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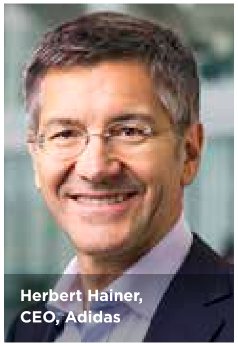
ADIDAS AG LIFTS OUTLOOK AS U.S. BOUNCES BACK


Herbert Hainer, CEO, Adidas

With growth accelerating for the Adidas brand in most major markets, Adidas AG reported a 10.4 percent gain in third-quarter profit and raised its full-year revenue, gross-margin and net-income targets.

Earnings in the quarter reached €311million ($341 million), exceeding Wall Street's average estimate of €301 million.

Revenues grew 13 percent on a currency-neutral basis, driven by strong momentum for both performance and lifestyle products for the Adidas brand but also steady growth at Reebok. On a reported basis, sales grew 17.7 percent to $4.76 billion ($5.19 billion), the highest quarterly turnover Adidas AG has ever generated.

While Western Europe and China drove much of the top-line growth, especially encouraging was the resumption in sales growth in the North American region, led by double-digit gains for Adidas brand. TaylorMade-Adidas Golf, which Adidas is exploring selling, also saw some recovery in sales but it was against easy comparisons. Adidas AG officials announced plans to eliminate another 14 percent of the brand's workforce.

On a conference call with analysts, CEO Herbert Hainer linked the improvement at Adidas and Reebok to an almost 20-percent increase in brand investments in the nine months. The investments supported several campaigns and the major signings of Manchester United, Aaron Rodgers of the Green Bay Packers, and James Harden of the Houston Rockets.

The Adidas Brand's global sales were up 14.4 percent on a currency-neutral basis to €4 billion ($4.35 billion), driven by double-digit sales increases in Western Europe, North America, Greater China, Latin America and MEAA. Revenues advanced 19.1 percent on a reported basis. Gross margins for the Adidas brand improved 160 basis points in the quarter.


Photo courtesy Adidas

Hainer said the gains for the Adidas brand were achieved despite tough comparisons against Germany's victory in last year's World Cup. Global football led the gains for Adidas brand, growing 19 percent with double-digit growth in key markets such as Western Europe, North America and Latin America. The gains were boosted by the introduction of new football footwear franchises, ACE and X. Global football apparel revenues increased at a double-digit rate, driven by the successful launch of partnerships with Juventus Turin and Manchester United.

Said Hainer, "Particularly, teaming up with Man United has yielded unprecedented success so far with both a record-breaking first day and first week launch. Figures in the club's channels delivered over a month's worth of forecasted sales within the first five days."

Thanks to the Boost franchise, running grew 9 percent for Adidas brand, led by double-digit growth in North America, Greater China and Japan. Year to date, Adidas has sold almost 8 million pairs of Boost running shoes.

In its lifestyle business, "the momentum we are seeing at the Adidas Originals, and also at Adidas NEO is just amazing," added Hainer. Originals expanded 33 percent in the quarter, representing the third consecutive quarter of double-digit growth. All regions grew double-digits with the exception of Russia/CIS. Added Hainer, "We are seeing unprecedented demand for our major footwear franchises, Superstar, Stan Smith, ZX Flux and Tubular."

Reebok's sales rose 3.4 percent on a currency-neutral basis in the quarter globally to €476 million ($517.4 million) and advanced 6.6 percent on a reported basis. Hainer said Reebok marked its 10th consecutive quarter of growth, heralding it as "clear testimony that the brand is resonating well with the fit generation." Revenues in North America continued to be negatively impacted by efforts to streamline its factory outlet business.

"From a category perspective, Reebok's growth during the third quarter is directly linked to key fitness categories, with double-digit growth in the studio category, as well as robust growth in training and running," Hainer said. "The classic business continues to show strong momentum and increased at a double-digit rate."

North American Rebound

In North America, sales for the Adidas brand and Reebok were up 6.5 percent on a currency-neutral basis to €776 million ($843.5 million), accelerating from a 2.7 percent gain seen in the first half. Currency-adjusted sales had dipped 0.5 percent in the second quarter. Sales in the latest quarter jumped 25.5 percent on a reported basis.

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Adidas brand's revenues were ahead 11 percent in the region, offsetting declines at Reebok. For the Adidas brand, double-digit increases were seen in running and global football as well as its lifestyle brands. Training, its biggest category in North America grew at a high-single-digit rate.

Said Robin Stalker, CFO, on the call, "There's no question that we are seeing the first positive signs of our turnaround strategy, fueled by strong partnerships such as James Harden, Aaron Rodgers and Kanye West; and our increased visibility in U.S. sports in general, which is clearly helping us to authenticate the brand, vis-a-vis the U.S. consumer."

Operating profit in North America improved 40.5 percent to €55 million ($59.8 million). Operating margin improved 70 basis points despite further increases in marketing and point-of-sale investments, which grew more than 35 percent in the region in Q3.

Hainer said the Adidas brand has quickly made "major inroads" in the U.S. over the last couple of months to establish platforms to connect with the U.S. consumer, including grassroots events at the high school and college level and "much higher visibility" in all of the major U.S. sports.

Partnerships with Kanye West and Pharrell Williams are showing that Adidas "is a brand that can make the kids look cool on and off the pitch," officials said.

At the store level, the Adidas brand has rapidly expanded its A Standard in-store-shops with Foot Locker. The brand also launched 600 soccer shop-in-shop solutions for back to school at Dick's Sporting Goods, expanding its market share at the sporting goods chain in the category by 10 percentage points in Q3.

Ten HomeCourt stores have already opened as part of a plan to open 55 across the U.S. by the end of 2017. The stores are experiencing "significantly higher than expected sell-through rates due to better in-store communication, improved customer service and superior merchandising."

Another category seeing momentum is American football, where Adidas brand is seeing significant market share gains.

Said Hainer, "While I am far away from suggesting that we have solved all our problems in the U.S., these examples, just like our performance during the third quarter, clearly prove that we can be successful in the U.S. And I promise you, we will be."

TaylorMade Restructuring Amid Recovery

TaylorMade sales rose 6.5 percent on a currency-neutral basis to €159 million ($172.8 million) and climbed 15.4 percent on a reported basis. Reebok-CCM Hockey grew 9.1 percent on a currency-neutral basis to $112 million and added 18.6 percent on a reported basis. Adidas AG's other centrally managed businesses grew 17 percent in currency-neutral terms.

The segment reduced its operational loss to $23 million from $34 million. The reduction reflects gross margin improvements at Taylor Made following the healthier top-line development, as well as lower levels of promotional activity.

Hainer said TaylorMade benefited from Jason Day's win at the PGA Championship and the launch of the M1 club line. The M1 has been "very well received so far" with Q4 launch quantities already sold out. Soft goods sales for TaylorMade grew in the high-single digits, reflecting strength in its Boost franchise.

Hainer said that while the gains for TaylorMade reflect "a cleaner trading environment and first operational improvements, it is, to a large degree, also the result of easier comparisons with the prior year." Adidas' golf sales were down 34 percent in the year-ago period.

As such, TaylorMade is still pressing ahead with its restructuring plan despite its hiring last quarter of Guggenheim Partners to look at options for the unit, including a sale. The review is expected to conclude by the first quarter of 2016.

