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Skechers Shoes Takes Next Big Step With Planned IPO

CALIFORNIA DEALIN'

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Robert Greenberg isn't waiting for the other shoe to drop. He's in the middle of structuring a first-time stock offering for the second hip shoe company he has founded in the last two decades.

Manhattan Beach-based **Skechers USA Inc.**, the shoemaker he co-founded in 1992 with his son Michael, has filed with the Securities and Exchange Commission for an initial public offering, or IPO, up to \$115 million.

Greenberg helped start **L.A. Gear** in Santa Monica in 1979 and bought out his partner in 1986 when the company went public, but he left in 1992 amid financial losses and sagging sales, due in large part to the California recession. In mid-June, L.A. Gear received approval for its Chapter 11 bankruptcy reorganization plan; its once-highflying stock became worthless.

But business at Skechers is booming, with 26 stores nationwide and, for the quarter ended in March, a sales increase of 117% compared with the same period last

Skechers sells 600 styles of shoes, including sandals, boots and sneakers. Its bold designs are aimed at 12-to-25-year-olds.



LORI SHEPLER / Los Angeles Times

year, according to the company's SEC filing.

Popular with Gen-Xers and professionals alike and well-known to almost anyone under 30, Skechers is riding the active-wear trend it has helped create. The name originates from street lingo, in which a "skecher" is an energetic person who can't sit still.

Skechers designs shoes "with the active, youthful lifestyle of the 12-to-25-year-old age group in mind." It sells about 600 shoe styles with an edgy look, including its popular Logger Boots, sneakers with chunky soles, and sandals.

Still, as L.A. Gear's troubles show, the

cyclical business of retail, especially for shoemakers, can be a dangerous one. It is a trendy industry vulnerable to seasonal fluctuations, and shoe sales rise and fall quickly, bringing down entire companies.

Even the \$12-billion U.S. sneaker business has been hit hard recently as many companies switch from "white shoes," or sneakers, to "brown shoes," or active wear. Stock prices of industry leaders such as Reebok International and Nike have had a rocky year as sales have suffered.

In April, Skechers took over a 54,000-square-foot space long occupied by Nike at an athletic shoe trade show held at the

Georgia World Congress Center in Atlanta. Last year, it opened a store in New York's Times Square.

"Robert Greenberg was there way ahead of the game with the 'brown shoe' trend. They achieved a pretty strong market presence in a very short period of time. He's a genius when it comes to shoe design," said Lloyd Greif, head of Greif & Co., a Los Angeles investment bank. "Skechers has been his baby since day one."

Skechers says it might expand next year into clothes, offering a line of active wear.

It's still a family business. Michael, 35, is the company's president and owns 10% of it; three other sons, Jason, 28, Jeffrey, 30, and Scott, 38, are also involved as vice presidents. Robert Greenberg, who is chairman and chief executive, owns 65% of the company; he received no annual salary last year but got a bonus of \$1.6 million. Michael made a \$300,000 salary.

The IPO is expected to be sold in October and trade on the New York Stock Exchange.

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