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PRESENTATION

Operator

Welcome to the Q3 2019 Fossil Group, Inc. Earnings Conference Call. My name is Adrienne, and I'll be your operator for today's call. (Operator Instructions) Please note the conference is being recorded.

I'll now turn the call over to Allison Malkin. Allison, you may begin.

Allison C. Malkin ***ICR, LLC - Senior MD***

Thank you. Good afternoon, everyone. Thank you for joining us, and welcome to Fossil Group's Third Quarter 2019 Earnings Conference Call. I would like to remind you that information made available during this conference call contains forward-looking information, and actual results could differ materially from those that will be discussed during this call. Fossil Group's policy on forward-looking statements and additional information concerning a number of factors that could cause actual results to differ materially from such statements is readily available in our Form 8-K and 10-Q reports filed with the SEC.

In addition, the company assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. Please note that you can find a reconciliation and other information regarding non-GAAP financial measures discussed on this call in our earnings release filed on Form 8-K and in the Investors section of our website. Please note, you may listen to a live webcast or replay of this call by visiting www.fossilgroup.com under the Investors section.

Now I would like to turn the call over to the company's Chairman and CEO, Kosta Kartsotis.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Thanks, Allison. Good afternoon, everyone, and thank you for joining our call today. I will provide a few prepared remarks and then turn the call over to Jeff Boyer, our Chief Financial Officer, to provide a financial update. I'll close the call with a few comments, and then we will have Greg McKelvey, our Chief Commercial Officer, join us for the Q&A.

Let me begin with key trends we're seeing in the marketplace and then comment on our third quarter operating performance. The challenging consumer environment in the mid-priced fashion watch category continued in the third quarter. We faced difficult top line sales trends in our more developed markets, particularly in our wholesale channel with growth in emerging markets continuing to strengthen. We delivered double-digit growth in both Mainland China and India, but the growth was more than offset by double-digit declines in traditional wholesale in the Americas and Europe, which was the primary driver of our overall sales decline in the quarter.

Over the longer term, we will continue to invest in our emerging market opportunity, and expect our India and Mainland China businesses will continue to deliver double-digit growth. We continue to deliver on our strategic initiatives in our direct-to-consumer business and delivered solid growth across the globe in the e-commerce channel. In total, the e-commerce channel, including both our own sites and third-party e-commerce sites, delivered double-digit growth in the quarter, building on our investments in this critical channel.

This past quarter, we saw the benefits of our segmented assortment approach to the online channel, and launched our new cloud-based web platform to support our e-commerce efforts. In addition, we continue to add buy online, pick up in-store and ship from store capabilities to our major e-commerce sites. We are also encouraged by the significant opportunities ahead in connected watches. The category is projected to grow 20% annually for the next 3 to 5 years, enabling further growth as we bring exciting new technology enhancements combined with great fashion and branding to the space. We have great technology partners in Google and Qualcomm, and we expect those partnerships to continue to grow and strengthen in the years ahead.

We launched our latest generation display watch, Gen 5, in the third quarter and results have been above our expectations. With this generation, we have an improved chipset, extended battery life, speaker capabilities and enhanced iPhone integration. We also announced this week the launch of our Hybrid HR watch, the next evolution of hybrid smartwatches.

Our R&D and engineering teams have developed an amazing tech product that looks like a traditional watch and offers the most important features like call and text previews, heart rate tracking, real-time weather and more. Our Hybrid HR product is a great example of our ability to combine outstanding fashion and style with smartwatch functionality. We are very excited about these new product offerings as we enter into the critical holiday period.

However, for the third quarter, our connected watches did decline primarily driven by much lower liquidation levels this year. Excluding the impact of liquidation comparisons, our display smartwatch business grew mid-single digits in the quarter, and we look for further growth in Q4. While third quarter performance was better-than-expected in our latest generation product, sales of our older generation products were lower than forecast. Consumer feedback suggests the combination of fashion and new technology in our Gen 5 product is a much more compelling offer than we had anticipated when compared to our older generation products.

