

THOMSON REUTERS STREETEVENETS

EDITED TRANSCRIPT

UA - Under Armour Inc Investor Day Meeting

EVENT DATE/TIME: SEPTEMBER 16, 2015 / 2:00PM GMT



CORPORATE PARTICIPANTS

Tom Shaw *Under Armour, Inc. - Director of IR*
Kevin Plank *Under Armour, Inc. - Chairman, CEO*
Kevin Haley *Under Armour, Inc. - EVP, Innovation*
Robin Thurston *Under Armour, Inc. - Chief Digital Officer*
Adrienne Lofton *Under Armour, Inc. - SVP, Global Brand Marketing*
Henry Stafford *Under Armour, Inc. - Chief Merchandising Officer*
Kelly Cortina *Under Armour, Inc. - VP, Women's*
Kip Fulks *Under Armour, Inc. - President, Footwear and Innovation*
Peter Ruppe *Under Armour, Inc. - SVP, Footwear*
Matt Mirchin *Under Armour, Inc. - President, North America*
Charlie Maurath *Under Armour, Inc. - President of International*
Susie McCabe *Under Armour, Inc. - SVP of Global Retail*
Jason LaRose *Under Armour, Inc. - Chief Revenue Officer*
Brad Dickerson *Under Armour, Inc. - COO and CFO*
Paul Fipps *Under Armour, Inc. - CIO*

CONFERENCE CALL PARTICIPANTS

Omar Saad *Evercore ISI - Analyst*
Dave Weiner *Deutsche Bank - Analyst*
Lindsay Drucker Mann *Goldman Sachs - Analyst*
Camilo Lyon *Canaccord Genuity - Analyst*
Eric Tracy *Brean Capital, LLC - Analyst*
Sam Poser *Sterne Agee CRT - Analyst*
Erinn Murphy *Piper Jaffray & Co. - Analyst*
John Kiernan *Cowen and Company - Analyst*
Jay Sole *Morgan Stanley - Analyst*
Stephen Curry *Golden State Warriors - Pro Basketball Player*

PRESENTATION

Tom Shaw - *Under Armour, Inc. - Director of IR*

Good morning everyone. If we could have everyone take a seat and get settled here, we're going to kick start the day. My name is Tom Shaw, Director of Investor Relations, and I want to thank everybody for joining us, both here live today as well as on the webcast.

A couple of housekeeping items and then we will kick the show off. First, as always, please check your phones, make sure they are on mute so we can avoid some of those little nasty disruptions we tend to get.



Second, a couple people have asked about Wi-Fi. We have Wi-Fi. Guesthouse is what you want to select. There is no password that's needed. There's also charging stations outside if you have trouble finding an outlet here in the room. Finally, everybody's favorite part here, the forward-looking statements. I just wanted to note this for everybody to look at, the slide behind me and also on the webcast.

So with that we will kickstart the day in just a moment. Thanks and enjoy.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

It's okay, it's okay. You can clap. How are you and welcome. It's great to have all of you here at Under Armour. We already had a quick introduction across the street and in order to get here, we forced you to cross a freight train line and walk by a tank. So with that, you've already demonstrated your commitment to the Company and that we are appreciative of.

It's a great day for us to be here, 2015 Investor Day because it's been a couple of years since the last time you were here. And one of my favorite stories is from my partner, Shuichi Yasuda, better known as Shui, who runs Dome Corporation, which is our Japanese licensee and distributor in Japan and have built that business to more than \$300 million year-to-date, and we've been partners for a very long time. And one of my favorite quotes from him, as he says, the best part of Under Armour is every time we come back here, and he's here probably every three to five months or so, there's always something different. There's always something new. There's always a crane in the sky; there's always more people; there's always new faces. There's always a new project going on. And I think that you'll get a great sense of what that's like for our company being a growth business and being the way that we see our opportunity today and moving forward. In those two years, that idea of being different is something that you will feel today because we are a very, very different company than just a couple of years ago.

When you were here last in 2013, we were a \$2 billion revenue brand with ambitions to double by 2016. As we stand in 2015, those ambitions have become reality. And today we are going to showcase how Under Armour is a growth company with no plans of slowing down.

This morning, I plan to cover three main points -- who we are, where we are going, and, frankly, how we plan to win. There's a reason that I say how we plan to win instead of saying how we plan to keep on winning. It's because we don't believe that we are entitled to keep winning. We don't believe that what brought us here or got us here are the things that will actually move us forward. And I want you to know that we are going to lay out for you today with our management team that I couldn't be more proud of that we've been able to assemble over the last 20 years the clear and articulate strategy that we have of how we expect to run hard and win from here going forward. So this is not a day of out patting ourselves on the back as much as it is a day of laying out the next three years and giving you an indication of what this next 10 years looks like, very much like the first 10 years of our time as a public company. And then following my remarks, you're going to hear from our team. And then I'll return with a few members of my management team to answer questions at the end of the day.

So at Under Armour, we have strategies and thoughts for us as a business, and we call them our lessons. We call them our white boards. These are the things that are in my office. I keep them three panels across, five panels deep, and I use this to discuss sort of the culture, the energy, the passion of the day. We write things down on them. We say things like overpromise and deliver, dictate the tempo, walk with a purpose. All of these things are themes that all, frankly, help shape the narrative of Under Armour. They help shape our story.

And what we like to say at Under Armour is that great brands are like great stories. And every great story has a beginning, a middle and an end. And our job as a company -- and we realize that every athlete we sign, every product we build, every team that we are affiliated or associated with is like a chapter in the book of that story. And our job is to manage it, secure it. It's to make sure that chapter 1 makes sense to chapter 2 to chapter 3 to chapter 4.

Frankly, we are not jumping too far ahead if there is something to build on from where we begin to where we are, and especially to where we are going. As we manage and curate that -- because we think about what the role of great brands are and brands are meant to be thoughtful. But they are not just meant to hypothesize. Brands are meant to have a point of view. And that's one thing you will feel from this company is that we always have a point of view.



Brands are aspirational. Brands are meant to be inspirational. So what does that mean? It means that people don't buy our logo just because it happens to be hot or cool at any one particular time. It's about everything that goes into the brand, every detail considered. When you walk here, when you come here, whether it's the game last night to you arrival this morning, everything had been considered. Whether we did or we didn't, we thought about it. And we know that that is what helps shape that impression of what is a company. That's from the marketing all the way down to the product, and that's what builds brand.

I did an interview several years ago with a candidate. You may have heard me tell this story before, but I think it's really important and it's descriptive of our company. And I was trying to compel them to come join our team. And they were working out on the West Coast, Pacific Northwest kind of place, and I remember I was talking in the interview and I was like you've got to come help. We need this. You could be such a great asset, and you'll do this and you'll do this, we like your expertise, the way everything you've done in your life has led you to this moment, you'd be perfect for us. And I remember them just pausing and she sort of stops her chair, and she says, why are you so like crazy passionate about this? It's not exactly like you're curing cancer here. And I remember her saying that to me and me sort of having this like, ugh, what does that mean? My God, do I question the meaning of life? What am I doing every day? Are we just shucking out T-shirts into kids and stuff, and what's the value of our company?

And it was a few weeks later that I was actually out shopping, and I was in a store, and like we do, is in late afternoon, probably around four o'clock in the afternoon and I'm watching people shop. And I am standing by the Under Armour section. It's what you do in our field and it gets a little creepy. Many of you know about this as well. But all of a sudden this mom walks in and she's got these two little boys with her, one eight, the other maybe 10 years old. They're both holding her hand. All of a sudden, they walk up, they're standing like at the end of the power aisle and the mom is -- little boy just stops the eight-year-old, grabs his mom and goes mom, stop. He goes look, look, look! Under Armour, Under Armour, Under Armour! And the mom sort of like pauses. She gets that look like don't go over there. That stuff is expensive. We didn't come here to get that. I'm watching it happen and I'm giving the boy, I might go, go, go. Sure enough, the mom gets the shack, the little boy breaks away, he runs over to the section, he grabs one of our compression shirts off the rack. He's still wearing his school shirt with the collar on afterwards, he pulls the compression over his head, sticks his little arms through it, pulls it down himself, and then he looks up at his mom, and he just stands out in the power aisle, he goes hey mom! He goes look at me, I'm wearing Under Armour, I can do anything! Like this. And it reminded me, more importantly it taught me like what is a brand? What does a brand do? Because I can march a dozen scientists in here and tell you why we make better footwear or better apparel and that we technically are better here or there. But, it's not any one product or any one thing. It's all those things that lead into that we can never let this little boy down. Because the fact of the matter is that he believed that when he put that shirt on, he just got a lot better.

And the things what brands do is that whether you thought you could do this, now you believe you do this. So whether he thought he could make varsity, whether he thought he was even good enough to go out for the team, maybe he was just nervous when he walked into the lunch room and stood there in the cafeteria with a tray in his hand and saying am I ready to sit down at the cool kid table? Well, today, he had something different because today he was wearing Under Armour. That is brand. And it goes into every product that we make that we never ever violate that trust. So this kid had an edge and that edge was Under Armour. And the idea that he was invincible is not just made up in his head either. It's something that is believed. As we think about what that means, it comes from the product. It doesn't come down to like people making decisions of make sure every product really counts or matters. It comes down to what hopefully you feel when you come to this campus is you feel culture, is because, in great brands, in great companies, it's not people that make decisions. It becomes and it evolves the culture. It is the culture that ultimately makes those decisions for you. That's what we aspire to be.

Later today you're going to hear more about our brand. In fact, our brand will be bleeding through every presentation that you hear. But it will be articulated most clearly when Adrienne Lofton stands up here to lay out some of the things about where we are, and of course where we are going as a company.

But like every great brand, brands start and they need a central purpose. For us, that purpose is called our mission. And our mission is incredibly simple -- make all athletes better and as we say to do it through passion, design the relentless pursuit of innovation. And I can tell and I can promise you there is a reason why the word passion comes first. It's no accident. It's because passion is infused in every single thing that we do.

Today you're going to hear from an incredibly passionate management team. And as you think about the passion of leadership that we have in our team, all of that always comes from the top. And for our top, it begins with our Board of Directors. I'm very proud I think of some of the diversity we've got under our directors and some of the new opinions and perspectives we brought recently.

First and foremost, we brought on George Bodenheimer, the former President and Executive Chairman of ESPN Inc. and formerly ABC Sports division. We also brought on Karen Katz, the President and CEO of Neiman Marcus Group who just filed their S-1 to go public, so be nice to her. She is a good person. And she gives me a lot of great counsel.

And as I think about like the way we apply the leadership, real leadership as a company, I think about just how different the last 10 years -- our first 10 years as a public company has been an, anniversary we celebrate November of this year. We've seen a lot of change.

I'm going to take you through some of the puts and takes of what the last 10 years have been like for us. But I've also done a good job I think of finding ways to lean on our management team, to lean on our Board of Directors at the appropriate time. And what I can tell you is the way that leadership operates, the way that leadership reacted, hopefully the way that leadership anticipates comes from having really smart people around you. And sometimes it can be something as specific as a deliberate answer. Here is a yes or no question. What you find is the great ones never really give you yes or no. They don't tell you it's black or white; they don't say left or right; they don't say up or down. They typically just respond with things like let me tell you a story.

One of my favorite directors who does a great job of telling stories is probably one of our most underspoken directors, and it's a guy named Admiral Eric Olson, retired. Eric was the eighth commander of the US Special Operations command from 2007 to 2011. He is the last one to remind you that during the time was when we actually captured Osama bin Laden. He retired from active duty after more than 38 years of service, at which time he was designated the bullfrog, which means he was the longest serving Navy Seal on duty. You don't hear Eric's name a lot, and it's curious because he was also the first Navy Seal who ever reached the rank of three-star admiral flag and then ultimately four-star admiral before he retired. So Eric as one of those quiet leaders actually published a paper called "The Quiet Leader". But when he does speak, it's one of those things you should listen to because there's always some brilliance in it that may seem a little more deep than maybe you just take it on the surface.

And one time I was speaking with Eric and I was asking him, I said you know, we've got this issue right now, we had this plan and we were heading in this direction, we were moving down the road, we were going this way and then all of a sudden something happens, we're moving, blah blah blah, we're trying to wonder like should we stick to the plan, we go this way, what do you do? And Eric in sort of the only way he could in a very simplest way, he just sort of reached back in his chair, he sat and he paused for a second, and he said, you know Kevin? One thing I always tell my troops is that we always found that when the map differed from the terrain, we always suggested that they go with the terrain.

And you can think about the best laid plans. You can think about what we told you in 2005 about what was going to happen. And then you've got to think about the reality of actually what has happened, of the ability of our team to not only react but to proactively work on solutions and things that help make us better. That idea of going with the terrain speaks to the management style of our leadership ranks. I think we've demonstrated our ability to do that as well as anyone else and our track record of overpromising and delivering speaks to that.

So as we talk about overpromise and deliver, as much as we've done a good job I think of reacting to where the terrain takes us, we've also done a pretty good job of sticking to the plan. In fact, the same message that we told you on our road show in 2005 is essentially the same message that you're going to hear today.

On that road show, we laid out five specific growth drivers that would drive our business, and grow our company -- quite simply, men's apparel, women's apparel, footwear, international and direct to consumer. And the theory we had was some way to make our women's apparel business larger than our men's apparel business, which at the time was less than 20% of our total business, sounded crazy and nobody believed we could do it where there's Jockey men's football brand. Then to take the collective apparel business of men's, women's and youth, which has been a rocket ship for us, and then at some point have our footwear business actually be larger than our apparel business, which at the time was completely crazy because we hadn't even launched footwear yet in 2005. And then to take those product categories of apparel and footwear and tell those stories market by market across the globe, and where we don't find appropriate retail distributional, augment that with our own direct to consumer eCommerce and retail channels. That's effectively what we have done and that model has driven us for the past 10 years. As you're going to hear, it's a model that will continue to drive us forward.

So let me give you some then and now. Let's look back at 2005. In 2005, we were basically a compression company focusing on pioneering this new category. You think about what sporting goods was. How could a new brand even come into the market? There were these big massive players



that existed there, and the pie was only so big and they were tight about it, and they were greedy about it. And so what we decided to do as we were looking at the pie and said we are not going to come in and try to take a slice. We are going to go make our own pie. And with it, we created this category called compression.

From our founding in 1996 to going public in 2005, when we used to have 100% market share, by the time we went public, we had about 64% market share in compression, which basically comprised all of our revenues. Today, as we have evolved and we've gone with the terrain as a company, that percentage is just 10%. And while still demonstrating market thought leadership and dominance in things like compression through category explosion like bringing in signing deals with DC Comics and Marvel and you see the Supermans and Batmans and Iron Man compression shirts, like what better person to wear compression than superheroes? And that superhero is something we look to infuse into every product that we do.

But now we are bolstered by a much bigger and broader company made up of things like women's and footwear, and loose fit apparel and shorts and accessories and all the other things that make us brand that make us Under Armour.

In 2005, as I said, we were highly focused on our men's apparel category and it showed representing 72% of total sales and where women's was just, again, just a little bit less than 20% of our total business. Today, we are a much more balanced company across our men's category, and have grown women's, youth and footwear each in a business that's larger than the size of our complete company in 2005.

Henry Stafford is going to take you through some of our merchandising, what we are doing, and then Kip -- Kip Fulks and Peter Ruppe will be up on stage to take you beyond that. But beyond me, and what you see happening right now is things that we had last year, what we defined as the year of the woman in 2014 from our Will What I Want campaign. Where you think about this company, where we were a 20% company in women's, today our women's business accounts for nearly 30% of our revenue mix. And in that time, we have added over \$3.5 billion, so growing inside market as well as growing the overall pie.

You'll hear from Kelly Cortina later who will expand on what's happening in our women's business specifically and how we are not happy with just being present in women's, but we still have that aspiration of women's someday being as large and even larger than our men's business.

In 2005, we were not even in the footwear business yet. We hadn't launched or made our first pair of shoes. We were just announcing our intentions the following year to go after football cleats, which everyone laughed and scoffed at. And looking back on it, if you're going to start in a category that's going to take a 240 pound man who can run a 4-4-40, imagine the amount the torque and energy that goes into building that shoe and making it great was probably not as easy as anyone could imagine. And we learned that. But after 10 years of being in the business, we are proud to report nearly 40% market share as the number two player in the space with eyes set on being the number one player in the very near future. Now, I am a young guy, so near future could be several years.

But along the way, we weren't just making football cleats because it was football cleats in 2006, it was baseball cleats in 2007, it was training shoes in 2008, it was running shoes in 2009, it was basketball shoes in 2010 in this evolution of us as a company. And from where we launched and we first told you our first story of the vision that this company had and we made no footwear, in 2015 we will make nearly 30 million pairs of shoes. And you can think what is 30 million pairs of shoes? Compare that to our competition who makes nearly 0.5 billion pairs of shoes. And I can tell you we don't enjoy playing number two to anyone.

So we continue to have our sights set on what we can be and what we can mean as a footwear company. This leaves us plenty of runway to grow. And again, Kip, my original partner, and Pete are going to take you through that in greater detail.

In 2005, we operated in just four countries -- US, Japan, the United Kingdom and Canada, which is a drive. And you think about that, and we called ourselves international doing business in those countries. Today, we are in over 60 countries. Our international business is on fire. With Charlie Maurath at the helm, we grew 96% last year, 83% in just the first half of this year, and we've increased our share to be nearly 12% of our total mix. At our last investor day, it was a goal to get to 12% by the end of 2016, so nearly one year early, we've already eclipsed that original goal.

In 2005 our direct consumer business consisted of just a single US website as I told you across the street. Again, we had those four domestic factory out stores. Today there's 23 stores, a 24th -- or eCommerce stores, the 24th opening tomorrow in Brazil and more than 300 Under Armour owned retail destination partner doors around the world. Jason LaRose, who runs our eCommerce, and Susie McCabe that runs our retail division will be taking you through that just a little bit later today.

So growth, all these things. We talk about -- we talk about terrain. I mentioned that with the admiral. This is a company that specializes in terrain because when you were here just two years ago and you ask about a digital strategy, we are frankly a company that didn't have a digital strategy. We thought we did. Our digital strategy at the time consisted of effectively of a heart rate strap and zero community. In that time since then, we've created this word called Connected Fitness. And beyond it, we've created I think a new industry and coordinating an industry. And Connected Fitness is not a new growth driver for us. And I want to be clear because we think it actually sits above all of our growth drivers. It helps empower and drive all of them. And as we look at that, you imagine from where we were, which was a few people working on eCommerce and a strap, to today more than 440 people in offices from Copenhagen, Austin, and San Francisco to right here in Baltimore. We have more than 300 engineers and app developers in our company today where at the time we had less than a dozen just two years ago. And in doing all these things and buying -- making the three acquisitions between MapMyFitness, which didn't happen until December of 2013, after you'd left, Endomondo, based in Copenhagen, and MyFitnessPal in San Francisco, with the community sizes and plus how they are growing.

The last time we spoke to you, we told you we had 140 million registered users on the app. So when we announced it all the way back I believe in March, we told you we had I think 120 million registered users. Today we are telling you we have over 150 million registered users downloading more than 100,000 of one of our four apps every single day and growing. Scale, scale, scale. The opportunity here remains a bit undefined but we believe this area will be additive across our five growth drivers, and part of what differentiates us as a company. I'm going to expand on this in a few minutes, and Robin Thurston is going to go a little bit deeper with Connected Fitness a bit later.

But today I want to reiterate our growth drivers remain effectively the same. Men's apparel, women's apparel, footwear, international, and direct-to-consumer with the additional bonus of Connected Fitness helping to power all five of them.

So one other good admirals I'm giving a lot of airtime today, and he'll appreciate that. He actually won't, he doesn't like being talked about. But one time in a meeting we were asking him do you think we should go for it or not? And he just sort of looked up, and he said, you know, no one has ever won a horse race by yelling whoa. So we've never done that here at Under Armour either. And it's taken us and we are very proud of 19 years of growth, 19 years of growth that make a chart that looks like that. That's how a growth chart is supposed to look. And we are very, very proud of what that means. It took us five years to get to our first \$5 million, the next five years getting to our first \$300 million. Five years beyond that, to get our first \$1 billion. So 15 years to our first \$1 billion. It took us three years to get our second \$1 billion, one more year to cross our third. And this year we're going to record \$1 billion in revenue in just one quarter. Firmly on track to make good on the last target we gave you at our last investor day of \$4 billion by 2016 delivered almost a full year early.

We've enjoyed 21 consecutive quarters of 20-plus% revenue growth, more than five years of 20-plus% revenue growth quarter in a quarter out, delivering and finding a way and doing it not because we are pushing or pressing, because it's the demand and the app from our consumer. We are one of only two companies in the S&P 500 that can make that claim, and we are very proud of that and what that means. And frankly, we have no expectation of that stopping anytime soon.

And to focus and to continue on this market trajectory, we are going to focus on something we are calling market expansion. Because we think about market expansion in every single category we enter because, within each category, we see infinite space to grow. This is not an acquisition company who is buying other brands because we think we need help of relating to a consumer. We will buy capability when it's appropriate, however.

And we are going to grow by entering new territories and introducing ourselves to new consumers through reinvention of product and through developing a bigger presence, frankly, where we already live. An example of how we are expanding markets is the recent Curry roadshow. It was five cities in five days, which like 33 is easier than 43 doing a stint like that, and coming back from it like on day two, I'm like I'm getting a head cold and feeling the scratchy throat thing, and I'll get into a reason of how I think we can help that going forward.



But launching a product internationally for the first time and taking that Curry too and doing it in Beijing and making this big story with our new launch and our new store and just seeing the power of this brand, opening this new 15,000 square foot brand house on Hua Hailu Road, right in the central shopping district in downtown Shanghai. Watching Steph and seeing the multiple clinics that engage fans, and again I told you about Manila with more than 10,000 people filling an arena and thousands more waiting outside. The reaction we had to this was really overwhelming. And it demonstrated of course Steph is a superstar, but man, it demonstrated the global demand for this brand right now. Is that this is a connected world and people know the Under Armour brand, and they are asking for it everywhere.

With more than 1 million people tuning into the live stream of our final event in Shanghai, watching Steph, generating more than 3 billion impressions on this five-day tour through both traditional and social media, we have again -- let me underscore -- Stephan is a global superstar and he is our athlete and he is our partner. We are committed to building basketball into a \$1 billion business together. And I think we have the tools, we have the products, we have the people and we have the assets to make that happen. This partnership is going to continue to drive our growth in footwear and, frankly, our global reach. I mentioned to you some of the stats across the street, the typical Under Armour wholesale account where about 12% of our mix is footwear. In our own stores in the United States, it's about 20% to 22%, 23%. In Asia in general it's 30% to 35%. And in the Shanghai store we launched, we saw footwear accounting for nearly -- or more than 75% of our sales out of the Shanghai store in the early read. We believe that we are a footwear company for sure.

So I can tell you about these great things, but what makes and fuels them all together is a very important word to us here at Under Armour. That word is culture. To give you some idea of what our culture looks like, let me tell you about some of the demographic makeup of our team. The average age of our team is roughly 30 years old, 73% are Gen Y-ers, which is 18 to 33; 25% Gen X-ers, 34 to 54; and 2% are Baby Boomers. We currently have 11,143 teammates across 16 different countries. That's up 35% from just two years ago, your last visit when we had 8,256 teammates and up 1745% from 2005 when we had just 604 teammates the day we went public.

And it's important that when you get to see the size and scale, that you have things written down as a company. At Under Armour as you walk around here, you will see that everywhere. My white boards are something, which again, is just the themes that drive our company. It's the essence; it's the code; it's the culture; it's the attitude; it's all the things that go into it.

Let me give you four themes that really define our culture here that we require of our teammates. Number one is to act like a global citizen. Number two is to think like an entrepreneur. Number three is to create like an innovator. Number four and probably most importantly, perform like a teammate. You can't emphasize that enough of what it means in growing because, again, A types hire A types, B types hire B types, or C types, and it moves down the line. So finding the right people that fit our mix.

So let's talk about the teammates and the qualities we look for them because we really spent time in off-site with our executive team. We really wanted to pin that down because we realized how important it is when we bring people on our team that they're successful. At the speed at which we are growing, it's critical that they are successful. At Under Armour, we are looking for the type of people who get things as we say done, done, done. You may have heard me say before that -- one of the things on my white board, it says employees get things done, partners get things done done, but owners, owners get things done done done. That's like, hey, did you do it. Did you get things done? Yes, yes, I got it done. Did you get it done done? Yes, I got it done done. Did you get it done done done? Like at Under Armour, it's about every last detail all the way through. And we do get things done done done. So we thought about these characteristic forms. The first characteristic we came up with, number one, as we're bringing people in the team, bringing expert in that are highly confident, functional experts in their field, bringing in pros, people that have done it and that have seen the movie before.

Secondly, it's about maintaining and having really important a global mindset, not being restricted to some local, regional, national, but a real true global mindset in thinking like an operator. A proven capability in hiring and developing others. This is required for a company that grew 32% last year, that we have people that are thinking along those lines and can develop a team because you are an important slot and the fact is, more importantly, there's going to need to be someone to replace your job and you to elevate. And that's the way we think about it every day.

Someone who, as I said earlier about what the brand needs to have, our people need to have a strong point of view and they must be able to anticipate. The map differs from the terrain a lot in life, and you must be ready to deal with that.



An important characteristic to me is intellectual curiosity, wondering why. Is there a better way? We like to say the only thing that will get you fired from Under Armour is someone who says that's the way we've always done it. It's not simply questioning, always looking for the next thing, but always asking, do I have best practices, or can we create what new best practices should look and should feel like?

And finally, the ability to connect across the Company, to be a good partner is so important as you think about it. A great example of a new addition to the team who checks all these boxes for us is Terdema Ussery, who just joined us recently, where he had been the President of the Dallas Mavericks. He will be heading up our new sport category division. Henry will go into a little more detail there to tell you about what we are doing to really get to the heart and soul and really capture our consumer the right way.

As we're moving well beyond startup phase also, what you will see from us is that this is a company that can attract anyone contemplating any company anywhere in the world. With more than 25 corporate offices that we have now to attract talent from every borough, again going where the fish are, places like Portland and New York for both footwear and design talent, Austin and San Francisco, technology hubs. Copenhagen, Munich, Shanghai, Sao Paulo, and so many other destinations that demonstrate our international appeal and our willingness that we are truly a global coming. And as we build these teams, one thing we know is that every great team, we need a great house. And a great house isn't just something that feels good, is it fluffy, that allows us to truly work better. So we intend to build a better house. Brad is going to expand on this a little more later in the day, but I want to tell you what it means to build a world-class brand of attracting world-class talent and our campus must be an important collection of that.

You may read from time to time about my own personal real estate investments. And I want you to know that any dollar that I'm investing outside of Under Armour, my requirement for that investment is that it must have a tangential benefit directly back to Under Armour or to Baltimore. I've made a personal investment in a piece of land in Baltimore to help us build a better house that's going to give us room to grow at the rate we are accustomed to and to attract talent. What you see is the map of Baltimore right here will show in the second where our current campus is, which is up on this side over here, and then this piece of ground that we are growing over here. Our current campus covers about 30 acres roughly. Collectively all in, we have about 20, about 24 total acres that make that up. But it's spread all over the place. We currently have 400 people that are located off-site here in Baltimore, in addition to triangle lots and other things that don't make working here capable, as well as we are in the midst of a neighborhood. It's something that we have to deal with.

So the time has come for us to build a better house, not just a bad ass house which you can count on, but one that is also going to maximize and optimize workflow. And I am bringing the tank with me and we might build a freight train through the center of it also.

But the new campus is going to cover over 50 acres of waterfront property that will redefine Baltimore's front porch as much as anything else, and this is a long-term project. I want everyone to understand what that means. Our first building, though, we have 600 people moving into our first building on this campus beginning in January of 2016. It's going to be a long-term product to emphasize that but it will also include things like innovation labs, sporting fields, fitness centers, manufacturing facilities to help us develop best practices, and public parks and green spaces to engage the local community and help beautify our city.

The past two years, we brought in -- over 380 people have moved to Baltimore because of Under Armour. And their families have come with them. Imagine the impact we're going to have as we continue to develop this working set three years from now, five years from now. It's not only good for Under Armour, but it's good for Baltimore, it's good for our community and we believe it's great investment for our shareholders as well. I am aligned with you as a shareholder, and I understand more importantly than anything that, when Under Armour wins, we all win. And this campus is a win on every front for us.

Another big win for us is what we've done to accomplish since our inception. We've really spent a lot of time working and focusing on this idea of changing the way that athletes dress. Now we are about to change that conversation just like we did before from a sweat soaked cotton T-shirt into a piece of equipment, performance apparel, that actually enhances your performance, pioneering compression, innovating with design and textiles, focusing always on performance. Well, we are now at a point once again where the map and the terrain are beginning to separate a little bit. And we demonstrate that not just changing the way athletes dress, but truly changing the way that athletes live.



We aren't just selling products. We are solving problems. And there's two areas we believe are essential in changing the way that athletes live. The first is innovation because we know one thing, that when we innovate as a company, we will win. And we've done that. Innovation, it is in our DNA. And having this platform for open innovation I'll describe in a second is just as critical. It's not about how many people we have on staff and comparing how big is your R&D department compared to so-and-so's R&D department, because we are not thinking about it that way. Of course we expect to develop and build the next great product from our own teams here, but we are also looking out and we're also seeing and thinking what we can do to leverage the broader community.

There's four ways that we think about enhancing and developing innovation here. The first is something we call idea house. Give us your tired, your poor, you're hungry. If you have an idea, you send it our website. Thousands of submissions come in every single day and these aren't things we just take and then send a nice reply. Every single submission is looked at. We have a team that we are building to be able to deal with this specifically -- is that I want people to know that if I have a great idea, if I am that 23 year old kid who has an idea for a tight-fitting T-shirt, I could go do it myself. But what if I just send it to the experts at Under Armour who can help me? At the very least, we should get a look at it. And then it becomes incumbent on us to make the right decision when that happens.

