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SharkNinja, Inc. (SN)

Q4 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to SharkNinja's Fourth Quarter 2024 Earnings Call. My name is Harry, and I'll be your operator. All lines are currently in listen-only mode, and there will be an opportunity for Q&A after management's prepared remarks. [Operator Instructions]

I would now like to hand the conference over to Arvind Bhatia, Senior Vice President, Investor Relations. Thank you. Please go ahead.

Arvind Bhatia

Senior Vice President, Investor Relations, SharkNinja, Inc.

Good morning, and welcome to SharkNinja's fourth quarter 2024 earnings conference call. Earlier today, we issued our Q4 earnings release, which is available on the company's website at ir.sharkninja.com. A replay of today's webcast will also be available on the site shortly after the call.

Before we begin, let me remind you that today's discussion will include forward-looking statements based on our current perspective of the business environment. These statements involve risks and uncertainties and actual results may differ materially. For more details, please refer to our earnings release and the company's most recent SEC filings, which outline factors that could impact these statements. The company assumes no obligation to update or revise forward-looking statements in the future.

Additionally, during the call, we will reference non-GAAP financial measures, which we believe provide valuable insight into the underlying growth trends of our business. You can find a full reconciliation of these measures to

their most directly comparable GAAP measures in the earnings release. A quick reminder, we divested our APAC business in Q3 of last year, so it's no longer included in our year-over-year comparisons this quarter.

Joining me today are our Chief Executive Officer, Mark Barrocas; and Chief Financial Officer, Patraic Reagan. Mark will start by providing a business update, followed by Patraic who will review our Q4 and full year 2024 financial results and share our outlook for 2025. Mark will then offer some closing remarks before we open the call to questions.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Thank you, Arvind. Good morning, everyone, and thank you for joining us today. Our fourth quarter results were exceptionally strong. Once again, our global teams knocked it out of the park with incredible top and bottom line performance. Net sales grew an impressive 30%. Adjusted EBITDA was up 32%, building on the 71% growth we delivered in Q4 last year. We're delivering rapid and highly profitable organic growth at scale.

What excites me even more than our strong Q4 results is the breadth of our performance across each of our four key categories: Cleaning, Cooking, Food Prep, and the newly branded Beauty and Home Environment. We delivered very strong double-digit growth.

In North America, net sales increased 22% year-over-year. Our international business continued to be a standout. Adjusted Net Sales grew 49% on top of last year's impressive 62% growth in the fourth quarter. It's been an amazing quarter, and I'm so proud of how our teams continue to consistently deliver and drive sustainable growth.

Looking at full year results, 2024 was a remarkably strong year. We grew Adjusted Net Sales 32% and that's on top of 15% growth last year. We drove Adjusted EBITDA growth of 32%, building on 39% growth last year. This means over the past two years, we've achieved a compounded annual growth rate of 24% in Adjusted Net Sales and 35% in Adjusted EBITDA, extending our long track record of success.

We have also expanded Adjusted EBITDA Margins by nearly 300 basis points over the past two years, while strategically investing and fueling the next wave of innovation and geographic expansion. We're building a strong foundation for scalable organic growth.

We added over \$1.3 billion in Adjusted Net Sales growth this year, bringing our total to \$5.5 billion. We increased Adjusted EBITDA by more than \$230 million, surpassing \$950 million. This strong performance highlights the power of our profitable growth flywheel as our healthy revenue growth, strong gross margins and productive reinvestment into our business fuel our market share gains, new category expansions and geographic growth.

Our performance also speaks to the strength of our team and a cultural mindset that recognizes and reinforces a desire to learn and grow and a shared drive to be the very best at what we do. Together as a team, we embrace the shared mindset that all success is only temporary. We're driven by a deep seated confidence in our problem-solving abilities and a desire to achieve the extraordinary. With this powerful shared mindset at the core of our company, we're strengthening our competitive edge, and accelerating our progress in a large and rapidly expanding market. 2024 has been our best year yet, but I believe this is just the beginning.

Looking ahead, the first quarter of 2025 is off to a solid start. We're not just managing uncertainty. We're on the offense, executing against a well-defined strategy of consumer-focused innovation, strong demand creation, and a highly diversified portfolio of products, geographies and channels. As a result, we're in a great position to drive strong double-digit growth for the full year.

Our three-pillar growth strategy is the foundation of our organic growth engine. This strategy focuses on expanding into new and adjacent categories, increasing market share in existing categories, and driving international growth. Disruptive consumer problem-solving innovation is what SharkNinja excels at. Our investments in R&D in the past two years have built a pipeline with exciting new ideas. We plan to launch 25 new products this year across both new and existing categories. We'll be bringing to market a steady flow of new products each quarter, some of which have already launched in 2025.

The first pillar of our growth strategy, expanding into new and adjacent categories continues to be a key driver of success. SharkNinja now participates in 36 new sub-categories, both inside and outside the home, all of which have been developed internally. We're committed to entering at least two new sub-categories each year. In 2024, we exceeded this goal by launching into four new sub-categories: coolers, fans, frozen drink appliances, and skin care. We believe that each of these sub-categories has a strong growth potential for us in 2025 and beyond.

Ninja SLUSHi our professional-grade frozen drink maker has been a hit with consumers. Fueled by its viral popularity, SLUSHi has already generated more than 0.5 billion social media impressions to date. Consumer engagement continues to grow. We've secured multiple branded partnerships for SLUSHi. These collaborations are helping us reach new audiences, creating unique experiences, and sustaining social buzz. SLUSHi will start rolling out in the UK and other international markets later this year. With Ninja CREAMi leading the ice cream category and SLUSHi gaining momentum, we're on track to become the global destination in frozen treats.

With Shark FlexBreeze, we created an entirely new category with our first indoor/outdoor cooling system. Its debut season was a tremendous success and established a solid foundation for us to build upon. Looking ahead to 2025, we have an exciting innovation planned for this new category. We're gearing up to launch several new SKUs and we'll be expanding this category into additional international markets.

