PVH Australia during 2019, 2018 and 2017, respectively.

We acquired a 51% economic interest in a joint venture, Calvin Klein Arvind Fashion Private Limited (“CK India”) in 2013. We sold 1% of our interest for $400,000 in 2017, decreasing our economic interest in CK India to 50%. Prior to the sale, we were not deemed to hold a controlling interest in CK India as the shareholders agreement provided the partners with equal rights. CK India licenses from one of our subsidiaries the rights to the *CALVIN KLEIN* trademarks in India for certain product categories. We made payments of $2 million to CK India during 2017 to contribute our share of the joint venture funding.

We own a 50% economic interest in a joint venture, Tommy Hilfiger Arvind Fashion Private Limited (“TH India”). TH India licenses from one of our subsidiaries the rights to the *TOMMY HILFIGER* trademarks in India for certain product categories. Arvind, our joint venture partner in PVH Ethiopia and CK India, is also our joint venture partner in TH India. We made payments of $3 million to TH India during 2017 to contribute our share of the joint venture funding.

We formed with two other parties a joint venture, Tommy Hilfiger do Brasil S.A. (“TH Brazil”), in 2012, in which we have a 40% economic interest. We acquired an approximately 1% additional interest for $300,000 in 2017, increasing our economic interest in TH Brazil to approximately 41%. TH Brazil licenses from one of our subsidiaries the rights to the *TOMMY HILFIGER* trademarks in Brazil for certain product categories. We made payments of $3 million to TH Brazil during 2017 to contribute our share of the joint venture funding. We issued a note receivable to TH Brazil in 2016 for $12 million, of which $6 million was repaid in 2016 and the remaining balance, including accrued interest, was repaid in 2017.

We, along with Grupo Axo, S.A.P.I. de C.V., formed a joint venture (“PVH Mexico”) in 2016, in which we own a 49% economic interest. PVH Mexico licenses from certain of our wholly owned subsidiaries the rights to distribute and sell certain *TOMMY HILFIGER*, *CALVIN KLEIN*, *Warner's*, *Olga* and *Speedo* brand products in Mexico. We received dividends of $7 million from PVH Mexico during 2019.

Payments made to contribute our share of the joint ventures funding and the repayment of the note receivable we issued to TH Brazil were included in our net cash used by investing activities in our Consolidated Statements of Cash Flows for the respective period. The dividends received from our investments in unconsolidated affiliates were included in our net cash provided by operating activities in our Consolidated Statements of Cash Flows for the respective period.

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) LIBOR plus 4.00% thereafter. We received principal payments of $400,000 and $200,000 during 2019 and 2018, respectively. The outstanding balance, including accrued interest, was $13 million and $14 million as of February 2, 2020 and February 3, 2019, respectively.

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 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Australia Acquisition

We completed the Australia acquisition on May 31, 2019. This acquisition 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 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 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 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Acquisition of the Wholesale and Concessions Businesses in Belgium and Luxembourg

We completed the Belgian acquisition on September 1, 2017. We paid $12 million as cash consideration for this transaction. Please see Note 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Acquisition of True & Co.

We acquired True & Co. on March 30, 2017. We paid $28 million, net of $400,000 of cash acquired, as cash consideration for this transaction. Please see Note 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Speedo Transaction

We entered into a definitive agreement on January 9, 2020 to sell our Speedo North America business to Pentland for $170 million in cash, subject to a working capital adjustment. The Speedo transaction is expected to close in the first quarter of 2020, subject to customary closing conditions. Please see Note 4, "Assets Held For Sale," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Dividends

Our common stock has historically paid annual dividends, which totaled $0.15 per share in each of 2019, 2018 and 2017. Dividends on common stock totaled $11 million in 2019 and $12 million in each of 2018 and 2017.

We declared a $0.0375 per share dividend payable to our common stockholders of record as of March 4, 2020, in respect of which we made dividend payments totaling approximately $3 million on March 31, 2020. We have suspended our dividend policy in order to increase our cash position and preserve financial flexibility in responding to the impacts of the COVID-19 outbreak on our business. If we were to pay cash dividends totaling $0.15 per share on our common stock in 2020, such dividends would total approximately $11 million based on the number of shares of our common stock outstanding as of

February 2, 2020, our estimate of stock to be issued during 2020 under our stock incentive plans and our estimate of stock repurchases during 2020.

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 2019, 2018 and 2017, we purchased approximately 3.4 million shares, 2.2 million shares and 2.2 million shares, respectively, of our common stock under the program in open market transactions for $325 million, $300 million and $250 million, respectively. Purchases of $500,000 were accrued for in the Consolidated Balance Sheet as of February 2, 2020. Purchases of $2 million that were accrued for in the Consolidated Balance Sheet as of February 4, 2018 were paid in 2018. The repurchased shares were held as treasury stock and $683 million of the authorization remained available for future share repurchases as of February 2, 2020.

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

Mandatorily Redeemable Non-Controlling Interest

The Australia acquisition agreement provided for key members of Gazal and PVH Australia management to exchange a portion of their interests in Gazal for approximately 6% of the outstanding shares in our previously wholly owned subsidiary that acquired 100% of the ownership interests in the Australia business. We are 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 the holders had the option to defer half of this tranche to tranche 2; and tranche 2 – all remaining shares two years after the closing. With respect to tranche 1, the holders elected not to defer their shares to tranche 2 and as a result we are obligated to purchase all of the tranche 1 shares in the second quarter of 2020. 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 liability for the mandatorily redeemable non-controlling interest was $33.8 million as of February 2, 2020 based on exchange rates in effect on that date, of which $16.9 million is payable in the second quarter of 2020 for the purchase of the tranche 1 shares. Please see Note 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Financing Arrangements

Our capital structure was as follows at the end of 2019 and 2018:

(In millions)	February 2, 2020	February 3, 2019
Short-term borrowings	$ 50	$ 13
Current portion of long-term debt	14	—
Finance lease obligations	15	17
Long-term debt	2,694	2,819
Stockholders' equity	5,811	5,828

In addition, we had $503 million and $452 million of cash and cash equivalents as of February 2, 2020 and February 3, 2019, 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 no borrowings outstanding under these facilities as of

February 2, 2020. The maximum amount of revolving borrowings outstanding under these facilities during 2019 was $378 million. We had $8 million outstanding under our prior senior secured credit facilities as of February 3, 2019 as discussed in the section entitled "2016 Senior Secured Credit Facilities" below. The weighted average interest rate on the funds borrowed as of February 3, 2019 was 4.45%.

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, which now include a facility in Australia as a result of the Australia acquisition, provided for borrowings of up to $132 million based on exchange rates in effect on February 2, 2020 and are utilized primarily to fund working capital needs. We had $50 million and $5 million outstanding under these facilities as of February 2, 2020 and February 3, 2019, respectively. The $50 million of borrowings outstanding as of February 2, 2020 included borrowings under the facility in Australia. The weighted average interest rate on funds borrowed as of February 2, 2020 and February 3, 2019 was 2.56% and 0.21%, respectively. The maximum amount of borrowings outstanding under these facilities during 2019 was $99 million.

Commercial Paper

We established on November 5, 2019 an unsecured commercial paper note program in the United States primarily to fund working capital needs. The program enables us to issue, from time to time, unsecured commercial paper notes with maturities that vary but do not exceed 397 days from the date of issuance. We had no borrowings outstanding under the commercial paper note program as of February 2, 2020. The maximum amount of borrowings outstanding under the program during 2019 was $370 million.

The commercial paper program allows for borrowings of up to $675 million to the extent that we have borrowing capacity under our United States dollar-denominated revolving credit facility, as discussed in the section entitled "2019 Senior Unsecured Credit Facilities" below. Accordingly, the combined aggregate amount of (i) borrowings outstanding under the commercial paper note program and (ii) the revolving borrowings outstanding under the United States dollar-denominated revolving credit facility at any one time cannot exceed $675 million. The maximum aggregate amount of borrowings outstanding under the commercial paper program and the United States dollar-denominated revolving credit facility during 2019 was $567 million, which reflects a brief period of higher aggregate borrowings at the time that we launched the commercial paper program.

Finance Lease Obligations

Our cash payments for finance lease obligations totaled $5 million in each of 2019, 2018 and 2017.

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 $1.570 billion, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities and $20 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of February 2, 2020. We had no borrowings outstanding under the senior unsecured revolving credit facilities as of February 2, 2020.

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 ended 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 $71 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 2019. We made payments of $150 million and $250 million during 2018 and 2017, respectively, 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 1.375% for adjusted Eurocurrency rate loans and 0.375% 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 2019, 2018 and 2017:

(In millions)

Designation Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of February 2, 2020	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	127	2.8645%	February 2021
October 2018	February 2019	116	103	2.9975%	February 2021
June 2018	August 2018	50	50	2.6825%	February 2021
June 2017	February 2018	306	56	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.

4 1/2% Senior Notes Due 2022

We had outstanding $700 million principal amount of 4 1/2% senior notes due December 15, 2022. We redeemed these notes on January 5, 2018 in connection with the issuance of €600 million euro-denominated principal amount of 3 1/8% senior notes due December 15, 2027, as discussed below. We paid a premium of $16 million to the holders of these notes in connection with the redemption and recorded debt extinguishment costs of $8 million to write-off previously capitalized debt issuance costs associated with these notes during 2017.

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 issued on December 21, 2017 €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 paid €9 million (approximately $10 million based on exchange rates in effect on the payment date) of fees during 2017 in connection with the issuance of these notes, which are amortized over the term of the notes. 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 February 2, 2020, we were in compliance with all applicable financial and non-financial covenants under our financing arrangements.

As of February 2, 2020, 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, and our commercial paper was rated A-3 by Standard & Poor's and P-3 by Moody's. 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 Item 8 of this report for further discussion of our debt.

Contractual Obligations

The following table summarizes, as of February 2, 2020, our contractual cash obligations by future period:

	Payments Due by Period				
Description	Total Obligations	2020	2021-2022	2023-2024	Thereafter
(In millions)					
Long-term debt[1]	$ 2,725	$ 14	$ 142	$ 1,906	$ 663
Interest payments on long-term debt	419	86	159	112	62
Short-term borrowings	50	50			
Operating and finance leases[2]	2,274	445	740	443	646
Inventory purchase commitments[3]	883	883			
Minimum contractual royalty payments[4]	23	8	11	4	
Non-qualified supplemental defined benefit plan[5]	8	1	2	1	4
Information-technology, sponsorships and other commitments[6]	134	103	29	2	
Total contractual cash obligations	$ 6,516	$ 1,590	$ 1,083	$ 2,468	$ 1,375

(1) At February 2, 2020, the outstanding principal balance under senior unsecured Term Loan A facilities was $1.575 billion, which requires mandatory payments through April 29, 2024 (according to the mandatory repayment schedules). We also had outstanding $100 million of 7 3/4% debentures due November 15, 2023, $387 million of 3 5/8% senior unsecured euro notes due July 15, 2024 and $663 million of 3 1/8% senior unsecured euro notes due December 15, 2027.

(2) We lease Company-operated freestanding retail store locations, warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, as well as certain equipment and other assets. Please see Note 17, "Leases," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information.

(3) Represents contractual commitments that are enforceable and legally binding for goods on order and not received or paid for as of February 2, 2020. Inventory purchase commitments also include fabric commitments with our suppliers, which secure a portion of our material needs for future seasons. Substantially all of these goods are expected to be received and the related payments are expected to be made in 2020. However, in light of the COVID-19 outbreak, some of these orders may be canceled. This amount does not include foreign currency forward exchange contracts that we have entered into to manage our exposure to exchange rate changes with respect to certain of these purchases. Please see Note 11, "Derivative Financial Instruments," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information.

(4) Our minimum contractual royalty payments arise under numerous license agreements we have with third parties, each of which has different terms. Agreements typically require us to make minimum payments to the licensors of the licensed trademarks based on expected or required minimum levels of sales of licensed products, as well as additional royalty payments based on a percentage of sales when our sales exceed such minimum sales. Certain of our license agreements require that we pay a specified percentage of net sales to the licensor for advertising and promotion of the licensed products, in some cases requiring a minimum amount to be paid. Any advertising payments, with the exception of minimum payments to licensors, are excluded from the minimum contractual royalty payments shown in the table. There is no guarantee that we will exceed the minimum payments under any of these license agreements.

(5) We have an unfunded, non-qualified supplemental defined benefit plan covering certain retired executives under which the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with us, the participant has been in such plan for at least 10 years and has attained age 55.

(6) Information-technology, sponsorships and other commitments represent future cash obligations related to (i) information-technology related service agreements, (ii) sponsorship and advertising agreements, including agreements relating to our sponsorship of the Barclays Center, the Brooklyn Nets, Mercedes-AMG Petronas Motorsport in Formula One™ racing and certain other professional sports teams and athletes and other similar sponsorships, as well as agreements with celebrities, models and stylists and (iii) the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition, of which the portion related to tranche 1 shares is payable in 2020 and has been included in the table above. Not included in the table above is the portion of the mandatorily redeemable non-controlling interest related to the tranche 2 shares that is payable in 2021, due to the uncertainty regarding the future cash outflows associated with this obligation. Please see Note 3, "Acquisitions," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Not included in the above table are contributions to our qualified defined benefit pension plans, or payments to employees and retirees in connection with our unfunded supplemental executive retirement, supplemental pension and postretirement health plans. Contractual cash obligations for these plans cannot be determined due to the number of assumptions required to estimate our future benefit obligations, including return on assets, discount rate and future compensation increases. The liabilities associated with these plans, together with the liability for the non-qualified supplemental defined benefit plans included in the above table, are presented in Note 13, "Retirement and Benefit Plans," in the Notes to Consolidated Financial Statements included in Item 8 of this report. Currently, we do not expect to make any material contributions to our pension plans in 2020. Our actual contributions may differ from our planned contributions due to many factors, including changes in tax and other benefit laws, or significant differences between expected and actual pension asset performance or interest rates.

Not included in the above table are $158 million of net potential cash obligations associated with uncertain tax positions due to the uncertainty regarding the future cash outflows associated with such obligations. Please see Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information related to uncertain tax positions.

Not included in the above table are $36 million of asset retirement obligations related to leased office and retail store locations due to the uncertainty of timing of future cash outflows associated with such obligations. Please see Note 23, "Other Comments," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information related to asset retirement obligations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have a material current effect, or that are reasonably likely to have a material future effect, on our financial position, changes in financial position, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

MARKET RISK

Financial instruments held by us as of February 2, 2020 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 Item 8 of this report outlines the fair value of our financial instruments as of February 2, 2020. 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 February 2, 2020, the effect of a 10 basis point change in short-term interest rates on our interest income would be approximately $500,000 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 February 2, 2020, after taking into account the effect of our interest rate swap agreements that were in effect as of such date, approximately 55% 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 February 2, 2020, the effect of a 10 basis point change in interest rates on our variable interest expense would be approximately $1 million annually. Please see the section entitled "Liquidity and Capital Resources" above 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 $9.909 billion of revenue in 2019 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 Australian dollar, the Canadian dollar and the Chinese yuan renminbi, and favorably impacted during times of a weakening United States dollar against those currencies.

Our 2019 revenues and net income decreased by approximately $215 million and $25 million, respectively, as compared to 2018 due to the impact of foreign currency translation. We currently expect a decrease in our revenue and net income in 2020 as compared to 2019 due to the impact of foreign currency translation.

In addition, in 2019 we recognized unfavorable foreign currency translation adjustments of $158 million within other comprehensive (loss) income principally driven by a strengthening of the United States dollar against the euro of 4% 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 33% of our $7.2 billion total goodwill and other intangible assets as of February 2, 2020. 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.

We currently expect a decrease in our net income in 2020 as compared to 2019 due to the transactional impact.

Given our foreign currency forward exchange contracts outstanding at February 2, 2020, 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 $105 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 strengthening United States dollar against the euro, we would be required to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments on our euro-denominated senior notes, whereas 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 these 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 2020 net benefit cost related to the pension plans of approximately $7 million. Likewise, a 0.25% change in the assumed discount rate would result in a change to 2020 net benefit cost of approximately $45 million.

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.

RECENT ACCOUNTING PRONOUNCEMENTS

Please see Note 1, “Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for a discussion of recently issued and adopted accounting standards.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 this report. We believe that the following are the more critical judgmental areas in the application of our accounting policies that currently affect our financial position and results of operations:

Sales allowances and returns—We have arrangements with many of our department and specialty store customers to support their sales of our products. We establish accruals which, based on a review of the individual customer arrangements and the expected performance of our products in their stores, we believe will be required to satisfy our sales allowance obligations. We also establish accruals, which are based on historical experience, an evaluation of current sales trends and market conditions, and authorized amounts, that we believe are necessary to provide for sales allowances and inventory returns. Our historical accrual estimates have not differed materially from actual results. It is possible that the accrual estimates could vary from actual results, which would require adjustment to the allowance and returns accruals.

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. We review current business trends, inventory aging and discontinued merchandise categories to determine adjustments which we estimate 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. We believe that all inventory write-downs required at February 2, 2020 have been recorded. Our historical estimates of inventory reserves have not differed materially from actual results. If market conditions were to change, including as a result of the current COVID-19 outbreak, it is possible that the required level of inventory reserves would need to be adjusted.

Asset impairments—We determined during each of 2019, 2018 and 2017 that long-lived assets, primarily in certain of our retail stores and shop-in-shops, were not recoverable, which resulted in us recording impairment charges. Additionally, during 2019 we determined that certain operating lease right-of-use assets were impaired primarily as a result of the closure of certain flagship and anchor stores in the United States. In order to calculate these impairment charges, we estimated the undiscounted future cash flows and the related fair value of each asset. Undiscounted future cash flows were estimated using current sales trends and other factors and, in the case of operating lease right-of-use assets, using estimated sublease income assumptions. If different assumptions had been used, the recorded impairment charges could have been significantly higher or lower. Note 12, "Fair Value Measurements," in the Notes to Consolidated Financial Statements included in Item 8 of this report includes further discussion of the circumstances surrounding the impairments and the assumptions related to the impairment charges.

Allowance for doubtful accounts—Trade receivables, as presented in our Consolidated Balance Sheets, are net of an allowance for doubtful accounts. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable and assessments of collectibility based on historic trends, the financial condition of our customers and an evaluation of economic conditions. Because we cannot predict future changes in economic conditions and in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates and could impact our allowance for doubtful accounts.

Income taxes—Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience and expectations of future taxable income by taxing jurisdiction, the carryforward periods available to us for tax reporting purposes and other relevant factors. The actual realization of deferred tax assets may differ significantly from the amounts we have recorded.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if available evidence indicates it is more likely than not that the tax position will be fully sustained upon review by taxing authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, we do not recognize any portion of that benefit in the financial statements. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Our actual results have differed materially in the past and could differ materially in the future from our current estimates.

The U.S. Tax Legislation was enacted on December 22, 2017. The U.S. Tax Legislation is comprehensive and significantly revised the United States tax code. Please see Note 10, "Income Taxes," in the Notes to Consolidated Financial Statements in Item 8 of this report for further discussion of the impacts of the U.S. Tax Legislation.

Goodwill and other intangible assets— Goodwill and other indefinite-lived intangible assets are tested for impairment annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment will be aggregated and deemed a single reporting unit if the components have similar economic characteristics.

We assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative impairment test for goodwill and other indefinite-lived intangible assets. We may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting units or indefinite-lived intangible assets. Qualitative factors that we consider as part of our assessment include a change in our market capitalization and its implied impact on reporting unit fair value, a change in our weighted average cost of capital, industry and market conditions, macroeconomic conditions, trends in product costs and financial performance of our businesses. If we perform the quantitative test for any reporting units or indefinite-lived intangible assets, we generally use a discounted cash flow method to estimate fair value. The discounted cash flow method is based on the present value of projected cash flows. Assumptions used in these cash flow projections are generally consistent with our internal forecasts. The estimated cash flows are discounted using a rate that represents our weighted average cost of capital. The weighted average cost of capital is based on a number of variables, including the equity-risk premium and risk-free interest rate. Management believes the assumptions used for the impairment tests are consistent with those that would be utilized by a market participant performing similar analysis and valuations. Adverse changes in future market conditions or weaker operating results compared to our expectations may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potential impairment charge if we are unable to recover the carrying value of our goodwill and other indefinite-lived intangible assets. For goodwill, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized to the extent the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill. For indefinite-lived intangible assets, an impairment loss is recognized to the extent the carrying amount of the asset exceeds its fair value.

For the 2019 annual goodwill impairment test, we elected to bypass the qualitative assessment for all reporting units and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of our reporting units. The annual goodwill impairment test during 2019 yielded estimated fair values in excess of the carrying amounts for all of our reporting units and therefore the second step of the quantitative goodwill impairment test was not required. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%. No impairment of goodwill resulted from our annual impairment test in 2019. In the fourth quarter of 2019, the Speedo transaction was a triggering event that indicated that the amount of goodwill allocated to the Heritage Brands Wholesale reporting unit, the reporting unit that includes the Speedo North America business, could be impaired, prompting the need to perform an interim goodwill impairment test for this reporting unit. No goodwill impairment resulted from this interim test. Please see Note 8, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

For the 2018 annual goodwill impairment test, we elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of our reporting units. The annual goodwill impairment test during 2018 yielded estimated fair values in excess of the carrying amounts for our reporting units, all of which had fair values in excess of the carrying amounts by more than 50%, and therefore the second step of the quantitative goodwill impairment test was not required. No impairment of goodwill resulted from our annual impairment test in 2018.