It's additional things you will hear about, like Future Show which is our annual invitation that we take the top 20 ideas we hear from this and we then invite them in. We hold a tradeshow in our arena which you'll see later this afternoon in the basketball arena. And we set up a tradeshow and let our own teammates vote on what they think are the best ideas. The last six finalists we had, I think we are working with five of those different companies. Again, bringing innovation through a different door.

I also have another thing called Cupid's Cup, which is where it's a local competition that I started at the University of Maryland, my alma mater, to have in our back here that encourages partnership and, again, to let people know about that flow of technology, innovation and understanding from Under Armour because what we want to do is we want to bet on the field.

The final piece is like what does betting on the field mean? Again, it means it's not just picking and saying we don't use outside ideas, not invented here is not good. We want not invented here because, frankly, we think that we do a better job of demonstrating the empathy for how an entrepreneur feels. Is that what they are looking for? They want to know that they are not going to get taken by some big company, and they want to know that we understand, that they can help validate their idea by us improving it. Whether we do it or we don't, they're at least going to get a fair shake.

Kevin Haley, our Executive Vice President of Innovation and one of my longest-standing partners here at Under Armour, is going to take you through that in great detail. And I tell you it's incredibly gripping and exciting.

The second area that's going to play a large role in changing the way that athletes live is what we call Connected Fitness, this term that Under Armour created. You know, a couple of years ago, I went to -- because I think about sporting goods as a whole -- I went to the CES convention, and walking in there I remember being overwhelmed by all these incredible consumer-electronics companies. And I'm looking, and here is Samsung and Sony and LG, and all these incredible companies. And I couldn't help thinking to myself, how much brainpower went into that convention? How many smart people worked at these companies?

And the idea at CES this year, if you remember it, it was not only the flat-panel television but it was taking the flat-panel television, which is probably maybe 9, 10 inches in depth, and reducing it to the super-flat television which was like 5 or 6 inches in depth. And the really innovative companies were focused on like the super, superflat television, which is like 2 to 3 inches in depth. And I'm thinking to myself, every single company just had their own version of the same idea. And I'm thinking, I don't know, what does Sony have? 150,000 engineers? Samsung 200,000 300,000? LG, 50,000, 60,000? And you're looking, company after company, I'm thinking how much wasted brainpower is on this? And you go what if? What if we had these people? Because after the 10,000 engineers working on the idea for the super flat-panel television, is it really helping drive and change that industry?

And then I looked at my own industry, sporting goods. And I'm thinking how many engineers are we hiring every year? Because we are not. It didn't exist in our industry. And I'm wondering what if we had smarter people working our industry? What if I could borrow just 1,000 engineers, put them on buses, drive them to the closest 100,000 square-foot Dick's Sporting Goods, challenge them to get out and in teams of 5 to 15 everybody grab a product and start enhancing and innovating that product. Somebody will grab a fishing rod. Somebody might grab a T-shirt. Somebody might



grab a football helmet. These issues we haven't dealt with in saying what can we do to bring smart people into our industry, to develop engineers? To help us ultimately enrich lives?

We don't expect to be just another sporting goods company where our logo is the thing that differentiates or makes us different or better. We expect for innovation to be infused into every single product that we build. That's what led to the acquisitions of MapMyFitness, MyFitnessPal and Endomondo. It wasn't that we didn't have the right answers at the time when we got into this in our digital strategy. It's that we weren't asking the right questions. Bringing Robin on board in December of 2013 helped us articulate that question.

As I said earlier before our last investor day, digital fitness, again, a strap in the community, meant virtually nothing. Today, standing with the largest digital health and fitness community in the history of mankind with more than 150 million users and growing more than 100,000 every single day, we are incredibly confident about what that is going to help do for us.

We are the largest database of food ever recorded. All 195 countries listed in the world have someone contributing what they ate that day. This year alone, we had more than 200 -- we've recorded 6 billion articles of food have been logged just year-to-date into our apps and more than 1.3 billion workouts, 208 million of which were runs. So do you think we know anything about the running consumer? You think we need to hold a panel discussion to ask them how they feel? We know exactly how far they go, what they do, and they are even telling us 600,000 to 700,000 of them in our gear tracker are telling us what shoe they are wearing and when the shoe breaks down. What we can do with these insights are extraordinary.

So let me take you through a personal example and let me introduce you to Sophia and Darian. Sophia is a 28-year-old finishing up her residency at Johns Hopkins. She lives here in Baltimore. She works 24-hour long shifts in a hospital and spends her free time studying or staying healthy, and getting exercise is difficult for her. Darian is 34, owns his own IT consultancy which makes him a road warrior. So eating right on the road is a challenge, and so he is getting any kind of routine for working out. As you're going to see in this short film on Under Armour Record, it's not just for teams or lead athletes. Under Armour Record will be the way to change people's lives and effectively help enrich them. Let's take a look.

(video playing)

So let's talk about the Connected Life for a second. This is the idea and vision that we have, to synchronize your life, which you will hear Robin talk about in just a few minutes after Kevin, is this belief that we have that every product that we buy eventually is going to have a chip in it. If we have 1 billion connected things in 2010, the estimate is, by 2020 or 2025, somewhere between 25 billion to 50 billion connected things. What are we doing with all this information? We expect to be the destination. We expect to be the ones that synthesize that information. And where it's going to live, it will live on Under Armour Record.

So introducing UA Record 2.0. How many of you know how many days last year you got sick? And if it's zero, I got you. Right? And you know it was those two days. Do you remember when? Do you remember why? Do you remember what happened?

But imagine if -- let me take you through a day in the life, and let's just look at Sophia for a second. So she is a doctor, so she doesn't get a lot of sleep. She only slept 4.5 hours last night. And there's really five pieces of hard information that we expect to have, plus one is subjective, which is simply how do you feel. If we know how much she slept, if we know whether she exercised or not and if so what she did and how many calories were burned, if we know how active she was, meaning what steps that she took, if we know the calories that were consumed for her that day, and can you imagine as we look to track this during the week.

And there's two other piece of data, one where we look and say her weight, which is where if we can convince her just wear a wearable device and step on a scale in the morning and then tell us if you can wear a heart rate strap when you exercise, the picture we could have for you and your doctor is so much farther than walking into a doctor's office. And when they take your blood pressure, they weigh you and the doctor pulls out a manila envelope and says, so how are you feeling? And you're looking and saying that's the best data picture you can provide me? My most important asset in life -- imagine if I could walk in and I could give them these, how much have I been sleeping, laying this month over last month. How have I been feeling? Which is the idea, if I want my weight, and again, if Sophia wants to show you in your phone but she doesn't want to see it, if she touches on this, it will show her weight for her and then when I remove my hand, it will go back.

And you look and the last thing is a subjective, how do you feel? Imagine having the ability where you can just look back and go how did you feel five days ago? If you rated yourself every day one to 10 and on days where you were sick, you rated yourself like a six, or five or less. And imagine if you could track and say how many days last month did I rate myself a nine or a 10? And if so, what are the things that I did to make myself feel that way? How much did I average sleeping? What was I eating? Was I active? Did I work out? And how much was I weighing and how did it affect weight? But having data, having critical data, about ourselves, imagine what you do about your own portfolios and you care none of this about your most important asset.

So let's start where we are. We believe this is a vision of where we can go someday. And again, this isn't being broadcast out, so this is internal eyes only. But imagine what this can mean and where Under Armour Record can be important of where we take and we truly analyze these six pieces of data, sleep, exercise, activity, nutrition, weight, and ultimately how do you feel.

So how will this work with the Notre Dame football team? Opening weekend, they started out and they had a 31-3 victory over the University of Texas. When they play Southern Cal, wouldn't they want to look back and say what did we do that week? How active were our players? Did they exercise? How much sleep did they have? And how do we replicate that exact instance for the Notre Dame football team? We will of course start there at the pentacle with the top athlete.

But just as importantly, we see this playing a role in people's lives. If Sophia decides to go for a run to Chicago, imagine how then of course what this will do for us, where Connected Fitness prior to our strategy, prior to Connected Fitness was people that would just go and shop for us?

One of the things that Amazon claims is 40% of their sales are actually directly connected to what they call their recommendation engine. And their recommendation engine is simply limited to people's purchasing habits. We not only know what people buy, but we also then understand how much they sleep, whether the exercise or not, and what they do if they do, how active they are and what they eat, and, frankly, how they feel. The reason we work on this is because we believe that with better information, it will help us make better business decisions that will inform us about our athletes to build better products that are more on time with them and ultimately, most importantly, enriching people's lives. This type of engagement is something that of course will drive loyalty and sales, but we also have a very big belief in what this is going to mean for us as we continue to unite our systems. Later in the day, you will hear from Paul Fipps, our CIO, who will talk about the security that we will have around this program, as well as what we're going to do to synthesize this information into what we're going to call a single view of our consumer.

So as a brand, we do lots of great things, signing athletes, signing teams, developing apps and more. But when we look at our white boards, going back to what my white boards are, these are lots of cool things, there's one cool place and one sign that always rings true. My white boards are written in all these different colors of ink. There's one thing written in red ink on my white board. And it simply says, don't forget to sell shirts and shoes. Widen the lens without losing focus. And we will never forget our core and where we come from because while we may be evolving into a global technology company with the aspirations of being the greatest company in the world, which is what we are doing here, none of it would have been possible if it weren't for a single T-shirt. And we recognize that, is that everything is about one step in front of the other. So we can keep this other play out there, but we will never forget to sell shirts and shoes.

When we think about that, think about some of our great athletes. Jordan Spieth, when asked post the Masters, why did he sign with Under Armour? The answer that was given back from him, that he gave said you know, all these companies, why did you go with Under Armour? What made them work? And first of all, he said, number one, I'm an athlete. And then he said you know what? He said they are a company that actually fit my game. And he used the words, and he said I am aggressive, I am young and I am fearless. And I think Under Armour shares that mentality with me. And you know what? He is absolutely right because what does being aggressive, young and fearless really mean? It's the mentality of our team and our stable of athletes. It's been a winning combination delivering immense brand heat, especially in the last year. 2015 is not over yet, but it's really clear that this is the year of the champion. You see some of the great champions we've had this past year from Tom Brady winning the fourth Super Bowl, to Carey Price and his NHL MVP, Lauren Holiday, Kelly O'Hara with the Women's World Cup, Misty Copeland, the trailblazer, the first African American female to be named a principal dancer at the American Ballet Theater, and a couple of time magazine's 100 Most Influential People on the planet. Stephen Curry, the NBA champion and NBA's MVP and three point winner contest. Jordan Spieth winning two of the four major championships this year. Not to mention people like Clayton Kershaw, and as I mentioned, Memphis Depay over at the wall earlier. Our new Striker for Man U, who again scored once again yesterday. And this list goes on and on. Being aggressive, young and fearless has helped us truly in becoming this growth company.



So when I say being a growth company, what does that mean? Like let's get to it. And I'm going to let my team talk in a minute. We are a growth company. But with growth comes the need to invest. This is a transcendent moment for our brand --- is that people view us very big. We are a \$3 billion company in 2014, approaching a \$4 billion company in 2015, and I think people see us much, much larger than that.

As we said earlier, when we innovate, we win. And our track record of investment has proven that where we have invested in the past, we have also won. This momentum provides us with great opportunity, opportunity that we expect to seize now because we believe that taking advantage of this opportunity is going to create greater brand equity that helps lengthen the runway of growth you will find from this company. So now is the time for us to invest in our future. And I know you've probably been waiting for a number, what does it mean? What's the next peg we are going to put out there? So I want to make it really simple for you as you have some context for the rest of the day.

At Under Armour, we like to say that is important that we define victory before we start anything. And our definition of victory as we look out into 2018, the next investor goal that we will give you is that we believe that we will be \$7.5 billion company by 2018. And I want to be clear of one thing. This is not our finish line. This is simply a moment in time for our brand and we're going to earn it as we have the last 10 years, the last 20 years, frankly, and we expect to take it.

So let me put this day in context. I told you I would tell you who we are. We are a growth company led by five growth drivers that remain effectively the same over the past 10 years. Where are we going? We are widening the lens. We are changing from the way athletes address to changing the way that athletes live, be a comprehensive brand for them.

How do we expect to succeed? Through culture, leadership and investing in our brand. As I said earlier, we expect to hit the \$4 billion target from a prior investor day nearly a year ahead of schedule. And we will hit that new target of \$7.5 billion by 2018.

Throughout the day, you're going to hear from our leadership team of how success is changing how our business looks, and more importantly, you're going to hear about the decisions about when, where and how much we invest, which has been and will continue to be critical for our long-term success as a brand.

And, as I said earlier, we are a growth company. This unique moment in time with our brand requires us to invest more to support our accelerated growth. The demand for our brand has never been stronger and in order to meet that demand, our need for investment has never been more evident, as my team will lay out in detail throughout the course of the day. What that means to us is that we are targeting our operating income dollars to nearly double from the high-end range of our 2015 guidance of operating income to \$800 million by 2018.

Our job is to deliver both near and long-term value while simultaneously investing in our growth. So the continued investments we will make the next few years give us the confidence in our ability to sustain our topline growth expectations through 2018 and beyond. And we feel that this, frankly, protecting and driving this growth, is more important than focusing on minor short-term operating margin improvements in the short term.

The \$7.5 billion revenue target by 2018 is the next milestone in our path to becoming a great global brand. We are thinking bigger, which will require investing in capability and capacities like merchandising, sport category management, technology and talent, to ensure our runway for growth expands and widens for many years to come beyond even the \$7.5 billion brand. That is not our end goal, is one number.

We are as a company truly just getting started. And I want to thank all of you for coming and joining us here today in Baltimore.

And one thing I want to assure you is that, with certainty, the map and the terrain are inevitably not going to match over the next 10 years as we think about it. We will probably find ourselves in positions like this. But as you listen to our management team, you see the strength in our vision, our culture, our team, our resolve, and our commitment, I think what you will find is that this is a team that is capable of finding the best route just as we have done over the past 10 years. And with that, I'll turn my comments over and leave it to Kevin Haley to take you through our foundation, which is innovation. Thank you all very much.



Kevin Haley - Under Armour, Inc. - EVP, Innovation

Innovation. Here at Under Armour, it's just not a buzzword. It's more than that. It's our DNA. It's who we are. It's both our heritage, it's what's got us here, and it's our future. It's where we are going. It's the way that we are building the brand and the business globally.

My job as leader of innovation is to do one thing. It is to fulfill Kevin's request to make product as great as our brand, and specifically to do that in a way that is just a little bit different. By partnering with people on the outside, partnering with people like Dow, who brought us Charged Foam; partnering with the inventors we talked about who bring us ideas to Idea House and Future Show; partnering with the federally funded research and development groups that surround us on the Baltimore-Washington corridor; and bringing them here to Under Armour and combining them with the world-class talent that we are attracting in droves so that those world-class engineers can then commercialize the technologies that are brought to us by our outside partners and bring them to the consumer as quickly as humanly possible. It's an approach that brings us speed and scale we couldn't otherwise have. And ultimately, we are successful with this approach because we are a brand.

We are not just a brand, we are challenger brand. And being a challenger brand, people want to be part of us.

We are also a contrarian brand. We do things a little bit differently. We zig when people expect us to zag. That's part of the secret of our success. When you look at what we've done for 19 years, we have defied convention. We have defied the odds. We have defied the experts. And we have succeeded because of it.

So a quick history, others built their brands on footwear. We built our brand on apparel. And as you see, that's important. We think it provides leverage for the future and innovation.

The world was loose-fit. It was cargo pants and parachute pants, and we came out with tightfitting compression apparel. It was a sea of \$5 cotton basics, and we brought to the floor at retail a \$50 ColdGear mock turtleneck that provided the funding to build the brand and the business over time.

The world was bricks and mortar, we had 1-888-4Armour, our 1-800 number, on the back of our shirt and the locker tag for the world to see.

The rest of the world was running ads that were very sort of polished and light and airy. And Under Armour came out with ads that were dark and gritty and intense and it set us apart.

The others, they feature the advantaged. We featured the underdog, something people could relate to. And more importantly, they featured the advantaged at the end of the road celebrating victory. We celebrated the road, the sacrifice, the blood, the sweat, the tears that it takes to get you there. From Protect This House all the way through to Rule Yourself Today, it's always been about the journey for Under Armour. The list goes on and it includes products, \$60 sports bras while the world was at \$15. Hi-top speed cleats, the Highlight boot, when the world was going lower and lower. We made shoes in a bra factory because it enabled us to do things that had never been done before -- find a level of fit and comfort that was unmatched and unobtainable in traditional footwear manufacturing facilities.

And then finally, the world copied our dark, intense, gritty advertising with football players. So we partnered with a ballerina who inspired the world just the same and continued to grow the brand even as we elasticized the brand. So we've had success doing things a little bit differently.

And now we have come to our latest zag. You know it as Connected Fitness. Why? Because that's the name that Kevin chose for it. But it was wearables before. It was sensors. It was people sort of doing things a little differently. They were going after early-stage seasoned investments in startup companies. We are looking at gadgets. Under Armour went big and bold. And we scoured the world, and we found the three best, the three best companies who were doing it differently. Not about the gadget, but about the experience, and making an experience so relevant for the consumer that they built a community that's now grown to 150 million people, which for me is huge because my job ultimately is to take those 150 million people and make them say wow, that's my job. Every time they put on an Under Armour shoe, and Under Armour shirt, just make them say wow. And they are self-selected to care about their bodies, their fitness, their health. They are uniquely positioned to want to be a part of the brand.

As we move on to what we're doing in innovation, and I'm going to take you through four different platforms that we are launching in 2016, I just want you to keep in the back of your mind the same way that we did things a little differently in building the brand, we zig when people expect us to zag, we do things a little bit differently in our approach to Connected Fitness. We do things a little bit differently when it comes to innovation as well. And just think of it as embracing who we are. So we embrace our heritage as a company built on performance apparel. And as you see, I think you'll find in some of these technologies that I'm going to show you, it provides us real leverage and an advantage.

The other thing we embrace is this open platform that Kevin talked about, partnering with the Dow, the Lubrizol, the Fortune 500 companies as well as the inventors and the federally funded dollars that are flowing to our area to bring in the technologies from the outside to give us speed, to give us scale.

And then finally we embrace the science. And not science for science sake, but avoiding the trap of just sort of marketing innovation by creating real innovation that you can feel and you can measure which then gives the marketers incredible ammunition to tell their story.

So without further ado, 2016, a glimpse into the future. First, on the footwear side, SpeedForm Slingshot, a perfect example of taking our roots in apparel, in specifically knits and yarns, and bringing them to the consumer with a product better than anything that's been done before. SpeedForm 4.0 is the way I want you to think about this product. So we did SpeedForm three-dimensional molding shoes in a bra factory to give you precision fit. Now we can do it in a knit process. It's the first time ever where a shoe comes off a knit machine with that three-dimensional molded seamless heel cup that we call SpeedForm that provides you this amazing fit and feel. Every yarn in the shoe is custom engineered. And we've got the yarn experts to do it, both inside and outside. I'm not going to take you through every yarn because Peter Ruppe is going to take you through this shoe in more detail. But rest assured that from heel strike to toe off, this shoe is designed down to every yarn to slingshot you forward and provide you with a performance advantage.

I'm just going to touch on one yarn. It's the little white yarn you see here in the four-foot. It's called Dyneema. It's unbelievable, 15 times stronger than steel of the same weight yet so light that it floats. So you get this incredible abrasion resistance. It's so strong you actually can't cut it with scissors or a knife. It has to be cut with a laser. So no worry about your toenail poking through the front of your shoe. But yet it's still soft and supple and comfortable, everything we want in a shoe. And then finally, as if that's not enough, it's highly conductive, so highly conductive that it actually provides a cooling benefit to your foot. So as your foot gets warm, it serves as a heat sink, think of it as air-conditioning for your foot. We marry that with a Charged Foam bottom again brought us by Dow, unbelievable step in comfort, super soft but then unmatched energy return as well, a non-Newtonian response we call it.

Here's the thing. SpeedForm Slingshot does everything that we want in an innovation because it's a premium product with a premium price point, and yet it doesn't just build the brand by being premium. It also builds the business. And the buyers have seen it and they love it.

On the apparel side, again, capitalizing on our experience in yarns, knits, we developed something called MicroThread. This is part of building that talent engine that Kevin talked about. We hired a guy named Randy Harward from Patagonia. He's done some of the most amazing textile ever invented, including ColdGear, which we turned into a basis for our business, an engine for our business. But when it came to Under Armour he got something that he'd never had before. He got scale. He got the ability to walk into the room of the world's most technical yarn supplier and say, here's the deal. If you can make this yarn, I can commit to buying this much of it. And what he was able to do was effectively replace the rubber that's currently used to add stretch to most compression or performance apparel.

People love stretch. But along with stretch comes the elastic that provides the stretch, and the elastic in and of itself is heavy. It doesn't breathe. It doesn't wick moisture, and it doesn't really last, the first thing in a garment to wear out. So we've done a great job of engineering around that in products to date, but here we can design from the ground up by component yarn, which is what you see on the left in cross section, at the molecular level. Literally it's drawn through one half of the yarn a different crystalline stage than the other half of the yarn. Why am I telling you that? Because it allows the yarn to turn into a cold spring. Basically, it takes a yarn that has no stretch and gives it the mechanical stretch of a coiled spring. So what that means is no more rubber in your shirt. What that means is performance. We love that 5% better performance. We're looking at 30% faster dry times, 30% less weight, but the ultimate benefit, the one that's truly astonishing is because we are taking all that out of the garment, we are looking at 70% improvements in breathability. This is stuff you can really feel when you put the garment on. We can do it across synthetics, naturals.



We can blend it. We can add it to all sorts of different things. So across end uses, across categories, the science supports it. But what I love personally is the anecdotal response.

So this is the guy who is wearing it in August and says you know, I just go for a run every morning and every morning I get out of the shower and I'm still sweating. But when I wear this shirt, I get out of the shower, I'm not sweating anymore. Or it's August, it's hot, it's humid, the Baltimore-Washington area, and so you just leave the air-conditioning on in the car for the entire month. And people are coming back to us and saying, you know, when I wear this shirt, I wear the golf shirt, I have to turn the air-conditioning off in the morning. So it's something that you can feel, and the best part about it is, because we are working with a partner who brings scale, we can bring it to all these different categories and end uses over time and not add one penny to the cost of the garment even as we add all of this performance.

So Coolswitch, another apparel technology. We are approaching this one a little differently. This is about adding performance to a garment through a print. We've done it before. It was called ColdGear Infrared. In ColdGear Infrared, we were inspired by the way ceramics were used to manage heat in space travel. And we coated the inside of a garment with a ceramic print which did something amazing. It basically caught the heat that was being emitted off the body and held it to keep you warmer longer. But the best part about it was the success at retail, a huge commercial success, \$100 million in year one at wholesale. But far from a one and done, we've build on the platform, and it's now a \$200 million platform in year three and it continues to grow.

So now we approach hot weather and managing heat. And Coolswitch does it by using three ingredients in a print that have never been used before. And they provide cooling in different ways which you can see in the graph. So the first way, the first ingredient, is highly conductive. As soon as you put it on, it feels a little cooler. The whole time you're wearing it, it keeps you a little bit cooler. And that's the separation you see between the blue and the red lines here.

To be clear, blue line, red line, two identical textiles, the exact same textiles on the exact same wearer, two different identical workouts. The only difference is that the blue line represents the skin surface temperature when the shirt has the print with the three components on it.

So as the wearer warms up, and this is at about the 15-minute mark here, you can see the gap widen. And the gap widens because the second ingredient is temperature sensitive. So as the person heats up, they trigger that second ingredient. It's like someone threw a switch and the cooling kicks in to a greater degree.

And then finally, if you are late in the golf match, the sun is coming up, you are well into a run and you start to sweat, a third ingredient kicks in. It's a moisture activated ingredient that cools you further, and the best part about it is it lowers the temperature of the garment enough to reset that temperature sensitive or temperature-activated ingredient so you get further cooling down the road. We look at this and we take the same approach that we took with ColdGear Infrared. We want to build a platform. We think it can exist across lots of different end uses. I was definitely looking for a V-neck version this morning, and it's coming in 2016. The bottom line is we think we can make it huge and grow across categories.

The final technology I want to tell you about is SpeedForm AMP. If you look at the animation, what you'll see on SpeedForm AMP is we've taken the SpeedForm construction to give you that precision fit, we've married it with charged cushioning, amazing step in comfort, unmatched energy return, but we are doing it in a different way. What you will see here in red is what the SpeedForm technology allows us to do around your midfoot.

And what you need to understand here is that most shoes are made with what's called a lasting board Strobel board. And they are flat and they are hard and they are stiff. They don't really add anything to the performance of a shoe. They just invested in the manufacturing process.

So we hired a guy named Steve McDonald who designed more million-unit pairs of shoes than anyone in the industry. And he looked at SpeedForm and he said wait a minute. You guys got rid of the lasting board. You got rid of the Strobel board. I can pull the shoe up away from the midsole and give you a custom fit to the shape of your foot. Because the truth is when you have a lasting board or a Strobel board, to get away from that flat, hard feel you, you cover it with a sock liner. And a sock liner is just a best guess at the height, the length, the width of your arch.

AMP is intended to amplify your performance by exactly matching the contours of your foot -- the height, the width, the shape, the length of your arch, which the (inaudible) tell us is incredibly important to providing the appropriate receptive benefit that gives you the proper kinetic change

through the knees, the hips and the lower back. So it's starting in training, because that's our heritage, that's where we started, covering the journey of the athlete, but ultimately has legs to move into other categories over time.

The final slide, Project Glory. With Project Glory, we've clearly saved the best for last. This feels like one of those opportunities that just -- it comes along once in a lifetime. And as usual, because we zig when people expect us to zag, Under Armour is uniquely positioned to take advantage of this opportunity.

To understand it, you have to understand just a little bit about the context. And the context is that if you walk into a modern manufacturing facility today, it doesn't feel very modern. It feels antiquated. 150 to 200 people touch every shoe as it moves down the production line. So it feels less modern and more like a Ford Model T production line combined with a Middle Ages cobbler's bench. But the opportunity exists right now, today, not in the future, to do it better, and to do it using some of the enabling technologies that we have come up with, like SpeedForm, because 70% of that labor, 70% of those people touching that shoe, those 150 to 200 people, are dealing with the upper. 70% of the labor is in the upper. SpeedForm is already quadrupling productivity in the upper manufacturing process with a ton more roadway in front of us to improve.

Meanwhile, there's already technology out there, semi automated and automated, for marrying the upper to the midsole of a shoe. It just hasn't been brought to the consumer yet.

And so ultimately our vision is local for local. That's where this goes. It enables us to make great product, product as great as our brand, and to do it globally. Made in the US for the US market. Made in Brazil for the Brazilian market. And so that's where we are going over time -- ultimately continuing to make those 150 million people say wow.

So before turning the stage over to Robin Thurston, who's going to tell you more about those 150 million people, I want to provide you with just a glimpse of what the future holds. And that glimpse is a video about something we call our lighthouse. The lighthouse is the physical manifestation of Project Glory. It's that space, that place that we need that doesn't exist today, to bring the technologies and the people together, to partner with our factory partners and to make the local for local vision come to life here in Baltimore starting in 2016.

So ladies and gentlemen, thank you very much for your time and enjoy your glimpse of the future, the Lighthouse.

(video playing)

Robin Thurston - Under Armour, Inc. - Chief Digital Officer

Good morning, good morning, good morning. How are you? Doing well? How many people did the work out? Raise your hands. Fun, huh?

My name is Robin Thurston. I'm the Chief Digital Officer here at Under Armour, and I'm going to tell you a little bit about how we got here, Connected Fitness, where we are today and where we are going.

If there's one thing I learned from Kevin Plank over the last two years after the acquisition of MapMyFitness is that brands inspire. They innovate and they evolve.

So the brand mission, make all athletes better. Connected Fitness is a natural extension here. How can you make all athletes better if you are not measuring what they are doing?

We have simply two goals in Connected Fitness. The first is create the most amazing digital experiences for the consumer and have and create that daily relationship with them; and secondarily, drive growth not only for the core Connected Fitness business, but also for the broader Under Armour business, the shirts and shoes business. How do we grow that?

So how did we get here? I'll give you a little history. So we made a big bet on community. You all know that. You know the investment that we made. There were really three leaders here. So I'm the cofounder of MapMyFitness, now Chief Digital Officer. Mette Lykke at Endomondo who we

purchased in Copenhagen, she has now grown into a role of running and sort of thinking about the MapMyFitness audience and the Endo audience that had similar functionality coming together and leading our international strategy out of Copenhagen around digital. And then Mike Lee, the founder of MyFitnessPal in San Francisco, not only building out the capabilities there in that office, but thinking about our whole product portfolio in North America.

Kevin, Kevin Haley have already announced a number -- and we launched this product called Record, but today we have combined bringing these together over 150 million registered unique users on the platform. That's over 100,000 new people a day in 2015, and that growth we are seeing continue.

Probably one of my biggest concerns originally coming into a bigger company was what's going to happen to the communities? And we are seeing them thrive. And scale matters to build a community, bringing this together. Scale is a big part of it to win in this category.

So if I just sort of take this out a little bit, and you think about the growth that we are having now, if we continue at the growth rates we are having today, over 30%, by 2018, that means there will be 385 million people on the platform, by 2020 almost 650 million. Even if that slows down to 20%, we will have over 300 million by 2018 and 435 million by 2020. We think there's 1 billion people or more on the planet who potentially want to track and understand their health in this way as this market expands.

We have created the world's largest health and fitness community. As Kevin said before, the challenge that Under Armour had prior to the MapMyFitness acquisition was it wasn't that UA didn't know the answers to the questions about digital. They simply didn't know the right questions to ask. So Kevin went out and look for a group of people, happened to be MapMyFitness, and I'll tell a little more about that story -- in that we helped formulate that question about was it community or was it hardware that we should go after? And obviously we made a big bet on community, pulling these communities together. And I'll talk about how the architecture is coming together.

But what do we see behind me? These are all of the workouts so far in 2015. So there's two things you'll see here. It's at scale and it's global. And in many cases, the first handshake we have with a customer now in some countries will be through digital years potentially before they buy a product from us, a physical product. Big scale.