With the launch of our first FDA-cleared product, Shark CryoGlow, we're bringing MedSpa-quality skin care into the home, delivering dermatologist-optimized treatments for acne, fine lines and wrinkles. Designed for a broad audience across all age groups, CryoGlow leverages red and blue LED, infrared technology, and under-eye cryo cooling to rejuvenate and refresh the skin.

Developed with scientists, dermatologists and wellness experts, it is the first-of-a-kind solution, offering high-performance clinically tested results at an accessible price point. CryoGlow has already outperformed sales expectations in its initial launch markets, the UK and Mexico. And just last week, we introduced CryoGlow in the US through our direct-to-consumer platform, with a planned rollout to key beauty retailers in Q2. Press and influencer feedback for the product has been great, and we're excited by the innovation road map opportunity that the skin care category affords us moving forward.

Our 2024 entry into the cooler category with Ninja FrostVault was a resounding success despite limited supply and distribution. In 2025, we're poised to further disrupt and expand the category. We plan to broaden our SKU lineup, scale distribution and enter international markets, enabling greater product availability during the pivotal spring and summer selling season.

Our second growth pillar focuses on increasing market share within existing categories. A key strength of our business continues to be our ability to innovate and reinvent our core foundation. It's important to emphasize that our base business remains strong with healthy revenue, stable average selling prices and solid gross margins. Growth in new categories and international expansion is critical, but it's equally important that our core business

remains robust. This strength is not incidental. It's the result of continuous investment in innovation and reimagination.

Within Cleaning, our engineering and product teams have brought fresh ideas to the category to spark new growth. Our Shark PowerDetect line showcases our most advanced cleaning technology yet across robots, cordless and corded vacuums. These products deliver exceptional cleaning performance and raised the bar for automation in the industry. We've also broadened our hard floor cleaning lineup with the launch of the Shark SteamPickup and the Shark HydroDuo hard floor cleaners. The hard floor segment represents an exciting growth opportunity for us and adds further diversity to our overall Cleaning business.

All of this innovation is paying off as we delivered another strong quarter of nearly 20% growth in the Cleaning category. Last September, we took another big step in innovating the Cooking and Beverage category with the launch of the Ninja CRISPi. This portable cooking system reimagine cooking by putting the power of a full-size air fryer into the palm of your hand. It delivers consistently crispy results with incredible versatility in a compact design.

CRISPi is all about meeting consumers' growing demand for convenience. While we already lead the air fryer market, CRISPi lets us rethink, redefine and reinvent the category. It opens up new opportunities, positions us for continued growth and strengthens our market share in the air fryer space. CRISPi is already performing well in the US, and we're gearing up to launch it in additional markets later this year.

Just in time for grilling season, we're launching Ninja FlexFlame, our first large-format outdoor cooking system with unmatched versatility. Until now, consumers have to choose between a grill, a smoker, a roaster, a griddle or a pizza oven. FlexFlame eliminates that trade-off, seamlessly transforming between all five, powered by our proprietary cyclonic heat IQ technology, precision heat distribution, and woodfire capabilities. It delivers faster, more flavorful results. But we're not just entering the large-format outdoor cooking market, we're redefining it. This is a big definable global category with significant upside. We're confident that FlexFlame will excite consumers in an industry that has seen soft demand post-COVID.

We identified a significant global white space in coffee and espresso. With Ninja Luxe Café, we became the first to introduce a product designed not just to capture market share but to expand the entire category.

In the US, espresso household penetration remains very low. We took a consumer-first approach recognizing that American coffee drinkers want more than just a single shot of espresso. They want large format drip coffee, cold brew, iced coffee, and versatility in their at-home brewing experience. By addressing these preferences, we're giving consumers what they want rather than asking them to compromise, and we're doing it at a much more accessible price point.

In Europe, where the espresso market is highly competitive and mature, consumer preferences are shifting. Drip coffee, iced beverages and globally inspired drinks are becoming more popular. Our strategy is tailored to these evolving trends, allowing us to disrupt the category differently across regions. By leveraging these insights, we've created a product that meets distinct regional needs, while driving both category growth and market share expansion. This is a standout example of how we identify white space opportunities and capitalize on them with highly differentiated consumer-centric innovation.

While Ninja CREAMi continues to expand globally, with its first holiday season in Germany, the Nordics and Brazil, we're not slowing down. We're strategically advancing its winning category with breakthrough innovation. We're thrilled to introduce Ninja Swirl, the next evolution in at-home frozen treats. The Ninja CREAMi allows

consumers to turn just about anything into ice cream and Ninja Swirl takes it a step further, bringing the full ice cream shop experience to the home with scooping and swirling capabilities.

We listen closely to the passionate CREAMi community and developed the Swirl, incorporating real user feedback. We introduced the [ph] fit button (00:17:12) to cater to the growing demand for high-protein frozen desserts and a soft serve function to deliver an even more versatile experience, all at the touch of a button. This is a prime example of how we innovate with our consumers, not just for them. With a wait list of over 90,000 and more than 60 million social media impressions, it's clear that consumer anticipation for Swirl is already high.

Our innovation strategy isn't about incremental launches. It's about creating new categories, disrupting mature categories and continuously reinventing our foundational categories. Our performance in the Beauty and Home Environment category reflects our commitment to disruptive innovation.

FlexStyle had another very strong quarter. In Q4, we soft launched FlexFusion, our next-generation air styler. FlexFusion is designed to tackle a major consumer concern achieving hot tool styles without the damage caused by heat. In Q2 this year, we'll roll out FlexFusion into major beauty retailers, bringing this breakthrough technology to a wider audience. The full impact of this innovation is yet to be realized and we're confident it will redefine expectations in the beauty space.

We're tapping into the growing demand for multifunctional beauty tools, strengthening our presence in the beauty category, and setting the stage for even more growth. Innovation at SharkNinja isn't just about launching new products. It's about reshaping industries and setting new consumer expectations. We create entirely new categories like CREAMi, SLUSHi, CryoGlow, and FlexBreeze.