For the 2019 annual impairment test of all indefinite-lived intangible assets, except for the Australia reacquired perpetual license rights, we elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the Australia reacquired perpetual license rights, since only a few months had passed since the acquisition on May 31, 2019 and the business had performed better than initially expected, we determined qualitatively that it was not more likely than not that the fair value of these reacquired perpetual license rights were less than the carrying amount and concluded that the quantitative impairment test was not required. The fair values of all of our indefinite-lived intangible assets substantially exceed their carrying amounts, with the exception of the perpetual license right related to our Speedo North America business, which had a fair value that exceeded its carrying amount by 3% at the testing date. In the fourth quarter of 2019, the Speedo transaction was a triggering event that prompted the need to perform an interim impairment test of this perpetual license right. As a result of this interim test, the perpetual license right was determined to be impaired and an impairment charge of $116 million was recorded to other noncash loss, net in the Consolidated Income Statement. Please see Note 4, "Assets Held For Sale," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

For the 2018 annual impairment test of all indefinite-lived intangible assets, except for the *Geoffrey Beene* tradename, we elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the *Geoffrey Beene* tradename, since only a few months had passed since the acquisition on April 20, 2018 and there had not been any significant changes in the business, we determined qualitatively that it was not more likely than not that the fair value of this tradename was less than the carrying amount and concluded that the quantitative impairment test was not required. No impairment of indefinite-lived intangible assets resulted from our annual impairment tests in 2018.

If different assumptions for our goodwill and other indefinite-lived intangible assets impairment tests had been applied, significantly different outcomes could have resulted. There can be no assurance that the estimates and assumptions used in our goodwill and indefinite-lived intangible assets impairment testing performed in 2019 will prove to be accurate predictions of the future. For example, if general macroeconomic conditions deteriorate or otherwise vary from current assumptions (including those resulting in changes in the weighted average cost of capital), industry or market conditions deteriorate, business conditions or strategies for a specific reporting unit change from current assumptions, including cost increases or loss of major customers, our businesses do not perform as projected, or there is an extended period of a significant decline in our stock price, this could be an indicator that the excess fair value of our reporting units could be lessened and the chance of an impairment of goodwill and other indefinite-lived intangible assets could be raised.

Pension and Benefit Plans—Pension and benefit plan expenses are recorded throughout the year based on calculations using actuarial valuations that incorporate estimates and assumptions that depend in part on financial market, economic and demographic conditions, including expected long-term rate of return on assets, discount rate and mortality rates. These assumptions require significant judgment. Actuarial gains and losses, which occur when actual experience differs from our actuarial assumptions, are recognized in the year in which they occur and could have a material impact on our operating results. These gains and losses are measured at least annually at the end of our fiscal year and, as such, are generally recorded during the fourth quarter of each year.

The expected long-term rate of return on assets is based on historical returns and the level of risk premium associated with the asset classes in which the portfolio is invested as well as expectations for the long-term future returns of each asset class. The expected long-term rate of return for each asset class is then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. The expected return on plan assets is recognized quarterly and determined at the beginning of the year by applying the long-term expected rate of return on assets to the actual fair value of plan assets adjusted for expected benefit payments, contributions and plan expenses. At the end of the year, the fair value of the assets is remeasured and any difference between the actual return on assets and the expected return is recorded in earnings as part of the actuarial gain or loss.

The discount rate is determined based on current market interest rates. It is selected by constructing a hypothetical portfolio of high quality corporate bonds that matches the cash flows from interest payments and principal maturities of the portfolio to the timing of benefit payments to participants. The yield on such a portfolio is the basis for the selected discount rate. Service and interest cost is measured using the discount rate as of the beginning of the year, while the projected benefit obligation is measured using the discount rate as of the end of the year. The impact of the change in the discount rate on our projected benefit obligation is recorded in earnings as part of the actuarial gain or loss.

We revised during each of 2019 and 2018 the mortality assumptions used to determine our benefit obligations based on recently published actuarial mortality tables. These changes in life expectancy resulted in changes to the period for which we expect benefits to be paid. In 2019 and 2018, the decrease in life expectancy decreased our benefit obligations and future expense.

We also periodically review and revise, as necessary, other plan assumptions such as rates of compensation increases, retirement, and termination based on historical experience and anticipated future management actions. We have not historically had significant adjustments to these assumptions.

Actual results could differ from our assumptions, which would require adjustments to our balance sheet and could result in volatility in our future net benefit cost. Holding all other assumptions constant, a 1% change in the assumed rate of return on assets would result in a change to 2020 net benefit cost related to the pension plans of approximately $7 million. Likewise, a 0.25% change in the assumed discount rate would result in a change to 2020 net benefit cost of approximately $45 million.

Note 13, "Retirement and Benefit Plans," in the Notes to Consolidated Financial Statements included in Item 8 of this report sets forth certain significant rate assumptions and information regarding our target asset allocation, which are used in performing calculations related to our pension plans.

Stock-based compensation—Accounting for stock-based compensation requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation cost over the service period for awards expected to vest. We use the Black-Scholes-Merton option pricing model to determine the fair value of our stock options. This model uses assumptions that include the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options. The fair value of restricted stock units is determined based on the quoted price of our common stock on the date of grant. The fair value of our stock options and restricted stock units is recognized as expense over the service period, net of actual forfeitures.

The fair value of contingently issuable performance shares that are subject to market conditions is established using a Monte Carlo simulation model. Certain contingently issuable performance shares that are subject to market conditions are also subject to a holding period of one year after the vesting date. For such awards, the grant date fair value is discounted for the restriction of liquidity, which is calculated using the Chaffe model. We record expense for the awards that are subject to market conditions ratably over the vesting period, net of actual forfeitures, regardless of whether the market condition is satisfied.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information with respect to Quantitative and Qualitative Disclosures About Market Risk appears under the heading "Market Risk" in Item 7.

Item 8. Financial Statements and Supplementary Data

See page F-1 of this report for a listing of the consolidated financial statements and supplementary data included in this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 Chairman and 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 Chairman and 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 Chairman and Chief Executive Officer and Chief Operating & Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management's report on internal control over financial reporting and our independent registered public accounting firm's audit report on our assessment of our internal control over financial reporting can be found on pages F-65 and F-66.

Changes in Internal Control over Financial Reporting

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.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to Directors of the Registrant is incorporated herein by reference to the section entitled "Election of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020. Information with respect to compliance by our officers and directors with Section 16(a) of the Securities Exchange Act is incorporated herein by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020. Information with respect to our executive officers is contained in the section entitled "Executive Officers of the Registrant" in Part I, Item 1 of this report. Information with respect to the procedure by which security holders may recommend nominees to our Board of Directors and with respect to our Audit & Risk Management Committee, our Audit Committee Financial Expert and our Code of Ethics for the Chief Executive and Senior Financial Officers is incorporated herein by reference to the section entitled "Election of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020.

Item 11. Executive Compensation

Information with respect to Executive Compensation is incorporated herein by reference to the sections entitled "Executive Compensation," "Compensation Committee Report," "Compensation Discussion and Analysis" and "Compensation Committee Interlocks and Insider Participation" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to the Security Ownership of Certain Beneficial Owners and Management and Equity Compensation Plan Information is incorporated herein by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information with respect to Certain Relationships and Related Transactions and Director Independence is incorporated herein by reference to the sections entitled "Transactions with Related Persons," "Election of Directors" and "Director Compensation" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020.

Item 14. Principal Accounting Fees and Services

Information with respect to Principal Accounting Fees and Services is incorporated herein by reference to the section entitled "Ratification of the Appointment of Auditor" in our proxy statement for the Annual Meeting of Stockholders to be held on June 18, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) See page F-1 for a listing of the consolidated financial statements included in Item 8 of this report.

(a)(2) See page F-1 for a listing of consolidated financial statement schedules submitted as part of this report.

(a)(3) The following exhibits are included in this report:

Exhibit Number	
2.1	Stock Purchase Agreement, dated December 17, 2002, among Phillips-Van Heusen Corporation, Calvin Klein, Inc., Calvin Klein (Europe), Inc., Calvin Klein (Europe II) Corp., Calvin Klein Europe S.r.l., CK Service Corp., Calvin Klein, Barry Schwartz, Trust for the Benefit of the Issue of Calvin Klein, Trust for the Benefit of the Issue of Barry Schwartz, Stephanie Schwartz-Ferdman and Jonathan Schwartz (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on December 20, 2002). The registrant agrees to furnish supplementally a copy of any omitted schedules to the Commission upon request.
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 December 20, 2012, between PVH Corp. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on December 20, 2012).
4.4	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).
4.5	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).
+4.6	Description of Securities

*10.1 Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to our Current Report on Form 8-K, filed on January 16, 1987); Phillips-Van Heusen Corporation Amendment to Capital Accumulation Plan (incorporated by reference to Exhibit 10(n) to our Annual Report on Form 10-K for the fiscal year ended February 2, 1987); Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10(1) to our Annual Report on Form 10-K for the fiscal year ended January 31, 1988); Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q for the period ended October 29, 1995).

*10.2 Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan, dated January 1, 1991, as amended and restated effective as of January 1, 2005 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended November 4, 2007).

*10.3 Phillips-Van Heusen Corporation Supplemental Savings Plan, effective as of January 1, 1991 and amended and restated effective as of January 1, 2005 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the period ended November 4, 2007).

*10.4 Second Amended and Restated Employment Agreement, dated as of December 23, 2008, between Phillips-Van Heusen Corporation and Emanuel Chirico (incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009); First Amendment to Second Amended and Restated Employment Agreement, dated as of January 29, 2010, between Phillips-Van Heusen Corporation and Emanuel Chirico (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 2, 2010); Second Amendment to Second Amended and Restated Employment Agreement, dated as of May 27, 2010, between Phillips-Van Heusen Corporation and Emanuel Chirico (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the period ended August 1, 2010); Third Amendment to Second Amended and Restated Employment Agreement, dated January 28, 2011, between Phillips-Van Heusen Corporation and Emanuel Chirico (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed January 28, 2011).

*10.5 Third Amended and Restated Employment Agreement, dated as of May 20, 2019, between PVH Corp. and Emanuel Chirico (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on May 22, 2019).

*10.6 Employment Agreement, dated as of March 1, 2018, between PVH Corp. and Francis K. Duane (incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K for the fiscal year ended February 4, 2018).

*10.7 Second Amended and Restated Employment Agreement, dated as of December 23, 2008, between Phillips-Van Heusen Corporation and Michael Shaffer (incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009); First Amendment to Second Amended and Restated Employment Agreement, dated January 28, 2011, between Phillips-Van Heusen Corporation and Michael Shaffer (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed January 28, 2011).

*10.8 PVH Corp. Performance Incentive Bonus Plan, as amended and restated effective May 2, 2013 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed June 26, 2013).

*10.9 PVH Corp. Long-Term Incentive Plan, as amended and restated effective May 2, 2013 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed June 26, 2013).

*10.10 PVH Corp. 2006 Stock Incentive Plan, as amended and restated effective April 26, 2012 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on June 25, 2012); PVH Corp. 2006 Stock Incentive Plan, as amended and restated effective May 7, 2014 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended August 3, 2014); PVH Corp. 2006 Stock Incentive Plan, as amended and restated effective April 30, 2015 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on June 22, 2015).

*10.11 Form of Stock Option Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on June 16, 2006); Revised Form of Stock Option Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007).

*10.12 Form of Stock Option Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on April 11, 2007); Revised Form of Stock Option Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007).

*10.13 Form of Restricted Stock Unit Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on April 11, 2007); Revised Form of Restricted Stock Unit Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Corporation Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007); Revised Form of Restricted Stock Unit Award Agreement for Employees under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of July 1, 2008 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the period ended August 3, 2008); Revised Form of Restricted Stock Unit Award Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of September 24, 2008 (incorporated by reference to Exhibit 10.39 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009).

*10.14 Form of Amendment to Outstanding Restricted Stock Unit Award Agreements with Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, dated November 19, 2008 (incorporated by reference to Exhibit 10.40 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009).

*10.15 Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 8, 2007); Revised Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of April 30, 2008 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 4, 2008); Revised Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of December 16, 2008 (incorporated by reference to Exhibit 10.42 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009); Revised Form of Performance Share Award Agreement under the PVH Corp. 2006 Stock Incentive Plan, effective as of April 25, 2012 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended April 29, 2012); Alternative Form of Performance Share Unit Award Agreement under the PVH Corp. 2006 Stock Incentive Plan, effective as of May 1, 2013 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 5, 2013).

*10.16 Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of July 1, 2008 (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended August 3, 2008); Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of September 24, 2008 (incorporated by reference to Exhibit 10.45 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009); Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of June 24, 2010 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended August 1, 2010).

*10.17 Form of Amendment to Outstanding Restricted Stock Unit Award Agreements with Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, dated November 19, 2008 (incorporated by reference to Exhibit 10.46 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009).

10.18 Credit and Guaranty Agreement, dated as of February 13, 2013, among PVH Corp., Tommy Hilfiger B.V., certain subsidiaries of PVH Corp., Barclays Bank PLC as Administrative Agent and Collateral Agent, Joint Lead Arranger and Joint Lead Bookrunner, Merrill Lynch, Pierce, Fenner & Smith Incorporated as Co-Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, Citigroup Global Markets Inc. as Co-Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, Credit Suisse Securities (USA) LLC as Co-Documentation Agent and Joint Lead Bookrunner, Royal Bank of Canada as Co-Documentation Agent, and RBC Capital Markets as Joint Lead Bookrunner (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 5, 2013); First Amendment to Credit Agreement, dated as of March 21, 2014, entered into by and among PVH Corp., PVH B.V. (formerly known as Tommy Hilfiger B.V.), the Guarantors listed on the signature pages thereto, each Lender party thereto, each Lender Counterparty party thereto, each Issuing Bank party thereto and Barclays Bank PLC, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 4, 2014); Second Amendment to Credit Agreement, dated as of May 19, 2016, entered into by and among PVH Corp., PVH B.V., the Guarantors listed on the signature pages thereto, each Lender party thereto, each Issuing Bank party thereto, the Swing Line Lender party thereto and Barclays Bank PLC, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended July 31, 2016).

10.19	Credit and Guaranty Agreement, dated as of April 29, 2019, among PVH Corp., PVH Asia Limited, PVH B.V., certain subsidiaries of PVH Corp., Barclays Bank PLC as Administrative Agent, Joint Lead Arranger and Joint Lead Bookrunner, Citibank, N.A. as Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, Merrill Lynch, Pierce, Fenner & Smith Incorporated as Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, JPMorgan Chase Bank, N.A. as Documentation Agent, Joint Lead Arranger and Joint Lead Bookrunner, Royal Bank of Canada as Documentation Agent, MUFG Securities Americas Inc. as Documentation Agent, US Bancorp as Documentation Agent, Wells Fargo Securities, LLC as Documentation Agent and RBC Capital Markets, LLC as Joint Lead Arranger and Joint Lead Bookrunner (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 5, 2019).
*10.20	Schedule of Non-Management Directors' Fees, effective June 16, 2016 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended July 31, 2016).
*+10.21	Schedule of Non-Management Directors' Fees, effective June 20, 2019.
*10.22	Second Amended and Restated Employment Agreement, dated as of December 16, 2008, between Phillips-Van Heusen Corporation and Steven B. Shiffman (incorporated by reference to Exhibit 10.25 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2015); First Amendment to Second Amended and Restated Employment Agreement, dated as of March 31, 2011, between Phillips-Van Heusen Corporation and Steven B. Shiffman (incorporated by reference to Exhibit 10.26 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2015); Second Amendment to Second Amended and Restated Employment Agreement, dated as of June 1, 2013, between PVH Corp. and Steven B. Shiffman (incorporated by reference to Exhibit 10.27 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2015).
*10.23	Employment Agreement, dated as of March 20, 2017, between PVH Europe B.V. and Daniel Grieder (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended April 30, 2017).
*10.24	European Management Term Sheet, dated as of March 10, 2010, between Phillips-Van Heusen Corporation, Tommy Hilfiger Europe and Daniel Grieder (incorporated by reference to Exhibit 10.28 to our Annual Report on From 10-K for fiscal year ended January 31, 2016).
*10.25	Employment Agreement, effective as of June 3, 2019, between PVH Corp. and Stefan Larsson (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 22, 2019).
*10.26	Amended and Restated Employment Agreement, dated as of December 16, 2008, between PVH Corp. and Cheryl Abel-Hodges (formerly known as Cheryl Dapolito) (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on June 11, 2019). First Amendment to Amended and Restated Employment Agreement, dated as of March 31, 2011, between PVH Corp. and Cheryl Abel-Hodges (formerly known as Cheryl Dapolito) (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on June 11, 2019).
*10.27	Employment Agreement, dated as of February 14, 2020, between PVH Corp. and Cheryl Abel-Hodges (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on February 14, 2020).
+21	PVH Corp. Subsidiaries.
+23	Consent of Independent Registered Public Accounting Firm.
+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	XBRL Instance Document
+101.SCH	XBRL Taxonomy Extension Schema Document
+101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
+101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
+101.LAB	XBRL Taxonomy Extension Label Linkbase Document

+101.PRE	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.

* Management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this report.

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.

(b) Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.

(c) Financial Statement Schedules: See page F-1 for a listing of the consolidated financial statement schedules submitted as part of this report.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: April 1, 2020

PVH CORP.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ EMANUEL CHIRICO Emanuel Chirico	Chairman and Chief Executive Officer (Principal Executive Officer)	April 1, 2020
/s/ MICHAEL SHAFFER Michael Shaffer	Executive Vice President and Chief Operating & Financial Officer (Principal Financial Officer)	April 1, 2020
/s/ JAMES W. HOLMES James W. Holmes	Senior Vice President and Controller (Principal Accounting Officer)	April 1, 2020
/s/ MARY BAGLIVO Mary Baglivo	Director	April 1, 2020
/s/ BRENT CALLINICOS Brent Callinicos	Director	April 1, 2020
/s/ JUAN R. FIGUEREO Juan R. Figuereo	Director	April 1, 2020
/s/ JOSEPH B. FULLER Joseph B. Fuller	Director	April 1, 2020
/s/ JUDITH AMANDA SOURRY KNOX Judith Amanda Sourry Knox	Director	April 1, 2020
/s/ V. JAMES MARINO V. James Marino	Director	April 1, 2020
/s/ GERALDINE (PENNY) MCINTYRE Geraldine (Penny) McIntyre	Director	April 1, 2020
/s/ AMY MCPHERSON Amy McPherson	Director	April 1, 2020
/s/ HENRY NASELLA Henry Nasella	Director	April 1, 2020
/s/ EDWARD R. ROSENFELD Edward R. Rosenfeld	Director	April 1, 2020
/s/ CRAIG RYDIN Craig Rydin	Director	April 1, 2020

FORM 10-K-ITEM 15(a)(1) and 15(a)(2)

PVH CORP.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

15(a)(1) The following consolidated financial statements and supplementary data are included in Item 8 of this report:

Consolidated Income Statements—Years Ended February 2, 2020, February 3, 2019 and February 4, 2018	F-2
Consolidated Statements of Comprehensive Income—Years Ended February 2, 2020, February 3, 2019, and February 4, 2018	F-3
Consolidated Balance Sheets—February 2, 2020 and February 3, 2019	F-4
Consolidated Statements of Cash Flows—Years Ended February 2, 2020, February 3, 2019 and February 4, 2018	F-5
Consolidated Statements of Changes in Stockholders' Equity and Redeemable Non-Controlling Interest—Years Ended February 2, 2020, February 3, 2019 and February 4, 2018	F-6
Notes to Consolidated Financial Statements	F-7
Selected Quarterly Financial Data - Unaudited	F-63
Management's Report on Internal Control Over Financial Reporting	F-65
Reports of Independent Registered Public Accounting Firm	F-66
Five Year Financial Summary	F-70

15(a)(2) The following consolidated financial statement schedule is included herein:

Schedule II - Valuation and Qualifying Accounts	F-72

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

PVH CORP.

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

	2019	2018	2017
Net sales	$ 9,400.0	$ 9,154.2	$ 8,439.4
Royalty revenue	379.9	375.9	366.3
Advertising and other revenue	129.1	126.7	109.1
Total revenue	9,909.0	9,656.8	8,914.8
Cost of goods sold (exclusive of depreciation and amortization)	4,520.6	4,348.5	4,020.4
Gross profit	5,388.4	5,308.3	4,894.4
Selling, general and administrative expenses	4,715.2	4,432.8	4,245.2
Non-service related pension and postretirement cost	90.0	5.1	3.0
Debt modification and extinguishment costs	5.2	—	23.9
Other noncash loss, net	28.9	—	—
Equity in net income of unconsolidated affiliates	9.6	21.3	10.1
Income before interest and taxes	558.7	891.7	632.4
Interest expense	120.0	120.8	128.5
Interest income	5.3	4.7	6.3
Income before taxes	444.0	775.6	510.2
Income tax expense (benefit)	28.9	31.0	(25.9)
Net income	415.1	744.6	536.1
Less: Net loss attributable to redeemable non-controlling interest	(2.2)	(1.8)	(1.7)
Net income attributable to PVH Corp.	$ 417.3	$ 746.4	$ 537.8
Basic net income per common share attributable to PVH Corp.	$ 5.63	$ 9.75	$ 6.93
Diluted net income per common share attributable to PVH Corp.	$ 5.60	$ 9.65	$ 6.84

See notes to consolidated financial statements.