So what does this look like and how does it support the growth pillars that Kevin talked about earlier? 63% of everyone on the platform is female, 42% international, 71% under the age of 40. So clearly aligned with the areas that we want to grow into. But I think, more importantly, it expands our definition of what an athlete is and gives us access to a totally new audience to have a conversation with.

So consumers are increasing -- you all know this -- on digital in a way that just is unprecedented. It gives brands the opportunity to have a connection that maybe they couldn't have before through apps and other components of the digital ecosystem.

Topline is important. So looking at the 150 million is important. We are watching those numbers. But more importantly to us is retention. So there are some key metrics that we are using internally, and building that best customer experience in digital is absolutely critical to retaining this group of customers and growing it over time.

If you think about the Super Bowl as an example, just in terms of scale, there's about 115 million people that watch the Super Bowl every year. We have 150 million people we can have that conversation with. 60 million of those -- this is the average active user base over the course of 2015 month by month, and we will be reporting this number on a quarterly basis to you at earnings. 60 million people every month are on the platform and engaging. And we believe we can continue growing that number obviously as the topline number grows as well.

But we look at a couple other components. So, foods as an example. Kevin mentioned 6 billion foods logged in the system since the beginning of the year. It is the largest food database in the history of mankind and growing at exponential scale, especially as we add new functionality like restaurant, menus, things that are going to be on that platform to continue that engagement.

The other thing that we know with certainty is that there is 100% correlation between how much people work out and how much gear they buy. So we are looking at workouts very closely as a metric for that engagement level. 1.3 billion workouts year-to-date and growing.



So how did we get here? I'm going to give you a brief history. You know, athletes have always been tracking. I was a professional cyclist when I was younger, started tracking everything in a journal when I was eight years old -- how far I rode where I rode, what I ate, my weight, everything in a journal. So it's not like athletes weren't doing these things.

But the move to the cloud or to servers and pulling that data online really started to happen in 2005. So you almost had a 15-year stretch when you almost went journals to spreadsheets, then online. 2005 you start to see a proliferation of this.

Fitness tracking apps, when the iPhone first launched, we had two of the first 200 iPhone apps in the market with MapMyRun and MapMyRide. It didn't take off immediately. Fitness tracking apps really were a couple of years after that. At that same time, Under Armour was working on the E39 shirt for the NFL combine, essentially a heart rate monitor built into a shirt that had been developed into a heart rate strap that had a proprietary metric on it called Will Power that we still sell today.

I want to tell you a little bit about this video here. It's a good story. So future girls playing up here. And Kevin and I met for the first time in the summer of 2013, and we got together in New York, showing you this video, and he says, hey, I made this video for you. And I was like, wow. That's cool. And it was soon after that that we decided to kind of bring the companies together because the vision was there. The vision was already in the video for where directionally the category was going. So the acquisition of MapMyFitness happens. We realize that Under Armour has a lot of assets and many athletes, etc., as well as functionality that we were missing on the MapMyFitness platform in areas. So we put together the strategy not only to launch Under Armour Record, but as well as acquire Endomondo and MyFitnessPal to complete this picture.

Next year, there will be more devices coming on the platform, more partnerships that we'll be announcing. We see hardware and the proliferation of sensors happening not only potentially here but in the ecosystem as a whole. And we have openly said that the future here in five to 10 years is that every product we make likely will be smart in one way or another. So you have to have a place for all of that to come to.

So what does our team look like? I will tell you I am just super-excited about the team we have put together not only with the founders that I mentioned before, and they are here to build this vision with me, and Kevin and the team, but the rest of the group that we brought in and were able to get to come work here at Under Armour with us is exceptional. We have over 440 extremely smart tech-savvy folks. Over 300 of those are in engineering product and design to win consumer experience, because that's so critical.

App developers and engineers, they are not typical in this industry, for sure. And that's why I truly believe clearly we are an innovation company. You can see that with all the stuff that Kevin Haley just talked about. But we are a tech company. A lot going on here.

So what are we trying to build and why? This opportunity that brands have today to create these connections, you see it everywhere happening, trying to make it here in there. But we feel like in the health and fitness space, we have an opportunity to create this 24/7 365 day relationship through understanding sleep, eating habits, how you're working out, content that you might read, and how you're shopping both in-store and online happens and bringing that together into a cohesive experience to enrich your life.

So we have four primary goals. And it's a big deal for us to give back to the athlete. I feel like there's a massive opportunity, not only through the products we create but the digital experiences that we can create. This holistic picture, we are focused on four things: so how much you sleep; your daily activity; fitness, both on-field, off-field, in the gym, outdoors and all the experiences around that; and of course nutrition. And bringing that picture together to allow us to provide these rich insights back to the customer.

So where are we right now? So we launched Record at CES last year, this current version. You can download it in the store. I think it's the top five app today in the health and fitness store. But we were still missing some parts and wanted to talk to and understand what the consumer needed.

So we have big upgrade to the interface that Kevin talked about, showed you this earlier today. The four components are critical but the one thing we heard from customers is upfront they want to set up their goals to really pull this picture together. So as you register, you will be essentially able to put in those specific goals around sleep, daily activity, fitness and nutrition, the weight component that Kevin talked about, and the subjective. How do you feel? And how is that potentially affecting your performance?



We also felt that there were two areas in the social and challenges that had to be part of the product. How many people participate in the challenge -- the Steps challenge over the last couple weeks?

So what is a challenge? A challenge is potentially it's a step challenge versus your friends or your family, or it's a workout challenge for the month, or how far you might want to ride your bike against other people in the community. Those challenges, we know the people that participate in them do 2.5 times as much activity on the platform than someone that doesn't. So social is a key part of the engagement layer for us to win and create these areas.

So what do we ultimately want to do? We clearly want to equip the community. We want to get them shirts, shoes, accessories, want to build this experience through apps, wearables and sensors. We believe that ultimately you might not just have one device you are wearing, but you might have many, many sensors all over. We will then obviously track that information, put it into a central database, user profile, location, activity, fitness, sleep, nutrition, but most importantly the cycle.

So I started MapMyFitness in 2006, and I will tell you that the first 10 years of the cycle was largely about data collection. It was just about making it easy to get data in this system. The next 10 years are going to be all about the insights, so being able to provide deep insights, recommendations, real-time information, training plans, content.

And then last, the big opportunity we have with brand to inspire people to come back to the platform more often our athletes, our trainers, obviously your friends, your family, the community as a whole that's within these four applications. This will create brand loyalty.

So what is a platform? Building a platform, our view, to sit -- to build these applications on top and our partners, it's 100% agnostic. It has to work with all partners. It gives users universal access to their data in one place. What does it mean from a company perspective? What does it mean from a user perspective?

So today, when you log onto MyFitnessPal or Record, you don't use the same sign-on yet. Those pieces we're bringing together. A single sign-on not only between our existing applications, including eCommerce, so bringing all of those together, a single data warehouse and an open architecture that third parties can develop to, whether those are other applications, whether those are advertisers that are on the platform, connected devices, and in the long run, our own shirts and shoes business.

So, today, we have over 200 partners and 6 million users connected through our open platform that are driving data and creating conductivity. So let me give you an example. Let's say that you are a Humana vitality member and your points and rewards for your corporate wellness, and maybe you shop at Walgreens. And you want to get credit for the fitness activities that you do on our platform. Our open technology allows Walgreens and Vitality to give the user if they want to give access data to go to those portals, but only if the user allows it. They have to authenticate it. They have to allow it. But it gives them access to take their data and get credit for those things. Over 200 partners today and growing.

Connected Fitness, the overall device platform, data is a big deal here, making it seamless for the user to connect all these devices. So some of you might use a garment on the weekend for run, you might use a Fitbit during the week. You might use another device for swimming, something like that. But you need a place where all of that can go. Our platform connects all of those tools.

So 50 partners today, over 400 devices, 12 million users on our platform have connected those devices in. And it's helping fuel the growth of this ecosystem. This year, one out of eight people that buy a fitness device will be synced on our platform. So they will have synced it back through the open platform to our environment.

And advertisers. We have a lot of partners that still advertise on our open platform. And it's important here. I'll give two examples. There's hundreds of partners, but if you think about BMW just finished a major fitness challenge on our platform driving thousands and thousands of users back into the platform from their ecosystem to promote the brand within the ecosystem leveraging fitness.

Sports Authority, a big partner, they just launch a major campaign that you'll hear later today from Matt Mirchin talk about. An, Also driving their points and rewards systems similar to, say, a Walgreens, etc., using that open platform.



But in the long run, if you think about today that we make 280 million essentially shirts, shoes, accessories in a year, and if we believe they are all going to be connected five or 10 years from now, it could be more than 1 billion units, they all have to connect somewhere. It's our platform that's going to allow us to do that. It's the single platform we are building that comes from all the companies that we pull together that allows us to do that.

Ultimately, what is this? It is a massive consumer insight engine. Netflix, Amazon certainly leading here. Personalized shopping, personalized movies and film leading here. And later today, you're going to hear from Henry, Matt, Jason, Kip about how we are leveraging the data into other areas of our business to essentially personalize the experience.

I have often been quoted internally as saying every sports record in history will be broken in the next 10 years for one simple reason, this hyper-personalized experience around the data. Nutrition, hydration, fitness, the gear itself. It's going to change activity in general, not just high-level sports in the NFL but everything, yoga classes. Everything will be changed because of this hyper-personalized experience. And we're going to create content, communications, experiences, recommendations, and product that we deliver to the customer.

So what does this look like from a holistic perspective? Kevin talked about Sophia. Historically on Sophia, we didn't really know that much. We knew what shoe size she had, what her shirt size was and maybe the closest store she shopped in, but we didn't really know that much. Now we have the ability to truly have a deeper relationship and understand the needs better, so weight, BMI, heart rate, all those things.

But importantly, if you look at an activity, exercise, nutrition and sleep, and we start to pair those things together. So if you take an example of we know how much Sophia might sleep over time. We know how much maybe carbs she might be during the day, and what activity she is doing. We compare those things together and give personalized insights to when she might perform at her best. So maybe there's a certain amount of sleep that she needs to really perform at her best. We will be giving those insights through the application layer.

So how have we been doing from a marketing and sales perspective? Because I think that's the question many of you have in the room since we made the acquisition. So here are some early insights. What we did was our consumer insights team, they basically surveyed right after the acquisitions the database of Connected Fitness people. And then we re-ran those surveys just at the end of August. There's a couple of questions we certainly were looking at. Brand awareness was a big one, purchase intent.

And so what we've seen is in less than six months, we've increased brand awareness 3%, which is massive, but 8% internationally, so big, big changes on the brand awareness side. And on the purchase intent side, so we asked the question at the very beginning, how many people have essentially purchased gear in the last 12 months? And then we ask that question again later. That's already up 29% on the platform and growing. So that's really working.

Secondarily, we've just looked at the hard numbers around the average order value for someone coming from the Connected Fitness audience versus an average customer going to UA.com, and the average order value is 26% higher coming from the connected fitness database versus externally. And it makes sense, right? They are working out a lot. And we said you work out more, we know you're going to buy more gear. But this talks to the impact of the broader Under Armour business that we have.

So what are the direct Connected Fitness drivers? Under Armour acquired really two core businesses through all of the acquisitions. There was an advertising business. That business has continued and continued to grow. We are really selling advertising across all of the verticals. Premium services, so MapMyFitness and Endomondo had premium membership subscriptions that you could buy in app as well as online. Those have continued and we've added new functionality to them.

We recently launched the MyFitnessPal Premium Service. It's the top grossing app in the health and fitness category, and one of the top grossing apps overall in the iTunes store, so we've had good success with offering a premium service to MyFitnessPal. And next year, we will be launching more premium services across the base. So we definitely think there's a big opportunity in those categories.



We also think there's a big opportunity with the platform in licensing and working with hardware partners for us to drive the software experience rather than having a separate software experience directly driving them in and creating licensing revenue through those channels. What we've learned and what we believe is that, by 2018, this will be a \$200 million business directly in Connected Fitness.

Later, Brad is going to talk about the overall impact to the Under Armour business, the halo effect of the shirts and shoes business, in addition to these direct revenue drivers that the Connected Fitness business have.

So where does this leave us? We all know that Facebook equals social, biggest on the planet. That LinkedIn equals business. We will be the destination for health and fitness. We will connect the dots. We will connect the sensors all into one place. That is our vision. We are currently clearly in the lead right now, and I think we have the right team to pull this together. But it's a virtuous cycle. We have to equip, get the best product, accessories, etc., into the consumers' mind, track, bring all that data together in a very meaningful way and coach. That coaching piece is so critical to the next layer in this experience, bringing those insights together and giving something back to the customer, absolutely critical.

And then inspire. We have to inspire people every day. They need motivation. They need help. It's not always that easy. Bringing them back in through this love of the brand, work out more, there's no question that it's going to drive a halo effect for our overall business.

So we are still learning and optimizing. There's no question. The teams are working hard. We are working close. You're going to hear from Jason LaRose later today. We are working close with our eCommerce partners and our retail partners about how this can drive the overall shirts and shoes business.

But I want you to maybe open the lens for a second and think about the opportunity that we now have by essentially being in this category and creating this Connected Fitness category. So today, we are in a \$250 billion sports apparel market and we are clearly going after that. But with these new assets, we now potentially can plan a \$2 trillion food and nutrition business and an \$8 trillion healthcare and fitness business. CF, Connected Fitness, provides this opportunity to leverage the premium brand into these new categories and going from \$1 billion markets to \$1 trillion markets. We will not lose focus, but in the shirts and shoes business, as Kevin says on the white board, we are not going to forget to sell shirts and shoes. But it's a massive new opportunity for the brand.

So in summary, these are the three things we have to do. We have to make a great digital experience for the customer in bringing these things together. We are building this consumer insight platform, bringing all of the pieces together, making it super-simple for you to go back and forth between the experiences, including our eCommerce platform and potentially retail in other areas, and amplify the trajectory of growth for the overall Under Armour business.

Thank you. Tom is going to come up and we're going to show the Connected Fitness video one more time before you guys head off to lunch. Thank you very much.

Tom Shaw - Under Armour, Inc. - Director of IR

Thanks Robin. So we've got a real busy afternoon ahead of us, so we're going to take a quick break here to grab lunch, and also open up our showrooms. This will be your chance to see some of the innovation that Kevin Haley talked you guys through this morning, also give a preview of how we think about sports categories.

Also, as you guys probably saw when you walked in through the end of the tour, we have a brand house mock store that's opened. That really serves as a template for how our stores should look consistently across the globe.

And finally, for those of you who have logged into MyFitnessPal, this is your chance to log your food across the hall as we fuel up for the rest of the afternoon.

So we're going to try to keep people on time here. We are running a little tight, so we are going to be back here at 12:25. So you guys -- so as we said two years ago, this is a bit of a working lunch. So we will see you guys then. Thanks.

PRESENTATION

Adrienne Lofton - *Under Armour, Inc. - SVP, Global Brand Marketing*

Good morning; good afternoon. How are you guys doing? All right, you guys had lunch; you are ready to go.

My name is Adrienne Lofton. I am the Senior Vice President of Global Brand Marketing and I'm really excited to be here today to talk to you guys about the brand.

Before we get into the brand, I wanted to take a step back and talk a little bit about Under Armour. So, Kevin kicked us off perfectly and really just touched upon what's really important for our brand and what we think about every single day. And it's really the soul. The soul of our brand leads everything we do and has from the day we started.

When we think about the soul, we talk about what that means to us as a brand. It really is much more than a logo and a company name. It's the people. It's the team.

When you hear Kevin talk about done, done, done, the other thing we talk about always is the team, the team, the team. What does that mean to us? It means the people in this building every single day drive with passion, with meaning, with confidence, and with a very, very strong point of view. We are a building of athletes and we drive every day to make sure that everything we do is about making the athletes of the next generation better.

So when you think about what does that really mean to us as a brand, it's about innovation, and we sort of happenstanced upon innovation based on where we were born.

So that's Kevin at Maplewood Athletic Association at 12. Kevin is wearing what we think is a flannel shirt under his uniform. So when you think about this, this is where it began for our brand. In the winter, his ColdGear was a flannel shirt under pads. In the summer, it was a hot, heavy cotton T. And what he knew back then is he needed to solve for this. He didn't know how yet; he was 12.

But today, when you look on the right, it is the Highlight cleat. It's innovation that changes the game. This idea that started when he was 12 drives what we do every single day. That's the number one performing cleat in football. That's what we deliver and it's because the soul of what we do is about science and innovation and making athletes better.

The second thing that we talk about always as brand marketers is how do they do it? So back in 1996, and our founders are still here, which is incredible, we talk this once-in-a-generation kind of opportunity, where did it start? It started with a single compression category invented, did not exist before, and a 39. One style, so life had to have been easy back then.

It was easy because it was one style. It was easy because the people who made it and talked about it were football players and true [valets] of the category. That shirt and this guy, Big E, who still walks our halls, and he is probably screaming somewhere right now, really defined football, a category that was cluttered and didn't need another player. No one expected us to show up this way and we literally changed the industry.

So when we think about 2015 and beyond, what does that mean as we get pulled into more and more categories? Well, it means we better think about what we did in 1996 and we better apply it every single time. So if it's kids, if it's global football, if it's basketball, whatever we do, we have to make sure that we understand the consumers through and through. We're not on field anymore. Insights are more important than ever and how we approach the categories will be critical to the success you see every day in the numbers.

The other thing that we always think through and serve as our anchor of story is the tagline, I Will. So Steve Battista is with us today. His team invented and thought through this idea of I Will, and as we've thought about what that really means to the consumer and as we listen to the athlete, this is a unifier that we maybe didn't even expect to be as big as it is and it has become the platform of every story we tell.

The often thing about this visual that we talk about is the elasticity of this tagline and this brand. You could speak to Ridge Reaper and hunters. That guy is scary. You could speak to women's through Misty, all with a center of I Will, and it works every single time.

So as we think about the growth and the expansion of our brand, how we're going to continue to stretch beyond just I Will, the DNA, the core of what we stand for, is critically important. So we talk about this often internally and we want to make sure the athletes that we sign, the stories that we tell, always come back to the DNA of our brand. What does it mean? What do we think about? What makes us different?

A fighting attitude. You heard Kevin talk about it in the beginning. We're about the fight. We show up when we aren't even invited sometimes. We show up to win. So when we sign an athlete like a Stephen Curry that's not expected to be there or someone like Misty, who never knew she would be where she is today, it is about do you have the DNA of fight and are you there to win?

Innovation, so for marketing, innovation is how we deliver the message, but for this brand, it is everything we do. Again, it goes back to Maplewood and 12-year-old Kevin and exists to today.

Bold, loud, breakthrough voice, so historically we would be nervous when thinking about things like women because that could be construed as aggressive, edgy, dark, and that's actually not what it means at all. It means having an authoritative voice in the marketplace. It means being disruptive. If you think about the I Will What I Want campaign, it was absolutely this. So when we talk about, again, the elasticity of our brands, every single thing we do lives and breathes through this.

Challenger, underdog, we talk about being blue collar and, you guys, we love it. That is our differentiator; that is what we are born to do. We get up for the fight every single day, and again when you go back to our athletes, we love to represent the athletes, whether you are an 18-year-old varsity athlete or a Misty Copeland, we want to represent the athletes that aren't expected to be there and empower them and drive them forward.

The real deal, that's authenticity. It's what we do. It's how we show up. We are not shiny; we are not fake. We're real and we tell the story that athletes are waiting to hear.

Now this one is less about the DNA of our brand, but it is about where our brand is headed. So what we have found over time is athletes are bringing us into lifestyle. You will walk into our store, our brand houses, you'll see the chino. It's because athletes ask for it and we're going to deliver it. So as you hear and think about how athletes live, it is about 24/7 as a proposition and we're just scratching the surface there.

Finally, youth. So again, going back to 12-year-old Kevin and his flannel shirt, it started there and it ends here, the next generation, every generation. Whether it is Millennials or Gen Z, they are wearing our brand more than any other, and we realize as we capture market share here, we grow him and her and we keep them for life.

So that's the longevity of this brand. That's the generational nature of this brand and what we believe in.

So you saw this before. You're going to see it again. This came from Jordan Spieth, but what's awesome about this statement is it embodies what we have always been -- aggressive, young, fearless. It is everything we do. It is what we are proud of. It is the perseverance, it is the confidence, and it is how we deliver our message and how we support our athletes.

So you understand the voice, you understand the soul. It is really easy to even feel when you're walking these halls.

The other thing that you heard Kevin Haley talk about and you'll hear Peter, Kip, and Henry talk about this later, is the product. So we're about delivering innovation and story, ColdGear, HeatGear, Charged Cotton, everything we do is about changing the way athletes dress. So whether it is, again, story or product, what we have delivered and lived for and obsessed about every single day is making sure we are changing the way athletes dress.

How do we do it? It's really through two pillars we talk about constantly in this building. It is physical armor, it's shirts and shoes, and it is emotional armor. It is Big E screaming we must protect this house.

As we continue to drive forward, you heard Robin just before me talk about connected fitness. We know for us to be successful, it is 24/7. That's the proposition and we must change the way athletes live. So no other brand today has the arsenal that we have from a connected fitness perspective. We are able to understand what consumers want, how they are sleeping, how they're eating, how they are performing, so this third pillar is our secret sauce to success every day.

So, again, shirts and shoes, all day long. Emotional, tell a great story, check. Informational armor is the edge that we're going to bring to the marketplace go forward.

So we understand the brand. We understand the message. Let's think about the consumer experience. This is kind of you guys in the audience right now. You are on your mobile phones. You are paying attention to the presentation. Someone may be flipping through Instagram right now. You guys have 3,000 messages that you see in front of you every single day. The landscape has never been so cluttered, and as a marketer, my job, my team's job, is to break through this and be remembered.

We think about this constantly. We literally obsess about it, but we know the tools we have in our toolbox are like no other. One of the things we think about all the time is showing up for our consumers when our athletes are performing and winning. So yes, there is 30-second spots, there is 60-second spots, and there is traditional media, but this is a game changer.

You heard Kevin talk about Stephen showing up in China for five days, 3 billion impressions. The media value is limitless on that and the authenticity we get from our basketball consumer, you just can't pay for something better. So our social and digital approach is shifting the way we think and speak to our consumer.

When Misty got named prima ballerina, we bought a flower for anyone who hashtagged #PrincipalMisty. We delivered those flowers three hours later in an SUV to Misty. It was 50,000 roses and it was incredible. So when you think about, then, the media that comes from that, that's again what our brand does and what we are super excited about.

So we talked about the athletes. It's hard not to spend a little bit more time on them. I want to share a video of the successes they have had over the last year and then talk a little bit more about how we will capitalize on them. So, take a look.

(video playing)

I'm excited we made you guys laugh. That's awesome. That means we are doing our job. Okay, so you see it. Young, aggressive, and fearless. You cannot ask for more.

When we think about what this means from a brand category perspective, we enter categories again like the zealots we must be. Going back to the start of this presentation, in 1996 in this building, in these halls, football players. In 2015, we are in multiple categories and every category better feel like there is nothing but that category of individuals working on your business. A team of hunt and fish guys working on your business, a team of women killing your business.

That's how we think about it every day and it is really about understanding and gaining the insight to really break through.

So with these women as an example, you have heard Kevin and team and Brad talk about the financial opportunity that lives within the land of women. Women's is an area we confidently say will be as big as men's and we approach that business with that aggression every single day.

Kelly Cortina is going to get up and talk in detail about the business and the opportunity, but what I want to share with you guys is the approach we took to finally get into her heart and mind. We thought about this and about a year ago, really 18 months before we launched the campaign, it was about reinventing who we are to her.

So after we did the repositioning work and a bunch of qual and quant work, what we figured out is we are right where we need to be with her, but it is about how are we expressing the story? We need to go through and we need to reevaluate our approach. Traditional brand marketing, sports marketing, approach signed athletes, team sport athletes. Check, we did that, but we weren't resonating enough.

So we realized people like Misty, supermodels who are hard-ass trainers -- I think I'm allowed to curse in here, are incredible for women. So Gisele was a huge add to our brand that frankly we wouldn't have thought about before.

So after we filled these holes that increased the aperture of conversation for women, what we were able to do is then reevaluate how to reach our female consumer through these women. So, we brought our athletes to women. So in 2015, it is about one-to-one dialogue. Again, it's not always about a commercial. She needs to meet us. She needs to touch us, feel us, hug us, love us.

So Misty came out around the globe and Gisele went to the UK. We showed up where she didn't expect us, and in the end, she loved us for it.

At the end of the day when you think about the impressions that we got from a brand perspective, incredible. You couldn't ask for more. Over 5 billion impressions to date, and everything around impressions and consideration for our brand shot up.

The second piece that you're seeing in the marketplace, you will see in our mock store and our brand store, is about the bra. So, again, we have got to make sure that we are delivering the right product to her at the right time, and again, first phase was brand, awareness, relevance, love.

Second phase, ring the register. Sell her the product we know she needs. Get her through fittings. Tell her the story. Show up with an A++ presentation everywhere we go and that's exactly what we have done.

So at the end of the day when we think about women's and the KPIs that we have seen around it, we have seen nothing but success. 300% intent to purchase. You can't pay for that. And when our brand shows up, that's what we deliver every single time.

Global football, this is an awesome story. So, again, this is another category that we were not thinking about entering. The consumer pulled us into the category. It happens every single time.

Before we came up loud and turned on lights and voice, we needed to make sure our roster was complete. So we did things like sign some of the most elite soccer players, footballers, in the world, including Memphis Depay.

Memphis Depay is a Dutch national football player. He recently joined Man U. He recently -- sorry, scored two goals in the Champions League. So he is a young, aggressive, and fearless athlete that is going to represent our brand in this category, in this sport.

We also onboarded clubs, clubs that think about the youth approach to football and the professional, so the most elite clubs in the world -- Tottenham, Sao Paulo, Colo-Colo, so around the globe. This is the global opportunity. We are setting ourselves up for success.

The last piece was authenticating through story. So when we think about this from a global football perspective, again, Memphis is our guy, so we're going to lead with that story. But it is about what are we going to stand for in the category?

So from a storytelling perspective, we talked to the footballer and we wanted to know, by the way, from eight to the most elite aged athlete, what do you do? When does it matter most in the world of global football?

And what he said is it is about before the game or practice and it is about after. Okay, kind of know that's for every sport. But what really makes it unique in your world? What do you really think about it? What are the moments that are priceless?

And they started talking about when they are lacing up their boots. When they are lacing up their boots, they are thinking about the game that's coming. They are thinking about the practice that is coming and what they need to do to win. And then, the key moment that they kept talking



about is when they unlaced. When they take off that lace and they think about, what did I accomplish? Or what didn't I accomplish and what am I setting my goals for next?

Our brand is about next. It is about learning, but moving on to crush the next. So we loved that idea. So the idea of Slay Your Next Giant is exactly that, what happens before the game, what happens after, and what is the goal you're going to set to kill it next? So let's look at a quick video that sets it up.

(video playing)

So the cool thing about this story is it feels authentically Under Armour. So we're not walking into a new category trying to be something we're not. We are Under Armour every single time, but we're about that keen insight to that sport to be right and relevant and be their brand for life.

This is again how social media plays for us and our advantage. Memphis scored two goals in the Champions League his first game, and after the game, he is in the dressing room. He takes off his lace; he posts this picture. That's the relationships that we have with our athletes that drive a story that a commercial could never tell.

So this, again coupled with how we tell our story from a brand perspective, are what again is going to be the keys to our success in this category and every single category we enter.

The other win and critical piece, whether it is American soccer or European football, is getting the kid. So our core target consumer, to be clear, is 8 to 16; it is the kid. It is the young footballer. And what we don't always do is show that kid in the work, except if we are talking youth.

But what we know is youth is spread in every single category that we play and it's a critical part of our success. So whether it is NBA and the Jr. NBA or if it is global football, we are going to integrate kids into everything we do.

This is an awesome example of how we have done it and what you're going to see are footballers that are the years of 8 years old to 10 years old, coupled with Memphis Depay, to tell a story and show how the insight is relevant no matter how old you are if your goal is the same. Take a look.

(video playing)

So we think the power in that is incredible. We will deliver this message through social and digital, and we will ensure that we are relevant in every country we enter, so translating when necessary, but the message and the voice always consistent, always the same.

So that's global football. That's women's. So those are two examples of when we are entering a category how we play and how we stay in that category.

This one is a little bit different. This is training. So one of the things we talk about across every single category, whether it is one we have huge penetration or one we are just entering, is that we do not follow trends. We start them. We change the conversation. We set the story and others follow.

Training is an interesting area where, you heard Kevin say it from the beginning, compression was invented by us. The category started because of this brand. The DNA, the soul, the voice of our brand is so strong, there are competitors that are starting to look and feel like our brand.

So what do we do when that happens? We leap 50,000 feet forward and we reset the conversation. So in training, \$2 billion opportunity for (technical difficulty), a huge, huge area that we will continue to drive. It really is the soul of what we do from an Under Armour brand perspective. It's an area that we knew we needed to change that conversation. We know from men's to women's to kids, training is the anchor and we need to make sure that we are delivering a new and fresh insight to the consumer every single day when it is around training, whether it is through the lens of the record in connected fitness or what we are doing from a brand perspective or social and digital.



Every athlete trains to be their best, and what is happening, what the insights showed us, is social media, the 3,000 messages that we see every day, is taking over the perception of what it is to be an elite athlete in the world. And what you see is you see Curry get MVP. You see Curry win the championship. You see Misty as prima ballerina. You see the Masters champion putting on his jacket, but you don't see the work they put in every single day. That's not glitzy and that's not shiny. That's not what consumers want to necessarily see today.

What our brand does is we tell the truth. We deliver those stories and we remind our athletes how to be their best athletic self. So this idea of Will Yourself is that you are the sum of all your training, and we are truly talking to varsity athletes and consumers like us alike. Every single day, the work you put in is going to be what makes you your best self, and that's what we want to express to consumers all over the world.

When you think about our visual, we used to be dark, gritty, aggressive. We are still aggressive, we are strong, but we have scale. We are big. The epic nature of this campaign was intentional, so that we can visually separate ourselves from the competitive landscape again.

