

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Under Armour Founder, CEO, and Chairman of the Board Kevin Plank discussed the evolution of the company and its role in changing the sports apparel industry.

**Kevin Plank
Founder, CEO, & Chairman of the Board
Under Armour
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DAVID RUBENSTEIN: Thank you for sending over these nice shoes I got. [Laughter.] And thank you for this. Very nice. How come you're not wearing any of them?

KEVIN PLANK: I'm a bit embarrassed. I'll be honest with you.

MR. RUBENSTEIN: OK.

MR. PLANK: And, you know, they're available on the website as well, too.

MR. RUBENSTEIN: Really? OK.

MR. PLANK: Yeah.

MR. RUBENSTEIN: All right. Well, thank you very much. They're very comfortable. These are going to make me run faster, is that right?

MR. PLANK: Make you jump a little higher, run a little faster and be a lot more secure in your everyday living.

MR. RUBENSTEIN: Really? OK, all right. Well, thank you very much, Kevin, for coming. You obviously have a big fan club. And we've had, you know, a lot of people wanted to come to this because, obviously, people admire a local boy who's made good. And let's talk about your company that you started, Under Armour.

But first, before we talk about the company, let me ask you about some of the videos we just saw. You had some of the great athletes that you've sponsored. Take Stephen Curry, great basketball player. You pay him a fair amount of money, I guess, to wear your shoes.

MR. PLANK: Yeah.

MR. RUBENSTEIN: And he likes them. But if he comes over to your house and wants to play horse, does he let you win because you're paying him a lot of money every year? [Laughter.]

MR. PLANK: I'd be – I'd be – I'd be troubled if he let – if I won a game of horse against Stephen Curry, that would be a problem.

MR. RUBENSTEIN: What about, like, you want to swim with Michael Phelps. Does he let you win or no?

MR. PLANK: I don't know if I'd try that.

MR. RUBENSTEIN: What about Tom Brady, does he throw you the balls soft and something like that? [Laughter.]

MR. PLANK: I think these guys have only one speed. I actually had – I had the privilege of playing golf with – it was – it was one of those foursomes that you can only dream about. And I

got to play golf with Jordan Spieth, who's one of our golfers, Stephen Curry and President Obama.

MR. RUBENSTEIN: Wow.

MR. PLANK: And in that foursome – so this is the way that I sort of approach sports – in that foursome, I was lucky enough to be able to pair with Jordan because Stephen is a scratch golfer and President Obama doesn't have a job, so he has a lot of time on his hands. [Laughter.]

MR. RUBENSTEIN: Right.

MR. PLANK: And unfortunately, Jordan would have needed possibly close to a hole-in-one on every hole for us to be able to take the match, so we gave that match back. But someday, we'll get our golf game there.

MR. RUBENSTEIN: So, were you the best of the four golfers there?

MR. PLANK: By handicap perhaps, but not even close. [Laughter.]

MR. RUBENSTEIN: OK. So, you haven't – how come you haven't signed up Tom Brady's wife, Gisele? She's not an athlete or –

MR. PLANK: She fits about every bill, but yeah, I think we've had a great relationship with Gisele and Tom, so they're a super couple and wonderful people. And proud to have them wearing our gear whenever they exercise.

MR. RUBENSTEIN: So, if you could be a great athlete like the ones you just mentioned, Michael Jordan or Stephen Curry or Michael Phelps or Tom Brady, or you could be the CEO of an athletic apparel company, what would you rather do? Be a great athlete or be the CEO?

MR. PLANK: I'd take CEO every day of the week. I mean, but maybe not every day of the week, but you have – [laughter] – I don't know. Actually, that's probably a better question than I gave it credit for. [Laughter.]

MR. RUBENSTEIN: Thanks.

MR. PLANK: I mean, like sports, you still get hit like in sports, they still write about it afterwards what happens, but you really have four games a year with earnings calls and all the work is done long before the press release, that's for sure.

MR. RUBENSTEIN: So what year did you start Under Armour?

MR. PLANK: 1996, from about a mile from where we're sitting right now in a little row house in Georgetown on 35th Street.

MR. RUBENSTEIN: When you started the company, did you ever think you'd build one of the biggest athletic apparel companies in the world?

MR. PLANK: I never had a – I never believed we couldn't do that. Like, when I started, I never – I never thought – I don't know if people begin with this massive vision at, you know, 22 or 23 years old, but my belief when I started was, I was going to build the world's greatest T-shirt for football players to wear under their pads. It was very much a distance of how far we could see.

And from there, we said, well, we'll make the best shirt for football players, but what if we made them long-sleeved shirts? And what if made something for cold weather in addition to warm weather? And it was really the – it was – it was one product at a time, one ask from the consumer at a time to satisfy a need.

MR. RUBENSTEIN: So, let's talk about how you actually came up with the idea of starting a company. You grew up in Kensington, Maryland, a suburb of Washington.

MR. PLANK: Yeah.

MR. RUBENSTEIN: And you went to high school at Georgetown Prep.

MR. PLANK: Yeah.

MR. RUBENSTEIN: Which is a place where a lot of Supreme Court justices have come out of recently, right? [Laughter.]

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, did you ever aspire to be on the Supreme Court?

MR. PLANK: Well, I was – we came to a mutual agreement to leave Georgetown Prep after my sophomore year, not fully knowing about what was happening with the Supreme Court justice process. [Laughter.] But I then made the decision to go to Christian Brothers at St. John's my junior year of high school.

MR. RUBENSTEIN: OK. So, it was decided you weren't going to be an academic star, but you might be an athletic star.

MR. PLANK: [Chuckles.] I believed I could do both, but it was – [laughter] –

MR. RUBENSTEIN: OK. All right.

MR. PLANK: I took what I could get at the time.

