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## Phillips-Van Heusen Corporation Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Your first question comes from Robert Drbul - Lehman Brothers.

#### Robert Drbul - Lehman Brothers

On the Calvin business, in terms of the sportswear and the department store business that you're seeing, can you give us a number on the booking side of it as you look into the rest of the year in terms of wholesale sportswear side. And Mike I was wondering if maybe you could talk a little bit about exactly how currency did help you or how much currency helped you, whether it's in the Calvin royalty business or overall in the business today.

#### Emanuel Chirico

The Calvin Klein, as I said, the Calvin Klein sportswear business in the first quarter grew about 15%. For the balance of the year we're planning that to grow about 10%, 10-11%, our orders are in place to support that in the sales plans. And we continue to look for opportunities there with some of our key accounts. There might be some more opportunity in the fourth quarter, we'll see how that is with some of the potential door expansions, shop expansion in doors.

#### Michael Shaffer

In terms of the currency, pretty much driven by the Euro for the first quarter on both the revenues, also by some expense, we were up about \$1-\$1.5 million as a result of that.

#### Operator

Your next question comes from Carla Cassella - J.P. Morgan.

#### Carla Cassella - J.P. Morgan

On the sourcing costs, where are you seeing sourcing costs going, do you think we've seen the peak and it's going to get better or does it only get worse from here and how do you absorb that?

#### Emanuel Chirico

Heretofore we haven't seen any impact in sourcing costs on current product that we're dealing with. Our sourcing costs through the first half of the year are flat year over year. We've talked about that we

were seeing some increase of 1-3% in the back half of the year. We have absorbed that, we've dealt with some of that by just moving some sourcing around.

The pressure we really see is 2009 and I think everyone is seeing it and if everyone's not talking about it I don't think that they're being forthright about it. I think there is pressure, the dollar is the main culprit of it. There are social issues and other issues around the world, but it's clearly pressure, its spring 2009 on product. I'm very comfortable with it in 2008.

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