



**SKECHERS**



# SKECHERS STOCK PITCH

WILLIAM AND MARY STOCK PITCH  
COMPETITION





**Agustina Gularte**

Major: Finance & Economics  
Academic Year: Sophomore



**Kaiya Green**

Major: Finance & Accounting  
Academic Year: Sophomore



**Grace Aspittle**

Major: Finance  
Academic Year: Sophomore



**Emerald Spencer**

Major: Finance  
Academic Year: Junior



# INVESTMENT THESIS

**Investment Recommendation: BUY**

**Ticker: SKX**

**Projected 1-year price: \$78.49**

**Random Variable Range: \$43 - \$65**

**Current Stock Price (Close 3/22/24): \$60.54 +0.36 (0.60%)**

# KEY STATS

- Founded 1992, headquartered in Manhattan Beach, CA
- Available in 180 countries with 5,168 stores
- Record annual sales for 2023 of \$8.0B, a YoY increase of 7.5%
- Stock ownership: 79.9% institutional, 2.9% USA insiders, 17.2% retail investors

# BUSINESS MODEL

DTC

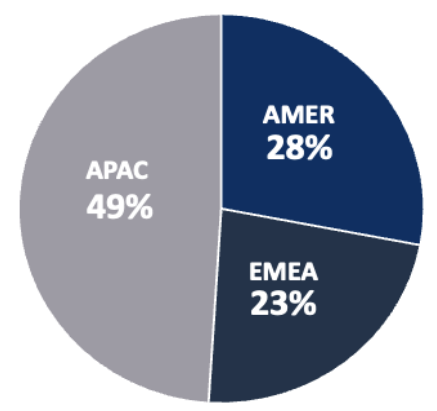
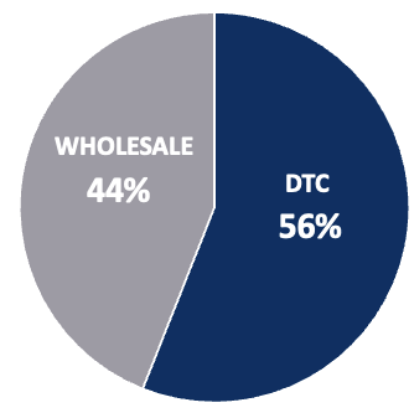


- Skechers-branded stores
- E-commerce sites
- Leading third-party marketplaces and digital platforms
- 1450 retail locations

WHOLESALE

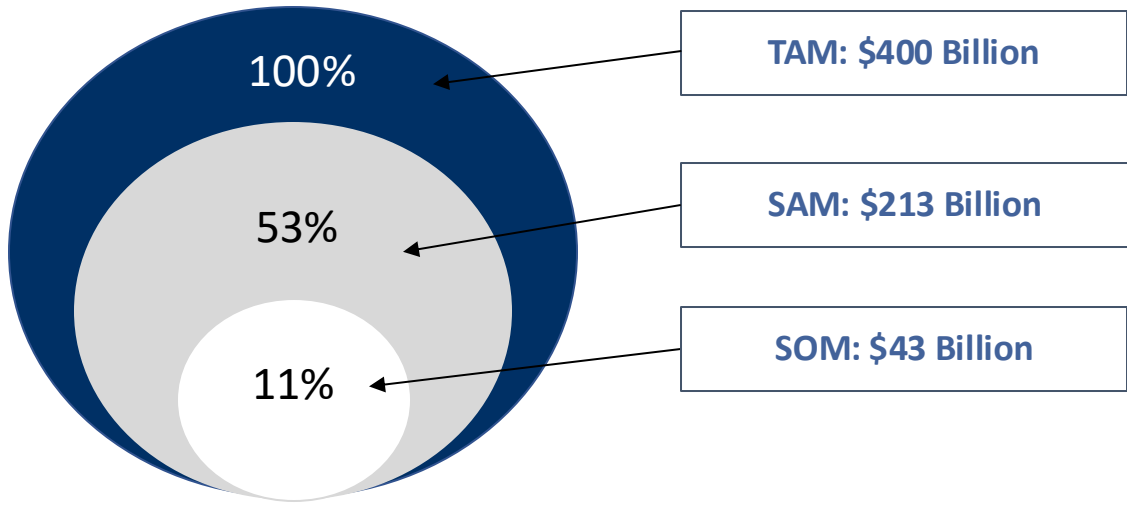


- Third-party franchisees and licensees
- Family shoe stores, department stores, big box club stores, specialty athletic and sporting goods retailers
- Distributors in international markets





# MARKET SIZE



Market	Value	Description
<b>TAM</b>	\$400B	Total global Footwear Sales
<b>SAM</b>	\$213B	Total global Lifestyle/Comfort Sales
<b>SOM</b>	\$43B	Projected sales and revenue with a 20% market share

# GROWTH DRIVERS

Distribution/Manufacturing



Increasing Margins



Share Buybacks



Value Price Point





SKX v. SPX (1-Year Return)



# INDUSTRY TAILWINDS

**Athletes**  
The Olympics, Commonwealth Games, Asian Games, Cricket World Cup, Super Bowl, and FIFA World Cup

**Disposable Income**  
Increase causes individuals to spend or save more, leading to a growth in the overall consumption rate

**Athleisure**  
Shift in fashion towards clothing that balances style, comfort, and functionality

**E-Commerce**  
Online platforms provide greater accessibility to high-end brands, limited productions, and a wide variety of styles

# REVENUE CAGR





	<i><b>SKECHERS</b></i>	<b>CROCS</b>	<i><b>asics</b></i>	<b>UNDER ARMOUR</b>	<i><b>NIKE</b></i>
<b>Shoe Price USD (\$)</b>	\$25-150	\$30-40	\$40-350	\$50-400	\$45-315
<b>Brand Image</b>	Performance & Lifestyle	Casual & Comfort	Sports Performance	Sports Performance	Performance & Lifestyle
<b>Brands</b>	Skechers	Crocs	Asics	Under Armour	Nike, Converse, Jordan
<b>Products /Services</b>	Athletic footwear, lifestyle footwear, performance footwear	Casual footwear, sandals, clogs	Performance apparel, footwear	Performance apparel, footwear, accessories	Athletic footwear, apparel, accessories
<b>Market Cap</b>	\$9,308	\$7,655	\$8,258	\$3,657	\$149,906



**Threat of New Entry: Low**

- Large capital requirements
- Pre-existing major players
- Market dominance by firms
- Only entrance through innovation and technology



**Competitive Rivalry: High**

- International competition
- Strong marketing
- Sponsorship
- Brand image, product, and quality

**Bargaining Power of Buyers: Low**

- Market Size
- Availability of Manufactures
- Switching Costs

**Threat of Substitutes: Moderate**

- Price change
- Difference in quality and product
- Counterfeit products

**Supplier Power: Low**

- Underdeveloped countries usage
- Numerous options for manufacturers

## STOCK PRICE FROM DISCOUNTED CASH FLOW

Current Price	DCF Present Value
<b>\$60.54</b>	<b>\$78.49</b> (+30%)