PVH CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	2019	2018	2017
Net income	$ 415.1	$ 744.6	$ 536.1
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(157.8)	(361.3)	561.3
Net unrealized and realized (loss) gain related to effective cash flow hedges, net of tax (benefit) expense of $(1.0), $3.2 and $0.1	(4.1)	101.8	(99.1)
Net gain (loss) on net investment hedges, net of tax expense (benefit) of $9.6, $22.5 and $(28.7)	29.7	73.1	(70.8)
Total other comprehensive (loss) income	(132.2)	(186.4)	391.4
Comprehensive income	282.9	558.2	927.5
Less: Comprehensive loss attributable to redeemable non-controlling interest	(2.2)	(1.8)	(1.7)
Comprehensive income attributable to PVH Corp.	$ 285.1	$ 560.0	$ 929.2

See notes to consolidated financial statements.

PVH CORP.

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

	February 2, 2020	February 3, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 503.4	$ 452.0
Trade receivables, net of allowances for doubtful accounts of $21.1 and $21.6	741.4	777.8
Other receivables	23.7	26.0
Inventories, net	1,615.7	1,732.4
Prepaid expenses	159.9	168.7
Other	112.9	81.7
Assets held for sale	237.2	—
Total Current Assets	3,394.2	3,238.6
Property, Plant and Equipment, net	1,026.8	984.5
Operating Lease Right-of-Use Assets	1,675.8	—
Goodwill	3,677.6	3,670.5
Tradenames	2,830.2	2,863.7
Other Intangibles, net	650.5	705.5
Other Assets, including deferred taxes of $40.3 and $40.5	375.9	400.9
Total Assets	$ 13,631.0	$ 11,863.7
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 882.8	$ 924.2
Accrued expenses	929.6	891.6
Deferred revenue	64.7	65.3
Current portion of operating lease liabilities	363.5	—
Short-term borrowings	49.6	12.8
Current portion of long-term debt	13.8	—
Liabilities related to assets held for sale	57.1	—
Total Current Liabilities	2,361.1	1,893.9
Long-Term Portion of Operating Lease Liabilities	1,532.0	—
Long-Term Debt	2,693.9	2,819.4
Other Liabilities, including deferred taxes of $558.1 and $565.2	1,234.5	1,322.4
Redeemable Non-Controlling Interest	(2.0)	0.2
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; 85,890,276 and 85,446,141 shares issued	85.9	85.4
Additional paid in capital – common stock	3,075.4	3,017.3
Retained earnings	4,753.0	4,350.1
Accumulated other comprehensive loss	(640.1)	(507.9)
Less: 13,597,113 and 10,042,510 shares of common stock held in treasury, at cost	(1,462.7)	(1,117.1)
Total Stockholders' Equity	5,811.5	5,827.8
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	$ 13,631.0	$ 11,863.7

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2019	2018	2017
OPERATING ACTIVITIES			
Net income	$ 415.1	$ 744.6	$ 536.1
Adjustments to reconcile to net cash provided by operating			
Depreciation and amortization	323.8	334.8	324.9
Equity in net income of unconsolidated affiliates	(9.6)	(21.3)	(10.1)
Deferred taxes	(72.9)	(113.3) (1)	(224.6) (1)
Stock-based compensation expense	56.1	56.2	44.9
Impairment of long-lived assets	109.9 (2)	17.9	7.5
Actuarial loss on retirement and benefit plans	97.8	15.0	2.5
Settlement loss on retirement plans	—	—	9.4
Debt modification and extinguishment costs	5.2	—	23.9
Other noncash loss, net	28.9	—	—
Changes in operating assets and liabilities:			
Trade receivables, net	(17.1)	(151.4)	3.3
Other receivables	1.0	10.7	(11.7)
Inventories, net	121.4	(212.1)	(163.5)
Accounts payable, accrued expenses and deferred revenue	47.8	112.9	185.9
Prepaid expenses	(14.4)	8.5	(41.0)
Employer pension contributions	(0.7)	(10.0)	(0.3)
Contingent purchase price payments to Mr. Calvin Klein	—	(15.9)	(55.6)
Other, net	(72.0)	75.9	12.6
Net cash provided by operating activities	1,020.3	852.5	644.2
INVESTING ACTIVITIES(3)			
Acquisitions, net of cash acquired	(192.4)	(15.9)	(40.1)
Purchases of property, plant and equipment	(345.2)	(379.5)	(358.1)
Proceeds from sale of building	59.4	—	3.4
Investments in unconsolidated affiliates	(27.7)	—	(14.2)
Payment received on advance to unconsolidated affiliate	—	—	6.3
Net cash used by investing activities	(505.9)	(395.4)	(402.7)
FINANCING ACTIVITIES(2)			
Net (payments on) proceeds from short-term borrowings	(12.1)	(6.7)	0.4
Proceeds from 2019 facilities, net of related fees	1,639.8	—	—
Repayment of 2016 facilities	(1,649.3)	—	—
Repayment of 2019 facilities	(70.6)	—	—
Proceeds from 3 1/8% senior notes, net of related fees	—	—	701.6
Redemption of 4 1/2% senior notes, including premium	—	—	(715.8)
Repayment of 2016/2014 facilities	—	(150.0)	(250.0)
Net proceeds from settlement of awards under stock plans	2.5	20.4	30.0
Cash dividends	(11.3)	(11.6)	(11.9)
Acquisition of treasury shares	(345.1)	(325.2)	(259.1)
Payments of finance lease liabilities	(5.5)	(5.4)	(5.1)
Tommy Hilfiger India contingent purchase price payments	—	—	(0.8)
Contributions from non-controlling interest	—	—	1.7
Net cash used by financing activities	(451.6)	(478.5)	(509.0)
Effect of exchange rate changes on cash and cash equivalents	(11.4)	(20.5)	31.3
Increase (decrease) in cash and cash equivalents	51.4	(41.9)	(236.2)
Cash and cash equivalents at beginning of year	452.0	493.9	730.1
Cash and cash equivalents at end of year	$ 503.4	$ 452.0	$ 493.9

(1) Includes the impact of the U.S. Tax Legislation in 2018 and 2017 and the impact of the 2019 Dutch Tax Plan in 2018. Please see Note 10 for further information.

(2) Noncash impairment charge of $116.4 million related to the sale of the Speedo North America business is included in Other noncash loss, net. Please see Note 4 for further information.

(3) Please see Note 20 for information on noncash investing and financing transactions.

See notes to consolidated financial statements.

PVH CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE NON-CONTROLLING INTEREST
(In millions, except share and per share data)

		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
January 29, 2017	$ 2.0	$ —	83,923,184	$ 83.9	$ 2,866.2	$ 3,098.0	$ (710.8)	$ (532.8)	$ 4,804.5
Net income attributable to PVH Corp.						537.8			537.8
Foreign currency translation adjustments							561.3		561.3
Net unrealized and realized loss related to effective cash flow hedges, net of tax expense of $0.1							(99.1)		(99.1)
Net loss on net investment hedges, net of tax benefit of $28.7							(70.8)		(70.8)
Comprehensive income attributable to PVH Corp.									929.2
Reclassification related to the adoption of accounting guidance for certain tax effects in connection with the U.S. Tax Legislation						2.1	(2.1)		—
Cumulative-effect adjustment related to the adoption of accounting guidance for share-based payment award transactions					1.1	(0.8)			0.3
Settlement of awards under stock plans			927,895	1.0	29.0				30.0
Stock-based compensation expense					44.9				44.9
Cash dividends ($0.15 per common share)						(11.9)			(11.9)
Acquisition of 2,300,657 treasury shares								(260.6)	(260.6)
Contributions from the minority shareholder	1.7								
Net loss attributable to redeemable non-controlling interest	(1.7)								
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.						746.4			746.4
Foreign currency translation adjustments							(361.3)		(361.3)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of $3.2							101.8		101.8
Net gain on net investment hedges, net of tax expense of $22.5							73.1		73.1
Comprehensive income attributable to PVH Corp.									560.0
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			595,062	0.5	19.9				20.4
Stock-based compensation expense					56.2				56.2
Cash dividends ($0.15 per common share)						(11.6)			(11.6)
Acquisition of 2,370,193 treasury shares								(323.7)	(323.7)
Net loss attributable to redeemable non-controlling interest	(1.8)								
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.						417.3			417.3
Foreign currency translation adjustments							(157.8)		(157.8)
Net unrealized and realized loss related to effective cash flow hedges, net of tax benefit of $1.0							(4.1)		(4.1)
Net gain on net investment hedges, net of tax expense of $9.6							29.7		29.7
Comprehensive income attributable to PVH Corp.									285.1
Cumulative-effect adjustment related to the adoption of accounting guidance for leases						(3.1)			(3.1)
Settlement of awards under stock plans			444,135	0.5	2.0				2.5
Stock-based compensation expense					56.1				56.1
Cash dividends ($0.15 per common share)						(11.3)			(11.3)
Acquisition of 3,554,603 treasury shares								(345.6)	(345.6)
Net loss attributable to redeemable non-controlling interest	(2.2)								
February 2, 2020	$ (2.0)	$ —	85,890,276	$ 85.9	$ 3,075.4	$ 4,753.0	$ (640.1)	$ (1,462.7)	$ 5,811.5

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business — 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, as well as various other owned, licensed and, to a lesser extent, private label brands. The Company also licenses *Speedo* for North America and the Caribbean in perpetuity from Speedo International Limited. The Company entered into a definitive agreement on January 9, 2020 to sell its Speedo North America business to Pentland Group PLC ("Pentland"), the parent company of Speedo International Limited, (the "Speedo transaction"). The Company will deconsolidate the net assets of the Speedo North America business and no longer license the *Speedo* trademark upon closing of the sale, which is expected to occur in the first quarter of 2020, subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which was received early in the first quarter of 2020.

The Company designs and markets branded dress shirts, neckwear, sportswear (casual apparel), 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.

Principles of Consolidation — 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 7, "Redeemable Non-Controlling Interest," for further discussion.

Use of Estimates — The preparation of the consolidated 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 the estimates.

Fiscal Year — The Company uses a 52-53 week fiscal year ending on the Sunday closest to February 1. References to a year are to the Company's fiscal year, unless the context requires otherwise. Results for 2019, 2018 and 2017 represent the 52 weeks ended February 2, 2020, 52 weeks ended February 3, 2019 and 53 weeks ended February 4, 2018, respectively.

Cash and Cash Equivalents — The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents also includes amounts due from third party credit card processors for the settlement of customer debit and credit card transactions that are collectible in one week or less. The Company's cash and cash equivalents at February 2, 2020 consisted principally of bank deposits and investments in money market funds.

Accounts Receivable — Trade receivables, as presented in the Company's Consolidated Balance Sheets, are net of returns and allowances. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable and assessments of collectibility based on historic trends, the financial condition of the Company's customers and an evaluation of economic conditions. The Company writes off uncollectible trade receivables once collection efforts have been exhausted and third parties confirm the balance is not recoverable. Costs associated with allowable customer markdowns and operational chargebacks, net of the expected recoveries, are part of the provision for allowances included in accounts receivable. These provisions result from seasonal negotiations, historical experience, and an evaluation of current market conditions.

Goodwill and Other Intangible Assets — The Company assesses the recoverability of goodwill annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment will be aggregated and deemed a single reporting unit if the components have similar economic characteristics.

The Company assesses qualitative factors to determine whether it is necessary to perform a more detailed two-step quantitative goodwill impairment test. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. The quantitative goodwill impairment test, if necessary, is a two-step process. The first step is to identify the existence of a potential impairment by comparing the fair value of a reporting unit (the fair value of a reporting unit is estimated using a discounted cash flow model) with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, the reporting unit's goodwill is considered not to be impaired and performance of the second step of the quantitative goodwill impairment test is unnecessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step of the quantitative goodwill impairment test is performed to measure the amount of impairment loss to be recorded, if any. The second step of the quantitative goodwill impairment test compares the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of a reporting unit's goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined using the same approach as used when determining the amount of goodwill that would be recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of its assets and liabilities as if the reporting unit had been acquired in a business combination and the fair value was the purchase price paid to acquire the reporting unit.

For the 2019 annual goodwill impairment test, the Company elected to bypass the qualitative assessment for all reporting units and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of its reporting units. The Company's annual goodwill impairment test during 2019 yielded estimated fair values in excess of the carrying amounts for all of the Company's reporting units and therefore the second step of the quantitative goodwill impairment test was not required. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%. No impairment of goodwill resulted from the Company's annual impairment test in 2019. In the fourth quarter of 2019, the Speedo transaction was a triggering event that indicated that the amount of goodwill allocated to the Heritage Brands Wholesale reporting unit, the reporting unit that includes the Speedo North America business, could be impaired, prompting the need for the Company to perform an interim goodwill impairment test for this reporting unit. No goodwill impairment resulted from this interim test.

For the 2018 annual goodwill impairment test, the Company elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of its reporting units. The Company's annual goodwill impairment test during 2018 yielded estimated fair values in excess of the carrying amounts for the Company's reporting units, all of which had fair values in excess of the carrying amounts by more than 50%, and therefore the second step of the quantitative goodwill impairment test was not required. No impairment of goodwill resulted from the Company's annual impairment test in 2018.

Indefinite-lived intangible assets not subject to amortization are tested for impairment annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. The Company assesses qualitative factors to determine whether it is necessary to perform a more detailed quantitative impairment test for its indefinite-lived intangible assets. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative impairment test. When performing the quantitative test, an impairment loss is recognized if the carrying amount of the asset exceeds the fair value of the asset, which is generally determined using the estimated discounted cash flows associated with the asset's use. Intangible assets with finite lives are amortized over their estimated useful lives and are tested for impairment along with other long-lived assets when events and circumstances indicate that the assets might be impaired.

For the 2019 annual impairment test of all indefinite-lived intangible assets, except for the Australia reacquired perpetual license rights, the Company elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the Australia reacquired perpetual license rights, since only a few months had passed since the acquisition on May 31, 2019 and the business had performed better than initially expected, the Company determined qualitatively that it was not more likely than not that the fair value of these reacquired perpetual license rights were less than the carrying amount and concluded that the quantitative impairment test was not required. The fair values of all of the Company's indefinite-lived intangible assets substantially exceed their carrying amounts, with the exception of the Company's perpetual license right related to its Speedo North America business, which had a fair value that exceeded its carrying amount by 3% at the testing date. In the fourth quarter of 2019, the Speedo transaction was a triggering event that prompted the need for the Company to perform an interim impairment test of this perpetual license right. As a result of this interim test, the perpetual license right was determined to be impaired and an impairment charge of $116.4 million was recorded in other noncash loss, net in the Company's Consolidated Income Statement. Please see Note 4, "Assets Held For Sale," for further discussion.

For the 2018 annual impairment test of all indefinite-lived intangible assets, except for the *Geoffrey Beene* tradename, the Company elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the *Geoffrey Beene* tradename, since only a few months had passed since the acquisition on April 20, 2018 and there had not been any significant changes in the business, the Company determined qualitatively that it was not more likely than not that the fair value of this tradename was less than the carrying amount and concluded that the quantitative impairment test was not required. No impairment of indefinite-lived intangible assets resulted from the Company's annual impairment tests in 2018.

Asset Impairments — The Company reviews for impairment of long-lived assets (excluding goodwill and other indefinite-lived intangible assets) when events and circumstances indicate that the assets might be impaired. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. Please see Note 12, "Fair Value Measurements," for further discussion.

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.

Property, Plant and Equipment — Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is generally provided over the estimated useful lives of the related assets on a straight-line basis. The range of useful lives is principally as follows: Buildings and building improvements — 15 to 40 years; machinery, software and equipment — 2 to 10 years; furniture and fixtures — 2 to 10 years; and fixtures located in shop-in-shop/concession locations and their related costs — 3 to 4 years. Leasehold improvements are depreciated using the straight-line method over the lesser of the term of the related lease or the estimated useful life of the asset. In certain circumstances, contractual renewal options are considered when determining the term of the related lease. Major additions and improvements that extend the useful life of the asset are capitalized, and repairs and maintenance are charged to operations in the period incurred. Depreciation expense totaled $275.0 million, $263.9 million and $252.2 million in 2019, 2018 and 2017, respectively.

Cloud Computing Arrangements — The Company incurs costs to implement cloud computing arrangements that are hosted by a third party vendor. Implementation costs incurred during the application development stage of a project are capitalized and amortized over the term of the hosting arrangement on a straight-line basis. The Company capitalized $16.6 million of costs incurred in 2019 to implement cloud computing arrangements, primarily related to digital and consumer data platforms. Amortization expense totaled $0.9 million in 2019. Cloud computing costs of $15.7 million were included in prepaid expenses and other assets in the Company's Consolidated Balance Sheet as of February 2, 2020.

The Company's policy for accounting for implementation costs incurred in a cloud computing arrangement that is a service contract reflects changes made in 2019 following the adoption of the updated cloud computing guidance. Please see the section "*Recently Adopted Accounting Guidance*" below for further discussion.

Leases — The Company leases retail locations, warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, as well as certain equipment and other assets. The Company recognizes right-of-use assets and lease liabilities at the lease commencement date based on the present value of fixed lease payments over the expected lease term. Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and long-term portion of operating lease liabilities in the Company's Consolidated Balance Sheet. Finance leases are included in property, plant and equipment, net, accrued expenses and other liabilities in the Company's Consolidated Balance Sheet. Please see Note 17, "Leases," and the section "*Recently Adopted Accounting Guidance*" below for further discussion.

Revenue Recognition — 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. Please see Note 2, "Revenue," for further discussion.

Cost of Goods Sold and Selling, General and Administrative Expenses — Costs associated with the production and procurement of product are included in cost of goods sold, including inbound freight costs, purchasing and receiving costs, inspection costs and other product procurement related charges, as well as the amounts recognized on foreign currency forward exchange contracts as the underlying inventory hedged by such forward exchange contracts is sold. Generally, all other expenses, excluding non-service related pension and post retirement (income) costs, interest and income taxes, are included in selling, general and administrative ("SG&A") expenses, including warehousing and distribution expenses, as the predominant expenses associated therewith are general and administrative in nature, including rent, utilities, payroll and depreciation and amortization. Warehousing and distribution expenses, which are subject to exchange rate fluctuations, totaled $351.4 million, $307.7 million and $272.6 million in 2019, 2018 and 2017, respectively.

Shipping and Handling Fees — Shipping and handling fees that are billed to customers are included in net sales. Shipping and handling costs incurred by the Company are recorded in SG&A expenses.

Advertising — Advertising costs are expensed as incurred and are included in SG&A expenses. Advertising expenses, which are subject to exchange rate fluctuations, totaled $509.7 million, $526.0 million and $501.3 million in 2019, 2018 and 2017, respectively. Prepaid advertising expenses recorded in prepaid expenses and other assets totaled $5.9 million and $7.3 million at February 2, 2020 and February 3, 2019, respectively. Costs associated with cooperative advertising programs, under which the Company shares the cost of a customer's advertising expenditures, are treated as a reduction of revenue.

Sales Taxes — The Company accounts for sales taxes and other related taxes on a net basis, excluding such taxes from revenue.

Income Taxes — Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

Significant judgment is required in assessing the timing and amount of deductible and taxable items, evaluating tax positions and determining the income tax provision. The Company recognizes income tax benefits only when it is more likely than not that the tax position will be fully sustained upon review by taxing authorities, including resolution of related appeals or litigation processes, if any. If the recognition threshold is met, the Company measures the tax benefit at the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, the Company does not recognize any portion of that benefit in the financial statements. When the outcome of these tax matters changes, the change in estimate impacts the provision for income taxes in the period that such a determination is made. The Company recognizes interest and penalties related to unrecognized tax benefits in the Company's income tax provision.

The United States Tax Cuts and Jobs Act of 2017 (the "U.S. Tax Legislation") was enacted on December 22, 2017. The U.S. Tax Legislation is comprehensive and significantly revised the United States tax code. Please see Note 10, "Income Taxes," for further discussion of the U.S. Tax Legislation.

Financial Instruments — The Company has exposure to changes in foreign currency exchange rates related to anticipated cash flows primarily 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 secured term loan facilities. The Company enters into interest rate swap agreements to hedge against a portion of this exposure. 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 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. Changes in fair value of the foreign currency forward exchange contracts primarily associated with certain international inventory purchases and the interest rate swap agreements that are designated as effective hedging instruments (collectively referred to as "cash flow hedges") are recorded in equity as a component of accumulated other comprehensive loss ("AOCL").

The Company also 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 designates certain foreign currency borrowings issued in the United States as a net investment hedge of its investments in certain of its foreign subsidiaries that use a functional currency other than the United States dollar. Changes in fair value of the foreign currency borrowings designated as net investment hedges are recorded in equity as a component of AOCL. The Company evaluates the effectiveness of its net investment hedges at inception and as of the beginning of each quarter.

The Company records immediately in earnings changes in the fair value of hedges that are not designated as effective hedging instruments ("undesignated contracts"). Undesignated contracts include 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. Undesignated contracts also include foreign currency option contracts previously used by the Company to hedge against changes in foreign currency exchange rates related to the translation of the earnings of the Company's subsidiaries that use a functional currency other than the United States dollar. The fair value of the foreign currency option contracts was estimated based on external valuation models, which used the original strike price, then current foreign currency exchange rates, the implied volatility in foreign currency exchange rates at the time and length of time to expiration as inputs. All foreign currency option contracts expired in 2017.