We disrupt and expand major markets with game-changing solutions like CarpetXpert, Luxe Café, FrostVault and FlexFlame. And we never stop improving building on our successes year-after-year with advancements like PowerDetect, FlexFusion, CRISPi and Swirl. This relentless drive for innovation keeps us ahead and fuels our long-term growth.

Next, I'll focus on our third growth pillar, expanding into international markets. Our international business has achieved significant scale, generating \$1.7 billion in net sales outside of North America in 2024. Our key strategic focus in Q4 was to win at Christmas, particularly in Continental Europe and Latin America. Based on retailer feedback, we delivered on that goal, securing major wins in these markets. European retailers saw substantial growth from SharkNinja this past holiday season, positioning us for continued expansion into 2025.

Our international strategy can be viewed in three key segments. First, the UK remains our largest international market, and our strategy here is focused on diversification. While Q4 was, and we expect Q1 will continue to be impacted by an intentional shift in our innovation cycle, prioritizing North America, new product launches in Q2 should drive a strong rebound. The fundamentals of our UK business remains solid with significant untapped product categories and continued expansion into new retail channels, underscoring our confidence in long-term market potential.

Second, while we've made significant strides, we're still in the early stages of expansion across Continental Europe. Germany and France are scaling rapidly, but our strategy extends far beyond these core markets. We see tremendous opportunities in Spain, Poland, Benelux and the Nordics, where consumer demand and retail support continue to strengthen. Our brands are gaining traction across social media and retail partnerships, validating our momentum. The engagement from top European retailers underscores their confidence in our future trajectory, not just our past performance.

Third, Latin America. Building on our Q4 success, we continue to gain market share and solidify retailer partnerships in Latin America. These regions present long-term opportunities, and we remain focused on measured investments and sustainable growth.

Overall, our international business is thriving. With a 50% increase in Adjusted Net Sales in 2024, we're executing a strategic vision that balances short-term wins with long-term scalability and expansion. As we move through 2025, we remain committed to driving sustained growth across all key categories.

Product innovation is a critical pillar of our business, but equally important is great storytelling and creating consumer demand. We've executed exceptionally well on this front, establishing ourselves as one of the largest brands on social media. Our strategic investments in talent partnerships, experiential events and multichannel advertising have forged authentic connections with consumers driving excitement and activating the user-generated content flywheel.

This combination of best-in-class product innovation and world-class brand storytelling is not easily replicable. It's not just about launching a great product. It's about creating an ecosystem of demand that compels consumers to seek out our products at their preferred destinations. Our marketing investments are delivering significant returns, fueling global momentum and brand affinity.

Before our product even launch in new markets, we often see substantial pre-launch demand. This underscores the strength of our global consumer demand and the borderless nature of our brand appeal, which is also accelerating in international markets.

I'll now hand it over to Patraic, who will walk you through our fourth quarter and full year financials and share our 2025 outlook. Patraic?

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

Thank you, Mark, and good morning, everyone. I'm thrilled to share our outstanding 2024 results and outlook for 2025. As Mark said, in Q4, we achieved nearly \$1.8 billion in net sales, up 30% year-over-year. Adjusted EBITDA increased 32% to \$291 million. We delivered a 30 basis point increase in our Adjusted EBITDA Margin, all while making substantial investments to fuel our growth, including driving international expansion and advancing our supply chain diversification initiatives.

Net sales in North America were up 22% to nearly \$1.2 billion. International net sales grew 49% to more than \$600 million, driven by triple-digit growth in Germany and France. For the full year, Adjusted Net Sales and Adjusted EBITDA increased 32%. Adjusted EBITDA Margin was 17.2%, consistent with prior year. This was supported by a 220 basis point improvement in Adjusted Gross Margin and a comparable rise in operating expenses as we continue reinvesting in our growth initiatives.

Looking at performance by category, all four of our major product categories achieved strong double-digit growth during the fourth quarter. Net sales in the Cleaning category increased 20% to \$648 million, continuing the strong momentum we have seen in this category throughout the year. We saw broad-based strength across cordless, corded, hard floor, deep carpet cleaning, and robots.

Net sales in the Cooking and Beverage category increased 19% to \$597 million, driven by the ongoing strength of heated cooking, particularly in the international markets, and impressive growth in the espresso category.

Net sales in the Food Prep category accelerated, increasing 89% to \$342 million. This growth was fueled by the continued success of our CREAMi ice cream makers and the remarkable performance of our newly launched SLUSHi frozen drink maker, which has become a viral hit.

Finally, our Beauty and Home Environment category, which we used to call Other, saw an impressive 31% growth in sales climbing to \$200 million. This growth was fueled by continued strong demand for our hair care products, including FlexStyle, air purifiers, and the early success of CryoGlow, our new skincare product.

Now let's move to gross profit. In the fourth quarter, Adjusted Gross Profit increased 31% to \$855 million or 47.8% of net sales as we drove 40 basis points of Adjusted Gross Margin expansion over the prior year. This expansion was primarily driven by our cost optimization efforts, partially offset by unfavorable impact of tariffs in geography mix. Thanks to our strategic focus on supplier diversification, competitive bidding, and value engineering, we've successfully delivered more than 200 basis points of Adjusted Gross Margin improvement this year on top of nearly 700 basis points improvement in the previous year.

In terms of operating expenses for the quarter, we continue to be on the offense as we expand into new countries, categories, and diversify our manufacturing base. While these investments impact profitability in the short term, we view them as critical long-term investments that enable us to put more distance between SharkNinja and our competition and to position us exceptionally well for 2025 and beyond.

R&D expenses increased 26% to \$87 million or 4.9% of sales compared to \$69 million or 5% of net sales in Q4 last year. We continue to invest in head count to drive new product and category innovation, support geographic expansion, and to generate global consumer insights. Our new product pipeline for 2025 is well set, and we have a strong line of sight to products for 2026 and beyond.

