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Caleres, Inc. (CAL)

Q1 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon and welcome to the Caleres First Quarter 2022 Earnings Call. My name is Jeff, and I'll be your conference coordinator. At this time, all participants are in listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions] And as a reminder, this conference is being recorded.

At this time, I will turn the call over to Ms. Logan Bonacorsi, Vice President of Investor Relations. Please go ahead.

Logan Bonacorsi

Vice President-Investor Relations, Caleres, Inc.

Good afternoon. I'd like to thank you for joining our first quarter 2022 earnings call and webcast. A press release with detailed financial tables, as well as our quarterly slide presentation, are available at caleres.com.

Please be aware today's discussion contains forward-looking statements, which are subject to a number of risks and uncertainties. Actual results may differ materially due to various risk factors, including, but not limited to, the factors disclosed in the company's Form 10-K and other filings with the US Securities and Exchange Commission. Please refer to today's press release and our SEC filings for more information on risk factors and other factors which could impact forward-looking statements. Copies of these reports are available online. The company undertakes no obligation to update any information discussed in this call at any time.

Joining me on the call today is Diane Sullivan, Chairman and CEO; Ken Hannah, Senior Vice President and CFO; and Jay Schmidt, President. We will begin the call with our prepared remarks, and thereafter we'll be happy to take your questions.

I would now like to turn the call over to Diane. Diane?

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Diane M. Sullivan

Chairman & Chief Executive Officer, Caleres, Inc.

Thank you, Logan, and good afternoon, everyone. I'm pleased to report that Caleres continued its strong momentum as we transitioned into 2022, delivering record-breaking first quarter results across every key financial measure. This was in spite of headwinds we have all been facing, including ongoing inflationary pressures and the drag of supply chain-related challenges.

This was our fourth straight quarter of record results, and it sets the stage for another year of record or near record earnings. As a result, with today's earnings release, we are raising our earnings per diluted share guidance to be between $4.20 and $4.40.

We view our first quarter performance as a further proof point of the step change that we've achieved in the long-term cash generation potential of Caleres. As a result of the smart investments made and the enterprise-wide strategies deployed, we believe we have effectively doubled our normalized mid-cycle earnings to something approximating $4 a share.

Now taking a look at the quarter more closely, we once again executed at a high level, making significant progress against our key strategic initiatives and building on our tremendous foundation. Among the highlights, Caleres turned in record sales of $735 million, generated record consolidated gross margin – profit margin of nearly 45%, and achieved record consolidated operating earnings of approximately $66 million. In addition, we published our second ESG report in mid-April, and I'm proud to say that we've made strong progress against all of our long-term goals. We are well on our way to meeting these goals by 2025, and in some cases earlier.

Now before moving on to our segment performance, I'd like to provide an update on our capital return program. As you know in March, the board of directors increased our buyback authorization by 7 million shares, further underscoring its confidence in the strength of the business and its positive long-term outlook. And keeping with that vote of confidence, during the first quarter, we returned approximately $15 million of capital to shareholders via the repurchase of approximately 701,000 shares, or roughly 2% of our shares outstanding.

Looking ahead, we view the buyback as a prudent use of our discretionary cash, and believe our early progress on this front is already delivering value to our shareholders. Given the value-creating nature of the Caleres structure, we believe we're poised to maintain this momentum this year and beyond with our dynamic and growing portfolio of brands, plus the strength of our expansive direct-to-consumer network, which just provides significant access and the ability to reach the consumer when, where, and how they want to shop. In our view, our multifaceted platform for engaging consumers is a significant and differentiating strength, one that greatly enhances our overall value proposition.

Turning now to our segment level performance, starting with our largest brand, Famous Footwear, Famous maintained its stride, resulting in another record first quarter, topping the record first quarter earnings performance set in the comparable period last year. Notably, Famous maintained its focus on full price selling, which enables us to sustain our strong gross margin level, achieving a gross margin rate of over 49% during the period. This was a 405-basis point increase over the first quarter of 2021 and marks the fifth straight quarter of year-over-year margin improvement. While we are still experiencing delayed receipts due to supply chain disruptions, we believe our ability to continue full price selling and our disciplined approach to inventory buys will enable Famous to sustain a margin level higher than our historical averages.