## KEY INDICATORS

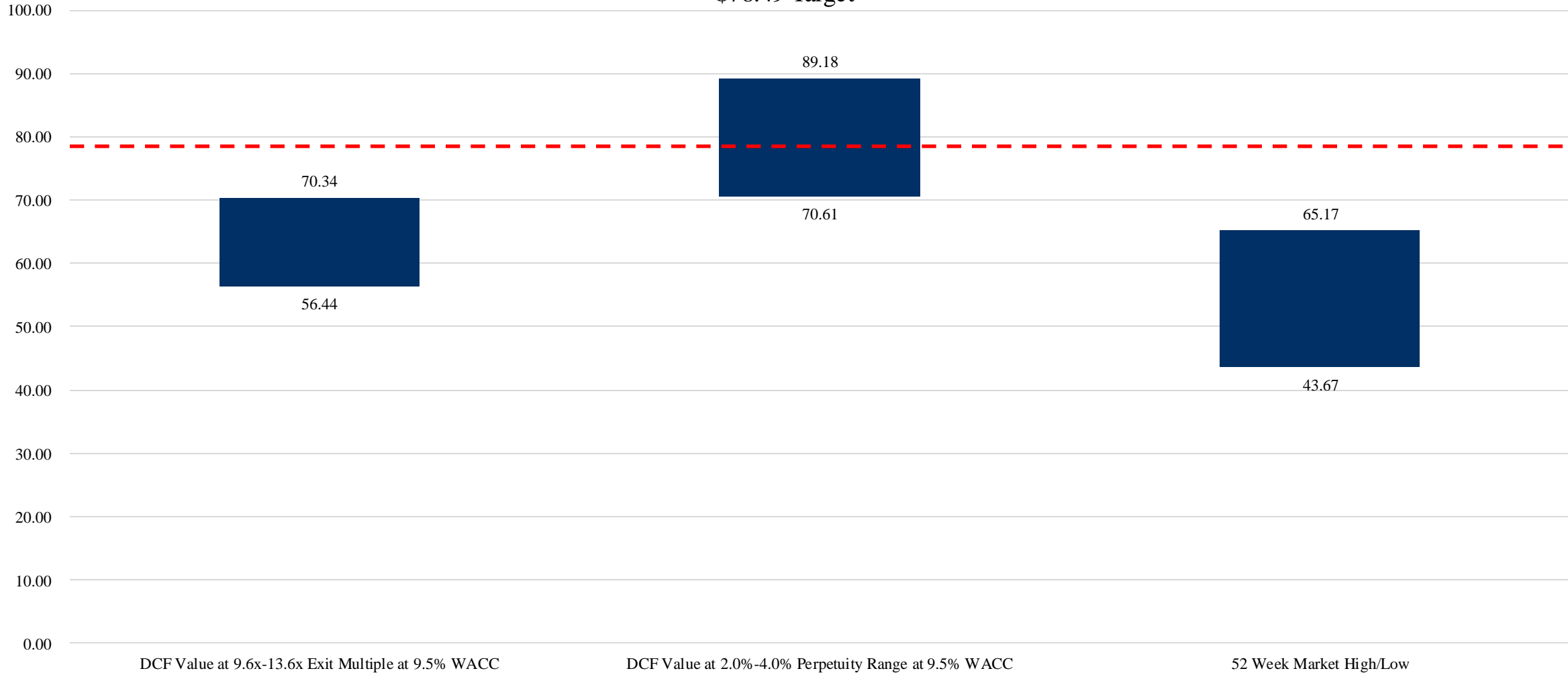
Inv Turnover	2.30	4.09	2.13	2.70	3.34
ROE	14.3%	69.7%	18.8%	20.1%	36.0%
Gross Margin	51.9%	55.7%	52.0%	45.7%	43.9%
P/sales	1.06	2.05	2.13	.54	2.86
EV/EBITDA	10.70	6.36	11.63	7.76	24.91
Levered Beta	.94	1.24	.80	1.37	1.11





# DCF Equity Valuation Range

FCF Multiple  
\$78.49 Target





Risk to Operations	Risk	Descriptions	Mitigation
	<b>Supply Chain Disruptions</b>	<ul style="list-style-type: none"> <li>No long term contracts with manufacturers</li> <li>New partnerships may have less favorable quality and lower manufacturing capacity</li> </ul>	<ul style="list-style-type: none"> <li>No reason to cancel contracts as Skechers is a market leader with 50+ years of experience</li> </ul>
	<b>Retail Expansion</b>	<ul style="list-style-type: none"> <li>Concept locations depend on foot traffic</li> <li>Economic slowdown creates decrease in tourism affecting ability to expand</li> </ul>	<ul style="list-style-type: none"> <li>Launch of 5,168 locations</li> <li>Successfully navigated through two financial crises</li> </ul>
	<b>High Competition</b>	<ul style="list-style-type: none"> <li>Offerings, pricing, production and marketing</li> <li>Technology, engineering, manufacturing and distribution centers</li> </ul>	<ul style="list-style-type: none"> <li>Product diversification</li> <li>Low-price points</li> <li>Off-shoring</li> </ul>
	<b>Foreign Currency Devaluation</b>	<ul style="list-style-type: none"> <li>63% of revenue from foreign countries</li> <li>Increasing costs of foreign distributors and retailers</li> <li>US dollar appreciates against foreign currencies</li> </ul>	<ul style="list-style-type: none"> <li>Price increases</li> <li>Competition faces similar issue</li> </ul>





**Projected Stock Price**  
**\$78.49**

**Current Stock Price**  
**\$60.54**

**Projected Upside**  
**30%**

Rationale	Description
Value Opportunity	Analysis of Skechers' intrinsic value compared to its current market price suggest that Skechers is undervalued, with potential for a 30% return on investment
Share Buyback	Boosts earnings per share, positively effects future value, and returns capital to shareholders
Market Initiative	Targeting new teenage demographic strengthens brand loyalty and long-term customers
Future Endorsements	Endorsements and sponsorships are expected to drive growth and market capture in international and new athletic audiences
Margin Improvements	Geographic manufacturing positions Skechers for long-term profitability and strengthened profit margins







# SKECHERS

- [MANAGEMENT TEAM](#)
- [PRODUCT LINE](#)
- [ENDORSEMENT](#)
- [DONATIONS](#)
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### Robert Greenberg – Chairman of the Board and CEO



- 40+ years in the footwear industry
- Served as Chairman of the Board and CEO of Skechers since 1992
- Received Footwear News’ Lifetime Achievement Award in 2005 for his industry impact

### Michael Greenberg – President and Co-Founder



- 30+ years in the Footwear industry
- Founded the Skechers Foundation and the annual Skechers Pier to Pier Friendship Walk, raising over \$24 million for children with special needs education
- Co-founded the Friendship Foundation

### John Vandemore – CFO



- Oversees the company’s SEC reporting and filing obligations and firm-wide financial policies
- Served as EVP and Division CFO of Mattel Inc., and CFO and Treasurer of International Game Technology PLC
- 12 years in operations and finance roles at The Walt Disney Company. Five years as VP and CFO of Walt Disney Imagineering

### David Weinberg – COO



- Responsible for day-to-day operations, including planning and directing the company’s policies, objectives, and initiatives
- Develops short and long-term financial and infrastructure strategies to expand domestic, international, and e-commerce divisions
- Named Chief Operating Officer in 2006
- Member of the board for 26 years
- Served as Chief Financial Officer from 1993 to 2017





### Skechers Work

- Men's and women's slip-resistant and safety-toe casuals, boots, hikers, and athletic shoes for professionals who use protective footwear in their work environments.
- Skechers Work styles include Skechers comfort technologies along with safety and durability features such as steel, composite, and lightweight safety toes; high-abrasion soles; puncture resistance; waterproofing and electrostatic-dissipative technology.



### Lifestyle Brands

- Categories such as Skechers USA, Skechers Sport, Skechers Active, Modern Comfort, Skechers Street, Foamies, Mark Nason, the charity-minded BOBS from Skechers collection, and the recycled materials line Our Planet Matters
- Patent designs including podiatrist-certified arch support and outsoles for enhanced traction, stability and durability.



### Performance Brands

- Utilizes the latest advancements in materials and innovative design, including lightweight Ultra GO and Hyper Burst midsole compounds for comfort and responsive feedback.
- Skechers Performance includes the lines Skechers GOrun, Skechers GOwalk, Skechers GOtrain, Skechers GOtrail, and Skechers GO Golf as well as Skechers Viper Court for pickleball.



### Skechers Kids

- Skechers Kids is comprised of a wide range of sneakers, casuals, boots, and sandals for boys and girls of all ages – pairing the latest trends with innovative comfort technology.
- The Skechers Kids offering includes its namesake collection, S-Lights, Skech-Air, Foamies, Twinkle Toes, Skechers Stretch Fit, and Skechers Street.



### Skechers Apparel

- Skechers designs and markets a collection of lifestyle apparel for men, women, and kids.
- The activewear garments are designed to directly coordinate with the brand's footwear products.
- The Skechers apparel collection is sold at Skechers retail stores, on our websites and through wholesale customers.





