

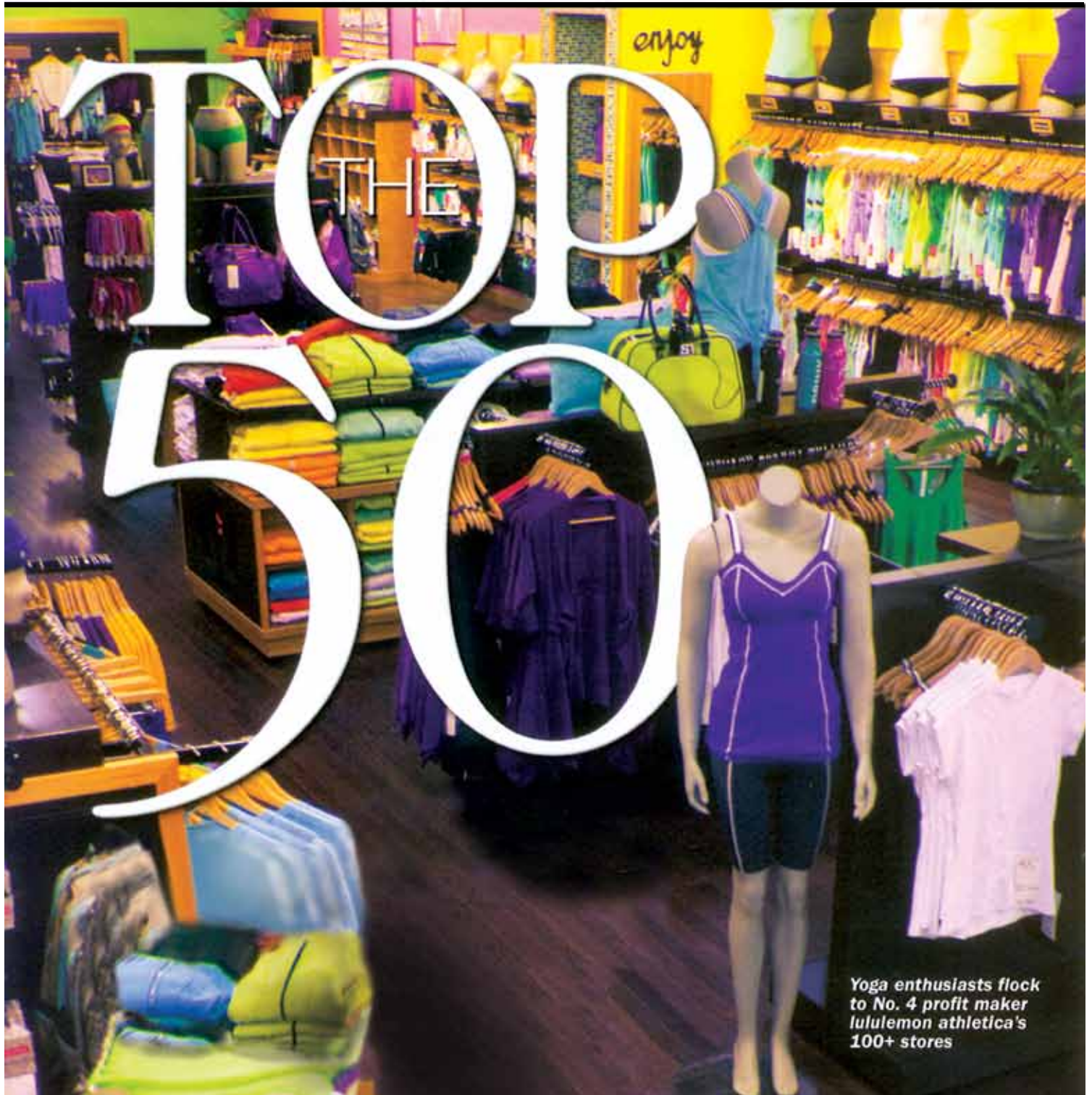
UNDER ARMOUR TAKES YOU INSIDE ITS HOUSE

Technology & Business Insight – From Concept to Consumer

Apparel™

An ENR Publication

July 2010



Yoga enthusiasts flock to No. 4 profit maker lululemon athletica's 100+ stores

Apparel's TOP 50

Striking a fine balance between caution and aggression, this year's Apparel Top 50 companies are carefully managing costs and inventories while continuing to invest in their strongest brands and businesses, going social and expanding internationally, to drive growth and gains in market share.

