

24-Jul-2014

Under Armour, Inc. (UA)

Q2 2014 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to the Under Armour, Inc. Second Quarter Earnings Webcast and Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to turn the call over to your host, Mr. Tom Shaw, Director of Investor Relations. Mr. Shaw, you may begin.

Thomas D. Shaw

Director-Investor Relations, Under Armour, Inc.

Thanks, and good morning to everyone joining us on today's second quarter conference call. During the course of this call, we'll be making projections or other forward-looking statements regarding future events or the future financial performance of the company. We wish to caution that such statements are subject to risks and uncertainties that could cause actual events or results to differ materially. These risks and uncertainties are described in our press release and in the Risk Factors section of our filings with the SEC. The company assumes no obligation to update forward-looking statements to reflect events or circumstances after the date on which a statement is made, or to reflect the occurrence of unanticipated events.

Joining us on today's will be Kevin Plank, Chairman and CEO; followed by Brad Dickerson, our Chief Financial Officer, who will discuss the company's financial performance for the second quarter followed by an update to our 2014 outlook. After the prepared remarks, Kevin and Brad will be available for a Q&A session that will end at approximately 9:30 a.m.

Finally, a replay of this teleconference will be available on our website at approximately 11:00 a.m. Eastern Time today. And with that, I'll turn it over to Kevin Plank.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

Thanks, Tom, and good morning, everyone. In our press release this morning, we raised our full-year revenue guidance for 2014 to a range of \$2.98 billion to \$3 billion. That represents growth of 28% to 29% for the year, an increase from our prior range of 24% to 25%. That's a great forecast of growth, strongly supported by the 34% revenue increase that we saw in the second quarter. But these numbers are not without precedent. Back in 2007, net revenues grew 41% for the full year, and more recently, in 2011, revenues grew 38% for the full year. As we've said previously on these calls, the growth opportunities for the Under Armour brand are abundant. What is, however, unprecedented, is the source of our growth, the new dimension these revenue drivers are bringing to our brand and, most importantly, the confidence it provides that our strategy is right and positions us well for sustainable growth.

To illustrate the breadth of the growth and help you understand the benefits of our investments, I want to discuss five pieces of our business that are bringing diversity to our story: Footwear, Women's, Connected Fitness, Direct-to-Consumer, and International. We've been investing in each of these growth drivers to varying degrees over the past several years, empowered by the continued strong growth in our North American Apparel business. With Apparel growing 35% in Q2, our confidence in the strength of our core business is high, with strong revenue growth across both our Wholesale and Direct-to-Consumer businesses. But as we reach the midpoint of our fiscal year, we believe we will all look back on 2014 as a pivotal year in our diversification, one where we built solid foundations in these newer businesses. So let me address these five growth drivers individually, beginning with Footwear.

I said earlier that the source of our revenue growth was unprecedented, and Footwear's a great example of that. In the first six months of 2014, our revenue number for Footwear was \$223 million, just slightly less than the \$239 million we did in the full year of 2012. So it took six months of this year to accomplish what we did for the full year in 2012. Those results are driven directly by taking what's in our DNA as a performance leader in Apparel and transferring that commitment to making all athletes better to our footwear.

With the success of our SpeedForm Apollo running shoe launch, supported by our first Brand Holiday, we believe we've made a strong impression with runners looking for great technical footwear. Equally important is that we are well-positioned to capitalize on this momentum in running and build a broad platform in this key footwear category. Our initial SpeedForm Apollo shoe established the foothold, but we believe our next shoe in the line, the SpeedForm Gemini, that will start to hit retail early in 2015, has the potential to validate our technical credentials with an even broader base of running consumers.

When we entered the market with football cleat, we knew that in order to be viewed as a truly global athletic brand, we would need to provide authentic footwear solutions for athletes. Our breakthrough product of 2013, the Highlight Cleat, continues to lead both sales and innovation in the football market at \$130. We were able to take the price of Highlight up to \$130 from just \$110 a year ago, because we brought a new level of innovation to this game-changing cleat with the introduction of ClutchFit, our revolutionary second-skin upper material that flexes under pressure, locking the athlete in with a superior fit and of course feel.

This constant flow of product innovation which we're seeing in both SpeedForm and Highlight to name a few is an outgrowth of the category strategies we have developed, ones that are built with the focus on consistently exceeding athlete's expectations. We are investing in these category strategies, the long-term focus, and believe we will look back on 2014 as the year we transitioned from a company learning how to make great shoes into a truly disruptive voice in the global footwear market.

Disruption is also our goal with our upcoming Holiday II campaign that for the first time we focused on the dialogue Under Armour will be having with women. For a long time, athletic brands have recognized women as athletes and celebrated their exploits in the playing field, the tennis, basketball, and volleyball courts. And we've built an incredibly successful \$500 million-plus business by doing just that, focusing on meeting the needs of other female athlete where she plays.

As we reach out to our female consumer to better understand their fitness and performance needs, there was a ton of conversation about the diversity of activities they do to reach their fitness goals, running with their friends, barre classes, kickboxing, spin, kung fu, Pilates, yoga, Tough Mudder, mountain biking, et cetera. The list of activities is exhausting and fortunately for us they are all athletic pursuits where a woman expects a level of performance in her product that matches the efforts she's putting into her fitness level. Our Holiday II campaign will debut next week, and we're excited about the conversations that we'll be having with both the consumer who sees herself as a female athlete and the one who describes herself as an athletic female.

The initial TV spot in this campaign features Misty Copeland, principal dancer with the American Ballet Theatre. The story of how Misty willed her way to this position in the dance community is compelling and 100% reflective of our brand DNA. Her athleticism is overwhelming, and we'll communicate that in a fully integrated way including an online presence markedly different from what we've done in the past. So yes, it's a ballerina in an Under Armour ad, but I would challenge anyone to describe anything she does in this spot as not being the moves of an athlete, an incredible athlete. We've built a large women's business and look at this next phase as a great opportunity to bring dimension to our brand outside of our core men's apparel business, just as we did in Holiday I with SpeedForm footwear.