# CURRENT SPONSORSHIPS

- Skechers was the main sponsor of 23 FIS Nordic Skiing and 11 FIS Alpine Skiing races and the main sponsor of the EBERSPÄCHER Luge World Cup 2023/24 season
- Skechers USA Inc., signed professional golfers Russell Knox and Ashlan Ramsey as the latest additions to the growing roster of athletes representing Skechers GO GOLF
- Signed pro soccer player Harry Kane of England
- Signed basketball pros Julius Randle of the NY Knicks and Terance Mann of the LA Clippers
- Named the Official Footwear Sponsor of the 2023 English OPEN and English Nationals pickleball tournaments

# CELEBRITY ENDORSEMENTS



- Gigi Hadid
- Ellie Goulding
- Demi Lovato
- Megan Trainor
- Mew Suppasit
- Jimmy Fallon
- Snoop Dogg
- Doja Cat
- Lawrence Wong
- Park Jun







\$11 million

Save and support 2 million shelter animals



\$16 million

16 million pairs of new shoes to children



\$18 million

Education, Poverty, Cancer, Humanitarian Relief



## Environment

- **Our Planet Matters™ collection:** An initiative that incorporates 20% recycled materials in all products by 2023
- **LEED Gold-certified corporate headquarters and distribution centers:** Focusing on renewable energy and waste reduction to minimize environmental impact
- **Engaged third-party for Scope 1 and 2 greenhouse gas emissions measurement:** Demonstrating transparency and accountability in environmental stewardship

## Social

- **BOBS from Skechers initiative:** Donated \$9.3 million for animal welfare and 16 million pairs of shoes to children in need
- **Employee-centric policies:** Competitive benefits, leadership training, and well-being programs illustrate Skechers' investment in its employees' growth and satisfaction
- **Diversity and inclusion:** With 40% female representation among U.S. corporate employees, Skechers emphasizes its commitment to creating an inclusive work environment

## Governance

- **ESG focus:** Continued strategic efforts to enhance sustainability practices and community well-being
- **Active board involvement in ESG initiatives:** Guided by the Nominating and Governance Committee, this highlights the company's structured approach to governance
- **Comprehensive Supplier Code of Conduct:** Ensuring ethical supply chain practices, reflecting Skechers' commitment to corporate responsibility





APRIL 27, 2023

Signed Agreement with Sports Connection Holding ApS (their Scandinavian distributor), Wholly-Owned Subsidiary

AUGUST 25, 2005

Signed Agreement with Duncan Investments LLC, Wholly-Owned Subsidiary by Skechers

DECEMBER 21, 2000

Signed Agreement with Yale Investments LLC, Wholly-Owned Subsidiary by Skechers



Our products are produced by *independent contract manufacturers* in primarily China, Vietnam, Italy, Brazil, etc.

The use of independent manufacturers substantially increases production flexibility while reducing capital expenditures



**North America  
Distribution Center**  
Rancho Belago, California  
2.6 million square feet

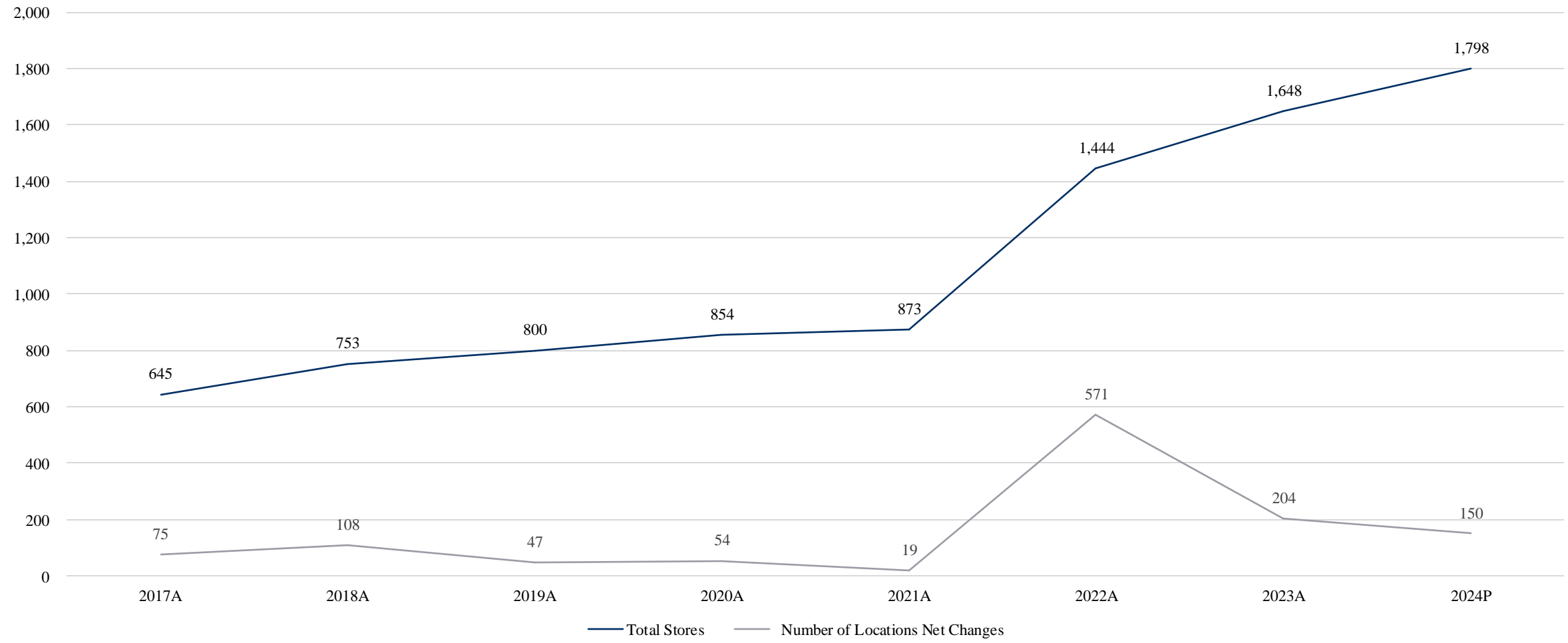
**Europe  
Distribution Center**  
Liege, Belgium  
2.2 million square feet

**China  
Distribution Center**  
Taicang, China  
1.6 million square feet





Company Operating Metrics

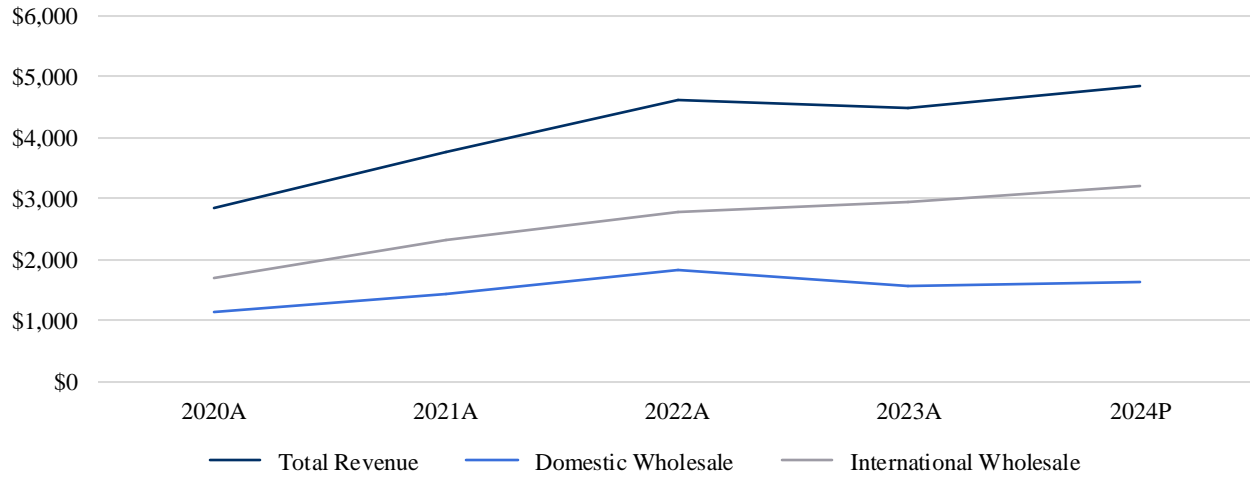


“With an additional 140-160 more Company-owned stores planned this year and hundreds of stores opening annually with our partners, we are on the road to 10,000 stores.”  
 - Jennifer Clay SKECHERS U.S.A., Inc.

