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YETI Holdings, Inc. (YETI)

Q1 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the YETI First Quarter 2021 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As reminder, this conference is being recorded.

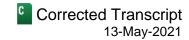
I would now like to turn the conference over to your host, Mr. Tom Shaw, Vice President of Investor Relations for YETI. Thank you. You may begin.

Tom Shaw

Vice President-Investor Relations, YETI Holdings, Inc.

Good morning and thanks for joining us to discuss YETI Holdings' first quarter 2021 results. Before we begin, we like to remind you that some of the statements that we make today on this call, including those statements related to the impact of the COVID-19 pandemic on our business may be considered forward-looking and such forward-looking statements are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. For more information, please refer to the risk factors detailed in our Form 10-Q and Form 8-K both filed with the SEC this morning, along with the associated press release. We undertake no obligation to revise or update any forward-looking statements made today as a result of new information, future events or otherwise, except as required by law.

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During our call today, we'll be discussing certain non-GAAP measures pertaining to the completed fiscal periods. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures are included in the press release issued this morning. We use non-GAAP measures as the lead in some of our financial discussions as we believe they more accurately represent the true operational performance and underlying results of our business.

Today's call will be led by Matt Reintjes, President and CEO of YETI; and Paul Carbone, CFO. Following the prepared remarks, we'll open the call for your questions.

With that, I'll turn the call over to Matt.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

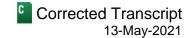
Thanks, Tom, and good morning, everyone. Following an outstanding 2020, YETI is off to a great start in 2021. At the heart of this performance is exceptional demand for the YETI brand including momentum across our global digital businesses and strength of sell-through at wholesale. During our commentary last quarter, we highlighted two themes that we believe would drive our performance and focus throughout the year. First, we talked about YETI's ability to connect with customers in meaningful ways. This connection balances real, relevant brand storytelling with products that are always rooted in performance, durability, and versatility. We believe this approach not only drives demand for the brand as customers are increasingly focused on active lifestyles and outdoor pursuits, but this also positions us for continued success as people resume activities that were disrupted by the pandemic such as commuting, weekend sports, and backyard gatherings.

Second, we highlighted the importance of a continuing focus on a digital led world. This has shaped our 2021 investment strategy with an emphasis on digital demand creation, product launch, data analytics, and our technology stack ensuring we are actively driving both YETI and our wholesale partner e-commerce initiatives to complement what we do in store. Our top-to-bottom performance for the quarter led by net sales growth of 42%, the highest growth rate we have registered as a public company is a result of these two focus areas.

Direct-to-consumer remain robust, growing nearly 60%, highlighting the ongoing and incredible demand shift toward this channel. Equally important, we saw 26% growth in the wholesale channel, reflecting ongoing sell-in to support the continued strength in sell-through in-store retail. Both of our primary categories were very strong for the period led by Coolers & Equipment, which was up over 50%, driven by both sustained demand for hard and soft coolers and the rollout of our new bags. Our international business grew triple digits for the period to reach an all-time YETI high of 9% of net sales with good momentum across the global regions. On the margin side, gross margins expanded 560 basis points to 58.6%, incredible performance given we were at just 42% gross margin three years ago during the same period. Combined, we more than tripled our adjusted EPS growth for the period to \$0.38 per share.

In conjunction with our financial performance, we also made very good progress across many of our key 2021 investments, including the official launch of our new collection bags, the initial testing of machine learning to inform elements of our evolving and deepening e-commerce experience and the continued build out of our international infrastructure. While we continue to see pressures on global supply chains, logistics and materials, our team is actively managing the changing landscape to deliver supply to support strong demand and control cost. As it relates to the ongoing COVID-19 global pandemic, we are focused on the continued health of our supply chain to support the incredible strength we are seeing in demand. With the strong start to the 2021 fiscal year, we are increasing our top line outlook to 20% to 22% for our full year. As we look to expand beyond our billion-dollar base and build upon our consistent sustainable growth story, we remain focused on thoughtful

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execution and expansion of our brand and product. These are the foundational building blocks that will enable YETI to continue to scale.

Now, let me provide some specific highlights across our four strategic growth priorities that helped drive our Q1 results and will support our growth focus for the balance of the year. On the brand building side, our first quarter marketing efforts showcased an expansive launch strategy in support of our new bags collection. This included debuting our latest backpacks, duffels and luggage with a fulsome online and offline marketing strategy intended to drive sustained energy and awareness through 2021. Through the overarching creative lens of Get Out What You Put In, this brand and product awareness campaign was designed to deliver broad reach and educate consumers on the product.

From a content perspective, we created digital creative focusing on the power of the product and key product attributes. We cascaded this messaging across a range of digital and traditional channels reaching new and more diverse audiences through a series of national publications, print ads and billboard placements in key markets that included Los Angeles, New York City, and Dallas to complement our digital efforts. We also added depth to our e-commerce content through elevated imagery and detailed product features. Unpack The Wild product walkthrough videos and our first YETI.com-based 3D and AR functionality.

Our focus on the intersection of brand and product awareness is sustained this quarter with efforts to find uniquely YETI ways to drive product understanding and engagement. This includes the creation of a Bull vs Barrel video to highlight the durability of a Tuffskin Nylon utilizing our Crossroads bags and a series of social media challenges where YETI followers decide how we put our bags to the test. This comprehensive and sustained launch effort is informing our future product introductions. While bags were a big focus as both a brand awareness and product expansion play, we also continue the broader execution of our breadth and depth marketing strategy with a sharper focus on scale, diversity, and globalization. Our partnership with the Natural Selection snowboarding series debuted in February with YETI as the title sponsor of the first event in Jackson Hole, Wyoming, and our ongoing engagement as the sustainability partner for the Natural Selection's three-stop series.