Part of what you'll see with our Women's campaign in Holiday II is an outgrowth of the opportunities resulting from our acquisition last fall of MapMyFitness. It's become abundantly clear to us that the MMF platform brings to Under Armour a myriad of applications and potential platforms that can provide great user experiences for our consumer. MapMyFitness, the third leg in today's diversification agenda, is a powerful vehicle with greatest potential to help make all athletes better.

What the MMF acquisition is teaching us about today's athletic consumer is way ahead of our expectations, and consumers are engaging with the platform at a level beyond what we anticipated when we partnered with Robin Thurston and his team late last year. More importantly, our acquisition of MMF has given us a platform to get deeper into the conversation with potential technology partners around the intersection of proactive health and wearable technology.

And a key part of what makes UA a potentially attractive partner is the rate at which we continue to add new users. In fact, we added over 1 million new users every month in Q2 to the MapMyFitness platform and are well on our way to adding over 10 million new registered users in 2014. We continue to enhance the core MapMyFitness platform, adding capabilities in tracking, analysis, content, and commerce.

But as I mentioned with the Women's campaign, this platform enables us to talk in a really authentic and personal way to our consumer. There are multiple opportunities across all of our categories to use the MapMyFitness platform as a vehicle to engage consumers, and that opportunity is not only in the U.S. as we anticipate that by year-end we will have over 30 million registered users with about a third of them coming from outside of the United States. That's a big number.

The fourth piece I want to talk to you today about is our Direct-to-Consumer business and the opportunity it's giving us to bring the UA brand to a new consumer. Our U.S. Wholesale business remains the key driver of our growth, and our key retail partnerships have never been bigger or stronger. We look at Direct-to-Consumer as not

only a source of revenue growth but as our best opportunity to bring the UA brand to a new consumer, whether that's a 25-year-old athletic female in our SoHo store or a 14-year-old future Premier League player who just happens to live now in London, São Paulo, or Singapore.

We're being strategic about this enormous opportunity to bring the UA brand to a much more diverse consumer. Based on the amount of traffic we are seeing on our mobile site, it's clear that the opportunity to sell to our core young consumer through his or her device will be a huge part of our strategy going forward.

In the U.S., we can use physical retail space to showcase the full breadth of our products and attack business opportunities through expanded and differentiated presentations. The strong initial performance of our Women's product in our new SoHo store and footwear in both our U.S. and international doors are great examples of this. And when we open our store on Michigan Avenue in Chicago next year, we'll be able to tell great product stories about locally-relevant partners like Northwestern and our newest powerhouse, the University of Notre Dame.

Our ability to control the merchandising and flow of products in our own doors is also enabling us to test elevated product offering. So whether it's our Women's studio capris and harem pants or footwear like the SpeedForm Apollo or the Anatomix worn by Stephen Curry, we are able to get immediate reads from our consumer and the results, especially as it related to pricing, has been very, very encouraging. The equity we've built as a performance brand and the innovation we're bringing to our consumer is enabling us to be successful with pricing at levels well beyond the norm for other parts of our business.

Outside the United States, one of our primary goals is to use Under Armour retail to bring our brand to consumers who are challenged to find it. We are also focused on ensuring that the presentation of our brand in that retail space, whether it's UA-owned or through a strategic partner, reflects the premium nature of our product and position. Our Direct-to-Consumer process is very much about a global strategy.

So when you walk through our New York store and see the breadth of our product, understand that it is the only new Brand House store we'll be opening in the U.S. this year. In reality, 80% of the Brand House square footage we are opening in 2014 will come from outside the United States, with the majority being in China.

We recently opened doors in Panama City, the Philippines, and Singapore. And it's important to understand that the vast majority of these new doors are through partnerships where we are able to control the presentation without the capital outlay, and that we believe these partnerships can play a critical role in building our brand awareness outside the United States.

That brings me to the fifth and the final part of the diversification, and that's the opportunity in our global business. I gave you a stat earlier about how fast we are growing our Footwear business, so here's a similar one for International. We surpassed \$100 million in International revenues for the first six months of this year; close to the \$108 million we did in the full year of 2012.

I just addressed how we are growing brand awareness outside the U.S. through an elevated consumer experience at retail. We're also growing our roster of locally relevant assets in global football with Cruz Azul and Toluca in Mexico, and Colo-Colo in Chile to go along with our partnership with Tottenham Hotspur who are presently touring North America, including a game against Seattle last Saturday that drew over 50,000 fans.

One key factor in our international growth story is our ability to bring a broader mix of products to these new markets than we could have done three years to four years ago. Because just as we're over-indexing our sales velocity in Women's at our SoHo store, we're selling more footwear than we had anticipated as we open our retail

doors outside the United States. This will help ensure a more balanced sales mix as International becomes a bigger percentage of our overall business.

In summary, we've been talking on these calls for some time about how we will use North American growth engine to fuel our global growth story. As I've outlined today, there are many elements to the investments we make, and they all connect to help grow the overall pie. Connected Fitness will help drive our Women's business, Footwear will help drive our DTC business, and all four of these growth drivers will contribute to our overall global growth. As I said earlier, we hope to look back on 2014 as a year where we transformed from being just a great U.S. apparel brand to truly establishing ourselves as players in both the footwear and international markets. That confidence stems from the investments we've made in past years in these areas and reinforces our strategy of investing in our brand for the long-term.

Some of the investments we've made in 2010, in 2010, were designed to help us become a \$3 billion brand someday. The investments we're making today will be critical to our becoming a \$5 billion brand, and eventually a \$10 billion brand. We have a number of key initiatives going on at this point and our responsibility is to strive to build an integrated, operationally excellent global company while continuing to deliver great results for our shareholders. 17 consecutive quarters of growing revenues 20%-plus, more than four years – that's a metric of which we are incredibly proud. More importantly than those numbers is the diversity we are bringing to UA: diversity in the makeup of revenues, diversity in whom our brand is speaking to, and diversity in how we connect with our consumers.

With that, I'll turn it over to Brad.

Brad Dickerson

Chief Financial Officer, Under Armour, Inc.

Thanks, Kevin. And now I'd like to spend some time discussing our second quarter 2014 financial results, followed by our updated outlook for 2014.

Our net revenues for the second quarter of 2014 increased 34% to \$610 million. Growth again was balanced across many parts of our business, including the North America Wholesale, Direct-to-Consumer and International channels as well as across our Apparel and Footwear categories. Areas that contributed to upside from our original plan during the quarter included positive trends in our International and Footwear businesses, a desire from our wholesale partners for earlier delivery of back-to-school product and outperformance in both our Factory House and e-commerce channels.