Looking at our overall financial performance in the quarter, third quarter sales and adjusted operating profits were all within our guidance range, though performance was mixed. Our sales and gross margin levels were below our expectations, partially offset by continued strong expense management efforts. Jeff will cover these results in a few minutes.

It is a challenging time in the fashion watch category as product and tastes change, with the additional challenges created by the continued rapid shift of consumers to digital environment. However, we believe our portfolio of strong brands, innovative products and investments in DTC will continue to enable us to be successful across all channels and product categories, regardless of how consumer shopping patterns evolve over time. Despite exciting product innovations, acceleration into the direct-to-consumer channel and growth in emerging markets, the headwinds in the developed market wholesale channel have thus far outweighed the benefits from these initiatives.

As we move through the third quarter, the sellout trend with our wholesale partner has not changed materially. In addition, the softer-than-expected performance in our older generation connected products is likely to continue into the fourth quarter. Based on these factors, we've lowered our sales expectations for Q4. We continue to believe the innovation we're bringing to the market across our categories and our increasing focus on digital will generate improvements in sales trends over time. But given the trends we saw in the third quarter, we think it's prudent to plan our sales number, assuming these trends don't change near term. We're also adjusting our Q4 gross margin guidance to include the impact of tariffs, which will begin to have a larger impact in the quarter due to the implementation of List 4 in early September. Jeff will provide more detail on our financial guidance in a minute.

While we continue to operate in a disruptive environment in the near term, our most critical goals are to change our overall sales trajectory while also transforming the company to unlock significant growth and profitability over the longer term. To change our sales trajectory, we're pivoting the organization to the most significant opportunities, primarily in emerging markets, direct channels and in connected watches. While we make this pivot, we're also working hard to fight for share of the market in the wholesale channel, with a focus on the introduction of exciting new products, more localized marketing stories and product drops and stronger partnering and support for accounts.

Now I'll turn the call over to Jeff for additional comments regarding our financial performance.

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

Thanks, Kosta, and good afternoon, everyone. Turning to third quarter performance. Sales decreased 11% to $539 million in the quarter and decreased 10% in constant currency. Third quarter sales were negatively impacted by less off-price and liquidation sales this year, store closures and licensed brand exits. Excluding store closures and business exits, which were roughly a 200 basis point headwind, underlying core sales declined high single digits, consistent with our second quarter performance.

In the quarter, we continue to see strong growth in Asia, where sales grew 9% compared to last year or 11% in constant currency. Performance in Asia was driven by strong double-digit growth in Mainland China, India and Korea, partially offset by declines in Japan. Offsetting this growth were the Americas and EMEA regions, both of which declined double digits.

While core sales in the direct channel in Americas and EMEA have been stable, the traditional wholesale channels in these regions continue to decline at a high double-digit rate. Overall sales in the Americas declined 18% in the quarter driven primarily by the wholesale and off-price channels. The sell-in performance was roughly consistent with sellout trends in wholesale. In addition, as expected, a lower level of connected liquidation product also contributed to the decline. Sales performance in Europe declined 16% for the quarter and 13% in constant currency driven by the wholesale channel as most geographies declined.

Within our direct-to-consumer business, our overall retail comp sales for the quarter decreased 2%. While full-priced comps were down high single digits in the quarter, outlet performance improved to a positive comp in the quarter driven by traditional watch.

And our Fossil e-commerce comps were also up double digits internationally. Overall sales in the direct channel decreased high single digits in the quarter largely driven by store and concession closures. We have closed 44 stores since the third quarter of last year and ended the quarter with 454 stores. Overall, watches declined 7% in constant currency for the quarter with traditional watch sales continuing to improve sequentially. Our third quarter traditional watch sales declined low single digits as compared to a high single-digit decline in the second quarter and double-digit declines in several previous quarters.

Connected watch sales, which represented $71 million or 16% of total watch sales in the quarter, decreased double digits in the quarter, largely due to reduced liquidation levels as compared to last year. Excluding the impact of store closures, business exits and excess connected liquidation from last year, display watches grew mid-single digits while overall watches were roughly flat for the quarter.