MR. RUBENSTEIN: But you were – you were a good football player.

MR. PLANK: I was a good – I was a good high school football player.

MR. RUBENSTEIN: OK. And what positions did you play?

MR. PLANK: I played fullback and linebacker.

MR. RUBENSTEIN: OK. And so, you get an athletic scholarship to college to play or not?

MR. PLANK: I did not, so I went – go ahead.

MR. RUBENSTEIN: So where did – initially, after you graduated from high school, you then went to where?

MR. PLANK: A place called Fork Union Military Academy.

MR. RUBENSTEIN: OK. And is that well-known for –

MR. PLANK: Wow, there's a – there's a – [laughter] –

MR. RUBENSTEIN: So, were there a lot of other good football players there?

MR. PLANK: So, it actually – Fork Union actually became really the impetus for starting Under Armour because between my high school team at St. John's – we had a really good team, we won the city championship that year, we had about nine guys on our team that went on to play Division I football. At Fork Union – at University of Maryland, there were 25 guys playing in the NFL at any given time. At Fork Union, I went to this class and it's a one-year prep school class, down about 40 miles outside of Charlottesville, Virginia. And in the class, we started with 135 guys on a football team, which was a one-year prep team, that had 11 starting spots on each side of the ball. By the end of three-a-days in August, there were 65, roughly, people left on that team. Of that 65, 23 signed Division IA scholarships, 13 wound up getting drafted into the NFL and four of them became first-round draft picks and one guy won the Heisman Trophy, somebody named Eddie George.

So the ability to start Under Armour was more of, oh, my gosh, I've got this massive network of, between high school and prep school and college, of 40, 50, you know, friends of mine that were playing in the NFL that had a shelf life of about three to four years of the time that they'd last in the NFL, so what can I do to not be the obnoxious third cousin to call and ask for a \$1,000 loan, but just simply to say I've got a product, I'm going to send you three shirts. I've got this idea; if you like it, wear it, and if you really like it, give one to each guy in the locker next to you.

MR. RUBENSTEIN: All right. So, you have somebody who won the Heisman Trophy on your high school team, Eddie George. He was pretty good I assume.

MR. PLANK: He could play. [Laughter.]

MR. RUBENSTEIN: Right, OK. Did you tackle him, or did you ever tackle him?

MR. PLANK: I tackled him with help before, yeah. [Laughter.]

MR. RUBENSTEIN: OK. All right. All right. So, you were ready to get a Division I football scholarship, but the Division I was not ready to give you one.

MR. PLANK: Correct.

MR. RUBENSTEIN: So, you went to the University of Maryland, but you walked onto the team.

MR. PLANK: Yeah. I disagreed with that assessment, but yeah, so I – [laughter] – we sort of march and cut our own course and I went on the team.

MR. RUBENSTEIN: All right. So, you played all four years?

MR. PLANK: I did.

MR. RUBENSTEIN: And so, how many people walk on and actually play all four years? Is that uncommon?

MR. PLANK: It's probably unusual, but I think they made a mistake. I think I should have had the scholarship long before.

MR. RUBENSTEIN: OK. Well, I thought the same thing at Duke. I thought I should have gotten a football scholarship, but that didn't work out. [Laughter.] I should have walked on.

MR. PLANK: Now you can qualify with the gear that you have today.

MR. RUBENSTEIN: I got the – OK. So, let's talk about this. All right, so while you're there, you need to make, or you want to make some money on the side. You set up a program that seems pretty creative to me to send out roses to people on Valentine's Day. What was the essence of that business?

MR. PLANK: My freshman year, this guy I knew told me he was going to start a rose business. And I went – he asked me if I would drive and I knew the area and I was local to Maryland, so I went and drove for him. And I realized his business was a disaster. I showed up, he didn't have me get there until 2:00 in the afternoon, it was a Friday, it was rush hour, and I thought I could build this business much better than he did.

So, my redshirt freshman year at the University of Maryland, I started a rose business, sought out to sell 100 dozen flowers, \$25 each plus a \$5 delivery charge, \$3,000 gross. The flowers cost about 15 cents a stem, so it was a nice way to make a thousand or \$1,500.

My sophomore year, we sold 250 dozen, my junior year 600 dozen, my senior year 1,186 dozen flowers. And I remember that number because I was trying to sell 1,500 dozen flowers and nothing like watching 314 dozen of opportunity die on you. [Laughter.]

MR. RUBENSTEIN: And why did you only do it one day a year? Did you think of other days you could have sold roses or other things or just that was enough?

MR. PLANK: Well, I was an athlete, so I had football to get into. So, most kids were down at Mardi Gras and I actually stayed and worked that out.

MR. RUBENSTEIN: OK. All right. So, you graduated and when you graduated, nobody – the NFL didn't draft you, I assume, right?

MR. PLANK: No. I had to make other plans.

MR. RUBENSTEIN: OK. All right. They made a mistake, they didn't draft you.

MR. PLANK: No, they were right. They were right. [Laughter.]

MR. RUBENSTEIN: So, what did you decide to do? You wanted to build a company, but where was the idea that came to your head about having a, let's say, a T-shirt that would be better for football players? Where was the idea, the genesis of that?

MR. PLANK: Probably the super powers that I was looking for from gear, is that as an athlete I never understood why we'd wear a short-sleeved cotton T-shirt in the summer and a long-sleeved cotton T-shirt in the winter. And the way that everyone had viewed apparel in the past had been as just another T-shirt versus viewing it like a piece of equipment. And so, a cotton T-shirt dry would weight six ounces, when it got wet it could weigh up to three pounds. So as an athlete playing 70, 80 plays in a game or, God forbid, going both ways, I thought there was this way to create apparel to make it truly a piece of equipment that could help enhance your performance and make you better.

And I sweat like a pig, so I needed help there. [Laughter.]

