

Crocs, Inc.

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Farid Foroughi: Good afternoon, and thank you, everyone, for joining us. My name is Farid Foroughi. I'm a Managing Director in our Investment Bank. I'm not sure how they allowed an investment banker up here to moderate this session, but I'm happy to do it. I'm very pleased to be moderating a session with my good friends at Crocs, CEO, Andrew Rees and CFO, Anne Mehlman.

We'll get right into it. I know it's an exciting time in the industry, Andrew. We've obviously just come off on the back of a Black Friday and Cyber Week event. Just give us a little bit of your perspectives on the positioning of the company and where you kind of see the outlook from here.

Andrew Rees: Yes. Thank you, Farid. I appreciate you hosting us here today. So, for those of you who don't know Crocs, So, Crocs is one of the brands that we own, but we're fortunate these days to own two wonderful brands; both Crocs and HEYDUDE. If I look at the recent trajectory, Crocs has been on a very strong growth trajectory over the last several years, and we expect that to continue. And then most recently, about this time last year, we purchased the HEYDUDE brand. We closed on that transaction in February. And that has had -- the brand has had an incredible year and certainly exceeded our expectations in our first year of ownership.

As we kind of think of the most recent period, we went into the fourth quarter. We had an exceptional third quarter. You saw that 50%-plus growth rate on the aggregate business and a very profitable business. As we came here into the fourth quarter, we're really pleased with how the -- how both brands are performing, both over Thanksgiving, Cyber Monday. It's certainly a promotional period out there, but I think our brands are really standing up and certainly meeting our expectations. So, we feel like as a company, in the long run, and in the most recent period, we're in great shape.

Farid Foroughi: Yes. And to that point, Andrew, maybe you can just help folks with for each of those brands, talk a little bit about the long-term strategy and where you expect those each to go from here.

Andrew Rees: Yes. Thank you, Farid. So, one of the things before I kind of dive into the individual brands, we think about is the addressable market that we're able to address. So, one of the powerful things about the acquisition of HEYDUDE, when we combined the wearing occasions that we think we address with Crocs and the wearing occasions we address with HEYDUDE, we think we have about \$160 billion total addressable market on a global basis. So, it's an extremely big market. That's generally, I would say the footwear market has been a market that has consistently grown through the years. It has seen very occasional periods of stagnation but generally has grown significantly.

And we've got two brands that, I think, are well positioned and have different consumer

propositions and different consumer buying occasions. As we think about the growth within those brands, so, the first, let me take Crocs, which is our long-run brand that we've owned for many years. Crocs is 20 years old this year, actually. As we look at Crocs, we've grown dramatically to about \$2.5 billion in sales, \$2.5 billion, \$2.6 billion in sales this year. That saw a strong acceleration over the last four years.

When I joined the company back in 2014, we went through a turnaround process. That turnaround was very deep-seated to address both product innovation. It drives marketing strategy, but it also addresses the infrastructure of how we run the company and some of the fundamental supply chain, sourcing, etc., but we're able to reignite growth.

And as we look forward, we've talked about -- we believe the Crocs brand has the potential to reach \$5 billion in aggregate sales by the year 2026. So, from this point forward, that high teens growth rate on a compound annual growth basis. That growth will come from a number of things. It will come from product innovation as we continue to drive innovation into the clog, which is our core silhouette, but also as we add sandals. We think sandals is a very important category for Crocs. It works extremely well with our manufacturing technology, some of our compounds that we use, we can make shoes that have -- that are lightweight that are colorful, but are also extremely affordable and very competitive in the marketplace.

We will leverage digital. Digital has performed extremely strongly through the pandemic, as you'd expect. But we've been investing digital long before that, and we'll continue to invest in our digital penetration here in the U.S. and globally.

We will also drive more growth outside of the United States, then we'll drive inside the United States over the next period of time. If you look at our kind of year-to-date results, we've had very significant growth, both in [EMEALA], which is Europe, Middle East, Africa and Latin America and our Asia regions, they have far outgrown our U.S. business, which has also grown. So, we'll see much stronger international growth as we penetrate those markets. And so, I think the Crocs brand has -- we're very confident in lots of potential there.