Gross margin decreased 200 basis points from last year to 51.6%. Compared to last year, third quarter margins were negatively impacted by additional inventory obsolescence reserves, the unfavorable impact of currency, higher inventory costs and a change in certain customer relationships in India, which moved the classification of certain costs from operating expenses to product costs. These unfavorable impacts were partially offset by regional mix and margin optimization efforts through our New World Fossil 1.0 program.

Tariffs had limited impact on our third quarter gross margins given the timing of implementation. I'll address the impact of tariffs on fourth quarter guidance in a moment.

Operating expenses declined $16 million in the quarter, and included a $17 million noncash intangible asset impairment charge and $7 million in restructuring charges.

On an adjusted basis, excluding intangible asset impairment and restructuring charges, underlying operating expenses declined $34 million compared to last year driven by store closures and lower infrastructure costs from our New World Fossil 1.0 program as well as initial benefits from our New World Fossil 2.0 program.

Income taxes were approximately $7 million in the third quarter on pretax losses of $18 million. The result in negative effective tax rate was driven mainly by an unfavorable impact from the GILTI provision of the Tax Cuts and Jobs Act and the recognition of deferred tax asset valuation allowances.

Income tax expense in the prior year was $4 million on pretax income of $10 million. Regarding GILTI, the mechanics of the GILTI provision effectively result in double taxes on some of our foreign income. Additionally, we continue to establish valuation allowances on our deferred tax assets in the U.S. and certain international subsidiaries given our operating losses in those jurisdictions, thereby increasing our effective tax rate.

For the third quarter, we reported a net loss of $0.51 per diluted share, which included New World Fossil restructuring charges of $0.11 per diluted share, and noncash intangible asset impairment charges of $0.25 per diluted share. Excluding restructuring and noncash intangible asset impairment charges, the year-over-year EPS decline was split between unfavorable taxes driven by jurisdictional mix and, to a lesser degree, lower operating profits driven mainly by sales declines. Last year, our third quarter EPS was $0.10 and included restructuring charges of $0.09.

Currencies, including both the translation impact on operating earnings and the impact of foreign currency hedging contracts, had an unfavorable $0.04 impact on our EPS in the third quarter.

Moving to the balance sheet. Inventory increased 9% in the quarter. A portion of the increase was driven by lower connected inventory levels at the end of Q3 last year based on the timing of 2018 product launches. In addition, inventory levels are also higher due to the lower-than-expected sales level in the third quarter. We are pleased with our continued progress strengthening our balance sheet. The refinancing of our debt agreement extended the term 5 years, reduced the interest rate and broadened financial covenants.

We improved our net debt position by more than $40 million from a year ago, with debt levels down to $264 million and cash of $147 million. We continue to maintain a low net leverage ratio at 0.6x.

Our adjusted EBITDA for the quarter was $41 million, resulting in a trailing 12-month adjusted EBITDA of $209 million.

Now turning to our 2019 guidance. Based on our third quarter results and updated trends, we're adjusting our fourth quarter and full year guidance. We expect full year sales to range from a decline of 13% to a decline of 11%. The sales range includes approximately 250 basis points of headwind from store closures and business exits and 200 basis points of headwind from changes in foreign currency exchange rates, resulting in underlying core sales contraction in the high single-digit range when compared to the prior year.

Compared to our previous guidance, the updated sales range reflects third quarter performance, more modest fourth quarter growth in connected driven by lower older generation sales and continued double-digit declines in traditional wholesale channels. Within our guidance, we're maintaining our foreign currency exchange rate assumptions with prevailing rates for the euro and British pound at $1.11 and $1.22, respectively. We've also updated our gross margin guidance for the year to reflect third quarter results and to include the impact of List 4 tariffs.

Effective September 1, List 4 requires 50% tariffs for traditional watches and smartwatches produced in China. Given the timing of inventory flow, there was virtually no incremental impact from List 4 in the third quarter.

Looking ahead to the fourth quarter, tariffs on a gross basis would have negatively impacted gross margins by approximately $15 million. We've been able to offset approximately $5 million of this impact through various sourcing actions. Therefore, our fourth quarter gross margin guidance now includes a $10 million impact related to tariffs.