MR. RUBENSTEIN: OK. All right. So how did you go about the idea of designing something or getting somebody to help you design something that would do what you wanted to do? Where did you go?

MR. PLANK: The first place is I went to a local fabric store and I brought in really a piece of, for lack of a better word, women's lingerie. And I said, do you make anything like this, this synthetic, stretchy material? Because it was like the girdles that we wore on the lower half of our body, and I said, what if you made that for the upper body? And the woman at the store at Minnesota Fabrics in College Park, she handed me a bolt of fabric and I bought what she had. I then took this stretchy, synthetic fabric to a local tailor in Beltsville, Maryland and I brought in a tight, little, white Hanes T-shirt and I said, sir, can you make me as many T-shirts that look like this, but out of this fabric? And seven prototypes later, I took them back to my teammates at the

University of Maryland in the spring of '96 and they tried them, they liked them, and they worked.

MR. RUBENSTEIN: OK. All right. So, they made the equipment for you, the T-shirts. So how did you – how did you sell it? Where did you go to sell it?

MR. PLANK: I started with the guys and found out, will this idea hold? And the players at Maryland said that they loved them, where could they get more? And I then knew I needed to learn how to manufacture, so I read about this place called the Garment District in New York City, I got in my '92 Ford Explorer and drove up to 34th and 5th Avenue, parked my car and found a place to buy fabric, I found a place that can manufacture and I made my first run of 500 shirts, and then sent three T-shirts out to everybody that I knew and ever played with.

MR. RUBENSTEIN: And your car was still there when you came back, right? [Laughter.]

MR. PLANK: No, it was actually towed the first time. It's expensive. [Laughter.]

MR. RUBENSTEIN: OK. All right. So, you have the garment, it's being manufactured, and then your job is to go on the road and basically sell it to athletes, more or less, or teams. So, was that hard?

MR. PLANK: I put 48-and-51,000 miles on my car in '97 and '98 respectively. And then I started working my way up to airplane tickets and things like that to move around. But yeah, I'd do these great tours, but that's a lot of miles.

MR. RUBENSTEIN: Now, you are the youngest of five brothers?

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, did your older brothers say you're crazy, go get a job? Or what did they say about this?

MR. PLANK: A little bit of that. And not really that nice how they said it. [Laughter.] No, I mean, I had – I had a tremendous amount of support from my family, it was great, but everybody had their own thing. So, I was doing my – and Under Armour was – you know, it wasn't obvious. You know, people started, and they'd call, and they'd trip over the name as, you know, what's that thing you're doing, armor all, you know, underarm? You know, they would mix it up. [Laughter.]

MR. RUBENSTEIN: By the way, where did the – where did the name come from?

MR. PLANK: It wasn't intuitive until about seven years in. It was actually one of my brothers when I was going to actually name the company and call it – I wanted to call the company Body Armor. And this is from – I'd been through – I wanted to call the company Heart, I thought that would be a great name. You know, you keep heart here, you wear a heart on your sleeve, like, I thought it was a good name. I had a friend that worked at the Patent and Trademark Office, a

guy named Patrick Hurson, and he ran all of my searches for me. This was before the internet. And that name came back full. And then I was going to name the company Body Armor. And I was not good with a secret and I started telling people I'm going to call the company Body Armor. There was about a two-week hold between telling people or announcing the name and actually finding out if I could get it, and in that time, I came back, and I found out there's two ballistic vest manufacturers called Body Armor, there's a body shop in New Jersey called Body Armor, you'll never get it through.

And I went to go see my oldest brother and he was an architect and he was at his desk. And I said, you ready to go to lunch? He said, yeah. He said, how's that thing you're working on? I said, well, what's that? He said, what do you call it, under armor? And I said Under Armour. I said I can't do lunch, I've got to go. [Laughter.] I went home, filled out the paperwork, bought the 800 number and the website and it was –

MR. RUBENSTEIN: But did he tell you that armor is spelled A-R-M-O-R?

MR. PLANK: Yes, but for an 800 number, because I didn't know if this internet thing was going to stick in '96 – [laughter] – 888-4-A-R-M-O-U-R or 888-4-4-A-R-M-O-R, so I opted for the Old English version.

MR. RUBENSTEIN: OK, all right. So, you started, you got the name of the company. And where did you get the money initially? From the rose business or did you get investors? Where did you get your initial money?

MR. PLANK: Investors, yeah. I had – this was before private equity. But I had \$17,000 in startup capital that I used and then it was just friends and family. And there were moments of selling, you know, a percent in the company or 5 percent of the company for \$5,000. It was whatever we could do just to get the company started, just some way, somehow find a way.

MR. RUBENSTEIN: All right. So, when you're starting this company, does Phil Knight of Nike call you up and say, hey, by the way, it's too competitive in this business, you shouldn't get into this business? Or did he ever pay attention to you?

MR. PLANK: I don't know.

MR. RUBENSTEIN: Yeah, he wasn't paying attention to you.

MR. PLANK: I mean, we had – you always have interest. And so I've thought about the number of times that we've been talked about, buying acquisitions, things like that, and I've always had a very simple philosophy: It's that if anyone ever offered us an amount of money, because I'm a fiduciary first and foremost to my shareholders, if anyone ever offered me an amount of money greater than what I believed I could get the company to, it wouldn't be my choice, it would be my obligation to make the right decision. But I have yet to see that happen. So, we go back to work every day.

MR. RUBENSTEIN: All right. So, you're growing the company. What other products did you – line extensions they would call them – what other products did you build?