In another year of uncertainty and economic hardship, the companies that made *Apparel's* Top 50 list of most profitable companies were all, unlike last year's, actually profitable.

Given the state of the economy, the success of these top 50 is testimony to their flexibility and innovation, but it's also the result of quick and often painful cuts to their organizations. The past year saw a major shift toward right-sizing everything from retail store locations and inventory to human resources and vendors, with companies adjusting to a contracting retail environment that despite some recent gains continues to be plagued by the effects of high unemployment, rising raw materials costs and lagging consumer confidence.

As might be expected, many of the industry's best performers held strong, but as always, the jostling created

▲ *Wet Seal's developments in mobile e-commerce and social media have tapped directly into its digitally savvy customer base, kicking up sales and interest in the brand.*

Buckle's extreme focus on making the customer happy no doubt gets some of the credit for its record-setting year that included a 21.9 percent increase in earnings. ▶

some rising stars and some that fell out of the rankings entirely. In the latter category were dELIA's, Hampshire Group, Destination Maternity and New York & Co.

Charlotte Russe, bought by private equity firm Advent International, exits the Top 50, as does Tween Brands, bought by Dress Barn.

The awards for the biggest leaps upward go to Wet Seal (up 24 places to No. 1), J. Crew (up 19 places to No. 12) and G-III (up 17 places to No. 33), while Chico's, Phillips-Van Heusen, Limited Brands, The Warnaco Group and Carter's all moved up in the rankings by at least 10 places.

It's a tough time to be a retailer, but it's also an exciting time. Particularly for companies with cash in the bank and little or no debt, opportunities abound, and we find many of our Top 50 seeking new markets for their brands in Asia, Europe, Brazil and the Middle East, or seeking to expand their portfolios through strategic acquisitions. Technology, too, continues to open possibilities like never before, as apparel companies implement ever more capable systems to refine merchandise planning and allocation, or to track consumer behavior in real time.

Perhaps most importantly, the accelerated pace of technology development and adoption has wrought a sea change in the way people, and businesses, communicate with each other. As companies try to truly engage the consumer through loyalty programs, daily blogs, mobile commerce and social media, the whole idea of what it means to shop is undergoing a drastic transformation.

In recognition of the way in which the virtual world continues to transform the global retail scene, *Apparel* for the first time this year also has ranked its Top 50 based on their respective number of Facebook fans and Twitter followers. Is there a correlation between profitability and engagement in social media? You can find the answer online this month in "features" at apparelmag.com.

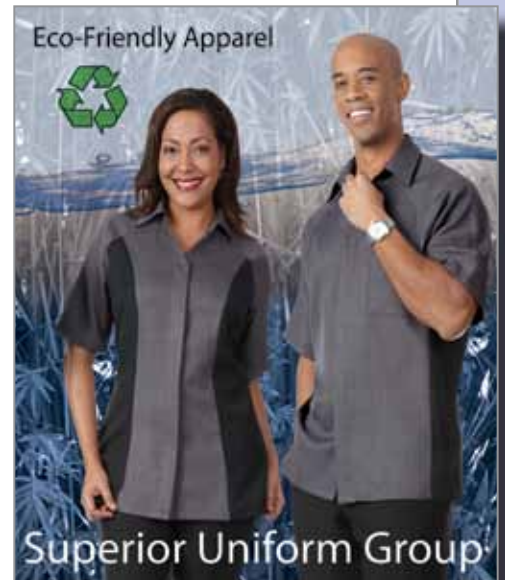
And in the following pages, starting with Wet Seal, *Apparel's* Top 50 report explores some of the strategies that led each firm to profitability.

No. 40

Superior Uniform

Faced with declining sales due to high unemployment and delayed uniform replacement purchases, the company implemented aggressive cost reduction initiatives. These included shifting some administrative positions to its Central American

subsidiary, The Office Gurus, and improving operating efficiency. It maintains a strong financial position — in fiscal 2009 it generated more than \$17 million in cash from operations and eliminated its outstanding debt — enabling last year's acquisition of Blade Sportswear, an award-winning provider of uniforms to U.S. restaurants and foodservice chains. CEO Michael Benstock said in a statement that the company is actively pursuing other potential strategic acquisitions. Financial and logistical assistance it provided to its Port-au-Prince, Haiti-based supplier One World helped the contractor get up and running just two weeks after the devastating earthquake. Superior remains committed to the country, and was amazed by the resilience of One World employees and by the continued level of customer service it received.