While we're not providing an outlook on fiscal 2020 today, it is important to note that we have identified additional offsets to tariffs as we move into next year. So assuming no changes to the tariffs that are in place as of today and on a full year basis, we currently estimate the incremental negative impact from tariffs in 2020 would be an additional $5 million to $10 million. We'll provide a further update on tariffs when we provide 2020 guidance in February.

Based on our updated sales and gross margin, we now expect operating margins for the fiscal year to range from 1.0% to 1.7%, excluding restructuring charges, which we expect to be approximately $30 million. And the Q3 trade name impairment, adjusted operating margin is expected to range from 3.1% to 3.8%.

In terms of the balance sheet, we planned to end the year with higher inventory given lower-than-expected inventory levels at the end of 2018 and the timing of Chinese New Year, which will require some level of additional receipts in December to support sales in the first quarter of 2020. Given that our updated sales forecast is lower than originally planned, we now expect to see modestly higher levels of inventory at the end of the year, with inventory now expected to be a double-digit increase over last year.

And now I'll turn the call back over to Kosta for a few comments before Q&A.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Thanks, Jeff. As we close our prepared remarks, let me take a moment to reiterate a couple of items. As I said earlier, our most critical mission is to change our overall sales trend while continuing to improve profitability over the longer term. As we enter the important fourth quarter holiday season, we're excited about the innovation in fashion and technology that we're bringing to market across our categories. We're also excited about the investments we're making in our emerging growth markets, our direct-to-consumer initiatives and our digital capabilities.

We continue to manage cost in order to improve profitability and are highly focused on transforming the company to unlock our significant potential for future growth. And we continue to believe in our long-term opportunity to change the sales trend and improve profitability. In the very near term, our entire organization is focused on delivering exciting new products and stories to consumers as we enter the holiday season.

And now we'll turn the call over to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from Edward Yruma from KeyBanc.

Edward James Yruma ***KeyBanc Capital Markets Inc., Research Division - MD & Senior Research Analyst***

I guess first, on the trajectory of the smartwatches, I know you gave the number. I think it was mid-single-digit ex the liquidation. But I guess kind of if your thought process is that the smartwatch business is growing in the industry 20% a year, I guess kind of why do you feel like you're growing below the growth rate? And then second, obviously big announcement out of Google, kind of what's the implication of their acquisition to your business?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

Ed, this is Jeff. I'll probably start with part of the question, and turn it over to Greg to answer. I'll give you some color on the category as well as the Google Fitbit acquisition. In terms of smartwatches, we're really pleased with Gen 5 and how Gen 5 is doing. It was doing really, really well. What we have seen is a bit of a slowdown in Gen 4 and the older model products, probably a little bit unexpected for us overall. But we think that our pricing differential, given the value we have in the Gen 5 has probably held back some of that. So we've got to do a little bit of fine-tuning on our pricing levels between the old gen and the new gen (inaudible), right? We think we'll return to that double-digit growth rate as we enter into 2020 with the products that we have. So very excited about what the category is doing, what the growth rate is happening in there and our ability to participate in there. As you heard Kosta say, we also introduced the Hybrid HR today, which is going to -- we think going to do very well as we go into the holiday season next year.

I'll turn it over to Greg to give you some more color as well as some comments on the acquisition.

Gregory A. McKelvey ***Fossil Group, Inc. - Executive VP & Chief Commercial Officer***

Yes. I think actually, on the results, that was a pretty good explanation around -- we leaned into that sub $199 in price point with a lot of inventory, and it's just slower moving. What we found out was actually invalidated was that there's a high desire and consumer willingness to pay for the latest technology, especially given the proprietary features of extended battery life mode, iPhone compatibility, including voice calling. So we just didn't position quite enough of our inventory and our space allocation there. So we're working to correct that. But so far, the reviews and the sell-through performance on the new tech launch with Gen 5 is doing very well and is a great leading indicator. Early reads on the Fossil brand Hybrid HR launch as well, same thing. We think it's exactly the innovation that hybrids need as a category to increase awareness and bring interest to the category. So really bullish there. And then on your -- the third leading indicator, really is what you mentioned around the Google and Fitbit merger or the acquisition of Fitbit by Google.