MR. PLANK: We let the consumer lead us. It was – you know, we have a saying at Under Armour is that, you know, we have yet to build our defining product as a brand. And so that's something that challenges everyone in our product teams, our marketing teams, is making sure that they're working toward the next great innovation. And it's the consumer who tells us. You know, our first product began as a tight-fitting T-shirt for the summer and all of a sudden it was, can you make something for warm weather, can you make long sleeves, could you make shorts? And then you have this ethos or essence that becomes the brand that needs to translate through every product that we build. And it comes, the essence and that consistency, that continuity, which makes – that's what brand is.

And so, whether it is a shirt or a short or a shoe, it must all feel Under Armour. That should feel, you know, that shoe should feel as great next to the skin without a sock on it because it's Under Armour and it should keep you cool, and it should breathe, and it should have balance and recovery and everything about it should be making you better, which is the mission we have today.

MR. RUBENSTEIN: All right. But can an athletic shoe really make me run faster?

MR. PLANK: It's all relative, David. [Laughter.]

MR. RUBENSTEIN: So, OK. But, I mean, I guess it makes a little difference, right? It only takes a little difference to make –

MR. PLANK: Yeah, especially when you get to that elite level. And the shoe you're wearing, I mean, it's a connected shoe, which is one of the first connected or the only connected running shoe ever built, which means it has a chip in it, that you don't have to take your phone for a run to track where you're going. And so that shoe actually has an app that comes with it. You download the app, you can leave your phone at home, you can walk outside, it can tell you your distance, your split, your cadence and your gait. And so, the distance says how far, and it can make recommendations. You could run faster if you shortened your gait, lengthened your gait and gives real-time coaching. And so, it's really – and it ties into our Connected Fitness platform which today has over 250 million people as a part of it.

MR. RUBENSTEIN: OK. Well, I'm sure I could run faster if I ate less or whatever else, but probably that's not the major factor.

MR. PLANK: It won't – it won't critique you, it'll just encourage you.

MR. RUBENSTEIN: So, what about great athletes? Now, when you try to sign up these athletes, everybody knows since Michael Jordan – well, I guess Stan Smith had a famous tennis shoe that was made by Adidas, I guess it was.

MR. PLANK: He still does.

MR. RUBENSTEIN: And still out there. And then Michael Jordan's shoe became famous, so everybody realized if we have an athlete endorse a shoe it can help sell the shoe. But to get these athletes to do this, you have to basically pay them money, right? They don't do it for free.

MR. PLANK: It's nice when they start because they love the brand, because they love the product. And so, you know, Jordan Spieth is a great example of an athlete who, you know, he wore it as an athlete. He played football and baseball and basketball growing up and he loved Under Armour and that's why he wanted to sign with our brand. You know, Stephen Curry was, you know, an athlete who came to us, who was – he had already signed one NBA contract with Nike and then he made the decision to switch to Under Armour. And so, there's a certain type of athlete that decides to be an Under Armour athlete.

MR. RUBENSTEIN: Now, how did he decide to pick Under Armour over the others?

MR. PLANK: Truth be told, it was actually his 3-year-old daughter, Riley, at the time who made the decision. So, this is actually a pretty cool story. So, Stephen, when making the decision, he had offers from all three brands. And Stephen was, you know, the seventh pick in the – in the draft. And his three years had gone by and he didn't feel he was getting the love really from the brand he was with at the time.

So, to make the decision, he put all three shoeboxes with a shoe on top, each shoe that we had projected for him, and he said, you know, Riley, I need your help to make this choice, tell me what you think. And he sent his – maybe she was 1 or 2 actually. And she got up and sort of hobbled over there and she picked up the first shoe, which was the Adidas shoe, she picked it up, looked at it, threw it over her shoulder. [Laughter.] And she sort of waddled over to the second Nike shoe and picked it up and threw it over her shoulder. And then she picked up the Under Armour shoe, walked back and said this one, daddy.

MR. RUBENSTEIN: Wow. And do you have to pay her, too, or just her dad?

MR. PLANK: I mean, we might. [Laughter.] It's not a bad idea.

MR. RUBENSTEIN: No?

MR. PLANK: I wish it were that easy today. Yeah.

MR. RUBENSTEIN: OK. All right. So, the athlete has to like the product, but obviously they like to be compensated for it. But in the end, you know, when children or young adults are buying athletic equipment or apparel, they might be induced to do so by Michael Jordan endorsing it. But for somebody my age or older people, are they really going to be induced to buy something because Michael Jordan endorses it? Or really it does work for people like me?

MR. PLANK: Are we targeting you? We'd like you –

MR. RUBENSTEIN: Well, I'm not your target audience.

MR. PLANK: I'm not saying we are or we're not, but our mission statement says to make athletes better. And our ambition for doing that has been you can outfit the best and people that really care about every ounce, every nuance of a product that comes in, I think that trust is something that builds credibility, that allows the inspiration. Because you care enough, but it's nice to know that the very best, this is what they choose to wear when they're performing at the highest level.

MR. RUBENSTEIN: Now, the products, where are the products made? There's a perception that all these athletic products and apparel are made, let's say, in Asia, they're all made at the same kind of places and these people are paid very low wages and, in the end, the same factory makes things for you, Nike and Adidas. Is that true or not?

MR. PLANK: I think that the global manufacturing process is something that is – it's critical to I think growing and creating, you know, second-world and first-world economies. You watch what's happened in China, the elevation of the minimum wage. When I made my first trip to China in 1999, you know, Guangzhou was a hot manufacturing bed. Today, Guangzhou is the number-three tier-one city in all of China and it's been that transition that it got there through manufacturing.

So, I think it's something, it's all relative. But, you know, this is something we take great pains that we do when we're evaluating and making sure that the shops meet the standards and deliver things the way that we would want them to be delivered.

MR. RUBENSTEIN: But sometimes your products are made in the United States or not?

MR. PLANK: Of course. It's a very small percentage today. We gave up on that a long time ago.

