
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

April 19, 2018

SKECHERS U.S.A., INC.

(Exact name of registrant as specified in its charter)

Delaware

001-14429

95-4376145

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

228 Manhattan Beach Boulevard, Manhattan
Beach, California

90266

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(310) 318-3100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Top of the Form

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [☐]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [☐]

[Top of the Form](#)

Item 2.02 Results of Operations and Financial Condition.

On April 19, 2018, the Company issued a press release announcing its results of operations and financial condition for the three months ended March 31, 2018. A copy of the press release is attached hereto as exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished as part of this report:

99.1 Press Release dated April 19, 2018.

The information in this current report and the exhibit attached hereto is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The Information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended. The furnishing of the Information in this Current Report is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the Information this Current Report contains is material investor information that is not otherwise publicly available.

Exhibit Index

Exhibit No.	Description
99.1	Press Release dated April 19, 2018.

SIGNATURES

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 hereunto duly authorized.

SKECHERS U.S.A., INC.

April 19, 2018

By: /s/ David Weinberg

Name: David Weinberg

Title: Chief Operating Officer

FOR IMMEDIATE RELEASE

Company Contact:	David Weinberg Chief Operating Officer John Vandemore Chief Financial Officer SKECHERS USA, Inc. (310) 318-3100
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**SKECHERS ACHIEVES NEW QUARTERLY SALES RECORD IN
FIRST QUARTER 2018**

MANHATTAN BEACH, CA. – April 19, 2018 – SKECHERS USA, Inc. (NYSE:SKX), a global footwear leader, today announced financial results for the first quarter ended March 31, 2018.

First Quarter Highlights

Record sales of \$1.250 billion, an increase of 16.5 percent

Earnings from operations of \$148.8 million, a 19.6 percent increase

Net earnings of \$117.7 million, a 25.2 percent increase, and diluted earnings per share of \$0.75

International wholesale sales increased 17.9 percent; total international wholesale and retail sales combined represented 54.0 percent of total sales

Domestic wholesale sales increased 8.5 percent

Company-owned global retail sales increased 26.4 percent, with a comparable same store sales increase of 9.5 percent worldwide

“What a way to start 2018,” began Robert Greenberg, Skechers chief executive officer. “We truly felt 2017 was a banner year, but yet again we surpassed our expectations and hit a new quarterly sales record. With our men’s, women’s and kids’ product growing year-over-year and resonating with consumers globally, we believe our moment is now. We are experiencing the continued success of our men’s Skechers Sport, women’s sandals and men’s and women’s On the Go collections. In addition, with the global focus on the trend-right Skechers D’lites, we’re seeing this product turn into a must-have item by accounts and the press, resulting in new opportunities. From a marketing perspective, we have a new commercial with chart-topping singer Camila Cabello in our D’lites, legendary football great Tony Romo in our men’s Relaxed Fit slip on shoes, and more than a dozen other commercials, including many featuring our kids’ footwear. Our targeted marketing on air, in print, and digitally continues to raise awareness of our vast product offering and drive sales around the world. We’re looking forward to the remainder of our Spring deliveries, and sharing our results as we move through the rest of 2018.”

“We achieved yet another record sales quarter and continued to see significant growth across all our business segments including comp store sales increases of 9.5 percent worldwide,” stated David Weinberg, chief operating officer of Skechers. “During the first quarter, our North American Distribution Center experienced a record month for shipment volume, a testament to the strength in our wholesale and retail businesses in the United States and Canada. Further, our European Distribution Center experienced a record quarter for shipment volume, an indication of the strength of our operations in that region. Our international subsidiary and joint venture businesses are driving our growth with a combined quarterly increase of 25.7 percent, and there are now 2,197 Company-owned or third-party Skechers stores outside the United States. Now at 54.0 percent of our total business, we continue to see international as our greatest growth opportunity.”

