

Skechers To Go Private

Investment firm 3G Capital will take Manhattan Beach-based shoemaker Skechers U.S.A. private in a \$9.4 billion takeover.

By **MONÉE FIELDS-WHITE**

Staff Reporter

Manhattan Beach footwear and apparel company Skechers U.S.A. Inc. is set to go private in a substantial \$9.4 billion deal with investment firm 3G Capital, resulting in a nearly 30% premium and sparking a dramatic jump in its stock value.

Skechers' stock climbed more than 24% to close at \$61.39 a share on Monday, the day of the announcement.

On May 2, the closing price was at \$49.37; and over the 52-week period, the share price was down nearly 6%, closing at \$61.48 on May 7.

Skechers held a market value of approximately \$7.4 billion prior to the news. 3G Capital, based in New York, opted to pay \$63 per share in cash, valuing the footwear company at \$9.4 billion—thus ending Skechers' nearly three-decade tenure as a public business.

'Unique structure' for the deal

Shareholders face a choice: a \$63 cash payout or a \$57



Skechers U.S.A.'s headquarters in Manhattan Beach.

cash payout coupled with a non-transferable equity stake in the newly privatized Skechers.

"That's kind of a unique structure," said Lloyd Greif, chief executive of downtown investment banking firm Greif & Co. "It gives the public shareholder an opportunity to participate as if they were a company insider."

Robert Greenberg, Skechers founder and chief executive, will remain at the helm, alongside President Michael Green-

berg and Operating Chief David Weinberg. The company's headquarters will remain in Manhattan Beach.

Founded in 1992 by Robert Greenberg, Skechers has transformed into an iconic brand, once known for its "Chrome Dome" street-style shoe, now synonymous with comfortable and fashionable sneakers and clothing.

3G lauded this evolution as part of their acquisition announcement.



Skechers founder Robert Greenberg.

“We have immense admiration for the business that this team has built and look forward to supporting the company’s next chapter,” said 3G in a statement.

Greenberg, who also launched L.A. Gear in 1983, added: “We believe this partnership will support our talented team as they execute their expertise to meet the needs of our consumers and customers while enabling the company’s long-term growth.”

Skechers originally went public in 1999. 3G, co-owned by Brazilian billionaire investment banker Jorge Paulo Lemann, anticipates finalizing the deal in the third quarter.

Facing ‘macroeconomic uncertainties’

The timing may be telling: Skechers’ decision to forgo full

-year earnings guidance during its first-quarter earnings call in April, citing “macroeconomic uncertainty stemming from global trade policies,” preceded Monday’s announcement of its acquisition.

President Donald Trump imposed new tariff policies that have significantly disrupted global trade relationships, particularly impacting major trade partners such as Vietnam and China. Most footwear companies like Skechers source their products from these regions.

For some analysts, the move to go private raised questions about the company’s underlying financial strategy and the potential impacts of international trade tensions on the company – coupled with the threat of a recession.

Tom Nikic, an analyst at Needham & Co., noted in his report that the move to go private was “very surprising.” Yet at the same time, he said: “the decision may have been accelerated by the macro environment (tariffs, consumer sentiment, China-US relations, etc.), as the company may wish to navigate these challenges without being under the Street’s scrutiny.”

Skechers has demonstrated remarkable resilience, thus far, according to its first-quarter earnings report. The company reported record quarterly sales of \$2.41 billion, a year-over-

year increase of more than 7%. The company saw a record \$8.97 billion in full-year sales for 2024. Net earnings during the quarter saw a 2% dip, totaling \$202.4 million.

John Vandemore, Skechers’ chief financial officer, said in a statement that the company “remain(s) confident in our ability to navigate the current market challenges.”

Greif, who has a longstanding relationship with Greenberg as a client and friend, echoed that view. “It’s an uncertain time, but if any footwear company is built to withstand the winds of recession, it’s Skechers. It’s an accessible and affordable product line.”