MR. RUBENSTEIN: So, let's talk about Baltimore. You're from the Washington suburbs, Kensington initially, and you went to the University of Maryland which is in College Park, more or less a suburb of Washington. Why did you decide to locate the headquarters of your company in Baltimore? Which is my hometown, it's a great city, but it wasn't a natural place for you to locate a headquarters, or was it?

MR. PLANK: I think two things. Number one, there was the – there was something about the grit of the city that was appealing to me. Remember, I moved there in August of 1998, made the decision to move from Georgetown with my partner, Kip Fulks. And when we moved, it felt like it was sort of a fresh breath, it felt like it was the grit of Baltimore was sort of this lunch pail, work book, you know, chip on your shoulder. And that's really what I wanted the brand to be. And so there was a reflection there.

The second thing was, being the youngest of five boys, you know, growing up here, I had a lot of history in this town. It was nice just to get a fresh start and Baltimore is a place that was close enough to mom, but far enough away to really start with a clean sheet of paper.

MR. RUBENSTEIN: So, no skeletons in your closet in Baltimore, right?

MR. PLANK: No, it was – it was starting over and starting fresh and building something great.

MR. RUBENSTEIN: OK. So today, how many employees do you have around the world?

MR. PLANK: A little more than 14,000 people today.

MR. RUBENSTEIN: Fourteen thousand. How many are in the Baltimore area?

MR. PLANK: So, when Kip and I moved it was Kip and me. We went there with two employees. And then today, there's probably 3,500 - 4,000 between corporate and one of our main warehouses that we have there as well called our distribution house.

MR. RUBENSTEIN: Now, you've been very involved in philanthropy in many different areas, but one is in Baltimore. And now you outfit at your own cost the athletes of all the Baltimore city public schools. Is that right, more or less?

MR. PLANK: Yeah. What I think is neat is the unique thing about Under Armour is that we have the ability to connect with kids in a way that other brands don't. And so, you know, a bank or an insurance company, it's nice, but kids want to be around our brands, we have the ability to take advantage of that. And so, the things that we do to activate is, you know, we have things that every one of our teammates, as we call them, contributes 32 hours a year. And we have something we call Armour Days, which we did one this year, we put 12,000 hours of man and woman power together to actually transform three middle schools in Baltimore city. We've built a rec center called UA House on Fayette Street. Outfitting all of the high schools is critical.

And then for me personally, the ability to touch, you know, up to 500 kids through summer programming, tuition assistance, college – education and college and other things. As well as there's somebody here named Joe Jones from the Center for Urban Families that works with formerly incarcerated individuals that get brought out. So, the ability to actually affect both lives before and lives that need another opportunity are some of the things, I think, that we're taking on and really trying to make a difference up in Baltimore city.

MR. RUBENSTEIN: All right. So, you started your company in 1997. Is that right?

MR. PLANK: Six.

MR. RUBENSTEIN: Six. And you took the company public in 2005.

MR. PLANK: Five.

MR. RUBENSTEIN: At the IPO, when you price an IPO, the theory is you want the investors to make some money, so they buy it at a price, A, and it goes up by 10 or 15 percent.

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, they feel good that the first day they're up 10 or 15 percent. So, the underwriters' job is to price it, so it goes up a little bit.

MR. PLANK: Yeah.

MR. RUBENSTEIN: Your underwriters priced it in a way where your stock went up on the first day 100 percent. So, did you leave a lot of money on the table or what?

MR. PLANK: Potentially. But what the bankers will tell you is that going public and what I'll tell other entrepreneurs going public, it is a starting line. But I'll tell you, leaving that much money on the table certainly wasn't ideal. And there was an email that I got from a certain private equity, somebody that you know – well, I don't know if I'll use their name – but he sent me an email. Because we had this great meeting with him, he said, oh, my gosh, I love the company. On the IPO, it was our second or third-to-last meeting after 77 one-hour, one-on-one meetings on the roadshow. And I said I really like this guy. I told the bankers, I said they need a bigger allocation, give them a bigger allocation. They said, oh, he's a smaller fund, you shouldn't give him the big allocation. I said, no, I'm mandating you do it at this point. They're saying, OK, fine, we'll give him a bigger allocation.

I then get an email two days after the IPO that just said, you know, dear Kevin, I loved meeting you, thanks so much, congratulations on your brand. Unfortunately, you blew through all of our investment parameters, so I had to sell everything. And he doubled his price basically and sold out of the stock the next day, which was a great lesson of sort of going public, is that a trade is a trade. So, the market is – it doesn't see that potential, it sees here's my investment parameters and here's your PE and here's how we're going to –

MR. RUBENSTEIN: So, in other words, he didn't love you, he just wanted to get a little money and –

MR. PLANK: Well, yeah. He did what hedge funds did, is he made money.

MR. RUBENSTEIN: OK. All right. So, the first day, the stock goes up 100 percent. That, I guess, makes you feel good. On the other hand, you left a lot of money on the table, but your company's in good shape. And then for I think it's roughly 26 consecutive quarters, your revenue went up 20 percent a quarter. So that's very unusual to keep going up that way. At what point did you realize you just couldn't keep doing that?

MR. PLANK: You know, we had a great run from 2010 through 2016, roughly. You know, with that kind of growth was something that had never really been seen in consumer retail before. We were – you know, we achieved crossing \$500 million or a billion dollars, you know, faster than any other brands had done in our space. And in our industry, there's only two, now three or four companies that have crossed the \$5 billion threshold. And when the other companies did it, they didn't have a, you know, \$25 billion or \$35 billion juggernaut sort of above them.