HEYDUDE, as I mentioned in opening remarks, is a new brand to us, and it's a new brand in its entirety, right? So, the brand only really got traction about four or five years ago. It will be close to \$1 billion this year. We've talked about it being over \$1 billion next year with a lot of certainty. And that business today is essentially here in the U.S., right? So, 95% of the business is here in the U.S., about 5% of the business is overseas. So, we think we have a lot of penetration opportunity for the HEYDUDE brands. So, the HEYDUDE story is really a penetration story, number one, to continue to penetrate the U.S. market and then to penetrate international markets.

And obviously, with -- inside a company that already has footprint in many of those markets, that's obviously a lot easier for us to do than it would be for the brand standalone. So, it's a penetration story. And I think it will also ultimately be a diversification story, right?

So today, one of the things that appealed to us about the HEYDUDE brand had a very iconic silhouettes, the silhouette of wearing here today, the Wally and the female version of it is the Wendy. So, it's a Wallaby style. The benefits of the Wallaby style is it's very

easy on and off. It's very comfortable. We use very soft materials for the uppers. We use a very soft compound for the outsole. So, it's extremely high comfort, and that's one of the things the consumers value and talk about. But we think we want to continue to invest in and grow the Wallaby or the Wally and the Wendy. But we also think there's a diversification opportunity for HEYDUDE, right?

It's a casual shoe that you can wear in lots of different types of environments. And we think we can diversify into slip on silhouettes, into boots, into sandals, into lace to toes, there's lots of different silhouettes we can do. And we'll start to experiment some of those diversifications next year.

So, an incredibly powerful platform. And then I think what's also important is with that growth trajectory and that brand stories that we have, we're able to translate that into very high levels, I would say, industry-leading profitability. We've guided this year to 27% profitability. We think that's EBIT margin. We think the long run, we've indicated that we'll be higher than a 26% EBIT margin. It's extraordinary in this category and way above almost any other player in the category.

That also comes with a very high cash flow, which allows us to essentially support the debt load that we took on when we -- and paid down the debt load we took on when we bought the HEYDUDE business. And once we've met certain covenant requirements next year associated with our high yield, we believe we also will have lots of flexibility in terms of what to do with that cash flow. So, I think it's a very exciting time, and great to be able to share it with you.

Farid Foroughi: Yes. Anne, I want to invite you into the conversation and talk a little bit about guidance. I think recently, you brought forward your estimate for when HEYDUDE was going to be north of a \$1 billion brand by one year. And you reaffirmed your long-term guidance for the Crocs brand. Can you talk a little bit about that?

Anne Mehlman: Yes. Sure. So, when we bought the HEYDUDE brand, we had a lot of confidence that it was a scale brand, which was one of the attractive investment qualities that we liked about the brand. But we were unsure about the supply environment and how steady their supply chain was and that actually proved to be better than what we thought. So, we were able to satisfy more of the order book than what we had originally anticipated. So, that gave us confidence.

So, this year, we'll be between \$950 and \$980 on a pro forma basis, So, almost at the \$1 billion. So, it seems kind of ridiculous to leave \$1 billion out there by 2024. The \$1 billion mark certainly isn't meant to guide for next year. We obviously feel like we'll have nice growth for HEYDUDE next year, which would be above the \$1 billion, which Andrew just mentioned.

Farid Foroughi: Right. And the core Crocs brand, the reaffirmation?

Anne Mehlman: Yes. So, on the core Crocs brand, we feel really confident in the \$5 billion goal. And obviously, with that \$5 billion goal that Andrew just talked about, the 26% operating margins for the entire enterprise. So, encompassing both Crocs and HEYDUDE. The other piece of that is from a Crocs standpoint, we think we'll generate over \$1 billion annually of free cash flow by 2026, which is -- goes along with the \$5 billion, and then

there's obviously upside to that with HEYDUDE, which is generating a lot of free cash flow now.

Farid Foroughi: Makes sense. Andrew, let's talk a little bit about Q3. Obviously, you had a really nice quarter, particularly internationally. Do you expect that to continue?

Andrew Rees: Yes. I think that the sort of makeup in terms of what's driving the growth and what's driving energy into the business will actually be kind of pretty similar to that, right? So, number one, I'd sort of isolate HEYDUDE, and let's talk about that first, right? I think HEYDUDE had exceptional growth. That's based here in the U.S., but we expect a long trajectory of growth opportunities within HEYDUDE dude.

Within Crocs, we saw a strong DTC business here in the U.S., but we saw actually a wholesale sell-in decline over the same period last year, but a wholesale sellout actually increased. So, we were kind of destocking the wholesale channel. That was intentional. We want to continue to manage our inventories really closely. But the international growth that we saw was pretty broad-based.