So when we think about this idea of Army, it was critical from a social perspective that we don't just tell the story through media, our athletes need to tweet it and push it out. Our athletes need to tell the story. That's exactly what they have done.

When you go to retail, we are telling that same story. So again, a holistic nature of how we approach our market, whether it's new market entry, soccer, women's, or a place that we've owned for years, training. So we are super excited to share this campaign with you. I am sure you have already seen it, whether it's in Monday Night Football or on NBC or any of the different networks we have showed up, and social and digital, but this is the most powerful conversation our brand has had in our biggest category. And, again, we're just getting started.

So, that's it for me. I'm going to hand it over to Henry, who is our Chief Merchandising Officer. He is going to talk about category management and product, and I'm really excited to be able to talk to you guys today and have a great rest of the day. Thank you.

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

Awesome. All right, so let's talk about selling some shirts and shoes, right? We talked about innovation, connected fitness; now it's time to talk about shirts and shoes.

I want to thank you all for being here today to hear our story, our story of an incredible brand and simply our story of growth. Kevin Plank talked to you earlier about how we are going to reach \$7.5 billion by 2018. The next part of the story is the how, how we are going to reach \$7.5 billion by 2018.

Here, you have five key strategies that show you the how. We're going to talk about sport categories and our unique focus on sport categories and how we approach sport categories. We're going to talk about innovative product and how innovation is always, always our strategy when it comes to product.

We will talk to you about our mission to make product, our product, as great as this brand. We're going to talk to you about merchandising and what that means and building a merchandising capability that will give us a position of strength around the world.

We're going to talk to you about speed. The expectations of our markets and our consumer are only getting faster, and we will walk you through the capability we are building to be faster to market, top-notch.

And finally, we will talk to you about reaching more athletes and expanding our footprint around the world. This includes our business in North America, our international business, and, very importantly, we will discuss our omnichannel approach as it relates to our DTC businesses, our retail stores, and our e-commerce sites.

So let's talk about sport categories and why that's so important. This is really about our unique focus on categories. Our unique approach is really simple because it all starts with the athlete. It starts with researching athletes' needs, which leads to insights, which then drives the innovation. Kevin Haley talked about that earlier today. And that builds an emotional connection with consumers.

The end result is athletes pull us into categories and that is very, very important. When we innovate product and athletes pull us into categories, that is a winning formula for Under Armour.

Athletes around the world are pulling us into nine key categories. So what does pulling us in mean? It means the consumer expects us to be there. And to understand how we ended up at these nine categories, you really have to look at our history. It started with an insight.

Our founder, Kevin Plank, as an athlete wanted a better solution under his shoulder pads. That passion and that passion for innovation in something to make the athlete better created our first compression T-shirt.

The next sport we were pulled into was lacrosse with that same compression shirt. Before you know it, women were looking for that same performance, as were their younger brothers and younger sisters. Our history shows we have a track record of being pulled into categories, and at the end of the day, our innovative product scales.

What is happening right now is the same exact thing. Athletes are demanding that we innovate in categories like basketball, in running, in global football, to name a few. We are being pulled in to these categories.

So let's talk about our focus categories. We start with our heritage in team sports. It's where it all started and we will never forget where we came from. Then we have our men's and women's training business, as well as our very substantial outdoor business.

But what the bottom row really represents is our opportunity. In golf, we are the fastest-growing golf brand around the world. Running, a huge opportunity for us. Earlier, the gang talked about Sofia and the insights that we will learn from runners like Sofia.

Our connected fitness platform has data on over 205 million runs this year, and that research and the insights it reveals will enable us to be a leader in the running category. That's a whole new age of focus groups, folks. Gone are the days where you bring eight runners in. We have data on over 205 (sic) runners and think about the potential for the running business that we will build.

Basketball, it is the second biggest sport in the world and we're just getting started. And global football, with the likes of Memphis, we are the brand for the next generation in global football.

What I want to impress upon you today is with this focus on these sport categories, there is significant revenue opportunity. Of the eight categories you have up here, we have double-digit market share in only one and that's men's training. Think about the other categories and the opportunity we have.

When we reach double-digit market share in all of these, that will take us far beyond the \$7.5 billion that we are talking about in 2018.

Now on this slide, we have nine categories that we're going to focus on, but earlier -- I'm sorry, eight categories. But earlier, I mentioned nine. We have the opportunity to meet athletes' needs, of course, in the gym and on the field, but in addition we will meet their needs 24 hours a day, seven days a week, and today we are introducing the next great category by Under Armour, Under Armour Sportswear.

We will outfit the athlete on and off the field, bringing a unique and distinct point of view to sportswear. Our approach will be through authenticity and dictating trend.

In the last year, we have had the opportunity to bring a unique talent to our team, Ben Pruess, to launch our sportswear business. Ben, where are you? Stand up, show everyone. He is the good-looking, well-dressed guy who is going to lead our sportswear business for us. Ben comes with vast experience in the world of sport and lifestyle and has hit the ground running on this initiative for us.

Let's talk about why sportswear and why now. I'm going to go back to it always starts with the athlete. And our athletes want this product from us. The most consistent request we get from athletes and consumers, men and women, girls and boys, is for us to bring an Under Armour approach to sportswear.



Secondly, there is significant opportunity when you look at the business that our two largest competitors do and what they're doing in sportswear. You can see from this slide that our two largest competitors drive around 25% of their revenues globally in sportswear. They have about \$12.5 billion combined in revenues. We are at zero.

That is going to change starting in 2016. In the middle of next year, you're going to start to see this hit the market and we will have a very strategic plan in 2017 and beyond, but this is really a strategy to reach significant scale in 2018 and really beyond 2018. It is the next great category by Under Armour.

So let's switch gears and talk about product, shirts and shoes. We talked about our unique approach with athletes and how that approach led us to focus on key sport categories, which leads innovations that make athlete better. I will always say, always, our number one growth strategy at Under Armour is to innovate product, and we have done that time and time again. And we will continue to do that. That is how we grow and what our teams are always focused on.

I now want to take a minute and show you a video that captures really the passion that our product, our design, our innovation teams have for developing and driving innovative product.

(video playing)

Awesome. Future Armour, that's what our teams are working around, across the way, on this campus, throughout the world, innovate product. When we do that, we win, and we will continue to do that. Our relentless pursuit of innovation and product leads us to growth.

And as you can see from this slide, our business continues to scale and grow. Through innovation, through that relentless drive, we see our businesses in both apparel and footwear set to accelerate, not just grow, but accelerate growth, over the course of the next three years. With apparel approaching \$5 billion and footwear reaching \$1.7 billion in 2018, there is significant runway in both apparel and footwear in the years to come.

In a moment, we would like to take a deeper dive into our women's apparel business, as well as our footwear business, but before we do, I want to talk about the success we are seeing in our men's business, as well as our youth business.

Our men's business is stronger than ever. Our men's apparel business is about authenticity and innovation. And we have continued to grow our men's business through a relentless launch of innovations in the market. I am here today to tell you that we will continue with this strategy in the years to come. Our pipeline of innovations is absolutely full. We will drive the market through innovation.

When you combine these innovations that drive us and then add sport categories and the revenue opportunity in places like golf, categories like golf, basketball, global football, and outdoor, there is significant runway for growth. And then when you take the strength we have in our training business and you look at our footprint that we're going to expand internationally, you can understand why we are very, very excited about our men's business.

Our youth business is also on a tremendous run. The demand for this product around the world is incredible and we will continue to focus here as a key strategy. What makes Under Armour different when it comes to youth? It is pretty simple. We focus on this customer. We focus on this athlete. We focus on the athletes of the next generation and that makes us unique. We don't have a youth take-down model where we just do product or license it out; we care about this business.

How do we do this? We build great, innovative product and cool product for kids. Why is this so important? This builds long-term equity with kids. An Under Armour kid today will be with us for decades, and our strength in apparel and footwear for kids will pay us significant dividends in the years to come. We are the brand of the next generation.

But for today, we want to give you insight into two massive, massive strategies for us, women's and footwear. I would like to now bring up Kelly Cortina to the stage to talk to you about our women's business. Kelly is the Head of Product for women's here at Under Armour and is leading our product and design teams and she will walk you through where we are going.



Kelly, please come on up.

Kelly Cortina - Under Armour, Inc. - VP, Women's

Thank you, Henry. Good afternoon, everybody. I'm really excited to be here and I cannot wait to tell you about what things we have ahead of us in women's.

We have a very big vision around this business. Women's will be a major global growth driver for the Under Armour brand, and we look forward to the day that we are as big or bigger than our men's business.

The Under Armour women's team is more energized than ever. We're on a mission to exceed our consumers' expectations and bring a unique point of view to the market around athletic aesthetic and performance.

Team is an important concept here at Under Armour. You have heard a lot about it today. It is our heartbeat. And since we last saw you, the leadership team has been busy. We have been assembling a starting lineup of industry experts, as well as brilliant young talent, in product management, materials, innovation, and design. We are inspired and we are committed.

I will draw from the anthem that so well resonated with young girls, female athletes, and athletic females around the world, and I will tell you that when it comes to expanding the Under Armour women's business, we will do what she wants.

Currently, women's apparel is roughly 30% of our business, apparel, and we're just scratching the surface in women's accessories and women's footwear. Wow, there is a ton of opportunity to grow our women's business head to toe.

As Adrienne pointed out, in the past year we have seen our brand awareness among women heighten. Demand for our product is growing. She is asking for more. This is incredible and a huge opportunity for all of us.

Let's take a look at some of the growth indicators that we are tracking. Over the last three years, the activewear market has seen over 15% growth. We believe this is going to continue to accelerate. As you all know well, many players are getting into this space. They see the opportunity to add incremental revenue, to grow their brand, and to reach more consumers.

We have an advantage. We will leverage in a crowded market our authenticity in sport and our expertise in performance.

Our business was founded on the team athlete. It is our most established business and we are seeing over 40% growth over last year, 40%. We know that the team athlete trusts us and we will dress her as she grows up and as her outfitting preferences evolve.

But we also know that female participation in sport and fitness is at an all-time high. This is very exciting stuff for our product and design teams.

42% of high school athletes are female. US high school soccer participation for females has more than tripled in the last 15 years, and there are over 10 million women running in the US alone, which you will hear more about from our footwear team.

One of the areas we are devoting a lot of attention to is our connected fitness platform, which is two-thirds female. Digital and social platforms are a gateway to our consumer. We can learn every single day from over 100 million women, and growing. It is an incredible resource for our product and design teams and we're thrilled.

All this is really, really good news. Health and fitness are a top priority for her and we are well positioned to grow with her. We get it. We understand her. We will stay current with her and, most importantly, we will change with her.



We are entrepreneurs and we see the white space in the market with this consumer, and my message to you today is about growth and it is about opportunity. We bring unique product to market that empowers and enables women to look, to feel, and to perform their best, whether it is on the field, on the trail, or in the gym.

To design the best and most differentiated product for her, we are heightening our focus in three areas. It all starts with the consumer and Kevin said it earlier. We must anticipate what the consumer wants. And we understand them better than ever.

Building product platforms and collections that are trend right and rooted in standout style and, of course, superior fit is a major focus for us in the women's business, and, of course, game-changing innovations in materials and trends.

To show you an example of how all these things come together, how great product and great marketing leverage this brand and reach more consumers, let's take a peek at our latest product launch, the Armour Bra series, where function, innovative materials, and flattering fit meet style.

(video playing)

Okay. So when we talk about women's product, we cannot just talk about amazing technology and innovation, and as you just saw on the video, we know that her motivations are largely based on silhouette, fit, and style as well.

Her interest renews with trend, and you'll hear Henry talk about our growing capabilities to be faster to market. This is a major opportunity with our female consumer and it is an absolute must.

So, we are building out resources and strategies to be best at designing for her. One major step we have taken to be closer to market and the consumer is opening our New York City design house. The New York office serves as a magnet for talent and it is an epicenter for inspiration. And our team there obsesses over beautifully designed, functional product. Assets like fit and proportion, pocketing, trim details, color and texture are considered critical to meeting her performance needs.

Considerations around the design of each style are part of a bigger idea, the outfit, and we're in the business of dressing athletes, female athletes and athletic females, from her bra to her running shoes. Combining our commitment to performance with an incredible aesthetic will be a key factor in cutting through a market saturated with athleisure wear.

To give everyone a glimpse at what I am talking about, here is just a few examples of our newest trend forward styles in tops and bottoms from our fall collection. You have seen a lot of bras today and I am sure you'll see more when you go to the brand house later. Here, we have our Armour Low bra. This is becoming very quickly one of our customers' favorites. It has great support, a beautiful neckline, so she gets femininity with support, strappy details that she can pop outside of her tank top.

She has also got her StudioLux tight on, which is the perfect fit and one of our favorites from all the women you just saw in the video.

And we have the beautiful shot of Misty in our new ventilated muscle tank. You saw this earlier on Sofia in the connected fitness video. You see how workout must-haves, like the Armour Mid bra, the Armour Shorty, these are core staples in our base layer category, get a great update through fun print that ties really well back to our StudioLux shoe.

And going strong since launch is our back-to-school favorite fleece collection, which is super, super soft fleece, which gives her that post-practice staple that she hangs around in, goes to school in, and warms up in. Here you see our favorite capri, one of our fastest trending styles right now, with the flipover waistband, and a personal favorite is the Downtown Knit Jogger.

So these are silhouettes you haven't really seen from Under Armour before, and, of course, as soon as this hit the market, it started selling through extremely quickly. It is built with a no fuss fit and one of our best fabrics from our studio collection. She can work out in this, she can box in this, and she can walk around town in this. You'll see more from this -- more of this from us as we evolve.



The opportunity for Under Armour women's is enormous. We are committed to giving her outfit options for seven days a week, at the gym, on the run, and to and from. We are investing heavily in talent and resources. It is a head to toe investment. It includes footwear, another piece of equipment she cannot work out without or score without. We are investing to win.

In order to talk more about the exciting opportunities we have in footwear, I would like to introduce Kip Fulks. Kip has worn many hats at his years at Under Armour and he is the President of Footwear and Innovation.

PRESENTATION

Kip Fulks - *Under Armour, Inc. - President, Footwear and Innovation*

Good afternoon, everyone. I am Kip Fulks, the President, Footwear and Innovation. It's been a pleasure to work with Kelly for the last 10 years. Thank you, Kelly. It's an interesting time in Under Armour. It's fun to get up here and tell you a part of our story. Our mission is to change the way athletes live in an ever-changing world, and the catalyst for change is innovation and connectivity, and they will accelerate our growth.

The innovation is in our DNA. We are at the epicenter of a connected revolution. We have a new toolbox we have never used before, and we are starting to use it for the first time. With these new tools, we can craft experiences by maximizing our understanding of consumer behaviors.

Focus groups are the old way. Today, we can observe athletes from afar. We can glean data to reveal clinical information that will drive, design and function. And when it's paired with actual observation, which is in our DNA, we have the opportunity to lead the competition.

Let's take two simple questions. The first, should men and women wear the same running shoes? With 205 million runs recorded worldwide in less than a year, we know the average runner that goes out -- many of you did this morning or yesterday run 3.1 miles. The interesting fact out of these 205 million runs is between 1 and 7 miles, women log more runs than men. They actually do it more on Tuesday, and they don't care about weather. But men run twice as many marathons.

So looking at these insights, we find that men and women don't run the same way or the same distances, so why are shoes built the same way?

Shoe construction has traditionally been the same for men and women. So now we can engineer shoes using information derived from our platform.

Second question, why do runners change shoes? The key insight we've learned is that as runners increase distance, they often change brands. As a matter of fact, as they increase over a long period of time, they change several brands as they become an accomplished runner. Sophia is one of over 700,000 people -- runners who use a feature called Gear Tracker in MapMyRun where users record information about the products and brands they use on a daily basis.

This creates an opportunity, a real opportunity to connect with her during the transition points in her life to become the brand of choice. It's amazing to think when you add innovation and connectivity together. Well, now let's talk about another investment we've made that's paying dividends today, what I'm really up here to talk about, footwear.

The brand is elevating through footwear. We are undoubtedly a footwear brand. This is our 10th anniversary of making footwear, and we believe we are at a tipping point. Why? Because we are experiencing this magnetic pull that many have talked about today. Consumer demand is at an all-time high. The account support has been tremendous, we are attracting world-class talent, and our sourcing and manufacturing partners are partnering with us like they have never done before.

But in order to win, we have to focus. We have to focus on our team. We have to organize our team around sports categories. Footwear has actually always been organized around sport category because we have to deliver insight and innovation to the consumer.



But we also have to build the team. We have to add, attracting talent like we've never done before. We have even broken ground in a new office in Portland, which I think the image is coming up here. Amazing space, glass and steel, innovation, a great place to not only retain and recruit new folks, but an innovative place to build some of the world's best product. We are really excited about our home in Portland.

But it's about the people we are going to fill that building with. We need key leaders to elevate our brand. Since the last investor day, we added over 100 teammates to footwear. 14 of them in the last year have been VPs or senior directors, but it's not really about the numbers. It's really about quality and expertise, and they are coming there because our brand is on fire. We have brought in an experienced leader in women's, a world-renowned biomechanist and a head of sourcing just to name a few. We are building capability know-how, we are starting to get confidence, we're achieving scale with our manufacturing partners, and we have leverage because our brand is so hot. Our partners have actually extended over 150 million units of capacity to us in anticipation of our graph.

Finally, really what I want to show because everybody has all these gorgeous videos today is we are elevating our brand through our athletes. Bar none, our athletes are doing more for our brand in footwear than anybody. The number one way we are elevating is through the field of play. The viral sensation of Stephen Curry breaking ankles of his opponents wearing the Curry One, Lauren Holiday scoring a goal in the Women's World Cup. These are just a few instances of not only competing, but winning at the highest levels across gender, across sport. That is the number one way we're going to elevate the brand through footwear.

So I'm going to step down, but I'm going to introduce one of those individuals that I talked about that we've recruited. Our Senior VP of Footwear, Peter Ruppe, an Oregon native, tremendous amount of experience in the footwear space, a great partner of mine, father, friend, and really passionate leader who's going to come up and talk to you deeper about our footwear business.

Mr. Peter Ruppe?

Peter Ruppe - Under Armour, Inc. - SVP, Footwear

Thank you, Kip, and I really want to thank Under Armour. I really feel very grateful and honored to be here. Founders like Kip and Kevin and the energy of this place is really, really remarkable. And from the inside, you can really feel what a great culture it is. But externally, this opportunity we have in footwear we feel all around us. Everybody is pulling.

Our retail partner is sitting with us and saying be more premium, bring it, we want you, we are with you, we support you. They are with us. World-class manufacturing partners we didn't even have 2 to 3 years ago. We've changed that landscape just in the last six months, let alone where we've been before that. They are helping us. Capacity, capability, innovation.

Our UA teammates. The thing that's most incredible to me here is how much support you have wherever you reach in this organization. Everybody is pulling for us to be successful in footwear, and we love the challenge of it, and we embrace the support that we're getting. But the most important support we're getting is from those young athletes out there competing. They know we are laser focused on what they are trying to do, and they know that we are here to empower them. So we've got to bring in footwear. That's our mission.

We've been building capability. Spent a lot of time -- I spent a lot of time, even in the last six months recruiting, talking to talent, getting people on board, building capability and technology, design, development. Today we've got quality teams lined up against every performance category. We've got a women's team lined up across to focus on all the categories to be great at women's. We've got a powerhouse youth team, and we're just now starting to look at how we want to attack lifestyle. We are just starting to line up talent for that one, too.

All these teams are operating at a really high level. They are biting completely. They got the mission. They are on it. We are accelerating growth today, and we're just getting started.

So, as we go forward, what I would like to do is take a look at how we're going to go about developing our business, so a little bit deeper into it. Three buckets, kind of a familiar theme, we will break it into threes. It start with product leadership, and 2015 is really our benchmark for us to get

where the world sees the things we are capable of. Leverage those into franchises, so we have sustainable growth and predictable growth going forward, and it's always about storytelling.

So I'm going to break it down into these three, so let's start with the product piece of it. And obviously for us, this is a foundational time, and I'm going to talk about three products that we have in the market that we've just released this year and why they are important to us and what they're doing for us. And then I will go into the franchise part of it as well. But for us, being in product leadership is job number one, and we're building momentum there, and our goal is simple. Make products as great as this brand.

So let's start with our photograph of our player that you saw earlier with Henry. This pick is where we started from. Young player going through his drills, and this is where we started, American football. But we've learned a lot. This kid was the first one. Best in class to us in American football. Started not at college level, not at high school level, but down in Pop Warner. They were the ones who said we are the best and we want you. And they've been with us and waiting for us to bring things that are uniquely Under Armour that they can buy into so that they can continue to grow in the game.

I'm going to come back to that in a little bit when I talk about franchises. You've heard about the highlight before, but I'm going to come back to it in a little bit. But what's happening here in football and why we are almost the market leader there has also been happening in basketball. So under the surface of what we see, there's been a lot of great work that we have been doing with products that we are really, really proud of, products like the Drive, like the -- can you go to the next slide, please? Thank you. Products like the Drive, the Rocket, the Jet, great performance basketball shoes.

Kids love them, they trust them. When you go out to Jim's around the United States, you'll find kids playing in these shoes. They have been waiting for that next step. They have been waiting for us to step up and bring a signature product with an emotional story. So they are drawn hard to the Curry. They love that product, not only for its great performance features, but because this is the first time we've delivered a coveted sneaker. And it enters us into the game that is at the higher level where performance and lifestyle meet in the world of basketball. And we love that, we embrace it, and we are really ready to charge forward with what we are doing with Steph. And with a partner like him, we've got the best and most marketable player in the game.

With the quality of team we have assembled, we are poised for a great run, and like Steph, we are charged by the belief that we're going to be able to accomplish great things in the world of basketball. And it just starts with the Curry One; I'm going to talk about Curry Two in a little bit. But let's switch gears a little bit here and let's talk about how we zig when the market zags.

The Fat Tire. It's not for everybody. Right, Sam? It's just not everybody but at the same time, Outdoor Retailer in January, we get it, best of show. Not best footwear of show, a lot of products at Outdoor Retailer, best of show. Because we took a departure, we took a different point of view. We brought something unique to the market. Outsole, a bottom unit inspired by Fat Tire mountain bikes, the charge phone cushioning, real bouncy, but it is just under load. And you also look at a very, very seamless upper. Very, very clean with the unique closure system.

So we are stepping forward, doing things unique, opened us up to possibilities in the performance segments of hiking, trail running, but there's also seeds of ideas here. So you'll see it coming in other areas of the business as well into the future. We are, really really proud of what we've accomplished here.

Now let's talk about performance running. 2015 marks the year that we really stepped into the performance running segment in a big way. It's really -- Gemini is the first step. Launched in February, speed form construction -- I'm going to talk about that when we talk about franchises, charged cushioning. I spent maybe four months at Harbor East right now where most of you were staying. I spent a lot of time in the brand house. I spent a lot of time just asking people to try the Gemini on just to see what would happen. Almost every person that tried it on bought it at \$130.

I was doing a back to school trip down in Dallas, Texas, a couple of high school football coaches both named Brian buying some New Balances, \$75 gray blue shoes. I said, well, they know who I was. I said, why are you buying those? Well, we are on our feet all day, comfortable, clean. I walked over and grabbed the nice gray Fortis that we had, try it on. They each spent \$40 more than they intended to. We really are getting somewhere, but it's taking it step by step.

As we develop the Connected Fitness platform that we've talked about, the Gemini is certainly the type of product but not the product that somebody like Sophia would be drawn to.

Now let's talk about the Bandit. We just released that in the back-to-school time period. \$100 price point, like the Fat Tire, a couple of awards here. The industry is starting to take notice. Best Buy in Runner's World Magazine and also Competitive Magazine gave it Best Product 2015. We are really proud of those awards. They signal to us that we are on the right path, and our running team is just gaining momentum as we are gaining the recognition and understanding we are on it, we are going somewhere here.

So as we look beyond this -- when I stand here two years from now and talk about product leadership, there will be a lot more. There will be more basketball, there will be more football, there will be a lot more running. There will be more training product. We will continue to talk about our youth business being on fire. But we will also talk about global football. We will also talk about lifestyle, and we will talk a whole lot more about our women's business and how much we are doing for her.

So with this performance leadership, we're just getting warmed up. We just had a breakthrough year in 2015, but we are on the pivot point now where we are going to go from here.

So let's shift over now and let's talk about building franchises. So if you've studied the industry for a while, you know that most really great concepts in footwear start small, and it takes the brand's belief to stay with them, to nurture them, to develop them, to amplify them in the right ways and then they scale. That's a discipline that we are developing, and we look at it in three levels. Innovative platforms -- Kevin Haley talked about innovative platforms. What are we starting from? What's this raw idea? What's the original intent? Design them into iconic products. We've got a great design team to bring that board, and then you've got an interim. You've got to stay with it. You've got to find new ways. You've got to -- as Kevin said, you've got to be in the terrain. You've got to be like close to the ground on it, understand what the values are of that product and how to leverage them going forward. So this is how we've developed innovative products and convert them into franchises over time.

As we do that, it's critical for a growth company, right, because franchises will give us stable growth. We will have more predictable businesses going forward. We can take that into manufacturing and do a better job on getting good pricing and raising our margins. By doing it, we also can free up creative resources to develop new concepts, so it's real important that we develop this practice.

So now let's take it, and I will give you a couple of examples.

The first one, I'm going to come back to football, where I started with product leadership and the highlight cleat. 2012 is when we started. Cam Newton was the first player out there. The innovative platform -- hey, let's take an old-school upper like a boxing shoe or a boxing boot. We see a lot of players spat. Let's take that type of design, amount of materials, put it together in a cleat with a great plate on it. People went, oh, that's interesting. We like what you're doing. But inside the locker room, it was even more compelling than that.

2013, we come back, we said, wait a minute, let's take Cam up. Cam's a signature guy, let's do \$160 Cam shoe. Let's bring the highlight up, let's be bold with this. It's \$130. Upgrade the materials. But hey, let's not end there, let's give everybody a chance, let's do entry-level product. Rubber molded for youth, let's let everybody in on this party. Right? We do that in 2013, the market share doubles. Go through 2014, as you can see, the game continued. We continue to elevate. Continue to sell through.

And now as we are standing in 2015, Highlight, fourth year out there in the marketplace, three years as the number one selling football cleat in the United States. Number one sport in America, number one cleat in the business, they are getting anything by Nike, anything (inaudible) how do you ask?

There are certainly some lessons to be learned from the story so far. Obviously we create a different pie. There was no hightop cleat in the market, but we led with a hightop cleat, so we expand the market. We raised the average retail price. So with a number of our major retailers today, our average retail price is \$20 higher than our number one competitor. Of course, we've raised margins. We made a lift because we've got a more consistent business where we don't pull the margins up, and most importantly, what you heard Kevin talk about earlier, nice shift in market share. 17% in 2013, 42% in 2015. We're just getting close to taking a leadership position, and we can't wait to announce it.



As you look forward into 2016, we're going to have a lot of fun with Highlight again. We have reinvented the platform, new materials, new patterns, but what we're celebrating in 2016 and we probably haven't done as much of in the past is how passionate these football kids are. They start playing in January for kickoff in September. That's when they start that next season. They take a little Christmas break, watch a few ballgames and all that, and then they are back. And they've got spring ball, they've got passing leagues, they've got training, and then they are back on the course or back on the field.

So what we're trying to do is make sure we've got fun stories, compelling things to engage them all year round, not just with Highlight, but the entire line, and this product is awesome because it really takes color and is really powerful in that regard.

So that's a franchise story. You'll see things coming from us with Highlight in places like lacrosse, global football or soccer, basketball, and even running. We are doing something around this concept for running. So we zig when they zag; we deliver the unexpected.

Last time we were in front of you -- I wasn't here, but we talked up SpeedForm quite a bit. We are really excited about the platform. As Kevin said, for our factory, we're making shoes. But the real idea is the foot has tremendous movement to it. It's really incredible in terms of what we ask it to do everyday, and we've been working from a flat surface and trying to figure out how to power that into curvature. Why not start the other way and actually build it with shape? Precision fit and feel is what we are after. We can contour all types of foams in there whether we want them for comfort, for support. I mean it's an incredible platform for us. Fully molded uppers, fewer pieces to it, far more automated. We're just starting to unlock the potential of what SpeedForm is all about. But we do know this already, it's a much better way to make footwear.

So we've been extending it. If you look into what we've been doing with running, we've got it leading each of our major segments in the business -- run long, run fast, run strong right now. So we are covering there on the premium level we have product that offers underneath that.

Going into next year, we will take it out into trail, we will continue to evolve from here and continue to build -- if I was to show you this for 2017, it would actually double the number of products there. Because we're going to be really aggressive going out in the next year in terms of becoming a true running company and positioning in a much bigger point of view about what we have to offer.

So you see what we have going in SpeedForm. You see we believe in it. We are going to nurtured along, and we also added a twist to it. Kevin Haley talked about the Slingshot. There are samples of it around here. Just grab one -- they're over here. When you get a chance, just put your hand inside there and feel what this feels like. It's incredible. There's three different zones of compression with this knitted upper. It's all built on a machine. It's more flexible in the ball area, more stiff along the lateral side, and high compression in the arch area. Just makes a ton of sense and is really, really comfortable. We are really, really proud of this, and we know again that it's going to be something we can build upon.

So that's what we're doing in the running area (technical difficulty) Kevin Haley touched on another one, and I've only got a couple more SpeedForm examples. But you get the point. We are committed. And that's the Amp. A great training product here. We've talked to you about it, but I want to note again that it's part of the SpeedForm package, and we have been putting that into training for quite some time. A very revolutionary way to treat the underfoot for strengthening the foot while enhancing mobility. And then the last one that I will talk about is basketball.

So yes, Curry Two just getting launched, it is a SpeedForm product. So we really spend time to engineer SpeedForm to make it right for basketball, light, tight, agile, just like Steph. Allows him to stay on his toes really, really well and move as quick as he can, gets a lot of the bulk out of the shoe, so we are excited about our ability to launch this particular one as well. And with Steph, obviously there's franchise opportunities there. So chapter by chapter, all of the photo from the two are here. It just shows that we're just getting started here. Generation one, generation two, in the works right now. The team is actually in Asia trying to finalize Curry number three.