First Quarter 2018 Financial Results

(\$ in millions, except per share data)

For the three-months ended

	March 31,		Change	
	2018	2017	\$	%
Sales	\$ 1,250.1	\$ 1,072.8	\$177.3	16.5%
Gross Profit	583.1	476.5	106.6	22.4%
<i>Gross Margin</i>	46.7%	44.4%		
SG&A Expenses	439.8	356.3	83.5	23.4%
<i>As a % of Sales</i>	35.2%	33.2%		
Earnings from Operations	148.8	124.4	24.4	19.6%
<i>Operating Margin</i>	11.9%	11.6%		
Net Earnings	117.7	94.0	23.7	25.2%
Diluted Earnings per Share	\$ 0.75	\$ 0.60	\$ 0.15	25.0%

Sales grew 16.5 percent as a result of a 17.9 percent increase in the Company's **international wholesale** business, an 8.5 percent increase in the Company's **domestic wholesale** business, and a 26.4 percent increase in its Company-owned global **retail** business. **Comparable same store sales** in Company-owned stores worldwide increased 9.5 percent, including 7.0 percent in the United States and 17.6 percent internationally, as compared to the first quarter of 2017.

Gross margins increased due to strength in the Company's international subsidiary and Company-owned international retail businesses.

SG&A expenses increased 23.4 percent. This increase was due to an additional \$72.9 million in **general and administrative expenses**, including \$37.4 million to support international growth in the Company's joint venture and subsidiary businesses, and \$18.3 million associated with operating 73 additional Company-owned Skechers stores, of which 15 opened in the first quarter. **Selling expenses** increased by \$10.6 million primarily due to higher international advertising expenses.

Earnings from operations increased \$24.4 million, or 19.6 percent.

Net earnings were \$117.7 million and **diluted earnings per share** were \$0.75. In the first quarter, the Company's income tax rate was 9.6 percent, reflecting certain discrete tax benefits primarily associated with a refinement in understanding of the various provisions of the Tax Cuts & Jobs Act ("TCJA"). The benefit of these discrete tax items to the Company's diluted earnings per share was approximately \$0.07 cents per share.

Balance Sheet

At quarter-end, **cash and cash equivalents** were \$700.1 million, a decrease of \$36.4 million, or 4.9 percent, from December 31, 2017, and an increase of \$92.3 million, or 15.2 percent, over March 31, 2017.

Total **inventory**, including inventory in transit, was \$800.3 million, a \$72.7 million decrease over December 31, 2017, and a \$214.5 million increase over March 31, 2017.

Working capital was \$1.6 billion at March 31, 2018, a \$100 million increase over December 31, 2017, and a \$300 million increase over March 31, 2017.

"Our global growth strategy continues to yield positive results," said John Vandemore, chief financial officer of Skechers. "We continue to invest in our global capabilities and remain poised to capitalize on consumer trends. We also continue to execute our capital allocation philosophy as evidenced by our on-going investment in our direct-to-consumer offerings and our share repurchases in the quarter."

Share Repurchase

During the three months ended March 31, 2018, the Company repurchased approximately 76,000 shares of its Class A common stock at a cost of \$3.0 million under its existing share repurchase program. At March 31, 2018, approximately \$147.0 million remained available under the Company's share repurchase program.

Outlook

For the second quarter of 2018, the Company believes it will achieve sales in the range of \$1.120 billion to \$1.145 billion, and diluted earnings per share of \$0.38 to \$0.43. The estimated quarterly sales includes an expected shift in shipments from the second quarter to the back half of the year for several key international distributors and domestic accounts. Based on current expectations, the Company continues to anticipate that its 2018 annual tax rate will be in the range of 12 percent to 17 percent.

First Quarter 2018 Conference Call

The Company will host a conference call today at 1:30 p.m. PT / 4:30 p.m. Eastern Time to discuss its first quarter

2018 financial results. The call can be accessed on the Investor Relations section of the Company's website at www.skx.com. For those unable to participate during the live broadcast, a replay will be available beginning April 19, 2018, at 7:30 p.m. ET, through May 3, 2018, at 11:59 p.m. ET. To access the replay, dial 844-512-2921 (U.S.) or 412-317-6671 (International) and use passcode: 13655455.

About SKECHERS USA, Inc.

SKECHERS USA, Inc., based in Manhattan Beach, California, designs, develops and markets a diverse range of lifestyle footwear for men, women and children, as well as performance footwear for men and women. SKECHERS footwear is available in the United States and over 170 countries and territories worldwide via department and specialty stores, 2,651 SKECHERS Company-owned and third-party-owned retail stores, and the Company's e-commerce websites. The Company manages its international business through a network of global distributors, joint venture partners in Asia and the Middle East, and wholly-owned subsidiaries in Canada, Japan, throughout Europe and Latin America. For more information, please visit skechers.com and follow us on Facebook (facebook.com/SKECHERS) and Twitter (twitter.com/SKECHERSUSA).