The Company does not use derivative or non-derivative financial instruments for trading or speculative purposes. Cash flows from the Company's hedges are presented in the Consolidated Statements of Cash Flows in the same category as the items being hedged. Please see Note 11, "Derivative Financial Instruments," for further discussion.

Foreign Currency Translation and Transactions — The consolidated financial statements of the Company are prepared in United States dollars. If the functional currency of a foreign subsidiary is not the United States dollar, assets and liabilities are translated to United States dollars at the closing exchange rate in effect at the applicable balance sheet date and revenue and expenses are translated to United States dollars at the average exchange rate for the applicable period. Gains and losses on the revaluation of intercompany loans made between foreign subsidiaries that are of a long-term investment nature are included in AOCL. Gains and losses arising from transactions denominated in a currency other than the functional currency of a particular entity, not including inventory purchases, are principally included in SG&A expenses and totaled a loss (gain) of $16.2 million, $17.3 million and $(10.2) million in 2019, 2018 and 2017, respectively.

Balance Sheet Classification of Early Settlements of Long-Term Obligations — The Company classifies obligations settled after the balance sheet date but prior to the issuance of the consolidated financial statements based on the contractual payment terms of the underlying agreements.

Pension and Benefit Plans — Employee pension benefits earned during the year, as well as interest on the projected benefit obligations or accumulated benefit obligations, are accrued quarterly. The expected return on plan assets is recognized quarterly and determined at the beginning of the year by applying the expected long-term rate of return on assets to the actual fair value of plan assets adjusted for expected benefit payments, contributions and plan expenses. Actuarial gains and losses are recognized in the Company's operating results in the year in which they occur. These gains and losses include the difference between the actual return on plan assets and the expected return that was recognized quarterly, as well as the change in the projected benefit obligation caused by actual experience and updated actuarial assumptions differing from those assumptions used to record service and interest cost throughout the year. Actuarial gains and losses are measured at least annually at the end of the Company's fiscal year and, as such, are generally recorded during the fourth quarter of each year. The service cost component of net benefit cost is recorded in SG&A expenses and the other components of net benefit cost are recorded in non-service related pension and postretirement cost (income) in the Company's Consolidated Income Statements. Please see Note 13, "Retirement and Benefit Plans," for further discussion of the Company's pension and benefit plans.

Stock-Based Compensation — The Company recognizes all share-based payments to employees and non-employee directors, net of actual forfeitures, as compensation expense in the consolidated financial statements based on their grant date fair values. Please see Note 14, "Stock-Based Compensation," for further discussion.

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 17, "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 and, as a result, has capitalized $16.6 million of costs incurred in 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.

Accounting Guidance Issued But Not Adopted as of February 2, 2020 — The FASB issued in June 2016 an update to accounting guidance that introduces a new impairment model used to measure credit losses for certain financial assets measured at amortized cost, including trade and other receivables. This update requires entities to record an allowance for credit losses using a forward-looking expected loss impairment model that considers historical experience, current conditions, and reasonable and supportable forecasts that affect collectibility, rather than the incurred loss model required under existing guidance. The update will be effective for the Company in the first quarter of 2020. Entities are required to apply the update using a modified-retrospective approach with a cumulative effect adjustment to opening retained earnings in the period of adoption. The adoption of this update is not expected to have a material impact on the Company's consolidated financial statements.

The FASB issued in December 2019 an update to accounting guidance to simplify the accounting for income taxes by eliminating certain exceptions to the existing guidance and clarifying and amending certain guidance to reduce diversity in practice. The update eliminates certain exceptions to the guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The update also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The update will be effective for the Company in the first quarter of 2021, with early adoption permitted. Most amendments in the update are required to be adopted using a prospective approach, while other amendments must be adopted using a modified-retrospective approach or retrospective approach. The Company is currently evaluating the update to determine the impact of the adoption on the Company's consolidated financial statements.

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.

Product Sales

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. Costs associated with coupons are recorded as a reduction of revenue at the time of coupon redemption.

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. The Company does not charge administrative fees on gift cards nor do they expire. 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 February 2, 2020, the contractual minimum fees on the portion of all license agreements not yet satisfied totaled $1.2 billion, of which the Company expects to recognize $291.5 million as revenue in 2020, $242.4 million in 2021 and $684.2 million thereafter.

Deferred Revenue

Changes in deferred revenue, which primarily relate to customer loyalty programs, gift cards and license agreements for the years ended February 2, 2020 and February 3, 2019, were as follows:

(In millions)	2019	2018
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	60.3	61.3
Reductions in deferred revenue for revenue recognized during the period [1]	(60.9)	(50.8)
Deferred revenue balance at end of period	$ 64.7	$ 65.3

[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.

The Company also had long-term deferred revenue liabilities included in other liabilities in its Consolidated Balance Sheets of $10.3 million and $2.3 million as of February 2, 2020 and February 3, 2019, 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 21, “Segment Data,” for information on the disaggregation of revenue by segment and distribution channel.

3. ACQUISITIONS

TH CSAP Acquisition

The Company acquired on July 1, 2019 the Tommy Hilfiger retail business in Central and Southeast Asia from the Company’s previous licensee in that market (the “TH CSAP acquisition”). As a result of the TH CSAP acquisition, the Company now operates directly the Tommy Hilfiger retail business in the Central and Southeast Asia market.

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.

Australia Acquisition

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 in Australia, New Zealand and other parts of Oceania under the *TOMMY HILFIGER*, *CALVIN KLEIN* and *Van Heusen* brands, along with other owned and licensed brands. PVH Australia came under the Company’s full control as a result of the acquisition. The Company now operates directly those businesses.

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 loss, net in the Company’s Consolidated Income Statement.

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 the holders had the option to defer half of this tranche to tranche 2; and tranche 2 – all remaining shares two years after the closing. With respect to tranche 1, the holders elected not to defer their shares to tranche 2 and as a result the Company is obligated to purchase all of the tranche 1 shares in the second quarter of 2020. 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 $8.6 million in interest expense during 2019 in connection with the remeasurement of the mandatorily redeemable non-controlling interest to its redemption value, which for tranche 1 reflects the amount expected to be paid under the conditions specified in the terms of the acquisition agreement and for tranche 2 reflects the amount that would be paid under the conditions specified in the terms of the acquisition agreement if settlement had occurred as of February 2, 2020. The liability for the mandatorily redeemable non-controlling interest was $33.8 million as of February 2, 2020 based on exchange rates in effect on that date, of which $16.9 million was included in accrued expenses and $16.9 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		65.9
Intangible assets		222.2
Operating lease right-of-use assets		56.4
Total assets acquired		538.1
Accounts payable		14.4
Accrued expenses		22.5
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		213.5
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 17, “Leases,” for further discussion of this sale-leaseback transaction.

The goodwill of $65.9 million was assigned as of the acquisition date to the Company’s Tommy Hilfiger International and Calvin Klein International segments in the amounts of $56.8 million and $9.1 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 perpetual license rights of $204.9 million, which are indefinite lived, order backlog of $0.3 million, which was amortized on a straight-line basis over 0.5 years, and customer relationships of $17.0 million, which are being amortized on a straight-line basis over 10.0 years. 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.

Acquisition of the Wholesale and Concessions Businesses in Belgium and Luxembourg

The Company acquired on September 1, 2017 the Tommy Hilfiger and Calvin Klein wholesale and concessions businesses in Belgium and Luxembourg from a former agent (the “Belgian acquisition”). As a result of the Belgian acquisition, the Company now operates directly the Tommy Hilfiger and Calvin Klein businesses in this region.

The acquisition date fair value of the consideration paid was $12.0 million. The estimated fair value of assets acquired and liabilities assumed consisted of $12.4 million of goodwill and $0.4 million of other net liabilities. The goodwill of $12.4 million was assigned as of the acquisition date to the Company’s Tommy Hilfiger International and Calvin Klein International segments in the amounts of $11.1 million and $1.3 million, respectively, which are the Company’s reporting units that are expected to benefit from the synergies of the combination. Goodwill is not deductible for tax purposes. The Company finalized the purchase price allocation in 2018.

Acquisition of True & Co.

The Company acquired on March 30, 2017 True & Co., a direct-to-consumer intimate apparel digital-centric retailer. This acquisition enabled the Company to participate further in the fast-growing online channel and provided a platform to increase innovation, data-driven decisions and speed in the way it serves its consumers across its channels of distribution.

The acquisition date fair value of the consideration paid was $28.5 million. The estimated fair value of assets acquired and liabilities assumed consisted of $20.9 million of goodwill and $7.6 million of other net assets (including $7.3 million of deferred tax assets and $0.4 million of cash acquired). The goodwill of $20.9 million was assigned as of the acquisition date to the Company’s Calvin Klein North America, Calvin Klein International and Heritage Brands Wholesale segments in the amounts of $5.4 million, $4.8 million and $10.7 million, respectively, which include the Company’s reporting units that are expected to benefit from the synergies of the combination. For those reporting units that had not been assigned any of the assets acquired or liabilities assumed in the acquisition, the amount of goodwill assigned was determined by calculating the estimated fair value of such reporting units before and after the acquisition. Goodwill is not deductible for tax purposes. The Company finalized the purchase price allocation in 2017.

4. ASSETS HELD FOR SALE

The Company entered into a definitive agreement on January 9, 2020 to sell its Speedo North America business to Pentland, the parent company of Speedo International Limited, for $170.0 million in cash, subject to a working capital adjustment. Speedo International Limited licenses the *Speedo* trademark to a subsidiary of the Company for perpetual use in North America and the Caribbean. The Company will deconsolidate the net assets of the Speedo business and no longer license the *Speedo* trademark upon closing of the sale, which is expected to occur in the first quarter of 2020, subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which was received early in the first quarter of 2020.

The Company classified the assets and liabilities of the Speedo North America business as held for sale and recorded a pre-tax noncash loss of $142.0 million during the fourth quarter of 2019 (including a $116.4 million noncash impairment charge related to the Speedo perpetual license right) to reduce the carrying value of the Speedo North America business to its estimated fair value, less costs to sell. The estimated fair value, less costs to sell, reflects the amount of consideration the Company expects to receive upon closing of the transaction, inclusive of the working capital adjustment. The loss was recorded in other noncash loss, net in the Company's Consolidated Income Statement. The loss will be remeasured in connection with the closing of the transaction and will be impacted by changes to the net assets of the Speedo North America business subsequent to February 2, 2020.

The noncash impairment charge related to the Speedo perpetual license right was recorded to write down its carrying value of $203.8 million to a fair value of $87.4 million, which was implied by the expected amount of consideration to be received upon closing of the transaction. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs.

The Speedo transaction was also a triggering event that prompted the need for the Company to perform an interim goodwill impairment test for its Heritage Brands Wholesale reporting unit. No goodwill impairment resulted from this interim test.

The assets and liabilities of the Speedo North America business classified as held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020 were included in the Heritage Brands Wholesale segment and consisted of the following:

(In millions)		
Assets held for sale:		
Trade receivables	$	48.8
Inventories, net		54.3
Prepaid expenses		0.6
Other current assets		0.6
Property, plant and equipment, net		6.1
Operating lease right-of-use assets		9.0
Goodwill		48.1
Other intangibles, net [(1)]		95.3
Allowance for reduction of assets held for sale		(25.6)
Total assets held for sale	$	237.2
Liabilities related to assets held for sale:		
Accounts payable	$	38.7
Accrued expenses		5.4
Current portion of operating lease liabilities		0.6
Long-term portion of operating lease liabilities		10.6
Other liabilities		1.8
Total liabilities related to assets held for sale	$	57.1

[(1)] Other intangibles, net includes a perpetual license right of $87.4 million and customer relationships of $7.9 million.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, was as follows:

(In millions)	2019	2018
Land	$ 1.0	$ 1.0
Buildings and building improvements	53.2	54.8
Machinery, software and equipment	871.7	697.6
Furniture and fixtures	586.0	540.0
Shop-in-shops/concession locations	209.8	230.9
Leasehold improvements	849.0	790.3
Construction in progress	35.5	83.9
Property, plant and equipment, gross	2,606.2	2,398.5
Less: Accumulated depreciation	(1,579.4)	(1,414.0)
Property, plant and equipment, net	$ 1,026.8	$ 984.5

The increase in Machinery, software and equipment in 2019 primarily relates to software and other equipment that was placed into service in 2019 in connection with the Company's upgrade of and enhancements to its systems and digital commerce platforms. Construction in progress at February 2, 2020 and February 3, 2019 represents costs incurred for machinery, software and equipment, furniture and fixtures, and leasehold improvements not yet placed in use. Construction in progress at February 2, 2020 and February 3, 2019 principally related to upgrades and enhancements to operating, supply chain and logistics systems. Interest costs capitalized in construction in progress were immaterial during 2019, 2018 and 2017.

6. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Included in other assets in the Company's Consolidated Balance Sheets was $176.3 million as of February 2, 2020 and $207.1 million as of February 3, 2019 related to the following investments in unconsolidated affiliates:

PVH Legwear

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

The Company made payments of $27.7 million to PVH Legwear during 2019 to contribute its share of the joint venture funding.

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 in its financial statements. Please see Note 3, "Acquisitions," for further discussion.

The Company received dividends of $6.4 million, $7.6 million and $3.7 million from Gazal and PVH Australia during 2019, 2018, and 2017 respectively.

CK India

The Company acquired a 51% economic interest in a joint venture, Calvin Klein Arvind Fashion Private Limited ("CK India") in 2013. The Company sold 1% of its interest for $0.4 million in 2017, decreasing its economic interest in CK India to 50%. Prior to the sale, the Company was not deemed to hold a controlling interest in CK India as the shareholders agreement provided the partners with equal rights. This investment is being accounted for under the equity method of accounting. CK India licenses from a subsidiary of the Company the rights to the *CALVIN KLEIN* trademarks in India for certain product categories.

The Company made payments of $1.6 million to CK India during 2017 to contribute its share of the joint venture funding.

TH India

The Company owns a 50% economic interest in a joint venture, Tommy Hilfiger Arvind Fashion Private Limited ("TH India"). TH India licenses from a subsidiary of the Company the rights to the *TOMMY HILFIGER* trademarks in India for certain product categories. This investment is being accounted for under the equity method of accounting. Arvind, the Company's joint venture partner in PVH Ethiopia and CK India, is also the Company's joint venture partner in TH India.

The Company made payments of $2.7 million to TH India during 2017 to contribute its share of the joint venture funding.

TH Brazil

The Company acquired a 40% economic interest in a joint venture, Tommy Hilfiger do Brasil S.A. ("TH Brazil") in 2012. The Company acquired an approximately 1% additional interest for $0.3 million in 2017, increasing its economic interest in TH Brazil to approximately 41%. TH Brazil licenses from a subsidiary of the Company the rights to the *TOMMY HILFIGER* trademarks in Brazil for certain product categories. This investment is being accounted for under the equity method of accounting.

The Company made payments of $2.5 million to TH Brazil during 2017 to contribute its share of the joint venture funding.

The Company issued a note receivable to TH Brazil in 2016 for $12.5 million, of which $6.2 million was repaid in 2016 and the remaining balance, including accrued interest, was repaid in 2017.

PVH Mexico

The Company and Grupo Axo, S.A.P.I. de C.V. formed a joint venture ("PVH Mexico") in 2016 in which the Company owns a 49% economic interest. PVH Mexico licenses from certain subsidiaries of the Company the rights to distribute and sell certain *TOMMY HILFIGER*, *CALVIN KLEIN*, *Warner's*, *Olga* and *Speedo* brand products in Mexico. This investment is being accounted for under the equity method of accounting.

The Company received dividends of $7.2 million from PVH Mexico during 2019.

Karl Lagerfeld

The Company owns an economic interest of approximately 8% in Karl Lagerfeld Holding B.V. ("Karl Lagerfeld"). The Company is deemed to have significant influence with respect to this investment, which is being accounted for under the equity method of accounting.

7. 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 manufacturing facility began operations in 2017.

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 February 2, 2020 was $(2.0) 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 2019 of $2.2 million.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by segment (please see Note 21, "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 4, 2018							
Goodwill, gross	$ 780.2	$ 942.0	$ 204.4	$ 1,661.6	$ 246.5	$ 11.9	$3,846.6
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	780.2	942.0	204.4	1,661.6	246.5	—	3,834.7
Contingent purchase price payments to Mr. Calvin Klein	1.0	0.7	—	—	—	—	1.7
Currency translation	(0.9)	(33.2)	—	(131.8)	—	—	(165.9)
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	—	9.1	—	56.8	—	—	65.9
TH CSAP acquisition	—	—	—	63.9	—	—	63.9
Reclassification of goodwill to assets held for sale	—	—	—	—	(48.1)	—	(48.1)
Currency translation	0.1	(22.5)	—	(52.2)	—	—	(74.6)
Balance as of February 2, 2020							
Goodwill, gross	780.4	896.1	204.4	1,598.3	198.4	11.9	3,689.5
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	$ 780.4	$ 896.1	$ 204.4	$ 1,598.3	$ 198.4	$ —	$3,677.6

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 reclassified $48.1 million of goodwill to assets held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020 in connection with the Speedo transaction. Please see Note 4, "Assets Held For Sale," for further discussion.

The Company was required to make contingent purchase price payments to Mr. Calvin Klein in connection with the Company's acquisition of all of the issued and outstanding stock of Calvin Klein, Inc. and certain affiliated companies. Such payments were 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 and were required to be made 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 the Company and its licensees and other partners to retailers. All payments due to Mr. Klein under the agreement have been made.

The Company's other intangible assets consisted of the following:

	2019			2018		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Customer relationships [1][2]	$ 289.9	$ (189.2)	$ 100.7	$ 307.4	$ (186.1)	$ 121.3
Reacquired license rights	502.5	(161.9)	340.6	523.8	(154.4)	369.4
Total intangible assets subject to amortization	792.4	(351.1)	441.3	831.2	(340.5)	490.7
Indefinite-lived intangible assets:						
Tradenames	2,830.2	—	2,830.2	2,863.7	—	2,863.7
Perpetual license right [2]	—	—	—	203.8	—	203.8
Reacquired perpetual license rights [1]	209.2	—	209.2	11.0	—	11.0
Total indefinite-lived intangible assets	3,039.4	—	3,039.4	3,078.5	—	3,078.5
Total other intangible assets	$ 3,831.8	$ (351.1)	$ 3,480.7	$ 3,909.7	$ (340.5)	$ 3,569.2

The gross carrying amount and accumulated amortization of certain intangible assets include the impact of changes in foreign currency exchange rates.

(1) The change from February 3, 2019 to February 2, 2020 included intangible assets recorded in connection with the Australia acquisition. The intangible assets as of the acquisition date included reacquired perpetual license rights of $204.9 million, which are indefinite-lived, and customer relationships of $17.0 million, which are being amortized on a straight-line basis over 10.0 years, both of which were subject to exchange rate fluctuations after the acquisition date.

(2) The change from February 3, 2019 to February 2, 2020 included the intangible assets of the Company's Speedo North America business, consisting of customer relationships of $7.9 million and a perpetual license right of $203.8 million. The Company recorded a $116.4 million noncash impairment charge related to the Speedo perpetual license right in the fourth quarter of 2019 in connection with the Speedo transaction. The remaining perpetual license right of $87.4 million and the customer relationships of $7.9 million were reclassified to assets held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020. Please see Note 4, "Assets Held For Sale," for further discussion.

Amortization expense related to the Company's intangible assets subject to amortization was $39.7 million and $62.8 million for 2019 and 2018, respectively. The decrease is primarily related to the reacquired license rights recorded in connection with the acquisition of the 55% ownership interests in the Company's former joint venture for *TOMMY HILFIGER* in China that it did not already own (the "TH China acquisition"), which became fully amortized in 2018.

Assuming constant foreign currency exchange rates and no change in the gross carrying amount of the intangible assets, amortization expense for the next five years related to the Company's intangible assets subject to amortization as of February 2, 2020 is expected to be as follows:

(In millions)

Fiscal Year		Amount
2020	$	36.8
2021		36.6
2022		34.3
2023		24.0
2024		23.6

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 no borrowings outstanding under these facilities as of February 2, 2020. The maximum amount of revolving borrowings outstanding under these facilities during 2019 was $378.4 million. The Company had $7.8 million outstanding under its prior senior secured credit facilities as of February 3, 2019 as discussed in the section entitled "2016 Senior Secured Credit Facilities" below. The weighted average interest rate on the funds borrowed as of February 3, 2019 was 4.45%.

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, which now include a facility in Australia as a result of the Australia acquisition, provided for borrowings of up to $132.0 million based on exchange rates in effect on February 2, 2020 and are utilized primarily to fund working capital needs. The Company had $49.6 million and $5.1 million outstanding under these facilities as of February 2, 2020 and February 3, 2019, respectively. The $49.6 million of borrowings outstanding as of February 2, 2020 included borrowings under the facility in Australia. The weighted average interest rate on funds borrowed as of February 2, 2020 and February 3, 2019 was 2.56% and 0.21%, respectively. The maximum amount of borrowings outstanding under these facilities during 2019 was $99.5 million.

Commercial Paper

The Company established on November 5, 2019 an unsecured commercial paper note program in the United States primarily to fund working capital needs. The program enables the Company to issue, from time to time, unsecured commercial paper notes with maturities that vary but do not exceed 397 days from the date of issuance. The Company had no borrowings outstanding under the commercial paper note program as of February 2, 2020. The maximum amount of borrowings outstanding under the program during 2019 was $370.0 million.