With the Tour, we partnered with globally renowned snowboarder, Travis Rice, and leveraged the unique global reach of Red Bull TV to bring awareness to the brand. We're also proud that one of our very own ambassadors in our expanding roster of female athletes, Robin Van Gyn, was the overall winner of the series. As always, a true testament to how successful we are in our efforts comes from what others say about the brand. For the second consecutive year, we were named the Harris Poll EquiTrend Cooler Brand of the Year as well as the Insulated Drinkware Brand of the Year. Now, in its 33rd year, this study measures and compares brand equity, consumer connection, brand momentum and more for nearly 2,000 brands across 200 categories. Fast Company also named YETI as one of The 10 Most Innovative Branding Companies of 2021, recognizing the brand for celebrating adventure and art with compelling creative content.

Success in the future for YETI will be determined by a multifaceted execution, including how YETI approaches ESG and integrate these elements into our business. We are committed to operating with responsibility and integrity, while making a positive impact on our employees, customers, partners, and the market at large. As part of these efforts, YETI joined as a founding member of the Outdoor Industry Association's Climate Action Corps with a commitment to measure and reduce our greenhouse gas emissions. We've established our baseline and we'll set informed targets for our direct emissions later this year. We also recently developed our chemical management program and published our Restricted Substances List which you can now find on our website. More broadly, we are on track to launch our inaugural ESG report by the end of the year. At YETI, we consider ESG part of the brand and product ethos, and we expect it will continue to live inside all that we do, just as it has from our start with our durability focus and Built for the Wild spirit.

Shifting over to product, innovation came in several forms during the first quarter. While we obviously shine the spotlight on new product introductions, we continue to see a healthy level of demand across our portfolio including prior year launches. For example, the Roadie 24 Hard Cooler had a limited wholesale debut last year, first due to the onset of COVID-19 and then demand-driven inventory constraints. In 2021, we are seeing great demand for this opening price point hard cooler. We also standardized our MagSlider Lid across our tumblers effectively upgrading those products and creating a new reason for our customer to consider or re-engage. And color continues to be a powerful tool at stoking new and existing interests across a range of products. This spring, we were particularly pleased with the launch of our new Prickly Pear Callaway.

Bags were a clear focus with the debut of three sizes of backpacks, two sizes of duffels, and two sizes of wheeled soft-sided luggage. Supported by our go-to-market strategy, the line-up received strong recognition from a range of media publications. Men's Journal stated that right out of the box that precisely what you'd expect from YETI. Solid, sturdy, handsome, thoughtfully designed, and so damn well-made. And CNN added we spent over a month with all the luggage to see which ones are worth your money, and after plenty of packing, weighing, and carrying, it's safe to say these durable bags are top-notch and ready for nearly any adventure.

In addition to bags, we launched the Rambler 46-ounce Bottle, which is performing well and on trend, given the desire for large capacity bottles. We also refreshed our spring apparel assortment, including continued evolution to introduce new, more inclusive fits.

In the current quarter, we also debut our limited release King Crab Orange colorway to a positive market response as you may have seen in the social sentiment. Additionally, as mentioned last quarter, we will continue to rebuild channel inventory, particularly against sustained strength in demand as we execute across the key moms, dads and grads gift-giving season.

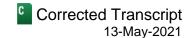
Moving to our omni-channel strategy. We registered our fourth consecutive quarter of our DTC mix surpassing 50% of net sales, reaching 51% of Q1 net sales. We continue to see a significant opportunity at wholesale. While our sell-in numbers for the quarter show strong progress, the ongoing velocity of sell-through demand continues to drive year-over-year on-hand inventory declines with many key accounts. This balance of inventory replenishment versus demand will continue to be an important focus for our team as we move throughout the year.

Looking at our direct channels, demand at YETI.com was strong throughout the quarter, and we continue to be encouraged by the healthy balance of growth across geographies, including great performance in the Pacific, Mountain and New England regions, where we've historically started from a lower brand awareness. But that is changing, and we're seeing the results in growth.

Overall growth is being driven by strong increases in traffic, conversion and a healthy balance of existing and returning customers. Growth on the Amazon Marketplace was also strong. Our corporate sales business remained healthy, supported by our outbound sales structure and increased customization options, and YETI Retail and international e-commerce are much more developed and productive today compared to last year when they were closed for business due to the pandemic, or not yet fully launched, respectively.

As we think about further opportunities in our direct business going forward, we're progressing on two measures that we believe will support growth and drive increased digital relevance to the customer.

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During the first quarter, we began applying machine learning across our consumer data platform through a series of e-mail tests based upon targeted customer cohorts and a focus on repeat purchase. Early results around engagement and conversion are encouraging as we continue to adopt an agile method of test, learn and implement.

This will be an iterative process with a goal to ultimately drive highly personalized experiences and messaging that resonates with the right customer at the right time. These analytics will also inform certain aspects of our new mobile-first e-commerce design thinking, where modular design can ultimately be used to tailor the content and flow of the site.

YETI international continues to show excellent progress. We're fired up about the triple-digit growth during the first quarter, which pushed our international mix to 9% of net sales, a new YETI high.

Looking closer at our results, our ongoing success in Canada and Australia continues to affirm that both the brand and product translate well and many core elements of our brand and product strategy are relevant and effective globally.

In Canada, while the market continues to see COVID-related disruptions, our performance remained outstanding in our DTC channel and wholesale was holding strong. We've also made significant strides in how we tell the YETI story through a localized lens in Canada, which we believe is driving increased relevance and consideration with customers. As anticipated, the debut of the National Hockey League licensed drinkware was well-received.

Moving to Australia, the brand's evolution and unbelievable momentum is reminiscent of some of our historical US growth runs, highlighted by first quarter sales totaling over half of last year's full year volume. Our continued focus here will be on driving deeper customer awareness and penetration in the more population-dense coastal markets.

In Europe, we launched five new local language e-commerce sites during the period, adding Germany, France, Italy, the Netherlands and Ireland, based upon our data and search analysis. In addition, we accelerated our efforts to open wholesale doors across the region. We now have over 250 doors, including double-digit locations in 10 countries.

Our overarching approach across these markets is to ensure that we are excelling at the basics, whether that is leveraging global brand marketing while adapting appropriately for greater end market relevance, or partnering with dealers that authentically represent YETI to a growing range of customers to create new levels of awareness.