Taking a look at Apparel, we grew this category 35% during the quarter to \$420 million compared to \$310 million in the prior year. In general, we continue to see success where we drive newness and excitement for the consumer, including innovation stories like ArmourVent as well as enhanced design elements through products such as Alter Ego, UA Tech and graphic tees.

Specifically in Men's, first quarter momentum we experienced in golf and outdoor continue to drive results during the second quarter. In Women's, we saw strong growth in both the running and studio categories. And in Youth, training and golf were the big stories.

Building on our first quarter success, second quarter Footwear net revenues increased 34% to \$110 million from \$82 million in the prior year, representing approximately 18% of net revenues for the period. We continue to offer more balanced running price points across our sporting goods distribution and remain encouraged by the early success of our SpeedForm platform.

Our momentum is also continuing in our cleats business where we are increasing market share in both baseball and football this year.

Following on the relaunch of our bags business in the prior-year period, our accessories net revenues during the second quarter increased 18% to \$60 million from \$51 million last year. Growth during the quarter was primarily driven by headwear. Our Direct-to-Consumer net revenues increased 38% for the quarter, representing approximately 31% of net revenues.

While Kevin walks you through some of the early progress we are making in international markets, it's important to note the vast majority of our current Direct-to-Consumer revenues are concentrated in North America. In our North America Retail business, square footage in our Factory House channel grew 22% year-over-year. This growth reflects a total of 118 Factory House stores at the end of the quarter, up 12% from the second quarter of 2013 as well as the upsizing of some existing doors. On the full price side, we now have five Brand House stores in North America, following the April opening of our SoHo location in New York City.

In e-commerce, strong traffic gains continue to drive our business during the quarter. And we remain focused on key second half initiatives, including responsive design for mobile, consumer marketing segmentation, and Connected Fitness engagement.

Continuing the success from the first quarter, International net revenues increased 80% to \$46 million in the second quarter and represented 8% of total net revenues. In Europe, strong results continue to be driven by higher brand awareness and a more focused in-country strategy around three key markets of the U.K., Germany, and France.

In Asia, we are in the process of accelerating our partner store model in China while also building both wholesale and distributor relationships across the region.

Finally, in Latin America, our business benefited from the conversion of our Mexico distributor to an Under Armour subsidiary at the beginning of 2014 as well as our market entry into Brazil.

Moving on to margin, second quarter gross margins expanded approximately 90 basis points to 49.2% compared with 48.3% in the prior-year's quarter. Two factors were the primary contributors to the improvement this quarter. First, we had a favorable year-over-year sales mix. As part of our inventory management process, there can be quarterly shifts in the timing of our excess inventory liquidation sale. Some footwear liquidations from the second quarter shifted into the third quarter, positively impacting the second quarter gross margin by approximately 40 basis points. Secondly, we experienced favorable product margins primarily in our in-line Footwear business, contributing approximately 30 basis points for the quarter.

Selling, general, and administrative expenses as a percentage of net revenues deleveraged 230 basis points to 43.5% in the second quarter of 2014 from 41.2% in the prior-year's period. Details around our four SG&A buckets are as follows. First, marketing costs increased to 11.6% of net revenues in the quarter from 10.7% in the prior-year period, primarily driven by higher year-over-year sports marketing sponsorship in both our North American and International businesses. Second, selling costs increased to 11.5% of net revenues for the quarter from 11.3% in the prior-year period, primarily driven by the overall growth of our Direct-to-Consumer business, including increased investments to support our Factory House and Brand House store strategy. Third, product innovation and supply chain costs increased to 11.4% of net revenues for the quarter from 10.2% in the prior-year period, primarily driven by higher product innovation costs including our Connected Fitness effort. Finally, corporate services remained unchanged at 9% of net revenues for the quarter.

Operating income for the second quarter increased 7% to \$35 million compared with \$32 million in the prior-year period. Operating margin contracted 140 basis points during the quarter to 5.7% compared to 7.1% in the prior-year period, largely driven by the timing of planned investments in product innovation and marketing.

Our second quarter tax rate of 47.5% was unfavorable to the 43% rate last year, primarily driven by increased investments in our Latin American businesses. Our second quarter net income and earnings per share were unchanged year-over-year at \$18 million and \$0.08 respectively.

On the balance sheet, total cash and cash equivalents for the quarter increased 34% to \$300 million compared with \$224 million at June 30, 2013. Long-term debt increased to \$197 million from \$55 million at June 30, 2013. In May 2014, we closed on a \$150 million term loan and paid off \$100 million drawn on our line of credit in connection with the funding of our December 2013 purchase of MapMyFitness.

Switching over to inventory as planned, we delivered inventory growth roughly in line with net revenue growth. Inventory at quarter end increased 35% to \$662 million compared to \$491 million at June 30, 2013. Our investment in capital expenditures was approximately \$29 million for the second quarter compared with \$22 million in the prior year period. We continue to plan 2014 capital expenditures of approximately \$150 million, primarily driven by incremental investments to support our Direct-to-Consumer and International businesses, further develop and expand our global office footprint and increase capacity at our distribution centers.

Now moving on to our updated outlook for 2014. Based on current visibility, we expect 2014 net revenues of \$2.98 billion to \$3 billion, representing growth of 28% to 29%, and 2014 operating income of \$343 million to \$345 million, representing growth of 29% to 30%. Both expected growth rates are outpacing the long-term growth rates laid out at our Investor Day in June 2013. Below operating results, we continue to anticipate moderately higher interest expense in 2014, primarily reflecting the new \$150 million term loan. We expect a full-year effective tax rate of approximately 40.5%, ahead of last year's 37.8% rate, given investments to support our International expansion. Given these updated full-year parameters, we would like to provide a few more details on how we currently see the second half of the year playing out.

First on net revenue; we are increasing the top end of our full-year guidance by \$90 million, driven in large part by our increased confidence in both our International and Footwear businesses where we have seen strong execution in consumer response during the front half of 2014. As far as cadence, our story is consistent with prior guidance with a somewhat higher growth rate expected during the third quarter relative to the fourth quarter. We continue to take a more balanced approach in planning the business around weather expectations for the fourth quarter as compared to last year, especially in our Direct-to-Consumer business, which represented approximately 40% of our total business during the fourth quarter last year.