Sales and marketing expenses increased 29% to \$425 million or 23.8% of net sales, compared to \$330 million or 23.9% of net sales in the year ago period. As with previous quarters, this increase was driven in part by our strategic investment in advertising and personnel to support our exceptionally strong new product rollouts and our expansion into new markets. This year-over-year increase was also driven by higher delivery and distribution costs from increased order volumes, mainly in our direct-to-consumer business.

General and administrative expenses declined to \$123 million, representing 6.9% of net sales compared to \$124 million or 9% of net sales in the same period last year. This reduction was primarily driven by a legal settlement and lower transaction-related costs associated with our separation and distribution from JS Global in 2023. These savings were partially offset by increased legal fees, technology investments and other expenses.

Our GAAP effective tax rate was 22% in the fourth quarter compared to 45.4% in the prior year and in line with our expectations. Adjusted Net Income for the fourth quarter was \$198 million or \$1.40 per share compared to \$132 million or \$0.94 per share in the prior year, reflecting growth of 48% on a per share basis. Adjusted EBITDA for the quarter increased more than 32% to \$291 million or 16.3% of net sales compared to \$219 million or 15.9% of net sales in the prior year.

I now want to turn our attention to the balance sheet and cash flow. While our industry-leading strength in product innovation, supply chain and marketing set us apart from our competitors, our robust margins, sustained profitability, and strong balance sheet further widens our competitive moat.

With low relative debt and strong cash flow, we were able to act with world-class speed, ensuring we can swiftly capitalize on opportunities and turn challenges into competitive advantages. Recent examples include our strategic pre-build of inventory in the rapid diversification of our manufacturing base. We move fast and our financial strength is a key competitive advantage.

As of the end of fourth quarter, we held a cash balance of \$364 million with total debt outstanding of \$780 million, resulting in a net leverage ratio of 0.4 times, the lowest since our public listing. Over the past year, we generated nearly \$450 million in operating cash flow and maintained nearly \$500 million in available credit, ensuring ample liquidity.

At quarter end, our inventory totaled \$900 million, reflecting a 29% increase compared to Q4 of the prior year. We continue to strategically leverage our balance sheet to proactively build inventory, helping to mitigate potential P&L impacts from new tariffs. As a result, we expect inventory levels to remain elevated through the first half of the year before normalizing in Q3. Importantly, we remain confident in both the quality and the composition of our inventory.

I want to emphasize that our efforts to diversify production outside of China remain on track, with nearly all US volume expected to shift outside of China by the end of 2025 and approaching 90% completed by the end of Q2. This has been a deliberate and proactive decision that we took fully aware of the complexities involved. It has been a challenging journey, but we are proud of the progress we've made. This was not the easy path, it was the road less traveled and we took it with a long-term strategic vision in mind.

We committed to diversifying our supply chain early, making difficult yet necessary decisions that are now delivering tangible results. The proactive steps we took in response to tariff challenges underscore our ability to navigate complexity and execute with resilience. We chose to move decisively and the progress we are seeing today validates that decision. We remain confident in our approach and committed to ensuring a more agile, resilient and diversified supply chain moving forward.

Next, I'll turn to our outlook for 2025. Our 2025 guidance highlights our strong momentum, continued investments in key growth initiatives, while managing ongoing macroeconomic uncertainties as a global company. The tariff situation, of course, remains dynamic. However, it is important to note we have proactively accounted for the impact of the recently announced 10% China tariffs in our full year guidance.

For the full year 2025, we expect net sales to increase between 10% and 12%; Adjusted Net Income per diluted share to be in the range of \$4.80 to \$4.90, an increase of 12% to 15% year-over-year; Adjusted EBITDA to be in the range of \$1.07 billion to \$1.09 billion, representing growth of 13% to 15% year-over-year; net interest expense to be flat to 2024; our GAAP effective tax rate to be approximately 24% to 25%; and capital expenditures to be between \$180 million and \$200 million for the year.

For some additional context, as you know, we typically do not provide quarterly guidance. I do, though, want to offer key directional insights on how we see the year shaping up. We expect revenue seasonality this year to be relatively consistent with historical trends. We also expect the first half profit contribution to full year results to be consistent with prior years. However, we anticipate stronger profitability in Q2 than in Q1 due to three factors.

First, we continue to make targeted investments in both marketing and supply chain diversification. In our supply chain as we continue to strategically shift US production outside of China, we anticipate elevated spending for Q1 and lessening as we move through the balance of the year.

Second, as we transition Mexico from a distributor model to a direct market, we are repurchasing distributor inventory, which triggers a one-time revenue reversal. By Q2, we expect this shift will drive both strong revenue growth and enhanced margins, further strengthening our business in the region.

Third, UK market dynamics. The shift of Easter-related shipments into Q2 will create a Q1 timing issue. Also, we intentionally prioritize North America demand for key launches like CRISPi, SLUSHi and Luxe Café in Q4 2024 and Q1 2025. As we turn into Q2, these new product launches will accelerate growth, reinforcing our position of strength in the UK market.

We wrapped up 2024 with outstanding results and strong execution across our three growth pillars. Looking ahead to 2025 and beyond, we remain highly confident in the trajectory of our business. Our focus on consumer-driven innovation is stronger than ever, and we're excited about our market position and amazing products we're launching. All of this sets us up for impressive growth both on the top and bottom line next year and beyond.

Now I'll hand it back to Mark.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Thanks, Patraic. SharkNinja's amazing fourth quarter and full year results really show how far we've come in driving sustainable, profitable organic growth with our innovative high-performance products. As we look towards 2025 and beyond, we've never been more confident. Our commitment to consumer-driven innovation is thriving and it's fueling incredible growth potential. We have built a resilient world-class team with a proven ability to pivot seamlessly, iterate rapidly and drive disruptive consumer problem solving innovation regardless of external challenges.