Before I turn the call to Paul for the financial details of the quarter, as you may have seen, Roy Seiders, Founder of YETI, has elected to step down from our board of directors. Roy will continue to bring his passion and creativity advising our product development team as we build out our future innovation. I want to thank Roy for his support of the board through our transition to being a public company.

In closing, I would like to reiterate four points. First, while COVID-19 disruption persists, we are actively supporting the continued strength of our supply chain. Second, strong demand for the brand and product remains firmly intact. Third, we are hyper-focused on making the decisions that support scaling our long-term sustainable global growth. And finally, we are prioritizing investments that deliver on our digitally-led future.

I would be remiss to finish without thanking our YETI team, customers and partners for all they do to support our success.

I would now like to turn the call over to Paul.

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Thanks, Matt, and good morning. I'll start with the review of what was an incredibly strong first quarter, followed by thoughts on the balance of the year, and our updated outlook. We will then open the call up for your questions.

Net sales increased 42% to \$247.6 million, compared to \$174.4 million in the prior-year period. Brand momentum was broad-based across all channels, and we were very pleased with our execution during the period. Notably, net sales increased 36% for the first 10 weeks of the quarter, then increased 66% for the final three weeks of the period against the beginning of the COVID impact in the prior-year period.

Looking closer at our channel performance, direct-to-consumer net sales grew 59% to \$126.8 million, compared to \$79.6 million in the same period last year. Direct-to-consumer performance was driven by strength in both our Coolers & Equipment and Drinkware categories.

All direct-to-consumer channels grew during the period, with particular strength from YETI.com. This performance drove our direct-to-consumer mix to 51% of net sales for the period, compared to 46% in last year's period.

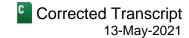
Wholesale net sales increased 27% to \$120.8 million, compared to \$94.8 million last year. Wholesale performance was driven by strong growth across both our Coolers & Equipment and Drinkware categories. Sell-through levels continued to outpace sell-ins for the quarter, resulting in channel inventory remaining down year-over-year.

By category, Drinkware net sales increased 32% to \$148.9 million compared to \$112.6 million last year. Demand again was broad-based across our Drinkware line-up of tumblers, bottles, mugs, coasters, and jugs. This includes ongoing momentum of newer products like our expanded coaster line and 10-ounce Rambler, as well as vitality in our heritage Rambler sizes where we have either standardized or improved our lids solutions with chug caps in bottles and MagSliders with tumblers. Demand for customization also remains robust across YETI.com and our corporate accounts. Coolers & Equipment net sales increased 57% to \$93.5 million compared to \$59.5 million during the same period last year. The vast majority of this growth continues to come from the incredible demand for our hard and soft coolers across all channels. We were also highly encouraged by the initial reception of our new bags collection that debuted in late February.

Internationally, net sales rose 146% for the quarter to reach 9% of total net sales led by a more than threefold increase in Australia as well as strong contributions from Canada, the UK and Europe. Gross profit increased 57% to \$145.2 million or 58.6% of net sales compared to \$92.5 million or 53% of net sales during the same period last year. The 560-basis-point year-over-year expansion was driven by the following favorable factors: a 180 basis points from channel mix; a 140 basis points from product cost improvements; a 140 basis points from lower inbound freight; 50 basis points from lower tariffs; and 50 basis points from all other impacts.

Adjusted SG&A expenses for the first quarter increased by 36% to \$101.4 million or 41% of net sales as compared to \$74.4 million or 42.7% of net sales in the same period last year. The decrease of 170 basis points as a percent of net sales was driven by variable expenses that increased by 150 basis points, driven by the shift in channel mix towards our faster growing and higher gross margin direct-to-consumer channel. A non-variable SG&A expenses decreased as a percentage of net sales by 320 basis points on strong top line performance. Adjusted operating income increased 143% to \$43.8 million, expanding approximately 730 basis points to 17.7%

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of net sales compared to \$18 million or 10.3% of net sales during the same period last year. Our effective tax rate was 21.5% during the quarter compared to 24.4% in last year's first quarter. The lower rate for the first quarter reflects a discrete income tax benefit coupled with our lowest volume quarter. Adjusted net income increased to \$33.3 million or \$0.38 per diluted share compared to \$9.9 million or \$0.11 per diluted share during the prior-year period.

Now turning to our balance sheet, as of April 3, 2021, we had cash of \$190.3 million compared to \$118.2 million in the year-ago period. Inventory declined 9% to \$183.9 million compared to \$202.4 million during the same quarter last year, a significant sequential improvement from last quarter as we continue our supply chain efforts to rebuild in stock levels. Total debt excluding unamortized deferred financing fees and finance leases was \$129.4 million compared to \$346.3 million at the end of last year's first quarter. During the quarter, we made principal payments of \$5.6 million. For the second straight quarter, we were in a net cash position as cash on hand exceeded total debt.

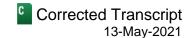
Now, onto our updated full year 2021 outlook. Supported by an incredibly strong first quarter and our visibility for the remainder of the year, we are raising both our top and bottom-line outlook. We now expect full year net sales to increase between 20% and 22% compared to fiscal 2020. For the balance of the year, we expect sales growth will be the strongest in Q2, while we continue to expect double-digit growth in each of the final two quarters, reflecting ongoing strong demand for the brand. We continue to expect flat gross margins from the record 57.6% level last year though some components have changed. Our forward assumptions now include higher inbound freight costs in addition to an incremental \$10 million in higher duties. The higher freight assumption is largely consistent with what we are seeing in the broader market as COVID continues to impact global logistics, and we now expect these elevated shipping rates to persist for the balance of the year.

We expect the \$10 million in higher duties for the balance of the year as Congress has not renewed a long-standing trade preference program called the Generalized System of Preferences or GSP that expired at the end of calendar year 2020. For YETI, this primarily impacts our hard coolers that were historically sourced duty-free from the Philippines. Notably, we did not include this impact in our original outlook in February given GSP had been renewed 14 times since its original adoption in 1974, and in February, we were anticipating an impending renewal. While we are still hopeful Congress will act to renew GSP, at this point in the year, we felt it's prudent to incorporate this cost into our updated outlook. Should GSP be renewed during this fiscal year, we would look at this as upside to our gross margin outlook.