As part of this, TaylorMade will reduce its global workforce by 14 percent, or about 200 positions, by the end of the year. While this will negatively impact the Adidas AG's profitability by a low-double-digit million euro amount in the fourth quarter, the result will be "a more nimble organization which will have a positive impact on the Group's profitability from 2016 onwards," Hainer said.

Companywide, gross margins in the quarter increased to 48.4 percent from 47.4 percent, driven by the positive effects from a more favorable pricing and channel mix, partly offset by higher input costs, negative currency effects as well as a less favorable product mix.

Looking ahead, Adidas AG said that due to the strong momentum at both Adidas and Reebok, it now expects currency-neutral sales to increase at a high-single-digit rate in 2015, up from a mid-single-digit rate previously.

Net income from continuing operations excluding goodwill impairment is now projected to increase at a rate of around 10 percent, up from previous guidance calling for an increase at a rate of between 7 percent and 10 percent.

Adidas also released initial guidance for the full year 2016. The company expects currency-neutral sales to increase at a high-single-digit rate in 2016. It said it planned to increase pricing to balance out the negative impact from any increased material costs.

Finally, Adidas AG said it would extend the contract of Roland Auschel, head of global sales and a candidate to succeed Hainer, by three years to 2019. The contract of Eric Liedtke, another director considered a candidate for the top job, expires in March 2017, as does Hainer's. ■

World's Fastest Man and 14 times World & Olympic Gold Medalist Usain Bolt returns victorious at the 2015 IAAF World Championships in Beijing.

PUMA'S Q3 LED BY U.S.

Puma SE, as expected, reported a decline in third-quarter earnings due to currency headwinds and expenses to support its turnaround efforts, but sales continued to improve.

Reported sales advanced 8.4 percent to €914 million ($993.5 million) and gained 3.1 percent on a currency-neutral basis. The revenue gains were led by Americas region, which saw revenues climb 10.8 percent on a currency-neutral basis to €325.1 million ($353.4 million). The U.S. market grew at double-digit rates.

In the EMEA region, sales on a currency-neutral basis declined 3.6 percent to €375.7 million ($408.4 million) The region faced tough comparisons against the Arsenal launch in last year's third quarter. The year-ago quarter also included sales of Tretorn, which was sold in the second quarter of 2015. Excluding these impacts, sales would have been flat.

In Asia/Pacific (APAC), sales were up 5 percent on a currency-neutral basis to €213.6 million ($232.2 million). While China and India showed substantial growth within the region, sales in Korea declined.

By category, footwear increased for the fifth quarter in a row, adding 3.5 percent on a currency-adjusted basis, to €408.4 million ($443.5 million). Running and training with a good response to the Ignite and Descendant product platforms drove the gains.

Apparel's revenues increased 2.5 percent on a currency-neutral basis, to €346.9 million ($377.1 million), mainly attributable to the success of training products. Accessories were up 3.7 percent on a currency-neutral basis, to €159.1 million ($172.9 million), supported by strong sales in Europe and North America.

Gross margins eroded 50 basis points to 45.8 percent, due to negative currency effects. Footwear gross profit margin decreased from 41.9 percent to 41.2 percent, apparel margin rose from 49.6 percent to 49.8 percent and the margin for accessories fell from 50.3 percent to 49.1 percent.

Puma CEO Bjørn Gulden said the brand continues to gain visibility through its athlete ambassadors and teams. Usain Bolt stood out with victories at the 2015 IAAF World Championships in Beijing. The 2015 IAAF World Championships came shortly after the launch of its second major Forever Faster brand campaign, which has a dedicated focus on training. The campaign stars Bolt, Rihanna, Sergio Agüero, Arsenal Football Club, and the Cuban National Boxing team and supports the IGNITE XT shoe.

In the Teamsports category, evoPOWER and evoSPEED both sparked some attention with Duality football boots, which features two distinct colored boots in one pair. The Motorsports category benefited from Mercedes AMG Petronas' Lewis Hamilton recent win of his third Formula 1 Drivers' World Championship while Cobra Puma Golf benefited from big wins for Rickie Fowler and Lexi Thompson and the success of the Titantour golf shoe.

Gulden said Puma continues to invest in improving its product offering for women and its communication approach to them. A key element of this strategy is its collaboration with Rihanna as brand ambassador and creative director. Her first TV commercial for Puma initially aired in September and the first in a series of Rihanna-inspired footwear and apparel styles, the "Creeper," sold out in hours at most retailers

"We have generally seen a very positive development in our women's business and we will put even more focus on the female consumer going forward," said Gulden.

Puma also is working to strengthen partnerships and increase collaboration with retailers. In North America, Puma has improved its presence with shop-in-shops, special wall units and permanent in-store communication at major sports accounts including Finish Line and Champs. Puma's new Forever Faster store layout has been rolled out to eleven of Puma's locations worldwide.

Looking ahead, Puma continues to expect an increase in the medium single-digit range for full-year currency-adjusted net sales and reiterated its expectation for a full-year EBIT in a range between €80 million and €100 million. Puma expects a slightly softer drop in the gross profit margin for the full year at the lower end of the range of minus 100 to 150 basis points versus last year. ■

Photo courtesy Bogs

BOGS Q3 SALES CLIMB 20 PERCENT

Bogs sales were up 20 percent in North America during the third quarter, according to its parent, Weyco Group Inc. (Nasdaq:WEYS).

On a conference call with analysts, Tom Florsheim Jr., Weyco's chairman and CEO, said Bogs gains were driven by both its classic insulated goods and penetration into new product areas. Bogs began offering waterproof casual leather footwear last fall.

"We're experiencing sound wholesale growth in this category and nice sell-throughs at retail which should set the stage for future expansion in this category," said Florsheim Jr. "Our weather oriented products are also off to a strong start across all genders. This season, we're carrying more core products in our inventory in order to take advantage of end-season sales associated with inclement weather. We believe we are positioned well for strong fourth quarter sales with the Bogs brand."

Companywide sales reached $91.2 million in the quarter, up 4.4 percent. Weyco's other brands include Stacy Adams, Florsheim and Nunn Bush.

Earnings were essentially flat at $5.5 million, or 51 cents a share. Margins in Canada and Australia businesses were impacted by currency headwinds. Also impacting results was a 5-percent same-store decline in its Florsheim stores in North America. ■

GENESCO TO ACQUIRE CANADIAN FOOTWEAR CHAIN

Genesco Inc. agreed to acquire the 37-store Little Burgundy footwear and accessories chain in Canada from Aldo Group Inc. Based in Montreal, Little Burgundy serves fashion-oriented 18- to 34-year-olds selling brands including Converse, Vans, Nike, Toms, Timberland, Hunter and Herschel.

Genesco plans to retain Little Burgundy's head office and store-level employees. Margaret Thouez will continue as SVP, GMM of Little Burgundy, reporting to James Estepa, president and CEO of Genesco's Journeys Group.

The acquisition will expand Genesco's customer base in Canada and enable to company to further scale existing Canadian omni-channel operations.

"After spending time in the Little Burgundy stores, we quickly recognized that Little Burgundy and Journeys share similar values, cultures and goals," said Estepa. "Like Journeys, Little Burgundy employees embody their customers' lifestyle and attitude and we are excited to welcome them to the Journeys Group."

