

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly Period Ended April 30, 1998

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 0-16999

Urban Outfitters, Inc.
(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or Other Jurisdiction of
Incorporation of Organization)

23-2003332
(I.R.S. Employer
Identification No.)

1809 Walnut Street, Philadelphia, PA
(Address of principal executive office)

19103
(Zip Code)

(215) 564-2313
(Registrant's telephone number including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No
----- -----

Title of Each Class of Common Stock -----	Number of Shares Outstanding at June 1, 1998 -----
Common Shares, par value, \$.0001 per share	17,777,954

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URBAN OUTFITTERS, INC.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	APRIL 30, 1998 (UNAUDITED)	JANUARY 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	\$23,915	\$26,712
Marketable securities	12,594	10,865
Accounts receivable, net of allowance for doubtful accounts of \$672 and \$616 at April 30, 1998 and January 31, 1998, respectively	4,406	4,497
Inventory	21,144	17,128
Prepaid expenses and other current assets	7,215	6,591
	-----	-----
Total current assets	69,274	65,793
Property and equipment, less accumulated depreciation and amortization	31,563	26,893
Marketable securities	11,466	11,993
Other assets	4,147	2,745
	-----	-----
	\$116,450	\$107,424
	=====	=====
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$14,542	\$10,386
Accrued expenses and other current liabilities	4,766	3,274
	-----	-----
Total current liabilities	19,308	13,660
Accrued rent and other liabilities	3,240	3,106
	-----	-----
Total liabilities	22,548	16,766
Shareholders' equity:		
Preferred shares; \$.0001 par, 10,000,000 authorized, none issued	--	--
Common shares; \$.0001 par, 50,000,000 shares authorized, 17,777,954 and 17,649,360 issued at April 30, 1998 and January 31, 1998,		

respectively	2	2
Additional paid-in capital	22,626	21,482
Retained earnings	71,274	69,174
	-----	-----
Total shareholders' equity	93,902	90,658
	-----	-----
	\$116,450	\$107,424
	=====	=====

See accompanying notes

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URBAN OUTFITTERS, INC.
Consolidated Statements of Income
(In thousands, except share and per share data)
(Unaudited)

	THREE MONTHS ENDED APRIL 30,	
	1998	1997
	----	----
Net sales	\$ 39,383	\$ 37,197
Cost of sales	18,818	18,589
	-----	-----
Gross profit	20,565	18,608
Selling, general and administrative expenses	17,399	14,761
	-----	-----
Income from operations	3,166	3,847
Interest (income)	(551)	(376)
Other expense (income), net	160	81
	-----	-----
Income before income taxes	3,557	4,142
Income tax expense	1,457	1,719
	-----	-----
Net income	\$ 2,100	\$ 2,423
	=====	=====
Net income per share:		
Basic	\$.12	\$.14
Diluted12	.14
Weighted average shares outstanding:		
Basic	17,694,461	17,537,462
Diluted	18,004,852	17,704,068

See accompanying notes

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URBAN OUTFITTERS, INC.
Consolidated Statements of Cash Flows
(In thousands, Unaudited)

	THREE MONTHS ENDED APRIL 30,	
	1998	1997
Cash flows from operating activities:		
Net income	\$ 2,100	\$ 2,423
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,258	1,121
Provision for losses on accounts receivable	56	71
Changes in assets and liabilities:		
(Increase) decrease in receivables	35	(2,399)
Increase in inventory	(4,016)	(1,640)
(Increase) decrease in prepaid expenses and other assets ...	(2,026)	606
Increase in payables, accrued expenses and other liabilities	5,782	2,019
Net cash provided by operating activities	3,189	2,201
Cash flows from investing activities:		
Capital expenditures	(5,928)	(648)
Purchase of investments held-to-maturity	(2,903)	(1,538)
Purchase of investments available-for-sale	(599)	(2,250)
Maturities of investments held-to-maturity	1,100	1,797
Sales of investments available-for-sale	1,200	800
Net cash used in investing activities	(7,130)	(1,839)
Cash flows from financing activities:		
Issuance of common shares	1,144	24
Net cash provided by financing activities	1,144	24
Increase in cash and cash equivalents	(2,797)	386
Cash and cash equivalents at beginning of period	26,712	14,581
Cash and cash equivalents at end of period	\$ 23,915	\$ 14,967

See accompanying notes

URBAN OUTFITTERS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have

been included. For further information, refer to the Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998, filed with the Securities and Exchange Commission on April 21, 1998.