Next on gross margins where we continue to expect a modest overall gain for the full year following the 48.7% level achieved in 2013. From a cadence standpoint, we continue to expect year-over-year rates to be up during the third quarter and down in the fourth quarter. During the third quarter, the primary consideration is higher U.S. import duties, which negatively impacted the year-ago period by 90 basis points. A shift in footwear liquidations from the second quarter to the third quarter discussed earlier will partially offset some of the year-over-year gains from the import duty comparison. For the fourth quarter, our forecast for lower year-over-year gross margins reflects the higher mix impact of our International business, which is more weighted toward lower-margin distributor businesses during the period as well as our previously mentioned approach to planning our fourth quarter business.

Moving on to SG&A, we continue to plan for modest deleverage for the full year. During the third quarter, we expect overall SG&A spending will remain elevated with overall deleverage planned near the same levels as the 230 basis points experienced during the second quarter. Specific areas of investment includes increased marketing around our Brand Holiday campaign, higher selling costs tied to our Brand House and e-commerce initiatives, and overall innovation and spending in areas like Connected Fitness. In addition, we expect deleverage due to a higher incentive compensation expense during the period.

During the fourth quarter, we continue to see significant leverage of SG&A, particularly in corporate services, primarily given elevated spending in the prior year around incentive compensation expenses and MapMyFitness deal-related costs. Finally, on the balance sheet, we expect inventory growth will remain relatively in line with net revenue growth, both the third quarter and fourth quarter.

We'd now like to open the call for your questions. We ask that you limit your questions to two per person so we can get to as many of you as possible. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question is from Pamela Quintiliano with SunTrust. Your line is open.

Pamela Quintiliano
Analyst, SunTrust Robinson Humphrey

Q

Thank you. Well, congratulations on a great quarter, guys.

Kevin A. Plank
Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thanks, Pam.

Pamela Quintiliano
Analyst, SunTrust Robinson Humphrey

Q

You gave a lot of info on DTC, and I was hoping you could just talk a little bit more about stores and what type of learnings you have from the newer locations, particularly SoHo. I know you mentioned Women's but anything else there? And does it make you approach any aspects of the store build-out differently? And then just in line with that, the tourism component, and I'm sure it's very high, are you able to collect data there? Is that impacting your future build-out domestically or internationally?

Kevin A. Plank
Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Yeah. Thanks very much, Pam. I think as we look at the opportunities, retail has been an incredible learning center for us, number one, getting close to the consumer and the things we found out. So we've got a great relationship. And I want to reiterate, we are very much a wholesale distributor and have incredible partners. So our business there is very strong, very healthy and something that we continue to see additional growth. As we learn, though, from retail, two real key learnings; number one is probably Women's and number two is Footwear.

The layout, and it's difficult because I don't want to all those to sort of lead to the store that we have in SoHo, but we've learned a lot of things from that. Number one, when you walk in there I think you're probably overwhelmed with the breadth of Women's product, the amount of color, the size, the diversity, probably specification that people – a lot of people didn't expect from us with our brand. And it's really allowed us to elevate ourselves and take us to a place and reinforce the theory that we had that we can be a viable Women's business and that someday Women's can be as large, if not bigger, than our Men's business.

As you take – or look at the – what that's meant for us, it's taken us to a different place. And secondly, our sales there are in front of any place they are across our wholesale distribution or any other aspect of our business. So when we present it the right way, we know we've got the right product and then we think with doubling down on, for instance, the Women's campaign, I'll talk about that a little bit later, we think there's a bigger opportunity there.

Secondly, Footwear for us and really highlighting the Footwear presentation has elevated Footwear. As we've said, typically in our wholesale distribution, Footwear is anywhere between 11% to 14% in a traditional sporting goods store, and that's something we're working with our key partners to try things to get that percentage up. But in our own retail, that percentage is up 20% to 25% of store sales are Footwear. And oddly enough or probably surprisingly or excitingly enough is that when we go to our international doors, we're finding that Footwear, it's representing somewhere between 35% to 40% of our velocity, and I just got back from a trip from Asia and found that we're really seeing that consistently.

So when we have the ability to introduce ourselves, not reintroduce ourselves but introduce ourselves as a footwear brand, as a women's brand, more importantly as a comprehensive athletic brand, we're seeing a lot of, lot of excitement.

As far as SoHo specifically goes, it's interesting because we just got this stat that 22% of our sales coming out of SoHo are actually from international credit cards, and we're finding out that they are actually doing 40% more business than domestic people. So what this is telling us is that high street retail is something that will work for us, and we think about key markets and whether it's what New York means just from a global, international basis as well as cities like Miami where you can touch Latin America. There's things that we can do here in the States to really impact and drive sales, but with that we've been opening these key Brand Houses in some key markets.

A couple, three weeks ago I was just in Panama City opening a store to a lot of energy and excitement, and I think that the real reason that we've driven, I hopefully got that across in my notes – in the script, we've got a great Wholesale business but we're really utilizing retail with only one store opening this year, one store on the books so far in Chicago in 2015 to help us become excellent and proficient as we build out a global footprint for showcasing the Under Armour brand.

Pamela Quintiliano

Analyst, SunTrust Robinson Humphrey

Q

And then if I can just have one quick follow up, the – with your wholesale partnerships, are they also taking the learnings from the SoHo location and other DTC in the way they're presenting product, or is it changing their approach in dealing with you?

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Yeah, well, I think everyone is unique in their own situation, but there's – without question, and the goal that we have when we built the first Brand House here in Baltimore, 8,000 square feet, was having our partners walk in

and say, I want this in our store, and why doesn't our Women's selection look like it does here with the breadth of color, style, design, and really the reach, the ability to go outside of sporting goods. Because a lot of times, particularly in – pick a category, like Women's, you're branded by your buyers, you're branded by your partners, and they say things like we'll buy you for a compression short and a sport bra, but that's the way that we see you, and there's a lot more to it.