Journeys first entered the Canada in 2013 and had 35 stores in operation at the beginning of the year. Genesco's other subsidiary, Lids Sports Group, has about 155 stores in Canada.

The transaction is subject to customary closing conditions. Terms were not disclosed. ■

UNDER ARMOUR CEO TO SELL $120 MILLION IN STOCK

Under Armour's CEO plans to sell more than million shares of his company's stock (NYSE:UA) valued at more than $120 million, the company announced last week.

Kevin Plank entered into a pre-arranged stock trading plan to sell up 1,125,000 shares of the company's class B common stock that he personally owns as well up to 125,000 shares of class B common stock held by his charitable foundation by the end of 2015.

Under Armour shares closed at $96.39 on November 3 at the time of announcement, valuing the stock Plank and his charitable trust plan to sell at $120.5 million.

"The sales under the trading plan sales are being done for asset diversification, tax and estate planning and charitable giving purposes," Under Armour officials said in an SEC filing.

If Plank completes the planned sales, he would own 34.45 million shares of the class B common stock and 76,445 shares of the company's class A common stock, representing approximately 16 percent of the total class A and B shares (as of September 30, 2015) and approximately 65.5 percent of the voting power.

Plank also could sell up to 1.5 million shares of Under Armour's class C common stock (personal and charitable) before August 2016 as part of the plan. But that is contingent on the board's approval of a 2-for-1 stock split to create the new class of shares, which faced opposition from a shareholder class-action lawsuit that has been reportedly been settled.

The split and new class C shares would allow Plank to sell more shares, while retaining control of the company as its largest shareholder. ■

RIDDELL DIVERSIFIES WITH KOLLEGE TOWN ACQUISITION

Photo courtesy Riddell

Riddell, best known for its football helmets, is expanding further into apparel with its acquisition of Wisconsin-based Kollege Town Sports, which specializes in screen printing, laser etching, embroidery and tackle twill for the team channel for youth, high school and college teams, and corporate sales.

Analysts say the purchase will help diversify the helmet brand in face of rising concussion-related legal and insurance costs, as well as reach more everyday football fatns that aren't necessarily buying helmets.

Kollege Town will continue to provide the same service offering and will operate as its own Riddell business unit based in the facility located just outside Madison. In addition, Tom Handlen, president of Kollege Town, and Jeff Handlen, vice president of Kollege Town, will remain in their leadership roles.

"Kollege Town Sports has enjoyed many years of success as a leader in apparel sales driven by its entrepreneurial spirit, diverse product line up and by regularly exceeding customer expectations," said Dan Arment, president of Riddell. "Kollege Town's approach complements Riddell's longstanding history of maintaining strong customer relationships with athletic programs. This acquisition provides Riddell with access to new and unique sales channels for apparel, while expanding our capabilities, customer service and product offering." ■

BAUER TO CLOSE DISTRIBUTION FACILITY

Performance Sports Group Ltd. said 59 employees of its Bauer brand are expected to be terminated between January and February 2016 due to the closing of a distribution facility in Mississauga, Ontario.

The distribution facility is being closed in February 2016 in an effort to better align the company's distribution activities with its overall business needs while enabling the company to better serve its customers. The moves are part of the company's five-year plan to improve pre-tax profitability by $30 million (excluding certain non-recurring costs or one-time costs that may be required to implement some of the related initiatives). The five-year plan was first announced in October 2014.

The closing is expected to result in pre-tax expenses and charges of $3.8 million, of which about $3 million represents severance. ■

DESCENTE LTD. RIDES WEAK YEN TO BIG PROFIT GAINS

Descente Ltd. upped its profit outlook for fiscal 2016 after reporting the weak yen and a rebound in South Korea easily offset big declines in North America and Europe.

The Japanese sportswear company reported net sales reached ¥64.9 billion ($532 million) in the six months ended September 30, up 13.7 percent from the same period in 2014. Gross margin slid 790 basis points to 47.5 percent, while SG&A rose 150 basis points to 49.5 percent. Still, operating income rose 38.5 percent to ¥5.08 billion ($42 million), ordinary income rose 34.5 percent to ¥5.26 billion ($43 million) and net profit attributable to shareholders rose 34.1 percent to ¥3.72 billion ($31 million).

Descente acquired 80 percent of the running gear brand Inov-8 in August in a bid to boost sales outside of Asia, where it designs, sources and distributes cycling, golf, outdoor, racquet, snow sports and volleyball gear under more than a dozen brands. It's licensed brands include Cutter & Buck, Le Coq Sportif, Marmot, Munsingwear and Umbro.

Descente's operating income in its native Japan nearly tripled to ¥783 million ($6.4 million) despite essentially flat sales of ¥27.2 billion ($223 million) thanks to a drop in product returns, which had spiked in the year earlier period in the wake of an increase in the country's sales tax. Sales of Descente and Le Coq Sportif brands were steady, while Cutter and Buck golf wear struggled and sales of Umbro declined. Marmot outdoor apparel also sold well.

In the rest of Asia, sales increased 26.6 percent to ¥37.7 billion ($309 million), lead by South Korea where Descente golf and outdoor collections, including a new training shoe, sold well. Le Coq Sportif also drove growth in South Korea, while Arena performed well in China and Le Coq

Sportif in Hong Kong. Asian profits increased 34.3 percent to ¥4.54 million ($37 million).

In North America, where the company derived its revenue primarily from selling Descente ski wear to high-end specialty shops, losses rose 5.3 percent to ¥180 million (-$2 million) on ¥11 billion ($90 million) in sales, down from ¥60 million in the first half of fiscal 2015. Sales to Europe and the rest of the world declined 8.7 percent to ¥605 million ($5 million).

On a category basis, sales of athletic wear and related products increased 16.3 percent to ¥43.9 billion ($360 million) or 67.6 percent of sales, while sales of Golf gear rose 5.4 percent to ¥17.2 million ($141 million) and sales of Outdoor gear reached ¥3.78 billion ($31 million), up 26.0 percent from the first half of 2015.

Descente ended the quarter with cash and cash equivalents of ¥23.7 billion, up 22.8 percent and inventory valued at ¥22.5 billion, up 15.4 percent compared with September 30, 2014.

While Descente still expects net sales for the fiscal year ending March 31, 2016 to grow by about 12 percent, it upped its forecast for operating income by 5 percent to ¥10.5 billion. Ordinary income and net income are now expected to reach ¥11.0 billion and ¥7.60 billion, up 4.8 and 4.1 percent respectively from its previous forecast. ■

STURM RUGER PROFITS RISE ON JUMP IN SHIPMENTS

Sturm, Ruger & Company Inc. (NYSE:RGR) estimates sell-through of the company's products from independent distributors to retailers outpaced criminal background checks more than three-fold during the quarter, clearing the way for a big increase in fourth-quarter shipments tied to the company's 2 Million Gun Challenge.

RGR estimates distributors sold 474,900 units to retailers in the quarter, up 28 percent compared to a year earlier. The National Instant Criminal Background Check System background checks (as adjusted by the National Shooting Sports Foundation) increased 8 percent during the same period.