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THE TOP 50

A ranking of U.S. publicly traded apparel companies with at least \$100M+ in annual sales by profit margins for their most recent fiscal years.

2010 RANK	Last Year's Rank	Company	FY	SALES			NET INCOME			% Profit Margin, Most Recent FY	% Profit Margin, Previous FY
				Most Recent FY	Previous FY	% Change Sales	Most Recent FY	Previous FY	% Change Net Income		
1	25	Wet Seal	Jan.	\$560.9	\$593.0	(5.41)	\$93.4	\$30.2	209.27	16.65	5.09
2	1	True Religion Apparel	Dec.	\$311.0	\$270.0	15.19	\$47.3	\$44.4	6.53	15.21	16.44
3	2	The Buckle	Jan.	\$898.3	\$792.0	13.42	\$127.3	\$104.4	21.93	14.17	13.18
4	3	lululemon athletica	Feb.	\$452.9	\$353.5	28.12	\$58.3	\$39.4	47.97	12.87	11.15
5	5	Guess?	Jan.	\$2,128.5	\$2,093.4	1.68	\$246.3	\$215.0	14.56	11.57	10.27
6	4	Urban Outfitters	Jan.	\$1,937.8	\$1,834.6	5.63	\$219.9	\$199.4	10.28	11.35	10.87
7	13	Aeropostale	Jan.	\$2,230.1	\$1,885.5	18.28	\$229.5	\$149.4	53.61	10.29	7.92
8	7	Gymboree	Jan.	\$1,014.9	\$1,000.7	1.42	\$101.9	\$93.5	8.98	10.04	9.34
9	11	Polo Ralph Lauren	Mar.	\$4,978.5	\$5,018.9	(0.80)	\$479.5	\$406.0	18.10	9.63	8.09
10	10	JoS. A. Bank	Jan.	\$770.3	\$695.9	10.69	\$71.2	\$58.4	21.92	9.24	8.39
11	20	Maidenform Brands	Jan.	\$466.3	\$413.5	12.77	\$37.0	\$24.7	49.80	7.93	5.97
12	31	J. Crew	Jan.	\$1,578.0	\$1,428.0	10.50	\$123.4	\$54.1	128.10	7.82	3.79
13	17	Gap	Jan.	\$14,197.0	\$14,526.0	(2.26)	\$1,102.0	\$967.0	13.96	7.76	6.66
14	6	Nike	May	\$19,176.0	\$18,627.0	2.95	\$1,486.7	\$1,883.4	(21.06)	7.75	10.11
15	18	Volcom	Dec.	\$280.6	\$334.3	(16.06)	\$21.7	\$21.7	0.00	7.73	6.49
16	21	UniFirst	Aug.	\$1,013.4	\$1,023.2	(0.96)	\$75.9	\$61.0	24.43	7.49	5.96
17	27	Carter's	Jan.	\$1,589.7	\$1,494.5	6.37	\$115.6	\$77.9	48.40	7.27	5.21
18	32	Phillips-Van Heusen	Jan.	\$2,398.7	\$2,491.9	(3.74)	\$161.9	\$91.8	76.36	6.75	3.68
19	14	VF	Jan.	\$7,220.3	\$7,642.6	(5.53)	\$461.3	\$602.7	(23.46)	6.39	7.89
20	9	Cintas	May	\$3,774.7	\$3,937.9	(4.14)	\$226.4	\$335.4	(32.50)	6.00	8.52
21	19	American Eagle Outfitters	Jan.	\$2,990.5	\$2,988.9	0.05	\$169.0	\$179.1	(5.64)	5.65	5.99
22	22	Under Armour	Dec.	\$856.4	\$725.2	18.09	\$46.8	\$38.2	22.51	5.46	5.27
23	16	Columbia Sportswear	Dec.	\$1,244.0	\$1,317.8	(5.60)	\$67.0	\$95.1	(29.55)	5.39	7.22
24	26	The Children's Place	Jan.	\$1,643.6	\$1,630.3	0.82	\$88.4	\$82.4	7.28	5.38	5.05
25	28	Nordstrom	Jan.	\$8,258.0	\$8,272.0	(0.17)	\$441.0	\$401.0	9.98	5.34	4.85
26	39	Limited Brands	Jan.	\$8,632.0	\$9,043.0	(4.54)	\$448.0	\$220.0	103.64	5.19	2.43