It was across both of our regions, both EMEALA and the Asia regions. It was driven by some of our key markets where we've been making investments for some period of time. And those investments primarily marketing investments, but also, to some extent, people and infrastructure. So, we think we're positioned for continued brand acceleration in some of those key markets, whether it be the U.K. or Germany in Europe, whether it be some of our big distributor markets in Southern Europe or the Middle East and also some of our big markets in Asia, such as India, South Korea or Southeast Asia.

Farid Foroughi: Right. And from a profitability perspective, Anne, can you talk a little bit about the promotional environment that you're seeing, particularly around holiday and impacts to margins, etc.?

Anne Mehlman: Sure. So, starting back with -- So, Q3, we definitely saw the return of promotions. Our ASPs were pretty much flat on a constant currency basis. So, we had more promotions in the U.S. year-over-year. But international, we continue to pull back on promotions. So, driving a flat ASP. And we were still less promotional in Q3 this year than we were pre-pandemic. So, that's how to think about promotional levels. And we expect much the same dynamic for Q4. So, we do believe that it is promotional.

Andrew just talked about seeing that during Black Friday, Cyber Monday, certainly compared to last year when there was very low inventory levels in the market. But much of what we anticipated and still would be incorporated with our guidance or our full year guidance had a set adjusted operating margins of approximately 27%. So, that's how we see things playing out.

Farid Foroughi: Got it. And Andrew, as it relates to HEYDUDE more broadly, can you talk a little bit about some of your immediate reactions to the integration? How that process is going? Anything that surprised you?

Andrew Rees: Yes. Yes. I would say there's a lot surprises, but there's a lot to do. So, when we bought the business, we were very much aware of what it was, right? It was a very, very young company with a very poor and subscale infrastructure, but a brand and a product that was

trending really, really well, right? So, -- and when we bought it, what we actually bought was the brand owner, which was based out of Hong Kong, that's where the company was based, and the U.S. distributor. There were two separate entities. We bought both of those entities.

And so, when we knew it and when we bought it, we knew we had to do a couple of things. We had to hire a team, right? So, the founder stayed on for about 18 months. He's still with us and is excited to continue to be part of the company. But frankly, he sold the company because he realized the next stage of growth was going to require a set of disciplines and a set of activities that he didn't know how to do or want to do, to be honest. So, we don't necessarily need him in the long term. But we needed to hire a team. So, we had to hire a President to run the brand. We had to hire a whole senior team. We had to hire a product team. We have to hire a marketing team. We had to hire a lot of the business. So, I would say that's gone really well.

As we've gone through this year, we've put together what we think is a fabulous team, and I think we're in a really good shape. We had to scale supply, and that was probably the reason -- one of the things that we were most nervous about. There was a factory base that we don't -- have not historically worked with. We weren't as knowledgeable and have the kind of relationships we have with our existing Crocs factory owners. And we weren't -- we're little nervous how quickly supply could scale to meet that growing demand. But -- and as we talked about kind of through the year, as we've exceeded our sales target, a lot of that has been due to extra supply. So, we're comfortable with that.

And as we look to next year and the years -- and subsequent years, we're going to additionally diversify the source of supply. We're introducing some new factory components to the mix, and we feel a lot more comfortable about supply going forward.

The third big component I'm going to talk about is just distribution logistics. They had a very small warehouse in Las Vegas. It was clearly inadequate to meet the growth needs of the business and frankly, will be a little bit of a drag. It's a drag now, and it will be a drag for the first part of next year because there's only so many units we can move through that.

We have contracted with and are opening a brand-new DC in Las Vegas of scale, but that won't come onstream until the back end of next year.

And then the other thing is probably marketing, right? The brand had really done no marketing. It achieved the growth historically driven through word of mouth, driven through a little bit of social engagement, but done very little marketing. So, we've put in place marketing department as I talked about. And we're also starting to spend on marketing and probably mirroring the Crocs playbook.

So that all amounts to a lot of work, and that hasn't even addressed technology. So, we've been sort of trying to harden our existing technology a little bit, but we will also go through a technology transition here over the next 12 to 18 months. So, it wasn't a surprise because we knew we were going to have to do it, but it is an awful lot of work. I would say it's generally going well.