In addition to the strong margin rate, robust demand for our differentiated assortment of brands, coupled with our targeted marketing approach, planning and allocation expertise, and unmatched local presence, resulted in nearly

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$50 million in operating earnings for the segment. This nearly 4% year-over-year improvement was achieved despite the modest 3% decline in sales. In short, the strong financial and operating performance, including the approximately 13% return on sales, demonstrates the power of the Famous brand and paves the way for another strong earnings year.

Before I move to the Brand Portfolio, I'd like to provide a brief update on some of the progress against our key focus areas in Famous. First, as it relates to product in, as you well know, with our 887 locations, we are the go-to local footwear destination for the millennial family. To that end, we'll continue to offer what the Famous consumer knows, wants, and loves through our leading assortment of the most sought-after brands.

In fact, these top brands continue to be a source of strength for Famous during the first quarter, representing a key driver in its overall financial performance. As we progress throughout the year, we will continue to leverage our leadership position in athletic and sport, and build upon our strong relationships with all key brand partners. In addition, we'll be – continue to be laser-focused on maximizing the vertical opportunity between Famous and our own portfolio of brands, as this provides the potential for higher margins for the enterprise as a whole. Of note, portfolio brands LifeStride, Scholl's, and Blowfish performed – were all in the top 10 bestselling brands at Famous during the quarter.

Additionally, the Famous consumer is out and about and has a growing interest to add a broader assortment of seasonal and occasional-based products to satisfy all of their social needs. This provides a compelling opportunity for us to leverage our fashion-focused brands in our portfolio to drive highly profitable incremental sales. We know that when she buys for her family and for herself, she is spending more, connecting more, and returning more often. So adding the right styles and the right locations will broaden our business and provide value on top of our core athletic and sport business going forward.

Turning now to marketing, as we highlighted in March, we completed a marketing attribution study at Famous last year. We've strategically used those findings to inform our 2022 marketing strategy, with the focus on growing our contactable consumer file by acquiring new, retaining current, and reactivating previous consumers. As a result, we have identified opportunities to efficiently shift a portion of our marketing dollars to digital during the period to help offset the decline in year-over-year promotional activity, which impacts our digital business more significantly.

It's important to remember that the competitive landscape has shifted with the expectation that we will see another year of limited promotional activity. As a result, it's critical that we employ a more tactical approach to connect and engage with consumers. And to that end, we're being surgical in our marketing tactics, using targeting and personalization in order to drive repeat purchases, and working to shift traditional one-channel shoppers to omni-channel consumers.

Particularly in April, where we had a more comparable promotional cadence to the year prior, we began to see both year-over-year customer growth, as well as higher spend per customer. Rounding out the marketing discussion, as we look toward the important back-to-school season, we will work to ensure we optimize our media investment and mix to get the biggest bang for our buck. While it's too early to provide any specifics, I'm excited by the early creative assets that I've seen from the team. The campaign, which represents a tangible, modern image of Famous Footwear, was created in part by using our consumer analytics data mined from our customer file, as well as early reads from our new store prototype and store refreshes.

Speaking of the new store, we're continuing to place a strong emphasis on enhancing the consumer experience and have made significant strides towards that end. Recently, we developed and are testing a prototype store that offers an enhanced shopping experience, highlights our leading assortment of the most in-demand brands, and

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elevates those brands in a very energetic and exciting manner. At the same time, we have been furthering our store refresh initiatives. Together, these actions should further enhance the in-store experience, generate consumer excitement, and unlock still greater value from these already high-performing locations.

While it's still early, we're already seeing positive trends from the first prototype and in stores that have completed their refreshes. We're optimistic that these efforts will reinforce our national presence, further our differentiation, and generate solid returns. So overall, Famous is off to a great start with its increasingly strong brand awareness, improving inventory position, and support from key brand partners. Famous is poised to capitalize on the current market environment.

So let's turn now to the Brand Portfolio. Following the strong rebound in the second half of 2021, the Brand Portfolio turned in an exceptional performance, eclipsing the first quarter of 2021, surpassing its first quarter 2019 results, and setting the stage for a significantly improved earnings contribution in 2022. Specifically, we delivered a 46% year-over-year improvement in sales as consumer demand, particularly for dress, occasion, and wear-to-work products, accelerated during the period and as key retail partners rebuilt their inventory position.