We've got other things we are working with for him both on and off the court. He's great to work with, he's humble, he's hungry, he's intelligent, he always wants to get better so he's been a great partner for us. He's also a great person to tell stories with. So he's been one of the first ones for us to master how to tell stories through footwear.

And the launch of Curry Two just started. It started out in Manila and in Tokyo, in Beijing and Shanghai. You've heard a lot about that with KP this morning. You can see some of the slides here. You heard some of the results of the Shanghai store.

So if we average low double digits, 11%, 12% of normal wholesale. In Shanghai on that launch, it was over 70%. People are real excited to have that product, really, really excited about the fact that he was there. We're getting great response to the product going forward, love the details that go into the product as well, but we are really excited about what's going to happen come late October when we launch it here in the United States and how it's going to play out and excited for the season that Steph is preparing for right now.

But before we get there, we've got global football, and we've got Memphis. And if you look at Steph's shoe, the Curry Two, you'll find a little etching in the tooling that says I can do all things. So we think about the physical armor that we present with our product, but we want to make that emotional connection not only to the public, but also personally with the player. And if you look at -- if you can see the image here, DreamChaser. This affirmation about who he is as a person -- his philosophy as a person is tattooed on his chest. So we want to take that and talk about it as DreamChaser, celebrate it, honor him.

And also, as we look at the campaign work, Slay Your Next Giant, this idea of the mindset, that thing that we call in connected fitness this objective, the way we think, the beliefs we have, we are helping him by bringing these affirmations onto laces of his shoe and connect his story all the way through.

So here, score my first championship goal. I think we did that already right? Done that a couple times maybe? Yes, yes. Kind of past that one now, so we've got to keep going. But you get the idea. Let's connect all the way through, and that's what great storytelling is all about, not just the big amplification, but all the detail. And we know our kids, they pay attention to the detail. So we want to be able to drive it all home.

Steph, Memphis are great athletes for us to tell the footwear story. With them, we're making the connection in the world's two largest sports from footwear up. And in the process, we are building long-term equity with today's young athletes.

Okay. Now start to close it up for you and move on to the next section, so it's about our young generation of athletes. They are the ones that are pulling us the most. They want us in every athletic and lifestyle occasion. We are part of their peak performance experiences, and they want us in their lives. We do this by creating great products, developing sustainable growth and predictable product that they can count on, season in and season out, and most importantly, we do it through telling stories and really making that emotional connection happen.

As we do that, we will continue to scale the business and have great success. So, as we look at our footwear business, we predicted sales out into the next year, what we see at 17 -- or \$1.7 billion -- I wish 17 -- in revenue, which is a 40% CAGR, so a nice healthy growth number for us. And when we really look at that, it's just on the way to doing something even greater. Because when I look at where we are at, we are a lot more like this little guy from Manila over here. We just stepped on the court. He's got the T-shirt on saying I got next. And if you know anything about playground basketball, that's a bold assertion. It's my game now. And for us and footwear, it's our game now. We've got next. And if you know anything about playground basketball, you keep winning. You keep winning. You keep winning to hold the court.

That's what we're building to do. We intend to do it really, really well, and we're really excited about the opportunity that we have.

So in a minute, Henry Stafford is going to come back up. He's going to wrap the product session. And he's also going to share the great work that he and Kevin Eskridge are doing in leading our global merchandising effort. As we transition, let's get a little look at our young fellow from Manila and see a little of the game that he's got. Thank you.

(video playing)

Henry Stafford - Under Armour, Inc. - Chief Merchandising Officer

All right. Awesome, Peter. Okay. So a couple other things. You just told us talk about innovative product. Footwear, women -- we talked about men's and youth. You've heard us talk about our focus on sport categories. The next strategy, the third of what I had out there earlier to discuss on our path to \$7.5 billion is to build a very strong merchandising capability.



The best brands don't predict trend, they dictate it. The best brands look amazing wherever they are found, whether it's in an international location or domestically, whether it's in a store or on a mobile device. The best brands get the right product at the right place at the right time with amazing storytelling. And that is exactly what we're doing in building this merchandising capability.

If you look at our business two years ago, we basically had an assortment that covered the world. That is how we serviced our business. Our catalog was a catalog for the globe. That has changed, and you are going to see that significant change in market in the spring of 2016 and beyond.

In the past, our assortments you would find in sporting goods in the United States were very, very similar to what you would find in Europe. In the near future, our merchandising capability will enable our DTC business to be differentiated from our wholesale business. It will enable us to have the right product in South America, which is going to be completely different than our product in China. It will enable sporting goods in the United States to be differentiated from a huge growth vehicle for us in the mall. We have invested in talent and leadership over the course of the past year in merchandising. Our leader in merchandising is Kevin Eskridge who is leading this function globally. In the past year alone, we have added 40 merchants around the world to get the right product at the right place at the right time.

And I want to stop and take a minute and kind of veer off of merchandising to talk about developing leaders and how we are developing our talent and leadership. If you could switch the slide here, please.

We are focused on developing and attracting leaders with great general management capabilities. Now what do we mean by general management capabilities?

As Kevin Plank touched on earlier, our leaders not only have to be highly confident, but they also need to have a global mindset. They need to be invested in hiring and developing others. Our leaders need to be intellectually curious and have a very strong vision. Kevin Eskridge, our Senior Vice President of Global Merchandising, is a great example of this, and he's not alone. We have a whole crew here at Under Armour that we are developing and building to be incredible leaders.

Kevin grew up with sports, was a high school athlete, was a college athlete and then moved on and developed his skills at great brands at Gap Inc. under Mickey Drexler, with our money exchange, and he came from our money to Under Armour and logically took over our hunt, fish business, right? But what Kevin learned there was adaptability and how you look at a brand and how you look at a market.

What we're doing -- what we then did with Kevin is we moved him to China. He built our office and launched our brand in China, gaining incredible and valuable global experience, and earlier this year, Kevin became our Head of Merchandising. These experiences Kevin has had here at Under Armour will be a big part of his success in the future.

So my point is not just about Kevin, I probably need to take him down a few notches after this meeting, but we are developing our leaders like this. We are attracting leaders like this from around the world. Our strategy is to continue this cross pollination of our leaders around different categories, different functions, and regions to build the next generation of leadership at Under Armour.

So now let's talk about speed. Speed is the fourth strategy on the how we're going to get to \$7.5 billion by 2018. What this means basically is developing our product faster and being closer to market.

Within this past year, we have launched a very, very important initiative at Under Armour. We now develop product four times the year as opposed to our past it was two times year. And this is a huge deal. And we have done this in all product categories. This has enabled us to essentially reduce our product lifecycle by 10 weeks. We are 10 weeks faster to market in 2016 than we were previously.

We will get faster as well. We have and will continue to invest in our processes around fabric and materials procurement. This will further enable us to react to trends in fit, trends in color, and trends in style.

Speed to market is very important to our athletes and very important to the market landscape. Here, our size is our competitive advantage. We will build it organically. We are building a capability that will enable us to be more efficient in the near future in how we developed product. When

you take our initiative to enhance speed, as well as our passion to change manufacturing -- what Kevin Haley talked to you about this morning -- it leads to our drive to become the best manufacturers of footwear and apparel in the world. That's our goal. And we are driving very hard to get there.

So let's talk about reaching more athletes. We talk about sport categories, innovative product and speed. The next strategy is reaching more athletes around the world with our global footprint. And to do that, we're going to start with North America. I would now like to bring up Matt Mirchin who is our President of North America. Matt has been with Under Armour for over a decade, and he's been the President of North America for the past 10 months, and he's hit the ground running and taking our business in North America to the next level.

Matt, please.

Matt Mirchin - *Under Armour, Inc. - President, North America*

Good afternoon, everybody. Welcome to Under Armour. I have the pleasure today of taking you through our North American business. As Henry said, my name is Matt Mirchin. I've been here for about 10 years or so and 10 months in this current role.

The first two months I spent on the road meeting with accounts, walking retail, spending a lot of time listening, quite frankly, and learning. And after meeting with our customers, I heard one very clear, very consistent, and very loud message, and that is our customers want more from Under Armour. And the reason our customers want more from Under Armour is because the consumer wants more from Under Armour, and that speaks directly to the power of the brand, and that demand has fueled and will sustain our 20% plus growth quarter after quarter.

We are proud of the brand that we built here. We view ourselves as the underdog, and quite frankly, we like being the underdog. While we've grown in taking market share, we're just tapping into the tremendous opportunity that's out there for us in North America.

Before I get into the business today and take you through the numbers, I would like to take a few minutes to talk to you about how we view and approach the growth opportunities for us in North America.

As we look forward, it all ties back to the four pillars. Kevin hit this earlier today. It's the founding principles of Under Armour: make great product, tell a great story, service the business, and build a great team. And it all starts with great product. We have great, innovative product that our consumers love and have come to expect from Under Armour. We started building that connection with the consumer through our apparel, and through making great footwear, we are starting to build that connection within the footwear as well. So I would like to start with footwear.

The appetite for UA footwear from the consumer and the customer across all age, gender, and sport is incredible. Our Highlight cleat -- you heard about this earlier today from a couple different speakers, but Kevin Haley talked about zigging when everybody else zags. The marketplace was coming down in price, everybody was trying to go low and minimalistic, we came out with a \$130 shoe, high top shoe, and we also took a big risk on the marketing side.

This was Cam Newton's rookie year. We decided to put the shoe on one athlete, one player and a rookie, and he comes out in his first two games and throws for over 400 yards and breaks the rookie record and goes on to win Rookie of the Year that year, creating tremendous exposure, buzz, and demand for that product. So big bets with big partners, and that's built and it allows us to establish that franchise in the Highlight cleat, the number one football cleat in the market.

This works across sports. It's not just football. Another great example is through basketball, leading with the right athlete with Stephen Curry, great product with the Curry One, and the encore exposure that Curry has generated for us, leading vote getter in the All-Star Game, winning the NBA championship, and also winning the NBA MVP, and that has resulted in our basketball business being on fire. It's not just the Curry signature shoe that sold out, our basketball shoes across the board are selling well, and he's also had a halo effect on all of our basketball apparel.

Visible athletes, no matter what it is, Cam Newton in football or Stephen Curry in basketball, or other superstar athletes, whether it be Bryce Harper, Lindsay Vonn, Jordan Spieth, Misty Copeland, are helping drive our business across all categories.



Key items. We have tremendous confidence in our product pipeline, and you're going to see more of a focus for us on key items that drive volume. In apparel, we're going to drive more volume on fewer styles while delivering a stronger point of view to the consumer.

Behind me, you can see some examples from this past season, whether it be our 60-40 graphic program, jogger pants, the playup short in women's, the Armour pant, leggings, joggers, all those have been really successful. We are going to get behind and drive those key items. All great apparel driving business with more to come.

The second pillar is story. In addition to creating great product, you heard from Adrienne about compelling storytelling and Henry about getting the right product at the right place at the right time. As we build out stronger capabilities through our sport end-use categories and our growing merchandising abilities, we know we can further elevate and enhance our in-store experiences.

UA changed the game at retail over a decade ago by building a simple idea of creating a mannequin that we felt properly represented our brand on the pad. We took Big E, Eric Ogbogu, a former teammate of KP's at the University of Maryland and at the time an NFL player and took a 6'4", 275-pound frame and built the mannequin that we felt represented our brand. At the time in the marketplace, there were little skinny mannequins. When you put compression product on them, it just didn't look right. I guarantee you that our mannequin could beat the hell out of any of the other mannequins in the marketplace. And that idea sparked the development of better fixtures, more compelling imagery, and an overall better shopping experience than represented the passion and energy of the Under Armour brand.

We continue to elevate and reinvent our space. Here is a recent example from Scheels. This store opened about three months ago in Overland Park, Kansas. For those of you not familiar with Scheels, they are in about 25 doors. They are based out of North Dakota, Fargo. Probably don't many people go there, but here you can see four different elements of their shops.

I'll start -- just give you to highlights on the bottom right here. You can see the golf section that they built. Taking advantage of Jordan Spieth, the best golfer in the world, the hottest golfer in the world and our newly created golf mannequin giving that authenticity in the right form, golf shop is exploding.

Shoes. We are in the footwear business, make no mistake about it. From the Cam Newton signature shoe to the Highlight cleat, basketball, running, trading, we are in the business. We are taking this approach across channels. We are testing the concept right now at Champs called The Armoury. They are a division of Foot Locker. I'm going to speak more about this a little later on today.

Service. You heard Henry talk about service. Brad is going to come up here in a little while and talk about service. The key point here is that we are constantly challenging ourselves to get better. Our supply chain has done a great job of scaling with our growth. We are putting plans in place to increase service levels with a big focus on the following: water replenishment styles, easy way for us, high margin, easy money for the accounts, high maintained margins. With key items, we will be able to put more products on replenishment and better service the business. Direct ship container programs, overall transportation initiatives to cut costs, improve speed to market, and better service our customers.

And the fourth pillar, team, last but certainly not least. We continue to grow. We continue to change. We continue to evolve as an organization. We recently realigned our North America wholesale sales department to be more channel focused with expertise going on in each channel. So we now have VPs of Sporting Goods, a VP of Mall Specialty, a VP of Department Store, and a VP of Outdoor, enabling sales to align with the new category GMs all the way through to product, marketing, and merchandising.

With the alignment of channels and categories, we are in a stronger position to service the customer and the consumer. But a lot of people talk about team today. We continue to build out our team in North America. Over the last three months and more broadly in the last two weeks, we've added three key executives to the North American team. We hired a Senior Vice President of US Wholesale Sales, we hired a VP of North American Merchandising, and we hired a VP of North American E-commerce, all bringing decades of industry experience to an already talented group at Under Armour who made us better on day one.

So what has our team accomplished? We love calling it the scoreboard. Let's take a look at the UA scoreboard.



Our North American business has grown 26% CAGR from 2011 through 2014, pretty impressive, but more important than reporting the past is talking about the future. We will more than double our business by 2018 -- from 2014 through 2018 at a 21% CAGR. Our biggest business is going to more than double through 2014 through 2018. Let me take a step back, let me slowdown and repeat that. Our biggest business will more than double from 2014 to 2018. Where is the growth going to come from? Let me give you a few examples.

It's going to come one from our current distribution across all channels, whether it be mall specialty, department stores, outdoor, or sporting goods. Part of the growth is going to come from our wholesale partners and our DTC businesses opening up new doors, easy for that business. Part of the growth is going to come from selling all doors within existing channels and people partners that we do business with. Additional growth will come from expanding programs in existing doors by earning more space and being more productive within existing doors, which leads us to category expansion, and we talked about that a little bit earlier.

We're going to grow all of our current businesses. In apparel and accessories, we will grow our men's business, we will grow our women's business, and we will grow our youth business. In footwear, we're going to grow all categories -- men's, women's, and youth -- through 2018.

You heard Henry talk about taking market share. We will take market share across the board led by golf, women's, run, basketball, team sports. These are categories that we do big business in. Train, of course, is our biggest business that drives the lion's share. We will grow all these businesses plus training in North America.

This is a little new for us. It's league deals. We've had sponsorship deals with the leagues for the past several years, and I won't go into the sponsorship rights, but I'm going to talk a little bit about some of the license rights that we recently acquired across the three major sports leagues -- baseball, football, and basketball.

I will start with Major League Baseball. Actually in market today, we are selling Under Armour apparel with team logos. We are selling it in our brand house, we are selling it at underarmour.com, we're also selling it in the concession stands in the arena, and we are selling it to the team stores. Limited distribution, baseball is testing us, getting us in the game, but the performance to date has been incredible. So you can now buy an Under Armour T-shirt or sweatshirt or the Yankees or a Mets or an Orioles logo -- I guess you can figure out where I'm from -- but you can buy with the team marks and we can put our brands together. We have high expectations of that business expanding.

In football, we have the NFL Combine deal where we were the exclusive and official supplier to the NFL Combine for the apparel rates. That deal just recently got extended, and with that extension, we can now take Under Armour apparel, we can put the NFL Scouting Combine logo on that product in addition to putting Ravens or Giants or Jets team marks or logos on that product and sell it across all of our current distribution.

And last, we just signed a new NBA deal where we are actually going to be the outfitter in 2017 and 2018. The NFL deal starts in 2016, by the way. The NBA deal starts in the 2017/2018 season, and we're going to be the official Combine supplier for apparel and accessories for the NBA. So all the players going to the NBA Combine will be wearing Under Armour apparel or apparel accessories, and similar to the NFL deal, we will be able to take that product and put the NBA Combine logo on it in addition to Knicks or Nets or Lakers or Celtics on our apparel and sell it across most distribution that we have today. These rights help us get into the pro leagues and the team license business and complement the growing collegiate license business that we have today.

And last, through the acquisitions of MapMyFitness and I'm on doing MyFitnessPal, we now have about 87 million people on our platform in North America, which provides us the ability to engage directly with our consumer. We're just getting started with activating this community, and we're excited about the additional opportunity it provides us to deepen our relationship with the consumer and provide the best possible brand experience for them.

Our accounts are investing in this opportunity. They utilize the UA record to reach more of their consumers. As you can see behind me, Sports Authority just ran a recent promotion with MapMyFitness where they generated in three weeks 20 million views, 57,000 click-throughs, and they recognized 100% increase on their TSA.com sales and attributed that directly to dealing with this MapMyFitness consumer.



We are also working closely with our wholesale accounts where we are taking a more active position in their e-commerce business. For the accounts that need technical help, our digital team is working directly with them, helping them with their sites, and we are also using our assets, content, and imagery through a new digital asset management system that has recently been installed to enable our accounts to use the same imagery and content that is on underarmour.com.

So here are screenshots from Cabela's, Dick's Sporting Goods, and Macy's. So department stores, sporting goods, and outdoor that are using imagery that is similar or the same that's on underarmour.com, and we want to look great everywhere we interact with the customer.

You all know the North American marketplace and the channels really well. There are a couple of key takeaways today that you are likely to see across the channels. We are seizing the opportunities by creating compelling and differentiated positioning within critical segments of the market by broadening our access to the brand. Let's start with our largest and most developed business, sporting goods.

In almost every account we are in, we are either the number one or the number two apparel brand when you combine men's, women's, and youth, and there's still enormous opportunity for us to grow the business there. We're not going to stop, and we're not going to be satisfied until we are number one in every category.

Footwear. We talked about it a lot today. Footwear provides the biggest opportunity for growth in all channels, sporting goods included. Our accounts are all in. What we did for them in apparel by extending to another brand, better margins, better competition, they feel we are the only brand that can do that for them in footwear. They are responding as we continue to grow our product line, add additional price points. They are responding positively and giving us the space that we need.

And last on sporting goods, I want to talk about individually is our team dealer business. We don't talk about this much. Our team uniform business is going to be up about 50% this year in a marketplace that is basically flat to declining slightly. We are outfitting athletes from grade school through middle school, high school, college, and beyond and developing a really loyal consumer.

But you really can't talk about sporting goods without talking about the biggest player in the market and a great partner of ours, Dick's Sporting Goods. Our relationship and our partnership with Dick's has never been stronger and our business continues to grow. We have taken leadership positions in -- as the number one brand in many categories. And like I said earlier, we're not going to be satisfied and we're not going to stop until we are number one everywhere.

We talked about elevated products, storytelling, and overall retail presentation. Dick's is an amazing partner for us. We have dedicated shops in all their doors. The size of the shops vary based on the size of the volume of their store. And over the next year, we are working with them to have 400 running and basketball footwear destinations, a huge investment, a huge initiative for Under Armour and Dick's Sporting Goods that we think will pay off for both brands.

Mall. There's a ton of whitespace in the mall for us, which is a relatively new channel for Under Armour. As you know, footwear makes up about 85% of the volume going to mall, which is primarily driven by two categories, basketball and run. As you can see behind me, these are basically the Foot Inc. banners plus the Finish Line. They make up the majority of the business in the mall or all the people that will be selling in the mall, who do sell in the mall. These guys make up the majority of the business.

When you consider that we are still fairly new in this channel, you can understand why we're so excited about the opportunity to grow our business in the mall. This is one of the key places that our newly aligned sales organization, combined with our category management and enhanced merchandising, will help us establish and drive growth.

The largest player in the business -- the largest player in the mall is Foot Locker Inc. We have formed a great partnership with their team. If you total up all the doors behind me, we are in less than half of these total doors. It is an enormous opportunity for growing and expand our branded business.



We had incredible success of the Curry One launch. Behind me you can see Stephen during All-Star Week, which happened to be in New York this past year. Stephen made an appearance at the 34th St. store. There was a line out the door for him. In the 400 door -- Foot Locker doors that we sold Curry One to, we took over the windows for a couple of weeks, and inside -- all this happens to be 34th St. But in all the doors, we had windows, and then we also had big displays in-store. The Curry launch was amongst the fastest liquidating signature shoe Footlocker had this past year. As we expand the Curry Two this coming October, we will go to more doors and put more pairs per door in.

We worked closely with Champs to build out a new concept called The Armoury. It's been up about for about three months right now, and it's still early to say success, but the results have far exceeded expectation to date.

So this gives you a pretty good view of the store. On the right, you can see the window. We have The Armoury signage there, and it highlights headwear, apparel, and footwear. If you go to the back of the store, Under Armour has pretty much taken over the entire back of the store. It's about 1000 square feet. See the big logo drawing people back, and then we have footwear utilizing our key assets like Stephen Curry, Cam Newton. We have a lottery picking the NBA draft this year and Emmanuel Mudiay tying imagery. We've taken key elements from the Brand House, the thrones, the chairs that we have in Brand House, using those elements in the mall, things that we've learned from Brand House taking to our partners at wholesale.

The Armoury is just another example of how we are elevating our brand and enhancing the experience that the consumer has with Under Armour.

Outdoor. This business is kind of like the silent assassin for us. Like every category, authenticity and performance are keys to our success. Driven by Kip Fulks, who is an avid outdoorsman -- I very rarely ever give Kip credit, but he's an out-of-the-box thinker. We created through Kip a UA TV show called the Ridge Reaper and a camo pattern called Ridge Reaper and under the same name to continue to help drive authenticity in this space. Both have been very well received, and both are driving business.

Cabela's is the leader in this industry. The physical and virtual presentation of our brand at Cabela's is strong as you can see behind me. We are their premium brand, and we are positioned accordingly in their doors.

Department stores is another relatively new channel for Under Armour and gives us access to a consumer that may not shop in sporting goods or the mall and by their activewear.

Behind me, you can see Macy's Herald Square in New York. It's one of the most iconic retail stores in the world. We have a shop in men's, we have a shop in women's, and based on the results from our youth business to date, we will have a shop in spring of 2016 in Herald Square. Our men's shop is among the most productive shops in the active department.

These are just a few examples to show you how we're focused on elevating our consumers experience wherever they interact with the brand, and we're building mutual profitable businesses with our partners.

DTC. While we are enjoying incredible growth at wholesale, our DTC business is growing at a faster rate and at better margins than our wholesale business. DTC sets the standard for our brand in the marketplace and has been a powerful way for us to learn and share best practices with our wholesale partners. Susie and Jason are coming up here in a little while to talk about the global DTC business, and we will also hit North America, but I wanted to just share some quick highlights with you as it relates to the North American business this past year.

So the Stephen Curry signature shoes sold out 95% on the first day in Brand House. Our Chicago Brand House, which you see here, is getting about three times the traffic as our average brand house, and we have walked Chicago and had customers walk Chicago to the Brand House. And based on the experience they see on how we merchandise and elevate the brand in a 30,000 square feet environment, they're actually taking some of the products and some of the merchandising and bringing it into their doors.

Factory House. We now have 50 million people in North America walked through our Factory Houses this year. Our youth business is overindexing, and it makes up about 20% of the sales in Factory House. We ended 2014 with 130 retail stores in North America. By the end of 2018, we are going to have over 200 retail stores in North America.

E-commerce. The Curry shoes sold out online in minutes. We had 500,000 page downloads for the Curry MVP drop. We tried to test golf shoes. We did it at a pretty good timing, right after Augusta when Jordan won, and it sold out in two days. Kelly and Adrienne talked about the importance of our bra business to the female consumer. We are up 50% year to date on e-commerce, and our mobile traffic is up triple digits this year.

Our DTC business provides revenue opportunities for Under Armour, but it also is a way for us to drive brand presence and enhance storytelling to the consumer.

So in closing, I would love you to take away five things from the North American business today. First, our customers and our consumers want more from Under Armour. It's an incredible position to be in as a brand. Our business will more than double in North America. The biggest business will more than double from 2014 through 2018. The growth is going to come from existing distribution. All of our categories are going to grow. Apparel and accessories across men's, women's, and youth, and footwear will lead the growth across men's, women's, youth, all categories, and digital is key in both our direct to consumer businesses and working with our wholesale partners.

So now I have the pleasure to introduce our next speaker. Charlie joined us about three years ago after spending roughly 20 years in this industry, and he's come in and he's growing the business and built an amazing team. My only request to Brad today was I didn't want to have to follow Charlie because doubling the business is going to sound a lot less impressive after listening to what he's doing in international.

So it's my pleasure to bring up Charlie Maurath, our President of International.

PRESENTATION

Charlie Maurath - *Under Armour, Inc. - President of International*

Good afternoon, ladies and gentlemen, and thanks, Matt. Thank you for giving me the opportunity to present an update of Under Armour's international expansion strategy this afternoon.

Two years ago, I was standing here and presented to this audience Under Armour's international expansion strategy until 2016. This slide you see behind was my final slide of that presentation. In 2013, we organized by putting our international strategy plan in place. By 2014, we optimized by establishing consistent processes, organization structure, and systems to ensure scalable approach, and by starting new subsidiaries in Australia, in Brazil, in Mexico, and in Chile.

In 2015, we accelerate by focusing on key regions, key markets and key customers. And by 2016, we attack. We will get bigger, better, and faster.

I also presented the international strategic business plan and its five building blocks of success, as well as how we transform a successful North American Company into a truly global player. I spoke about the brand. What means the brand? The brand is how to ensure that Under Armour brand always stands for performance and innovation wherever we show up. About people, where we have regional teams that are engaged and enthusiastic, empowered and passionate about Under Armour and their work.

I spoke about the operating model which provides clarity about the government of the Company and where roles and responsibilities are clearly defined at global, regional and market level; and about infrastructure, which is about setting up offices, distribution houses and IT systems; and the international expansion strategy with a clear plan of where, when and how we show up.

The good news is Under Armour International is almost one year ahead of the original plan. By 2015, we will achieve our 2016 international business ambitions; or, in other words, we are 50% ahead of our 2015 plan.

Obviously, our strategy is working and we are gaining traction around the world. We are managing fast growth while limiting risks. Around the world, we are winning the hearts and minds of athletes. So how do we do this? We are investing in the activation of global and local assets such as Jordan Spieth, Memphis Depay, the Welsh Rugby Union, or Jarryd Hayne from Australia -- most of you may not have heard about him.



Jarryd is a two times Australian Rugby League Most Valuable Player who last year gave up his fame and fortune to chase a lifelong dream to play in the NFL. He had never played in the NFL before. Let's have a look at him -- good one; he is an Australian, by the way. He has never played American football, but after a year of training and four weeks of NFL preseason, the longshot novelty became a reality.

We also utilized DTC and controlled retail space as well as store opening as the media. Here, you can just see a couple of examples in Manila, Shanghai, opening with Steph Curry two weeks ago, and the Siam Center in Bangkok. And we drive engagements to digital and connected fitness.

And we do things differently to be disruptive in key markets. This event is called the Armour Camp that was held during the ISPOR in Munich just at the beginning of this year. Actually, this was called Last Man Standing -- what you see here in a minute. We got a lot of coverage. This was during the International Sporting Goods Fair in Munich, and a lot of press coverage. It was done during negative temperatures in February. Interestingly, this is Last Man Standing, and even better, it was won by a woman.

It's a construction placed in front of the ISPOR fair. Okay. Because of all this, our brand awareness has been increasing rapidly. In any market where our brand awareness exceeds 30%, we see a strong acceleration of our revenue growth.

A great example is Chile, where our brand awareness has reached 43% in less than two years, driven by the signing and activation of Colo-Colo. I think I spoke about this. One of the biggest clubs in the country, as well as the opening of four Under Armour stores in San Diego. This is just an example how fast you can grow a brand awareness in a country where the brand is hardly known.

We continue to position Under Armour as the premium performance brand that makes all athletes better. How do we do this? We prioritize our key categories and innovations when we enter markets. We focus on premium distribution and we are strategic about our geographic expansion.

Our consumer loves our brand because we deliver outstanding products that are designed with cutting edge technology. As simple as it sounds, we are successful in any market with our core categories when we align them with Under Armour's four pillars of greatness: make a great product, tell a great story, provide great service, and build a great team.

And when we enter markets, we focus on the following core categories: running, football, training, and basketball. Our channel strategy is tailored to ensure we have the correct balance of wholesale, retail and eCommerce in each of the markets. Our objective is to be premium -- to be premium in each of these channels, and look the best wherever we show up.

So, what do we do? Let's talk about wholesale. We focus our expansion at premium, pinnacle locations such as Selfridge's and Harrods in London, Sport Shoes Store and SportScheck in Munich, and we built strong strategic partnerships with top regional accounts that allow us to represent the brand in an elevated way. And by 2018, Under Armour will have more than 2,000 shop-in-shops outside of North America, meaning we will increase our shop-in-shop presence and footprint by over 250%.

Let's talk about retail. Our retail strategy incorporates both on retail and partnership stores. With the opening of partnership stores, we leverage our own retail capabilities. We will increase our store presence through a tiered approach, focusing on flagship, brand house and factory house to drive sales. By 2018, we will have more than 800 stores outside of North America, growing our existing store base by more than 500%. Susan McCabe, our Senior Vice President of Global Retail, will go into more details later on.

Let's talk about eCommerce. We are rapidly increasing our accessibility to our consumer by expanding in new geographies. We are piloting omnichannel in order to offer athletes an innovative, seamless consumer experience. The millennium consumer demands an integrated omnichannel approach, so they can shop on the Internet within brick-and-mortar and on social media, and switch back and forth with ease.