The commercial paper program allows for borrowings of up to $675.0 million to the extent that the Company has borrowing capacity under its United States dollar-denominated revolving credit facility, as discussed in the section entitled "2019 Senior Unsecured Credit Facilities" below. Accordingly, the combined aggregate amount of (i) borrowings outstanding under the commercial paper note program and (ii) the revolving borrowings outstanding under the United States dollar-denominated revolving credit facility at any one time cannot exceed $675.0 million. The maximum aggregate amount of borrowings outstanding under the commercial paper program and the United States dollar-denominated revolving credit facility during 2019 was $567.0 million, which reflects a brief period of higher aggregate borrowings at the time that the Company launched the commercial paper program.

Long-Term Debt

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

(In millions)	2019	2018
Senior unsecured Term Loan A facilities due 2024 [(1)(2)]	$ 1,569.5	$ —
Senior secured Term Loan A facility due 2021	—	1,643.8
7 3/4% debentures due 2023	99.7	99.6
3 5/8% senior unsecured euro notes due 2024 [(2)]	382.9	396.5
3 1/8% senior unsecured euro notes due 2027 [(2)]	655.6	679.5
Total	2,707.7	2,819.4
Less: Current portion of long-term debt	13.8	—
Long-term debt	$ 2,693.9	$ 2,819.4

(1) The outstanding principal balance for the United States dollar-denominated Term Loan A facility and the euro-denominated Term Loan A facility was $1,029.6 million and €493.8 million, respectively, as of February 2, 2020.

(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 February 2, 2020 and February 3, 2019.

As of February 2, 2020, the Company's mandatory long-term debt repayments for the next five years were as follows:

(In millions)

Fiscal Year	Amount [(1)]
2020	13.8
2021	39.0
2022	102.9
2023	223.4
2024	1,682.9

(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 next five years 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 February 2, 2020 because the carrying amount reflects the unamortized portions of debt issuance costs and the original issue discounts.

As of February 2, 2020, 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 55% 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 $1,569.5 million, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities and $20.3 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of February 2, 2020. The Company had no borrowings outstanding under the senior unsecured revolving credit facilities as of February 2, 2020.

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 ended 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 $70.6 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 2019. The Company made payments of $150.0 million and $250.0 million during 2018 and 2017, respectively, 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 1.375% for adjusted Eurocurrency rate loans and 0.375% 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 2019, 2018 and 2017:

(Dollars in millions)

Designation Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of February 2, 2020	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	126.6	2.8645%	February 2021
October 2018	February 2019	115.7	103.3	2.9975%	February 2021
June 2018	August 2018	50.0	50.0	2.6825%	February 2021
June 2017	February 2018	306.5	56.5	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.

4 1/2% Senior Notes Due 2022

The Company had outstanding $700.0 million principal amount of 4 1/2% senior notes due December 15, 2022. The Company redeemed these notes on January 5, 2018 in connection with the issuance of €600.0 million euro-denominated principal amount of 3 1/8% senior notes due December 15, 2027, as discussed below. The Company paid a premium of $15.8 million to the holders of these notes in connection with the redemption and recorded debt extinguishment costs of $8.1 million to write-off previously capitalized debt issuance costs associated with these notes during 2017.

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%. Pursuant to the indenture governing the debentures, the Company must maintain a certain level of stockholders' equity in order to pay cash dividends and make other restricted payments, as defined in the indenture governing the debentures. The debentures are not redeemable at the Company's option prior to maturity.

The 7 3/4% debentures due 2023 include a "negative lien" covenant that generally requires the debentures to be secured on an equal and ratable basis with secured indebtedness of the Company, as well as limits the Company's ability to engage in sale/leaseback transactions.

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.

The Company's ability to create liens on the Company's assets or engage in sale/leaseback transactions is restricted as set forth in the indenture governing the notes.

3 1/8% Euro Senior Notes Due 2027

The Company issued on December 21, 2017 €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 paid €8.7 million (approximately $10.3 million based on exchange rates in effect on the payment date) of fees during 2017 in connection with the issuance of these notes, which are amortized over the term of the notes. 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.

The Company's ability to create liens on the Company's assets or engage in sale/leaseback transactions is restricted as set forth in the indenture governing the notes.

As of February 2, 2020, the Company was in compliance with all applicable financial and non-financial covenants under its financing arrangements.

Interest paid was $108.3 million, $114.6 million and $120.2 million during 2019, 2018 and 2017, respectively.

10. INCOME TAXES

The domestic and foreign components of (loss) income before income taxes were as follows:

(In millions)	2019	2018	2017
Domestic	$ (441.2)	$ (5.3)	$ (102.0)
Foreign	885.2	780.9	612.2
Total	$ 444.0	$ 775.6	$ 510.2

The domestic loss before benefit for income taxes in 2019, 2018 and 2017 is primarily attributable to the domestic portion of certain charges incurred in 2019, 2018 and 2017. Please see Note 21, "Segment Data," for further discussion of these costs.

Taxes paid were $133.0 million, $138.4 million and $164.6 million in 2019, 2018 and 2017, respectively.

The provision (benefit) for income taxes attributable to income consisted of the following:

(In millions)	2019	2018	2017
Federal:			
Current	$ (30.4)	$ (30.5)	$ 51.7
Deferred	(52.6) [(1)]	(53.2) [(2)]	(198.3) [(2)]
State and local:			
Current	4.3	4.6	3.5
Deferred	(16.5)	9.6	(7.8)
Foreign:			
Current	127.9	170.2	143.5
Deferred	(3.8) [(1)]	(69.7) [(3)]	(18.5)
Total	$ 28.9	$ 31.0	$ (25.9)

(1) Includes a $27.8 million benefit related to the write-off of deferred tax liabilities in connection with the pre-tax noncash impairment of the Speedo perpetual license right, primarily in the United States. Please see Note 4, "Assets Held For Sale," for further discussion.

(2) Includes a $24.7 million benefit in 2018 and a $52.8 million benefit in 2017 related to the U.S. Tax Legislation.

(3) Includes a $41.1 million benefit related to the remeasurement of certain net deferred tax liabilities in connection with the enactment of legislation in the Netherlands known as the "2019 Dutch Tax Plan," which became effective on January 1, 2019 and includes a gradual reduction of the corporate income tax rate by 2021.

The provision (benefit) for income taxes for the years 2019, 2018 and 2017 was different from the amount computed by applying the statutory United States federal income tax rate to the underlying income as follows:

	2019	2018	2017
Statutory federal income tax rate [1]	21.0 %	21.0 %	33.7 %
State and local income taxes, net of federal income tax benefit	(2.4)%	0.5 %	(1.1)%
Effects of international jurisdictions, including foreign tax credits	(15.7)%	(9.5)%	(20.3)%
Change in estimates for uncertain tax positions	(11.8)% [2]	(3.7)%	(7.5)%
Change in valuation allowance	1.8 %	(5.3)% [3]	11.0 % [4]
One-time transition tax due to U.S. Tax Legislation	— %	— %	34.0 %
Remeasurement due to U.S. Tax Legislation	— %	0.2 %	(51.9)%
Tax on foreign earnings (U.S. Tax Legislation - GILTI and FDII)	10.0 %	1.9 %	— %
Tax on Speedo transaction basis difference	2.3 %	— %	— %
Excess tax benefits related to stock-based compensation	(0.2)%	(0.6)%	(2.8)% [5]
Other, net	1.5 %	(0.5)%	(0.2)%
Effective income tax rate	6.5 %	4.0 %	(5.1)%

(1) The United States statutory federal income tax rate changed from 35.0% to 21.0%, effective January 1, 2018, as a result of the U.S. Tax Legislation. The United States statutory federal income tax rate for 2017 is a blended rate of 33.7%.

(2) Includes the settlement of a multi-year audit from an international jurisdiction.

(3) Includes the release of a $26.3 million valuation allowance on the Company's foreign tax credits to adjust the provisional amount recorded in 2017 as a result of the U.S. Tax Legislation.

(4) Includes the recognition of a $38.5 million provisional valuation allowance on the Company's foreign tax credits as a result of the U.S. Tax Legislation.

(5) Includes an excess tax benefit from the exercise of stock options by the Company's Chairman and Chief Executive Officer.

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 in the Netherlands and Hong Kong SAR, where income tax rates, coupled with special rates levied on income from certain of the Company's jurisdictional activities, continue to be lower than the United States statutory income tax rate. The effects of international jurisdictions, including foreign tax credits, reflected in the above table for 2019, 2018 and 2017 included those taxes at statutory income tax rates and at special rates levied on income from certain jurisdictional activities. The Company expects to benefit from these special rates until 2022.

The U.S. Tax Legislation enacted on December 22, 2017 significantly revised the United States tax code by, among other things, (i) reducing the corporate income tax rate from 35.0% to 21.0%, effective January 1, 2018, (ii) imposing a one-time transition tax on earnings of foreign subsidiaries deemed to be repatriated, (iii) implementing a modified territorial tax system, (iv) introducing a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations (known as "GILTI") and a beneficial tax rate to be applied against foreign derived intangible income (known as "FDII") and (v) introducing a base erosion anti-abuse tax measure (known as "BEAT") that taxes certain payments between United States corporations and their subsidiaries.

The Company recorded a provisional net tax benefit of $52.8 million in the fourth quarter of 2017 in connection with the U.S. Tax Legislation, consisting of a $265.0 million benefit primarily from the remeasurement of the Company's net deferred tax liabilities to the lower United States corporate income tax rate, partially offset by a $38.5 million valuation allowance on the Company's foreign tax credits and a $173.7 million transition tax on undistributed post-1986 earnings and profits of foreign subsidiaries deemed to be repatriated.

The Company finalized its accounting related to the impacts of the U.S. Tax Legislation on the one-time transition tax liability, deferred taxes, valuation allowances, state tax considerations, and any remaining outside basis differences in the Company's foreign subsidiaries during 2018. The analysis resulted in the Company recording an additional net tax benefit of $24.7 million to adjust the provisional net tax benefit recorded in the fourth quarter of 2017 during the measurement period allowed by the Securities and Exchange Commission. The net tax benefit included the release of a $26.3 million valuation allowance on the Company's foreign tax credits, partially offset by a $1.6 million expense related to the remeasurement of the Company's net deferred tax liabilities.

The GILTI provisions of the U.S. Tax Legislation impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations for tax years beginning after December 31, 2017. The guidance indicated that companies must make a policy election to either record deferred taxes for basis differences expected to reverse as a result of the GILTI provisions in future years or treat any taxes on GILTI inclusions as period costs when incurred. The Company completed its analysis of the tax effects of the GILTI provisions in 2018 and elected to account for these tax effects as period costs when incurred.

The components of deferred income tax assets and liabilities were as follows:

(In millions)	2019	2018
Gross deferred tax assets		
Tax loss and credit carryforwards	$ 232.5	$ 230.1
Operating lease liabilities	407.6	—
Employee compensation and benefits	110.9	83.1
Inventories	39.7	26.8
Accounts receivable	20.3	17.1
Accrued expenses	26.5	30.2
Other, net	—	13.8
Subtotal	837.5	401.1
Valuation allowances	(69.8)	(62.6)
Total gross deferred tax assets, net of valuation allowances	$ 767.7	$ 338.5
Gross deferred tax liabilities		
Intangibles	$ (860.6)	$ (825.3)
Operating lease right-of-use assets	(357.2)	—
Property, plant and equipment	(46.2)	(33.6)
Derivative financial instruments	(12.8)	(4.3)
Other, net	(8.7)	—
Total gross deferred tax liabilities	$ (1,285.5)	$ (863.2)
Net deferred tax liability	$ (517.8)	$ (524.7)

At the end of 2019, the Company had on a tax-effected basis approximately $238.9 million of net operating loss and tax credit carryforwards available to offset future taxable income in various jurisdictions. This included net operating loss carryforwards of approximately $2.8 million and $47.1 million for federal and various state and local jurisdictions, respectively, and $15.5 million for various foreign jurisdictions. The Company also had federal and state tax credit and other carryforwards of $173.5 million. The carryforwards expire principally between 2020 and 2039.

Prior to the enactment of the U.S. Tax Legislation, the Company's undistributed foreign earnings were considered permanently reinvested and, as such, United States federal and state income taxes were not previously recorded on these earnings. As a result of the U.S. Tax Legislation, substantially all of the Company's earnings in foreign subsidiaries generated prior to the enactment of the U.S. Tax Legislation were deemed to have been repatriated and, as a result, the Company recorded a one-time transition tax of $173.7 million in 2017. The Company's intent is to reinvest indefinitely substantially all of its foreign earnings outside of the United States. However, if the Company decides at a later date to repatriate these earnings to the United States, the Company 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.

Uncertain tax positions activity for each of the last three years was as follows:

(In millions)	2019	2018	2017
Balance at beginning of year	$ 248.3	$ 297.1	$ 245.6
Increases related to prior year tax positions	7.7	13.9	15.4
Decreases related to prior year tax positions	(15.8)	(24.9)	(10.3)
Increases related to current year tax positions	18.2	25.5	79.7
Lapses in statute of limitations	(36.0)	(54.7)	(46.3)
Effects of foreign currency translation	(2.5)	(8.6)	13.0
Balance at end of year	$ 219.9	$ 248.3	$ 297.1

The entire amount of uncertain tax positions as of February 2, 2020, if recognized, would reduce the future effective tax rate under current accounting guidance.

Interest and penalties related to uncertain tax positions are recorded in the Company's income tax provision. Interest and penalties recognized in the Company's Consolidated Income Statements for 2019, 2018 and 2017 totaled a benefit of $15.0 million, an expense of $12.1 million and an expense of $0.9 million, respectively. Interest and penalties accrued in the Company's Consolidated Balance Sheets as of February 2, 2020 and February 3, 2019 totaled $25.2 million and $44.1 million, respectively. The Company recorded its liabilities for uncertain tax positions principally in accrued expenses and other liabilities in its Consolidated Balance Sheets.

The Company files income tax returns in the United States and in various foreign, state and local jurisdictions. Most examinations have been completed by tax authorities or the statute of limitations has expired for United States federal, foreign, state and local income tax returns filed by the Company for years through 2006. It is reasonably possible that a reduction of uncertain tax positions in a range of $20.0 million to $40.0 million may occur within 12 months of February 2, 2020.

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 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 $1,178.6 million and $1,038.5 million, respectively, as of February 2, 2020 and $1,098.3 million and $1,076.0 million, respectively, as of February 3, 2019. 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.

In addition, the Company has exposure to changes in foreign currency exchange rates related to the translation of the earnings of its subsidiaries denominated in a currency other than the United States dollar. To hedge against a portion of this exposure, the Company entered into several foreign currency option contracts during 2017. These contracts represented the Company's purchase of euro put/United States dollar call options and Chinese yuan renminbi put/United States dollar call options. All foreign currency option contracts expired in 2017.

The Company's foreign currency option contracts were also undesignated contracts. As such, the changes in the fair value of these foreign currency option contracts were immediately recognized in earnings.

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			
	2019		2018		2019		2018	
	Other Current Assets	Other Assets	Other Current Assets	Other Assets	Accrued Expenses	Other Liabilities	Accrued Expenses	Other Liabilities
Contracts designated as cash flow hedges:								
Foreign currency forward exchange contracts (inventory purchases)	$ 21.4	$ 0.4	$ 24.0	$ 0.7	$ 1.2	$ 0.1	$ 3.5	$ 0.7
Interest rate swap agreements	0.1	—	1.4	—	5.5	0.4	1.2	1.6
Total contracts designated as cash flow hedges	21.5	0.4	25.4	0.7	6.7	0.5	4.7	2.3
Undesignated contracts:								
Foreign currency forward exchange contracts	1.5	—	0.1	—	0.9	—	2.0	—
Total	$ 23.0	$ 0.4	$ 25.5	$ 0.7	$ 7.6	$ 0.5	$ 6.7	$ 2.3

The notional amount outstanding of foreign currency forward exchange contracts was $1,308.1 million at February 2, 2020. Such contracts expire principally between February 2020 and June 2021.

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

(In millions)	Gain (Loss) Recognized in Other Comprehensive (Loss) Income		
	2019	2018	2017
Foreign currency forward exchange contracts (inventory purchases)	$ 22.4	$ 97.1	$ (122.0)
Interest rate swap agreements	(5.8)	(2.6)	3.2
Foreign currency borrowings (net investment hedges)	39.3	95.6	(99.5)
Total	$ 55.9	$ 190.1	$ (218.3)

	Amount of Gain (Loss) Reclassified from AOCL into Income (Expense), Consolidated Income Statement Location, and Total Amount of Consolidated Income Statement Line Item						
(In millions)	Amount Reclassified			Location	Total Income Statement Amount		
	2019	2018	2017		2019	2018	2017
Foreign currency forward exchange contracts (inventory purchases)	$ 23.1	$ (11.6)	$ (13.6)	Cost of goods sold	$ 4,520.6	$ 4,348.5	$ 4,020.4
Interest rate swap agreements	(1.4)	1.1	(6.2)	Interest expense	120.0	120.8	128.5
Total	$ 21.7	$ (10.5)	$ (19.8)				

A net gain in AOCL on foreign currency forward exchange contracts at February 2, 2020 of $29.5 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 February 2, 2020 of $5.4 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:

	Gain (Loss) Recognized in Income (Expense)		
(In millions)	2019	2018	2017
Foreign currency forward exchange contracts	$ 3.4	$ (1.5)	$ (4.6)
Foreign currency option contracts	—	—	(4.3)

The Company had no derivative financial instruments with credit risk-related contingent features underlying the related contracts as of February 2, 2020.

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:

(In millions)	2019				2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Foreign currency forward exchange contracts	N/A	$ 23.3	N/A	$ 23.3	N/A	$ 24.8	N/A	$ 24.8
Interest rate swap agreements	N/A	0.1	N/A	0.1	N/A	1.4	N/A	1.4
Total Assets	N/A	$ 23.4	N/A	$ 23.4	N/A	$ 26.2	N/A	$ 26.2
Liabilities:								
Foreign currency forward exchange contracts	N/A	$ 2.2	N/A	$ 2.2	N/A	$ 6.2	N/A	$ 6.2
Interest rate swap agreements	N/A	5.9	N/A	5.9	N/A	2.8	N/A	2.8
Total Liabilities	N/A	$ 8.1	N/A	$ 8.1	N/A	$ 9.0	N/A	$ 9.0

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 table shows the fair values 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, property, plant and equipment, and other intangible assets) during 2019, 2018 and 2017, and the total impairments recorded as a result of the remeasurement process:

(In millions)	Fair Value Measurement Using			Fair Value As Of Impairment Date	Total Impairments
2019	Level 1	Level 2	Level 3		
Operating lease right-of-use assets	N/A	N/A	$ 14.5	$ 14.5	$ 83.0
Property, plant and equipment, net	N/A	N/A	—	—	26.9
Other intangible assets, net	N/A	N/A	87.4	87.4	116.4
2018					
Property, plant and equipment, net	N/A	N/A	0.6	0.6	17.9
2017					
Property, plant and equipment, net	N/A	N/A	0.6	0.6	7.5

Operating lease right-of-use assets with a carrying amount of $97.5 million were written down to a fair value of $14.5 million during 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 18, "Exit Activity Costs"). Please see Note 18 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 $26.9 million was written down to a fair value of zero during 2019 primarily 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 and shop-in-shops, including certain *CALVIN KLEIN* stores affected by the realignment of the Calvin Klein creative direction globally. Please see Note 18, "Exit Activity Costs," for further discussion of the Calvin Klein restructuring costs. The 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 Company's perpetual license right for the *Speedo* trademark with a carrying amount of $203.8 million was written down to a fair value of $87.4 million in the fourth quarter of 2019 in connection with the Speedo transaction. Please see Note 4, "Assets Held For Sale," for further discussion.

The $226.3 million of impairment charges in 2019 was recorded in the Company's Consolidated Income Statement, of which $109.9 million was included in SG&A expenses and $116.4 million was included in other noncash loss, net. The $226.3 million of impairment charges was recorded to the Company's segments as follows: $118.6 million in the Heritage Brands Wholesale segment, $50.0 million in the Tommy Hilfiger North America segment, $37.4 million in the Calvin Klein North America segment, $13.1 million in the Calvin Klein International segment, $4.0 million in the Tommy Hilfiger International segment, $0.1 million in the Heritage Brands Retail segment and $3.1 million was recorded in corporate expenses not allocated to any reportable segments.

Property, plant and equipment with a carrying amount of $18.5 million was written down to a fair value of $0.6 million during 2018 in connection with the financial performance in certain of the Company's retail stores and shop-in-shops, and the closure of the *CALVIN KLEIN 205 W39 NYC* brand. Please see Note 18, "Exit Activity Costs," for further discussion. Fair value of the Company's retail stores and shop-in-shops was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions. The $17.9 million impairment charge was included in SG&A expenses, of which $8.5 million was recorded in the Calvin Klein International segment, $5.1 million was recorded in the Calvin Klein North America segment, $2.5 million was recorded in the Heritage Brands Wholesale segment,

$1.6 million was recorded in the Tommy Hilfiger International segment and $0.2 million was recorded in the Tommy Hilfiger North America segment.