We're thrilled about our strong market position and the fantastic products we're bringing to the table. With our \$120 billion addressable market growing, we're seeing so many exciting opportunities, whether it's entering new categories or strengthening our global brand presence. We believe the future continues to be incredibly bright for SharkNinja, and we can't wait to keep delivering innovative solutions that continue to positively impact our consumers' lives.

This concludes our prepared remarks, and I'll now turn it over to the operator to kick off Q&A. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question today will be from the line of Brian McNamara with Canaccord. Please go ahead. Your line is open.

Brian C. McNamara

Analyst, Canaccord Genuity LLC

Q

Hey. Good morning, guys. Congrats on the excellent results and thanks for taking the question. One thing I think the market grapples with is what does a "normal growth" year look like for you guys? I know you've grown at a very impressive 20% CAGR for, I think, 17 years now, but that seems like a high bar on a \$5.5 billion sales base in a slow-growth industry. This time last year, I believe you guided 8% sales growth at the midpoint and just finished at plus 32%, which is tremendous. So what drove that large delta outside of extreme conservatism from the outset? And how should we rank order the buckets of growth this year, whether it be 2025 innovation, scaling 2024 innovation like the FrostVault, new distribution, international, et cetera? Thank you.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Thanks for the question, Brian. Look, in terms of answering your first question, what does normal growth look like, I mean, you tell me. As you said, we've historically grown at 21% a year. We've said that we believe that we are a long-term double-digit growth company. We guided initially for 2025, 10% to 12%.

When you look at the growth in 2024, it came across all three major pillars. I mean, we gained share in existing categories, we drove tremendous innovation in those existing categories. We expanded into lots of new categories I pointed out, and we delivered 50% growth in our international business. And we came out of – for the fourth quarter, growing the fourth quarter, 49% in our international business. So it's not as if our growth internationally is kind of – has scaled down through 2024. It actually held very constant.

So as we look to 2025, I mean let's start with international. As I said in my prepared remarks, I think we are still very much in the early innings regarding our expansion in Europe. We had a great Christmas selling season. Two weeks ago, I was in Europe. I met with the CEO of Euronics. I met with the CEO of Fnac Darty in France. I met with the CEO of Sainsbury's.

These retailers are putting big bets behind us in 2025. They want us to aggressively expand into more of their markets across Europe. It's not just Germany and France, but as I pointed out it's Spain, it's the Nordics, it's Benelux, it's Poland. We're expanding in Turkey. We're expanding in the Middle East. Our Latin America growth, I think as we get into Q2, we'll really start accelerating once we get through the transition of the distributor market in Mexico.

So number one is, I think we expect to see continued strong growth out of the international business. On the new category front, we expect to launch at least two new categories in 2025. You'll hear more about that as we go through the quarters. When you think about our 2024 new product launches or new category launches, we generated quite a small amount of revenue in 2024 on many of those products. Products like the CRISPi and the SLUSHi and the Luxe Café and our PowerDetect robots mainly only launched in the United States and Canada. So there'll really be a significant full year rollout of the 2024 innovation.

We've got a great pipeline of new products in 2025. We just launched in the US last week, the Shark CryoGlow after we received FDA approval for the product. You can see the excitement on social media, and PR from places like Cosmopolitan and Allure. Our CREAMi Swirl product launched two days ago, amazing response and feedback from that product. You'll start to see a big rollout as we get into next month, with our Ninja FlexFlame, the first large-format outdoor cooking product that we're bringing to market.

So I think that when you get through the year this year, you're going to look back and say, wow, I mean, a lot of really interesting new categories and products that SharkNinja expanded into. And then as I said in my prepared remarks, I mean, it all is underscored by a strong base business. I mean our base business is healthy. Our core cleaning business, our core blending business. We've got a lot of innovation that has come in 2024 in the core that we'll have a full year impact this year. We've got a lot of 2025 new products that will drive business in the core.

So I think you should expect, as you saw in 2023 and 2024 from us, that this three-pillar growth strategy, we might toggle based on where the growth is coming from across those three. But in general, I think we've got some very strong, exciting pathways for organic growth for our business in 2025.

Brian C. McNamara

Analyst, Canaccord Genuity LLC

Q

Great. Appreciate the color. Thanks, Mark.

Operator: Our next question today will be from the line of Randy Konik with Jefferies. Please go ahead. Your line is open.

Randal J. Konik

Analyst, Jefferies LLC

Q

Yeah. Thanks so much and good morning, everybody. I guess, Mark, maybe kind of dig a little deeper into the D2C. I got the CryoGlow on that, I guess, that channel. And it seems as if the brands of SharkNinja are getting more and more awareness and there's just more of a want by the consumer to kind of shop your website directly. So maybe give us some perspective over the long term, kind of what are your hopes around giving the consumer the opportunity to kind of shop everywhere? Obviously, you do a great job on the wholesale side with your partners around the world. But maybe give us some perspective of kind of your hopes of how you kind of want to expand that direct channel distribution? Any plans for kind of changing up the website or not across Shark and Ninja, just give us some kind of flavor there would be very helpful. Thanks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Yeah. Sure, Randy. So D2C grew faster than the rest of the business in 2024. We expect that D2C will grow faster than the rest of the business in 2025. Now that said, we still hold true to our model, which is we want to be relevant wherever the consumer chooses to shop for our products. So that is paramount and that's unwavering in our business.

Now that said, I mean, I think, Randy, I'll give you the example of Swirl that I think is so interesting. Before we launched the product, we had 70 million impressions on social media as we seeded the product to a select group of influencers. We had a waitlist of 90,000 people for the product. And so we do feel that kind of launching our products on direct-to-consumer allows us to kind of control the distribution early on. It allows us to get immediate feedback from consumers as they start using the product. So I think you should expect to see the first 30 to 45

days of many of these big viral product launches to be done [ph] really (00:46:52) direct-to-consumer and then to expand out into our retail partners.