It's important to note, this wholesale partner post-pandemic restock will likely moderate as we move through the year as they return to more normal buying and replenishment patterns. In addition, gross profit margin reached 38%, or a 53-basis point improvement over the first quarter of 2021, due to favorable sales mix and a less promotional retail environment. It's worth highlighting that while we saw ocean freight costs begin to climb during the second half of last year, we were successful in offsetting the impacts of those higher freight rates in the first quarter of this year, as price increases we implemented began to sell through.

We will continue to work to mitigate increased freight costs as we move through the year. In total, the Brand Portfolio achieved $41 million in earnings, a $44 million increase over 2021, and approximately $28 million increase over the first quarter of 2019. The better than expected results in the quarter were driven by double-digit improvements from each brand across the portfolio, with a couple of brands recording triple-digit increases. This broad-based performance highlights the depth and the breadth of the portfolio, and underscores that while we are capturing the acceleration in dress and occasion, we are capitalizing on the continued demand for casual and sport-inspired styles as well.

In addition, our strategic and bold approach to inventory has started to pay off, with the right inventory behind the right brands and products. Also during the quarter, the brand teams continued to work to align the organization behind the consumer, resulting in an approximately 23% increase in the portfolio's D2C business. This included an approximately 19% growth from our owned e-commerce sites, with strong year-over-year increases from nearly every one of our brand websites.

In addition, we drove a 26% increase in new customers, as consumers are delighted with our innovative designs, fresh and compelling products, and diverse assortments. In fact, we're building a culture of consumer centricity at Caleres and believe we can leverage our powerful brands, consumer analytics, and overall expertise to grow and unlock more value from the total Caleres customer file over time.

Now looking a little more closely at some of our brand wins, it's important to note that the consumer is out working, traveling, socializing, and celebrating. More importantly, she is focused on footwear and is buying for all of life's experiences. A big success story during the quarter came from Naturalizer, which has been gradually climbing out of its pandemic woe. Naturalizer sales increased significantly over the first quarter of 2021, with a solid increase over 2019 as well, as the brand started the year in good inventory position, and as we strategically

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used airfreight to ensure the availability of highly demanded products, particularly opened up occasion-based styles.

More specifically, the online wedding shop and the brand's party-ready styles fueled the sales improvement, as consumers are out and attending all of life's celebrations. In addition to the uplift in sales, lower promotional activity drove a substantial improvement in margin for the first time since the onset of the pandemic.

Sam Edelman had another great quarter, also benefiting from strong demand for dress products and styles, the category in which Sam is most well-known, and what its consumer is seeking. While the brand's wholesale business improved, the highlight during the quarter was its growth in its digital business, with samedelman.com up nearly 60% when compared to the first quarter of 2021. I would also note that the Sam & Libby brand made its debut at Walmart earlier this spring and received overwhelmingly positive reaction. We are excited about the strength we are seeing in our Sam Edelman business and the potential for even stronger earnings contribution for the brand in 2021.

Next, we continue to build on the recent progress at Allen Edmonds, with strong improvements in both our digital and brick-and-mortar sales, higher AURs, and an approximately 600-basis point increase in our gross margin. Interestingly, demand for dress shoes and sneakers continued into 2022, with the sport category growing to our second largest classification.

Finally, and while I would like to talk about all the brands if time would allow, I would be remiss if I didn't highlight LifeStride's performance. LifeStride sales increased more than 100% over the comparable period in 2021, as it offers its consumers strong designs for a tremendous value across all categories. In addition, the brand delivered higher margins and achieved its best ever return on sales.

Shifting to inventory, we believe a central component to driving growth in the Brand Portfolio this year is to ensure we better align inventory with consumer demand. To that end, we have been managing our supply chain aggressively, accelerating receipts wherever possible, and placing a strong emphasis on building up each brand's top-selling styles to drive sales through our Edit to Win initiative. We believe that this greater alignment of inventory was a competitive advantage during the quarter, and we expect additional opportunity to capture demand as we progress through the year.

So in short, the rebound in the Brand Portfolio is playing out as we anticipated, with the expectation for a much stronger contribution this year. Looking ahead, we expect the Brand Portfolio to build on the solid foundation established at the outset of this year. We will lean into our strong product design and stay true to our Edit to Win initiative to capitalize on the great consumer demand fundamentals to unlock growth opportunities across our portfolio.

Overall, we have seen a structural shift upward in the earnings expectations of the enterprise, and we are excited about the future opportunities for our brands and the potential for long-term value creation. The strategies in place and the capital invested have served to greatly enhance the organization's earnings power to date and have set the stage for still greater progress as we advance throughout the year.