The one thing that we have working through that was a little bit of a surprise. We've got a

little bit of excess inventory. It's really small. But as we look at the order profile that was on order when we bought the business, they were a little overambitious about a few styles. So, we've got a little excess of that. Frankly, they are high-performing styles. We just have to sell them over a longer period of time. So, it's been a ton of work, but I think ultimately, it will be absolutely worth of a work.

Farid Foroughi: And how about some of those longer-term opportunities for their brand, Andrew, as it relates to taking it more global, doing more DTC, are these some of the things that are on the mind of you and senior leadership?

Andrew Rees: Absolutely. Yes. I think we kind of try to lay them out in sequence. So, number one was expanding U.S. distribution, because I don't think I mentioned this right up front but the brand was really regionally distributed in the U.S. for those of you -- probably many people in this room but never hold of it before we bought it because it was distributed essentially in the Midwest down through Texas into Florida. So, I know a lot of people here in the Northeast are certainly on the coast have not even heard of it. So, it was regionally distributed. So, the Game one was really expanding distribution to sort of really kind of reached the full U.S. potential. It was investing in some of the digital capabilities, which were essentially all outsourced. We think those are improving, but still got some ways to go.

And then international. International is really significant. We'll start our international business for HEYDUDE next year. And I say start because it's really just a test environment. We're going to be in two direct markets, the U.K. and Germany, where Crocs is direct. We have a direct teams. We'll take it direct to major wholesale customers also take it digitally, and then we'll also start out with a number of big scale distributors in some of the key markets. So, we think scale in the U.S., we're penetrating international. And as I talked about earlier, broadening the product portfolio, I think, are all pretty powerful growth stories.

Farid Foroughi: Yes. The final question I had around HEYDUDE is what have you learned from the consumer as it relates to their uptake for the brand? I know you've attended the FFANY Footwear Conference. I know you see these consumer surveys all the time around the resonance of both of your brands. But what are you learning about HEYDUDE in the early days of ownership?

Andrew Rees: Yes. I mean we saw a bit of it in due diligence, but we've certainly seen more of it since we've owned it. It's the passion the consumer has for the brand. And it's a different kind of passion than Crocs. Crocs is polarizing, right? So, there's lovers and haters. I'm sure there's lovers and haters in this room, right, maybe not from an investment perspective, but certainly from a product perspective.

It's very polarizing. People have a definitive opinion whether they like the clog or not, right? But the HEYDUDE consumer has tremendous passion for the brand. I think some of that comes from they feel like they discovered it, right? So, they feel like they found it when nobody else found it. What we hear all the time is they talk about it to everybody. In fact, we've heard in some of the meetings today, somebody was telling us they're starting to see [pairs] crop up amongst their friends, etc. So, people talk about it. They're very passionate about it. And that gives you a word of mouth and sort of free marketing, which is fantastic, right?

The second thing is ownership, right? So, the average had HEYDUDE consumer, So, this is somebody who's bought a pair of HEYDUDE's, right, to qualify for this question. The average -- there are four pairs in their closet, right? So, a lot of people have one pair obviously, but there's a lot of people -- well, there's a number of people, they're active on social media, and they send us pictures all the time, have hundreds of pairs. So, literally 100 more pairs. But the average is four pairs, right? So, that is actually a mind-blowing statistic if you're kind of in the footwear business, right?

So, if you took a Converse, which is a 100-year-old brand, right, your average in-closet ownership of Converse for somebody who owns Converse is slightly less than two pairs, right? So, this is a brand that's existed only existed, we've only been on this plan after five years and has four pairs in the closet for its existing consumers.

So that's -- So, what that tells you is there's tremendous passion, right? So, it's not the polarizing nature that the Crocs has because it has very broad appeal. But the consumer is super passionate about it. I think they're passionate about it for a few reasons.

One is the feel of the product. They talk about the feel. It's the comfort, it's the below foot comfort, it's the above foot comfort. It's the versatility of the silhouette. So, it's the easy on and off, the versatility, so they can wear it anywhere. You can wear it to work, although I think I'm the only person wearing it here today. You can wear it to work. You can wear it a church. You can wear it out of date night, you can wear it just loafing around the house.

And a lot of people love wearing it for travel because it packs really -- it just crunches down and packs really efficiently. And so, they get super passionate about the versatility and the experience of wearing it. And then it also comes in hundreds of flavors, right? So, we do lots of materialization, lots of colors, lots of details, etc., and so, it will also make it easy to buy lots of parts. So, it's a pretty powerful combination, and that's one of the reasons we're excited.