RGR reported that it shipped 25 percent more units compared with the third quarter of 2014 to meet growing demand from chain-store accounts. Production increased 23 percent, led by new products, including the Ruger Precision Rifle and LC9s pistol. RGR estimates its distributors' ended the quarter with 5.6 percent more inventory compared with a year earlier. The company's own inventory of finished goods grew just 1.4 percent.

RGR has pledged to donate $2 for each new Ruger firearm sold between the 2015 and 2016 NRA Annual Meetings, with the goal of donating $4 million toward the NRA Institute for Legislative Action (NRA-ILA). To reach that goal it offered dealers incentives this summer, that it usually does not make available until the major gun buying shows in January and February.

Higher unit volumes and lower overtime costs helped boost gross margin 390 basis points to 28.1 percent compared with the third quarter ended Sept. 27, 2014. RGR held SG&A at 13.3 percent of net sales, up just 70 basis points. Together, that push operating margins up 470 basis points to 14.9 percent. Earnings grew $5.2 million to $12 million, or 62 cents a share on a $22.6 million increase in revenues, which reach $120.9 million.

While he foresees less discounting of firearms during the holiday period compared with last year, RGR CEO Michael Fifer said that excess capacity at all levels of distribution will keep a lid on prices.

"In particular, the centerfire pistol category is very crowded with products in all the major calibers and all of the major frame sizes for most all of the larger firearms manufacturers," he said.

Fifer noted that distributors have allocated more of RGR's products to retailers with the strongest balance sheets to mitigate their credit risk.

"Several of them had become decidedly more conservative as their balance sheets have been stressed," Fifer said. ■

CITY SPORTS TO BE SHUTTERED

City Sports Inc. is moving to liquidate all 26 of its stores after failing to find a buyer in bankruptcy proceedings.

The Boston-based chain filed for Chapter 11 bankruptcy in October with plans to close eight of its locations and seek a buyer for the remaining 18. The company needed to secure a buyer by October 30 in order to maximize liquidation sales during the holiday selling period, according to court documents.

A combined bid from Hilco Global and Gordon Brothers Retail Partners won an auction last week and going-out-of-business sales at the remaining stores began Friday.

City Sports also sold its intellectual property, including the City Sports name, for $400,000 to Soccer Post, the soccer retailer with stores in 16 states. According to the Wall Street Journal, Blake Sonnek-Schmelz, owner of Soccer Post, plans to launch a retail operation under the City Sports name next year.

City Sports was founded by high school friends Mike Kennedy and Eric Martin in 1983 with a location on Massachusetts Avenue. Finding city dwellers had to head out of town to purchase sporting goods, the two positioned City Sports to fill a void in the market in delivering premium sporting brands and a premium service to urban athletes, particularly fans of running, training, tennis, swimming and cycling. Yoga and triathlon was added to the mix over the last two decades. The stores became particularly known for their signature T-shirts.

In 2008, the company, with 14 stores at the time, was acquired by the Highland Consumer Fund in 2008 and ambitious growth plans were announced. The late Thomas Stemberg, who founded Staples and was a managing general partner at Highland, said at the time that he thought City Sports could eventually grow to include 300 locations.

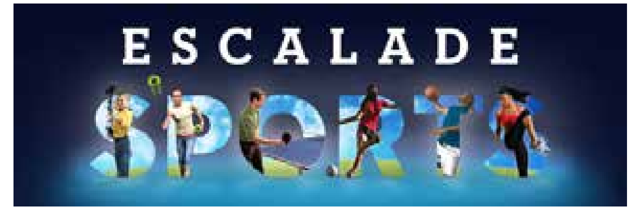
The recession slowed growth plans and the company also struggled opening stores in suburban locations. The urban-focused chain was also impacted by heightened competition from niche specialists like Lululemon and REI in its markets as well as Marathon Sports, which has become the dominant running store in Boston.

In an affidavit filed in Delaware's bankruptcy court, Andrew Almquist, senior vice president and CFO at City Sports, said that starting in August 2014, the company's revenue and profitability declined due to several factors, including "the extremely competitive market for athletic apparel (especially from Nike, Asics and Under Armour), still struggling national economy and record setting weather in the Northeast impacting the sale of various types of athletic apparel." The region was hit by severe snowstorms last year.

Photo courtesy City Sports

In response, numerous initiatives were undertaken to improve its performance, including engaging financial advisors, FTI Consulting, Inc., to identify opportunities to reduce costs. A failure to renegotiate leases led to the decision to file for bankruptcy.

The bankruptcy petition listed assets of $38.6 million and $39.6 million in liabilities. Top unsecured trade creditors included Nike, owed $1.27 million Under Armour, $1.04 million; Asics, $1.03 million; Patagonia, $1 million; The North Face, $968,301; Brooks Sports, $605,095; Adidas America, $482,791; New Balance, $482,791; and Saucony, $252,350. ■



ESCALADE'S Q3 REVENUES EXPAND 9 PERCENT

Boosted by acquisitions, Escalade Inc. (Nasdaq:ESCA) reported revenues for the third quarter were up 9.4 percent, to $34.6 million. Net income from continuing operations, however, slumped 47.4 percent to $2 million, or 14 cents a share, from $3.8 million, or 27 cents, a year earlier.

Net income from continuing operations was adversely impacted by foreign currency exchange rates associated with its 50 percent ownership of Stiga, headquartered in Sweden. Net income in the year-ago period came to $13.6 million, boosted by $9.8 million in income from discontinued operations. The company last year sold both its Information Security and Print Finishing businesses to focus on sporting goods.

Gross margins eroded to 27.3 percent from 30.5 percent due to decreased sales and margins in archery and increased R&D spending.

Robert Keller, president and CEO, said the company continues to make strategic investments in acquisitions. During the third quarter, Onix Sports Inc., a maker of paddles, balls and sportswear for the sport of pickleball, and Goalsetter Systems Inc., a maker of in-ground basketball goals, were acquired for $10.3 million.

Said Keller, "We remain confident in our strategy to grow our sports and outdoor recreation equipment business through internal innovation and acquisitions, while maintaining a strong balance sheet and dividend for our shareholders."

Other recent acquisitions include Cue & Case Sales, a maker of billiard accessories, in October 2014; and DMI Sports, which makes indoor games and accessories for darts, table tennis, game tables and billiards, in November 2013.

Escalade's other brands include Stiga and Ping-Pong table tennis, Accudart and Unicorn darting; Goalrilla, Goaliath and Silverback sports training equipment and basketball goal systems; and Bear Archery, Trophy Ridge and Cajun Bowfishing hunting products. ■

CROCS FORESEES COMEBACK AFTER Q3 CHINA TROUBLES

Crocs Inc. (Nasdaq:CROX) swung to a net loss of $27.8 million in the third quarter ended September 30, 2015 - versus a quarterly gain of $12 million a year ago - after holding back shipments to Chinese distributors, facing currency headwinds, closing stores and delaying more-timely new products.

Third-quarter revenue also fell for the Niwot, CO footwear company, down 9.4 percent (or 0.8 percent in currency-neutral terms) to $274.1 million.