We want to be sort of really clear about a few points here. First, we are very supportive of this acquisition and not only think highly of what Fitbit has built over time, but really think that the combination of the 2 companies will result in a significant leap forward in great products for consumers across the world. We also think that it's a great signal to Google's commitment to helping develop the wearables category and the partner ecosystem that we're a part of. So we see it as just a great leading indicator, again, of the potential of the business for us. That really enhances the platforms and the capabilities that we're now bringing to the table and evidenced by the new product launches that we're taking to market right now.

Edward James Yruma ***KeyBanc Capital Markets Inc., Research Division - MD & Senior Research Analyst***

Great. And one other follow-up. Obviously, Michael Kors is a big brand. Within the license portfolio, there were some comments obviously by them yesterday. I guess just kind of thinking through the performance of the brand within your portfolio. I guess any comments and maybe efforts that you can continue to do to restart growth.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

Obviously, the Michael Kors business has been declining for a couple of years. And it was, over the last several years, by far, the largest licensed watch business out there, largely female, very explosive and still maintains a very significant share, still very strong, and we are currently putting a lot of new ideas, materials, innovation, limited editions drops into the market. We have a big opportunity, especially in Asia as China, India and other markets in Asia become more developed because the Kors business is relatively small over there. And we do have a significant opportunity with wearables. That is a very significant long-term opportunity. As our product gets better, the technology gets better, the new Hybrid HR product, for example, with a 2-week battery life could unlock a significant number of consumers that love technology connectivity, just don't want to charge up watches every day. So we're going fast and hard to do anything we can to continue to drive awareness and growth in all our categories, and especially Michael Kors.

Operator

And our next question comes from Dana Telsey from the Telsey Advisory Group.

Dana Lauren Telsey ***Telsey Advisory Group LLC - CEO & Chief Research Officer***

As you talked about the older generation watches and the performance, what percent of inventory do you see that being? And how do you scale that down? What do you expect from that category over time? And what does it do to margins goings forward?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

Yes. Dana, good question. You did hear Greg talk a little bit that we've probably leaned a little bit more on the Gen 4 and the sport product than we did in the Gen 5 on it. So one of the reasons you see a little bit more promotional impact on our margin going into Q4 is to move through some of that Gen 4 product on it. It will probably -- affect us a little bit into the first half of next year, but not major, this is not a major situation on inventory. I would tell you that our inventory level overall is good quality, good quality traditional product on a good quality on the Gen 4 as well. So looking for some minor promotional pressure as we move through the inventory, but nothing major at all on it from that standpoint.

Dana Lauren Telsey ***Telsey Advisory Group LLC - CEO & Chief Research Officer***

And then just a follow-up on the wholesale channel. What are you seeing from the wholesale channel globally, both in North America, Europe and then in Asia? And how has business been over in Hong Kong for you?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

I'd say the wholesale channel, we commented on it that it's toughest in Americas, it's a little bit less worse in Europe and actually, it's pretty strong in Asia, particularly driven by China and India. Our wholesale business is very good there.

From a Hong Kong perspective, it's not a significant business for us overall in the mid-priced fashion watch business on it. So we're not seeing a huge impact. It is being impacted by the activities there, but not having a global impact on us, given the size and scale that we have in Hong Kong.

Gregory A. McKelvey ***Fossil Group, Inc. - Executive VP & Chief Commercial Officer***

Yes. I would kind of add a little more commentary there, too. The traditional wholesale channel, particularly in the U.S., remains our biggest drag. I just want to say though, we are in really productive conversations with our wholesale partners on how to improve and drive this business. There's a lot of innovation we're continuing to bring in Q4 that we're excited about. You'll see new colors, materials, design concepts in traditional across our brands and leaning into the new tech we talked about with Gen 5 and with Hybrid HR. So we're doing everything we can short term to bend the trend. But each of these companies are really going through their own pivots around how they're trying to compete, increasingly online and mobile experiences that allow them to convert online, but also drive traffic into stores. And so as they are pivoting their models, we're working really closely with them to make sure that we're matching what their needs are and helping them drive their business. So we want our products and our best brands in their stores but also in their online environment to make sure that collectively, it works.