And I think that our Women's team and the creative that we've been driving there, our Women's design center in New York, for instance, and what that's been, I think, bringing to us, it's coming through with products the way it's hitting the floor, and it is absolutely educating everyone up and down through our distribution channels, beginning with our sales in our Direct-to-Consumer channel and as well as informing, in a big way, our wholesale partners. So it will create a lot of expectation for them, but the way that we see how we can be presented and, frankly, we're looking for that to be reflected in all of our wholesale partners' doors in some way, shape, or form.

Pamela Quintiliano

Analyst, SunTrust Robinson Humphrey

Q

Great. Thank you so much. Best of luck.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thanks very much.

Operator: Thank you. And our next question is from Faye Landes with Caroline and Company [sic] Cowen & Co. (33:14). Your line is open.

Faye I. Landes

Analyst, Cowen & Co. LLC

Q

Hi, good morning. Fantastic results, obviously, congratulations.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thank you, Faye.

Faye I. Landes

Analyst, Cowen & Co. LLC

Q

Can you just talk about your thinking on spending going forward? I mean this is tremendous – you had a tremendous revenue growth period, and you're spending to support it. When should we start thinking about leverage or is that not in the picture? How do you think about it and how should we think about it?

Brad Dickerson

Chief Financial Officer, Under Armour, Inc.

A

Yeah, Faye, we've talked a lot about this around our spending and our strategy around spending going forward here, and with all the opportunities, especially what Kevin kind of laid out in his script, all the opportunities around things like Women's, Connected Fitness, International, DTC, we see so many opportunities out there that it's really, really important for us to make sure that we balance the need to maintain operating margins and maybe even slightly, slightly improve operating margins a little bit year-by-year, but balance that with the absolute need

to invest in our businesses. And Kevin made a great point in his script around the investments we made in 2010 are why we're seeing success in things like Footwear and International and Women's today in 2014.

So the theory there being that if we keep investing and balances need to invest in 2014, you'll continue to see those benefits in future years to come, like 2015 through 2017 and so forth. So we've said pretty consistently that our focus on operating margin is to slightly improve it, year-over-year, kind of the pace you've seen from us in previous years, but more importantly make sure we're putting the right investments in the right places to drive shorter-term and longer-term growth down the road.

So we even talked about the possibility of this, we overdrive our current year revenue or have some upside in gross margins like the back half of this year, potentially if we had some of those things and we had some extra dollars, we would absolutely look to spend those extra dollars in areas like International or Connected Fitness or Women's, places like we talked about earlier. So continue to see us spend, balance that spend to drive short-term and long-term growth, and continue to see us focus on maintaining and slightly improving operating margin but balancing that with investments.

Faye I. Landes

Analyst, Cowen & Co. LLC

Q

Okay. And just one other quick question, on the Women's thing, I mean [ph] just put a little texture (35:36) or context on what we expect to see and when is, like – when do we go somewhere other than SoHo, other Brand House and expect to see the full Women's line – sort of see your Women's line?

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Faye, let me just give you some color and context about Women's as a whole and make sure we get the whole picture out there, because obviously it's a huge story for the brand as we've been preaching about for a long time, but especially coming up in the next seven days with the big launch that we're doing next week in New York, around breaking our spot, there's an incredible amount of excitement. So I just used the word launch, but it's probably absolutely the wrong phrase to use. It's not a launch when you already have a \$500 million business in Women's and growing at a rate north of 20% consistently for a very long time, but we do think it's great timing for this campaign. Our Women's business is healthy. There's still areas that we see that we need to communicate and continue to have a conversation with the consumer. We're pleased and proud of the 26% growth for Women's this past quarter, but we think that there's obviously a lot more upside and a lot more opportunity there.

We believe there's a slight shift that's going on where women are increasingly wearing more athletic product outside the gym, obviously. We think that Under Armour is in the best position to continue to grow the business as we've built this loyal base of athletes and we're growing with her as she moves in a new category, grows up, and frankly new end uses for Under Armour. So as a brand, a brand's job's is to sort of have a point of view, and the Brand Holiday that we're launching, our Holiday II – remember, this is back-to-school, this is the middle of football season, sweating, and soccer's breaking, and all your fall sports, and Under Armour, big, tough Under Armour decided to launch a Women's campaign with a ballerina no less. And it's absolutely no accident, and something we explicitly, knowingly did because we think this is the best use of our time and resources.

And I want to say we're not forgetting about these other categories, but we're absolutely focusing taking the three holidays we do a year, we're doing Holiday II and committing it exclusively to women. So this will be the biggest global campaign we've ever done around Women's – for the Women's brand, but I think it demonstrates the commitment that we have to the category. And when I say commitment and we're committed to building first and

foremost the best athletic product for women and for athletes, and igniting a conversation around them. We want them talking about Under Armour being an important product.

I mentioned our ballerina, it's Misty Copeland, who is – she's probably – she's a great human being first and she's an amazing athlete and ballerina, probably all beyond that. But she's the one featured in the ad and she probably doesn't fit the old definition of what people would see as an athlete, but when you see her story, you see her perform and you frankly see the way that she willed her way to becoming one of the world's top ballerinas, it's 100% reflective of what the Under Armour brand DNA is all about.

We're incredibly proud of the product that's going to be on the floors this fall. It brings a heightened design aesthetic to the line without sacrificing any of our commitment to performance. So every product that we build, it may look like it's just a beautiful top but it's a beautiful top that wicks moisture, keeps you light, keeps you cool and helps you perform and all the Under Armour DNA which we think gives us our personality and our differentiation.

And then you're also going to see us continue to expand from that core audience. So we know that she trusts our sports bra and our compression shorts, but we think we can take her to a different place outside of the gym, off the court and take her to and from and some of those other wearing occasions that we're seeing this shift happen with women wearing "athletic" products. And it gives us the ability to reach women who are incredibly active and participate in many sport activities, but probably don't consider themselves athletes but definitely they see themselves as maybe moving or an athletic female, we're going to speak to her.

I started this by saying, I mentioned a little bit earlier, we believe that Women's can be as big if not bigger than Men's. And this campaign is something I think that underscores our commitment and investment in making that a reality.

Faye I. Landes

Analyst, Cowen & Co. LLC

Q

Okay, great. Thanks a lot.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thank you, Faye.

Operator: Thank you. And our next question is from Omar Saad with ISI Group. Your line is open.