That run was one where, you know, I think we had a lot of – a lot of ideas of how – of how large we could be. And doing that, it never took away from how great that we knew the company could be either. And that’s always the focus: You want to build a great brand. But in doing it, when you have that opportunity as grabbing – we called it – the era for us was called get big fast. And get big fast was in 2013 we were a \$2.3 billion company. And we effectively, from ’13 to ’16, we went from \$2.3-to-\$4.8 billion, so we more than doubled the size of our company in less than three years. And that puts all kinds of strain because this isn’t software that just leverages out the back side. This is infrastructure and facilities and boxes and buildings and a lot of things that we – you know, I think we made a great run and I think we allowed to put ourselves in a position of scale that’s allowed us to really live through the last two years in a place that’s stronger than we could have ever been had we not grown at that rate.

MR. RUBENSTEIN: Now, your company was growing quite nicely, the stock price was going up. In fact, today your market value is about \$9 1/2 billion, more or less, but it was almost double that at one point.

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, did you – when it started going this way, did you think you had to reinvent your company? Or what did you decide to do?

MR. PLANK: I think every company, every great company, every great brand will come to a crossroads where they have to decide, how are you going to attack it? And I believe that that’s something that we’ve taken on. We’ll call it a transformation. And as we’ve said publicly is that we’re roughly two years through we’ll call it a three-year transformation. And that meant a lot of restructuring charges, a lot of reorganizations. We had to unfortunately do some RIFs¹ in our company. And in going through all that process, it’s made us a better and stronger company.

And I think about the three things that we’ve leaned on, which has been people, process and products. And people, it begins with my new partner. I brought in a new COO and president named Patrick Frisk. He’s coming up on 18 months and has been excellent helping us transform, implement a go-to-market process, deliver a new operating model, really just getting our structure and getting, I think, our costs in line so that we can be as excellent and profitable in the bottom line as we’ve been able to demonstrate we can do for growth in the top line.

And then process has been implementing new systems, getting our people aligned to that.

And then whoever makes the best product is going to win. And so that’s one thing we know, that, regardless of everything else, if we make great product, like we recently did with this footwear called HOVR that we’ve launched into the world, the consumer is going to choose it and we’ll be there, and we have a – we have a real chance.

MR. RUBENSTEIN: So, you are not in the athletic equipment business, unlike some of your competitors, like, I think, let’s say Nike, they make some athletic equipment. Why are you not in that business? You’re in the apparel business.

¹ Reduction in force

MR. PLANK: That's a – equipment is a tough business and there's lower margins. It's not as – not as compelling or attractive. And I think that we effectively believe that we bring equipment. Our footwear is not just another shoe, it's a shoe that comes with an app, it's a shoe that actually will help coach you to make you better. Our apparel isn't just apparel that wears because it's stylish or cool – it should be stylish or cool, but what makes it great, that jacket you're wearing is lined with celliant which actually helps increase your blood flow and helps your muscles recover faster to put you in better shape for tomorrow. [Laughter.]

MR. RUBENSTEIN: I'm looking – all right. I'm feeling the blood flowing already. [Laughter.]

So, now, a number of years ago, one of your competitors, Nike, they began to have their own stores, Nike stores. Now, you have your own stores, right?

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, you have a number in the Washington area and I guess around the country. So, do you sell more products there than you do with the regular retailers who you sell your products through?

MR. PLANK: It's a combination. In the United States, we have a really good wholesale system, so partners like Dick's Sporting Goods or Hibbett Sports or Footlocker and Finish Line, people like that. And around the world, you don't have that and so you go to different markets. In China, there is no sporting goods channel, there is no way to get your product out there.

So, this past spring, we opened store number 1,000 around the world, actually in Mexico City. By the end of next year, we'll open another 2-to-300 stores in 2019 moving forward, the majority of which will be in China. But we have that balance and the ability frankly to control your destiny because dealing through a wholesaler is difficult unless you really have the ability to articulate clearly how you want to show up and how you want to present the brand. So, we have the ability to do that in our own – in our own stores.

MR. RUBENSTEIN: Now, in China, very often when I'm there, I sometimes see knockoffs of American goods and so forth. Are there knockoffs there that you have to worry about or that's not a problem there?

MR. PLANK: We've had several lawsuits. And it's – I don't know if the lawyers will like it, but you're striving for that moment where people want to knock you off and then all you want to do protect yourself, obviously, when you can. But we've had some crazy lawsuits that have gone back and forth. And they've [been] resolved and the Chinese courts have been great to us, too.

MR. RUBENSTEIN: So, let's talk about for a moment how your – your culture of your company. You were in the news recently for the nature of your inclusion and not including certain people in your company. Can you address the culture issue?

MR. PLANK: So, we've – the hard thing with building a business is that the first thing that I wanted to do was I wanted to build a house. I wanted to build a great house. And as you grow, you realize that house has become a building and it's gotten to be a tall building. And the first thing is that, for any entrepreneur, is that as the CEO I am fully responsible for everything that happens in my company. But what I'm required to do and where I'm accountable for is the actions we take when bad things happen. And I think we've been incredibly proactive when it comes to issues that arise. And this is something that's going to happen in any organization the size of 14,000-plus.

And so, we'll continue to make that, we'll continue to be proactive and we'll continue to invest into our culture to make sure it is inclusive, it is diverse, it is something that it is – it is an equal opportunity for anyone who wants to join our brand. And we encourage that. And again, that's not just simply a statement. It's a statement because it's the best thing for our business.

MR. RUBENSTEIN: So, on diversity, in your materials you indicate, I think, in materials I've read that roughly almost 40 – almost 50 percent of your workforce is diverse in one way. Is that accurate?

MR. PLANK: Yes.

MR. RUBENSTEIN: And do you go out of your way to look for a diverse employee base?

MR. PLANK: Yeah, of course. I mean, when you look at the S&P 500, I believe there's a systematic, there's a global inequity that's prevalent right now and I think you're seeing a lot of this come up. And I think there's a massive opportunity for organizations to use this moment in time to really enhance.