Now that said, I think what we're also recognizing is that there's a real opportunity for us to have a broader merchandising assortment in direct-to-consumer, colors that are only available to us on our direct-to-consumer sites. Special configurations. We've got to make direct-to-consumer a unique destination for the consumer to buy our products by having something unique and special for them.

In terms of the upgrade, we've announced that we are going to be transitioning to Salesforce in the end of the third quarter of this year. We're going to go live in North America with that at the end of the third quarter. We'll go live in Europe with that likely in the first quarter of next year. We think it's going to provide an incredibly better shopping experience, research experience, service experience for the consumer.

We're partnering tremendously with Salesforce and their Agentforce technology to be able to bring that. We've got relationships all the way up to Marc at Salesforce, the CEO. And so we're excited about what that's going to bring to our direct-to-consumer business, but the goal here is still to keep a balanced omnichannel strategy, but to really make sure the direct-to-consumer creates a unique destination for the consumer.

Randal J. Konik

Analyst, Jefferies LLC

Q

Super helpful. Thanks, guys.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

[ph] Thanks (00:48:35).

Operator: Our next question will be from the line of Brooke Roach with Goldman Sachs. Please go ahead. Your line is open.

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Q

Good morning, and thank you for taking our question. I was hoping you could speak to the most important areas of operating expense reinvestment in 2025 and your philosophy of potential flow-through of any outperformance that you might see. As we get through the supply chain diversification midyear, what level of cost reduction might we see? And can that enable a faster rate of operating margin expansion in the back half?

Secondly is just a follow-up. Patraic, we appreciate the color regarding some of the timing shifts and one-time items that are impacting the first half. Could you help us quantify the Mexico distributor inventory impact to revenue and the rough size of what you expect the Easter timing shift to be? Thank you.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Brooke, I'll take the first one and then turn it over to Patraic. Look, the supply chain costs are going to be elevated through the first half of the year with sizable investment in the first quarter. I mean we are working very, very hard to try to move as much product out of China as quickly as we possibly can. And we remain on track for 90% of our US production to be able to be produced outside of China by the end of Q2.

From a leverage standpoint, as we go through the year, Brooke, I think there's two pieces. One, you're going to see the supply chain year-on-year expenses decrease versus prior year. I think you're going to see us be able to leverage some of our sales and marketing expenses. And I think you're going to see some leverage on the G&A side as well. I mean we've made a lot of investments in people and infrastructure in 2024. As we get into the second half of the year, you'll start to see us anniversary a lot of those and not seeing the growth that we have seen in 2023 and 2024 from an expense side.

Now as it relates to our ability to be able to put that into EBITDA margins, I mean, I think we want to look at kind of what happens on the tariff side, what happens on the global side related to trade. And I think we'll have more information on that as we get through Q1 and into Q2. For right now, I think we're planning a conservative EBITDA will slightly grow faster than revenue. But I think there's a lot of uncertainty out there in the market right now, and I think it's prudent for us to guide with what we have right now and update you with more information as we get further on in the year.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Yeah. And then Brooke, on the question around Mexico, thanks for asking that one. So I think, first of all, to frame it up, as you know, we always kind of lead with the consumer first in terms of doing what's best for the consumer. And as you heard me say in some of the prepared remarks as well, we're very adept at making the hard decisions. And so Mexico was one of those. It's the right thing for the consumer, but it's like what time do you do that. And so what we decided in terms of the timing of that was Q1 of this year was the best time to actually execute on that.

And so the reasons for that is, number one, we get the marketplace through the holiday selling season in Q4, which is the most important. And then we set ourselves up to be a direct business as we get in Q2, Q3, Q4 and beyond and then we're off to the races. So if we look at it through that experience, improving the consumer experience, it's why we've taken the decision when we did.

As far as quantifying it, I'm not going to give you the exact quantification. But how you can think of it is, and why it's headwinds is, one, we're reversing out revenue that we've already sold in. So that's number one. Two is, we're not selling in additional revenue during the quarter. And then three, we're not capturing the upside of going from a distributor business to a direct business. But as we get into Q2, Q3, Q4, we'll see the acceleration happen in Mexico, which is an exceptionally important market for us as we enter Latin America. And then from a long-term standpoint, we see our opportunity in Mexico to be at least \$400 million over the course of the next few years or so.

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thank you so much. I'll pass it on.

Operator: Thank you. [Operator Instructions] The next question today will be from the line of Andrea Teixeira with JPMorgan. Please go ahead. Your line is open.

Andrea Teixeira

Analyst, JPMorgan Securities LLC

Q

[ph] Thank for the question (00:53:36). Congrats to the whole team on the results. A question on sales and then a follow-up on margins. First on the top line, Mark, you gave some phasing for the UK, and you and Patraic on the

Mexico side. Can you also talk about the phasing in the US and overall if we put all the pieces together, would you say Q1 still grows within your guide of double digits or perhaps more on a high single-digit or more muted? And a clarification of the size of Mexico in sales. I understand the aspiration you just mentioned. If I understood it correctly, it's \$400 million, but obviously, it's running much lower than that. If you can perhaps tell us what would be the shift.

And then the clarification on margins. Obviously, you had an impressive number for – even for 2025, if you take everything together for the back end of the year. Can you help us in terms of like gross margin phasing and EBITDA sizing the tariff impact? And I really do appreciate that you – that included in there. And how we should be thinking, therefore, the underlying margin that is – that the business is running at this point? Thank you.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Yeah. Thanks, Andrea. I think that's about 15 questions into 1. So good work. From a top line standpoint, let's just start with the full year. And so from a full year standpoint, from a domestic business, we're thinking and guiding in the high single-digit range. From an international standpoint, roughly high teens. So you can kind of think through the lens of our 2x growth international versus domestic.

As it relates to Q1, particularly, we're in the high single-digit range overall from a SharkNinja, Inc. standpoint. So I think contextually, think through that lens. As it gets into the gross margin phasing, it's another great question. So the best way to can kind of guide you through this is that in Q1 – Q1 would be the low point in terms of margin expansion or better [ph] set (00:55:49) contraction through the year.

