

# Skechers Upgrades European Distribution Center

## Investment in new technology prepares EDC for future expansion

LIÈGE, Belgium--(BUSINESS WIRE)-- SKECHERS USA, Inc. (NYSE:SKX), a global footwear company based in the United States, announces a major investment and technology upgrade to its European Distribution Centre in Milmort that will improve performance and prepare the facility for future expansion plans.

The centrepiece of this upgrade is an automated order-picking system that will more efficiently manage the Company's business. This investment will consolidate positions at the EDC and the employment in the area of Liège, as Skechers is one of the main logistical sector employers in the region.

The Skechers EDC was inaugurated in 2002 over a surface area of 21,000 m<sup>2</sup>. At the time, it employed only three people and a number of temporary workers, depending on the periods of peak and off-peak activity. The continued growth of Skechers on the European market resulted in an extension of the building in 2009 with 23,000 m<sup>2</sup> of additional space. In 2013, the volumes of goods have been four times higher than in 2002 and the employment increased up to 150 full-time equivalents.

The Skechers EDC receives goods coming from China via the port of Antwerp. The goods are then stored at the EDC until they are redistributed to European markets. The customers of the EDC are local distributors, Skechers stores (of which there are 29 in Europe) and specialised chains that choose to receive their deliveries either at their own regional distribution centres or directly at individual stores.

## An investment for the future

The work of preparing orders for each customer consists of selecting the number of pairs ordered according to a triple specification of style / colour / size. Presently, this process is manual: the operator must navigate the 45,000 m<sup>2</sup> of shelves and pull the merchandise to be shipped.

This manual working method is no longer appropriate for the growing volumes that the EDC is handling now, and expects to continue to process. "We have hit a ceiling in terms of productivity," said Sophie Houtmeyers, Skechers EDC Vice President Distribution Operations. "We will reorganise the two existing buildings with an automated sorting system in order to increase the storage capacity with narrow aisles and manage the picking and packing of footwear. This automated system is largely inspired by what Skechers developed in its new North American distribution centre in Rancho Belago, California."

Together with Wynright, the Company's logistics integrator, SKECHERS will install a sorting and shipping system that will be linked together by conveyor belts. Pairs will be grouped at

packing stations into final shipping cartons and conveyor belts will transport each carton between operational departments. Once the order is completed (which may require an additional label specific to the customer) it is palletised and ready to ship.

### **A new foundation for expansion**

The investment in this installation increases the productivity of the EDC, a necessary change as the Company continues to grow in Europe, and plans for future growth in the region. This will also provide for the improvements needed as the Company establishes its e-commerce business in several key European countries.

Above all, this upgrade shows a sign of trust from Skechers in Liège as an operations hub. “Thanks to the efforts of our personnel, we have achieved very good results in terms of the flexibility and reliability of the deliveries to customers, and this investment will allow us to expand our operations and utilize a skilled workforce in the execution of our European logistics operations,” said Houtmeyers.

Real perspectives for expanding Skechers EDC (European Distribution Centre) operations are possible in the medium term. An 8-hectare plot of land located behind the existing centre has already been the subject to a call option.

### **About SKECHERS USA, Inc.**

SKECHERS USA, Inc., based in Manhattan Beach, California, designs, develops and markets a diverse range of lifestyle footwear for men, women and children, as well as performance footwear for men and women. SKECHERS footwear is available in the United States via department and specialty stores, Company-owned SKECHERS retail stores and its e-commerce website, and in over 100 countries and territories through the Company's international network of subsidiaries in Canada, Brazil, Chile, Japan, and across Europe, as well as through joint ventures in Asia and distributors around the world. For more information, please visit [www.skechers.com](http://www.skechers.com), and follow us on Facebook ([www.facebook.com/SKECHERS](http://www.facebook.com/SKECHERS)) and Twitter ([twitter.com/SKECHERSUSA](http://twitter.com/SKECHERSUSA)).

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*order commitments due to the lack of popularity of particular designs and/or categories of products; maintaining brand image and intense competition among sellers of footwear for consumers; anticipating, identifying, interpreting or forecasting changes in fashion trends, consumer demand for the products and the various market factors described above; sales levels during the spring, back-to-school and holiday selling seasons; and other factors referenced or incorporated by reference in the Company's annual report on Form 10-K for the year ended December 31, 2012 and its quarterly report on Form 10-Q for the three months ended September 30, 2013. The risks included here are not exhaustive. The Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time and the companies cannot predict all such risk factors, nor can the companies assess the impact of all such risk factors on their respective businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Moreover, reported results should not be considered an indication of future performance.*

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