We are building loyalty through mobile with our connected fitness and eCommerce platforms. And by 2018, we will have 30 localized eCommerce experiences, covering approximately 80% of the key markets around the world. Jason LaRose will represent or will present more on eCommerce later.



Last time we talked about focus on key regions, key markets and key cities. We continue to be very disciplined with our geographic expansion and cadence of new market entries with owned subsidiaries, distributors and partners. So I just want to give you here an example.

By 2025, 2 billion people will live in 600 cities in the world. These are 25% of the population, but they will represent 60% of the GDP. In 2025, 75% of those 600 cities will be in emerging markets. And emerging market cities will have more and higher middle income households than the developed world for the first time in history. Today, Under Armour is only present in approximately 10% of those 600 cities, which gives all of you an idea of the opportunity that we have ahead.

So let me start with our biggest region, EMEA, first. We focused, as I have told you, our efforts in the three biggest market: UK, Germany and France, which represent 70% of the business in this region. In 2016, we will take back control of our brand in France, following the UK and Germany. In addition, we have signed new distribution agreements with partners in Turkey, in selected parts of North Africa, and in South Africa, each starting in 2016. And we continue to evaluate market entries into the Balkans, Eastern Europe, South Mediterranean Europe, and drive share in the years to come. We are happy to have an experienced industry leader with Chris Bate, who drives the development of our brand and growth in EMEA.

Our brand is about energy. It is about an obsession with being better, stronger and more powerful. As you might have heard, in Germany -- goes close to my heart, by the way -- we have signed St. Pauli, a football club that resonates with our core consumer and our brand. Recently, they were nominated the fourth most popular club in Germany even though they are in the second division.

Just to give you an idea what you see over here, this is the way they welcome the opponents at evening games. And for those of you who do not understand what it means, "willkommen in der holle" -- it means "welcome to hell." (laughter)

So in other good news (laughter), to further strengthen the brand in key markets, we anticipate announcing two additional EPL clubs to our global asset roster in 2016. We, Under Armour, will continue to invest in activation around our new sport marketing assets to drive brand awareness and sellthrough in key markets.

Let's talk about Asia. In Asia, we will continue to focus on premium positioning through owned stores and regional partners. We are very satisfied with our longest-serving distributor and licensee, Dome, that drives Under Armour's business in Japan and South Korea. In China, we continue to experience massive growth, as we expand our footprint with our regional retail partners. Our GM of Greater China, Erick Haskell, has a long proven track record in sporting goods industry in Asia, and we are pleased that he is leading our efforts.

In Southeast Asia, Indonesia, Brunei, and Vietnam are the next markets that we will enter in 2016. And we are also evaluating a market entry into India most likely in 2018.

In Latin America, we have created platforms for the brand to reach our consumer with our football club stores and shop-in-shop rollouts. In all three market, we are still in our investment phase, as we have built up three new subsidiaries in Mexico, in Brazil, and Chile, as well as expansion into the remaining markets of the South Cone. We continue to develop key account relationships, retail rollout and establishing new income sites in our markets attack.

So let me summarize. We have a strong and motivated team in place. We are quickly becoming a truly global player. In 2012, Under Armour International was 6% of sales. In 2014, we were 9% of sales, and in 2018, we will be 18% of our global sales. And we are just getting started. We will continue our strong growth path, delivering a cumulative annual growth rate of 50% in the coming years.

Please let me hand over to Susie McCabe, our Senior Vice President of Retail, who will not only guide you through our global retail strategy, but was instrumental to our success internationally. Thank you very much.

Susie McCabe - Under Armour, Inc. - SVP of Global Retail

Thank you, Charlie. Hi. I'm Susie McCabe, and it's a pleasure to be here today to talk to you about the global retail game plan at Under Armour. Before I dive in, I want to provide a little insight into what drew me to Under Armour almost two years ago.

I've had the privilege of working at some great retailers and great brands over the course of my career, from Bloomingdale's to J.Crew, to over 15 years at Ralph Lauren. Without question, what we are building at Under Armour is the most exciting thing that I've been involved in. This is a once-in-a-generation opportunity to bring a brand that is changing the industry to more markets and more athletes around the globe.

We have a proven track record for success and an even greater runway in front of us, so let's jump right in. The last time we met, we had just opened our brand house store in Harbor East, and we are about to open our store in Tyson's Corner. Six months ago, we opened the Chicago brand house on the Magnificent Mile, a true flagship location and a UA beacon in the Midwest.

Last week, we opened our Shanghai brand house store on Weihai Road. It is our largest store outside the United States at approximately 15,000 square feet. The opening was on the final day of our five-day, five-city tour through Asia with NBA MVP and UA athlete, Stephen Curry. What an end and a beginning.

We are really proud of these openings. But as we like to say, we are just getting started. And you all know our CEO well enough to know that as soon as we open these stores, he was saying to us, what's next?

So let's level-set with where we are today. We ended 2014 with 226 locations globally. That includes both our owned and operated stores, as well as our partnered stores. We are in 11 countries with 1.1 million square feet of retail space.

A little over 60% of our locations today are North America. That means that our opportunity outside North America is large. Remember 70% of the \$250 billion sporting goods business is done outside the US, so we are a little inverted here. There is definitely room to grow.

As we think about the vast opportunity that lies ahead, we firmly believe that how we grow is as important as how fast they grow. Our single largest asset is the brand. Our goal is to maintain our premium positioning and share the brand with athletes globally. We will expand our reach and broaden our assets. But we will be vigilant. We will focus on always being brand-right and business-right.

If you leave here today and remember only five things -- I need you to progress the slide -- remember these with UA retail. We will build the brand. We are elevating our brand through great consumer experiences. With every store that we open, we build brand equity with our consumers throughout the globe. From Baltimore to Shanghai to Manila to Chicago, our stores are creating new connections with athletes and showcasing the world of Under Armour.

We tell a great story. No one can tell our story better than we can. Retail gives us direct access to the athlete to tell our story. From the brand history to our athlete's personal journeys, to products and technology launches, we are able to tell pinnacle head-to-toe stories and be the best expression of our brand.

We drive the business. Retail drives revenue and profit for the Company within our four walls and outside of our four walls. We have seen our brand house stores drive growth in our wholesale businesses in the surrounding markets.

We reach more athletes. With every door that we open and every market that we enter, we access more athletes. Our door account growth combined with the growth of our connected fitness communities will be two of the largest drivers of broadening our access, but we were always strive to grow the right way. So we will protect the brand.

While we are focused on driving the business, we will not chase easy profits. We are disciplined and we will pursue growth that is brand-accretive, brand-right, and business-right.

To achieve the goals just outlined, we are pursuing a tiered market approach. We are focused on balanced distribution not only within brick-and-mortar, but across DTC and wholesale. So, we are pursuing a three-tiered approach. Every tier in the pyramid serves a different role within the portfolio. Collectively, they help us achieve our goal of broadening access to our brand and expanding our reach.

So if we talk about each one, they serve different purposes. Tier 1 builds the brand. It's premium distribution that makes a brand statement. It is an anchor for the brand and an anchor for the region. These will be our largest stores -- over 20,000 square feet in the United States and over 12,000 outside the US.

Tier 2 drives the business and builds awareness. They are operationally efficient and financially self-sufficient. These will be smaller in size than Tier 1's, but they will still make a very big impact.

And lastly, Tier 3. Tier 3 protects the brand. It is controlled, off-price distribution that expands our reach and supports our full price points of distribution. In this omnichannel, customer-centric world, taking a holistic market approach is key to our delivering against our objectives.

So, as we dive into each one of the tiers, we will start with Tier 1. Tier 1 is the pinnacle point of distribution. These stores make big brand statements on some of the world's largest stages. They showcase the full world of UA products and experiences. These are important to drive the business and build the brand, especially internationally.

We will be selective about where we open these. Our focus will be major global gateway cities, like Chicago, Shanghai, New York, London, Tokyo. They will be beacons in the marketplace.

We have had great success making amazing connections in markets that we have opened at Tier 1 locations. We are on track to have over 1 million visitors in our Chicago store annually. We have people flocking to Chicago to have their picture taken with the big bus form or to track their vertical leap at the OptoJump.

We have hosted countless events with our marquee athletes like Misty Copeland, Stephen Curry, and Jordan Speith, as well as some of our major team assets, like Notre Dame and Colo-Colo. We just pre-launched the Curry II at our new store opening in Shanghai. Crowds lined the streets to see Stephen Curry and to buy the shoe.

We are selling pinnacle products and delivering authentic category experiences in run, hunt, fish, studio, golf, basketball and train. These stores will not make up a significant portion of our door count, but they will be a significant contributor to brand heat. And they will drive performance for the other tiers and the wholesale channel.

Tier 2 is all about driving the business, broadening our reach, and generating more access to the brand. These stores are brand statement and workhorses. They are self-sufficient and allow us to engage local athlete on an ongoing basis. While Tier 2 is smaller in size than Tier 1, they will continue to give our athletes the opportunity to shop head-to-toe looks by end use, and they will showcase technology launches and our most elevated products.

Tier 3 assets play a multifaceted role in our portfolio. First, they reach more athletes. Over 50 million athletes walk through our factory house stores globally. Secondly, they protect the brand. They allow us to make best on product and liquidate what we don't sell. They are a vital part of a healthy brand.

They drive the business as well. Worldwide, the factory business is one that is for brand loyalists and novices alike. They provide access to the brand for a more value-driven customer or a new customer, and they offer another access point for those that are already fully engaged in the brand.

As Charlie mentioned, as we expand outside the US, controlled retail will represent a big portion of our growth. The lion's share of that door count growth will come through brand house stores. Our factory house door count will come to represent a smaller percentage of our overall stores. Our target here is 25% of our doors.

We will open fewer larger doors. So, factory house will be 16% of our new store door count and 22% of our square footage growth. In North America, we could have opened more stores. But we are focused on being in only the best centers. We are targeting having stores in no more than 70% of the outlet centers in the marketplace. This is about quality over quantity. So, overall, across every tier, all of our doors will be consumer-right, market-right, and brand-enhancing.



As we follow this tiered approach, where do we expect to be by 2018? A minute ago, or a few minutes ago, I told you 62% of our retail doors were located here in North America. By 2018, about 80% of our doors will be located outside of North America. We will still look to grow North America by over a 20% CAGR, but international will be growing at close to 10 times that rate. Our store count growth will be 12% in North America and 75% internationally.

The international growth potential is large and retail will play a huge role in that. But as we expand outside of North America, our store mix will also change. By 2018, we expect that 70% of our store count will be partner-operated. By working with partners, we enable our growth, increase our speed, and manage our investment and our risk.

As we scale, our global teams will ensure that we are globally consistent but locally significant. It is critical that regardless of whether or not we own the store or we partner with the store, the athletes get the same amazing brand experience. They will see the same global fixture series, the same visual merchandising standards, the same emphasis on high energy teammates, and the same globally powerful and locally relevant assortments. We issue global standards, and have robust end market training.

So, where do we end up in 2018? By 2018, we are projecting that 80% of our stores will be outside of North America. We will have over 1,000 stores worldwide. We will have stores in close to 40 countries and over 3 million square feet of retail space. We are tripling our footprint.

75% of that growth is coming from international locations and 60% from partner-operated retail. We will have over 150 million athletes visiting our stores each year. We are truly just getting started.

So, just a reminder of the five major ways that retail supports Under Armour's global growth strategies -- we build the brand; we tell a great story; we drive the business; we reach more athletes; and we protect the brand. Our eCommerce business will do all of this as well. And in a world where the athlete sees us as one brand and one community, it is critical that we are aligned in our strategies and positioning.

The world is changing, yes, and this is why we think of ourselves as DTC, not just retail and not just eCommerce. We work together to draft off each other's strengths to provide an omnichannel shopping experience for the consumer. We will continue to see the convergence and acceleration of digital with retail, digital within the store itself. But before someone enters into one of our stores and after they leave, whether they have made a purchase or not, they will be interacting with our brand in the digital space.

As you can tell, this is not an "or" conversation; this is an "and" conversation. It is not digital or physical; it is digital and physical.

With that, I'd like to hand it over to Jason LaRose, who will take you through the strategy for the fastest-growing part of the retail business here at Under Armour -- eCommerce.

Jason LaRose - Under Armour, Inc. - Chief Revenue Officer

Thanks, Susie. Super excited to be up here for you guys. I apologize upfront that I am last before Brad. I don't have any videos, I don't know how to say welcome to hell in any other languages. So, we are just going to talk about the fact that we run the fastest-growing business and the most profitable business. Hopefully with this crowd, that is a pretty good way to start.

So, when we talk about eCommerce, there are still two goals that are not very different from the other things you have heard today -- be amazing to our brand, accelerate our growth. That is really what we are here to do. The objectives are not -- they are not in question, I guess. But the strategies are what we are really here to talk about, hopefully pretty quickly, here today.

So let's talk about the four things that most of our activities really bucket into -- launching global platforms, delivering personalized experiences, dominating in mobile, and establishing a premium presence everywhere. Starting with global experiences, Charlie gave you a little bit of this flavor already.

The last time we were together, in 2013, we had five sites around the globe. Today, we have 23 sites. Tomorrow, we have 24. With 23 sites, we are still very much in a nascent stage from an eCommerce standpoint. Even with that growth, only 3% of our eCommerce revenue is happening outside of North America. The idea behind launching those sites so quickly wasn't to see how fast we could make that number grow. It was to reach more athletes. We are trying to tell our story.

And from a digital standpoint, we have much better opportunity to very quickly get our story out there as we establish the right distribution partners, whether it be DTC or through other partners, market by market. Those localized experiences mean a lot to us.

If you think about a place like Brazil, Kevin mentioned that tomorrow, we launch our site in Brazil. That is partially true. Tomorrow, we launch our commerce site in Brazil. Tomorrow is not the day we launch our site in Brazil. Our site has been up in Brazil for over a year. And our site has been up in Brazil for over a year because we needed a place to talk about our brand.

We weren't ready to handle it from a commerce standpoint, but we needed to talk about Under Armour. We needed a place to talk about our partnership with Sao Paulo Football Club. Some of those things that give us a great chance to drive our brand in-market, before we even have all the distribution to be able to satisfy the demand. So that is a great example.

Denmark, you know we have talked a little bit about Endomondo. We launched our Danish site two weeks ago. That site was launched in a country where 45% of the adults have the Endomondo app downloaded onto their phones. So, when we talk about -- Rob had mentioned it earlier today the idea that certain people are having their first handshake with our brand in digital space, that is absolutely what we are talking about.

We are seeing that in Denmark. That is not a pipe dream for us. That is just reality in a country where we have limited distribution, but half the population now knows a lot about Under Armour. And that is what we are satisfying with those types of sites.

As we talk about 2018, we are going to have 30 countries, probably a little more, but we will talk about 30-plus, where we will have localized experiences. That will take us from 70% of the GDP recovered today to over 80% of the GDP by the time we get there. And this lines up perfectly with the way we think about distribution and brick-and-mortar, and how Charlie talked about market expansion. We do it from one single approach so that we are reaching athletes in a very combined and holistic way.

Switching gears toward engaging content experiences, we've talked a lot about Stephen Curry, the trip to China, those types of things. Certainly a great opportunity for us, but not one that you can perfectly predict. I mean, Stephen had a great year; we know he is a great player, he is great partner to us. We don't know he is going to be the MVP. We don't know he is going to be a world champion. We don't know he is going to win the 3-point contest. So, digital is a really important place for us to be able to tell that story at a moment's notice as it happens.

So, behind me what you see is a commercial. And we played this commercial, and it did great in both broadcast and online. Tens of millions, maybe hundreds of millions of views -- it was wonderful. It's a great place to learn a little bit about more about Under Armour. But it is really quick. What happens to that kid with a lot of passion for the brand who wants to learn more and wants to spend more time with us? That is really where we have an opportunity to use our sites to tell the depth of our stories.

So, as you look at what's behind me, you see a lot more of the content that we can allow you to drill into, really only in this channel. Everything from videos about what inspired Stephen to help us design a particular shoe, or what goes into charge cushioning, or why we designed a shoe a particular way. Shoe release calendars, things happening in social, how he is interacting with other athletes in our roster -- all those things are things that mean a lot to that kid who cares a lot about basketball and cares about Stephen, and cares about Under Armour.

And so, our ability to let him go to the bottom of the ocean on that content is really what has made a difference. I mean, not only did that kid come to search for it -- and Curry is the number one search term on our site year-to-date, so pretty important for us -- but that kid is buying. Our basketball business is up 300%. And he is hanging out.

For kids who come and search for Curry on the site, they spend twice as much time on the site as people who don't. So, they are diving into that content in a year where Stephen is having an amazing time, and we have a chance to tell that story and engage that kid in our brand.



And as Matt mentioned before, a lot of people talk about sellthroughs and say, hey, we sold through this shoe in weeks or maybe even days. We used to talk about them in hours; now we talk about them in minutes. Our last two Curry shoes sold out online in minutes, less than 10. So, when you talk about people pulling us into categories, the way Henry did earlier today, this is just another example of what's happening, when we can just get that kid a little more access to our brand, how that passion to be fueled.

At the same time, not everyone wants to come search for that content. Sometimes we have to come find you. And so, we will go back to the story of Sofia. We talked about her earlier today. She's in Baltimore. This isn't a minority report example. This is what we can do today.

You think about a woman who lives in Baltimore who we know is a runner, we see her out on our app, and we see her searching for her run route. But she is searching for a run route in Chicago. What she doesn't realize is that it is fall in Chicago even though it is still summer in Baltimore. And that 23 difference means that run along the harbor here is pretty comfortable, and that run along the lake is pretty uncomfortable in Chicago.

So, we have the ability very quickly to say we know the difference; we know how far you run. And because we know how far you run, we can push to you a notification that says here is what you're probably going to need. We know your sizes. You have payment type on file. We know a lot about you. These recommendations can be amazing.

Kevin talked earlier today about the fact that Amazon has 40% of their revenues attributed to their recommendation engine. That recommendation engine is still only powered by transactional info. They don't know more about you than what you have bought.

We know about what you did yesterday. We know what you put in your body, how well you slept, how far you ran, how far you usually run. And all of those pieces of information just give us a better chance to make really smart recommendations. And when we do, then we can have Sofia in Chicago very quickly having an awesome run in new gear that is just right for her.

And maybe we send it to her hotel room in a box. Maybe we have her pick it up at the nearest Dick's store. Maybe we had it shipped to her hotel from the nearest Dick's store. It doesn't matter. The point is, we were able to solve the problem for her. We were allowing her to focus on her run. And that is really what we want to be able to do.

Now, if we switch gears and talk about mobile, this trend is not new. You guys cover this space. You know everybody says mobile is growing a lot, mobile is growing a lot. For us, it's even more. If you went back four years, less than 5% of our traffic came from a mobile device. And when we were together two years ago, that number was 28%.

Today, that number is 57% year-to-date, which is higher than most people. But when you think about our connected fitness community, when you think about our youth and their tech savvy, that is not a crazy number for us. But that acceleration is really incredible.

What's different for us is we have been able to take that information and we've been able to put it into action. We've made sure that all of our sites around the globe are responsive. So we are device-agnostic. No matter what size screen you want to be on, we can optimize that experience for you in any of those 23 countries we talked about before.

And while other people are saying, hey, we are seeing our mobile go up, and that means we are seeing our conversion go down, we are seeing our mobile go up, but we are seeing our mobile business get stronger, too. So, while mobile is accelerating as a percentage of traffic, our mobile business is up over 120% this year.

So, we are seeing that turn into revenue. It's not just flipping traffic on the bus. These are kids who are putting things in carts and leaving with product. So, excited to see that when we are making those investments, it is not just in making a better experience. But our job is to sell shirts and shoes, and we are doing a good job of that, even on devices where some folks are struggling more.

On the shopping app side, many of you ask questions about -- you don't have a shopping app; when are you going to have a shopping app? We are going to have a shopping app very soon. That does not sound like new news, and it's really not. Right? I mean, every brand out there has one, or most brands have one.



Well, what's different is what you can do with it. Most people build a brand and then they build an app. When they build the app, it's for the people who love the brand. So, if you love a brand, then you download it and you put it on your phone. Couple-million people download it, they love the brand, it's really cool. That's fine.

For us, what we have the ability to do is not just launch an app, but to integrate that app into the daily lives of 150 million people. It's not building an app that's hard; it's building an installed base that's hard. So, you launch BrandX.com and you put an app up there, who is going to download it? Getting the downloads is hard. But integrating into 150 million people who have already downloaded you is a very different situation.

So, while these are a couple of stills, if you look to the far left, what you see -- that is not an image of our app. That is an image of record. And that image of record is showing you how a moment of inspiration around a yoga pose can very quickly turn into, how do I buy that tank? -- one click.

So, those are the types of things we can do because we know that customer is already with us looking for inspiration, in this case about yoga, and very quickly, we are transitioning that into product. You shouldn't have to go to Google and search around, and say, what was that pink tank? And who is in that? And what size is that? And how are the straps? We can do that. And we can do that very quickly because we have 150 million people. And so, while the technology is available to everyone, the installed base isn't. And that is really what makes this so powerful for us.

Now omnichannel, you heard a little bit. People have thrown that word out. You guys get this word a lot, right? Everybody says it. It makes them sound like they are smart. It's cool. Nobody really knows what it is, but they say that anyway. It has been going on for like eight or 10 years, right? And when people say it, I think they mean a whole bunch of different things. But I think there is a convergence around the definition. I think it's important to just say why we think it's different.

What most people say, what I think they are saying when they say omnichannel, is they're saying supply chain. They are saying we know how to share inventory between our core stores and our eComm business. So if you buy online and we have it in the store, we will get it for you. If you are in the store and we don't have it, we will get it for you from online. Cool. Not that cool, but you should do it.

From our perspective, that is really not what we think about when we talk about omnichannel. We should do those things, and we are doing those things. And that's fine. But those are tickets to the game in 2015. What we are really trying to do is expand, so that factory house that doesn't have all the same assortment we have, or our wholesale partners and distributors who we don't have all the point-of-sale information from, are still being part of that conversation, how we think about our relationship with that customer and, ultimately, how we integrate their communities.

So, when we say omnichannel, we don't think about one view of inventory. That's what most people I think say. When we think about omnichannel, what we think is one customer equals one relationship. Not a relationship with that store, but well, it's different when I go to Dick's. That is not our deal.

Our deal is to have one relationship with you, to know everything in your locker, every time you run, everything you put in your body, all the stuff you need, all the content you need, all your likes, all your dislikes, and to build that into one relationship where we can really solve problems for you. So, when we talk about making omnichannel investments, don't mistake us that what we mean is we are making sure we have a single view of inventory. We are, but that is not the point.

The point is we are building one single relationship with our customer. And it is our customer's passion for us that allows us to have that two-way exchange. So when we talk about those partners -- we do have partners out there, and Matt alluded to the fact that we have to do a great job by them. Henry said many times that the best brands look great everywhere. And that is our intent. Whether we are talking about Macys.com or we are talking about T-mall, we expect to look great.

And so we invest a lot of our time now in sharing assets and content in those things, and sharing inventory and drop-shipping and all of that stuff, because it is really important that our customers shop where they want to shop, and when they shop for Under Armour, that they have an amazing experience. So we work very close with our partners to make that happen.



I will just give you one anecdote. Cabela's, you guys cover the space; they have a great eCommerce business. They are based in catalog history. They do a very good business. They have a very large amount of traffic. The number one brand search on their site is Under Armour. It is amazing. In that space, I think Matt talked about outdoor being our silent assassin. I think that is a good sign of it.

The cool thing, though, is while we have hundreds of millions of visits to our stores and our own properties, our partners have billions more. And so, what we are committed to doing is doing a great job for our hundreds of millions, and still capturing everything we can in those billions. We are not competing with our partners in digital space. We are really just trying to look great. And when we look great, we believe we're going to win, because we believe we make the best stuff.

So, let me leave you in summary with just a few things, if you're going to take a few things away. When we get to 2018, we are going to have at least 30 localized experiences. Those experiences are going to be personalized not by transactional data, but powered by connected fitness. Then, we are going to drive four times as much digital traffic through mobile as we do today. Four times, even when we are at 50% today.

So we are making investments in omnichannel, but those investments are in our definition of omnichannel, not everybody else's definition of omnichannel. And what it all is going to lead to is five times the business. We are going to approach five times our current size in eCommerce when we get to 2018. Even though today we are a good chunk, and we are growing really fast, and we are really profitable, five times is very doable for us, given what's happened in the connected fitness and how we are driving traffic.

So, I hope that was a good quick summary. I am the guy between you and a break. So, I am going to tell you we are going to take about five minutes, then Brad is going to come up. So nobody wants to miss Brad; I know that. So we are going to take about five minutes quickly, stretch your legs, use the restroom, whatever. That is plenty of time to buy something on UnderArmour.com, by the way. Plenty of time. You really need like 90 seconds.

So, if you want to do those things, you've got five minutes, and then Brad will come up and talk a little bit about financials and operations. Thank you.

PRESENTATION

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

Awesome. Welcome back. Every single day -- it's managing your expectations every single day. All right.

So we've got six chairs up here for Q&A. We've got 38 minutes to get to Q&A so I'm going to wrap it all up here and talk about the financials. I'm going to get a little bit of help from Paul Fipps on the technology side too. So you've heard a lot from our leadership today. Everything from where we are to where we're going and probably most importantly from my perspective where we're investing.

So from innovation to product to channels of distribution and more you've heard two common themes across today. First, how success is changing how our business looks and, second, how decisions around where, when, and how much we invest have been and will continue to be critical to the long-term success of our brand.

As much as we speak about the consistency of our five growth drivers, the success of these growth drivers changes our landscape drastically. Two years ago, footwear and international were spoken of mostly in the future tense. Now they come with an added degree of confidence based on our results from last two years.

Our ability to continue to be focused on investing in key areas of growth balanced with the discipline of delivering shorter-term results has been our recipe, not only for our past and near-term financial success but, more importantly, our ability to accelerate our topline CAGR the next few years to 25% and lengthen our runway of growth beyond 2018.



Let's start with the most visible benefits from our investments, our revenues.

At our last Investor Day in 2013, we targeted a \$4 billion revenue number by 2016. Our current 2015 revenue guidance of \$3.84 billion gets us nearly there an entire year earlier. Again, these topline results were fueled by our investment decisions we have been making along the way.

Regarding revenues, let's take a look at the past, present, and future as the starting point. First, let's look at our 22% revenue CAGR we signed up for last Investor Day and see what revenues would have looked like if we simply extend that growth rate for 2018. You get a number just under \$6 billion.

Fast-forward to earlier this year when we provided details on our connected fitness strategy in New York. We added results from 2013 and 2014 where we overdelivered, in part due to the execution of our footwear and international strategies. At that time, we were guiding 2015 revenues of \$3.76 billion and still holding true to the growth rate of 22% signed up for back in 2013.

That guidance did not even consider any benefit from the acquisitions as it was too early to really tell where those areas would be. Therefore if we apply that same logic as before, and hold that 22% rate constant we'd be a \$6.8 billion brand by 2018.

But what does that mean for us right now? The last seven months have allowed us to further understand the opportunity around connected fitness and it's this additional clarity around this new opportunity, coupled with sustained execution in our core business and continued evolution of our brand that gives us confidence to accelerate our revenue CAGR.

The new line behind me represents our accelerated 25% CAGR from our 2014 results and is inclusive of our current 2015 guidance. What it shows is that we are adding an incremental \$1.5 billion in revenues versus the trajectory at our last Investor Day, led in part by the confidence we have in our footwear, international, and connected fitness businesses. That incremental \$1.5 billion is almost the size of our entire business just three years ago.

This shows that the confidence we have in our investments leads to results which, in turn, leads to increased confidence in our ability to lengthen our runway of growth. Staying with revenues for a moment let's take a look at a few different revenue slices to give you a little bit more detail on how things roll up to this \$7.5 billion in 2018.

First, the product category view. Earlier, our product team spoke about our initiatives around apparel and footwear specifically. The big mix change here is in footwear. We are at a 40% CAGR in revenues. We'll go from 14% of our revenues to 22% of our total revenues.

Apparel, our largest category, continues to grow over 20% approaching a \$5 billion business, doubling the size of the business since 2014.

Connected fitness revenues of \$200 million -- those revenues are directly attributable to advertising, subscription services, and licensing from the platform. It does not include the anticipated largest benefit of the platform which is the broader lift across our shirts and shoes business.

Switching to our segment view, earlier Charlie spoke to you about the strategies around our business outside of North America. We anticipate our international business will deliver a 50% CAGR going from 9% to 18% of total revenues.

Within North America, as Matt stated before we continue to expect a 20% plus CAGR and more than double our revenue from just under \$2.8 billion in 2014 to almost \$6 billion in 2018.

Our final revenue slices channels, as expected. Global direct-to-consumer is the largest growth percentage story here, growing at a 30% CAGR and reaching 35% of our total business by 2018 from a 30% mix in 2014.

Breaking down DTC a little further, e-commerce will have the highest growth percentage mainly attributable to expected benefits we expect from our connected fitness platform that Robin and Jason discussed earlier today.



Susie walked you through our global retail business earlier. In North America retail we'll focus on planned optimization of our factory house business as we open fewer doors. International retail is still in the early stages. We will open doors at an accelerated rate over North America as we look to drive brand awareness around the globe. Complementing our DTC growth will be our wholesale business around the globe which will double in size from 2014 to 2018 with a CAGR above 20%.

So wrapping up all the different revenue slices, there's some big stories going on through 2018. First, we expect all of our businesses to remain above a 20% growth rate. Second, our largest business area is apparel, North America global wholesale will all double in size. In case you haven't done the math already global direct-to-consumer at a 30% CAGR will grow nearly 3 times the size of its business from \$900 million in 2014 to \$2.65 billion in 2018.

Footwear at a 40% CAGR will grow nearly 4 times the size from \$430 million in 2014 to \$1.7 billion in 2018. International at a 50% CAGR will grow five times the size of its business from \$270 million in 2014 to \$1.35 billion in 2018.

Impressive numbers historically and even more impressive is the expectation of these businesses going forward, all driven by the success of the investments we have been and are currently making.