Fully offsetting these incremental pressures, we see several additional positives versus our prior outlook in February. These include our better-than-expected Q1 performance, greater-than-planned product cost improvements, while offsetting current raw material pressures and better fixed cost leverage on our new top line outlook. From a cadence perspective, we expect gross margin expansion in the second quarter followed by contraction in the back half of the year given the combination of the exceptionally strong comparisons from last year's third and fourth quarter, and now, the inclusion of the GSP impact and higher freight. Again, we expect full year gross margins to hold strong at the record 57.6% achieved last year and plan to exit the year with a fourth quarter rate exceeding that full year level.

With SG&A, we are now planning for dollar growth in line with sales growth. We continue to expect full year variable expenses tied most directly to our faster growing and higher gross margin direct-to-consumer channel will grow slightly faster than total sales. We expect full year non-variable expenses to grow slightly slower than total sales, even as we make key investments in areas such as digital, international and product development. Partially reflecting the timing of cost containment efforts last year during the start of the pandemic, we expect the second quarter growth rate will be modestly higher than the first quarter followed by easing growth rates during each of

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the subsequent quarters. These factors are expected to yield an improved adjusted operating margin outlook of approximately 20.5%, about 50 basis points above our initial outlook and on par with a record performance last year. We expect adjusted operating margin to be approximately flat in the second quarter, lower year-over-year in the third, and higher year-over-year in the fourth quarter.

The effective tax rate for fiscal 2021 is now expected to be approximately 24% given the slight benefit to plan in the first quarter. Based on full-year diluted shares outstanding of approximately 88.5 million, we expect adjusted earnings per diluted share to grow 22% to 24% to between \$2.28 and \$2.32 compared to \$1.87 in fiscal 2020. As we think about uses of cash this year, we remain heavily focused on working capital and investments in inventory. With the tireless efforts of our supply chain team, we continue to fight the COVID impacts on our global supply chain and are actively managing and monitoring what remains a very fluid environment. In spite of this, our current visibility shows an improved inventory position for the balance of the year as compared to our original forecast, including positive year-over-year inventory growth starting this quarter. And to give you a perspective, we expect two-year inventory compounded annual growth rates to be in the mid-teens range using fiscal 2019 quarters as a base.

On the capital expenditures side, we continue to see a range of \$55 million to \$60 million for the year, primarily reflecting technology upgrades to support our business growth, including continued enhancements to SAP, website optimization, and enhanced data analytics capabilities, as well as spending to support commitment to new product development and innovation. All in all, this was a fantastic start to the year for YETI, and I am incredibly proud of the ongoing work of our team as we execute and persevere in this environment. This includes the incredible progress on many of our key investment areas helping YETI sustain both near-term momentum, but also setting the foundation for future growth and vitality of the brand.

With that, I would now like to turn the call back over to the operator to take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Camilo Lyon with BTIG. Please proceed with your question.

Camilo Lyon

Analyst, BTIG LLC

Thank you. Good morning, everyone, and congrats on a very strong start to the year. My first question is on inventory. And, Paul, you just gave some color here at the end of your remarks. So with inventory down 9%, you're speaking about impacts in supply chain, all in the context of very strong demand that is showing no signs of ebbing. Can you talk about how the inventory flows are expected to unfold through the balance of the year? Is there any sort of choppiness or fluctuations that we would expect to see queue for the balance of the year and how that might impact your ability to continue to meet this demand, both DTC and wholesale?

And then my second question, on the international components, very strong results, now about 9% of the business. Can you tell us about the margin composition of international and how would you think about the continued growth rates of that segment? Thank you.

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Great. Good morning and thank you. So on inventory, in the supply chain, we are really happy with our efforts exiting 2020 and throughout the first quarter. So just to restate the numbers, while we ended down 9% year-over-year, it was a 31% sequential increase off of Q4, last year at this time was plus 9% sequential increase. So we're really able to build the inventory ahead of our plan, while also over delivering the top line relative to our plan. So we're really happy where we sit today even though we're down year-over-year.

Beginning in second quarter, we will turn positive as we lap the big negatives of last year and it's why we wanted to give color on a two-year CAGR basis. And as we said, we'll be in the low to mid-teens throughout the rest of the year. For Q1, it was plus 6% on a two-year CAGR, even though it was down 9% year-over-year.

So we're really comfortable and excited about building back that inventory into a strong position. Clearly, as we go into Q4, ending Q3 will be, on a single-year basis, probably our highest growth rate year-over-year. But in the two-year stack, similar to that mid-teens.

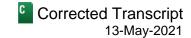
On international, in the margin profile, we like in the business in international, in total, if you think about Canada, Australia, Europe, the margin profile is very similar certainly at the gross margin rate and then as you get down to contribution margin. In the smaller markets, so as we start up, Europe and the UK, we don't have the leverage or the scale there yet as we do in Australia and Canada. But as that business continues to grow, we're really excited about it and like the way we've operated that business from a margin profile.

Camilo Lyon

Analyst, BTIG LLC

Thanks. If I could just ask one follow-up on that inventory. Are you at all planning to constrain demand to perpetuate the sell-through exceeding sell-in? I recall that last year in the late summer to early fall, you were significantly below your cooler inventory than what the market was demanding. So I'm just curious to see how

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you're planning on balancing demand versus reupping the supply and how you really want to kind of continue to maintain that demand outpacing supply situation, how that should play out?

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

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Hey, Camilo. This is Matt. What I would say is we're really focused on the health of our existing wholesale partners' inventory positions and ability to meet that demand, while also understanding we have a fast-growing DTC business. I think the thing that you would see as we play out throughout the year is less focus, which has historically been our approach, but less focus on any type of expansion and more focus on getting our wholesale partners and making sure that we have our DTC business well-supported from a supply perspective to continue to meet the rising demand that we're driving through our breadth and depth marketing strategy.