Despite the struggles, Crocs CEO Gregg Ribatt was optimistic with investors that many of the problems were being remedied - including new production and distribution plans, a 40 percent SKU reduction and fresher styles for 2016. Crocs also announced additions to its senior leadership team, including new CFO Carrie Teffner (who previously served in the same position at PetSmart and Timberland) and new CIO Donna Flood (who previously served as COO for Easton-Bell).

Ribatt said unfavorable currency exchanges made the biggest impact in the third quarter - reducing sales by $26 million "as the dollar strengthened significantly since July against several specific currencies including the Korean won, the Chinese RMB, the Brazilian real, and the Canadian dollar."

Hurdles in China

In China, the company said it was transitioning away from under-performing distributors.

"We faced some difficult decisions in China and as a result we increased reserves for doubtful accounts by $19 million at the end of the third quarter," Ribatt said "We also held shipments to several of our China distributors, which negatively affected Q3 revenue by $4 million. However, these actions set us up for improved business performance in the future. We now expect to return China to growth in the back half of 2016."

Crocs President Andrew Rees said the company named new leadership in China and narrowed its product line to be more consistent with its global range. A fragmented team of 48 distributors will be reduced to "align with fewer, more experienced, and stronger partners," Ress said. "And we're planning to operate more retail stores ourselves in strategic cities where we have existing infrastructure."

Reduction In SKUs; Updated More Often

While it worked through transitions in 2015, Ribatt said Crocs had lengthened its time between updating product, leaving more dated styles on the shelves and leading to increased discounted, which negatively affect margins by 300 basis points.

That will change next year, Ribatt said: "As we enter 2016, 60 percent of our spring/summer product range is new, reinvigorated product versus roughly 30 percent in 2015. It will also be a smaller collection, with a 40 percent reduction in SKUs.

Photo courtesy Crocs

"This significantly simplifies product development, costing, forecasting, and inventory management," Rees said, adding that it will also lead to better customer service and supply-chain issues.

E-Commerce Stays Strong

The bright spot for Crocs in rough third quarter was the brand's direct e-commerce sales, which grew on a comparable-site basis 31 percent in constant currency, with the Americas up 33 percent, Europe up 19 percent, and Asia up 42 percent.

Overall, global direct-to-consumer comp revenues, including Crocs stores were up 4.7 percent. During the quarter, Crocs closed 13 stores and opened 11, bringing its store count to 557 at the end of the third quarter. "We anticipate closing another 15 to 20 stores during Q4," Rees said.

Stores in U.S. tourist destinations took a particular hit (down 5.3 percent on a comp basis during the quarter) as the strengthening dollar gave foreign visitors less buying power.

Looking ahead

"Despite challenging headwinds, we are confident that we can drive 2016 revenues up in the mid-single digits based on current exchange rates," Ribatt said. "We expect 2016 gross margins to be flat to 2015, as the currency impact of approximately 250 basis points at today's rates is offset by product margin and operational improvements." ■

GAIAM RETAIL MOVE LIFTS Q3 SALES; TAKES $10.7 MILLION HIT ON LEGAL SETTLEMENT

Gaiam Inc. (Nasdaq:GAIA) reported its launch at more than 1,000 Kohl's and Bed Bath & Beyond department stores enabled it to grow 140 percent faster in the third quarter ended September 30 than it would have otherwise.

Quarterly net revenue increased 24 percent to $51.3 million, compared to $41.3 million a year ago. Gaiam Brand increased 24 percent to $47.8 million and Gaiam TV net revenue increased 37 percent to $3.5 million.

Yet the company swung to a quarterly net loss of $8.8 million after paying a $10.7 million settlement to Cinedigm Corp., which had accused Gaiam of misleading financials in a 2013 deal to buy Gaiam's home enteratainment division.

"Gaiam entered into the settlement to eliminate the uncertainty and risk inherent in any litigation, significantly reduce the professional fees and costs that the litigation would require, and significantly reduce the distraction imposed by the process on management," officials said. "The company believes it has adequately accrued for the pending arbitration and does not expect any material additional settlements beyond the current estimate."

Outside of those charges, Gaiam's net income from continuing operations for the third quarter came in at $1.9 million or $0.08 per share, compared to a loss of $2.9 million or -$0.12 per share in the year-ago quarter.

"We continue to execute our vision to make yoga, fitness and wellness accessible to everyone," said Gaiam CEO Lynn Powers. "Our exclusive Kohl's apparel line drove our strong third quarter performance and the rollout continues to exceed our expectations. Excluding these incremental sales along with sales to our largest customer, revenue from our top 25 customers increased 10 percent, demonstrating the strength of our brands beyond apparel."

Gaiam will continue to eye the retail front as its catalog sales are declining, officials said.

"The positive momentum in our business is expected to continue as we add over 1,000 store-within-store locations in the fourth quarter, including Bed Bath & Beyond," Powers said. "With our largest account back in stock, the strong demand for our wellness products and continued strong sell-through at our retail accounts, we are well-positioned to drive sustained growth in 2015 and beyond."

Third-quarter gross profit increased 21 percent to $21.9 million compared to $18 million in the year-ago quarter. Operating expenses in the third quarter of 2015 decreased 7 percent to $18.6 million due to a reduction of marketing expenses in Gaiam TV.

At September 30, 2015, cash totaled $20.1 million compared to $15.8 million at December 31, 2014. The company remains debt-free

Gaiam TV Rebranding Accelerated

Gaiam TV was recently asked to become partners with Apple TV and an additional top-tier distribution platform, and with that officials have decided to accelerate its name change and rebranding to "Gaia" into the fourth quarter from 2016 and delay the timing of the spinoff. The new Gaia branding premiered last week on Apple TV. The rebranded Gaia website will be launching later this month at www.gaia.com.

Gaiam believes that it has substantially completed the regulatory filings and related steps required prior to the spinoff transaction, and Gaiam TV is in the process of Nasdaq registration in anticipation of the spinoff. ■

MIZUNO FIRST HALF PROFITS HIT BY CURRENCY WOES

Mizuno Corp. reported sales grew 7.8 percent to ¥96.9 billion ($786.3 million) in the six months through September 30. Earnings, however, declined largely due to currency headwinds.

Operating income reached ¥1.4 billion ($11.4 million), down 46.6 percent. Net income was ¥1.5 billion ($12.2 million), down 16.4 percent.

Globally, running shoes continued to be strong, leading to the sales growth. Costs rising mainly in Japan and Europe due to the effects of exchange rates led to the decline in profits.

In the Americas region, sales grew 12.6 percent to ¥16.3 billion ($132.3 million) but were down 3.2 percent on a currency-neutral basis. The Americas region showed an operating loss of ¥68 million ($552,000) against a profit of ¥356 million.

New running footwear products were strong, helping Mizuno regain market share in the category. The brand's partnership with the Atlanta Track Club also contributed to the recovery. Backed by the partnership agreement with the U.S. national volleyball team, volleyball also remained strong. Golf also saw some recovery in the Americas.

In its home market of Japan, sales grew 3.5 percent to ¥60.8 billion ($493.4 million). Operating income improved 28.4 percent to ¥1.46 billion ($11.8 million). Running, walking training and golf performed well. Baseball underperformed partly attributed to the increase in the nation's consumption tax rate.