Some of the key growth stories rescaling and driving our revenues will also play a key role in our gross margin trajectory over the next few years. Let's talk about gross margin for a second.

At our prior Investor Day, we provided a 49% gross margin target for 2016 which we were able to achieve two years early in 2014. Two areas we believed would provide the largest benefit -- direct-to-consumer and product margin improvements -- were the primary drivers of our ability to achieve this target early.

Going forward, we still expect these two items to play a beneficial role in our gross margin story. At our prior Investor Day we also stated our belief that we should be a 50% gross margin business and this is not changed. In the near term however, as I mentioned earlier, a lot has changed in our business since we gave those targets back in 2013.

From a margin improvement perspective the addition of the high gross margin connected fitness business, along with the two benefits I previously mentioned -- DTC mix and product margin improvements -- are expected to provide additional margin improvement over the next three years. However, in areas such as footwear and international, we are kind of a victim of our own success so to speak. As I previously spoken of, these areas are expanding at much higher growth rates than our overall business and both of these areas come with lower gross margins. The footwear business in general is inherently lower margin than our apparel business.

For international, new and expanded distributor relationships build our brand presence quickly in key markets but come at lower gross margins, especially in the near term. Longer term beyond 2018, as we continue to build our DTC and owned businesses overseas, we would expect gross margins to be more in line with our North American business.

Another factor impacting gross margins is foreign-exchange rates which has already contributed a negative impact to our 2015 first half results. Assuming the current environment persists, this will impact -- this impact will carry forward on our comparison with our 2014 rates.

Based on all these factors, specifically the strength in our footwear and international businesses, over the next three years we expect relatively consistent gross margin compared to our 2014 results of 49%. Again longer term 50% but in the near term, especially because of international and footwear, we expect these to remain relatively consistent.

As I stated before the decisions we make on where and when and how much we invest are a key driver of our success to date and going forward. Plus there's probably no more important part of my presentation today than SG&A and the investments in our brand that we are making.

We specifically speak about SG&A in two buckets -- marketing and other SG&A. As you have seen today around this campus, and you've heard from our leadership, 2015 has been a remarkable year for our brand. In the period, we have seen unprecedented success from our athletes on a global



stage. We believe we have a unique opportunity to position ourselves more aggressively in key long-term growth categories such as women's, basketball, and golf which, we believe, can create brand halos across the entire Under Armour portfolio.

As we stated on our prior earnings call, we will be opportunistic with our investment levels if and when the right situations present themselves. Looking at marketing, we are competing in a rapidly changing world and we must be willing to move swiftly to maximize our ability to drive consumer engagement -- not just for a given quarter or season but for years to come. We will remain focused on capturing the right opportunities that help accelerate or extend the long-term success of our brand. What this means is that the next few years our marketing spend will need to remain flexible and opportunistic as we shift to capture the right opportunities to drive long-term brand equity.

Activating to those opportunities may result in years of marketing that, because of timing, may be above or below the historical 11% rate we are used to. Also as you heard in our prior earnings call, we have already started to think about marketing in this way as we made the strategic decision to invest more back into the brand in the back half of 2015 and drive the long-term benefit of the business.

Outside of marketing, let's talk about where we are investing above or below the Company growth rate. Speaking about other SG&A let's break out business areas separate from support areas.

First on the business side -- two areas are consistent with our story for quite some time now and two others are relatively new in the discussion. The two areas we've been speaking about over the last few years are footwear and international -- first on footwear.

Since our IPO 10 years ago you've heard us talk about becoming a footwear brand. As you heard from Kip and Peter earlier, we are extremely proud of the progress we have made, especially over the last few years and believe we are in a great position to accelerate this growth over the next three years.

Today's success in footwear was built through focus and investment. As you probably recall, over the last five years we've doubled down our investment in this category by bringing in the right talent across design, innovation, manufacturing, and sourcing among other areas to help us build the foundation of our business.

As Kip and Peter said, we think this investment is paying off in multiple ways.

Now let's turn to another key driver for Under Armour International. At our last investor day we outlined a strategy to tighten our focus on key markets in both new and existing regions, which included building a local presence in these markets to help us fully identify the opportunity to get closer to the local consumer and ultimately grow fast.

As Charlie mentioned, we opened new international offices including four alone in 2015, retained key leadership with the insight to how to build our brand in each region or country and added many local, relevant sports marketing assets to serve as the lens through which we build our brand awareness and tell a consistent UA performance story.

With revenue growth well above the overall Company growth rate, footwear and international are prime examples of where our investment decisions have paid off for us. These areas were investment areas five years ago, let alone two years ago at last Investor Day. With the success we've seen and the fact that both of these businesses are still in early stages, we expect to invest in these areas above the Company revenue growth rate over the next few years.

Just as these two examples provide insight into how we've invested in the past, there are new areas of our business today that looked a lot like footwear and international did just a few years ago. A perfect example of this is our connected fitness business. We've already discussed some of the financial impacts of that connected fitness business that will have on us in 2015 back at our event in New York earlier in the year. We expect to continue to fund this investment the next few years in order for us to manage its growth in the right ways for the brand.

With connected fitness, we see an anonymous on tap in enormous untapped opportunities to not only accelerate and extend our runway but to also widen it.



While the most direct opportunities exist through continuing to improve consumer engagement and drive brand awareness, we are thinking much bigger about connected fitness and the potential it has for our brand. Robin mentioned some of the key areas where we are thinking about this and I will continue to focus the spend on this business.

Beyond revenues such as advertising and subscription services, we emphasize again the greatest benefit is the broader halo across the Under Armour brand especially in areas like e-commerce. Also as I said earlier, we believe that our connected fitness business is a key factor in our ability to accelerate our topline CAGR to 25% and we are extremely excited about the opportunity it can provide to us will beyond 2018.

Like connected fitness, another relatively new area of investment for us is global DTC. Within retail, as Susie mentioned, investment in our Tier 1 brand house stores, both in North America and around the world, are critical for driving premium brand awareness and serving the 24/7 athlete wherever they are.

On the e-commerce side, we are focused on building global access to our brand and finding ways to seamlessly provide access to all consumers, no matter where they are or how they choose to interact with our brand.

Now, looking at our support areas. First in the areas we anticipate investing above our Company growth rate -- innovation and technology.

Innovation is in our DNA as a company. We will always look to invest in this area as a critical part of the product creation funnel. Technology is a differentiator and will be increasingly important not only to support our growth but as in the case of connected fitness get closer to our consumer. We are going to talk a lot more detail about technology in a little bit.

All areas of support are critical to our success and with our growth all areas will continue to get more dollars. There are areas that with more dollars that we'll still leverage compared to our revenue growth. Apparel product creation and supply chain are obviously critical areas of success for us. These areas will again grow significantly in dollars; however, their sheer size will enable us to leverage while adding to these dollars.

Additional areas like administration, finance, legal should also obviously be leverage points for us as we go forward. Balancing it all out in SG&A, while we see particular areas of deleverage for us over the next few years, key business and support areas will continue to need investment at rates above our Company revenue growth. Because of this, we expect SG&A to modestly deleverage in total over the next few years.

When you wrap it all together in the P&L our job obviously is to deliver both near- and long-term value while simultaneously investing in our growth. Whether that's continuing investment in areas like international and footwear or new investments in technology or connected fitness, we will continue to invest in the opportunities that allow us to accelerate expand and right in widen our runway for growth through 2018 and beyond.

So the revenue gross margin investments I spoke [and have] resulted in a targeted operating income of \$800 million by 2018 representing a 23% CAGR in operating income and more than doubling our \$354 million level in 2014.

Back at our event in New York, we showed you a path to a 22% CAGR. Our increased confidence about the business from seven months ago gives us the confidence to raise it another percentage point higher.

We believe the topline growth rates we are speaking of in the near term require a level of investment I am speaking of today. These investments give us confidence in sustaining our impressive topline growth expectations for longer periods of time.

This is far more important than focusing on shorter term operating margin improvements. In fact as it relates to profitability the reality for us is the biggest driver of our increased operating income is in fact our revenue growth.

Therefore our focus is specifically on growing operating income dollars and not on operating margin. Sustaining this topline growth will not be risked by focusing on short-term operating margin. We can use our prior earnings calls as an example of this where we raised our topline for 2015



by \$60 million by while standing firm on the high end of our operating income dollar range at \$408 million -- hopefully you were all listening to that line.

As we said on our prior earnings call, the unprecedented success of our sports marketing assets this year has provided us with the unique opportunity to invest more today to help drive our brand over the long term.

We must be willing to continue to make these types of investments to drive long-term success. Over the next three years we could have more of the situations that present themselves and when they do we will manage our business to ensure that what we do is best for the long-term part of the brand.

We are a growth company and investing is critical to ensure that our growth is healthy and far beyond 2018. To be clear today our guidance is on an operating income dollar and growth rate. No operating margin target should be implied with that. Pause.

So what's going on below the operating margin? There's some things going on there below there too. As you heard from our leaders today we will continue to make strategic investments that will impact us below the operating income line in different ways. These investments are for prior funding and in the near term we've turned our capital focus to debt.

We'll look to both increased debt levels to support this business growth and shift to more of a long-term fixed rate. With that, we expect our interest expense to get a little bit higher over the next few years.

Also investments will also extend to our employees, obviously, will remain focused on attracting world-class talent that will help us deliver well beyond our \$7.5 billion 2018 ambitions. We will continue to utilize stock-based compensation to attract the best and brightest to our brand on a global scale. This is expected to result in continued annual share count increases.

The final element is our consolidated effective tax rate. Over the past year and a half you've heard me talk about our tax strategy specifically tied to performance and growth of our International business. With International expected to grow at a 50% revenue rate, an increase from 9% of our business in 2014 to 18% in 2018, and more importantly the expectation that certain key markets become profitable, we expect our consolidated tax rate over the next three years to improve into the mid-30% range from the nearly 40% range it is today.

When you put all of that together below the operating income line what it tells us is that all the benefit we expect to see from our consolidated tax rate improvement through 2018 will offset the higher interest expense and growth and share count and result in EPS growth rate in line with our operating income dollar growth rate at 23%.

So, all this talk about topline operating income investment obviously means something to our future cash flow and balance sheet. Our cash needs going forward will mainly be coming from the need to support working capital to support a 25% revenue growth company. You need a lot of working capital to support that growth. Secondly, CapEx needs that we'll discuss in a little bit.

In addition to our growth and operating income dollars, the other two areas we'll look to assist in funding our cash needs is working capital improvements and debt. On the debt front as I stated before we will look to increase debt levels to fund our business and shift to more of a long-term fixed rate.

On the working capital front, the majority of our focus is going to be on inventory management and the efficiency of inventory management. Our ability to improve inventory is tied to our value chain initiatives which I'll break down to near term and longer term.

First, on the near term -- over the course of the rest of this year and through 2016, we are focused on delivering our products to our consumers more timely, specifically on key seasonal floor set dates. This focus specifically in comparison to some prior years' challenges will result in elevated inventory growth rates over this time frame to flow product earlier.



Longer term beyond 2016, many initiatives are underway which should bring added efficiencies to how we manage our inventory. These initiatives are focused on how we plan and deliver our seasonal products.

From a planning perspective, we are focusing on connectivity across the value chain from the demand side of merchandising and sales channel planning to be supply side of materials, manufacturing, and logistics planning. This focused connectivity across all plans will help reduce variation and align teams earlier on matching supply with demand. Henry touched on some of these things in his presentation earlier today.

From a delivery perspective, better planning will lead to more efficient material strategies which, in turn, will enable us to continue to reposition more fabrics and inventory thus shortening our lead time. This has the added benefit of enabling our suppliers to be more consistent in meeting their manufacturing commitments.

Finally, from a delivery view, we are looking to expand our direct from source to customer shipping programs, thus reducing lead times and skipping our distribution facilities altogether. These are multiyear initiatives driven by investments in people, processes, and systems.

Specifically, on the system side we have spoken about our recent initiative with SAP, so before I go on to CapEx in a little bit it makes sense to expand a little bit more on our ongoing systems initiative, specifically over the next few years which directly ties to support some of the value chain benefits I just discussed.

The best person to do that is Paul Fipps, our Chief Information Officer. Paul has a storied career as a CIO and has been with us for nearly two years now, first as SVP of Operations and most recently as our CIO. Paul?

Paul Fipps - Under Armour, Inc. - CIO

All right. Thanks, Brad. Good afternoon.

So, we need the slides to advance here. There we go. Okay.

So you've heard a lot today about technology. You heard from Kevin and Robin how we are using Insight's smart connected fitness platform to drive products, services, and new experiences. You heard from Kip how we are changing the way we work and how our category focus along with our new innovation platforms will elevate our brand.

Henry talked about the development of our new capabilities in go-to-market and the importance of having the right products at the right place at the right time. Matt, Charlie, Susie, Jason -- the entire leadership team had technology woven throughout their presentations.

I will tell you that is by design. You see, today technology is embedded in our Company's business strategy and is tied to our CEO's vision. Now like most companies, that has not always been the case.

Let me take you back in time. Nearly a decade ago we implemented our first enterprise resource planning system, SAP's apparel footwear industry solution. At that time we were a domestic wholesale performance apparel company, generating \$250 million in annual revenues with aspirations of becoming a multibillion-dollar brand.

We did not have a large retail footprint and we were not operating globally. By any measure, that significant technology investment was a winner but it was an investment to solve a particular problem at a particular point in time. Subsequent investments required to support our Company growing at 20 plus percent per year were designed and implemented much the same way. While not optimal these technology investments over those years provided a foundation upon which we built a very different company.

Today, we are a large multichannel global brand with a wide portfolio of products in different sport categories and a growth trajectory that requires us to enter emerging markets more quickly and with more agility. These differences in our larger global organizations naturally result in added



complexity, all of which sits on that platform we built nine years ago. With our sights set on \$7.5 billion in annual revenue and more importantly beyond that, now is the time to rethink how we run and how we grow our business.

So today I'm going to share with you how we are investing in global scalable capabilities using some of the most advanced technology in the world to drive speed, transparency in our value chain, agility, and simplicity. These investments presents an exceptional opportunity for Under Armour at a critical time in our growth.

To help us capitalize on that opportunity we have chosen to work with SAP, the leading application enterprise application software company in the world, to build an extraordinary foundation that will sustain our growth.

Our partnership with SAP is very strong and their commitment to our brand and to our Company at the highest level is significant. This gives us great confidence in the benefit of this partnership to our shareholders.

There are two significant initiatives that will be driven by this investment. The first is what we call architecting the future. Architecting the future is all about creating the business platform that will scale our organization and sustain our global growth.

Second is developing the consumer Insight engine that you've heard referenced throughout the day. Over the next three years we are investing in the implementation of one global instance of SAP across all lines of our business, taking advantage of their fully integrated proven core enterprise resource planning software. This is the primary focus of architecting the future. And make no mistake, this is a business-led initiative and while our CEO is sponsoring the work all the leaders you've heard from today are committed to simplifying and automating our processes to enable a far more transparent value chain allowing us to accelerate in critical areas of our business, a key underpinning to getting the right product in the right place at the right time.

Now's the time to invest and build the additional capabilities that we need to efficiently operate a value chain at scale. We've seen other companies who have invested too late and once the business has grown globally and actually matured it becomes much more difficult to simplify processes and drive productivity.

We will be ahead of that challenge and from this initiative we expect to see revenue growth, inventory optimization, service level improvements, and effective margin management. Let me give you a simple example of one of the main benefits we'll see -- inventory visibility.

Today, we have inventory data in multiple retail, planning, transportation, and distribution systems. In the future, the ability to optimize our inventory, combined with the visibility of demand from any channel across the globe, in a single planning system is extremely powerful. In fact, very few organizations have been able to achieve this goal.

We are truly innovating in business processes and it's a great example of what Kevin Haley talked about earlier today. This platform will not only provide better transparency to our inventory but will enable it with speed, agility, and sophistication and it will be at the heart of the way that we engage that omnichannel consumer.

The first phase of this program will go live in Q1 in 2017.

The second strategic initiative and the other half of our investment is directly targeted at building the consumer Insight engine that Robin talked about earlier today. Building this powerful Insight engine allows us to combine multichannel commercial data with connected fitness lifestyle and behavioral information. This will add holistically to our relationship with our athletes and, more importantly, make them better.

Using data, we will empower our team to create value for our consumers through new personalized products, services, and experiences. Given the advances and cloud computing and memory technology and access to more than 150 million and growing connected athletes we now have a platform that differentiates us in the marketplace and is a distinct competitive advantage.



What used to take hours, days, even weeks for some companies to process will now take seconds and with this speed and analytical insight we will accelerate our innovation. Just think back to some of the key statistics about our consumers that you've heard throughout today. All of that has been generated by the earliest versions of this incredible capability.

Now before I go any further let me take a pause and talk about something very important to us here at Under Armour. Information security and data privacy is and will always be at the top of the technology agenda. Through collaboration with our technology partners and through our own investments we are highly focused on these vastly important areas to ensure our community is protected.

If I leave you with one thought today, having the technology so tightly integrated into our business strategy drives the right investments for Under Armour and, when combined with the efforts you have heard about from our top leaders today, we will be the most digitally collected real-time enterprise on the planet. Back to you, Brad.

Brad Dickerson - Under Armour, Inc. - COO and CFO

All right. Let's wrap up our balance sheet conversation with our important investments around CapEx. So, historically, our CapEx as a percentage of revenues has trended between 3% and 5% from 2010 to 2014. With the inclusion of a new distribution center, technology, and the expansion of our existing headquarters in Baltimore this rate is increasing to nearly 9% in 2015.

Given our current visibility for our capital projects we expect this rate to remain elevated at roughly 8% to 10% through 2018, all in support of growing our topline at 25%.

With this elevated spend, we thought going forward we'd add more visibility in how we talk about our capital expenditures specifically in three buckets -- ongoing support, new revenue drivers, and capacity investment. Ongoing support is the basic capital needed to continue to support our current operations. In other words, keeping the lights on keeping the business running.

This spend is expected to remain consistent with our historical average at around 3% to 3.5% of revenue. New revenue drivers are areas of spend that enable us to provide new revenue opportunities for the brand.

An example of this would be the continued expansion of our global retail strategy that Susie mentioned earlier. As we open more of those Tier 1 stores globally, they provide new opportunities to generate and drive revenue for the brand that did not exist before. We expect this to run at 1% to 1.5% of revenues over the next few years as we continue to expand our global DTC channel.

Finally, capacity investments are things that are necessary for our growth and ability to continue to scale. The amount of spend in this category the next three years is expected to range from 4% to 5% of revenues.

Let's dive a little bit deeper into some of those which you've heard about before. Campus will be the largest contributor to our CapEx spend over the next three years as we build out the vision you saw from Kevin earlier around building global offices and world-class headquarters, with the specific purpose of attracting the best talent from a multitude of industries needed to be a great global brand.

Granted, that vision is over a longer period of time than the three years we are talking about but obviously during the next three years there will be investment in this, too.

Technology -- you just heard from Paul. Our investment in technology to build a foundation for our future growth and the analytics engine that will incorporate our connected fitness information will be instrumental for our ability to scale going forward.

Distribution center expansion. We are opening our third DC in North America this year and believe going forward we will need to continue to look to invest in new distribution capacity to remain ahead of our growth and demand needs.

So, overall, we expect that our capital expenditures will remain at an elevated level for the next three years as we invest in capabilities, campus capacities that are needed to continue to build our brand.

So as I wrap up the presentation portion for the day let's recap what you have seen and heard from our team today.

Today, you have heard about growth, connectivity, innovation, and investment in capabilities and capacity. The strength of our brand today has been built on our mission of making all athletes better. From changing the way athletes dress to how we plan to change the way athletes live, our brand is positioned to deliver the accelerated revenue growth target of \$7.5 billion by 2018. Our growing confidence in key areas like footwear, international, and connected fitness, combined with our continued focus to elevate and broaden the reach of our brand across physical and virtual experiences, will be instrumental in our long-term success. The unique position we find ourselves in today with the performance of our athletes, combined with strong consumer demand, provides us with the enormous opportunities to manage our business to drive long-term growth.

Over the next few years, we are making the right investments to accelerate and expand our runway of growth through 2018 and beyond. Whether that's systems, people, facilities, or capabilities we are focused more than ever on what it will take to continue making Under Armour the next great global brand and yes we truly are just getting started.

So with that we are going to bring chairs up and we are going to go into our Q&A session. Thank you very much for your patience today.

QUESTIONS AND ANSWERS

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Great, well, thank you, everybody. And just as a moment in time, I think the last time that you were here -- we've done a good job with our investor days every couple of years now, our 10th year, so I guess this is our fifth one. And I think I'm most proud of this one for many reasons. And obviously, we've got a great growth. We've got a great story to tell, and probably most or just as importantly -- where am I, on the end? -- the team that we have.

So I think all the presenters today did an amazing job articulating our vision, so just coming together. We already have day jobs preparing for something like this always is a lot of work. But I think it was incredibly well done by the team.

So hopefully anything that we didn't cover today we can answer for you now, and we can open the floor to questions. So we'll have two mics working -- one active, and then the second one to find the next person, so we don't waste any time.

So where are we first, Carrie? Let's go ahead and get the mics laid out, and then, Tom, you find another question that you want. We'll go from there. Omar?

Omar Saad - *Evercore ISI - Analyst*

Thanks, it's Omar Saad from Evercore ISI. Really appreciate the aspect of your presentation where you talked about accelerating investment as a way to lengthen the duration of the growth curve, given all the opportunities for the Company, and elevated SG&A in the near-term/medium-term.

But can you talk about the gross margin side a little bit more? I think you implied flattish gross margins. I think the part that was missing for me was: how do you think about price -- gross margin from the price/mix side of it? The category is so healthy; the brand is obviously so healthy. Your products are becoming more innovative, more premiumized. I'm having a hard time understanding why gross margin shouldn't be lifting for this brand, given the strength and the innovation pipeline, etc. So if you can address those.



Brad Dickerson - Under Armour, Inc. - COO and CFO

We'll take that in two pieces maybe, Omar. I'll take the first piece and maybe let Henry take the second piece on price. But even on the costing side, the thing you didn't hear us talk about was kind of the commodity environment today and the input prices today.

There's a lot of puts and takes in that environment right now. Labor rates are challenging, but the commodity prices are probably a little more of maybe a beneficial impact going forward.

We are kind of sitting in between seasons right now from a pricing perspective or a costing prospective. So it's a little hard to gauge how much benefit we could have relative to that. So we haven't really built in too much into our forecast or our guidance here on margin improvements relative to that, because we just don't have enough information yet. So I wanted to answer the costing side first. And I'll pass the pricing set over to Henry.

Henry Stafford - Under Armour, Inc. - Chief Merchandising Officer

Sure, in terms of pricing power, it's definitely something we are doing and looking at. And what I would tell you if you look at like businesses, men's apparel/men's apparel, we are increasing our ASPs. We are going after more premium product. It's really about the mix of footwear when you look at that. And the accelerated growth in footwear relative to our apparel business, and that's offsetting some of the gains we're having in pricing.

So I think whether it's cost of goods sold, whether it's pricing, I think you'll see that evolve from us over the course of the next year. But the big thing is the footwear offset of our ASP increases in apparel.

Omar Saad - Evercore ISI - Analyst

Just one follow-up. As we think about the 25% revenue number, is it reasonable to think 5% of it comes from ASPs, 8%? I don't know if you have thought about it from that standpoint.

Brad Dickerson - Under Armour, Inc. - COO and CFO

That would be a little bit high. So obviously forecasting ASP rates are little more challenging than looking backwards. But that would feel a little high to us, I think.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

Next question, Tom?

Dave Weiner - Deutsche Bank - Analyst

Dave Weiner from Deutsche Bank. So I had two questions, actually. Number one, I was interested in the local-for-local initiative you guys talked about. That seems like that could be a big opportunity to localize the manufacturing closer to the revenues. If you just dig a little deeper on that, and whether any of that is included in your 2018 assumptions?

And then also on the upper manufacturing, I thought that was an interesting part of the presentation. Can you talk about your ability to increase the gross margin because of that within your footwear business?



Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

I'm going to throw the answer over to the audience between Kevin Haley and Kip Fulks. But I'll just start with the fact that local for local -- it's a great for us to sit here in America and say Made in the USA and how important that is. But whether it's freight, whether it's being closer to the market, whether it's fast fashion retail, the ability for us to react and be really fast -- you know, it makes a lot of sense for us to do that.

You know, I'm incredibly passionate about the fact -- Henry touched on this -- where what if we were the greatest manufacturer of apparel and footwear in the world? Like, we're good right now.

As a customer, we're an okay customer. I don't know if we are great customer. We're certainly not the very best customer. But we should be better.

And one of the ways we can be better is better in our current supply chain. But it also looks and, say, how many industries can you imagine -- when I talk about smart people entering sporting goods, smart people entering manufacturing. The way that a shoe is made today, the way that a piece of apparel is made today is the exact same way it was made 100 years ago.

And it's still -- you go and watch -- walk into a footwear factory, and there's someone with basically a cookie-cutter working on the press, and with two thumbs working on a pneumatic press that comes down and cuts the patterns out and saying, no one has innovated this? 20 years ago in computers, for instance, a computer that can be the size of a fingernail took up the size of this room.

And you look at that and say, that innovation must be coming from somewhere. And so we intend to put really smart people against this. And I think we want to be best in class in every way, shape, or form. And I think we can help reinvent the game.

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

Kev?

Kevin Haley - *Under Armour, Inc. - EVP, Innovation*

Sure. So I think the opportunity here is both immediate and long term. So the immediate opportunity is to allow us to make better product by having this space here in Baltimore to get our designers, our developers closer to the manufacturing processes that are now available to them through these new technologies.

As I said during the presentation, the local-for-local vision is the longer-term vision. We can get there; we've got the technology now to do that. And when we do, we think we're going to see significant savings in the amount of labor going into these shoes.

I mentioned we've quadrupled the productivity in the manufacturing of an upper with the SpeedForm technology, but we are literally just scratching the surface there. People have been using the existing supply chain for decades to get it to where it is right now. We've been making things in the SpeedForm technology for just a couple years.

So with time, it's going to be a major driver for us. And we do think there's an immediate impact to just make us better at what we do every day, and then take those technologies and use them in our manufacturing facilities that our partners have overseas once they get the processes down that we perfect in the lighthouse.

Dave Weiner - *Deutsche Bank - Analyst*

Cool. Great, thank you.



Lindsay Drucker Mann - *Goldman Sachs - Analyst*

Lindsay Drucker Mann from Goldman Sachs. I had two questions. The first one was for Susie, but maybe someone else can answer on the North American store count.

I just wanted to clarify, I think your target was for 200 stores with limited growth from factory. So I was hoping maybe you could give a little bit of detail on how you're thinking about the balance of stores? And then my second question was related to North America. You talked about reducing SKU count and being more key item focused at the same time while you try to increase your floor space within your account -- so maybe squaring those two initiatives?

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Let's see. Where is Susie?

Susie McCabe - *Under Armour, Inc. - SVP of Global Retail*

Right here.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Go ahead, Sus.

Susie McCabe - *Under Armour, Inc. - SVP of Global Retail*

Okay, so as we talk about the 200 stores in North America, we are really looking to optimize the factory house space. So we'll get to 150 to 160 locations. We will manage that from a center perspective, and we'll look to have between 40 and 50 locations from a Brand House perspective in North America.

So Brad spoke about the planned optimization of Factory House. We know we want to be in the best centers, so we may have closures in that. But we will manage the overall number of doors and then look to open the 40 to 50 Brand House stores.

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

You got it. In that in terms of SKUs, how I would look at that is -- if you look at our business a year ago, we were over-assorted. We weren't as focused as we needed to be. And if you look at the 20% to 30% of either our offerings or even to an extent our inventory, it just wasn't productive. It wasn't dictating trend; it wasn't dictating the tempo.

So we've taken an approach to really look at segmentation through merchandising and be really effective, invest in key items, and also invest in fashion and seasonal product. All that being said, we can grow our business over the course of the next year by 25% and up through very limited SKU growth. And that's the model. We're going to be very consistent and focused in the coming years.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Where is the next question?

Camilo Lyon - *Canaccord Genuity - Analyst*

Camilo Lyon from Canaccord Genuity. You guys talk a lot about improving the supply chain. You spoke about adding a couple of seasonal drops to the calendar -- now at four, you were at two. Brad, you've talked about the past about meeting those initial delivery dates and the improvement that that would have on the gross margin longer term. Maybe you could articulate where you are right now, how that process should unfold over the next couple of years, and what kind of product margin improvement we should expect to see from that initiative alone?

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

Yes, so we've been very focused on the near-term here, in this year and going into next year, on those key floor set dates and making sure that product flows efficiently, effectively. We've called out air freight in the last few quarters is kind of a little bit of a headwind on the margin side for us as part of our ability to do that.

Obviously, going forward, we want to have this product flow a little more naturally than having to air freight it. And I think some of the initiatives we talked about, especially lining up the value chain and the planning side of things, should help us do that.

So from the perspective of gross margin benefits, definitely I think what you'd see is as we started to more naturally flow this product without having to air freight it, you'd have the benefit of not having to air freight. It's definitely impactful, but not a huge amount. Not a huge headwind for us now. So the flipside benefit won't be a tremendous benefit on the air freight side. But it will be a benefit.

If I go back to the bigger stories going on in margin for us right now is this very robust growth rate in footwear and international. And those businesses really do kind of bring our gross margin rates down. That's the big story in gross margin. So there's a lot of benefits kind of built into our guidance that are kind of being offset by the success of those two businesses per se.

Camilo Lyon - *Canaccord Genuity - Analyst*

And then just a follow-up: you put out the 25% CAGR targets on the top line. Let's dream the dream a little bit and assume that because of the visibility you have now, you're being conservative on that. What do you plan to do with the excess top-line growth? Is that something that would flow through? Or do you have more investments that you would invest in?

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

Wow, man, I just -- we just talked about 50% CAGRs and 40% CAGRs and 30% CAGRs.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Yes, I think that's one thing we really wanted to underscore today as well is that -- look, we want to commit to the fact that we can nearly grow our top and bottom lines by 95% and 99%, respectively, and what's north of that. But there is considerable investment. It's not that we are waiting for the money coming to make the investment.