Property, plant and equipment with a carrying amount of $8.1 million was written down to a fair value of $0.6 million during 2017 in connection with the financial performance in certain of the Company's retail stores. Fair value was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions. The $7.5 million impairment charge was included in SG&A expenses, of which $3.4 million was recorded in the Calvin Klein International segment, $1.9 million was recorded in the Tommy Hilfiger International segment, $1.8 million was recorded in the Calvin Klein North America segment and $0.4 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:

(In millions)	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 503.4	$ 503.4	$ 452.0	$ 452.0
Short-term borrowings	49.6	49.6	12.8	12.8
Long-term debt (including portion classified as current)	2,707.7	2,869.7	2,819.4	2,853.7

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 year. 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. RETIREMENT AND BENEFIT PLANS

The Company, as of February 2, 2020, 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 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."

Reconciliations of the changes in the projected benefit obligation (Pension Plans and SERP Plans) and the accumulated benefit obligation (Postretirement Plans) were as follows:

	Pension Plans		SERP Plans		Postretirement Plans	
(In millions)	2019	2018	2019	2018	2019	2018
Balance at beginning of year	$ 651.0	$ 648.0	$ 99.2	$ 96.9	$ 8.4	$ 10.5
Service cost, net of plan expenses	31.2	31.4	5.8	5.8	—	—
Interest cost	27.9	26.0	4.3	3.9	0.3	0.4
Benefit payments	(29.2)	(26.0)	(7.9)	(6.1)	—	—
Benefit payments, net of retiree contributions	—	—	—	—	(1.0)	(1.4)
Actuarial loss (gain)	149.2	(28.4)	23.1	(1.3)	0.5	(1.1)
Balance at end of year	$ 830.1	$ 651.0	$ 124.5	$ 99.2	$ 8.2	$ 8.4

The actuarial losses in 2019 were due principally to decreases in the discount rates. The actuarial gains in 2018 were due principally to increases in the discount rates.

Reconciliations of the fair value of the assets held by the Pension Plans and the funded status were as follows:

(In millions)	2019	2018
Fair value of plan assets at beginning of year	$ 636.8	$ 660.6
Actual return, net of plan expenses	112.9	(7.8)
Benefit payments	(29.2)	(26.0)
Company contributions	0.7	10.0
Fair value of plan assets at end of year	$ 721.2	$ 636.8
Funded status at end of year	$ (108.9)	$ (14.2)

Amounts recognized in the Company’s Consolidated Balance Sheets were as follows:

	Pension Plans		SERP Plans		Postretirement Plans	
(In millions)	2019	2018	2019	2018	2019	2018
Non-current assets	$ 1.7	$ 1.8	$ —	$ —	$ —	$ —
Current liabilities	—	—	(9.3)	(7.4)	(1.1)	(1.1)
Non-current liabilities	(110.6)	(16.0)	(115.2)	(91.8)	(7.1)	(7.3)
Net amount recognized	$ (108.9)	$ (14.2)	$ (124.5)	$ (99.2)	$ (8.2)	$ (8.4)

The components of net benefit cost recognized were as follows:

(In millions)	Pension Plans 2019	Pension Plans 2018	Pension Plans 2017	SERP Plans 2019	SERP Plans 2018	SERP Plans 2017	Postretirement Plans 2019	Postretirement Plans 2018	Postretirement Plans 2017
Service cost	$ 33.5	$ 33.7	$ 27.3	$ 5.8	$ 5.8	$ 4.5	$ —	$ —	$ —
Interest cost	27.9	26.0	25.7	4.3	3.9	3.8	0.3	0.4	0.4
Actuarial loss (gain)	74.2	17.4	(3.9)	23.1	(1.3)	6.1	0.5	(1.1)	0.3
Expected return on plan assets	(40.3)	(40.3)	(38.6)	—	—	—	—	—	—
Amortization of prior service cost	—	0.1	0.1	—	—	—	—	—	—
Curtailment gain	—	—	(0.3)	—	—	—	—	—	—
Settlement loss	—	—	9.4	—	—	—	—	—	—
Total	$ 95.3	$ 36.9	$ 19.7	$ 33.2	$ 8.4	$ 14.4	$ 0.8	$ (0.7)	$ 0.7

The service cost component of net benefit cost is recorded in SG&A expenses and the other components of net benefit cost are recorded in non-service related pension and postretirement cost in the Company's Consolidated Income Statements.

The actuarial losses in 2019 were due principally to decreases in the discount rates. For the Pension Plans, these losses were partially offset by an actuarial gain as a result of the difference between the actual and expected returns on plan assets.

In 2017, the Company completed the purchase of a group annuity using assets from the Pension Plans. Under the group annuity, the accrued pension obligations for approximately 4,000 retiree participants who had deferred vested benefits under the Pension Plans were transferred to an insurer. As a result, the Company recognized a loss of $9.4 million, which was recorded in non-service related pension and postretirement cost in the Company's Consolidated Income Statement for 2017. The amount of the pension benefit obligation settled was $65.3 million.

Amortization of prior service cost recognized in other comprehensive (loss) income for Pension Plans, SERP Plans, and Postretirement Plans was immaterial during 2019, 2018 and 2017.

Pre-tax amounts in AOCL that had not yet been recognized as components of net benefit cost in the Pension Plans, SERP Plans and Postretirement Plans were immaterial as of February 2, 2020 and February 3, 2019.

Pre-tax amounts in AOCL as of February 2, 2020 expected to be recognized as components of net benefit cost in 2020 in the Pension Plans, SERP Plans and Postretirement Plans were immaterial.

The accumulated benefit obligation (Pension Plans and SERP Plans) were as follows:

(In millions)	Pension Plans 2019	Pension Plans 2018	SERP Plans 2019	SERP Plans 2018
Accumulated benefit obligation	$ 751.3	$ 598.9	$ 99.9	$ 81.5

In 2019, three of the Company's Pension Plans had projected benefit obligations and accumulated benefit obligations in excess of plan assets. In 2018, three of the Company's Pension Plans had projected benefit obligations in excess of plan assets and two of the Company's Pension Plans had accumulated benefit obligations in excess of plan assets. The balances were as follows:

(In millions, except plan count)	2019	2018
Number of plans with projected benefit obligations in excess of plan assets	3	3
Aggregate projected benefit obligation	$ 811.9	$ 634.7
Aggregate fair value of related plan assets	$ 701.3	$ 618.8
Number of plans with accumulated benefit obligations in excess of plan assets	3	2
Aggregate accumulated benefit obligation	$ 733.3	$ 38.5
Aggregate fair value of related plan assets	$ 701.3	$ 38.0

In 2019 and 2018, all of the Company's SERP Plans had projected benefit obligations and accumulated benefit obligations in excess of plan assets as the plans are unfunded.

Significant weighted average rate assumptions used in determining the projected and accumulated benefit obligations at the end of each year and benefit cost in the following year were as follows:

	2019	2018	2017
Discount rate (applies to Pension Plans and SERP Plans)	3.15%	4.35%	4.08%
Discount rate (applies to Postretirement Plans)	2.70%	4.16%	3.91%
Rate of increase in compensation levels (applies to Pension Plans)	4.23%	4.24%	4.24%
Expected long-term rate of return on assets (applies to Pension Plans)	6.25%	6.50%	6.25%

To develop the expected long-term rate of return on assets assumption, the Company considered the historical level of the risk premium associated with the asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation.

The assets of the Pension Plans are invested with the objective of being able to meet current and future benefit payment needs, while managing future contributions. The investment policy aims to earn a reasonable rate of return while minimizing the risk of large losses. Assets are diversified by asset class in order to reduce volatility of overall results from year to year and to take advantage of various investment opportunities. The assets of the Pension Plans are diversified among United States equities, international equities, fixed income investments and cash. The strategic target allocation for the majority of the Pension Plans as of February 2, 2020 was approximately 40% United States equities, 20% international equities and 40% fixed income investments and cash. Equity securities primarily include investments in large-, mid- and small-cap companies located in the United States and abroad. Fixed income securities include corporate bonds of companies from diversified industries, municipal bonds, collective funds and United States Treasury bonds. Actual investment allocations may vary from the Company's target investment allocations due to prevailing market conditions.

In accordance with the fair value hierarchy described in Note 12, "Fair Value Measurements," the following tables show the fair value of the total assets of the Pension Plans for each major category as of February 2, 2020 and February 3, 2019:

(In millions)		Fair Value Measurements as of February 2, 2020[1]		
Asset Category	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities:				
United States equities[2]	$ 182.2	$ 182.2	$ —	$ —
International equities[2]	10.7	10.7	—	—
United States equity fund[3]	66.3	—	66.3	—
International equity funds[4]	135.1	65.4	69.7	—
Fixed income securities:				
Government securities[5]	74.0	—	74.0	—
Corporate securities[5]	225.9	—	225.9	—
Short-term investment funds[6]	18.6	—	18.6	—
Total return mutual fund[7]	6.9	6.9	—	—
Subtotal	$ 719.7	$ 265.2	$ 454.5	$ —
Other assets and liabilities[8]	1.5			
Total	$ 721.2			

(In millions)		Fair Value Measurements as of February 3, 2019[1]		
Asset Category	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities:				
United States equities[2]	$ 170.9	$ 170.9	$ —	$ —
International equities[2]	12.2	12.2	—	—
United States equity fund[3]	58.9	—	58.9	—
International equity funds[4]	126.5	60.3	66.2	—
Fixed income securities:				
Government securities[5]	70.3	—	70.3	—
Corporate securities[5]	173.7	—	173.7	—
Short-term investment funds[6]	16.7	—	16.7	—
Total return mutual fund[7]	6.3	6.3	—	—
Subtotal	$ 635.5	$ 249.7	$ 385.8	$ —
Other assets and liabilities[8]	1.3			
Total	$ 636.8			

(1) The Company uses third party pricing services to determine the fair values of the financial instruments held by the pension plans. The Company obtains an understanding of the pricing services' valuation methodologies and related inputs and validates a sample of prices by reviewing prices from other sources. The Company has not adjusted any prices received from the third party pricing services.

(2) Valued at the closing price or unadjusted quoted price in the active market in which the individual securities are traded.

(3) Valued at the net asset value of the fund, as determined by a pricing vendor or the fund family. The Company has the ability to redeem this investment at net asset value within the near term and therefore classifies this investment within Level 2. This commingled fund invests in United States large cap equities that track the Russell 1000 Index.

(4) Valued at the net asset value of the fund, either as determined by the closing price in the active market in which the individual fund is traded and classified within Level 1, or as determined by a pricing vendor or the fund family and classified within Level 2. This category includes funds that invest in equities of companies outside of the United States.

(5) Valued with bid evaluation pricing where the inputs are based on actual trades in active markets, when available, as well as observable market inputs that include actual and comparable trade data, market benchmarks, broker quotes, trading spreads and/or other applicable data.

(6) Valued at the net asset value of the funds, as determined by a pricing vendor or the fund family. The Company has the ability to redeem these investments at net asset value within the near term and therefore classifies these investments within Level 2. These funds invest in high-grade, short-term, money market instruments.

(7) Valued at the net asset value of this fund, as determined by the closing price in the active market in which the individual fund is traded. This mutual fund invests in both equity securities and fixed income securities.

(8) This category includes other pension assets and liabilities such as pending trades and accrued income.

The Company believes that there are no significant concentrations of risk within the plan assets as of February 2, 2020.

Currently, the Company does not expect to make material contributions to the Pension Plans in 2020. 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. The expected benefit payments associated with the Pension Plans and SERP Plans, and expected benefit payments, net of retiree contributions, associated with the Postretirement Plans are as follows:

(In millions)

Fiscal Year	Pension Plans	SERP Plans	Postretirement Plans
2020	$ 37.2	$ 9.2	$ 1.0
2021	39.0	10.1	1.0
2022	41.1	13.3	0.9
2023	42.3	12.2	0.8
2024	44.2	10.0	0.7
2025-2029	240.6	59.1	2.7

A 1% change in the assumed medical health care cost trend rate for the Postretirement Plans would not have a material impact on the Company's net benefit cost for 2019 or the accumulated benefit obligation at February 2, 2020.

The Company has savings and retirement plans and a supplemental savings plan for the benefit of its eligible employees in the United States who elect to participate. The Company matches a portion of employee contributions to the plans. The Company also has defined contribution plans for certain employees associated with certain businesses acquired in the Tommy Hilfiger, Warnaco and Australia acquisitions, whereby the Company pays a percentage of the contribution for the employee. The Company's contributions to these plans were $29.9 million, $25.4 million and $22.1 million in 2019, 2018 and 2017, respectively.

14. 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 February 2, 2020, 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 February 2, 2020.

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. Total shares available for grant at February 2, 2020 amounted to 3.9 million shares.

Net income for 2019, 2018 and 2017 included $56.1 million, $56.2 million and $44.9 million, respectively, of pre-tax expense related to stock-based compensation, with related recognized income tax benefits of $6.9 million, $8.9 million and $8.8 million, respectively.

The Company adopted in 2017 an update to accounting guidance that simplifies several aspects of accounting for share-based payment award transactions, which resulted in the Company’s election to recognize forfeitures as they occur rather than continue to estimate expected forfeitures in determining compensation expense. This accounting change was applied on a modified retrospective basis and resulted in a cumulative-effect adjustment to decrease 2017 beginning retained earnings by $0.8 million, with an offsetting increase to additional paid in capital of $1.1 million and an increase to deferred tax assets of $0.3 million.

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 in 2019, 2018 and 2017 were $8.8 million, $13.2 million and $27.2 million, respectively. The tax benefits realized included discrete net excess tax benefits of $0.9 million, $4.9 million and $15.4 million recognized in the Company’s provision for income taxes during 2019, 2018 and 2017, 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 2019, 2018 and 2017 and the resulting weighted average grant date fair value per stock option:

	2019	2018	2017
Weighted average risk-free interest rate	2.15%	2.78%	2.10%
Weighted average expected stock option term (in years)	6.25	6.25	6.25
Weighted average Company volatility	29.88%	26.92%	29.46%
Expected annual dividends per share	$ 0.15	$ 0.15	$ 0.15
Weighted average grant date fair value per stock option	$ 37.14	$ 51.66	$ 33.50

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 year was as follows:

(In thousands, except years and per stock option data)	Stock Options	Weighted Average Exercise Price Per Stock Option	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at February 3, 2019	791	$ 107.81	6.1	$ 6,568
Granted	169	111.92		
Exercised	31	77.92		
Cancelled	27	119.83		
Outstanding at February 2, 2020	902	$ 109.25	5.9	$ 871
Exercisable at February 2, 2020	589	$ 106.11	4.7	$ 871

The aggregate grant date fair value of stock options granted during 2019, 2018 and 2017 was $6.3 million, $4.4 million and $4.8 million, respectively.

The aggregate grant date fair value of stock options that vested during 2019, 2018 and 2017 was $6.5 million, $6.5 million and $7.2 million, respectively.

The aggregate intrinsic value of stock options exercised during 2019, 2018 and 2017 was $1.3 million, $10.9 million and $56.9 million, respectively.

At February 2, 2020, there was $4.4 million of unrecognized pre-tax compensation expense related to non-vested stock options, which is expected to be recognized over a weighted average period of 1.8 years.

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 year 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	612	110.03
Vested	350	116.25
Cancelled	113	123.93
Non-vested at February 2, 2020	996	$ 117.28

The aggregate grant date fair value of RSUs granted during 2019, 2018 and 2017 was $67.3 million, $53.5 million and $46.0 million, respectively. The aggregate grant date fair value of RSUs vested during 2019, 2018 and 2017 was $40.7 million, $35.1 million and $28.7 million, respectively.

At February 2, 2020, there was $73.7 million of unrecognized pre-tax compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted average period of 1.8 years.

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 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 2019, 2018 and 2017 and the resulting weighted average grant date fair value per PSU:

	2019	2018	2017
Risk-free interest rate	2.13%	2.62%	1.49%
Expected Company volatility	30.25%	29.78%	31.29%
Expected annual dividends per share	$ 0.15	$ 0.15	$ 0.15
Weighted average grant date fair value per PSU	$ 119.46	$ 159.53	$ 96.81

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, 7.09% in 2018 and 12.67% in 2017 for the restriction of liquidity, which was calculated using the Chaffe model.

PSU activity for the year 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 February 2, 2020	181	$ 119.63

The aggregate grant date fair value of PSUs granted during 2019, 2018 and 2017 was $8.6 million, $7.0 million and $7.0 million, respectively. The aggregate grant date fair value of PSUs that vested during 2019 and 2018 was $6.7 million and $4.6 million, respectively. No PSUs vested in 2017. PSUs in the above table are subject to market conditions. As such, the non-vested PSUs are reflected at the target level, which is consistent with how expense will be recorded, regardless of the numbers of shares that will actually be earned.

At February 2, 2020, there was $2.4 million of unrecognized pre-tax compensation expense related to non-vested PSUs, which is expected to be recognized over a weighted average period of 2.1 years.

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 2019, 2018 and 2017, the Company purchased 3.4 million shares, 2.2 million shares and 2.2 million shares, respectively, of its common stock under the program in open market transactions for $325.0 million, $300.1 million and $250.4 million, respectively. As of February 2, 2020, the repurchased shares were held as treasury stock and $683.3 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. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in AOCL, net of related taxes, by component:

(In millions)	Foreign currency translation adjustments	Net unrealized and realized gain (loss) on effective cash flow hedges	Total
Balance at January 29, 2017	$ (737.7)	$ 26.9	$ (710.8)
Other comprehensive income (loss) before reclassifications	490.5 [1][2]	(116.0)	374.5
Less: Amounts reclassified from AOCL	—	(16.9)	(16.9)
Other comprehensive income (loss)	490.5	(99.1)	391.4
Impact of the U.S. Tax Legislation [4]	(2.2)	0.1	(2.1)
Balance at February 4, 2018	$ (249.4)	$ (72.1)	$ (321.5)
Other comprehensive (loss) income before reclassifications	(288.2) [1][3]	92.0	(196.2)
Less: Amounts reclassified from AOCL	—	(9.8)	(9.8)
Other comprehensive (loss) income	(288.2)	101.8	(186.4)
Balance at February 3, 2019	$ (537.6)	$ 29.7	$ (507.9)
Other comprehensive (loss) income before reclassifications	(128.1) [1][3]	15.9	(112.2)
Less: Amounts reclassified from AOCL	—	20.0	20.0
Other comprehensive loss	(128.1)	(4.1)	(132.2)
Balance at February 2, 2020	$ (665.7)	$ 25.6	$ (640.1)

(1) Foreign currency translation adjustments included a net gain (loss) on net investment hedges of $29.7 million, $73.1 million and $(70.8) million in 2019, 2018 and 2017, respectively.

(2) Favorable foreign currency translation adjustments were principally driven by a weakening of the United States dollar against the euro.

(3) Unfavorable foreign currency translation adjustments were principally driven by a strengthening of the United States dollar against the euro.

(4) The stranded tax effects resulting from the U.S. Tax Legislation were reclassified from AOCL to retained earnings as a result of the Company's early adoption of an update to accounting guidance in the fourth quarter of 2017. The amount of the reclassification was calculated based on the effect of the change in the United States federal corporate income tax rate on the gross deferred tax amounts at the date of the enactment of the U.S. Tax Legislation related to items that remained in AOCL at that time.

The following table presents reclassifications from AOCL to earnings:

(In millions)	Amount Reclassified from AOCL			Affected Line Item in the Company's Consolidated Income Statements
	2019	2018	2017	
Realized gain (loss) on effective cash flow hedges:				
Foreign currency forward exchange contracts (inventory purchases)	23.1	(11.6)	(13.6)	Cost of goods sold
Interest rate swap agreements	(1.4)	1.1	(6.2)	Interest expense
Less: Tax effect	1.7	(0.7)	(2.9)	Income tax expense (benefit)
Total, net of tax	$ 20.0	$ (9.8)	$ (16.9)	

17. LEASES

The Company leases approximately 1,830 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 in May 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 3, "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 is 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 were as follows:

(In millions)	Line Item in the Company's Consolidated Income Statement	2019
Finance lease cost:		
Amortization of right-of-use-assets	SG&A expenses (depreciation and amortization)	$ 5.3
Interest on lease liabilities	Interest expense	0.5
Total finance lease cost		5.8
Operating lease cost	SG&A expenses	459.5
Short-term lease cost	SG&A expenses	25.9
Variable lease cost	SG&A expenses	143.8
Less: sublease income	SG&A expenses	(0.4)
Total net lease cost		$ 634.6

Supplemental balance sheet information related to leases was as follows:

(In millions)	Line Item in the Company's Consolidated Balance Sheet	2019
Right-of-use assets:		
Operating lease	Operating lease right-of-use assets	$ 1,675.8
Finance lease	Property, plant and equipment, net	12.6
		$ 1,688.4
Current lease liabilities:		
Operating lease	Current portion of operating lease liabilities	$ 363.5
Finance lease	Accrued expenses	4.6
		$ 368.1
Other lease liabilities:		
Operating lease	Long-term portion of operating lease liabilities	$ 1,532.0
Finance lease	Other liabilities	9.9
		$ 1,541.9

Supplemental cash flow information related to leases was as follows:

(In millions)	2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 472.8
Operating cash flows from finance leases	0.5
Financing cash flows from finance leases	5.5
Non-cash transactions:	
Right-of-use assets obtained in exchange for new operating lease liabilities	441.3
Right-of-use assets obtained in exchange for new finance lease liabilities	3.6

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:

	2019
Weighted average remaining lease term (years):	
Operating leases	6.84
Finance leases	4.37
Weighted average discount rate:	
Operating leases	4.25%
Finance leases	3.11%

At February 2, 2020, the maturities of the Company's lease liabilities were as follows:

(In millions)	Finance Leases	Operating Leases	Total
2020	$ 5.1	$ 436.2	$ 441.3
2021	4.5	399.2	403.7
2022	2.5	323.5	326.0
2023	1.0	244.2	245.2
2024	0.5	187.1	187.6
Thereafter	2.3	622.5	624.8
Total lease payments	$ 15.9	$ 2,212.7	$ 2,228.6
Less: Interest	(1.4)	(317.2)	(318.6)
Total lease liabilities	$ 14.5	$ 1,895.5	$ 1,910.0

The Company's lease liabilities exclude $45.0 million of future lease payment obligations related to leases for two new warehouses and various retail store leases that were entered into but did not commence as of February 2, 2020. These leases commence between February 2020 and September 2020 with initial lease terms of five to ten years.