Sales in the EMEA (Europe, Middle East and Africa) improved 10.2 percent to ¥8.52 billion ($69.1 million) and grew 9.5 percent on a currency-neutral basis. The gain was helped by improvement in Germany and strength in running and indoor sports shoes such as ones used for handball. The region showed an operating loss of ¥435 million ($3.5 million) against earnings of ¥380 million in the same period last year.

In Asia and Oceania markets, sales grew 25.3 percent to ¥11.4 billion ($92.5 million) and grew 10.6 percent on a currency-neutral basis. Operating income was reduced 39.4 percent to ¥505 million ($4.1 million).

Mizuno reiterated is guidance for the year. The guidance calls for net sales: ¥200 billion; operating income: ¥6 billion; net income before tax: ¥6 billion; and net income after tax: ¥3.7 billion. ■

NAUTILUS' REBOUND CONTINUES IN Q3

Boosted by healthy sales gains in both its direct and retail fitness equipment segments, Nautilus Inc. (NYSE:NLS) reported earnings jumped 49.9 percent in the third quarter ended September 30, to $3.7 million, or 12 cents a share. Revenues climbed 19.7 percent to $70.7 million.

Gross margins improved 250 basis points to 51.2 percent, reflecting a margin increase in the company's direct-to-consumer segment, a favorable mix between segments, and higher royalty revenue as a percentage of total net sales.

In its retail segment, sales grew 9.6 percent to $25.7 million as a result of strong SelectTech dumbbell sales coupled with increased placement of the company's new lineup of cardio products and treadmills launched in fall 2014.

Operating income in the Retail segment slid 13.5 percent to $3.2 million due to increased investments in R&D along with higher selling and marketing expenses. Retail gross margin eroded to 25.6 percent compared to 26.5 percent in the same quarter of the prior year. Margins were impacted by unfavorable product and customer mix, reflecting increased sales of lower margin treadmills and lower sales to Canadian customers.

On a conference call with analysts, Bruce Cazenave, Nautilus' CEO, estimated the company's retail growth is expanding in excess of twice the pace of industry growth. Also on the call, Bill McMahon, COO, said the retail gains were driven by "solid domestic partner growth across a variety of categories," including treadmills, ellipticals and select rise weights. International results were challenged by currency and economic conditions unique to various regions.

In the direct segment, sales jumped 24.3 percent to $42.9 million due to continued strong demand for the company's cardio products, especially the Bowflex Max Trainer line. Operating income for the direct segment expanded 30.5 percent to $5.4 million. Reflecting leveraging of supply chain costs and lower reserve requirements, direct gross margins improved 210 basis points to 64.3 percent.

Additional media spending is being placed behind the Bowflex Max Trainer, which is expected to drive growth for direct in coming quarters.

Nautilus Bowflex Max Trainer

Nautilus Bowflex Select Tech Dumbbells

The strength category in the direct segment grew for its second consecutive quarter. The Bowflex 560 SelectTech Dumbbell, which the company said represents the first-ever smart dumbbells, is expected to be launched before year end. The item features a counter that records reps, weight lifted, and repetition speed.

"We're very excited about our new and enhanced products in the direct portfolio," said McMahon. "These products offer a more interactive and tailored workout experience than ever before, and complement our existing solutions in order to allow us to offer customers all the tools they need to be stronger and healthier."

Cazenave concluded, "As we begin the final quarter of 2015, we are well positioned to end the year on a strong note, delivering another year of robust top- and bottom-line growth. The front end of our business model, namely the product development, marketing and sales areas, are giving us good reason to be optimistic about future growth, while the supply chain operations and support areas continue to find service improvements and efficiencies." ■

IMPLUS LOOKS BEYOND FOOTWEAR ACCESSORIES WITH FUELBELT ACQUISITION

Bert Pictor, SVP of Specialty Retail, Implus

Implus LLC, well known for its footwear accessory brands such Sof Sole, Yaktrax and Balega announced November 3 that it had acquired FuelBelt Inc., a hydration accessory brand.

Financial details of the deal were undisclosed.

The deal marked Implus' third acquisition this year after Berkshire Partners made a majority investment in the company in April 2015, but more notably it's the first acquisition outside Implus' bread and butter of footwear accessories.

FuelBelt, founded in 1997 by seven-time Ironman World Champion participant Vinu Malik, is a pioneer in multi-bottle hydration belts, low profile handheld bottles and running accessories.

"We want to focus on the specialty outdoor and run accessory markets and become a one-stop shop for retailers in these categories," Implus Senior Vice President of Specialty Retail Bert Pictor told The B.O.S.S. Report and Sports Executive Weekly. "That means moving beyond just footwear accessories. We want to play on the synergies of the brands for our retail partners."

Pictor said Implus looks at acquiring brands that are first-to-market or leaders in their categories.

With FuelBelt, Pictor sees potential to expand the brand's core triathlete consumer base to the wider endurance market in both run and outdoor. That includes innovations to further lighten the product and improve points of contact on the body to increase comfort, he said.

FuelBelt recently introduced its Helium Collection (claimed as "the lightest in the world") that includes hydration belts with two to four bottle options. Other products from the Helium line include super-stretch waistpacks and handheld bottles.

Malik will remain on board with FuelBelt, although some staffing changes are likely to occur with the company's base moving from Vermont to Implus' headquarters in North Carolina's Research Triangle Park.

"We are excited about the future for FuelBelt," Malik said. "The Implus roster of specialty brands is extremely impressive and we are proud to have FuelBelt join such an expansive company that is continuing to grow its product offerings and be part of a team with cutting edge development and vast resources."

Photo courtesy Implus

The Implus family of brands now includes Sof Sole, Yaktrax, apara, Airplus, Sneaker Balls, Sof Comfort, Little Hotties, Perfect, TriggerPoint, ICETrekkers, FuelBelt and Balega. The company and its brands will be at the upcoming The Running Event and Outdoor Retailer Winter Market trade shows.

As the company grows, Pictor said Implus will continue to focus on its specialty retailers, providing both education and service as well as figure out the best e-commerce opportunities, "weather that be direct-to-consumer or through a reputable online partner."

Implus is majority owned by Berkshire Partners, a Boston-based investment firm. Berkshire Partners has invested in more than 100 middle market companies since 1986 through eight private equity funds with aggregate capital commitments of over $11 billion. ■

Photo courtesy Quicksilver

QUIKSILVER WANTS TO SELL ABANDONED RUNNING SHOE TO FORMER AMERICAS PRESIDENT

Quiksilver Inc. is seeking bankruptcy court approval to sell intellectual property related to its aborted Ampla running shoe brand to two of its former executives.

Quiksilver wants to sell patents, trademarks, Internet domain names and other assets of Ampla for $200,000 to a company headed by former Americas President Ron Colby and Chief Legal Officer Charles Exon, according to a statement Quicksilver's CFO Andrew Bruenjes filed in U.S. bankruptcy court on Oct. 27. Quiksilver has been reorganizing in bankruptcy case since filing a Chapter 11 petition September 9.

According to the filing, Colby and other employees and consultants began developing the Ampla brand in 2013.

"Specifically, the team worked to develop a specialized running shoe with a carbon-fiber plate in the sole that was designed to maximize the efficient use of force while running," according to Bruenjes' statement. "The company filed several trademark applications related to the Ampla name and associated logo and obtained the rights to certain patents associated with the carbon-fiber plate technology. Approximately 2,000 Ampla shoes were manufactured by one of the company's contract manufacturers and delivered to the company. The company ultimately determined to cease further development of the Ampla brand and to not sell the Ampla products, in part because of the tangential relationship to the company's core business.

