

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

## Steven Madden Limited Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

---

**Operator**

Your first question comes from Scott Krasik - C.L. King.

**Scott Krasik - C.L. King**

Gross margin in wholesale is actually a little bit better than I was modeling, certainly better than the trend has been sequentially so far this year. Do you expect that lower decline to continue? How are you thinking about wholesale gross margins in the first half of next year?

**Ed Rosenfeld**

In fourth quarter we think we can be flat in wholesale gross margin. Keep in mind that the comparisons in the back half here are a little easier because of the poor gross margin performance that we had in Danny Friedman in the back half of 2006. So that's one of the reasons that you saw relative improvement in Q3 and we'll expect to continue to see that in Q4.

We're not going to talk about 2008 on this call. Our budgeting process is underway. That will be completed in four to six weeks and so we'll talk about 2008 on next quarter's call.

**Scott Krasik - C.L. King**

Qualitatively could you talk about it? Because the first half of the year it was down significantly from 2006, so the comparisons should reflect that, right?

**Ed Rosenfeld**

That's right.

**Scott Krasik - C.L. King**

Just remind us, in the first quarter it was Daniel Friedman weak gross margin and sandals?

**Ed Rosenfeld**

Boots caused some gross margin deterioration in first quarter last year.

**Scott Krasik - C.L. King**

So it was boots and Daniel Friedman, then?

**Ed Rosenfeld**

I just wanted to make one clarification. Jamie alerted me that I quoted the total sales for Q3 incorrectly; it's \$113.4 million, not \$103.4 million.

**Scott Krasik - C.L. King**

Talk a little bit about your competitive position in the industry. When talking to people in department stores, it seems like some of your junior competitors are performing a little bit better than you guys, as they have throughout the quarter. Where do you think maybe you missed it? I think you guys maybe went a little bit too basic, flat, not dressy up enough. Maybe talk a little about that.

**Ed Rosenfeld**

We still feel very good about our competitive position and that the overall our grid has been very, very challenged. We don't feel that we're doing worse than our competitors. Early in the year, certainly perhaps if we had more footwear that would have been better, but right now actually we feel we're performing of late, better than our competitors.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.