2. Marketable Securities

Marketable securities are classified as follows:

	April 30, 1998	January 31, 1998
Current portion		
Held-to-maturity	\$10,922	\$ 8,590
Available-for-sale	1,672	2,275
	-----	-----
	12,594	10,865
	-----	-----
Noncurrent portion		
Held-to-maturity	11,466	11,993
	-----	-----
Total marketable securities...	\$24,060	\$22,858
	=====	=====

PART I

FINANCIAL INFORMATION (continued)

ITEM 2 Management's Discussion and Analysis of Financial Condition
 - ----- and Results of Operations

GENERAL

This Securities and Exchange Commission filing is being made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Certain matters contained in this filing may constitute forward-looking statements. Any one, or all, of the following factors could cause actual financial results to differ materially from those financial results mentioned in the forward-looking statements: industry competition factors, unavailability of suitable retail space for expansion, difficulty in predicting and responding to fashion trend shifts, seasonal fluctuations in gross sales, the departure of one or more key senior managers and other risks identified in filings with the Securities and Exchange Commission.

The six percent sales increase in this year's first quarter over last year's was primarily a net result of four factors:

- o Urban Retail and Anthropologie stores' comparable sales growth of 9%
- o Urban Retail and Anthropologie had five stores opened in the first quarter of this year that were not opened in the first quarter of last year
- o the new Anthropologie catalog added \$417,000 in additional sales during the quarter

- o the Wholesale company recorded a 36% contraction in first quarter sales when compared to the first quarter of last year

As explained later in more detail, these same four factors had a direct effect on improved gross profit margins and an increased selling, general and administrative expense.

The Wholesale company is expected to finish the year at a lower sales level than the prior year. However, if the new stores open as planned and the planned comparable store sales are reached, the negative earning effect of the Wholesale company sales reduction and the new companies (Anthropologie catalog and Urban Outfitters, UK Ltd.) will be offset by the earnings growth in Urban Retail and Anthropologie and thereby providing positive earnings growth for the year.

RESULTS OF OPERATIONS

The Company's operating years end on January 31, and include 12 periods ending on the last day of the month. For example, FY'99 will end on January 31, 1999. This discussion of results of operations covers the first quarter of FY'99 and FY'98.

The following table sets forth, for the periods indicated, the percentage of the Company's net sales represented by certain income statement data. The following discussion should be read in conjunction with the table that follows:

	THREE MONTHS ENDED	
	April 30, 1998	April 30, 1997
Net sales	100.0%	100.0%
Cost of goods sold	47.8%	50.0%
Gross profit	52.2%	50.0%
Selling, general and administrative expenses	44.2%	39.7%
	-----	-----
Income from operations	8.0%	10.3%
Net interest & other (income)	(1.0%)	(.8%)
	-----	-----
Income before income taxes	9.0%	11.1%
Income tax expense	3.7%	4.6%
	-----	-----
Net income	5.3%	6.5%
	=====	=====

FIRST QUARTER ENDED APRIL 30, 1998, COMPARED TO THE FIRST QUARTER ENDED APRIL 30, 1997

Net sales increased during the first quarter ended April 30, 1998 to \$39.4 million, up 5.9% from \$37.2 million during the same period of the prior year. The net sales increase included a comparable store sales increase of 9.1% or \$2.6 million, an increase of new and enlarged store sales of \$2.2 million, \$417,000 from the new Anthropologie catalog, all partially offset by a \$3.0 million reduction in Wholesale revenues. The reasons for the comparable store sales increases, the new and enlarged store sales increases and the catalog sales are the acceptance of the products offered by the customers. The causes for the reduction in Wholesale revenues are varied, but the Company believes the primary reason is that a number of larger customers opted to produce their own private label merchandise rather than purchase branded products from the Wholesale company. This trend is continuing and is expected to result in a net

12% to 18% drop in Wholesale revenues for the year. If the drop in revenues is as expected, the Wholesale company's earnings effect will not be material to the planned consolidated earnings.

The gross profit margin during the first quarter ended April 30, 1998 was \$20.6 million, up \$2.0 million or 11.0% from the prior year first quarter of \$18.6 million. The dollar increase resulted from the volume increases previously discussed and improved gross profit margin percentages.

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The gross profit margin percentage improvement of 2.2 percentage points is a result of a sales mix in this year's first quarter favoring the higher gross profit margin retail companies. Additionally, the retail companies experienced higher comparable store sales, higher inventory turnover, and as a result, lower markdowns.