With that, I will now turn it over to Ken for a more detailed view of our financials, capital return plans, and revised outlook for 2022. Ken?

Kenneth H. Hannah

Chief Financial Officer & Senior Vice President, Caleres, Inc.

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Thanks, Diane, and good afternoon, everyone. I'm excited about the structural changes we've made across the business and the momentum we drove during the first quarter. I'm even more excited about the potential for future value creation as we progress throughout the year. I'd like to start my discussion by sharing some additional details around our record-breaking results, our capital allocation plans, and our outlook for 2022.

It's important to note that most of my commentary will focus on the comparable period in 2021, with some supplemental comparison to the first quarter of 2019, where relevant and useful. We delivered consolidated first quarter sales of $735.1 million, which was 15% above the first quarter of 2021. As Diane mentioned, this performance was driven by the Brand Portfolio's outstanding 46.1% increase over the first quarter of 2021.

In addition to great sell-through at our retail partners and a significant uplift in the direct sales across all brand divisions, this sales improvement in the Brand Portfolio includes $50 million of shipments to refill our partners' inventory pipeline. As planned, Famous Footwear sales declined a modest 3%, reflecting a lower store count and the easing of the pandemic in the prior period, and that had spurred a burst in pent-up consumer demand.

Our consolidated gross margin was 44.5%, up 144 basis points from the first quarter of 2021, reflecting another quarter of strong margin performance at Famous and improving margins at the Brand Portfolio. In fact, Famous Footwear delivered gross profit margin of 49.2% in the quarter. This 405-basis point improvement over 2021 was driven primarily by the robust consumer demand for leading brands and style assortment, the continuation of more full price selling, and another quarter of minimal promotional activity.

The Brand Portfolio recorded first quarter gross margin of 38.1%, a 53-basis point improvement over the first quarter of 2021, due to favorable sales mix and a much less promotional retail environment. As Diane noted, we were able to offset the impact of higher freight and input costs during the period with higher average prices, as both cost and average price was up close to 13%.

First quarter SG&A expense was $260.8 million during the period, or a 35.5% of net sales, a $17.3 million increase from the same period a year ago, due to higher variable cost on our increased sales, additional investments in marketing, and higher wages and labor costs. Our operating earnings for the quarter were $66.2 million, or 9% of sales, generating diluted earnings per share for the quarter of $1.32. This is up from $0.36 in the first quarter of 2019 and $0.60 in the first quarter of 2021. Our EBITDA for the trailing 12 months was in excess of $300 million and over 11% of sales.

Turning now to the balance sheet and our cash flow, the company generated $19.7 million in cash from operations during the quarter and used that cash to fund our dividend, buy back shares, and continue to invest in our business. We ended the first quarter of 2022 with $305 million in borrowings under our revolving credit facility and no long-term debt. Our first quarter interest expense was $2.3 million, down $5 million from the first quarter of 2019. We expect our interest expense to approximate $10 million for fiscal 2022.

I now think it would be helpful to spend a minute unpacking our inventory position. Our inventory at quarter-end was up approximately 45%, compared to the first quarter of 2022 – 2021, excuse me, which was unusually low. It was flat to the first quarter of 2019. The increase included a 16% increase at Famous Footwear and a 99% increase for the Brand Portfolio. Famous Footwear inventory was 13% below 2019 levels, while the Brand Portfolio was 15% higher than our 2019 levels, including approximately $100 million of in-transit inventory not yet available to sell. The quarterly in-transit inventory level was down from $177 million at fiscal year-end 2021.

Now let's turn to capital allocation. As you know, we carefully and constantly evaluate the most value-enhancing avenues for our free cash flow. At the start of the fiscal year, we put in place a flexible capital return program

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inclusive of dividends, share buybacks, and investing in growing our business. We executed on that plan during the quarter, repurchasing nearly 2% of our shares outstanding for $15 million, utilizing the cash generated during the period. In addition, since the start of the fiscal second quarter, we've repurchased an additional 800,000 shares of Caleres common stock for approximately $19 million.

When you include the purchases made during the second quarter, this brings our total share repurchase to date to 1.5 million shares, or 4% of our shares outstanding. Our updated fiscal year guidance takes our share repurchase activity to date into consideration. We continue to view our stock as an attractive investment option and expect to make ongoing purchases under the existing authorization throughout the remainder of 2022.