Camilo Lyon

Analyst, BTIG LLC

Got it. Congrats on the great start. Thanks so much.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from the line of Randy Konik with Jefferies. Please proceed with your question.

Randal J. Konik

Analyst, Jefferies LLC



Yeah. Thanks a lot. So one thing I wanted to go over was the international. It looks like you got 300 basis points of incremental penetration in only a quarter. Are you doing a better job on — or give us some perspective on what you're doing to improve fulfillment there? And just like over time as we're seeing this nice acceleration in that international, what do you think is like a good kind of medium-term ballpark goal to get to from a penetration standpoint there, recognizing you're working on fulfillment in the back-end of getting supply to the international markets? Thanks.

Matthew J. Reintjes

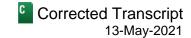
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President, Chief Executive Officer & Director, YETI Holdings, Inc.

Hey, Randy. It's not unlike what we've seen as we built out the US market. We have internationally – if I were to kind of bucket it in three markets, and we talk a lot about Canada, Australia and Europe as those three markets. They're at different stages of their maturation. And what we're seeing is that as we have established in Australia and as we've established in Canada since 2017, what we're seeing now is the benefit of that growth acceleration as we have store penetration, as we've matured our e-commerce businesses and, as you said, as we've matured our supply flow, understand mix, understand in-market demand.

And I think you're seeing that. And we mentioned on the call, particularly in Australia, the incredibly strong growth we saw in the first quarter that matched near full-year demand of last year. And so, I think that that growth has been really strong and the receptivity of the consumer.

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In Europe, we're earlier in that expansion, as we mentioned on the call, building out our points of distribution at wholesale which was slowed last year by COVID, also building out the maturity of our infrastructure and our supply. So we feel great about how that business is positioned for forward growth.

What it can become? I think we're still sorting through how big those markets are. We like the end user in many of those markets. We like the size of those markets when we look at them relative to the US market and how they index to the US market. We think there's a lot of opportunity to continue to expand our international footprint.

Randal J. Konik

Analyst, Jefferies LLC

Great. And then on the backpack and bag side of things, I'm a owner of one of your bags – backpacks and it is amazing. You are constraining, it sounds like, the demand, you're constraining the sales of that somewhat still exclusive to YETI.com. Can you give us some perspective on how you're thinking about that product category in terms of potential expanded distribution, potentially into wholesale or what have you? And maybe some of the learnings you're getting in something like a category like this, which basically solidifies the view that YETI is the brand for everything, right? So kind of give us some perspective on what you're learning there around this bag product distribution and what it can tell you about the adoptions and brands extending to other categories going forward? Thanks.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Yeah. I would say a number of learnings. We went in, as we talked about on prior calls, with a very purposeful approach to the launch of bags. We went in with a different approach to broad-based awareness and broad-based kind of both for the brand expansion and the product expansion into the category. And we think our learnings from that is – there's a real receptivity and appetite from the consumer to YETI's expansion into bags.

We also went into it with the idea that we wanted to give our supply chain a chance to mature and grow into what we think is a really exciting category for YETI and you're seeing some of that with our in-stocks and out of stocks, which is the build into it.

And then the third piece is, we also were gauging as the world reopened and as travel resumed and there's a lot of talk about it now and we're starting to see the movement of people domestically and the talk about international travel that we think we're still on the frontend of that. So we've taken a very measured and paced approach to that rollout to the ramp-up of our supply chain but had our marketing and our brand building really run in front of that to build up that demand. And so, what we – we're excited about the category. We're excited about the receptivity. We mentioned in the prepared remarks some commentary we've received from the market on reviews of the bags. And I think it's a category that as we step into it, both has real opportunity, but will also give us a lot of, not only confidence, but also approach and thought to how we continue expand into other product families.

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Analyst, Jefferies LLC

Very helpful. Thanks, guys.

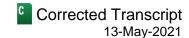
Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Thanks, Randy.



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Operator: Thank you. Our next question comes from the line of Robby Ohmes with Bank of America Merrill Lynch. Please proceed with your question.

Robert F. Ohmes

Analyst, BofA Securities, Inc.

Hey. Good morning, guys. Two questions. One, for Matt first and then another one for Paul. Matt, the hard and soft cooler business was called out. It sounds like the momentum there is great. Can you kind of talk through is it – are you seeing a lot of repeat customer purchases or is it new customers coming into the hard and cooler business, or is there a bigger response to new colors there and kind of how should we think about the momentum in the cooler business?

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Hey, Robby. I would say a couple of things as it relates to the hard and soft coolers, is they continue to be strong performers as we said at the beginning of the year. The majority of the growth in our coolers equipment category this year was going to be driven by those hard and soft coolers. We didn't place a massive bet on bags being that growth driver. So, your read was correct that that growth is really those products continuing to perform very well. I think as we think about new versus existing consumers, our best data points is the data we get from our own e-commerce sites. And what we said in the past and we continue to see in Q1 was a really nice balance of new versus returning customers. We're not seeing a fundamental difference in purchase behavior and mix. We're starting to come into the time of year where we acquired a large number of customers last year as we went into Q2 through Q4 last year. And that's something we're focused on is not only new customer acquisition but retention and driving repeat purchase. And that's a big part of why we made the investment starting in 2020 and into 2021 around our data analytics and advanced analytics work.

Robert F. Ohmes

Analyst, BofA Securities, Inc.

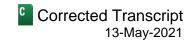
Got you. That's really helpful. And then Paul, the gross margin was pretty amazing this quarter. If you exclude the information you gave us on GSP and the freight pressures and everything and you sort of assume that goes away, is there a – how are you thinking about the long-term gross margin opportunity for YETI now? Is it higher than ever? Can you give us any color on what the long-term gross margin target might be today given what you achieved this guarter?

Paul C. Carbone
Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Yes. So, thanks Robby, and good morning. I'll reiterate a couple of things that was said in the past. We don't see this. There is no ceiling as we hit 58% or 59% that in the business or in the model that that's a ceiling. As we look forward, as we've talked about, we're going to continue getting gross margin expansion from channel mix, product cost improvements, and those are going to be offset by investments in the business and then any other headwinds, in this case higher freight, the inbound freight.