Selling, general and administrative expenses during the first quarter ended April 30, 1998 were \$17.4 million, up \$2.6 million or 17.9% from the prior year of \$14.8 million. The dollar increases were from the following areas:

- o operating expenses of new stores opened in Urban Retail and Anthropologie
- o investments in the European subsidiary and in the Anthropologie catalog with no first quarter sales in Europe or minimal sales in the catalog test. The combined total of these two expenses was approximately \$1.2 million
- o The Wholesale company incurred slightly less in selling, general and administrative expense dollars during first quarter when compared to the prior year

The increase of 4.5 percentage points in selling, general and administrative expenses is a result of the following factors:

- o the \$1.2 million in expenses from the two new companies with little or no sales
- o the Wholesale company, while spending less dollars, had a much more significant drop in revenues (36%). These combinations drove the percent to sales up
- o conversely, the retail companies, due to higher sales in both existing and new stores, leveraged expenses and drove the percent to sales down

Income from operations during the first quarter ended April 30, 1998 was \$3.2 million, down \$.6 million (17.7%) from the prior year first quarter of \$3.8 million.

The effective income tax rate for the quarter was 41.0%, down from 41.5% last year. The reduction is a result of a lower average state income tax rate.

Net income during the first quarter ended April 30, 1998 was \$2.1 million, down \$325,000 (13.4%) from the prior year of \$2.4 million. Increased sales volumes and improved gross profit margin percentages were offset by operating expense dollars and percentages leading to the slight decline.

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Cash and cash equivalents decreased to \$23.9 million at April 30, 1998 from \$26.7 million at January 31, 1998. The \$2.8 million decrease in cash and cash equivalents comes from the net of cash from operations of \$3.2 million, capital expenditures of \$(5.9) million, the net purchase of investments of \$(1.2) million and the issuance of common shares on options exercised and the tax benefit of those options of \$1.1 million.

The Company's net working capital decreased from \$52.1 million at January 31, 1998, to \$50.0 million at April 30, 1998. The \$2.1 million decrease in net working capital was primarily due to investments in property, equipment and other assets offset by earnings and options exercised.

The Company has a \$16.5 million revolving line of credit available to facilitate letter of credit transactions and cash advances. Interest on any outstanding cash advance balance is payable monthly and is based on an as offered basis not to exceed the London Interbank Offered Rate (LIBOR) plus 3/8 of 1%. No cash borrowing has ever taken place on this line and, accordingly, no principal amounts were outstanding at January 31, 1998, or April 30, 1998. Outstanding letters of credit totaled \$4.7 million and \$6.1 million at January 31, 1998, and April 30, 1998, respectively. These letters of credit, which have terms from one month to one year, collateralize the Company's obligation to third parties for the purchase of inventory. The fair value of these letters of credit is estimated to be the same as the contract values. There were no loan balances of any kind at January 31, 1998 or April 30, 1998.

The Company expects that capital expenditures during FY'99 will be approximately \$15.0 million depending upon the number of stores opened, enlarged or improved during the year. The Company believes that existing cash and investments at April 30, 1998, as well as cash from future operations, will be sufficient to meet the Company's cash needs through at least FY'99, FY'00 and FY'01.

PART II

OTHER INFORMATION

ITEM 6 Exhibits and Reports on Form 8-K
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- (a) Exhibits: Exhibit 11 - Income Per Share Calculation
- (b) Reports on Form 8-K: None

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

URBAN OUTFITTERS, INC.
(Registrant)

By: /s/ Richard A. Hayne

Richard A. Hayne,
Chairman of the Board of
Directors

By: /s/ Wayne W. Wetterlund

Wayne W. Wetterlund
Controller
(Principal Accounting Officer)

Dated: June 12, 1998

Urban Outfitters, Inc.
 INCOME PER SHARE CALCULATION:
 APRIL 30, 1998 & 1997

Exhibit 11

INCOME PER SHARE CALCULATION:

	Three Months Ended April 30,			
	1998		1997	
	\$	Per Share	\$	Per Share
NET INCOME	2,100,000	\$0.12	2,423,000	\$0.14
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - ASSUMING DILUTION		18,004,852		17,704,068

COMPUTATION OF COMMON SHARES
 & COMMON SHARE EQUIVALENTS OUTSTANDING:

	Three Months Ended April 30,			
	1998		1997	
	End of Period	Weighted Ave.	End of Period	Weighted Ave.
COMMON SHARES OUTSTANDING - BASIC	17,777,954	17,694,461	17,588,696	17,537,462
COMMON SHARE EQUIVALENTS:				
OPTIONS	1,176,514	1,260,007	1,280,772	1,332,007
ASSUMED REPURCHASED AT AVERAGE PRICE		(949,616)		(1,165,401)
WEIGHTED AVERAGE COMMON EQUIVALENTS		310,391		166,606
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - ASSUMING DILUTION		18,004,852		17,704,068

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