Farid Foroughi: Yes. And beyond the Wally and Wendy, is there aspirations to extend and grow into other kind of use cases? I think Wally and Wendy are already applicable in other use cases, but is that part of the goal of --

Andrew Rees: Yes, absolutely. I think sort of main most casual silhouettes we think the brand can play into. We learned some lessons from the earlier period of Crocs when they were trying to diversify. We do think a sequenced and cadenced approach to that is important. Because if you're going to go after a particular silhouette, whether it be a CVO or a lace-to-toe or a slip on or even a running silhouette, I think you've got to build out that portfolio and try and own that share of shelf. You can't scatter gun. So, I think we'll be sequenced about that. They have boots in the line today, which we don't think are the greatest, but they actually sell really, really well. So, we think there's a boot opportunity, and we've introduced some boots to the market to sell in for next fall. The market seems pretty excited about them. So, I think there's quite a few opportunities. We also think there's a sandal opportunity within the brand. The sandals, I think, are weak, and we can do a lot more with them.

Farid Foroughi: That's great. And I want to ask you again about the operating margin guide for the long

term, which is the 26%. And that by all benchmarking metrics is pretty best-in-class. What gives you confidence around that number for the long term with some of the integration ongoing and otherwise?

Anne Mehlman: Yes. So, last year, obviously, we're well north of that. We're more around 30%. This year, we're guiding around 27%. So, if you think about Crocs, we have really, really high margin profile, one, because of the molded nature of our shoes, and two, because we have a very lean, good business model where we produce a lot of very narrow SKU counts, which allows it to be even more profitable. So, molded and concise line.

And then I think also, we came out of a restructuring. In 2016, we took \$80 million out of the business and invested some of that back into marketing, but we invested to have a certain base level of markets. And then as we scale, we can leverage that SG&A, which you've seen us do. And as we've grown the U.S. market and now overseas, we're leveraging that. From a HEYDUDE perspective, also best-in-class margins, which is exciting to see, a little lower structurally on the gross margin line. They're not fully probably where they should be today, but still will probably be a little lower structurally than Crocs just because they're not molded. But again, they're iconic. So, you're going to have a narrow SKU base. It's a simple construction so your gross margins will be strong. And then we're able to leverage the overall Crocs SG&A base, which has actually gone really well. So, we pulled out shared services and you can leverage HEYDUDE.

So HEYDUDE right now is running, I think, right around 30%, a little over 30% op income. So, if you do that math, 30% on \$1 billion is contributing about \$300 million in op income this year, So, we're very on a pro forma basis. So, we're very excited about that. And I think overall, that gives us a lot of confidence that we can maintain that 26% plus in the long term.

Farid Foroughi: Makes sense. And you've also talked about publicly about a goal to delever to, call it, sub 2x by the middle of next year. Can you talk about what your capital allocation philosophy may look like post that?

Anne Mehlman: Yes. Our capital allocation priorities have really maintained since before the acquisition. So, obviously, to maintain a strong balance sheet, we'll invest in the business first, but that's not a ton of capital that we need to invest in the business. And that's mostly around distribution, especially to support HEYDUDE. Andrew mentioned some IT systems. After that, it's really focused on strong balance sheet, which means delevering to below 2x. And then at that point, we satisfy our covenant. We have an open share repurchase authorization from our board of \$1 billion. And we think we're undervalued at this point, given our best-in-class cash flow generation as well as our operating margins. So, there's really opportunity to deploy cash to shareholders through share repurchases, which has been very successful for us in the past.

Farid Foroughi: Makes sense. Andrew, I want to invite you back and ask a little bit about the portfolio construction today. Obviously, now you have two brands in the portfolio. It's a very interesting time. Talk a little bit about M&A in the future. Is that something on the list? Or how do you think about that?

Andrew Rees: Yes. It's really not a priority at this stage, right? So, as we think about the two brands that we have, and I talked fairly extensively about the growth prospects that we think they

have, both for Cross, our existing brand, and also for HEYDUDE, that's a ton of work. And I think that's going to consume the focus of our team for the foreseeable future.

I think it will -- is also the highest and greatest path to shareholder value creation. Because if we can continue to scale those businesses that are highly profitable and cash generative, and we're very confident that we can, that will create the most shareholder value. So, that is really our focus for the immediate future.