And again, this isn't a requirement, this isn't to be legislated, this is something that could actually, I think, be a generator for us. We have a \$1.2 billion women's business. I don't feel like we get anywhere near enough credit for it. And I do believe, if it were – if we had larger numbers as we continue to increase the number of diversity or especially women in leadership, I think you'll watch that number, you know, double and triple in years to come.

MR. RUBENSTEIN: OK. So, talk about the athletes that you – when you sign up an athlete, is it a very arduous process? Let's suppose you want to get a new basketball player that's coming out of college and he's a, let's say, a superstar. You and two others or three others are trying to get him. How do you do that? Do you have to do meet with them, you have to tell them how much money you're going to pay them, you have to show them the equipment? How long does that process take?

MR. PLANK: You have to work, I mean, to have the best. But athletes are different today, you know, and, again, trying to, you know, relate with a 20-something-year-old, you want to make sure that you're speaking to them because today's athlete is incredibly sophisticated as well. They understand they are a brand, they understand what they're bringing to the table. And they have a really good understanding of what their market value is, and they'll test that.

But the way to win these athletes, it's not always through the front door. If you're showing up at the, you know – it's Sun Tzu, it's the, you know, the victorious army attacks the defeated enemy. If you're waiting at the negotiation table for that to be done, you're going to lose.

When we signed Stephen Curry, for instance, it wasn't waiting to be one of those three shoes with Riley. There was a guy named Kent Bazemore, who was an unsigned free agent, who happened to just have his locker right next to Stephen. So, we signed Kent Bazemore and then we loaded Kent with product, like, on a daily basis. [Laughter.] And it was this thing where his job was to help us sign Stephen. And then, eventually, Stephen just said, man, if they take care of you this well, imagine what they're going to do for me. [Laughter.] And he, like, helped him with the understanding. And that was, you know, you have to play, you know, chess with these things and certainly not checkers.

MR. RUBENSTEIN: But are you looking at the high school and college athletes all the time and seeing who's the best one with the best personality and so forth? Are you scouting these kinds of people and getting them primed for your approach?

MR. PLANK: We're always looking to find who is next. You know, I think we've been incredibly proud of that. In 2015, we had all four major U.S. sports leagues MVPs plus the number-one golfer and the number-one tennis player in the world. You know, that's the kind of thing where you look at a year like that and say, can you replicate that?

Remember, we're big enough as a company now that we can do anything. We're just not big enough that we can do everything and so we have to be thoughtful, we have to be strategic, we have to take sniper shots. And so, we – and our competitors have much greater resources than we do, but that is not an excuse. That's why we still compete and why we believe that we're going to be number one.

MR. RUBENSTEIN: Now, one of your products that's new is pajamas. Now, is that an athletic kind of thing or what is that? [Laughter.]

MR. PLANK: So, it actually – it's what led to the top that you're wearing now. What makes Under Armour unique is, of course, the styling, the fit and moisture management, all those things that people have always taken for granted about our brand. But the consumer actually wants or deserves more.

And so, Tom Brady actually brought to us this idea of this celliant lining where, because the way that he's played well into his 40s is because he actually – when he recovers – and I've seen bruised knees, elbows, he uses this wrap and he believes in. And you've seen things, from those copper bands and other things out there, but this is the first that's actually FDA-proven that it increases blood flow, which helps increase the speed at which you can recover, have your muscles back faster. So, when you're playing from one day to the next, you can actually come back that much better.

And he asked if we could do a pajama line. And we introduced that. And it was something where people were actively recovering at night. And we said, while they're just actively recovering at night, what if we actually put it into their activewear, too? So, one of the things we'll be launching in the spring of '19 is something called Rush and something called Recovery, which actually includes this recovery material into what you do. But you should have that sort of science project with everything –

MR. RUBENSTEIN: Well, you're married to Gisele, you might need recovery, right?
[Laughter.]

MR. PLANK: I'm not going there. [Laughter.]

MR. RUBENSTEIN: OK. So, you're very well known for having a white chalkboard in your office and you write sayings there. Is that a way that you teach people, or you encourage people or motivate people? What is – what is the theory behind that?

MR. PLANK: I've kept it since I started. And as an athlete, this is where coaches would keep everything from depth charts to slogans or sayings. And for me, it's a place where we've always captured the real spirit and essence of the brand. And it would say things like overpromise and deliver or dictate the tempo. It says things like trust, you know, it's built in drops and it's lost in buckets. It has sort of the things that make and really require the DNA of what is Under Armour.

MR. RUBENSTEIN: OK. So today you've built a great company and you've made a great deal of money by any normal human standard. So, what do you do with rest and relaxation with – you're not working right now? You have money, you can travel anywhere, you can buy anything? What is the outside pleasures that you really enjoy, other than interviews like this?
[Laughter.]

MR. PLANK: I love – I love driving home, parking my car, walking next door to where my kids go to school and watching my daughter play field hockey or watching my son play football or play hockey. You know, I think I've got a terrific family and I'm very fortunate for that. And to have, I think, the ability now where you get to watch it sort of play out through the eyes of kids. And, you know, it's not easy maybe being our kids because, of course, my kids are required to only wear Under Armour all the time and so –

MR. RUBENSTEIN: Do they – do they – suppose they wore a Nike thing, what would happen?

MR. PLANK: Oh, that would be bad. That would be – [laughter] – that would be bad.

MR. RUBENSTEIN: Yeah, that would be bad. But they wouldn't –

MR. PLANK: But they wouldn't do that. But they wouldn't do that.

MR. RUBENSTEIN: They wouldn't perform as – they wouldn't perform as well either.

MR. PLANK: I mean, I've been running their little legs, telling them, like, don't ever wear them. More importantly, like, love the brand, it's important.