The GSP I think will either happen or won't – it will be renewed or not. But we believe that sign of a good business is a healthy gross margin and we want to balance as we let that gross margin expansion flow through, how do we reinvest in the product. And we have those conversations weekly about adding value into the product to differentiate. And so, there's no natural ceiling. We don't have a new long-term outlook on gross margin, but we really like the way the business is – the levers it has from channel mix, product cost improvements and then that gives us the ability – the team to talk about how do we reinvest in the product.

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Robert F. Ohmes

Analyst, BofA Securities, Inc.

That's great. Thanks so much, guys.

Matthew J. Reinties

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Thanks, Robby.

Operator: Thank you. Our next question comes from the line of Peter Benedict with Baird. Please proceed with your questions.

Peter Sloan Benedict

Analyst, Robert W. Baird & Co., Inc.

Hey, guys. I guess, Matt, you mentioned brand awareness, some pockets of growth, I guess, in some of the Pacific Northwest and the Northeast. Can you maybe build on that a little bit, give us a little sense of what you're seeing? And related to that, I'm not sure, if you've got brand awareness stats in some of these international markets, thinking Australia, Europe, et cetera. Maybe how those are trending at this point relative to your expectations. That was my first question.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Yeah. I would say, Peter, a couple of things on there. I'll start with the international markets. It's still early from a brand awareness perspective there. Well, we're excited about the 9% of sales. We're excited about the velocity of growth. We're excited about the receptivity. I would say, our brand awareness is still low. And that's a great scenario that we're seeing the momentum we are in, Australia and Canada in particular. And we would say our brand awareness continues to be low and we continue to be discovered every day, which I think is why and I mentioned the growth acceleration we're seeing in Australia where the first quarter was equal to half of last year's full year. I think that is really driven by that momentum we're building in that discovery, not unlike some of those early day runs that I mentioned we saw in the US. But that's something as we mature in those markets and as the stats would start to make sense, we'll start to measure a little more deeply.

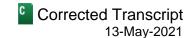
In the US, as you know, we've been tracking it for some time. And we continue to see year-over-year broadly kind of tick-ups in awareness. What's nice about the progress we've made over the last five years is that increase in brand awareness continues to be kind of a consistent step-up which is balanced with we're not only getting new customers and making new customers aware, but we're driving new purchase with a really healthy balance of repeat and existing customers.

So I called out those regions because those are the regions that five years ago were the most underdeveloped and we were the most under-known. We spent a purposeful effort in making sure that as we broaden our pursuits and activities, as we broaden our ambassadors, as we broaden our media reach that we're targeting those markets and we're seeing the results of it. But broadly speaking across the US, we continue to find good growth in all the regions in which we're operating.

Peter Sloan Benedict

Analyst, Robert W. Baird & Co., Inc.

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Okay. Great. That's helpful. And then just on International. Obviously, super strong growth there in the first quarter. Any reason why maybe call it triple-digit type growth can't persist over the balance of the year? I know the second half of last year got stronger but just trying to get a sense for maybe where that business could land this year. And what are the infrastructure investments that you're making there? I mean, you talked about some of the marketing stuff and the brand positioning et cetera. But just from an infrastructure standpoint, maybe to fulfill or supply those markets, what are you doing on that? What's on tap for the next couple of years in order to make that business run up north? Thank you.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Peter, sitting here today we don't see anything that would be a headwind to that growth for the rest of the year. I mean, we are still really building out our European footprint and we really like what we're seeing on the DTC side of our broad European market, similar in Australia and Canada where they're more developed. I would say from an infrastructure perspective, in Australia and Canada, it's what I would call fill-in type things. We have the logistics. We have the DTC to support the fulfillment. What we're doing is now bringing more targeted resources whether those be incremental brand folks, the ad of e-commerce, expertise, or additional expertise in those markets to keep stoking those businesses.

Europe is a little more underdeveloped. We were fully operational. But what we're looking for in Europe is our continuing to increase our logistics and fulfillment footprint continuing to drive demand, and then also the continued build out as we mentioned on this call of our e-commerce platform.

So, in local language sites and markets and we've used similar analytics and insights to determine what markets we build local language sites in. And we're going to continue to do that to make sure that we're addressing the consumer in a direct and relevant way.

Peter Sloan Benedict

Analyst, Robert W. Baird & Co., Inc.

Excellent. Thanks so much, Matt.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Thank you.

Operator: Thank you. Our next question comes from the line of Wendy Nicholson with Citi. Please proceed with your question.

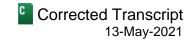
Wendy C. Nicholson

Analyst, Citigroup Global Markets, Inc.

Hi. I had a couple of questions, sort of follow-up on the luggage launch. Number one, can you talk about luggage and the impact on gross margins? I know it's teeny tiny but still sort of structurally have you thought about – how have you thought about the impact of luggage on the gross margin kind of over the longer term to the extent it continues to grow?

And then just going back, Matt, to your comments about inventory management on luggage. I totally get that you're in learning mode, but we checked the website often and it just seems like so many of the SKUs particularly on the backpack side are just persistently out of stock. So, do you risk alienating consumers not being able to

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meet demand and people going elsewhere et cetera, et cetera? How are you thinking about that just in terms of making sure you're sort of living up to the potential of the launch? Thanks.

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

A

Good morning. I'll start with the gross margin and then I'll talk bags overall, Crossroads bags, not specific to luggage but Crossroads bags in our bag category overall. So overall, as we think about bags inside of Coolers & Equipment, gross margins are to the category in line slightly accretive. So, that's positive to the category.

And just stepping back, as we think about – and we've talked about this in the past, as we think about gross margins, as we look at new products, the first pass or the first thought gate isn't gross margins, right?

Now, as the CFO, I'll tell you it's important to us but that's not the driver. We price – we're a premium priced brand. So, we think about pricing. We think about pricing in the market and then we work on the cost side as far as efficiency and things of that nature.

But directly to your question, the bags gross margin is equal or accretive to Coolers & Equipment overall.