Finally, given the strong start to the year and inclusive of the company's current expectations for its underlying business, along with what we know now about anticipated macro challenges that include geopolitical concerns, inflationary pressures, and ongoing supply chain disruptions, Caleres now expects annual consolidated sales to be up between 2% and 5% when compared to 2021, and earnings per share to be between $4.20 and $4.40 per share. Additionally, we expect the second quarter of 2022 to be in line with the first quarter of 2022. It's important to note that our revised guidance range does include the impact of the share repurchase activity to date.

With that, I'd like to turn the call over to the operator for questions. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Laura Champine from Loop Capital. Your line is open.

Laura Champine
Analyst, Loop Capital Markets LLC

Q

Thanks for taking my question and congratulations on a nice quarter. I wanted to give you sort of my interpretation of your comments that Q2 should be similar to Q1, and rescue me if I'm wrong on this. So, I'm guessing that you mean sales and earnings total levels will be similar, but given the seasonality we normally see, I would expect revenues to be higher at the Brand Portfolio and lower at – or I'm sorry, higher at Famous and a little bit lower seasonally at Brand Portfolio. Does that make sense?

Kenneth H. Hannah
Chief Financial Officer & Senior Vice President, Caleres, Inc.

A

Yes, Laura. Thanks for the question and an opportunity to clarify. On a consolidated basis, we expect sales and earnings to be very similar to what we just reported in 2022's first quarter. When you look, one of the reasons that we called out the $50 million of pipeline fill at our partners was that's really the difference between Q1 and Q2 for kind of the Brand Portfolio segment. And then that delta to keep those sales relatively consistent would be the increase that you would see at Famous Footwear.

Laura Champine
Analyst, Loop Capital Markets LLC

Q

Got it. Thank you for that.

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Kenneth H. Hannah
Chief Financial Officer & Senior Vice President, Caleres, Inc.
A

You're welcome.

Operator: Your next question comes from the line of Dana Telsey. Your line is open.

Dana Lauren Telsey
Analyst, Telsey Advisory Group LLC
Q

Thank you. Good afternoon, everyone, and congratulations on the nice progress.

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.
A

Thanks, Dana.

Dana Lauren Telsey
Analyst, Telsey Advisory Group LLC
Q

In light of the current environment, how would you frame health of the consumer, what you're seeing in pricing or what you're doing on pricing in Famous and in the Branded Portfolio (sic) [Brand Portfolio], and any updates on the supply chain? And then I have a follow-up. Thank you.

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.
A

Okay, great. This is Diane. I would say, the consumer demand fundamentals, as far as we can see, remain very strong. I think we're extraordinarily fortunate that we have a portfolio of diverse brands like we have that reach so many different consumer segments and price points, along with Famous that really reaches so many consumers and has all the national brands that they really want.

So, quite honestly, Dana, we have not seen any significant change in the demand of the consumer in the last number of weeks. It's still as strong as April had been, and really don't believe that that's going to change that significantly for us as we move through the second quarter and through the rest of the year. Again, all to be seen, but we feel very confident, and all of – are the signals that we're seeing about our business.

The second thing is that with respect to price elasticity and price increases, again, same thing. Because of the much lower promotional environment, it's a lot quieter than it had been, as well as the fact that we really took our price increases up going into spring of this year; again, feel like all of that looks like right now that that is holding. And we really, again, believe that part of that has been we've always tried to deliver unbelievable value every day in the products that we deliver to the consumer. So that would be, I think, the second thought – second point.

And then lastly, in terms of supply chain costs, [ph] that (31:29) and lead times, I would you that from a cost – input cost and certainly transportation costs, we have not seen anything that would give us any indication that we should expect let-up in that area until 2023. But we have certainly accounted for that as we've been thoughtful about our guidance for the rest of the year. And we'll see what happens in the ports as they go through their negotiation in July. But again, we are working very hard to make sure that we have the right products and the right inventory at the right time to continue to drive our – and satisfy our consumers going forward. So, not a lot of change in that area, but feeling like we have a really good balance of inventory to support our needs.

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Dana Lauren Telsey
Analyst, Telsey Advisory Group LLC

Q

Got it. And just a quick follow-up, the strength of Nike and Famous and how that's doing for you, and then also the order book on the Branded Portfolio (sic) [Brand Portfolio], how is that looking and anything we should be watching for? Thank you.