Disclosures Related to Periods Prior to Adoption of the New Lease Accounting Guidance

The Company adopted the update to accounting guidance related to leases in 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. As a result, disclosures related to periods prior to adoption are presented under the previous accounting guidance.

At February 3, 2019, minimum annual rental commitments under noncancelable leases were as follows:

(In millions)	Capital Leases	Operating Leases	Total
2019	$ 5.6	$ 402.4	$ 408.0
2020	4.4	371.9	376.3
2021	3.8	314.0	317.8
2022	1.8	255.0	256.8
2023	0.6	189.9	190.5
Thereafter	2.5	618.7	621.2
Total minimum lease payments	$ 18.7	$ 2,151.9	$ 2,170.6
Less: Amount representing interest	(2.2)		
Present value of net minimum capital lease payments	$ 16.5		

Aggregate future minimum rentals to be received under noncancelable capital and operating subleases were $0.6 million and $0.2 million, respectively, at February 3, 2019.

Rent expense was as follows:

(In millions)	2018	2017
Minimum	$ 465.3	$ 455.2
Percentage and other	128.6	103.0
Less: Sublease rental income	(1.4)	(1.8)
Total	$ 592.5	$ 556.4

The gross book value of assets under finance leases, which were classified within property, plant and equipment in the Company's Consolidated Balance Sheet, amounted to $37.0 million as of February 3, 2019. Accumulated amortization related to assets under finance leases amounted to $21.6 million as of February 3, 2019. The Company includes amortization of assets under finance leases in depreciation and amortization expense. The Company did not incur any expense in percentage rentals under finance leases during 2018 or 2017.

18. 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 2019 and 2018 as shown in the following table. All expected costs related to this restructuring were incurred by the end of 2019.

(In millions)	Costs Incurred During 2018	Costs Incurred During 2019	Cumulative Costs Incurred
Severance, termination benefits and other employee costs	$ 27.3	$ 25.6	$ 52.9
Long-lived asset impairments [1]	6.9	38.2	45.1
Contract termination and other costs	4.3	26.2	30.5
Inventory markdowns	2.2	12.9	15.1
Total	$ 40.7	$ 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 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 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 charges for severance, termination benefits and other employee costs, long-lived asset impairments and contract termination and other costs incurred during 2018, $18.9 million relate to SG&A expenses of the Calvin Klein North America segment and $19.6 million relate to SG&A expenses of the Calvin Klein International segment. The charges for inventory markdowns incurred during 2018 were recorded in cost of goods sold of the Company's Calvin Klein International segment. Please see Note 21, "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 2019 and 2018.

The liabilities at February 2, 2020 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 2019	Costs Paid During 2019	Liability at 2/2/20
Severance, termination benefits and other employee costs	$ 25.8	$ 25.6	$ 44.9	$ 6.5
Contract termination and other costs	2.3	26.2	27.3	1.2
Total	$ 28.1	$ 51.8	$ 72.2	$ 7.7

19. NET INCOME PER COMMON SHARE

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

(In millions, except per share data)	2019	2018	2017
Net income attributable to PVH Corp.	$ 417.3	$ 746.4	$ 537.8
Weighted average common shares outstanding for basic net income per common share	74.2	76.5	77.6
Weighted average impact of dilutive securities	0.4	0.8	1.0
Total shares for diluted net income per common share	74.6	77.3	78.6
Basic net income per common share attributable to PVH Corp.	$ 5.63	$ 9.75	$ 6.93
Diluted net income per common share attributable to PVH Corp.	$ 5.60	$ 9.65	$ 6.84

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

(In millions)	2019	2018	2017
Weighted average potentially dilutive securities	1.1	0.4	0.5

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 February 2, 2020, February 3, 2019 and February 4, 2018 and, therefore, were excluded from the calculation of diluted net income per common share for each applicable year. The maximum number of potentially dilutive shares that could be issued upon vesting for such awards was 0.3 million, 0.3 million and 0.1 million as of February 2, 2020, February 3, 2019 and February 4, 2018, respectively. These amounts were also excluded from the computation of weighted average potentially dilutive securities in the table above.

20. NONCASH INVESTING AND FINANCING TRANSACTIONS

Omitted from the Company's Consolidated Statement of Cash Flows for 2019 were capital expenditures related to property, plant and equipment of $39.5 million, which will not be paid until 2020. The Company paid $43.7 million in cash during 2019 related to property, plant and equipment that was acquired in 2018. This amount was omitted from the Company's Consolidated Statement of Cash Flows for 2018. The Company paid $41.9 million in cash during 2018 related to property, plant and equipment that was acquired in 2017. This amount was omitted from the Company's Consolidated Statement of Cash Flows for 2017.

The Company completed the Australia acquisition during 2019. Omitted from the Company's Consolidated Statement of Cash Flows for 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 investment balances. Subsequent to the acquisition, the Company recorded a loss of $8.6 million during 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 February 2, 2020. The liability was $33.8 million as of February 2, 2020 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 2019 and 2017 were $0.5 million and $1.5 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 periods.

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

Omitted from purchases of property, plant and equipment in the Company's Consolidated Statements of Cash Flows for 2018 and 2017 were $6.0 million and $3.6 million, respectively, of assets acquired through finance leases. Please see Note 17, "Leases," for supplemental noncash transactions information related to finance leases during 2019.

The Company completed the acquisition of the *Geoffrey Beene* tradename during 2018. Omitted from acquisitions, net of cash acquired in the Company's Consolidated Statement of Cash Flows for 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.

The Company recorded a loss of $8.1 million during 2017 to write-off previously capitalized debt issuance costs in connection with the early redemption of its 4 1/2% senior notes due 2022.

21. 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 and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate 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, concession locations and digital commerce sites in Europe, Asia (including the TH CSAP acquisition) and, since May 31, 2019, Australia, 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 3, "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 and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate 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 3, "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 (in stores and online), as well as 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) women's intimate apparel under the *Warner's, Olga* and *True&Co.* brand; and (iv) men's, women's and children's swimwear, pool and deck footwear, and swim-related products and accessories under the *Speedo* trademark. On January 9, 2020, the Company entered into a definitive agreement to sell its Speedo North America business to Pentland. The Speedo transaction is expected to close in the first quarter of 2020, subject to customary closing conditions. This segment also derives revenue from Company operated digital commerce sites in the United States for *Speedo*, *True&Co*., *Van Heusen*, and *IZOD*, as well as the Company's *styleBureau*.com site. In addition, since May 31, 2019, this segment 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 and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate 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 3, "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)	2019 [(1)]	2018 [(1)]	2017 [(1)]
Revenue – Tommy Hilfiger North America			
Net sales	$ 1,540.2	$ 1,574.3	$ 1,482.2
Royalty revenue	84.1	76.2	68.9
Advertising and other revenue	23.6	18.7	16.7
Total	1,647.9	1,669.2	1,567.8
Revenue – Tommy Hilfiger International			
Net sales	2,994.2	2,599.7	2,268.0
Royalty revenue	49.8	52.7	47.8
Advertising and other revenue	19.8	22.9	9.6
Total	3,063.8	2,675.3	2,325.4
Revenue – Calvin Klein North America			
Net sales	1,467.0	1,599.9	1,511.3
Royalty revenue	148.9	143.6	146.4
Advertising and other revenue	53.8	49.8	50.1
Total	1,669.7	1,793.3	1,707.8
Revenue – Calvin Klein International			
Net sales	1,896.7	1,827.9	1,645.0
Royalty revenue	74.1	78.9	80.0
Advertising and other revenue	27.3	31.1	28.8
Total	1,998.1	1,937.9	1,753.8
Revenue – Heritage Brands Wholesale			
Net sales	1,248.5	1,293.2	1,274.4
Royalty revenue	19.2	20.5	19.5
Advertising and other revenue	4.2	3.7	3.5
Total	1,271.9	1,317.4	1,297.4
Revenue – Heritage Brands Retail			
Net sales	253.4	259.2	258.5
Royalty revenue	3.8	4.0	3.7
Advertising and other revenue	0.4	0.5	0.4
Total	257.6	263.7	262.6
Total Revenue			
Net sales	9,400.0	9,154.2	8,439.4
Royalty revenue	379.9	375.9	366.3
Advertising and other revenue	129.1	126.7	109.1
Total[(2)]	$ 9,909.0	$ 9,656.8	$ 8,914.8

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

(2) No single customer accounted for more than 10% of the Company’s revenue in 2019, 2018 or 2017.

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

(In millions)	2019	2018	2017
Wholesale net sales	$ 5,066.9	$ 4,969.6	$ 4,504.3
Retail net sales	4,333.1	4,184.6	3,935.1
Net sales	9,400.0	9,154.2	8,439.4
Royalty revenue	379.9	375.9	366.3
Advertising and other revenue	129.1	126.7	109.1
Total	$ 9,909.0	$ 9,656.8	$ 8,914.8

The Company has not disclosed net sales by product category as it is impracticable to do so.

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

(In millions)	2019	(1)	2018	(1)	2017	(1)
Income before interest and taxes – Tommy Hilfiger North America	$ 93.5	(3)(4)	$ 233.8		$ 97.0	(12)(13)(14)
Income before interest and taxes – Tommy Hilfiger International	468.2	(5)	377.1	(10)	221.5	(10)(12)(13)
Income before interest and taxes – Calvin Klein North America	99.8	(3)(6)	166.7	(11)	184.0	
Income before interest and taxes – Calvin Klein International	153.3	(3)(5)(6)	211.5	(11)	226.5	
(Loss) Income before interest and taxes – Heritage Brands Wholesale	(84.9)	(5)(7)	83.3		96.7	
Income before interest and taxes – Heritage Brands Retail	3.0		7.4		7.6	
Loss before interest and taxes – Corporate[2]	(174.2)	(5)(8)(9)	(188.1)		(200.9)	(15)(16)
Income before interest and taxes	$ 558.7		$ 891.7		$ 632.4	

(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, and the results of PVH Ethiopia. Corporate expenses represent overhead operating expenses and include expenses for senior corporate management, corporate finance, information technology related to corporate infrastructure, certain digital investments, certain corporate responsibility initiatives, actuarial gains and losses on the Company's Pension Plans, SERP Plans and Postretirement Plans, and gains and losses from changes in the fair value of foreign currency option contracts. Actuarial losses on the Company's Pension Plans, SERP Plans and Postretirement Plans totaled $97.8 million, $15.0 million and $2.5 million in 2019, 2018 and 2017, respectively.

(3) Income before interest and taxes for 2019 included costs of $59.8 million in connection with agreements the Company entered into in 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 order to consolidate the socks and hosiery businesses for all Company brands in North America in a newly formed joint venture, PVH Legwear, 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.

(4) Income before interest and taxes for 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.

(5) Income (loss) before interest and taxes for 2019 included costs of $19.3 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: $11.1 million in Tommy Hilfiger International, $6.0 million in Calvin Klein International, $1.8 million in Heritage Brands Wholesale and $2.5 million in corporate expenses not allocated to any reportable segments. Please see Note 3, "Acquisitions," for further discussion.

(6) Income before interest and taxes for 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 18, "Exit Activity Costs," for further discussion.

(7) Loss before interest and taxes for 2019 included a noncash loss of $142.0 million in connection with the Speedo transaction. Please see Note 4, "Assets Held For Sale," for further discussion.

(8) Loss before interest and taxes for 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 3, "Acquisitions," for further discussion.

(9) Loss before interest and taxes for 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.

(10) Income before interest and taxes for 2018 and 2017 included costs of $23.6 million and $26.9 million, respectively, associated with the TH China acquisition, primarily consisting of noncash amortization of short-lived assets.

(11) Income before interest and taxes for 2018 included costs of $40.7 million incurred in connection with the Calvin Klein restructuring. Such costs were included in the Company's segments as follows: $18.9 million in Calvin Klein North America and $21.8 million in Calvin Klein International. Please see Note 18, "Exit Activity Costs," for further discussion.

(12) Income before interest and taxes for 2017 included costs of $82.9 million incurred in connection with an amendment to Mr. Tommy Hilfiger's employment agreement pursuant to which the Company made a cash buyout of a portion of the future payments to Mr. Hilfiger (the "Mr. Hilfiger amendment"). Such costs were included in the Company's segments as follows: $34.7 million in Tommy Hilfiger North America and $48.2 million in Tommy Hilfiger International.

(13) Income before interest and taxes for 2017 included costs of $54.2 million associated with the agreements to restructure the Company's supply chain relationship with Li & Fung Trading Limited ("Li & Fung"), under which the Company terminated its non-exclusive buying agency agreement with Li & Fung in 2017 (the "Li & Fung termination"). Such costs were included in the Company's segments as follows: $31.3 million in Tommy Hilfiger North America and $22.9 million in Tommy Hilfiger International.

(14) Income before interest and taxes for 2017 included costs of $19.2 million associated with the relocation of the Tommy Hilfiger office in New York, including noncash depreciation expense.

(15) Loss before interest and taxes for 2017 included costs of $23.9 million related to the early redemption of the Company's $700 million 4 1/2% senior notes due 2022. Please see Note 9, "Debt," for further discussion.

(16) Loss before interest and taxes for 2017 included costs of $9.4 million related to the noncash settlement of certain of the Company's benefit obligations related to its Pension Plans as a result of an annuity purchased for certain participants, under which such obligations were transferred to an insurer. Please see Note 13, "Retirement and Benefit Plans," for further discussion.

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.

The Company's identifiable assets, depreciation and amortization, and identifiable capital expenditures by segment were as follows:

(In millions)	2019	2018	2017
Identifiable Assets[1][2][3]			
Tommy Hilfiger North America	$ 1,599.0	$ 1,330.5	$ 1,276.5
Tommy Hilfiger International	4,888.6	3,949.3	4,047.3
Calvin Klein North America	1,932.3	1,817.9	1,836.9
Calvin Klein International	3,428.9	3,114.9	3,138.0
Heritage Brands Wholesale	1,075.3	1,178.1	1,123.5
Heritage Brands Retail	128.4	86.6	81.6
Corporate	578.5	386.4	381.9
Total	$ 13,631.0	$ 11,863.7	$ 11,885.7
Depreciation and Amortization			
Tommy Hilfiger North America	$ 40.6	$ 37.9	$ 45.1
Tommy Hilfiger International[4]	119.7	133.9	124.5
Calvin Klein North America	38.6	41.5	43.8
Calvin Klein International	91.9	90.6	83.1
Heritage Brands Wholesale	15.1	14.9	14.3
Heritage Brands Retail	6.2	5.6	5.3
Corporate	11.7	10.4	8.8
Total	$ 323.8	$ 334.8	$ 324.9
Identifiable Capital Expenditures[5]			
Tommy Hilfiger North America [6]	$ 41.7	$ 56.1	$ 82.0
Tommy Hilfiger International	139.6	143.9	126.7
Calvin Klein North America	30.3	36.0	36.8
Calvin Klein International	83.3	102.7	96.6
Heritage Brands Wholesale	18.6	15.8	8.0
Heritage Brands Retail	6.5	8.5	4.2
Corporate	21.0	18.3	10.1
Total	$ 341.0	$ 381.3	$ 364.4

(1) Identifiable assets included the impact of changes in foreign currency exchange rates.

(2) Identifiable assets include the impact related to the adoption of accounting guidance for leases in 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. Please see Note 17, "Leases," for further discussion.

(3) Identifiable assets in 2019 included the impact of the Australia acquisition. Please see Note 3, "Acquisitions," for a further discussion.

(4) Depreciation and amortization in 2018 and 2017 included $24.6 million and $26.8 million, respectively, related to the amortization of intangible assets recorded in connection with the TH China acquisition, which became fully amortized in 2018.

(5) Capital expenditures in 2019 included $39.5 million of accruals that will not be paid until 2020. Capital expenditures in 2018 included $43.7 million of accruals that were not paid until 2019. Capital expenditures in 2017 included $41.9 million of accruals that were not paid until 2018.

(6) Capital expenditures in 2017 included expenditures related to the relocation of the Company's Tommy Hilfiger office in New York, New York.

Property, plant and equipment, net based on the location where such assets are held, was as follows:

(In millions)	2019 (1)	2018 (1)	2017 (1)
Domestic	$ 525.8	$ 500.5	$ 449.2
Canada	25.3	28.8	30.0
Europe	375.6	362.7	325.5
Asia-Pacific(2)	87.6	73.4	73.8
Other foreign	12.5	19.1	21.3
Total	$ 1,026.8	$ 984.5	$ 899.8

(1) Property, plant and equipment, net included the impact of changes in foreign currency exchange rates.

(2) The Company completed the Australia acquisition in the second quarter of 2019. Please see Note 3, "Acquisitions," for further discussion.

Revenue, based on location of origin, was as follows:

(In millions)	2019 (1)	2018 (1)	2017 (1)
Domestic	$ 4,275.0	$ 4,481.3	$ 4,290.1
Canada	505.5	528.8	512.2
Europe	3,657.3	3,362.1	2,907.2
Asia-Pacific(2)	1,353.4	1,163.7	1,059.3
Other foreign	117.8	120.9	146.0
Total	$ 9,909.0	$ 9,656.8	$ 8,914.8

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

(2) The Company completed the Australia acquisition in the second quarter of 2019. Please see Note 3, "Acquisitions," for further discussion.

22. 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 February 2, 2020 was $3.4 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 February 2, 2020 and February 3, 2019.

The Company has guaranteed a portion of the debt of one of its joint ventures in India. The maximum amount guaranteed as of February 2, 2020 was approximately $11.2 million based on exchange rates in effect on that date. The guarantee is in effect for the entire term of the debt. The liability for this guarantee obligation was immaterial as of February 2, 2020 and February 3, 2019.

The Company has guaranteed to a financial institution the repayment of store security deposits in Japan paid to landlords on behalf of the Company. The amount guaranteed as of February 2, 2020 was approximately $5.3 million based on exchange rates in effect on that date. The Company has the right to seek recourse from the landlords for the full amount. The guarantees expire between 2022 and 2025. The liability for these guarantee obligations was immaterial as of February 2, 2020 and February 3, 2019.

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

23. OTHER COMMENTS

Included in accrued expenses in the Company's Consolidated Balance Sheets were certain incentive compensation accruals of $41.1 million and $99.4 million as of February 2, 2020 and February 3, 2019, respectively.

The Company's asset retirement liabilities are included in accrued expenses and other liabilities in the Company's Consolidated Balance Sheets and relate to the Company's obligation to dismantle or remove leasehold improvements from leased office, retail store or warehouse locations at the end of a lease term in order to restore a facility to a condition specified in the lease agreement. The Company records the fair value of the liability for asset retirement obligations in the period in which it is legally or contractually incurred. Upon initial recognition of the asset retirement liability, an asset retirement cost is capitalized by increasing the carrying amount of the asset by the same amount as the liability. In periods subsequent to initial measurement, the asset retirement cost is recognized as expense through depreciation over the asset's useful life. Changes in the liability for the asset retirement obligations are recognized for the passage of time and revisions to either the timing or the amount of estimated cash flows. Accretion expense is recognized in SG&A expenses for the impacts of increasing the discounted fair value to its estimated settlement value.

The following table presents the activity related to the Company's asset retirement liabilities, included in accrued expenses and other liabilities in the Company's Consolidated Balance Sheets, for each of the last two years:

(In millions)	2019	2018
Balance at beginning of year	$ 32.3	$ 27.1
Business acquisitions	1.4	—
Liabilities incurred	3.9	7.4
Liabilities settled (payments)	(2.2)	(1.7)
Accretion expense	0.4	0.4
Revisions in estimated cash flows	0.4	(0.1)
Currency translation adjustment	(0.5)	(0.8)
Balance at end of year	$ 35.7	$ 32.3

The Company is a party to certain litigation which, in management's judgment, based in part on the opinions of legal counsel, will not have a material adverse effect on the Company's financial position.

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 2019 and 2018, respectively. The outstanding balance, including accrued interest, was $13.4 million and $13.8 million as of February 2, 2020 and February 3, 2019, respectively, and was included in other assets (current and non-current) in the Company's Consolidated Balance Sheets.

24. SUBSEQUENT EVENTS (UNAUDITED)

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and recommended containment and mitigation measures. COVID-19 continues to spread globally. Virus-related concerns, reduced travel, temporary store closures and government-imposed restrictions have resulted in sharply reduced traffic and consumer spending trends and sales stoppages in the Company's retail stores in virtually all key markets during the first quarter of 2020. The Company's wholesale customers and licensees have been similarly impacted, which in turn negatively impacts the Company.