MR. RUBENSTEIN: So, do you have any interest in owning a sports team? You obviously are involved with a lot of sports teams, but would you like to own one team itself or not?

MR. PLANK: I think one of the best things about my job is that Under Armour is undefeated. You know, we go to a game and watch two teams play. And, you know, it's nothing like watching – I was at the Northwestern-Wisconsin game. And, you know, you walk in one room and it's, you know, alternate empathy and I'm sorry and you walk in another room and it's, you know, high fives. And so that balance is something which is a lot better than living with the highs or lows, I think, of a team. There's 32 good owners and there's 30 good owners. And so, the sports leagues, I think they're OK.

MR. RUBENSTEIN: You're very, very young to be in this position. You're 46 years old?

MR. PLANK: Yeah.

MR. RUBENSTEIN: So, you could do this for another 30-plus years if you wanted. But would you have any interest in going into something more important, private equity or – [laughter] – or would you like to run for office ever or go into an appointed position in government? Or this is what you want to do?

MR. PLANK: What I love is there's an old story that I've told before, which is there is nothing like this one time I was in a sporting goods store out in Washington and I'm sitting there and it's 4:00 in the afternoon and I'm watching – I'm watching this mom walk in with two little – with two little kids, maybe eight and 10 years old. She's got them both by the hands and all of a sudden, the little eight year old just goes mom, mom, look, Under Armour, Under Armour, and she starts pointing and pushing. And the kids are like – the mom's like don't go over there, the stuff is expensive, don't buy that. And the kids, I'm watching them, like, go, get away. A kid breaks away and he runs over, he grabs an Under Armour shirt and pulls it over his head and he's still wearing his school shirt. And he pulls it down over the side, sticks his arm out. And his mom is distracted with the other one and she's trying something on with the other boy. And I watch this little kid. And the neck's all jammed up under his collar and he just walks over, he just goes – he stands in the middle of the aisle, he goes, hey, mom, he goes, look at me, I'm wearing Under Armour, I can do anything – like this. [Laughter.]

And I'm sitting there and I'm watching this happen and I just think to myself that's brand, you know? Brand is that little boy or that little girl that puts our gear on, believes that they can be a little more, they can run a little faster, jump a little higher. It may be the belief that they can make varsity. It may be the belief that, you know, they were anxious at the cafeteria and they were, you know, careful of where they were going to sit down, but today they're wearing Under Armour and they had that superpower.

So hopefully, if I think about what I'd love to do, is I love being able to hopefully be able to gift that superpower to anybody in the – anybody in the world that gets to embrace and engage our brand.

MR. RUBENSTEIN: Now, when you were an athlete, you were not a superstar athlete. But now the people who are on your team, who were better athletes, do they come to you for jobs?

MR. PLANK: [Chuckles.] That happens sometimes. But, no, if we're – if we're in the position, it's sport – sports is, I think, one of the most important training grounds. I know that I wouldn't be doing Under Armour had it not been for, you know, having played a sport and been in football and for the obvious reasons. But also, for more, is that you learn team, you learn understanding. I think, you know, football is a game that has, you know, has great pressure on it right now, but the lessons learned – an America without football would concern me a lot more than an America with football.

MR. RUBENSTEIN: All right. So, a final question I'd like to ask is, let's suppose I'm going to an athletic store to buy apparel and I have Adidas, I see Nike and I see Under Armour. Why should I or anybody watching buy Under Armour? Is it better? Is it less expensive? Is it going to make you a better athlete? What's your presentation about why your equipment or apparel is better than your competitors'?

MR. PLANK: So, number one, I could march a dozen scientists in here and tell you why. We've had 16 Ph.D.'s work on developing the fiber or fabric or construction of that product, and the hundreds of hours of wear test that we pour into everything that we do, the amount of focus that we have into making sure that every product is truly an advantage that's making someone better.

MR. RUBENSTEIN: Right.

MR. PLANK: And I want that to be trusted and I want that to be known. But at the end of the day, I want the consumer to know that this is a brand with a soul, you know? I want them to know that this is a brand that is focused on innovation, that if it's Under Armour, it's got to be something making you better. That if I see you have an Under Armour logo, the first question I should ask is, is that Under Armour, well, what's it do?

And the third thing is I'm really proud of our story and I want people to be able to embrace and feel that, too, when they engage with our brand that they feel like they're a part of this, I think, amazing – one example of one of the amazing American stories.

MR. RUBENSTEIN: Well, it's a great story. And I wonder, have you ever thought of signing up private equity people as endorsers? [Laughter.] Because, you know, I mean, we're athletes too and we can endorse, so there might be people who might follow my endorsement, so you might think about that.

MR. PLANK: That's a – that's a small market with a –

MR. RUBENSTEIN: Nice. [Laughter.]

MR. PLANK: – big opportunity for a high average order value, though. So, we will look at that.

MR. RUBENSTEIN: All right. Well, thank you very much.

MR. PLANK: Thank you very much, appreciate it.



**Kevin Plank,
Founder, CEO & Chairman of the Board,
Under Armour**

Kevin A. Plank was the special teams captain of the University of Maryland football team in 1995. Tired of repeatedly changing the cotton T-shirt under his jersey as it became wet and heavy during the course of a game, Plank set out to develop a next generation shirt that would remain drier and lighter.

He created a new category of sporting apparel called performance apparel, and built his company, Under Armour, into a leading developer, marketer, and distributor of branded performance apparel, footwear and accessories.

Plank has served as the chief executive officer and chairman of the board of directors since 1996 and as president from 1996 to July 2008 and from August 2010 to July 2017.

Plank also serves on the board of directors of the National Football Foundation and College Hall of Fame, Inc. and is a member of the board of trustees of the University of Maryland College Park Foundation.