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.

A

Okay. Thanks, Dana. With respect to Nike, again, continues to be very good for us, and we're not seeing any slowdown in the demand for the Nike products nor our opportunity to be able to have those products in our stores. So our teams are doing a terrific job there. We're continuing to see the sell-through there be very, very good, along with, frankly, really a broad range of brands within the Famous experience. So, it's been really very good all the way around.

And in terms of the order book, I'll let Jay make a comment, but we'd say that we like what we're seeing, and it certainly supports the guidance that we have shared with you for the rest of the year, but Jay, maybe a little color on the order book for Q3.

John W. Schmidt
President, Caleres, Inc.

A

Yeah. I would say, Dana, that the Q3 order book is shaping up nicely versus 2021 position, and we are encouraged by our fill rate to date. We [ph] have adjusted (33:47) our buying to account for higher transportation lead times, so that is resulting in a little of a higher fill rate. And while there are still a lot of uncertainties with port delays and COVID shutdowns, so far we haven't experienced any significant cancellations and do not anticipate that being the case going forward.

Dana Lauren Telsey
Analyst, Telsey Advisory Group LLC

Q

Thank you.

Operator: Your next question comes from the line of Steve Marotta. Your line is open.

Steven L. Marotta
Analyst, C.L. King & Associates, Inc.

Q

Good evening, everybody, Diane and Ken and Logan, congratulations again on a terrific quarter. Diane, you've touched on this already, I'm hoping maybe you could just put a finer point on it. Obviously, the guidance was very good for the balance of the year. What gives you confidence that gross margins will hold across the portfolio and that promotions just competitively won't tick up for the balance of the year?

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.

A

Yeah. Well, a couple of things. You never know for sure, but I think we have taken a very realistic view on our guidance for the rest of the year. We have very good visibility obviously into what our expectations are right now for the second quarter. Ken commented a little bit on that already. We also have really managed our promotions in our own stores to make sure that – I think we had 70 fewer days, frankly, in the first quarter of promotional

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activity than we had last year. So we are really dialing it back. We're keeping our inventories as tight as we possibly can and managing the push and the pull of all of that in the way that we believe that we need to.

And again, I think the teams have done a great job and focusing on the brands really and the styles that the consumer wants. So, we've really made sure we have those right brands and those right styles to make sure that our margins continue to be – reflect the kind of improvement that we have seen for the last number of quarters. So, again, feeling very positive, Steve, about what that looks like. And again, it's all tied to, I think, really managing our inventory in the best way that we possibly can. And we have just outstanding capabilities in terms of how we plan and how we allocate inventory. And we have outstanding operational excellence on the execution of all of that.

Steven L. Marotta
Analyst, C.L. King & Associates, Inc.

Q

Great. That's very helpful. And Ken, besides the pipeline fill that you referred to from the Branded Portfolio (sic) [Brand Portfolio] standpoint in the first quarter, were there any other puts and takes to shifting, say, earlier deliveries, or was there any other significant callouts for the Branded Portfolio (sic) [Brand Portfolio] side on shipments in the first quarter?

Kenneth H. Hannah
Chief Financial Officer & Senior Vice President, Caleres, Inc.

A

No, I mean, I think Diane said we had double-digit growth across the brands and a number of them were up triple digits. So, I think it was the breadth of not only our product but the consumer that we're servicing. And we expect the momentum that we had in Q1 to flow into Q2. And we wanted to make sure we did call out the pipeline fill, because that's not – that won't repeat in Q2. But across all brands, all categories, we're seeing good performance.

Steven L. Marotta
Analyst, C.L. King & Associates, Inc.

Q

Very helpful. Thanks. I'll take the balance offline. Thank you.

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.

A

Thanks, Steve.

Kenneth H. Hannah
Chief Financial Officer & Senior Vice President, Caleres, Inc.

A

Thanks, Steve.

Operator: There are no more questions at this time. Turning the call back over to Ms. Diane Sullivan for closing remarks.

Diane M. Sullivan
Chairman & Chief Executive Officer, Caleres, Inc.

Thank you very much. Appreciate you all joining us this afternoon, and we'll see you along the way, some of you next week. So we look forward to that. Take care.

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Operator: This concludes today's conference call. Thank you for your participation. You may now disconnect.

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