



STEVE MADDEN STEVE MADDEN [SHOO] 3Q 16 RESULTS: SOLID QUARTER LED BY WOMEN'S WHOLESALE SEGMENT

	3Q16	3Q15	YoY Change
Revenue (USD Mil.)	\$408.4	\$413.5	(1.2)%
Gross Margin	37.8%	36.0%	180 bps
Operating Expenses/Sales	23.5%	21.6%	198 bps
Operating Margin	15.6%	16.0%	(41) bps
EPS (USD)	\$0.74	\$0.70	5.7%

Source: Company reports

- **Steve Madden reported 3Q16 revenues of \$408.4 million, down 1.2% year over year but above the consensus estimate of \$404.6 million. EPS was \$0.74, in line with the consensus estimate and up 5.7% from the year-ago period.**
- **Comps for the retail business increased by 1.3%. New trends helped to drive growth. The Steve Madden and Dolce Vita divisions drove growth in the wholesale footwear business.**
- **The company reiterated its 2016 guidance for revenue growth of 0%–1%. It increased its EPS guidance to \$1.98–\$2.03, which are in line with consensus estimates calling for revenue of \$1.41 billion and EPS of \$1.99.**

3Q16 RESULTS

Steve Madden reported solid 3Q16 results, with net sales of \$408.4 million, down 1.2% from the same quarter a year ago but above the consensus estimate of \$404.6 million.

The wholesale division reported revenues of \$346.6 million, down 2.9% year over year. The net sales for the wholesale division included \$14.9 million related to the Madden Girl cold weather capsule collection, which was not repeated in 2016.

The gross margin in the wholesale business increased by 180 basis points, to 33.9% from 32.1%, due to improvements in the Steve Madden Women's wholesale footwear segment. The Dolce Vita brand also showed strong growth, particularly in ankle boots and over-the-knee boots. Smaller brands in the wholesale footwear segment, including Blondo, Betsey Johnson, Freebird and Superga, grew by double digits on a percentage basis.

The wholesale accessory division reported revenues of \$78.4 million in the third quarter, compared with \$80.6 million last year, a 2.7% decrease that was due to the onetime Madden Girl cold weather capsule collection. Excluding these sales, the wholesale accessory business saw revenues rise by 1.6% due to an increase in the private-label handbag collection.

The retail division reported revenues of \$61.8 million, up 9.6% year over year, driven by 1.3% comp growth. The comps were driven by strong gains in fashion sneakers, dress shoes and dress boots, which offset decreases in sandals. The company experienced positive comps for the seventh consecutive quarter.

The retail gross margin decreased by 50 basis points, to 59.9% from 60.4% in the year-ago quarter due to the negative impact of the stronger dollar on the company's international business.



FLASH REPORT

During the third quarter, the company opened four full-price stores and three outlet locations, and closed one full-price store, taking its store count to 186. This total includes four Internet stores.

GUIDANCE

The company reiterated its FY16 guidance of year-over-year revenue growth of approximately 0%–1%, to \$1.41–\$1.42 billion. This estimate is in line with the consensus estimate of \$1.41 billion.

Steve Madden increased its guidance to \$1.98 - \$2.03 for the year, up from \$1.93 - \$2.03. This is also in line with the consensus estimate, which calls for EPS of \$1.99.



FLASH REPORT

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