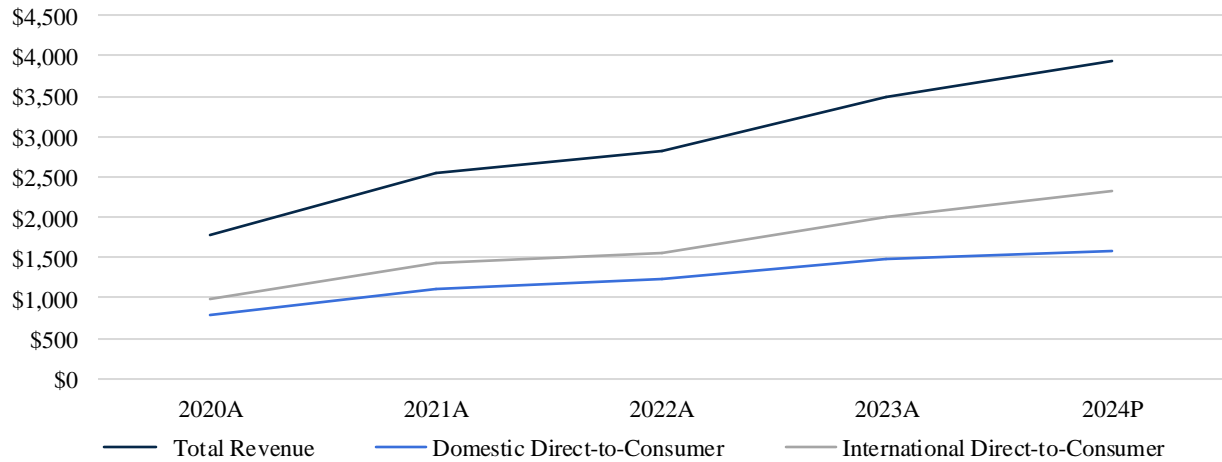




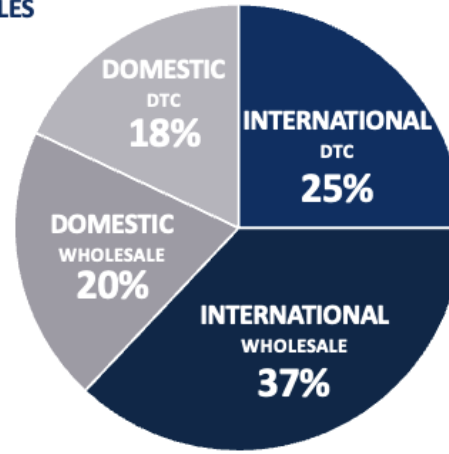
### Wholesale Breakdown



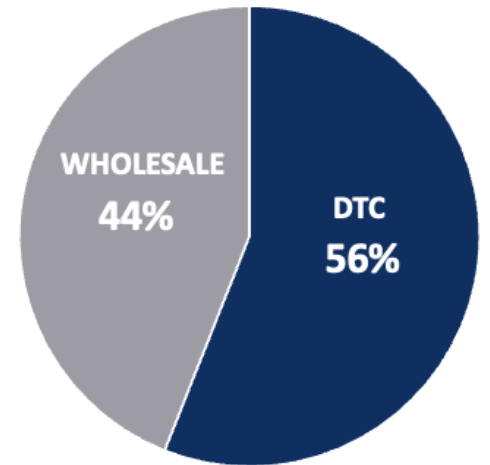
### DTC Breakdown



### DOMESTIC VS. INTERNATIONAL SALES

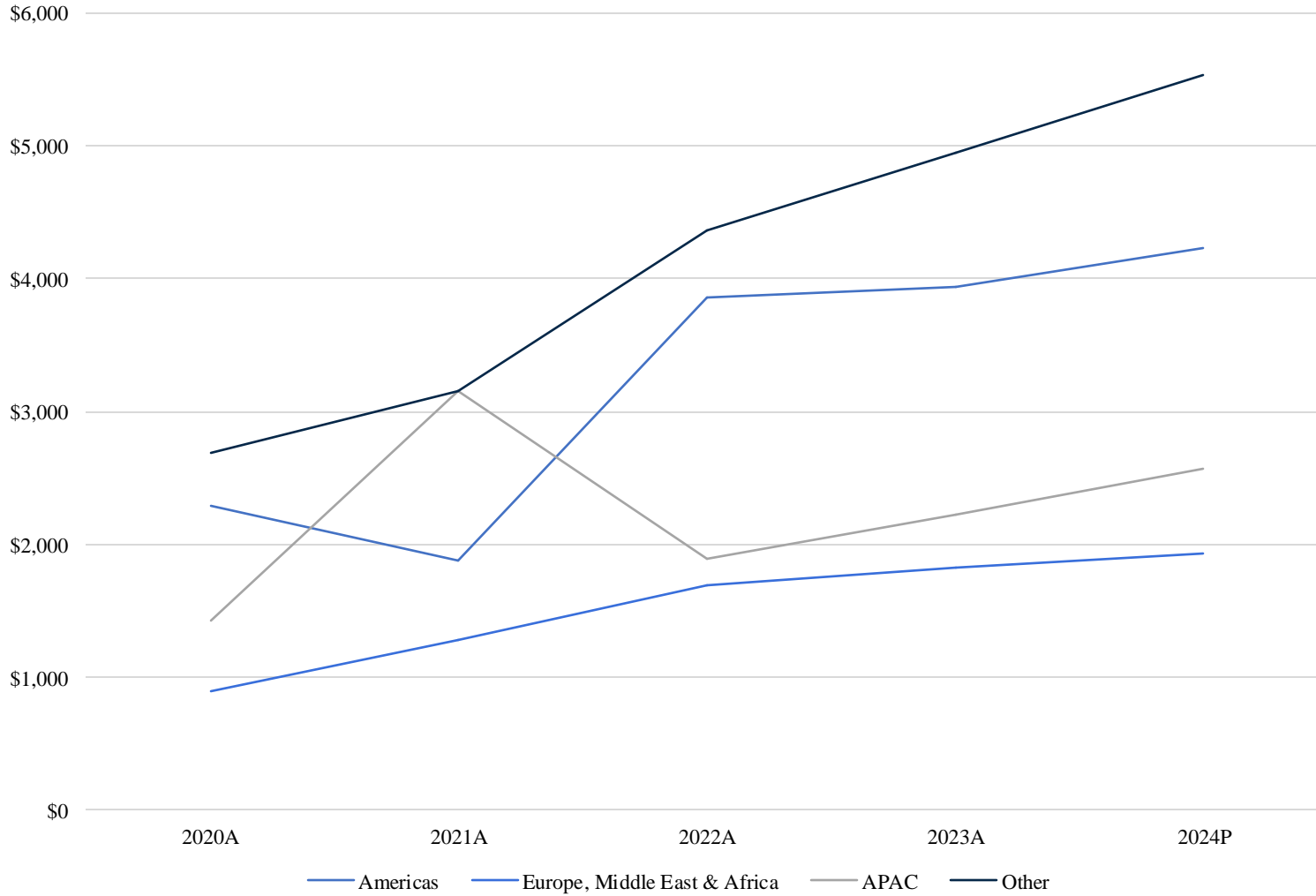


### SEGMENT SALES

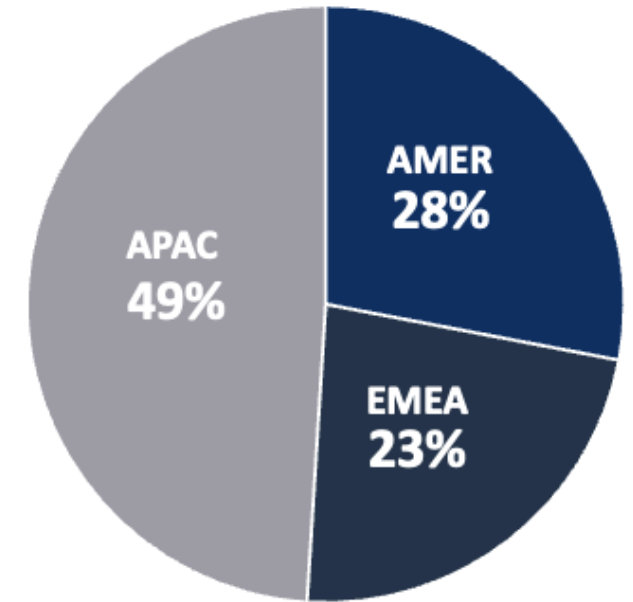




Regional Breakdown



REGIONAL SALES

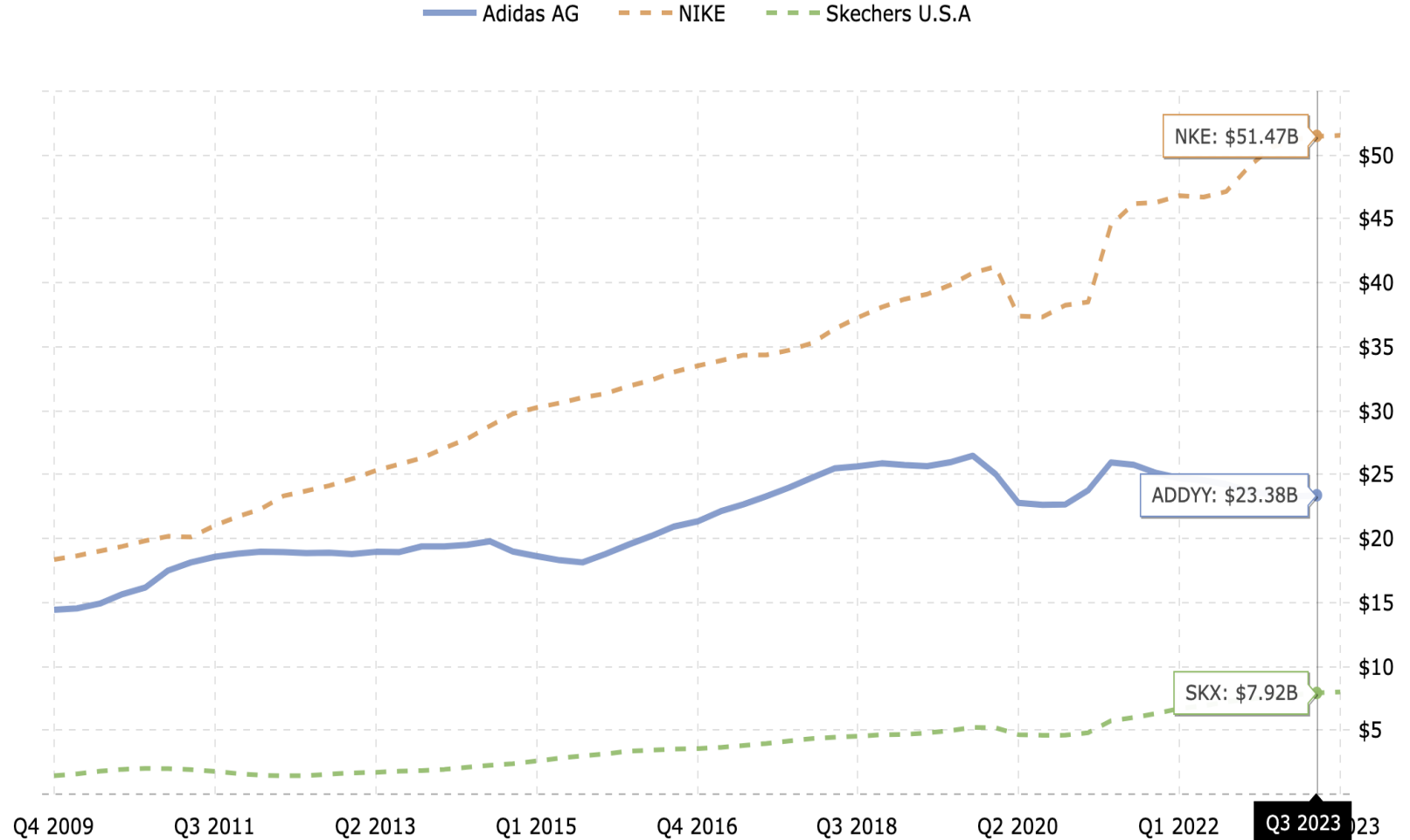






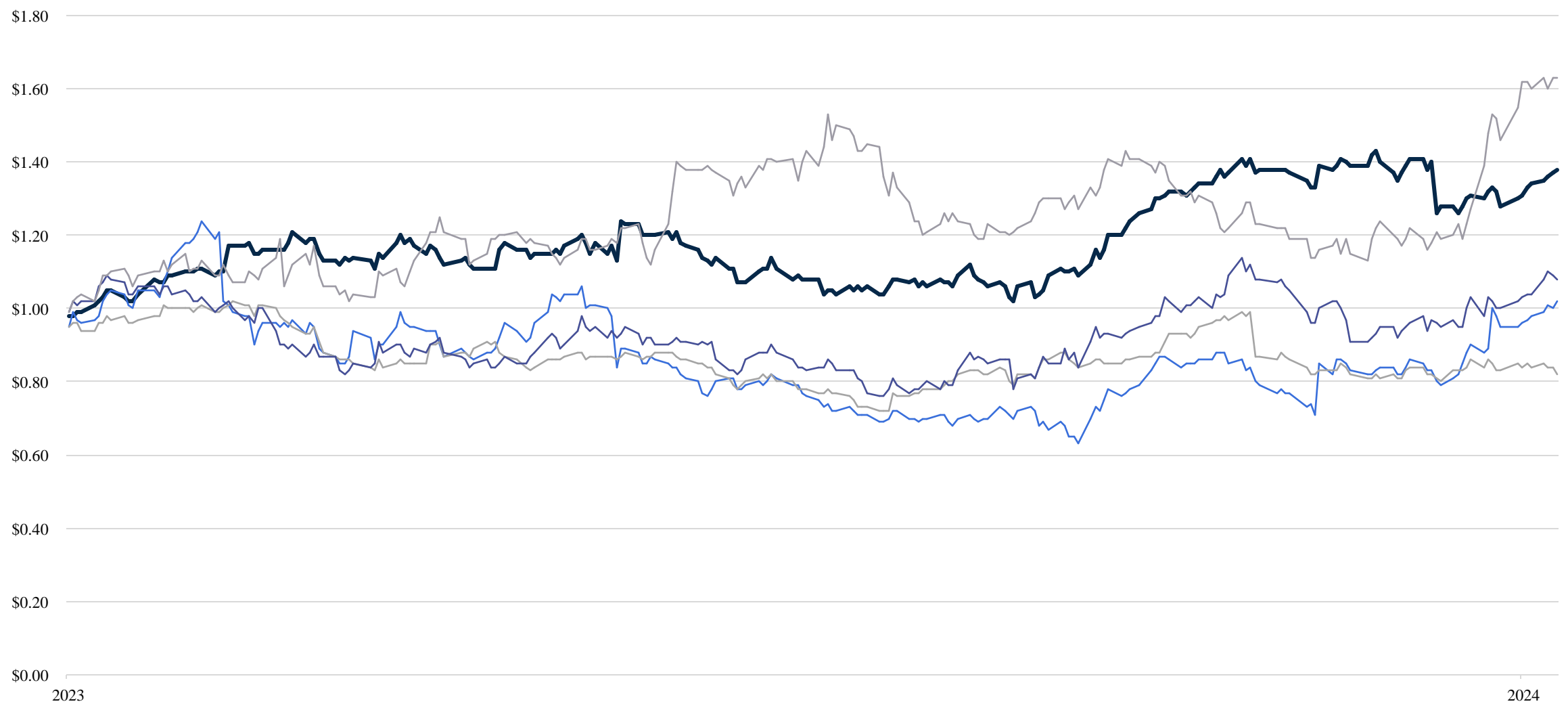
- ### Casual/Utility Footwear
- Columbia Sportswear
  - Converse by Nike
  - Decker's Outdoor Corporation
  - Kenneth Cole Productions Inc.
  - Steven Madden
  - Timberland Company
  - V.F. Corporation
  - Wolverine Worldwide

- ### Athletic Lifestyle Footwear
- Nike
  - Adidas
  - Reebok International
  - Puma SE
  - ASICS America Corporation
  - New Balance Athletic Shoe Inc.
  - Under Armor





SKX v. Relevant Competitors (1-Year Change)



SKX CROX NKE UA ASCCY





	S&P 500	<i>SKECHERS</i>	<b>CROCS</b>	<i>ASICS</i>	UNDER ARMOUR	<i>NIKE</i>
<b>Avg Annual Return</b>	12.4%	23.0%	34.3%	53.8%	-15.9%	-5.6%
<b>Avg Geo Return</b>	10.9%	15.8%	14.9%	37.5%	-25.0%	-10.2%
<b>Annual SD</b>	8.0%	16.7%	27.2%	23.5%	22.6%	15.4%
<b>Adjusted Beta</b>	1.00	.94	1.24	.80	1.37	1.11
<b>Annual Sharpe Ratio</b>	1.25	1.24	1.18	2.19	-0.81	-0.52