I think we're pretty deliberate. We have a pretty strong point of view about what we need to do in order to achieve our long-term objectives, which, again, go well beyond the \$7.5 billion by 2018. So we want to be opportunistic with that. I think we want to make sure that we are putting the money to good work and being thoughtful about it.

But it's -- the hardest thing about a presentation like today is editing. There are so many good things to talk about, and I still feel you got to hear maybe about 50% to 60% of it.

So there's a lot of things happening. And I understand focus and, believe me, I know how important that is in any organization. But I also believe that we are at a point that -- this is a moment in time. It's a real moment in time for our brand in the next couple years. And we're making things happen with campaigns that, frankly, a fraction of the size.

And so where, I think, the quality is as high it can go, I think you seeing other campaigns that maybe have 5, 6 times the budgets behind them, too. And this isn't just marketing; this is foundational, this is systems, this is facilities, distribution centers, and all the things that we need to build what we think is going to be the next great global brand.

Eric Tracy - *Brean Capital, LLC - Analyst*

It's Eric Tracy with Brean Capital, right here. All right, first question, actually for Henry: wanted to see if you can expand on the global merchandising that you talked about -- how it ties into the sports-specific category, but maybe more importantly, the timings with which we can start to see the channel, geography, segmentation. Although I think that brand has been seeking for a while.

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

So I would say in terms of timing, I'll work backwards, really focused on spring of 2016. And the first aspect of that is really segmentation. And I have Charlie right here.

We have done -- Kevin talked about travel this morning. We have combed the market in the past 18 to 24 months. And how important it is for different regions, different markets and within our markets, different channels of distribution to really be specialized is very important today. So I think you'll see that in the first half of 2016.

We have basically team of 40-plus merchants who are end-use focused in-market. And so if that's someone down in Chile who is focused on global football, that is someone who is down there focused on building that business and working with our global product teams to get the right product there at that time.

If that is someone -- we have folks in China who are focused on basketball, and they're focused on that basketball category and also getting some lifestyle apparel into China. They're focused on that. And then when you look at our business here with, say, Dick's Sporting Goods -- really being a great training brand as well as a great teams brand on the men's side, and really being a great team sport athlete on the women's side as well as our approach to studio as well. So all of that being said, just teams of experts in end-use to reach out, know the market, know the athletes in that market really well. And you'll see the true, true benefit of that in the early part of 2016.

Eric Tracy - *Brean Capital, LLC - Analyst*

And if I could switch gears little bit, just following up Connected Fitness for Robin, and maybe Brad, too. Again, just to clarify, the \$200 million through 2018 specifically direct. How will you all sort of measure the halo effect it has across the brand? And will you all be communicating those measurements to us over that time period?

Robin Thurston - *Under Armour, Inc. - Chief Digital Officer*

Well, some of the metrics I put in there were certainly using things like average order value of somebody coming from Connected Fitness. I mean, one of the big things that's going to happen early next year is, because of the platform that we are moving towards, we'll have things like single sign-on and the ability, really, again, to sort of understand that customer all the way through the value chain. So those things will start to give us real clarity.



I think I'll leave it to Brad on what specific metrics we might think about in the future. But we think we're going to have a pretty good understanding about how it's sort of moving through the course of the life, so to speak, with that customer.

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

Yes, the reality there -- you know, we are still learning a lot about the business, obviously. So just breaking it out into the direct revenues and direct costs, obviously, is very easy to do. So that's what we started, just kind of breaking out visibility to the things that were easy to break out.

You know, going forward, I think we still have to figure out how we talk about this and the halo effect of the rest of our brand. The easiest probably and probably most impactful place is probably going to be e-commerce. But we kind of have to work through thinking about how we're going to talk about that going forward, as we kind of get more clarity around where those benefits of going to be.

Susie McCabe - *Under Armour, Inc. - SVP of Global Retail*

Next question is in the front row.

Sam Poser - *Sterne Agee CRT - Analyst*

Sam Poser with Sterne Agee CRT. A couple of things, Brad -- the SAP, is the SAP system you're putting in -- is that a customized system? Or is that something that is SAP -- that they do, and you are just using what they have?

Brad Dickerson - *Under Armour, Inc. - COO and CFO*

So, if I have to answer a technology question, we're going to be in more trouble. So I know enough to be dangerous. Paul can answer that question for us.

Paul Fipps - *Under Armour, Inc. - CIO*

Good. So our strategy with SAP is really -- we're kind of -- this is a new implementation for us. So this is not your -- kind of the old upgrade process that you've seen other companies go through. And so our strategy there, and you've heard me talk about all the leaders and their commitment to simplifying our processes, and actually going through and saying, how do we do things better?

So that's the long answer of saying: we're going to use as much standardized SAP as possible and then only make changes where it differentiates us in the market. That's our game plan.

Sam Poser - *Sterne Agee CRT - Analyst*

And you'll be testing that starting in the middle of next year, I assume?

Paul Fipps - *Under Armour, Inc. - CIO*

We will. We have a very large program, as you can imagine. We've got some of our best teammates coming in that are dedicated to the actual project, working alongside SAP for the implementations.

Sam Poser - *Sterne Agee CRT - Analyst*

Thank you. I have one more question. The flagship stores such as Shanghai and Chicago -- where else are you looking to open new flagships and when?

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

Susie, do you want to take that one?

Susie McCabe - *Under Armour, Inc. - SVP of Global Retail*

I'll take that one. Sam, I knew I'd get a question from you. So does everyone know Sam was my first boss in retail? (laughter) I know, big news, right?

You know, as I said, we're looking at major gateway cities for the flagship. So we are looking in Europe; we'll be looking in London, as I mentioned. As we look outside in Latin America, we're going to have to really be thoughtful. It's obviously not a big street location marketplace so we will evaluate that and may discuss if there is a flagship opportunity in a mall in one of the major cities there.

As we think about Asia, we obviously have Shanghai. We will look at Tokyo; we will look at Beijing. And again, these are not going to be an enormous amount of doors for us, but they are going to be incredibly significant from a brand halo perspective. They will be larger in square footage, and they will be real beacons in major gateway cities.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

You know, let me add on that, too. The first 25 or 30 flagship stores that we put up -- there's not going to be a lot of difficult decisions with that. But the opportunity we have that Henry, that Susie, that our entire teams are working on -- and Jason, as well -- like, what does omnichannel really mean? And what is it going to look like in the future?

For instance, we've got less than 100 stores in China today. You look at our two main competitors in the same market, they have 8,000 to 9,000 stores of distribution. And it is something that brings up the question -- I don't know if we need 9,000 stores of distribution. Frankly, when we look at it, we think it's closer to around 1,000-ish to 1,500. And we are just guessing at this point. But I think with the role that digital's going to play is really going to be evolving. But without question, we need a physical manifestation of the brand.

And if any of you have a chance, I encourage you to please go see our store in Chicago. If you've been to SoHo, that's good. I think which Chicago does at 30,000 feet versus SoHo's 15,000 is a very different story. So you really feel the brand, and it really helps us activate in a big way.

Erinn Murphy - *Piper Jaffray & Co. - Analyst*

Great, thanks. It's Erinn Murphy at Piper Jaffray. I guess I had a two-point question on international. First, on the retail side of the business, it's a very aggressive growth rate that you're looking at internationally. How comfortable do you feel with the current product assortment from an SKU perspective to really fuel that growth, particularly as you get into new markets where there's very individual tastes?

And then I guess the second question would just be on the international profitability as a whole: how do we think about the trajectory -- what's embedded through your 2018 guidance?

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Henry and then Charlie.

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

Sure. I'll take the assortment perspective. I think the assortment we have today, or what you've recognized internationally today, does not cover our aspirations. But what we've built with this merchandising capability and really looked at segmentation by market in 2016 and beyond, we are very comfortable.

Just to hit you on a couple of quick things -- that goes to different fits. Developing an Asian fit versus our fit that we have here today; different capabilities in women's; different textiles, different hand feels. The way we offer the product, the way we package the product, translation on packaging, so on so forth.

These are all capabilities that we've been working on over the course of the past year to set us up for success in 2016. So we're very comfortable in 2016 and beyond.

Charlie Maurath - *Under Armour, Inc. - President of International*

And to add to what Henry just said, overall, the size of the of our Brand Houses outside of North America -- they are smaller, but it means also the assortment doesn't need to be as big as, say, in North America. To your second question in terms of profitability in the regions, actually it's good news. We have a little bit of a different situation region by region.

If you go to Asia, where we have the long-term partner with Dome, and China, we have been moving really into profitability in Asia. Also Europe -- we have been, I think, for many, many years made losses [as profitable to the two biggest regions are profitable.]

Latin America -- the situation is a little bit different. We basically have opened subsidiaries in the last 12 to 18 months. And it just takes two, three, four years to get really into profitability. But we are extremely positive. And again, adding to what Henry said, when we talk about partnership stores or our own Brand Houses, all the stores we have opened in the last 12 to 18 months outside of North America have reached their plan, which makes me really proud.

Susie McCabe - *Under Armour, Inc. - SVP of Global Retail*

Question right here.

John Kiernan - *Cowen and Company - Analyst*

John Kiernan from Cowen. Can you talk a little bit about the major hardware players in Connected Fitness and how your strategy fits with them? Maybe Fitbit and Apple, obviously, now -- do you view them as partners or competitors as they build out their own ecosystems and communities?

Robin Thurston - *Under Armour, Inc. - Chief Digital Officer*

Yes, so I think that the biggest differentiator -- people ask a lot about, you know, where does Google and Apple sit? Kind of the two biggest players, Google Fit and Apple HealthKit. We really see them as partners from an integration perspective. It makes it easier for the customer to potentially get data in-store syncing with those environments.

But I think the biggest major difference is they're not really building communities. They're not really building the layers on top of the pipes. Like, I would call Apple HealthKit and Google Fit really the pipes, right, from those devices in areas. And we're very strong partners with them.

I mean, Google -- Android just did a big feature for Record that drove huge amounts of downloads. We've done really well on Watch, since it released with all four applications. We are excited about the changes that Apple's making to disconnect the watch and make it a little bit more in the use

case that we have for things like outdoor and in the gym, so you don't have to necessarily have your phone while you're working out. So they are definitely major partners.

Fitbit is also a major partner -- biggest integrator just from a data perspective on MyFitnessPal and MapMyFitness. Clearly someone that we are friendly with and work with. As things progress into true wearables, what we have on our body, maybe they might feel different at that point. But we don't. We want the environment to be open and the ecosystem to be open. And from a user perspective, data should be shared both ways. So if somebody wants to take data back, we're not holding them back from doing that in the open platform.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Let me take a minute and just sort of shape the broader conversation as well for the Company. And hopefully it came across today as where you're feeling Under Armour is this technology innovation Company. Because as Robin says, we believe all of our products will have a chip in it eventually.

So the day we're preparing for is not Under Armour versus brand A, B, or C that's currently participating in sporting goods. But what we go to work with and we challenge our team with every day while we have these great technology partners -- but what are we going to do the day that Apple decides they're going to start making a shoe? That's the challenge that we're giving our product team.

What about when -- what happens when Samsung comes out with a T-shirt? And if so, why are we waiting for them to come out with it versus -- you know, we understand fit, and fabric, and function, and form better than anyone else. And, frankly, that should be us leading there.

And so that's how we're really pressing the team, and what has led to the entire Connected Fitness initiative as a goal. Because I think anyone else is going to be sitting there and saying, wait a second. We are a trusted brand; why don't you buy our stuff because our logo is cool? I think those are the ones who are going to be left out in the cold.

So we, A, want to have a great, cool logo. And that's Adrienne -- that's our marketing team's jobs to ensure that that's happening. But at the same time, we expect to give consumers a really firm reason as to why we make the best product and advantage them better than anyone else in whatever they are trying to do with it.

John Kiernan - *Cowen and Company - Analyst*

Just a quick follow-up to that. When does smart garments start contributing from a revenue perspective?

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Henry?

Henry Stafford - *Under Armour, Inc. - Chief Merchandising Officer*

I would say there's no material number within 2018, and that's our frame of reference today. It's an initiative that we are working on. It's beyond 2018 where it will truly contribute and reach scale. That doesn't lead to there's not passion for it. It's just realistic beyond 2018.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

But when it does happen, we'll do it first.

Henry Stafford - Under Armour, Inc. - Chief Merchandising Officer

Yes. (laughter)

Susie McCabe - Under Armour, Inc. - SVP of Global Retail

Last question in the front row.

Jay Sole - Morgan Stanley - Analyst

Thank you. Jay Sole from Morgan Stanley. First, just thank you for putting together such a great day and such a comprehensive overview of the business.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

Thank you. Someone said to us earlier -- they said, Kevin, this is one of the top 10 investor days I've ever been to. I've been to over 500. And he looked at me, and said, isn't that great? And I said, well, who is number one, then? (laughter) We'll get better next time.

Jay Sole - Morgan Stanley - Analyst

Kevin, I wanted to ask you a question about your whiteboard. I saw a story with you once where I think you had on your whiteboard -- it said 27, 24: never again, which was kind of a play on a football story from a while ago, but also was about you didn't want to see SG&A grow faster than sales. And there was a fiscal-year plan that came to you. And it was -- SG&A was going to grow 27% and sales was growing 24%, which led to the whiteboard comment. And it seems like the thought process is changing a little bit, where you're willing to invest a little bit more relative to sales than before.

And I just want to kind of make sure I understand what the message is. There's a message that now, in 2015, just the cost of business is increasing; and that's why we're seeing more investments to help the Company reach its goals. Or is it more that you see so many opportunities out there that it would be just kind of penny-wise and pound-foolish to not invest that money today and not go after becoming the brand, the global brand, that you want to be?

Kevin Plank - Under Armour, Inc. - Chairman, CEO

Yes, you know, one of the most often-asked questions I get from people is either -- when it's an entrepreneur or someone else -- they say, give me a piece of advice. Like, tell me what do you think? What do you know? I always struggle with the answer.

And then Henry actually said something one day that actually really rang true with me. He said, it's important that -- like, what are we famous for? Really frame the thing. Like, what is Under Armour famous for? Now that's my answer. Like, when I say to people: what advice can I give you about your business? And saying, focus your business on becoming famous for one very important thing.

At Under Armour I feel like we've done that. And one of the keys in the other things in order to running a good business, I believe, is focus. And what we say here is that we want to do everything. Like, we expect to do everything. We expect to play in all categories. And from launching shoes -- of the five categories in shoes that we launched into from 2006 to 2010, and then we said, you know what? We're not launching any new categories of business anymore.

I think what we laid out today was a pretty good architecture for the business that we think that we have. But as we look at that, like, we're not opening new businesses. We're not thinking about, frankly, additional acquisitions. Like, we like how we are set up right now. We feel the infrastructure

that we have laid in by adding the bolt-on of Connected Fitness -- that works across our core five key growth drivers. We think it's really important. We think it's going to be incredibly additive. But, frankly, we still think it's a bit of a work in progress.

And so when you're asking for the \$200 million by 2018, like, yes, we have line of sight what that means in terms of an advertising model, and some licensing, and some other things that we can do there. But there's also this massive upside that we believe the lottery ticket, the return is worth the investment.

So you're right -- that 27 versus 24 -- we walked into a year and said -- we were deleveraging walking into a year. And you're going, how does that happen? And these are part of the lessons that you learn in 20 years doing it, 10 years as a public company.

And I don't know if we have all the answers, but when I use the words moment in time -- we don't say that to you lightly. We don't say that we're looking to go spend shareholder money and say, now times are changing. And profits will happen some other day.

What you have to remember about this business is you can think of how visionary it is to look at Connected Fitness and what that might be someday. Underneath of it, we have a real world shirts-and-shoes business, you know, where we're promising today operating in the high 10%-ish range on the operating income side. And you look and say, could we do more? Should we do more?

And I believe that the value of this Company is not built in a few bps of operating margin improvement in the short term. I do believe it's something that needs to play out over the long-term.

And so what I want you to understand is that when I used the whole analogy about the map differing from the train is that our eyes are wide open what we're looking at. I think that we understand. And we have got a pretty good record of and resume of investing in things that create and bring return to the Company.

But I do believe there are certain things that we are -- in order for us to be in we need to go a little bit deeper. And we need to demonstrate our level of commitment at the level of the brand and the Company that we are today. And so we are in the deep end of the pool; we recognize that more than anyone else. But I want you to understand that beneath it all, we have the underpinnings of this efficient shirts-and-shoes business which is highly profitable.

And one of the things in the slides that Brad laid out at our digital day that we hosted right after we made the announcements of the additional two Connected Fitness companies -- was talking about how our other businesses, our mature businesses, are actually leveraging right now.

And so without doing any of these other things, like, we'd be fine. We'd be making more money in men's apparel; we'd be in women's apparel. We'd have these other things. But the additional investment to truly speak to the woman, the additional investment to truly get into Connected Fitness that we think is the future versus waking up one day -- and, frankly, there is a list of brands in our industry that just have sat there and say, is going to be okay, and our logo is what's going to carry us through the day. And I just don't believe that that is the case.

So, I want you know it's not in -- we appreciate, we respect what that means. And you know, I think that it's up to us to be -- this management team to be prudent about the way that we're spending those dollars and putting them appropriately. But first and foremost, we believe right now, as people sort of do the compare and contrast of us versus others in our industry, even approaching \$4 billion, we're very small in our industry. So we believe that for us to create and to get to scale, that achieving size is very important for us right now, too, to give us the additional revenue dollars, to give us the additional investment dollars that will come with that additional size and scale.

Henry Stafford - Under Armour, Inc. - Chief Merchandising Officer

I think that's it.



Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Ladies and gentlemen, thank you very much. So what's going to happen from here -- let me ask these guys. You guys just hold for one second, and let me dismiss my team right now and have you guys exit the stage. Because I've actually got a more interesting interview than even that was -- as gripping as that was. It was pretty good.

Do you guys want to grab these take them off? So it's been a fun day, hopefully, for you. Just let these guys grab them. They're grown-ups. They can do it.

And we always have one final surprise for the day, and we wanted to do that. Today would be absolutely no different. And for all of you -- I don't know how many sports fans are in the audience. Sam Poser, I see you there. And I did not know the Susie McCabe fact either; that's interesting to hear.

But we wanted to bring out a very, very, very special guest. And that one today is someone who happens to actually be, let's see, let me make sure I don't mess this up. Well, he won the 2014/2015 Most Valuable Player trophy for the NBA. He won a 2014/2015 championship out of a little place called San Francisco for the Golden State Warriors. And he won the 3-point contest during the 2014 NBA All-Star game. Ladies and gentlemen, help me welcome to the stage Mr. Stephen Curry!

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Check, check, there we go.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Your mic is okay?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Yes sir, how is everybody doing?

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

I think they're okay, they had a good day. They had a good day.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

All right.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

You know, you spend 50 hours on a plane with another man for five days, you learn a lot about them. And so we could have used a couple more weeks before we saw each other again, right?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Yes, sir.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

But you know what, it's always good seeing you.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

It's great to see you. Glad be on campus and, obviously, in front of you important people. And yes, we're coming off the heels of the great trip, taking the brand overseas to Asia. So it was a lot of fun. I'm glad to get a little bit of rest on the backend, though.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Did you fall asleep when you got home?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Right away. We had a little vacation with my family right after, so I got to spend that good time. But then, obviously, back here to the East Coast.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Yes. Well, good. I appreciate you coming down, too, Steph.

So when we were over in Asia, first stop we did was into Tokyo. And it was an amazing event. But I think probably -- and I think you were impressed, and you loved it; and you handed it over to the audience. But walking into Manila, like -- so let me just set it up for everyone.

We head into the Mall of Asia. We were hosting this event, and it's a 10,000-seat arena. And literally there were thousands of people outside as well, holding Curry signs, chanting your name, walking in there with The Champ Is Here song playing, like --.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Unbelievable.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

What was that like for you? And just sort of moment in time, pinch yourself.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

That was a very surreal day. Like you said, this one arena came to just see us. And it was -- walking into the back of the stage, kind of like I was here, and hearing the crowd, and the whole drum preparation, and now you said The Champ Is Here song. It was just kind of -- it was a nice cartoon moment of just enjoying what basketball has done for me, for the brand, and kind of being able to share that with all of our fans across the world.

So I go to All-Star weekend every year, and they have, like, All-Star Saturday night, where there's three-point shootout, the dunk contest, and all that. It was basically that event just for us. So it was pretty crazy to see that many people come out to watch us put on a clinic and show them some drills. And I even got a dunk, which I rarely ever do. (laughter) So that was fun.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

You said that to me. I said, what's this like? He goes, it's like NBA All-Star weekend. I'm the only one here.

So it's good to get that attention, isn't it? I think we were talking about -- the first time that happened was -- I mean, for us, it's obviously -- been watching your entire life. So you've been an underdog; you were under recruited; you were -- I think always -- people always looked past you, and those kinds of things.

And then coming and watching sort of the last couple of years and what you have done with your career -- like, what has that been? And frankly, going back to the decision with Under Armour, why us? And sort of what aligned between Under Armour and yourself and your game? And what made that choice?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

You said it. Basically the underdog mentality of trying to rattle the world. And I really attached to that from day one I was introduced to your guys' vision and our vision.

And so basically, like, the last three years, there's have been a lot of hard work, being a part of a great team on the court and off -- which is obviously huge, in anything that you do, if you want to be successful, is aligning yourself with the right people. So I've been fortunate enough to have a great situation out in the Bay Area with the team I'm playing with. And we've been able to, obviously, win a championship. And blessed to be an MVP, which was a dream come true for me.

You put so much work into it, and overcoming adversity with injuries, and like you said -- being under-recruited and all that stuff throughout the whole process -- it's just a proud moment to realize all the work that's gone into it. All the people that have helped me along the way. And in the last few years, Under Armour has had a huge part in that, in keeping me on the floor, keeping me healthy, and allowing me to not really think about ankle injuries and things like that. Just worry about putting the ball in a basket. And hopefully that story is inspiring to a lot of people.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

So I think it's one thing that's really important about Under Armour, too, is that there's a kid sitting at home -- and even going through Asia, there's kids that aren't saying, look, he's -- we had lunch with Yao Ming, which was like -- when he's sitting down and you walk in (multiple speakers) and Yao stands up. And you -- like, you think you're ready for it. And then he stands up, and you're like, I can't believe how tall he is.

So put people look at Stephen, and they're saying, I could shoot like that, maybe, right? Only cost you like 1,000 shots a day since you were three years old.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

I mean, for the time, you need to be 240 with a 40-inch vert and blazing speed to do what I do. So that's -- I hope that definitely resounds well more than the other guys.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Well, you have that, too, so that never hurts. So coming of age -- I think the cool thing is actually when we launched the Curry One, I'll never forget the expression that you had is that we were -- we did this event in our SoHo store in New York. And so you're pulling up on Broadway, and there is a cool video of you actually doing it. And you're getting out of the SUV, and there is literally -- there's a video shot from over the top, and there



was a tweeted-out shot. And there's probably like 3,000 people just crowding the streets, 4,000 people. And you have this look on your face like, are they all here for me?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Yes. We turned the corner, and like you said, you see like it's seven-deep from the stores to the street, all the way down that side street. And it all kind of hits you, like, what are they doing? Are they here to see me? And that kind of deal.

My agency, who was kind of handling the event on my end, were trying to get us to go around the back, because they didn't want us to go through the crowd. I'm like, no! Let's go to the front of the door we're going in. So we hop out and just feel that energy and that support, which is pretty crazy. And it's gotten even crazier since then. But all for a good reason.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

That's great. So to give everybody just a little bit of basketball predictions of the year. And then I want you to tell one more story before I let you go. So the team winning, championships, what does it all mean? Like, before you even go into how you come back and do it -- but what is the biggest lesson that you learned of going from somebody that's was always -- you know, you could have done it, may be done it, to actually having broken through and won that ring?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Just you realize how hard it is to win a championship. I put it in perspective -- it's put it in perspective for me over the course of the summer just how many NBA legends and guys that are Hall of Famers and played double-digit years at really high levels that never won a championship. And they'll never be able to say that about me and my teammates. And that is something that they'll never be able to take away from us. So -- you understand just how hard it is to get there, and obviously, from a Warrior organization that hadn't done it in 40 years.

I hear stories about all of our fans that said they were season-ticket holders back in 1974/1975 when we did it the first time. And they've been waiting. They have been waiting. And it's been really cool to kind of see our journey.

And the way that we did it, doing it by committee -- obviously, I want to be a leader on the team and drive that train, but everybody, literally, 1 through 15 had a role. And there's something special about that. So we can look back and really enjoy that team that we have and, obviously, thankfully, kept that team pretty much the same coming into this year.

It's definitely a different situation being the champs and having to search for a repeat and defend that title, something that none of us have ever been through before. But I think we have that mentality that we want more. And we're going to work for more and not be complacent with just one. So I don't think we'll fall into that trap at all. So I'm excited.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Do you still call yourself an underdog?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

I keep that mentality. Even though it might not be my title, I keep that mentality, because I know we're going to be the hunted this year, obviously. But as long as I keep that same mentality that's gotten us to that point, then I think we'll be all right. So we're two weeks away. We start training camp two weeks from today, actually. So I'm in shape. We're excited, ready to go.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

You're done with the banquet circuit. Done with the crazy tours, right? No more ESPYs to pick up.

Stephen Curry - Golden State Warriors - Pro Basketball Player

No more award shows, no more --.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

Jimmy Kimmel, you're good.

Stephen Curry - Golden State Warriors - Pro Basketball Player

I've actually got one more late night next week in New York, but --.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

Okay. The taper has started. It's okay.

Stephen Curry - Golden State Warriors - Pro Basketball Player

That's right. Then we'll be back to work two weeks from that. I'll get a little bit more golf in, maybe. I've got to spend some time with the family.

Kevin Plank - Under Armour, Inc. - Chairman, CEO

So you are a scratch golfer, which goes to -- so let me ask this question, then. Upon signing, when we did this -- let me switch it to golf for a second.

So when Jordan, when your partner said you guys were texting back and forth during the championship, and you were helping him out when he was going for the -- trying to complete the slam and some of the other things that happened during the year -- and it's great to see that camaraderie among all of our athletes. They all help and support each other.

But what Jordan said when they asked him, and said, why did you pick Under Armour? And he used this phrase: he said, it's an aggressive, young, and fearless Company which matched his game and sort of felt him. And he said that; he said, I'm an athlete, and I relate with the Company. All those kind of things.

And with you, there's this amazing story as to how you actually selected Under Armour. And coming through it, he'll know this -- I'm putting him on the spot for this one. But his daughter, Riley, probably -- I mean, there was like Riley for President signs like in Asia. It was crazy, like, the overwhelming support for Riley.

And little did I know until you're on a plane with another man for 50 hours that these kind of stories come out. So tell me the story about how you actually ended up selecting the Under Armour brand and who actually made the choice?



Stephen Curry - *Golden State Warriors - Pro Basketball Player*

So, yes, like you said, we were two weeks probably after our initial meeting. And I tested out the product. We were wearing the Spawns at the time.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Thank God for the Spawns.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Which I kind of like the color waves for the Warriors and all of that were -- I liked them right away. So my heart was already kind of leaning and ready to make that change. But we were at my agent's house in Hermosa Beach -- that's nice, by the way, right? (laughter)

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Wait, don't say any of the brand names as you go through this, okay?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

I got you. I know how it works. So we're all sitting at the house, and I have three boxes of shoes sitting in front of us. So it's me, and my wife, Riley at the time.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

You guys know the other two ones, right?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Ayesha's family. So, like, hey, Riley, we're just going to play around. She's about 14 months or 15 months at the time. Like, hey, Riley, daddy's having a hard time picking shoes. What shoes do you like the best?

So she walks over, and she picks up one brand first, looks at it -- the brand I was with -- looks at it, messes around with the shoe, and then just chucks it over her shoulder. So I'm like, all right. This is off to a good start. Here we go.

So she picks up the other brand's shoe, looks at it again, takes a moment, surveys it, puts it in the light. She chucks it over her shoulder again. And I'm like, all right, this is -- she's probably going to chuck the last one, too. She thinks it's funny just to throw it.

So she picks up the low-top Spawn -- it was all black; I'll never forget it -- picks it up, looks at it, and then just walks over and hands to me like this, and then walks about her day. And I'm like -- me and my wife looked at each other, and looked at Jeff, my agent, and we are like: all right. Let's just do it.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

She didn't chuck it, right? Because Riley knew. Riley for President. Riley for President, okay?

So maybe one last piece of formal business. And then you are actually -- because I don't know if you knew it or not, but amongst this crowd, there's a lot of incredible shooters out here.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

That's what I've heard.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

And some of these guys wanted to play a little game of --.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

They might have to discard the jackets, but after that we'll be good.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

They want to play a little game of -- I know they call it HORSE; you call it CURRY. And you said you're going to spot them CUR --?

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

I'll give them maybe the two Rs. (laughter)

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

So CURR. So we'll see. We got a little competition out there; we'll do that in a minute. But before we do, one piece of official business. You've got that envelope sticking out of your pocket.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

You saw that, didn't you?

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

I did see that. What is that thing that's in your pocket? Because I sent you something and you were supposed to send it back to me.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

You sent me something for -- I was supposed to send it back. I knew I was coming so I brought this with me, a hard copy, to really establish our partnership for the next 10 years and be able to announce that today. But this is my signed contract, and I'm looking forward to the future -- the next 10 years and beyond, obviously. But we'll do some great things. And I'm proud to be part of team UA. So there you go.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Awesome. Thank you very much. So as a part of this contract, you're also now a shareholder.



Stephen Curry - *Golden State Warriors - Pro Basketball Player*

That's right.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Right. And so you could probably get some counsel from these guys on how you are doing, how the day went. Don't be like them and ask hard questions. They don't applaud a lot. You softened the crowd up.

But with that, a huge honor for us here with Steph, and to have Steph here. (Conference Instructions) So thank you all very much for coming to our investor day. And thank you Steph Curry.

Stephen Curry - *Golden State Warriors - Pro Basketball Player*

Thank you, man.

Kevin Plank - *Under Armour, Inc. - Chairman, CEO*

Congrats.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2015, Thomson Reuters. All Rights Reserved.