In June 2015, Colby, who left Quiksilver in February 2015, and Exon, who left the company in October 2014, contacted the company about purchasing certain assets related to the Ampla brand. On July 22, 2015, Colby executed a letter of intent regarding the purchase of such assets. Quicksilver was contacted by two other potential buyers in August, but neither followed up and in October 26, Quiksilver reached an agreement with ColEx Inc., a corporate Colby and Exon formed to purchase the assets. ■

LET THE SCRUTINY BEGIN – TPP TEXT RELEASED

The Obama Administration released the full text of the Trans Pacific Partnership (TPP) agreement on Thursday, providing the sporting goods industry its first opportunity to vet the details of an unprecedented trade deal they say could free up billions of dollars to fund innovation and even U.S. jobs.

This spring, a Deutsche Bank analyst said the pact could enhance Nike's gross margins by 4 percentage points because the company imports so many of its products from TPP signatory Vietnam. That would have translated to $560 million in additional gross profit in the company's last fiscal year. Nike has said that would allow it to create more jobs in the United States, including advanced manufacturing jobs.

President Obama is expected to formally notify Congress of his intention to enter into the agreement any day. Under terms laid out by Trade Promotion Authority Congress passed earlier this year, he would then have up to 90 days to sign the agreement. At that point, Congress would vote up or down on the agreement for it to become law.

There may be additional edits to the text as it goes through a final review before being signed by the President. The full text of the agreement is available on the U.S. Trade Representative's website here.

The Obama Administration announced it had reached an agreement on TPP Oct. 5 but had not released the full text of the agreement. U.S. athletic and outdoor apparel and footwear brands, with the notable exception of Patagonia, have generally supported the trade agreement, which lowers or eliminates tariffs on thousands of items.

While a variety of trade associations gave the agreement tentative approval Oct. 5, they said they would not push for the pact's ratification by Congress until after confirming details in the final text.

On Thursday, Outdoor Industry Association said it will conduct a thorough review of the agreement in consultation with its members. OIA has lobbied for the agreement to include provisions that will help lower product costs on performance apparel, footwear and equipment not already made in the United States. It argues those tax cuts will save consumers billions of dollars and fuel innovation here in the United States, while creating more American jobs and encouraging more people to get outdoors. It has also stressed to the administration that the TPP must also include the strongest labor and environmental protections possible to reflect our industry's values.

"While we are confident of the significant commercial benefits in the agreement, it must also reflect the outdoor industry's values of social and environmental responsibility to get our support, as we've made clear to the administration and Congress from the very beginning," OIA Executive Director Amy Roberts said Thursday.

The National Council of Textile Organizations, whose support will be important to winning support from southern Congressional delegations, said it "will immediately initiate a thorough analysis of the text to determine its impact on our members, the U.S. textile industry as a whole, and our Western Hemisphere trading partners."

"Based on our generalized understanding of the final agreement reached in last month, we believe that many of the U.S. textile industry's key objectives have been met, including a yarn forward rule of origin for most products and reasonable duty phase-outs for sensitive textile and apparel items," NCTO said in a statement released Thursday. "While we need to thoroughly familiarize ourselves with the fine details of the agreement, we feel that the U.S. government was able to achieve a well-balanced outcome for all parties, including U.S. textile manufacturers and our partners in the Western Hemisphere."

Any disappointment could dilute industry support for the pact in Congress, or lead to outright opposition.

"We applaud Ambassador Michael Froman and our trade negotiators for reaching this historic agreement and making it available to the public as soon as possible," said FDRA President Matt Priest. "We look forward to closely reviewing TPP and helping footwear companies understand its positive impact as well as our next congressional advocacy campaign." ■

Fitbit Inc. (NYSE:FIT) reported revenues catapulted 168 percent in the third quarter while adjusted EBITDA nearly doubled. The fitness wearables leader sharply raised its guidance for the year and also announced plans for secondary offering.

Revenues reached $409.3 million, coming in well-above the company's prior guidance calling for revenues in the range of $335 million to $365 million. Net income reached $45.8 million, up from $20.5 million. EPS slid to 19 cents a share from 34 cents due the shares distributed in the IPO.

Adjusted EBITDA came in at $85 million, up from $44.3 million a year ago, and easily above guidance in the range of $35 million to $45 million. Non-GAAP net income came in $59.2 million, or 24 cents a share, up from earnings of $27.1 million, or 13 cents a year ago. EPS guidance had called for earnings in the range of 7 to 10 cents.

Adjusted earnings in the quarter exclude several numerous non-recurring items tied to Fitbit's June 2015 initial public offering, its acquisition of FitStar, a 2014 recall of the Fitbit Force, and effect of changes in foreign exchange rates.

"Connected devices are increasingly becoming an important pervasive part of people's lives," said James Park, Fitbit co-founder and CEO, on a conference call with analysts. "At the same time corporate wellness is a strategy to curb rising healthcare costs and improve home engagement and is accelerating rapidly in the U.S. and many other parts of the world."

Park also said that given the results, "we don't believe that smart watches or other competitive products have had a mature impact in the third quarter results."

Investors had been concerned that the launch of the Apple Watch would slow sales.

Fitbit's U.S. revenue grew 130 percent year-over-year. Park said U.S. sales continue "to grow quickly even with our largest partners," while Macy's was added as a new account with distribution reaching more than 600 of its doors. Fitbit's U.S. market share during the quarter in connected activity tracker reached a commanding 88 percent on a dollar basis.

In other regions, APAC's sales jumped 314 percent; EMEA, 282 percent; and Other Americas, 286 percent. U.S. comprised 66 percent of Q3 revenue; APAC, 16 percent; EMEA, 12 percent; and Other Americas, 6 percent.

Overall, Fitbit sold 4.8 million connected health and fitness devices, up from 4.5 million a year ago. The Charge, Charge HR and Surge comprised 79 percent of revenue.

The shift towards higher priced products resulted average selling prices increasing 33 percent year-over-year to $84 from $63 in the same quarter a year ago. On a currency-neutral basis, average selling prices jumped 41 percent to $89.

FitBit Surge

Looking ahead, Park said Fitbit is investing more aggressively in marketing to further accelerate its brand and sales globally. In the second half, campaigns will be executed in 28 countries compared to eight last year. Paid digital search efforts are performing above expectations while Jens Voigt, recently retired from tour level professional cycling, as well as Ryan and Sara Hall, spouses and elite U.S. runners, were recently added as brand ambassadors.

Park also said that with the fourth quarter marking the first full holiday season for Surge and Charge HR, "we are looking forward to a strong finish to the year." He noted that these products have recently been enhanced with software updates.

In updating its guidance for the year, Fitbit said it now expects revenue in the range of $1.77 to $1.80 billion, up from its previous estimate $1.6 billion to $1.7 billion.

Fitbit also announced plans to sell 7 million shares in a filing with the Securities & Exchange Commission to support R&D and growth while certain shareholders are selling 14 million. ■

AISLE TALK

American Eagle Outfitters Inc. acquired **Tailgate Clothing Company** and Todd Snyder New York.