This announcement contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, Skechers' future domestic and international growth, financial results and operations including expected net sales and earnings, its development of new products, future demand for its products, its planned domestic and international expansion, opening of new stores and additional expenditures, and advertising and marketing initiatives. Forward-looking statements can be identified by the use of forward-looking language such as "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "will be," "will continue," "will result," "could," "may," "might," or any variations of such words with similar meanings. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements. Factors that might cause or contribute to such differences include international economic, political and market conditions including the challenging consumer retail markets in the United States; sustaining, managing and forecasting costs and proper inventory levels; losing any significant customers; decreased demand by industry retailers and cancellation of order commitments due to the lack of popularity of particular designs and/or categories of products; maintaining brand image and intense competition among sellers of footwear for consumers, especially in the highly competitive performance footwear market; anticipating, identifying, interpreting or forecasting changes in fashion trends, consumer demand for the products and the various market factors described above; sales levels during the spring, back-to-school and holiday selling seasons; and other factors referenced or incorporated by reference in the Company's annual report on Form 10-K for the year ended December 31, 2017. The risks included here are not exhaustive. Skechers operates in a very competitive and rapidly changing environment. New risks emerge from time to time and the companies cannot predict all such risk factors, nor can the companies assess the impact of all such risk factors on their respective businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Moreover, reported results should not be considered an indication of future performance.

SKECHERS U.S.A., INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(In thousands)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 700,071	\$ 736,431
Trade accounts receivable, net	692,569	405,921
Other receivables	31,271	27,083
Total receivables	723,840	433,004
Inventories	800,323	873,016
Prepaid expenses and other current assets	68,920	62,573
Total current assets	2,293,154	2,105,024
Property, plant and equipment, net	552,540	541,601
Deferred tax assets	29,575	29,922
Other assets	60,715	58,535
Total non-current assets	642,830	630,058
TOTAL ASSETS	\$2,935,984	\$2,735,082
LIABILITIES AND EQUITY		
Current Liabilities:		
Current installments of long-term borrowings	\$ 1,805	\$ 1,801
Accounts payable	524,427	505,334
Short-term borrowings	12,200	8,011
Accrued expenses	135,588	82,202
Total current liabilities	674,020	597,348
Long-term borrowings, net of current installments	70,646	71,103
Deferred tax liabilities	161	161

Other long-term liabilities	<u>197,837</u>	<u>118,259</u>
Total non-current liabilities	178,639	189,523
Total liabilities	852,659	786,871
Stockholders' equity:		
Skechers U.S.A., Inc. equity	1,946,170	1,829,064
Noncontrolling interests	<u>137,155</u>	<u>119,147</u>
Total equity	<u>2,083,325</u>	<u>1,948,211</u>
TOTAL LIABILITIES AND EQUITY	<u>\$2,935,984</u>	<u>\$2,735,082</u>

SKECHERS U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In thousands, except per share data)

	<u>Three Months Ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
Net sales	\$ 1,250,078	\$ 1,072,808
Cost of sales	<u>666,974</u>	<u>596,310</u>
Gross profit	583,104	476,498
Royalty income	<u>5,522</u>	<u>4,230</u>
	<u>588,626</u>	<u>480,728</u>
Operating expenses:		
Selling	84,446	73,809
General and administrative	355,381	282,496
	<u>439,827</u>	<u>356,305</u>
Earnings from operations	148,799	124,423
Other income (expense):		
Interest, net	(323)	(1,077)
Other, net	<u>3,403</u>	<u>696</u>
	<u>3,080</u>	<u>(381)</u>
Earnings before income tax expense	151,879	124,042
Income tax expense	<u>14,621</u>	<u>17,407</u>
Net earnings	137,258	106,635
Less: Net earnings attributable to noncontrolling interests	<u>19,606</u>	<u>12,640</u>
Net earnings attributable to Skechers U.S.A., Inc.	<u>\$ 117,652</u>	<u>\$ 93,995</u>
Net earnings per share attributable to Skechers U.S.A., Inc.:		
Basic	<u>\$ 0.75</u>	<u>\$ 0.61</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.60</u>
Weighted average shares used in calculating earnings per share attributable to Skechers U.S.A., Inc.:		
Basic	<u>156,433</u>	<u>155,097</u>
Diluted	<u>157,630</u>	<u>155,927</u>