Fiscal year	2021A	2022A	2023A	2024P	2025P	2026P	2027P	2028P
Fiscal year end date	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28
Net sales % change		18.0%	7.5%	7.5%	6.5%	5.5%	4.5%	3.5%
Cost of Sales % change	50.5%	52.8%	48.1%	48.1%	48.1%	48.1%	48.1%	48.1%
Gross Profit Margin	49.5%	47.2%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%
D&A as a % of sales	2.2%	2.1%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%
SG&A as a % of sales	40.0%	39.9%	42.1%	40.7%	40.7%	40.7%	40.7%	40.7%
Taxes % of pretax income	-43.2%	17.8%	18.8%	21.0%	21.0%	21.0%	21.0%	21.0%
Capex % of sales	4.9%	4.8%	4.0%	3.8%	3.6%	3.4%	3.2%	3.0%
Accounts receivable % of Sales	12.9%	12.6%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Inventories % of Cost or Sales	46.2%	46.3%	39.6%	39.6%	39.6%	39.6%	39.6%	39.6%
Other current assets % of Sales	3.1%	2.4%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Operating lease right-of-use assets % of Sales	19.4%	16.1%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Deferred tax assets % of Sales	7.2%	6.1%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Long-term investments % of Sales	2.3%	0.9%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Other non-current assets % of Sales	1.2%	1.1%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Accounts payable % of Cost of Sales	27.5%	24.4%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%
Accrued expenses % of Sales	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating lease liabilities % of Sales	3.6%	3.2%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Long-term operating lease liabilities % of Sales	17.3%	14.3%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
Deferred tax liabilities % of Sales	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other long-term liabilities % of Sales	2.1%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Fiscal year	2021A	2022A	2023A	2024P	2025P	2026P	2027P	2028P
Fiscal year end date	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28

## Common Size Ratios

Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Profit	9.5%	7.3%	9.8%	11.2%	11.2%	11.2%	11.2%	11.2%
Net Profit	12.9%	5.8%	8.1%	8.8%	8.9%	8.9%	9.0%	9.1%
Selling, general & administrative	40.0%	39.9%	42.1%	40.7%	40.7%	40.7%	40.7%	40.7%
Pretax profit	9.0%	7.0%	10.0%	11.2%	11.2%	11.3%	11.4%	11.5%
Taxes	-3.9%	1.3%	1.9%	2.3%	2.4%	2.4%	2.4%	2.4%
Net income	12.9%	5.8%	8.1%	8.8%	8.9%	8.9%	9.0%	9.1%

## Profitability Ratios

ROA		6.6%	9.4%	10.1%	9.7%	9.4%	9.0%	8.6%
ROE		11.6%	15.7%	16.2%	15.3%	14.4%	13.5%	12.7%

## Liquidity Ratios

Current Ratio	2.33	2.26	2.38	2.52	2.69	2.89	3.11	3.37
Quick Ratio	1.18	1.02	1.33	1.47	1.63	1.83	2.05	2.31

## Solvency Ratio

Total Debt/Capital	0.29	0.26	0.24	0.23	0.22	0.20	0.19	0.18
EBIT	598,187	546,670	784,786	963,241	1,025,852	1,082,274	1,130,976	1,170,560
EBIT/Interest Expense	40.15	27.75	35.04	42.06	44.78	47.25	49.37	51.10
EBITDA		700,386	966,711	1,168,151	1,247,883	1,319,530	1,381,257	1,431,386
EBITDA/Sales		9.4%	12.1%	13.6%	13.6%	13.7%	13.7%	13.7%
EBITDA/Interest Expense		47.01	49.07	52.15	54.49	57.60	60.30	62.49
Debt/Equity	9.64%	8.76%	6.85%	6.03%	5.33%	4.74%	4.24%	3.82%

Tax on EBIT	(258,144)	97,447	147,917	202,281	215,429	227,277	237,505	245,818
Tax rate	-43.2%	17.8%	18.8%	21.0%	21.0%	21.0%	21.0%	21.0%
NOPAT	856,331	449,223	636,869	760,961	810,423	854,996	893,471	924,743





Metric	Assumption	Rationale
Terminal Growth Rate	3%	The current inflation rate is 3% and the GDP growth is 3-4%
FCF Multiple	11.56x	Calculated by taking Price Per Share/ (Year 0 FCF/Number of Shares)
Revenue Growth	7.5%	Based on LTM Rev. Growth and average of comparable companies median and 75 <sup>th</sup> percentile growth
Gross Profit Margin	51.9%	Based on LTM Gross Profit Margin and average of comparable companies median and 75 <sup>th</sup> percentile growth

Ticker	Gross Margin (LTM)	Rev. Growth (LTM)	EV/Rev
SKX	51.9%	7.5%	1.3x
ASCCY	52.0%	9.7%	2.1x
SHOO	42.0%	-6.6%	1.6x
CROX	56.4%	11.5%	2.3x
UA	45.7%	-0.6%	0.7x
ADS	46.2%	-4.2%	1.8x
PUM	46.3%	4.3%	0.9x
BIRK	67.8%	23.3%	6.4x
Average	51.0%	5.6%	2.1x
Q1	46.0%	-1.5%	1.2x
Median	49.1%	5.9%	1.7x
Q3	53.1%	10.2%	2.1x



In USD Millions

## Footwear Manufacturer

Company	Ticker	EV	Revenue (LTM)	Gross Profit (LTM)	Gross Margin (LTM)	EV/Rev (LTM)	EV/GP (LTM)	Rev. Growth (LTM)	EBITDA Margin (LTM)	EV/EBITDA (LTM)
Skechers	SKX	10,130	8,000	4,152	51.9%	1.3x	2.4x	7.5%	12.1%	10.7x
Asics	ASCCY	8,367	4,068	2,117	52.0%	2.1x	4.0x	9.7%	12.5%	11.6x
Steve Madden	SHOO	3,073	1,981	832	42.0%	1.6x	3.7x	-6.6%	13.6%	10.7x
Crocs	CROX	9,299	3,962	2,233	56.4%	2.3x	4.2x	11.5%	29.0%	6.4x
Under Armour	UA	4,091	5,768	2,637	45.7%	0.7x	1.6x	-0.6%	9.9%	7.8x
Adidas AG	ADS	41,840	23,304	10,755	46.2%	1.8x	3.9x	-4.2%	4.7%	22.4x
Puma SE	PUM	8,231	9,303	4,311	46.3%	0.9x	1.9x	4.3%	11.4%	8.9x
Birkenstock	BIRK	10,637	1,675	1,136	67.8%	6.4x	9.4x	23.3%	30.0%	-
Average		11,959	7,258	3,522	51.0%	2.1x	3.9x	5.6%	15.4%	11.2x
Q1		7,196	3,467	1,872	46.0%	1.2x	2.3x	-1.5%	11.0%	8.3x
Median		8,833	4,918	2,435	49.1%	1.7x	3.8x	5.9%	12.3%	10.7x
Q3		10,257	8,326	4,192	53.1%	2.1x	4.0x	10.2%	17.5%	11.2x