27	30	Cato	Jan.	\$884.0	\$857.7	3.07	\$45.8	\$33.6	36.31	5.18	3.92
28	40	The Warnaco Group	Jan.	\$2,019.6	\$2,062.8	(2.09)	\$96.0	\$47.3	102.96	4.75	2.29
29	24	Dress Barn	July	\$1,494.2	\$1,444.2	3.46	\$69.7	\$74.1	(5.94)	4.66	5.13
30	34	Timberland	Dec.	\$1,285.9	\$1,364.6	(5.77)	\$56.6	\$42.9	31.93	4.40	3.14
31	New	rue21	Jan.	\$525.6	\$391.4	34.29	\$22.0	\$12.6	74.60	4.19	3.22
32	46	Chico's FAS	Jan.	\$1,713.2	\$1,582.4	8.27	\$69.7	(\$19.1)	464.92	4.07	(1.21)
33	50	G-III Apparel Group	Jan.	\$800.9	\$711.1	12.63	\$31.7	(\$14.0)	326.43	3.96	(1.97)
34	23	Levi Strauss	Nov.	\$4,105.8	\$4,400.9	(6.71)	\$151.9	\$229.3	(33.75)	3.70	5.21
35	33	Citi Trends	Jan.	\$551.9	\$488.2	13.05	\$19.7	\$17.4	13.22	3.57	3.56
36	36	Men's Wearhouse	Jan.	\$1,909.6	\$1,972.4	(3.18)	\$45.5	\$58.8	(22.62)	2.38	2.98
37	29	Zumiez	Jan.	\$407.6	\$408.7	(0.27)	\$9.1	\$17.2	(47.09)	2.23	4.21
38	8	bebe Stores	July	\$603.0	\$687.6	(12.30)	\$12.6	\$63.1	(80.03)	2.09	9.18
39	New	Stage Stores	Jan.	\$1,431.9	\$1,515.8	(5.54)	\$28.7	(\$65.5)	143.82	2.00	(4.32)
40	42	Superior Uniform Group	Dec.	\$102.8	\$123.8	(16.96)	\$2.0	\$2.1	(4.76)	1.95	1.70
41	New	Stein Mart	Jan.	\$1,219.1	\$1,326.6	(8.10)	\$23.6	(\$71.3)	133.10	1.94	(5.37)
42	44	Delta Apparel	June	\$355.2	\$322.0	10.31	\$6.5	(\$0.5)	1400.00	1.83	(0.16)
43	Back	Oxford Industries	Jan.	\$800.7	\$947.5	(15.49)	\$14.6	(\$271.5)	105.38	1.82	(28.65)
44	47	Perry Ellis International	Jan.	\$754.2	\$851.3	(11.41)	\$13.5	(\$12.3)	209.76	1.79	(1.44)
45	37	Hot Topic	Jan.	\$736.7	\$761.1	(3.21)	\$11.9	\$19.7	(39.59)	1.62	2.59
46	Back	Casual Male	Jan.	\$395.2	\$444.2	(11.03)	\$6.1	(\$109.3)	105.58	1.54	(24.61)
47	35	Hanesbrands	Jan.	\$3,891.3	\$4,248.8	(8.41)	\$51.3	\$127.2	(59.67)	1.32	2.99
48	38	American Apparel	Dec.	\$558.8	\$545.1	2.51	\$1.1	\$14.1	(92.20)	0.20	2.59
49	Back	Christopher & Banks	Mar.	\$455.4	\$530.7	(14.18)	\$0.2	(\$12.8)	101.56	0.04	(2.41)
50	15	Abercrombie & Fitch	Jan.	\$2,928.6	\$3,484.1	(15.94)	\$0.3	\$272.3	(99.89)	0.01	7.82

*NOTES: New = The company is appearing in the Apparel Top 50 for the first time. Back = The company has been ranked in the Apparel Top 50 in previous years but was not ranked last year because of its performance, because it was not publicly traded, etc. Dollar amounts are in millions of U.S. dollars. Levi Strauss & Co. is a privately held company that releases financial data publicly. Apparel does not include department stores in its Top 50 rankings. Nordstrom files with the SEC under "Retail - Family Clothing Stores" (SIC code 5651).