Omar Saad

Analyst, International Strategy & Investment Group LLC

Q

Thank you. Great execution, guys.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thanks, Omar.

Omar Saad

Analyst, International Strategy & Investment Group LLC

Q

Wanted to ask you about this simultaneous sales and gross margin acceleration, it seems to have begun about three quarters ago and look, those are the two kind of financial – healthy financial indicators of brand strength, especially when you get them moving together. Do you think the two are related? Is the key driver Direct-to-Consumer or mix shift to more premium products? Are you taking pricing, all three? Just help me think about this simultaneous sales acceleration in gross margin and over the long term, how you think about the two?

Brad Dickerson

Chief Financial Officer, Under Armour, Inc.

A

Yeah, Omar, I think, I'll look at both of them a little bit differently and then kind of bring it together at the end here. But on the sales side, obviously we've had strong quarters, our last few quarters, and there's been some things that have been tailwinds for us that we've talked about. And some of those tailwinds actually, as we get to the back half of the year, start to be a little bit tougher comps for us – as we get into the back half of this year. But we talked about things like supply chain and the fact that we, in previous years, have had some challenges on deliveries in the supply chain and as we got to the back half of last year started to correct those and that gave us a little bit of a tailwind, especially as we got into Q4 and the early part of this year, in comping some tougher supply chain deliveries in the prior year.

So that favorable comp does start to go away from us a little bit as we get in the back half of this year when we started improving them last year, so that's part of the revenue piece. It's also part of the margin piece, too, where things like air freight and so forth that we've needed in previous years we have needed a lot less in the current year and as we get in the back half of this year too. So, that's been a – both a tailwind on the revenue side and the margin side.

Obviously we talked about weather last year in the fourth quarter a lot and being a good tailwind for us, especially around our DTC business where we can react very quickly to weather changes and so forth. So those are kind of some of the things that are consistent and we talked about in previous quarters. Some things that you saw in the current quarter, maybe going into the back half of this year, on the revenue side, again, one thing we called out was some early demand from our wholesale partners. Again, maybe going off some challenges we had in prior years around getting deliveries on time on the back-to-school period, we had some requests from some of our wholesale partners to get that product in a little bit earlier so we can get the floor set for back-to-school. That definitely helped the second quarter here, and took a little bit away from the third quarter as we go forward in order to do that.

We have talked about Factory House square footage growth, another revenue item that as we get towards the back half of the year, square footage growth in the front half of this year was in the upper-20s in Q1, low-20-percentage in Q2, as we get to the back half of the year we'll be in the upper-teens. So that'll take away a little bit of that kind of revenue driving that we've seen in some of the last few quarters.

And obviously when you look at our guidance, we talked heavily about this, and just being very, very careful about our fourth quarter revenue and what we're guiding to in the fourth quarter coming off a tailwind of the weather positive last year in the fourth quarter. So being just kind of careful enough and we put in our guidance for this year. So those are kind of some of the numbers things.

On the margin side, we talked about some things like made for mix and air freight that again, as we get to the back half of this year are kind of a little less of a favorable comp year-over-year in general. But to kind of wrap that all up, to bring up what's happening positively for us, probably the biggest change in the last six months specifically is the gaining confidence we're getting in this International and Footwear business segments that has been really important to us. Obviously, we've put a lot of investment in those in the last few years, and really the front half of 2014.

Coming into 2014, we were being a little bit cautious in our guidance around the expectation of those two businesses because they were relatively new for us. As we got through the first six months here and saw a lot of success, not just in selling in but, more importantly, selling through to the consumer, it gives us a lot of confidence here in raising our guidance for the back half of this year. Obviously, those businesses, to some degree, right now for us are a little bit of a drag on gross margin, but absolutely heading in the right direction longer term in places like Footwear where we're having a better mix towards running and we're improving margins in our products like SpeedForm. And international longer term will start to improve also; in the near-term, though, a little more distributor weighted, which will hurt our gross margins.

Omar Saad

Analyst, International Strategy & Investment Group LLC

Q

Thanks. That's really helpful. And then you've – at the Analyst Meeting, you guys talked I think about long-term, 2025 revenue targets. You've been above that. Are you ready to sign up given the gaining confidence in some of these new or newer areas of growth to an elevated growth rate long-term or is it premature at this point?

Brad Dickerson

Chief Financial Officer, Under Armour, Inc.

A

We'll probably stick to our last year Investor Day guidance for now and we'll do Investor Days every once in a while and give longer term guidance. So we looked at last year talking about our revenues through 2016 hitting \$4 billion. Obviously, as we wrapped up 2013 and as we get into 2014 here, we're outpacing that trend right now. So we're not going to sit here and commit to a number today for 2015 or 2016.

We'll definitely get some more insight to 2015 at the end of October on our next call, but obviously I think just in general the trend being that what's changed from our last Investor Day last year to this year, I go back to the two big changes – actually there's three big changes, one being our acquisition of Connected Fitness, two and three being our, again, improved confidence in International and Footwear which, as we start to look at 2015 and beyond, obviously, would be probably the biggest change from our viewpoint we had at Investor Day last year.

Omar Saad

Analyst, International Strategy & Investment Group LLC

Q

Thanks, guys.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Thanks, Omar.

Operator: Thank you. And our next question is from Randy Konik with Jefferies. Your line is open.

Randal J. Konik

Analyst, Jefferies LLC

Q

Yeah. Thanks a lot. I guess, Kevin, the way we're approaching the stock is talking about the brand for the next-generation, and I guess what's different when I see adults, they'll have pieces of Nike and pieces of Under Armour in the gym but you look at like a 5-year-old or a 10-year-old or a 15-year-old, they're decked out from footwear to the whole apparel assortment in Under Armour. So you don't really talk about the Kid's part a lot, what are you seeing there? And what are some of the initiatives in that part of your world to kind of build to the future when these kids become adults?