## Year 1 Multiples

EV/Revenue 1.3x  
EV/EBITDA 9.7x

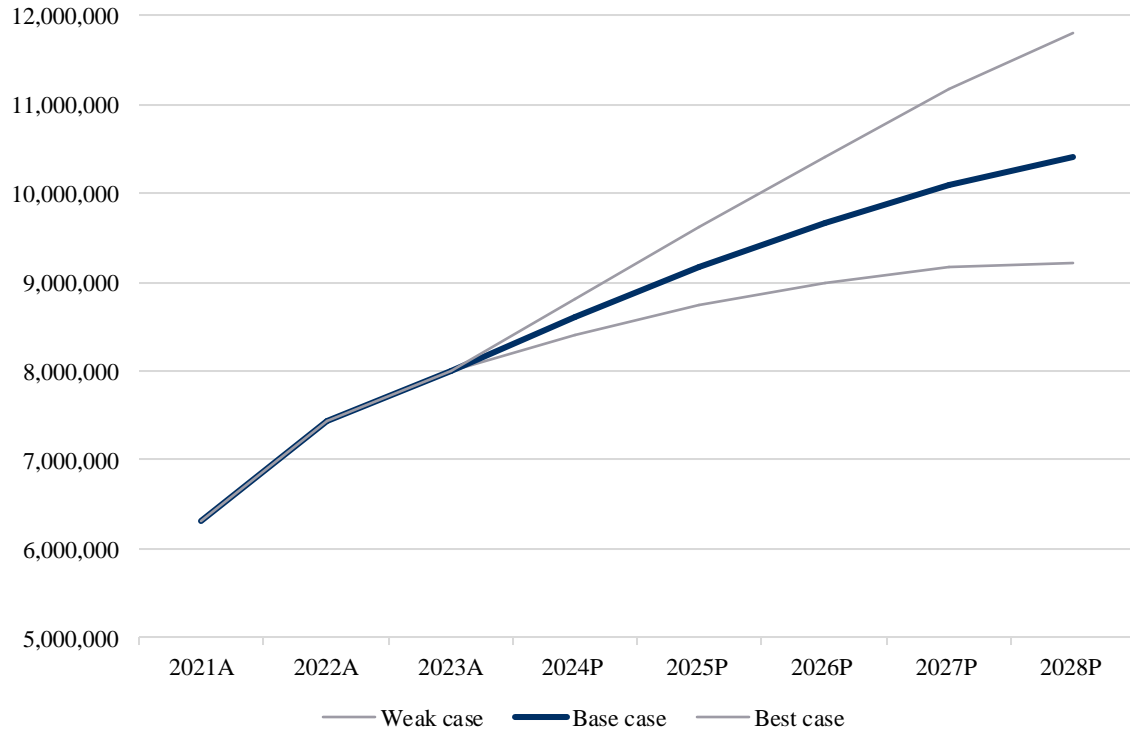
## Multi-brand Distributors

Company	Ticker	EV	Revenue (LTM)	Gross Profit (LTM)	Gross Margin (LTM)	EV/Rev (LTM)	EV/GP (LTM)	Rev. Growth (LTM)	EBITDA Margin (LTM)	EV/EBITDA (LTM)
Nike	NKE	150,800	51,542	22,657	44.0%	2.9x	6.7x	5.0%	13.2%	24.9x
Deckers	DECK	21,852	4,119	2,242	54.4%	5.3x	9.7x	15.3%	22.9%	16.7x
Wolverine WorldWide	WWW	1,706	2,242	872	38.9%	0.8x	2.0x	-16.5%	-0.3%	10.0x
VF Corporation	VFC	12,646	10,820	5,517	51.0%	1.2x	2.3x	-7.5%	8.2%	9.0x
Ralph Lauren Corp	RL	12,264	6,604	4,338	65.7%	1.9x	2.8x	2.8%	13.9%	10.4x
Allbirds	BIRD	109	266	113	42.5%	0.4x	1.0x	-14.3%	-38.4%	-
Capri Holdings Ltd	CPRI	8,865	5,282	3,438	65.1%	1.7x	2.6x	-8.6%	16.0%	7.9x
Average		29,749	11,554	5,597	51.6%	2.0x	3.9x	-3.4%	5.1%	13.1x
Q1		5,286	3,181	1,557	43.2%	1.0x	2.1x	-11.5%	4.0%	9.2x
Median		12,264	5,282	3,438	51.0%	1.7x	2.6x	-7.5%	13.2%	10.2x
Q3		17,249	8,712	4,928	59.8%	2.4x	4.7x	3.9%	15.0%	15.1x

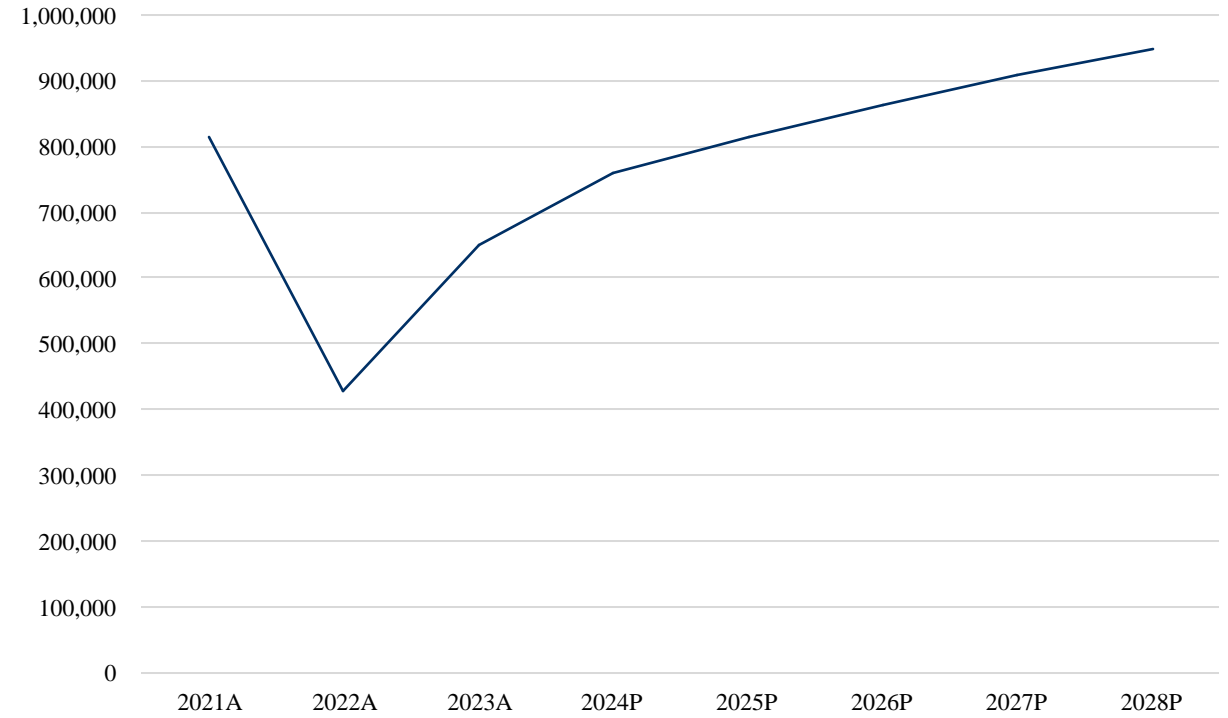




### Sales Growth



### Net Income Growth



## DRIVERS

- Future Earnings Potential
- DTC sales increased 23.8% YoY in Q3 2023
- Store expansion

## STATISTICS

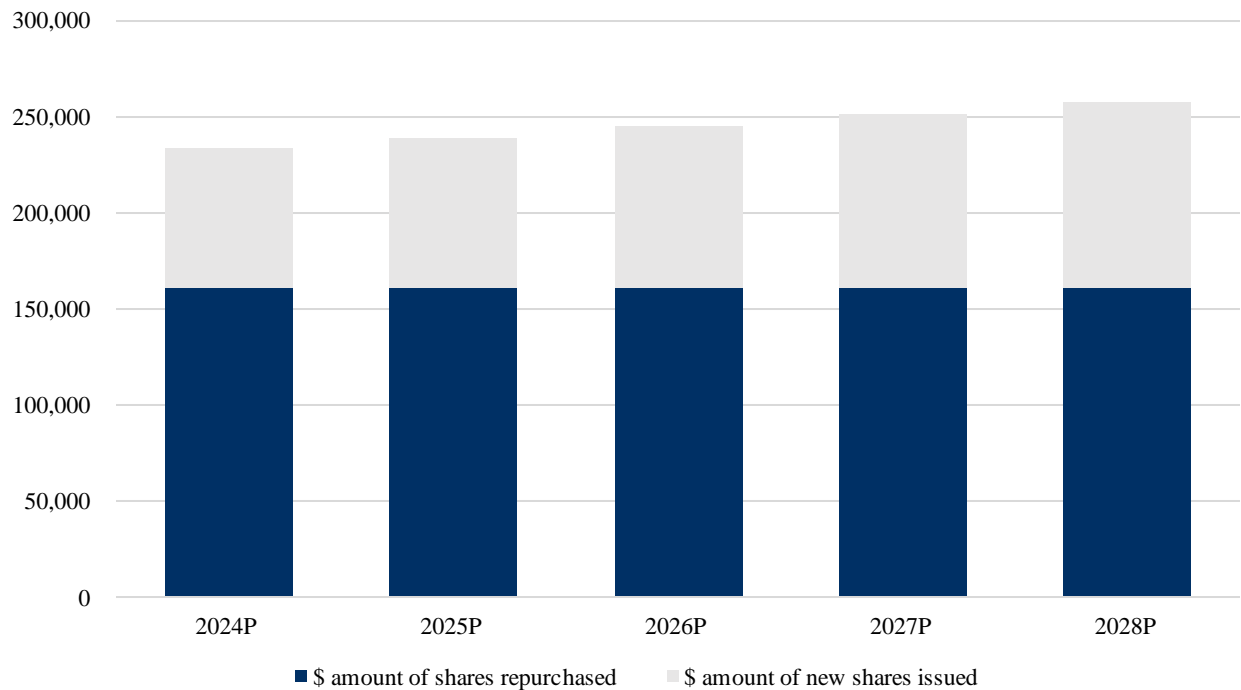
- 51.4% jump in 2023
- Projected come back to 16.8% in 2024