Farid Foroughi: And as it relates to the core business, one of the questions that we like to ask a lot, kind of open-ended question is, what are the types of things that keep you up at night for your business model, both at home from a macro perspective in your own business, M&A integration, etc., how would you answer that? And Anne, I'd invite you to weigh in as well.

Andrew Rees: Well, maybe Anne can start. No, I'll start you -- So, look, I think there is sort of global instability and nothing we can do about that. But whether that be relationships to China, Vietnam factories closing was in Ukraine, kind of listed, right? So, the global instability, we are a global business. We closed our Russia business today. So, we achieved the results -- not today, this year. We achieved the results. We've achieved while closing what was really a very nice business for us. It wasn't huge, but it was very profitable, and we thought it had great prospects for the future.

So, unbeknownst to us, we're going to have to -- the right thing to do is to close that business, but that's something we weren't anticipating. So, I would say instability of kind of global events is one. I think number two, more within our control is ability to create a continuous pipeline of both product and marketing innovation. I think we're pretty good at it, but it is clearly the secret sauce, and we've got to keep it up. So, that requires a great team. That requires imagination, that requires willingness to take risks and do that and do some of the things that we do. Not everybody would do a collaboration with the Kentucky Fried Chicken, which was a huge hit. So, I think there's that aspect. Then I think there is just kind of logistics, right? So, managing a business that is now the size of our aggregate business at a moderate price points, that means you're moving a lot of units around the globe and delivering to consumers. So, that's hard.

And it's hard to maintain the kind of levels of efficiency and effectiveness that you want to. And we do well sometimes, and we do not so well other times, but that's tricky. Anne, what else you got?

Anne Mehlman: Yes. I mean the global nature of our business actually keeps us up at night we're on the phone all the time. But I think -- yes, I mean FX, obviously, strong dollar makes it a little bit more challenging for us. So, it's a positive and a negative if the U.S. dollar weakens a little bit. It helps from a translation and a margin -- international margin expansion.

Obviously, something we'll need to keep our eye on. So, that's probably the one thing Andrew didn't talk about that I kind of have my eye on.

Farid Foroughi: And Andrew, you mentioned collaborations I think that's an interesting topic. Can you just expand upon whether you expect your collaborations with celebrities and other brands to continue? And how big of part of the strategy that will be in the future?

- Andrew Rees: Yes. It will continue to be a big part of the strategy. We think it's working really well. And we do get this question a lot because -- well, everybody's doing collaborations now, what makes -- why do you think they're going to continue to be effective?
- Well, the empirical evidence is that they do continue to be effective, right, which is they do create brand awareness. They attract new consumers to the brand. And some of the mechanisms by which we launched those collaborations, we use a raffle type option. It means we collect consumer data. So, it allows us to do a lot of consumer capture. But most importantly, it creates unexpected moments, which gets you free publicity, free media and attract new customers.
- We think the portfolio and the broad tapestry -- I think we did three collaborations this year with Balenciaga, kind of one of the most premium brands in the world. But we also did stuff with Luke Combs just recently. We mentioned we did a design collaboration with Salehe Bembury on the Pollex clog, which we've had multiple color releases. We've had Vineyard Vines recently. And then historically, I mentioned KFC and some of the other more kind of fun ones.
- So, we think it's very important to create these consumer moments. They engage consumers in the brand, and we will continue to do them, and we'll continue to use it really across our geographic portfolio.
- Anne Mehlman: Yes. Even licensing product working really well. So, we've done some licenses, cereal. We did Coco Puffs and Trix and we just rereleased it. Another one is Cars, which is our adult cars clog, which is I think we did twice this year, which sells out super strong every time, which is actually a collaboration, but it feels like a collaboration limited in nature, consumers really respond to that.
- Farid Foroughi: Yes. Makes sense. Super informative. Is there anything else that we didn't cover during this conversation that you'd like to this group to understand?
- Andrew Rees: I think we've covered a lot. I think as you can probably tell, we're super enthusiastic to be running this business. It's a really fun business. We've got two incredible brands. And we love the fact that we're able to grow and create the amount of shareholder value that we have, and we're determined to continue to do that.
- Farid Foroughi: Great.
- Anne Mehlman: Thank you.
- Farid Foroughi: Well, we'll leave it at that. Thank you, Andrew and Anne, and best of luck throughout the holiday season.
- Andrew Rees: Thank you. Appreciate it.
- Anne Mehlman: Thank you.
- Farid Foroughi: Appreciate it. Thank you.
- Andrew Rees: Thank you, Farid.