Kosta N. Kartsotis ***Fossil Group, Inc. - Chairman & CEO***

I would also add that our wholesale business globally is largely traditional watches, and we actually saw in the quarter sequential improvement in the traditional watch business, not as much as we'd like but it's a sequential improvement. And we've got more new ideas, products, limited-edition drops coming in the next 3 months than we've had in our history. So we're pulling out the stops, and we're doing everything we can to drive as much business as we possibly can in traditional, especially in our wholesale channels.

Operator

(Operator Instructions) And the next question comes from Ike Boruchow from Wells Fargo.

Irwin Bernard Boruchow ***Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst***

Jeff, is there any chance you could clarify on the Q4 guide, what's embedded on the traditional watch run rate and the wearable growth rate or decline?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

Yes. Probably not giving quite that explicit guidance around those 2 numbers. I would tell you that the underlying trends that we have in the display watch, excluding the liquidation, is pretty consistent on it. And I'd say that actually the trend rate that we have on traditional is also fairly consistent, no major changes there on their underlying trend rates. So the comments we had about traditional being down, single-digit sequential improvement that we've seen in it will still continue into the fourth quarter. We're not seeing that change given the weight that we have in wholesale. And then the connected product display watch should be mid-single digits positive, excluding the liquidation. That was the final liquidation we had in the fourth quarter.

Gregory A. McKelvey ***Fossil Group, Inc. - Executive VP & Chief Commercial Officer***

And if I can add a little context on that, too. By Q1, we'll be fully on our sales force, marketing and commerce clouds, which is a great signal, again, for our -- the potential of what we accomplish as we're moving our business model to being increasingly digital and increasingly data-driven and making the consumer at the center of everything that we're doing. So increased personalization, increased targeted marketing and great returns on the investments, all with social marketing to support our new product launches. So all of that combined, we feel like by -- Q1 is going to come together and really help us drive the omnichannel growth that we need.

Irwin Bernard Boruchow ***Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst***

Got it. Another question, just want to make sure I understood this. So I think, Jeff, you commented $10 million impact for tariffs in Q4. And I know you're not commenting or giving guidance for next year, but help me understand it, did you say that all else equal, 2020 would have an incremental $5 million to $10 million? And I guess if that is what you said, can you just help me understand how Q4 could be $10 million, but the wrap around to next year would only be $5 million to $10 million?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

Good question, Ike. Largely, your math is right. In terms of the incremental amounts that we're getting into Q4 as well as what's going to impact us in next year, $10 million in Q4 net number and $5 million to $10 million next year, incrementally. The big issue is timing of offsets and things what we can do. The tariff hit us in early September. There's only so much you could do from a sourcing, changing our supply chain on it. So we got the bulk of the, I guess you'd say, impact in the fourth quarter for that. We have more runway room to make some changes from our manufacturing sourcing as we'll be in the next year able to mitigate that to a fair degree. We also got some benefits from some regulatory rulings as well, which took some of the pressure off as well. So between some regulatory interpretations on some of the tariffs as well as some sourcing changes we could make, we're able to offset more of the gross amount impacted in 2020. So your math is correct and your logic is fair as well. But that's the underlying factors affecting it.

Irwin Bernard Boruchow ***Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst***

Got it. Last one, Jeff. And can we get a CapEx and a D&A number from you for this fiscal year?

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

CapEx number between 20 and 25. And what was the other, interest?

Irwin Bernard Boruchow ***Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst***

D&A.

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

D&A, 50-ish. 60, 60 for the D&A.

Operator

And this concludes the question-and-answer session. I'll now turn the call back over to management for final remarks.

Jeffrey N. Boyer ***Fossil Group, Inc. - Executive VP, CFO & Treasurer***

I'd just like to thank everybody for dialing in for today's call, and we look forward to updating you on Q4 results in February of next year. Thanks, everybody. Thank you, operator.

Operator

Thank you. And thank you, ladies and gentlemen. This concludes today's conference call. Thank you for participating, and you may now disconnect.