Wendy C. Nicholson

Analyst, Citigroup Global Markets, Inc.

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Okay.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

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Wendy, to the question on the kind of conservative ramp of our suppliers, you're right. And as I said, we've gone in and out of stock. I'd ideally like to be in stock at all times. But I think the big thing for us is this is a new product family that we ramped and built through the COVID era 100% remotely ramping up a new supply chain and a new factory.

And I think the team's done an incredible job of making sure that it delivered on all the things it was supposed to, quality, the product, the design, getting the supplier up in a healthy way, and it's something we've done completely remotely.

So, we took a conservative approach to how that ramp-up happened to make sure that we weren't putting ourselves in a position where we ramped too fast and were restricted on how our team could directly engage. As the world continues to reopen, as we can more actively and directly engage with our factories, we'll continue to turn that dial.

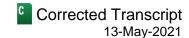
We're focused on right now with our marketing around bags to continue to drive education and to drive awareness and to drive consideration, so that as travel starts to resume, as we get into the summer and people, whether they take close-in vacations or start to get back on airplanes, we're top of mind. So we're not worried about a lost sale in the near-term. We're worried about engaging consumers who have a passion for the brand and understand the product being ready when we're fully in stock on the site.

Wendy C. Nicholson

Analyst, Citigroup Global Markets, Inc.

Fair enough. Sounds great. Thank you so much.

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Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Thank you.

Operator: Thank you. Our next question comes from the line of Sharon Zackfia with William Blair. Please proceed with your question.

Sharon Zackfia

Analyst, William Blair & Co. LLC

Hi. Good morning. Two questions. Paul, I might have missed this, but did you quantify what you expect the logistics pressure to be this year now?

And then, secondarily, I guess just given the strength you're seeing across channels and products and now globally, I mean, is 10% to 15% really the right long-term growth algorithm for the top line or are you guys now thinking you're sustainably somewhere higher?

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Good morning, Sharon. We didn't quantify the inbound freight. I can tell you it's slightly less than what we had for GSP. So it's in that ballpark. And the reason we didn't give an exact number is, as we think about GSP, if that gets passed, that will come back. I think the inbound freight is certainly for this year, as we look out at the market, is here for the remainder of the year.

It's a great question on top line and long-term. And certainly if you look at our history back 2018 plus 22%, then a plus 17%, last year plus 19%, and we're at 20% to 22% this year. Similar to gross margin, we are not ready to update our long-term outlook for sales. Happy with the 20% to 22% this year and really the momentum behind the brand.

Sharon Zackfia

Analyst, William Blair & Co. LLC

Thanks, Paul. I'm ready when you are. Just when you're ready to update that, let me know. Take care.

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Thanks, Sharon.

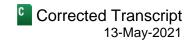
Operator: Thank you. Our next question comes from the line of Alex Maroccia with Berenberg. Please proceed with your question.

Alex Maroccia

Analyst, Berenberg Capital Markets LLC

Good morning, guys. Thanks for taking my questions. There's been a lot of news recently about Amazon cracking down on counterfeit and low-quality products. Have you helped them at all with this initiative and do you anticipate any material benefits coming from it?

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Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Alex, it's a great question. We've talked in the past we have a very active brand protection team. We've been very active domestically. We've been very active globally. One of the things that we announced, and this was back, I think, in June of 2019, was a partnership with Amazon as it relates to cracking down on third-party sellers of counterfeits. And so, we joined with them in a unique program to focus on that.

And then in addition, we scour both the domestic and global marketplaces and websites and we've had a lot of success. I would say, we wouldn't put it in the numbers and say we could tease out the benefit from that from a sales perspective. We definitely believe it's important as we continue to defend our intellectual property, defend our brand, and that's why we do it. But we have a good partnership there.

Alex Maroccia

Analyst, Berenberg Capital Markets LLC

Thanks, Matt. That's helpful. And then just a follow-up real quick on a lot of these supply questions that people have been asking about the luggage in particular. Where is that currently manufactured? And do you think you can expand the manufacturing base to places like Eastern Europe or South America for it? Thanks.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

One of the things that we look at with our supply chain is a constant evaluation of the best locations to manufacture, from a strategic perspective. We have a global supply chain from kind of now almost many points of the world across all of our products. I think – and as it relates to bags in particular, we previously talked about those were products that we moved out of China primarily into other markets in Southeast Asia.

There's a ready supply base for expansion. We also are very happy with our current suppliers and believe that they can scale as we continue to scale and expand that product portfolio on growth. But we have a very active sourcing and supply team, a very active and very talented team that continues to make sure we're in the best places to manufacture our products both for optimization of design and quality, but also logistics and delivery.

Alex Maroccia

Analyst, Berenberg Capital Markets LLC

Makes sense. Thank you.

Operator: Thank you. Our next question comes from the line of Kaumil Gajrawala with Credit Suisse. Please proceed with your question.

Kaumil Gajrawala

Analyst, Credit Suisse Securities (USA) LLC (Broker)

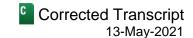
Hey, everybody, good morning. There's been a lot of questions. You've obviously put up quite a bit of momentum. There's been a lot of questions on supply. Can you maybe just talk about how you're thinking about reopening and if it may be bending the arc of your growth in one direction or the other and then how you'll manage supply around that?

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

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Just to clarify, when you say reopening, are you talking specifically about the kind of...

Kaumil Gajrawala

Analyst, Credit Suisse Securities (USA) LLC (Broker)

The economic reopening we're seeing really everywhere may just be shifting what your growth looks like from...

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Yeah.

Kaumil Gajrawala

Analyst, Credit Suisse Securities (USA) LLC (Broker)

...what we just saw in this quarter versus what we might be looking at for the next year or so.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Yeah. Perfect. Thanks. I'd say when we think about the reopening, one of the things we said on previous calls and I think it's a strong position for our brand and a strong position for our product portfolio is, we were able to evolve and take advantage of the pandemic as people were at home or there were more solo outdoor pursuits. As the world reopens and some level of normalcy comes back, whether those are commutes or group gatherings or sideline sports on the weekends, we think our brand is well-positioned. We think our product is well-positioned to follow the consumer.