BrandBlack signed **Desean Jackson**, the star wide receiver from the Washington Redskins, to an endorsement deal and is entering the football cleat category.

Dick's Sporting Goods added a new "Move" feature to its app that allows users to connect to fitness tracking applications MapMyRun and Fitbit to earn Dick's ScoreCard points for achieving activity goals.

Fenway Partners, the private equity firm that owns Riddell parent BRG Sports, agreed to pay more than $10 million to settle charges that it and four executives failed to disclose conflicts of interest to a client and investors.

Global Brands agreed to acquire the **PS (Planet Sox) Brands** hosiery business through a U.S. subsidiary for up to $140 million in a bid to become a top player in the licensed sock market in the U.S.

Jarden Corp. completed its acquisition of **Jostens Inc.**

Lumo Bodytech, the makers of the Lumo Lift Posture Coach and Lumo Run Smart Shorts, raised $10 million in Series B funding.

Merrell signed on as the presenting partner for global **Tough Mudder** events as part of a multi-year deal that calls for the brands to develop a co-branded line of gear and launch a shorter version of the obstacle course race to draw in more consumers.

Pacific Sunwear of California Inc. received a warning from **NASDAQ** that its market value was trending lower than the minimum level for continued listing.

Rossignol Group appointed **Matt Farness** as U.S. Product and Team Manager for Dynastar, Lange and Look.

Sports Authority launched its new **BodyFit Personal Training App.**

The Buckle Inc.'s comparable store sales in October decreased 5.8 percent.

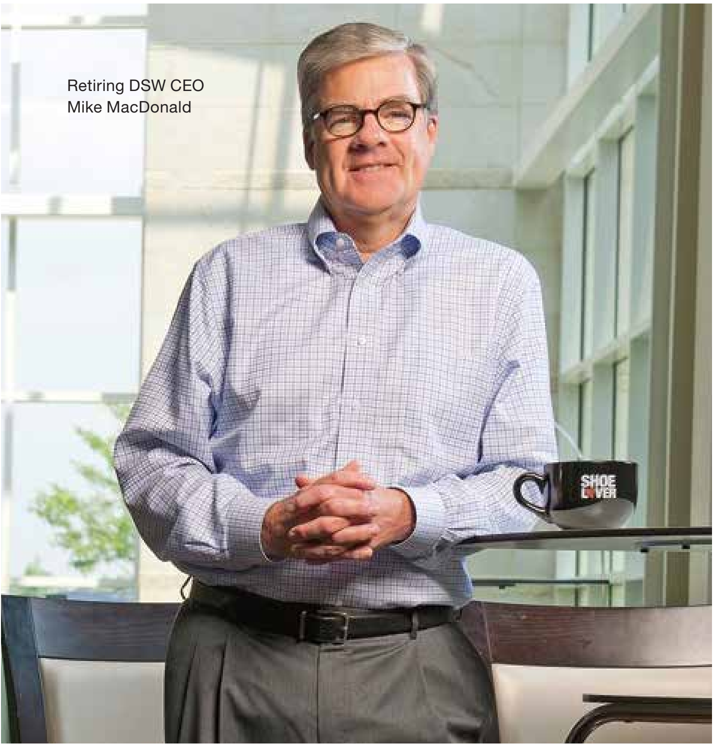
The Sports & Fitness Industry Association (SFIA) elected Life Fitness President Chris Clawson as its Chairman.

Zumiez Inc. reported same-store sales slumped 8.1 percent in October.

DSW INC. CEO TO RETIRE, CUTS GUIDANCE

DSW Inc.'s Michael R. MacDonald will retire as CEO, effective January 1, 2016. Roger Rawlins, executive vice president and chief innovation officer will succeed him. The shoe retailer also sharply lowered its guidance for the year.

Following the news, shares of DSW (NYSE:DSW) closed at $22.59, down $1.92, or 7.83 percent, November 4.



Retiring DSW CEO
Mike MacDonald

Prior to his current role, Rawlins served as DSW's executive vice president, omni channel, senior vice president and general manager of DSW.com and vice president, finance and controller. Prior to joining DSW in 2006, Rawlins served in leadership positions at HER Real Living and L Brands Inc. Rawlins spearheaded many of DSW's recent omni-channel efforts.


Roger Rawlins,
incoming CEO, DSW

Jay Schottenstein, DSW's chairman, noted that DSW's sales nearly doubled and profits increased fivefold since McDonald took over as CEO in 2009.

"Over the past three years we have made significant strides in our evolution to a more customer-centric company, and today we have a strong platform in place," Schottenstein said. "Not withstanding the challenging retail environment, I am confident we have the right plan–and that Roger is the right leader–to continue executing our strategy to meet our customers' needs and deliver long-term value for our shareholders."

DSW cut its earnings guidance for the year to a range of $1.40 to $1.50 per share from $1.80 to $1.90 previously. The revision reflects "challenging sales trends" as well as a non-recurring charge of 6-cents per share recognized in the third quarter for a valuation reserve on a special inventory purchase. The negative impacts are partially offset by approximately $17 million in expense reductions, which are also reflected in the updated outlook.

For the third quarter ended October 31, earnings are expected in the range of 41 to 44 cents a share, which compares to 56 cents a year ago. The decline reflects "the general slowing of U.S. retail traffic and weak sales within DSW's women's footwear category, due in part to unseasonably warm temperatures during the quarter." Comps are expected to decline 3.9 percent.

In response to the challenges, DSW said it is taking actions to balance on-hand inventories, increase marketing/promotional activities, and emphasize more value to customers. Significant expense reductions, including lower incentive compensation costs, are also planned and its board approved an additional $200 million in share repurchases. ■

ebay enterprise

EBAY COMPLETES SPINOFF OF RETAILER E-COMMERCE UNIT

Ebay Inc. completed the sale of Ebay Enterprise to a consortium consisting of Sterling Partners, Longview Asset Management, and the Innotrac Corporation, a Sterling Partners portfolio company, together in partnership with companies owned by the Permira Funds for $925 million.

The unit specializes in developing and managing e-commerce sites for retailers. Clients include Dick's Sporting Goods, Sports Authority, DSW, Shoe Carnival, Eastern Mountain Sports, Orvis, Fanatics, MLB, NBA, NFL, Helly Hanson, Quiksilver, Speedo and Timberland.

The former enterprise services division of Ebay Enterprise will be integrated with the operations of Innotrac Corp after the 2015 holiday season, and the company will be re-branded in 2016. Tobias Hartmann, previously vice president and general manager of the enterprise services division of Ebay Enterprise, will serve as the president of the new company.

The combined operations portions of Ebay Enterprise and Innotrac will have more than 7,500 employees, operate 27 distribution centers and six customer service sites across North America and Europe, and offer platforms in the areas of omni-channel ship from store, software, order management, payments, tax, and fraud solutions globally.

Ebay Enterprise's other segments — The Magento Commerce Technologies, Marketing Solutions and its CRM business — was sold to Permira Funds.

Ebay acquired GSI Commerce in 2011 for $2.4 billion, and acquired Magento in 2012. It rebranded the unit to Ebay Enterprise in 2013 before activist investor Carl Icahn began pushing for the breakup of eBay that has also included the spinoff of PayPal. ■