And then in Footwear, I guess my question there is, how do you think about – you've had success with SpeedForm and Spine, how do you think about platforming over the years ahead? Should we expect, like, one or two platforms per year? And then should we expect additional, more SKUs or color ways to complement those platforms? And then lastly, in International, do you assume that – do you think that International becomes half the company over time? And what is the biggest opportunity internationally? Thanks.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

All right. We've got 10 minutes left. I'm going to close this call out with this question. So to begin with, number one, we haven't figured out how to get a five-year-old a credit card yet. So we still have to work through the older brother and mom for that. And the good news is that it typically does come from there. So without question, I think grandparents grew up wearing one brand from Europe. Parents grew up wearing a brand from the West Coast. We're very happy to see the youth of today are growing up wearing Under Armour. And we see that that trend is happening. And there's a lot of things that we have to do. It's certainly not God-given to us. But we're pretty proud of the way that we're executing right now in order to deliver on that opportunity that we have.

So Youth for us, you're right, it's massive. And the growth we're seeing happily – I said all along is that our Youth business is obviously outpacing the general growth of the business, both Men's, Women's, Footwear, everything. So we're seeing Youth in the 60% and 70% type of growth opportunities we have there. And frankly, the new thing, when we typically talked about Youth in the past, we would be referring to boys, and what we're seeing right now is that our girls business is frankly "on fire". So we're very pleased with the balance that that's presenting for us. And that demonstrate, I think, giving her a voice and giving her a brand that she can wear in a very big and balanced way with something that she has as much confidence with as Under Armour, we're very excited to be able to bring her up, take her through athletics, take her through her school years, take her into her college years, and then get her out as she moves into 20-somethings and 30s and grow up and, frankly, move on with her.

So we're learning a lot from the Youth standpoint. The difficulty we've always found with Youth is distribution. And where can you find appropriate distribution? So we've been working with our key wholesale partners and expanding their footprints. And I think you'll see that in some of our bigger players like Dick's and even creating out some Dick's and Sports Authority and some of the others. But really I think you've seen a real commitment from our wholesale partners in saying, what can I do to attack the Youth business? And so that's happening with us. And frankly, there's not a lot of horses in this race either. Kids are pretty specific with what they're looking for. I think we're proud of the position and the leadership that we're taking there. So there's more to do on distribution and continuing to work with our partners to give us appropriate space in the stores to give those products a chance to be sold.

Let me, before I leave Youth, I can't tell you how excited we are about our position as the product of the next generation and the brand of the next generation. And we think that's something which is really it's more of a movement than anything. And I wish I could explain it and knew exactly how to bottle it up. But instead, we're pleased with the results, and we're happy that we're speaking in a very important way to this Youth consumer. And there's a lot more to come there, and we think there's great opportunity, both in Apparel and obviously in Footwear.

So let me move on to Footwear side of the question asking about platforms. Our success year-to-date is something that we're really proud of. And obviously, our success in Footwear is something that gives us the confidence to raise our outlook to that \$2.9 billion to that \$3 billion range. So first and foremost, with Footwear it always begins with the largest category, which is running. First and foremost, we're really excited about running. And the reason we are is because of leadership, product, and distribution.

First of all, we've done a great job I think bringing leadership on to our team. Fritz Taylor, we've mentioned his name before, is now heading up Running for the Under Armour brand and trying to create that cross-functional process that will take place, connecting what we have in this leadership position with Apparel and then tying it truly into Footwear. And we've said that in the past, but we're in our 10th year of making shoes today. And I say that because we started in 2004 making shoes.

We started selling the product because of the 18-month calendar in 2006. And we've been in this for a long time. And I'm telling you, it just takes a long time. But it took maybe, it was not only the product but it's the people, it's the positioning, it's the factories, it's really the distribution; it's all those pieces that come together. And so with leadership and our team here existing, and again, this is product that was built long before Fritz got here. But he's walking in and he really has a full plate. It's not something we're saying, the cupboard is not bare. There is amazing technology that we have in the market today with SpeedForm, products like SpeedForm.

But there's also – there's a full cupboard of things that we're about to bring out. And that comes down to product. So the SpeedForm Apollo at \$100 or something, it met all of our expectations. And with that, gave us confidence to go in a much bigger position which you'll see rolling out through the end of 2014 with things like the SpeedForm Vent which is a terrific upgrade to the product that we think has got a real aesthetic and something that will be compelling, still at \$100, really performing well in sporting goods and, of course, some of our key mall partners as well.

We also, I mentioned the SpeedForm Gemini which will be coming out in the beginning of 2015. I tell you, it's just a terrific product. And if people thought that our SpeedForm was maybe a little bit light or more of a sprinter shoe, the Gemini is the shoe that you can wear. It's the everyman shoe; it's whether you're a three-miler pounder or whether you are a long-distance looking to train for a marathon, it's an incredible shoe featuring unbelievable technology. The seamless fits just like our SpeedForm, made in the same version of the bra factory where we made the original SpeedForm Apollo, but with things like [ph] charged foam (52:25) which has got recovery and retention, it – every runner, it's the shoe I think that we were literally supposed to make. It's something we're incredibly proud of. And we're also doing it at \$130. So we're stretching the price point there.

Running, I think you'll see there's a lot more to come, obviously, the largest category. But also our longest-standing category is the shoe that we first sold in 2006 was a football cleat, and we promised the ability for us to chase the number one position there. So as we sit here some eight years later, we're still on our way to that goal. We're off to an incredibly strong start with football across all of our distribution and particularly in our retail stores and online and in places like Eastbay, the online component of Foot Locker, and so we're seeing our product is really doing well.

And so one thing that's interesting is we've got the number one cleat at the high-end of the market called the Under Armour Highlight Cleat, and it's a \$110 shoe that we sold a year ago. We added ClutchFit to it, we upgraded the product, we moved the price point to \$130, and the product is doing even better than it did a year ago. We're seeing our sales up over 35% after being number one last season, and it's priced with \$20 more. We've got the Cam Newton special shoe at \$160, we've got our Alter Ego with Superman and Batman and The Flash and other styles that are relative – basically sold out everywhere we're doing distribution. So we feel like we've cracked the code, and we will take market share this season, and we will continue our march to being the number one cleat in America. And you can say is that a big deal, it's a small category – I think it's just telling of what else is to come.

The category that we've been in for eight years in football cleats, the category we've been in seven years in baseball, six years in training shoes, five years in running, four years in basketball, all these things will come. And I've used to use a speech called Seven Years, I think my new speech is going to be called Eight Years, because

sometimes it takes just time to become great at things. I don't know if I'm declaring us great, but I'll tell you our product is great, and we're still continue to hunt down becoming the number one athletic footwear brand in the world.