And then as we go through Q2, Q3, Q4, we'll see margin accretion building as we continue to move production out of China and put into some other initiatives that we've been building around as it relates to improving margins in the face of our growing business. So what you can think of is kind of low point Q1 progressing up through the balance of the year.

Andrea Teixeira

Analyst, JPMorgan Securities LLC

Q

And if I can squeeze the size of Mexico, we'd appreciate all the bridges.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Well, Andrea, as I said to Brooke earlier, we're not going to provide exact guidance in terms of what the impact of Mexico is. But I would just say, over the course of the long term, we think it's at least a \$400 million market for us.

Andrea Teixeira

Analyst, JPMorgan Securities LLC

Q

Great. Thank you so much. I'll pass it on. Congrats again.

Operator: Our next question today will be from the line of Alex Perry with Bank of America. Please go ahead. Your line is open.

Alexander Perry

Analyst, BofA Securities, Inc.

Q

Hi. Thanks for taking my question here and congrats again on the strong quarter. I guess just on the new product road map for 2025, Mark, what products are you most excited about? What could a new product like CryoGlow or Swirl add to the top line if they're successful? And then as you think about sort of the typical waterfall of new launches, like how much do they sort of scale year two versus year one? And then just quickly on channels. Any color on how you're thinking about adding new wholesale channels, in particular, going deeper into sporting goods? Thanks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. So I'll take the last one first. I mean, I think that we will expand more into sporting goods in the US. We'll have more SKUs to sell them in 2025. We're going to be expanding our cooler lineup. We're going to be expanding our outdoor fan lineup, outdoor cooking. So I think sporting goods is something that you'll see more SKU [ph] placement (00:58:04), more expansion in.

The beauty retailers, you'll see hair expansion in 2025, you'll see skin expansion in 2025. So I think those are two. Grocery. I think grocery is something that we think there is expansion opportunity with selected products for us as we start to move through the year. And we're starting to get a lot of inquiries. For example, Walmart wants to double expose the SLUSHi from us and put it in both the appliance section as well as the grocery section. We're getting similar type of feedback from other types of grocery retailers.

So that gives you just a little bit of a snapshot from the retailer landscape. It's hard to generalize and give you like a set algorithm or how much could it generate. There's 25 new products. What I could say is that a lot of our new products last year launched quite late in the year. So obviously, you'll get the full year impact this year. It will generally take on some of these new products about 12 months before we scale them globally.

So as an example, the SLUSHi won't launch in Europe [ph] and (00:59:22) the UK until Q2. You probably won't have a full rollout until we get into Q3 with the European retailers that we want to place. So it will take a year to kind of roll out one of those big products. Something like Swirl has a huge growth potential for us this year. CryoGlow has a huge growth potential. If we just look at what we did in eight weeks in the holiday season in UK and Mexico, CryoGlow presents a \$100 million-plus opportunity for us this year.

So I think, again, it's hard to kind of generalize it across the lineup, but I would say that we're entering some big definable categories. We're getting great retailer support. It's taking some time for our supply chain to scale up and for distribution to scale up globally. But I think as you start to get into Q3, you'll really start to see the impact of the 2024 products. And then the 2025 products, you're going to start to see us rolling those out a little bit quarter-by-quarter.

So there'll be some other rollouts as we get later into Q1 now. There'll be more rollouts as we get into Q2. So I think you should just expect this kind of continuous flow of new products. And what to me is exciting about it is that the consumer is really getting behind it. I mean when we tease some of this, they're signing up for the waitlist, they're engaging with us on social media, and we've got kind of this global consumer fan base that is really excited to hear about what's new from Shark or Ninja.

Alexander Perry

Analyst, BofA Securities, Inc.

Q

Thank you. Just one quick follow-up. I think there's a little confusion on the 1Q sort of commentary that you gave, Patraic. Did you say that 1Q revenue should be high single-digit percent? Just wanted to clarify that for people.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

Yeah. That's what we're guiding to.

A

Alexander Perry

Analyst, BofA Securities, Inc.

Perfect. Very helpful. Best of luck going forward.

Q

Operator: Our next question today will be from the line of Rupesh Parikh with Oppenheimer. Please go ahead. Your line is open.

Rupesh Parikh

Analyst, Oppenheimer & Co., Inc.

Good morning, and thanks for taking my question and congrats on a great quarter. Just from a, I guess, a high-level perspective. As you look at your business this year from a category and consumer perspective globally, are you planning for a similar backdrop to what you saw in 2024 or maybe improvements or maybe a more difficult backdrop? So just some high-level thoughts on consumer category dynamics globally.

Q

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Rupesh, you're referring to just overall market?

A

Rupesh Parikh

Analyst, Oppenheimer & Co., Inc.

Yeah, that's correct. Yeah.

Q

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Yeah. Yeah. Look, I mean I think we're assuming kind of the base case that market is flat. That's going to obviously vary kind of country to country. But I think on the whole, as we go into kind of thinking about the year and planning the year, we kind of look at it and say, market is flat, now how do we go out and grow, how do we go out and enlarge the size of the market.

A

So in general, I don't know that we're kind of planning any type of either big market rebound or market decline. I think what we're seeing so far in Q1, I think flat is about overall what the market is seeing. So that's kind of our base case of what we're looking at.

Rupesh Parikh

Analyst, Oppenheimer & Co., Inc.

Great. And then maybe just one quick follow-up question. On the tariff front, when you do see these 10% type China tariffs, typically, when do they flow through? Because I know there's a lag in terms of when that sell-through is, so just any color there. Thank you.

Q

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Look, it varies. I mean, as Patraic talked about, I mean, we built some tariff pre-build inventory where every month, more and more product is moving out of China. If you have a product that is running at very low weeks of supply, the recent additional 10% basically went into effect 48 hours after Trump's announcement. And so that could be going in very quickly. And then you've got other products that we might have tariff pre-built and you've got four or five months of inventory that it won't go through. So I think it varies.