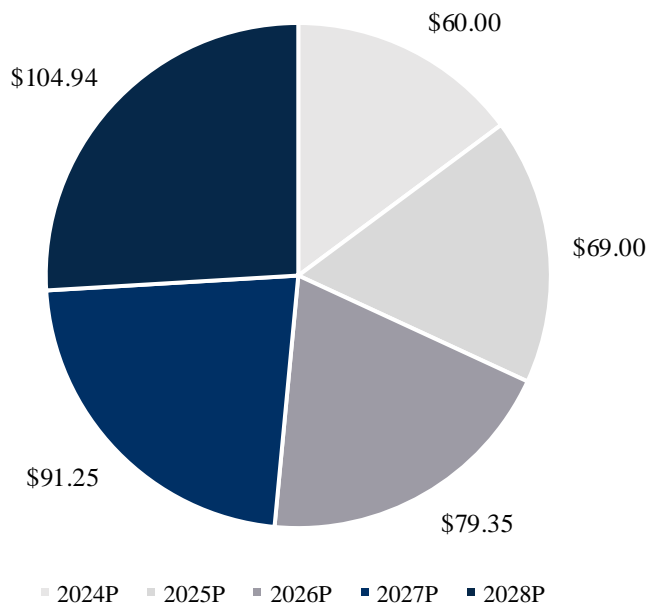




### Share Repurchases v. Shares Issued



### Average Share Price



Projected using historical share buybacks (\$160M) and new shares issued (\$73M - \$88M) consistent with sales growth

Share price increases with projected 15% growth





	Variance from Base Case	2024P 12/31/24	2025P 12/31/25	2026P 12/31/26	2027P 12/31/27	2028P 12/31/28
Revenue growth	NM	7.5%	6.5%	5.5%	4.5%	3.0%
Gross profit margin	NM	51.9%	51.9%	51.9%	51.9%	51.9%
SG&A % of sales	NM	40.7%	40.7%	40.7%	40.7%	40.7%

Revenue growth						
Best case	2.7%	10.2%	9.2%	8.2%	7.2%	5.7%
Base case	NM	7.5%	6.5%	5.5%	4.5%	3.0%
Weak case	(2.5%)	5.0%	4.0%	3.0%	2.0%	0.5%
Gross profit margin						
Best case	1.1%	53.0%	53.0%	53.0%	53.0%	53.0%
Base case	NM	51.9%	51.9%	51.9%	51.9%	51.9%
Weak case	(1.1%)	50.8%	50.8%	50.8%	50.8%	50.8%
SG&A % of sales						
Best case	(1.0%)	39.7%	39.7%	39.7%	39.7%	39.7%
Base case	NM	40.7%	40.7%	40.7%	40.7%	40.7%
Weak case	1.0%	41.7%	41.7%	41.7%	41.7%	41.7%

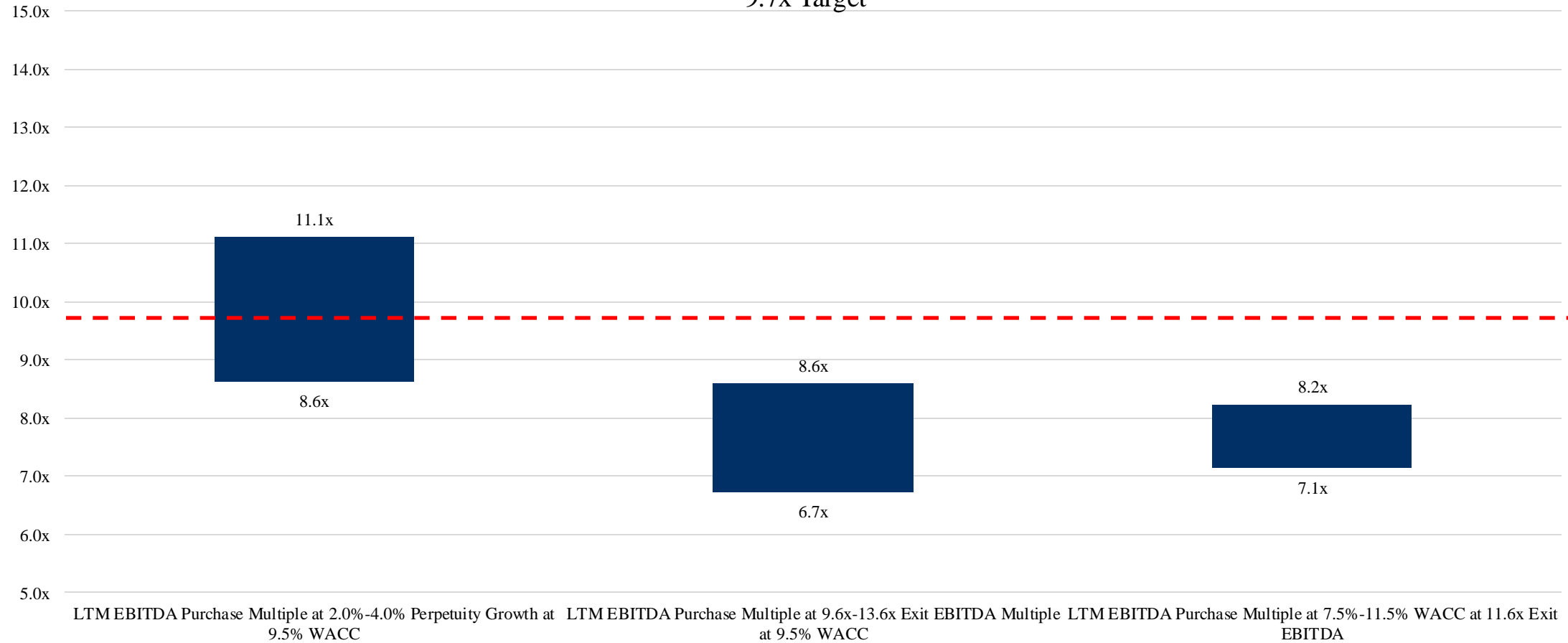
DCF – PERPETUITY	
Best	102.08
<b>Base</b>	<b>78.49</b>
Worst	59.12

GROWTH RATE	PRICE
1% (Recession)	64.63
<b>3% (Base)</b>	<b>78.49</b>
4% (Industry)	89.22



# LTM EBITDA Multiple Range

FCF Multiple  
9.7x Target





Fiscal year	2021A	2022A	2023A	2024P	2025P	2026P	2027P	2028P
Fiscal year end date	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28
<b>Unlevered Free Cashflow</b>								
Net Income	815,632	429,162	649,923	758,994	813,634	864,477	910,324	945,655
+Depreciation	139,577	153,716	181,925	189,208	201,507	212,589	222,156	228,821
Change NWC	(480,840)	(433,378)	303,679	(81,610)	(76,005)	(68,492)	(59,121)	(41,188)
Capex	(309,674)	(358,992)	(323,722)	(330,800)	(333,984)	(333,026)	(327,817)	(316,849)
Free Cashflow	164,695	(209,492)	811,805	535,792	605,152	675,548	745,543	816,438

Periods	0.5	1.5	2.5	3.5	4.5
PV	512,077	528,300	538,703	543,054	543,215

Terminal Value	
Gordon Growth Method	12,983,469
Current FCF Multiple	11.65

Gordon Growth Method	
PV of Unlevered FCF	2,665,348
PV of Terminal Value	8,638,509
Enterprise Value	11,303,858
Less: Debt	(301,409)
Add: Cash	1,262,505
Equity Value	12,264,954
Shares	156,256
Price Per Share	78.49

WACC Calculation		
Cost of Equity - CAPM		
10Y US Treasury	4%	
Beta of Skechers	0.936	
Market Risk Premium	6%	
Cost of Equity	9.62%	
Cost of Debt (Pretax)	6.30%	3-mo SOFR + 1%
Cost of Debt (A-T)	5.11%	
Total Debt	301,409	3%
Total Equity (Market Cap)		
Price per Share	\$60.54	
Number of Shares	156,256	
Market Cap	9,459,738	97%
Total D + E	9,761,147	
WACC	9.48%	
Growth Rate Assumption	3%	





FIRST FORECAST YEAR NET INCOME SENSITIVITY

		Revenue Growth Rate				
		5.0%	6.5%	7.5%	8.5%	10.0%
<b>Gross Profit Margin</b>	53.9%	875,353	887,734	895,987	904,240	916,621
	52.9%	808,450	819,874	827,491	835,107	846,531
	51.9%	741,547	752,015	758,994	765,973	776,442
	50.9%	674,643	684,156	690,498	696,840	706,353
	49.9%	607,740	616,297	622,002	627,706	636,264
	48.9%	540,836	548,438	553,505	558,573	566,174



### Covid Comeback