Basketball, it's a different story and another category that we think, taking a leadership position there begins, of course, with product always, first and foremost but also with talent. Bringing Stephen Curry onto our roster, who everyone from the President of the United States has called the best shooter that they've ever seen in basketball, is really an asset that we're going to blow out a few more product lines with Steph and do what we can do to really get his shoe moving forward, so we think he takes us to a different place. So Footwear is something we're incredibly happy for. What was the third...?

Randal J. Konik

Analyst, Jefferies LLC

Q

That was great. So the third one is International.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

Got you. Got you, got you. All right, so we've had a lot of – I've spent a lot of time on the road. Our company is spending more and more time on the road. Charlie Maurath and our team on the global side – going from being a North American wholesale apparel compression company into evolving into the global true athletic brand that we expect to be, and frankly we believe we're in the process of becoming, it just takes time and it takes being a lot of different things. So just give you a little bit of my calendar, which is indicative of what's happening across our team across the world. This year already, so halfway through the year I've already been to Asia I think once, maybe twice, the Middle East once, Europe two times, Latin America three times including a couple weeks ago at the World Cup which was awesome I've got to say, we're definitely committed to being a global brand. And it's not something that's going to happen overnight, and it's not going to happen from people doing North American jobs or spending a little bit of time helping us become international.

So building that out, one of the previous questions about things like investments and how we're seeing leverage come on to the company. You know there's an entirely different company that needs to be built in order for us to be a global brand, and so we're proud of the fact that we're able to continue to deliver for our shareholders, both top line and especially bottom line, and doing it all while, while posting the numbers that we are and building out the infrastructure that will allow us to take advantage of the investments that we'll – seeing now in the future just like we saw with the investments, as Brad mentioned, in 2010 that we're seeing today in 2014 with things like Footwear and International.

So we talk about the Brand Houses that we opened, the opening that we did in SoHo, that's what we have coming in Chicago, but we've got a couple of big openings that are happening globally around the world. Let me begin with, in EMEA. Throughout Europe, crossing \$100 million and gaining momentum for the first time, it's taken us a long time. We've been in Europe since 2006 and we spent a long time, A, figuring out International business, logistics, product, sourcing, colors, how to tell your story, translations and all the pieces. It's just taken a long time, but I think we are finally positioned where we can start to accelerate, and that tipping point is something that we feel like we've reached in Europe and really ready to go. Seeing aided and unaided brand awareness triple year-over-year in key markets like the U.K. and Germany, of course, we point to our strategic partnership with Tottenham Hotspur and what's that done being a part of EPL football.

Working on our new e-commerce sites and not defining ourselves by having to limit ourselves to brick-and-mortar retail but also seeing what we can do with finding new channels for distribution. So we're taking a new approach

that we don't have the infrastructure investment that maybe other brands have, and so we can take a clean sheet of paper and say, what's the most effective way for us to be important in these other markets?

Latin America, I mentioned that. Mexico for us, we – I was down there for – we opened our Mexico City Brand House, trending way above plan from where we thought it was going to be. A new sponsorship we just announced with Cruz Azul, and then extending our existing partnership that we had with Toluca down there and two of the best soccer clubs in Mexico.

Brazil, we launched in April, we were down there, we've been watching, we saw the World Cup, and it was interesting, just people asking, saying, how did you – what did you think of World Cup and what was Under Armour's participation, and we didn't participate as much. We had several athletes wearing boots on different teams and clubs from around the world, but our outlook is much longer and much more strategic. And as difficult as that is for us to say of the largest sporting event in the world that we weren't as key of an important partner as we wanted to be, we still grew our International business 80% this quarter and 79% last quarter. So we feel like we're putting the pieces in place to be able to take advantage of the global sport, the beautiful game of football, once it's truly have the ability to capitalize on it and once we are truly ready.

So our outlook there is not saying what's it going to look like four years in Russia or eight years when we're in the Middle East? We're taking a long-term 12-year to 20-year outlook at how Under Armour is going to be the leading global football brand in the world.

Randal J. Konik
Analyst, Jefferies LLC

Q

It's very helpful, very helpful. Thank you.

Kevin A. Plank
Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

I wasn't even done yet. I haven't gotten to Asia. Hold on a sec. You don't want to get off this call yet.

Randal J. Konik
Analyst, Jefferies LLC

Q

Stock's working. So...

Kevin A. Plank
Chairman, President & Chief Executive Officer, Under Armour, Inc.

A

I haven't seen that. The last thing I just want to say is, leave Asia; our partners in Japan are amazing, growing the brand, growing the business. The last and most importantly is just a couple of the store openings that we've had. I was down for a store opening in Panama recently, but also in Asia we recently opened Singapore and the Philippines. And I've got to tell you, of all the travel I've done, I've never been to the Philippines yet. We delivered – for our store opening there; we had 700 people waiting outside in a line to get into a 2,500 square foot store. And it's the kind of thing that had you scratch your head and say, I think this brand has real legs and real opportunity and I think we have a chance of doing something incredibly special. So there's a lot of energy, a lot of heat, a lot of excitement in something that we're incredibly proud of. And I want to, I guess, thank you.

Kevin A. Plank
Chairman, President & Chief Executive Officer, Under Armour, Inc.

But the last thing I want to say before we do close the call is that I'm very pleased that our CFO, Brad Dickerson, was here because he has a due date with a baby coming in the next 24 hours and we thought that I was going to have to answer the financial questions. So I'm very glad to report that you guys hear directly from Brad.

So with that, thanks very much for the last question, Randy, and thank you all for your time. Thank you.

Thomas D. Shaw

Director-Investor Relations, Under Armour, Inc.

As promised, Kevin took us to the end of the call here. So thanks again for everyone joining us today and we look forward to reporting you our third quarter 2014 results, which we've tentatively scheduled for Thursday, October 23 at 8:30 a.m. Eastern Time. Thanks, again. Good-bye.

Kevin A. Plank

Chairman, President & Chief Executive Officer, Under Armour, Inc.

Brad said he's going to name the baby Armour.

Thomas D. Shaw

Director-Investor Relations, Under Armour, Inc.

Thanks.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect.

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