

# Skechers (SKX)

Jane Nelson, Director, Rocky Mountain Chapter  
Model Stock Study Club  
Nov. 17, 2020

# Disclaimer

- All stocks mentioned are for educational and illustrative purposes only, not recommendations to buy or sell.
- All research sources, websites and programs are mentioned only in context to their use, not being recommended
- Stocks may or may not be held by presenter or by her investment club
- Presentation is being recorded and will be available at [>>rmchapter.org>>recordings](http://rmchapter.org)

# Skechers USA Inc

- Designs & develops a diverse footwear product
- Collections for men, women & children plus apparel & accessories
- Goal is style, innovation, quality & comfort



# Skechers USA Inc

- Sells globally through third-party wholesale partners, plus 3770 SKX retail stores and e-commerce platforms
- Expanding distribution centers in Europe and North America
- Opening a new logistics center in United Kingdom
- Has about 11,800 employees

# Skechers USA Inc

## Governance:

### Class A shares

Chair/CEO = 12.4%

Total insiders = 15.3%

### Class B shares (common)

Chair/CEO = 75.9%

Total insiders = 88.7%



# Skechers USA Inc

- CEO/Chairman---Robert Greenberg—80
- President & Director---Michael Greenberg---57
- Director---Jeffrey Greenberg---52
- Employees---Three other Greenberg children
- COO & Director---David Weinberg---69
- Employees—Two Weinberg children

# Skechers USA Inc

Q3 Report: Oct. 29, 2020

---Earnings = \$0.41 (\$0.06 higher than VL est.)

---Sales = down 3.9% YOY

--up 78.3% over Q2

--China sales up 23.9% YOY

---SKX holds \$150B in Cash & Equiv.



# Skechers USA Inc ---2020 Pandemic

Q2---Stores closed worldwide

Q2---Online buying trend began to heat up

Q3---China, Germany & Australia opened with double digit growth

Q3--- Elsewhere, strong ecommerce, instore and curbside pickup made good numbers



# Skechers USA Inc

Q3---Flagship stores in London, Paris, Tokyo opened as planned

Q3---Ongoing progress on distribution center & logistics expedited ecommerce

Q3---Marketing ramped up to promote online buying

Q3---Strong finances gave them freedom to move as needed

**\$5.22B**

Record Annual Sales  
in 2019

**188M**

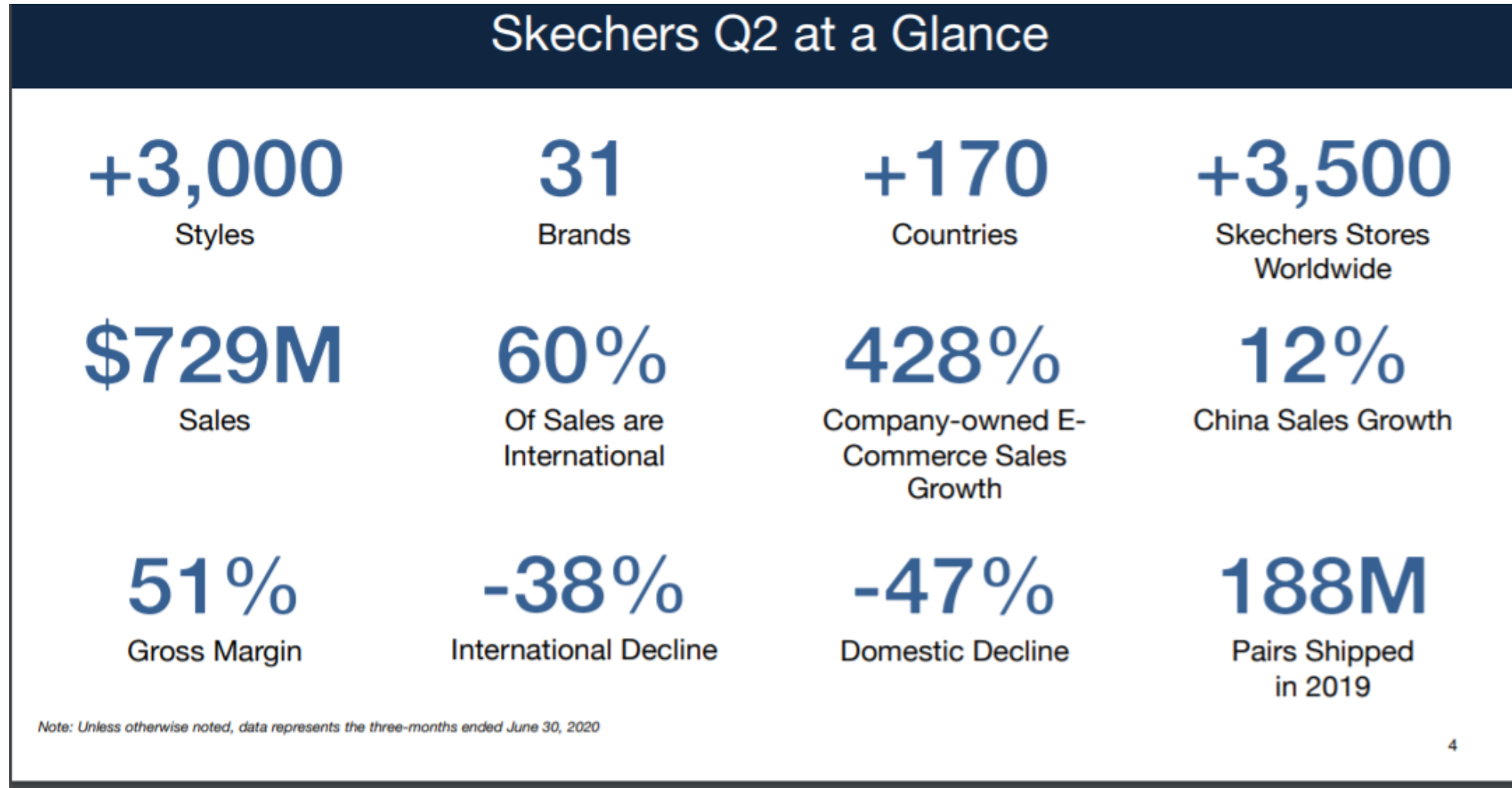
Pairs Shipped  
in 2019

**\$1.30B**

Q3 Sales  
in 2020



# Pandemic in Numbers



# Skechers USA Inc through the pandemic

- 2019---Q4---\$1.33B
- 2020---Q1---\$1.24B
- 2020---Q2---\$729M
- 2020---Q3---\$1.3B

# SKX Social Responsibility

- BOBS charity program –15.8M shoes to children worldwide
- Skechers Foundation – donates to 50 charities
- LEEDS Gold—new headquarters in CA
  - new distribution center in CA
  - new distribution center in Europe

# Skechers SWOT

- S = Strengths
- W = Weaknesses
- O = Opportunities
- T = Threats

# SKX SWOT--- Strengths

- Financial strength, Cash savings (\$150B)
- Online sales planning, had developed website
- Strong marketing backing
- Worldwide diversification allowed offsetting numbers
- Ability to adjust ie. Curbside service
- Good distribution network

# SKX SWOT---Weaknesses

- Too many small stores
- Governance open to question
  - Age of three directors
  - Two families heavily involved
  - Strong control of votes by Robert Greenberg



# SKX SWOT---Opportunities

- Further develop digital marketing and sales
- Maintain good quality at good price in hard times
- Lower its cost structure—move to big-box stores
- Expansion of its global business
- Expansion of its range of products

# SKX SWOT---Threats

- Pandemic does not die down
- Economies become weaker
- Unemployment stays high

# Questions?