We're not a pickup and put down type of product portfolio or brand. So our coolers and our cups and our bags can travel with you as your kind of – or as people's reopening evolution happen. So I think that's one of the things and we talk a lot about this that we'll continue to adjust how we position and how we market to what's happening and where the consumer is at that point. We did it last year when it was highly disrupted, and we'll do that as the world reopens.

Kaumil Gajrawala

Analyst, Credit Suisse Securities (USA) LLC (Broker)

Okay, got it. And then the improvement in gross margin from the reduction in product cost, is that a structural improvement, perhaps more intelligent ways of how you're tooling it, or maybe raw material prices? Could you maybe provide a little more detail on what was behind that piece of the gross margin improvement?

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

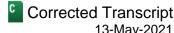
Sure. I'm going to start with what it is not. So what it is not is taking durability out of the product, taking quality out of the product, changing the spec for those items. That's what it is not. What it is, is a couple of things that you mentioned. It's efficiency, it is leveraging and I'll use this quarter as an example, leveraging our 42% top line growth to drive efficiencies, to share in fixed cost leverage that our manufacturers would enjoy with that level of growth. It is operational and reducing scrap will give us product cost improvements. So it's all those different pieces that go into it. Again, what it's not is taking quality and durability out of the product.

Kaumil Gajrawala

Analyst, Credit Suisse Securities (USA) LLC (Broker)



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Okay, got it. So, it sounds structural and ongoing, not temporary by any means, fair?		
Matthew J. Reintjes President, Chief Executive Officer & Director, YETI Holdings, Inc.	A	
Correct.		
Kaumil Gajrawala Analyst, Credit Suisse Securities (USA) LLC (Broker)	Q	
Yeah. Okay. great. Thank you.		
Matthew J. Reintjes President, Chief Executive Officer & Director, YETI Holdings, Inc.	A	
Thanks.		
Operator: Thank you. Our next question comes from the line of Kimber Please proceed with your question.	rly Greenberger with Morgan Stanley.	
Kimberly Conroy Greenberger Analyst, Morgan Stanley & Co. LLC	Q	

Okay. Great. Thank you so much. Good morning. I wanted to ask about revenue and if there – was any revenue – you talked about that huge acceleration in the last three weeks of the quarter. Any revenue shifts, for example, out of Q2 into Q1 that might have distorted that growth rate or is it just simply that you're lapping the beginning of COVID last year and that's what you're seeing as you begin to lap?

And then my second question on revenue, I just want to make sure I heard you correctly, Paul. It sounds like you were saying second quarter revenue growth is expected to be higher than first quarter with then easing growth in third quarter and again in fourth quarter but still double-digit in each of those two quarters. So, if you could just make sure that my understanding of that is correct, that would be great.

Paul C. Carbone Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Sure. Kimberly, I'm going to start with your second question first. So, what I said was of the remaining three quarters, so going forward, second quarter would be the highest growth rate and then the second half would still be double-digits. So, I wasn't comparing it to the first quarter as comparing the last three quarters relative to each other.

And then on your first question about the first 10 weeks and then the last three, that wasn't anything on shifting of timing. It was really just to give investors and all of you a look at our pre-COVID impact versus our post-COVID impact as we did last year in the first quarter. So, before we were rolling over shutdowns, we were plus 36%. So, what I wanted to share with all of you is this wasn't a driven by the last three weeks, certainly higher than the first 10 weeks. But this wasn't the last three weeks driving the quarter. We were plus 36% going into when we started lapping those shutdowns.

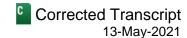
Kimberly Conroy Greenberger

Analyst, Morgan Stanley & Co. LLC

Very clear. Thanks so much.



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Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

Thank you.

Operator: Thank you. Our final question this morning comes from the line of John Kernan with Cowen. Please proceed with your question.

John Kernan

Analyst, Cowen and Company

Good morning. Excellent quarter. Thanks for taking my questions. So, most of my questions have been answered. I'm just curious in terms of the upside in Q1 and the guidance increase for the year, Q1 is by far your smallest quarter of the year from a revenue perspective. What's driving the upside for the full year guidance and really upside in Q1?

Is there any specific category, geography, product that came in above expectations, and anything we should look for for the remaining nine months from a brand activation standpoint, marketing standpoint that you're looking forward to? Thank you.

Paul C. Carbone

Senior Vice President & Chief Financial Officer, YETI Holdings, Inc.

So, I'll start. And I will link first quarter results to your question on the balance of the three quarters. The results in the first quarter were broad-based. And as we look out of the year, we continue to see from the first quarter strong demand for the brand.

And if you look at our outlook with the first quarter, we now expect the balance of the year to be in that, if you do the math, 16% to 18%. So, slightly above our full-year guide of 15% to 17%. And it's really that strength that we've seen in Q4 that we saw in 2020. But it is broad-based demand for the brand. And I'll let Matt hit the second piece of that question.

Matthew J. Reinties

President, Chief Executive Officer & Director, YETI Holdings, Inc.

I'd say the biggest thing that we're prepared for a world that's going to reopen a bit more through the summer and hopefully through the fall which the biggest evolution there is we spent last year once the pandemic hit in a highly digital world engaging consumers in a digital way. One of the things we look forward to this year is when it's possible and when it's safe to start driving some of our offline re-engagement with consumers and customers in getting out there as activity start to resume, as gatherings start to happen.

And so, we've got a team that has kind of a dual track plan on the brand activation and marketing side, both domestically and globally which is we'll continue to operate we believe successfully in this digital world. But the minute we can start getting people back out and activating at events, engaging with some of the incredible partners we have as they bring back their events, we're pretty excited to do it.

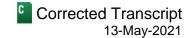
John Kernan

Analyst, Cowen and Company

Understood. Thank you.



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Operator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Reintjes for any final comments.

Matthew J. Reintjes

President, Chief Executive Officer & Director, YETI Holdings, Inc.

Thanks, everyone, for the time this morning. We look forward to updating you as we come back together for our Q2 call.

Operator: Thank you. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.

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