In addition, the Company's supply chain and the supply chains of its licensees had been disrupted and may experience future disruptions as a result of either closed factories or factories operating with reduced workforces.

The disruption is expected to be temporary but there is significant uncertainty about the duration and extent of the impact of the COVID-19 outbreak. The related financial impact cannot be reasonably estimated at this time. However, the Company expects a significant negative impact to its business, financial condition, cash flows and results of operations in 2020, which may include non-cash asset impairments, excess inventory and difficulty collecting trade receivables, among other things.

As a result, the Company has increased the aggregate borrowings outstanding under its senior unsecured revolving credit facilities, other short-term revolving credit facilities and unsecured commercial paper note program to approximately $930.0 million to increase its cash position and help preserve its financial flexibility.

PVH CORP.

SELECTED QUARTERLY FINANCIAL DATA - UNAUDITED
(In millions, except per share data)

The following table sets forth selected quarterly financial data (unaudited) for the corresponding thirteen week periods of the fiscal years presented:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	2019 (1),(2),(3)	2018 (10)	2019 (1),(4),(5),(6)	2018 (10)	2019 (1),(4),(7)	2018 (10)	2019 (4),(7),(8),(9)	2018 (10),(11),(12),(13),(14)
Total revenue	$ 2,356.3	$ 2,314.6	$ 2,364.2	$ 2,333.7	$ 2,587.7	$ 2,524.5	$ 2,600.8	$ 2,484.0
Gross profit	1,295.9	1,291.0	1,288.4	1,297.0	1,406.2	1,364.8	1,397.9	1,355.5
Net income (loss)	81.6	178.9	193.1	164.7	208.9	242.6	(68.5)	158.4
Net income (loss) attributable to PVH Corp.	82.0	179.4	193.5	165.2	209.2	243.1	(67.4)	158.7
Basic net income (loss) per common share attributable to PVH Corp.	1.09	2.33	2.59	2.15	2.83	3.18	(0.93)	2.10
Diluted net income (loss) per common share attributable to PVH Corp.	1.08	2.29	2.58	2.12	2.82	3.15	(0.93) (15)	2.09

(1) The first, second and third quarters of 2019 included pre-tax costs of $70.3 million, $29.1 million and $3.5 million, respectively, associated with the Calvin Klein restructuring, of which $1.7 million and $11.2 million are included in gross profit in the first and second quarters of 2019, respectively.

(2) The first quarter of 2019 included pre-tax costs of $54.9 million in connection with the TH U.S. store closures, primarily consisting of noncash lease asset impairments.

(3) The first quarter of 2019 included pre-tax costs of $6.2 million related to the refinancing of the Company's senior credit facilities.

(4) The second, third and fourth quarters of 2019 included pre-tax costs of $4.8 million, $8.6 million and $5.9 million, respectively, associated with the Australia and TH CSAP acquisitions, of which $4.1 million, $6.5 million and $5.9 million, respectively, are included in gross profit.

(5) The second quarter of 2019 included a pre-tax 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, as well as pre-tax costs of $2.1 million on the Company's equity investments in Gazal and PVH Australia prior to the Australia acquisition closing.

(6) The second quarter of 2019 included pre-tax costs of $59.8 million associated with the Socks and Hosiery transaction.

(7) The third and fourth quarters of 2019 included pre-tax interest expense of $2.6 million and $6.0 million, respectively, resulting from the remeasurements of the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

(8) The fourth quarter of 2019 included a pre-tax actuarial loss of $97.8 million on the Company's Pension Plans, SERP Plans and Postretirement Plans.

(9) The fourth quarter of 2019 included a pre-tax noncash loss of $142.0 million, as well as a tax benefit of $27.8 million related to the write-off of deferred tax liabilities in connection with the Speedo transaction.

(10) The first, second, third and fourth quarters of 2018 included pre-tax costs of $6.9 million, $6.7 million, $6.3 million and $3.7 million, respectively, associated with the TH China acquisition.

(11) The fourth quarter of 2018 included pre-tax costs of $40.7 million associated with the Calvin Klein restructuring, of which $2.2 million are included in gross profit.

(12) The fourth quarter of 2018 included a discrete tax benefit of $41.1 million related to the remeasurement of certain net deferred tax liabilities in connection with the 2019 Dutch Tax Plan.

(13) The fourth quarter of 2018 included a discrete net tax benefit of $24.7 million related to the U.S. Tax Legislation.

(14) The fourth quarter of 2018 included a pre-tax actuarial loss of $15.0 million on the Company’s Pension Plans, SERP Plans and Postretirement Plans.

(15) The diluted net loss per common share attributable to PVH Corp. in the fourth quarter of 2019 excluded potentially dilutive securities because there was a net loss attributable to PVH Corp. in the fourth quarter and as such, the inclusion of these securities would have been anti-dilutive.

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report on Form 10-K. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States and, accordingly, include certain amounts based on management’s best judgments and estimates.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the underlying transactions, including the acquisition and disposition of assets; (ii) provide reasonable assurance that the Company’s assets are safeguarded and transactions are executed in accordance with management’s authorization and are recorded as necessary to permit preparation of the Company’s consolidated financial statements in accordance with accounting principles generally accepted in the United States; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit & Risk Management Committee of the Company’s Board of Directors, composed solely of directors who are independent in accordance with New York Stock Exchange listing standards, the Securities Exchange Act of 1934, the Company’s Corporate Governance Guidelines and the Committee’s charter, meets periodically with the Company’s independent auditors, the Company’s internal auditors and management to discuss internal control over financial reporting, auditing and financial reporting matters. Both the independent auditors and the Company’s internal auditors periodically meet alone with the Audit Committee and have free access to the Committee.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of February 2, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 framework). Based on management’s assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of February 2, 2020.

The Company’s independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit & Risk Management Committee, subject to ratification by the Company’s stockholders. Ernst & Young LLP have audited and reported on the consolidated financial statements of the Company and the effectiveness of the Company’s internal control over financial reporting. The reports of the independent auditors are contained in this Annual Report on Form 10-K.

/s/ EMANUEL CHIRICO

Emanuel Chirico
Chairman and Chief Executive Officer
April 1, 2020

/s/ MICHAEL SHAFFER

Michael Shaffer
Executive Vice President and Chief
Operating & Financial Officer
April 1, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PVH Corp.

Opinion on Internal Control Over Financial Reporting

We have audited PVH Corp.'s internal control over financial reporting as of February 2, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, PVH Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 2, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 2, 2020 and February 3, 2019, the related consolidated income statements, statements of comprehensive income, statements of changes in stockholders' equity and redeemable non-controlling interest and statements of cash flows for each of the three years in the period ended February 2, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated April 1, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
April 1, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PVH Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PVH Corp. (the Company) as of February 2, 2020 and February 3, 2019, the related consolidated income statements, statements of comprehensive income, statements of changes in stockholders' equity and redeemable non-controlling interest and statements of cash flows for each of the three years in the period ended February 2, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 2, 2020 and February 3, 2019, and the results of its operations and its cash flows for each of the three years in the period ended February 2, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 2, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 1, 2020 expressed an unqualified opinion thereon.

Adoption of ASU 2016-02

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for accounting for leases in the fiscal year ended February 2, 2020 due to the adoption of ASU 2016-02, Leases and associated amendments (Topic 842), using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit and risk management committee of the Company's board of directors and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Wholesale Sales Allowances

Description of the Matter

As discussed in Note 1 to the consolidated financial statements, the Company generates revenue from the wholesale distribution of its products to traditional retailers (including for sale through their digital commerce sites). The amount of revenue recognized is net of sales allowances that the Company offers to its wholesale customers which are estimated based on seasonal negotiations, historical experience and an evaluation of current market conditions.

Auditing management's estimate of wholesale sales allowances was complex and judgmental as it is sensitive to changes in future market or economic conditions and has a direct, material impact on the amount of revenue recognized by the Company. There is also significant estimation to establish sales allowances, based on the Company's review of the individual customer seasonal negotiations and the expected performance of the products in the customers' stores.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's process to calculate the wholesale sales allowances, including the consideration of historical experience and current as well as future market conditions.

To test the estimate of wholesale sales allowances, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions used by the Company to calculate the projected sales allowance dollars, including seasonal customer negotiations and expected performance of the products. We compared the significant assumptions used by management to current market and economic trends and other relevant factors. We assessed the historical accuracy of management's estimate and performed sensitivity analyses of significant assumptions to evaluate the changes in the estimate that would result from changes in the assumptions.

Valuation of Goodwill and Indefinite-Lived Intangibles

Description of the Matter

At February 2, 2020, the Company's goodwill and indefinite-lived intangible assets totaled \$3.7 billion and \$3.1 billion, respectively. As discussed in Note 1 of the consolidated financial statements, goodwill and indefinite-lived intangible assets are qualitatively tested and quantitatively tested, when necessary, for impairment at least annually.

Auditing management's annual goodwill and indefinite-lived intangible assets impairment test was complex and judgmental due to the significant estimation required to determine the fair value of the reporting units and the fair value of the indefinite-lived intangible assets. In particular, the fair value estimates were sensitive to significant assumptions such as the weighted average cost of capital, revenue growth rate, forecast earnings before interest and taxes and terminal growth rate, which are affected by expectations about future market or economic conditions.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill and indefinite-lived intangible assets impairment review process, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Company's reporting units and indefinite-lived intangible assets, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to current industry and economic trends, changes to the Company's business, customer base or product mix and other relevant factors. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units and indefinite-lived intangible assets that would result from changes in the assumptions. In addition, we reviewed the reconciliation of the fair value of the reporting units to the market capitalization of the Company.

Accounting for Acquisition of Gazal

Description of the Matter

On May 31, 2019, the Company acquired for AUD180.5 million (approximately $124.7 million) the approximately 78% interest in Gazal Corporation Limited (Gazal) that it did not already own. As discussed in Note 3 to the consolidated financial statements, PVH Australia came under the Company's full control as a result of the acquisition, and the transaction was accounted for using the acquisition method of accounting for business combinations.

Auditing the Company's accounting for its acquisition of Gazal was complex due to the significant estimation uncertainty required by management to determine the fair value of the Company's previously held equity interests, the mandatorily redeemable non-controlling interest and identified intangible assets, which consisted principally 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. The significant estimation was primarily due to the sensitivity of the respective fair values to underlying assumptions including the weighted average cost of capital, revenue growth rate, revenue and operating expense volatility, forecast earnings before interest and taxes and terminal growth rate. These assumptions relate to the future performance of the acquired businesses, are forward-looking and could be affected by future economic and market conditions.

How we addressed the matter in our audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to determine the fair value of the previously held equity interests, the mandatorily redeemable non-controlling interest and the identified intangible assets. For example, we tested controls over management's review of the valuations, including the review of the valuation models and significant assumptions used in the valuations.

To test the fair value of the previously held equity interests, the mandatorily redeemable non-controlling interest and the identified intangible assets, our audit procedures included, among others, evaluating the Company's use of valuation methodologies, evaluating the prospective financial information and testing the completeness and accuracy of underlying data. For example, we compared the significant assumptions to current industry, market and economic trends, historical results of the acquired businesses and to other relevant factors. We also performed sensitivity analyses of the significant assumptions to evaluate the change in the fair values resulting from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1938.

New York, New York
April 1, 2020

PVH CORP.

FIVE YEAR FINANCIAL SUMMARY
(In millions, except per share data, percents and ratios)

	2019 [1]	2018 [2],[7]	2017 [3],[6],[7]	2016 [4],[6],[7]	2015 [5],[6],[7]
Summary of Operations					
Revenue	$ 9,909.0	$ 9,656.8	$ 8,914.8	$ 8,203.1	$ 8,020.3
Cost of goods sold, expenses and other income items	9,350.3	8,765.1	8,282.4	7,413.9	7,259.8
Income before interest and taxes	558.7	891.7	632.4	789.2	760.5
Interest expense, net	114.7	116.1	122.2	115.0	113.0
Income tax expense (benefit)	28.9	31.0	(25.9)	125.5	75.1
Net loss attributable to redeemable non-controlling interest	(2.2)	(1.8)	(1.7)	(0.3)	—
Net income attributable to PVH Corp.	$ 417.3	$ 746.4	$ 537.8	$ 549.0	$ 572.4
Per Share Statistics					
Basic net income per common share attributable to PVH Corp.	$ 5.63	$ 9.75	$ 6.93	$ 6.84	$ 6.95
Diluted net income per common share attributable to PVH Corp.	5.60	9.65	6.84	6.79	6.89
Dividends paid per common share	0.15	0.15	0.15	0.15	0.15
Stockholders' equity per common share	80.39	77.29	71.73	61.16	55.86
Financial Position					
Current assets	$ 3,394.2	$ 3,238.6	$ 3,030.8	$ 2,879.6	$ 2,804.5
Current liabilities (including short-term borrowings and current portion of long-term debt)	2,361.1	1,893.9	1,871.6	1,564.8	1,527.2
Working capital	1,033.1	1,344.7	1,159.2	1,314.8	1,277.3
Total assets	13,631.0	11,863.7	11,885.7	11,067.9	10,673.8
Finance leases	14.5	16.5	16.0	16.4	14.6
Long-term debt	2,693.9	2,819.4	3,061.3	3,197.3	3,031.7
Stockholders' equity	5,811.5	5,827.8	5,536.4	4,804.5	4,552.3
Other Statistics					
Total debt to total capital [8]	32.3%	32.8%	35.9%	40.2%	41.3%
Net debt to net capital [9]	28.1%	29.1%	32.0%	34.2%	36.8%
Current ratio	1.4	1.7	1.6	1.8	1.8

(1) 2019 includes (a) pre-tax costs of $102.9 million associated with the Calvin Klein restructuring; (b) a pre-tax noncash loss of $142.0 million in connection with the Speedo transaction; (c) a pre-tax 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, partially offset by pre-tax acquisition related costs of $19.3 million associated with the Australia and TH CSAP acquisitions, consisting of noncash valuation adjustments, and a one-time cost of $2.1 million recorded on the Company's equity investments in Gazal and PVH Australia prior to the Australia acquisition closing; (d) pre-tax costs of $59.8 million associated with the Socks and Hosiery transaction; (e) pre-tax costs of $54.9 million associated with the TH U.S. store closures, primarily consisting of noncash lease asset impairments; (f) pre-tax costs of $6.2 million associated with the refinancing of the Company's senior credit facilities; (g) a pre-tax actuarial loss of $97.8 million on the Company's Pension Plans, SERP Plans and Postretirement Plans; (h) pre-tax interest expense of $8.6 million resulting from the remeasurements of the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition; and (i) a discrete tax benefit of $27.8 million related to the write-off of deferred tax liabilities in connection with the Speedo transaction.

(2) 2018 includes (a) pre-tax costs of $40.7 million associated with the Calvin Klein restructuring; (b) pre-tax costs of $23.6 million associated with the TH China acquisition, consisting of noncash amortization of short-lived assets; (c) a pre-tax actuarial loss of $15.0 million on the Company's Pension Plans, SERP Plans and Postretirement Plans; (d) a discrete net tax benefit of $24.7 million related to the U.S. Tax Legislation; and (e) a discrete tax benefit of $41.1 million related to the remeasurement of certain net deferred tax liabilities in connection with the 2019 Dutch Tax Plan.

(3) 2017 includes (a) pre-tax costs of $82.9 million associated with the Mr. Hilfiger amendment; (b) pre-tax costs of $54.2 million associated with the Li & Fung termination; (c) pre-tax costs of $23.9 million associated with the early redemption of the Company's $700 million 4 1/2% senior notes due 2022; (d) pre-tax costs of $26.9 million associated with the TH China acquisition, primarily consisting of noncash amortization of short-lived assets; (e) pre-tax costs of $19.2 million associated with relocation of the Tommy Hilfiger office in New York, including noncash depreciation expense; (f) pre-tax costs of $9.4 million associated with the noncash

settlement of certain of the Company's benefit obligations related to its Pension Plans as a result of an annuity purchased for certain participants, under which such obligations were transferred to an insurer; (g) a pre-tax actuarial loss of $2.5 million on the Company's Pension Plans, SERP Plans and Postretirement Plans; (h) a discrete net tax benefit of $52.8 million related to the U.S. Tax Legislation; and (i) a discrete tax benefit of $15.2 million related to an excess tax benefit from the exercise of stock options by the Company's Chairman and Chief Executive Officer.

(4) 2016 includes (a) a pre-tax noncash gain of $153.1 million to write up the Company's equity investment in TH China to fair value in connection with the TH China acquisition, partially offset by pre-tax acquisition related costs of $76.9 million, primarily consisting of valuation adjustments and amortization of short-lived assets, and a one-time cost of $5.9 million recorded on the Company's equity investment in TH China; (b) pre-tax costs of $15.8 million associated with the Company's amendment of its prior 2014 senior secured credit facilities; (c) a pre-tax noncash loss of $81.8 million recorded in connection with the deconsolidation of the Mexico business; (d) a pre-tax gain of $18.1 million associated with a payment made to the Company to exit a *TOMMY HILFIGER* flagship store in Europe; (e) pre-tax costs of $11.0 million associated with the TH men's tailored license termination; and (f) a pre-tax actuarial gain of $39.1 million on the Company's Pension Plans, SERP Plans and Postretirement Plans.

(5) 2015 includes (a) pre-tax costs of $73.4 million associated with the integration of Warnaco and the related restructuring; (b) pre-tax costs of $10.3 million related to the operation of and exit from the Izod retail business; (c) pre-tax costs of $16.5 million principally related to the discontinuation of several licensed product lines in the Heritage Brands dress furnishings business; and (d) a pre-tax actuarial gain of $20.2 million on the Company's Pension Plans, SERP Plans and Postretirement Plans.

(6) The Company adopted the update to accounting guidance related to revenue recognition in 2018 using a modified retrospective approach to all contracts 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. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements as of and for the fiscal year ended February 3, 2019, including the Company's Consolidated Income Statement and Consolidated Balance Sheet, or on any individual caption therein.

(7) The Company adopted the update to accounting guidance related to leases in 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. Please see Note 1, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

(8) Total capital equals total debt (including finance leases) plus stockholders' equity.

(9) Net debt equals total debt (including finance leases) reduced by cash. Net capital equals total capital reduced by cash.

SCHEDULE II

PVH CORP.

VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Column A	Column B	Column C		Column D	Column E
Description	**Balance at Beginning of Period**	**Additions Charged to Costs and Expenses**	**Additions Charged to Other Accounts**	**Deductions** [1]	**Balance at End of Period**
Year Ended February 2, 2020					
Allowance for doubtful accounts	$ 21.6	$ 5.7	$ —	$ 6.2 [2]	$ 21.1
Allowance/accrual for operational chargebacks and customer markdowns	226.8	529.3	—	535.9	220.2
Valuation allowance for deferred income tax assets	62.6	17.1	—	9.9	69.8
Year Ended February 3, 2019					
Allowance for doubtful accounts	$ 21.1	$ 14.2	$ —	$ 13.7 [2]	$ 21.6
Allowance/accrual for operational chargebacks and customer markdowns	271.0	403.8	—	448.0	226.8
Valuation allowance for deferred income tax assets	106.3	12.9	—	56.6 [3]	62.6
Year Ended February 4, 2018					
Allowance for doubtful accounts	$ 15.0	$ 7.5	$ —	$ 1.4 [2]	$ 21.1
Allowance/accrual for operational chargebacks and customer markdowns	289.5	498.2	—	516.7	271.0
Valuation allowance for deferred income tax assets	43.9	64.3 [4]	1.9	3.8	106.3

(1) Includes changes due to foreign currency translation.

(2) Principally accounts written off as uncollectible, net of recoveries.

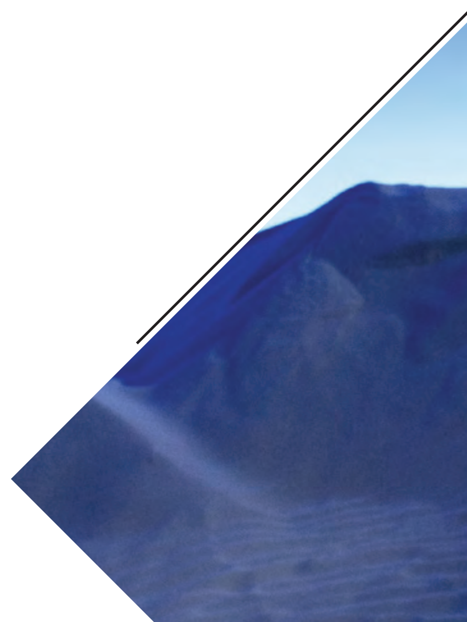
(3) Includes the release of a $26.3 million valuation allowance on the Company's foreign tax credits to adjust the provisional amount recorded in 2017 as a result of the U.S. Tax Legislation.

(4) Includes the recognition of a $38.5 million provisional valuation allowance on the Company's foreign tax credits as a result of the U.S. Tax Legislation.

THE POWER of PVH

PVH Corp. utilized a printer that has Forest Stewardship Council® (FSC®) certification, uses soy-based inks exclusively and purchases carbon-neutral materials. All of the papers used in this publication are Forest Stewardship Council® (FSC®) certified, manufactured using elemental chlorine-free (ECF) bleach, use sustainable forestry initiative (SFI) certified sourcing, are acid free, and use recycled pulp that is processed chlorine-free (PCF).

#WEAREPVH



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