I think if you were to look across the inventory spectrum, you probably look at maybe 60 to 75 days. But again, I think it was important for us, Rupesh, to provide guidance that included the latest information that we have from the day that those tariffs were announced. I mean we immediately went into action to work on understanding the impact and initial steps of how to mitigate those. And so I think we're just trying to provide the right color to say based on the latest information that we have, we still feel good about guiding our business with 13% to 15% EBITDA growth number in 2025.

Patraic Reagan

Chief Financial Officer, SharkNinja, Inc.

A

Yeah. And Rupesh, just to wind it up on that one, how you can kind of categorize it is, we've been on this offense for quite some time, obviously adjusting in the moment. And what we view as our responsibility is engineering a soft landing. And so that's why you saw us take the hard decisions over the course of the last 12, 18 months or so in terms of investing heavily to get production out of China. It's why we've invested in working capital from a pre-build of inventory standpoint. It's why we continue to invest as we get into this year in terms of continuing to move that out of China.

So we've got select inventory that's pre-built that should help us, but we're doing everything we can all across our P&L and balance sheet to make sure that we mitigate tariffs as much as we can. And that's why we felt confident in terms of building that into our guidance that we shared with you today.

Rupesh Parikh

Analyst, Oppenheimer & Co., Inc.

Q

Great. Thank you for all the color. Best of luck.

Operator: Our next question will be from the line of Steven Forbes with Guggenheim Partners. Please go ahead. Your line is open.

Steven Forbes

Analyst, Guggenheim Securities LLC

Q

Good morning, Mark, Patraic. Mark, I wanted to focus on sales and marketing given two years here of 40% growth. So curious if you could help us better understand how much of this year's spend is associated with future growth opportunities because it looks like a key area reinvestment for you. And then any way to deconstruct the almost \$600 million of advertising spend into the various channels, right, as we think about brand or performance just like reframing the advertising spend for us as we enter 2025?

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Yeah. Look, Steve, I mean you have to understand that we've entered a lot of new categories that require investment, all of which that doesn't pay off immediately. We've entered a lot of new countries that we're starting from scratch that require investment that doesn't pay off and kind of compounds on itself. So I would say that, yeah, over the last two years, we've done a lot of investing to kind of build a solid foundation and business to grow

off of. I mean, if you look at what we did in Europe this holiday season, I mean, we drove big growth for these European retailers. I mean, they believe in SharkNinja now. I mean they believe in SharkNinja like the US retailers believe in SharkNinja or the UK retailers believe in SharkNinja.

So what's that worth? I mean that is no easy task to do. And by the way, it's not just about how much money you spend. I mean it's about this combination of having the right product innovation, investing the money to create awareness and great storytelling. And then having satisfied raving consumers that are pushing the brand. So I mean, I think there's a massive investment that's been made over the last two years, but the benefits of it we've yet to see in 2024 and will pay dividends as we go into 2025 and 2026, and we kind of keep compounding and building on ourselves. So that's one piece.

I think secondly is, look, we've been in a flat market, and we've been in a market where we have to do the heavy lifting to grow the overall market and grow the business. And we feel like that's our responsibility to be able to grow. And that is what also continues to endear the retailers to us that we're driving people into their stores, we're creating excitement to these categories, because there's just not a lot of other people, there's not a lot of other brands that are doing that, especially to the degree or scale that we're doing it.

Now when you look across the \$600 million-plus in advertising, I mean there's a lot of different components to this. I mean our direct-to-consumer business is growing. I mean, there's a lot of lower funnel direct-to-consumer marketing that's going in as we want to kind of capture that consumer to our direct-to-consumer channel. So let's put that in one bucket. There's a large amount of upper funnel awareness that's being driven.

As we enter some of these new categories in these new markets, we try not to drive the brands, Steve. I mean I try – I'm not a believer that we want to go out there and just kind of market the Shark or Ninja brand. I think we have to do that under the halo of some sort of product. I mean even if you saw our David Beckham Christmas commercial, we tried to make that still very product-centric. I mean that he was using these different products to be able to make his Christmas dinner.

So I would say that there's a big chunk of lower funnel, there's a big chunk of upper funnel, and there's a big chunk of how do we start to create the user-generated flywheel. I mean it's very interesting, Steve, like the rule of thumb that I had a year ago was we need to get 50,000 to 100,000 units out of the market before we were able to get this kind of user-generated flywheel going.

I think what CREAMi Swirl showed you and what CryoGlow showed you is we could do that before we even launch the product. We can do that by seeding 100 influencers and building great branded content that was already starting to start the flywheel. I mean we had influencers that we sent the CREAMi Swirl to. They committed to us that they would do one TikTok, or one Instagram post or one YouTube Shorts and they came back and we did 15 of them, 16 of them. I mean these influencers are recognizing that they're able to build their follower base using our products, like our products are engaging their follower base or building their follower base for them.

So we've created this really incredible kind of symbiotic relationship where these influencers are not just thinking of us as a brand that's going to invest in them, we're actually, in some cases, not investing monetarily, but we're giving them a head start or we're giving them a sneak peek, or we're giving them a behind-the-scenes view. And that is very, very valuable to them in terms of being able to develop content that engages their communities.

Steven Forbes

Analyst, Guggenheim Securities LLC



That was great. Thank you, Mark.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

A

Thanks.

Operator: Unfortunately, we have run out of time for any further questions. So I will now hand the call back to Mark Barrocas for some closing remarks.

Mark Adam Barrocas

Chief Executive Officer & Director, SharkNinja, Inc.

Yeah. So thank you so much for joining us, and we look forward to speaking with you again soon. Have a wonderful day.

Operator: Thank you. This will conclude SharkNinja's fourth quarter 2024 earnings call. Thank you for your participation. You may now disconnect your lines.

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