

crocs™

INVESTOR PRESENTATION

MARCH 2018

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FORWARD-LOOKING STATEMENT

Some information provided in this document will be forward-looking, and accordingly, is subject to the Safe Harbor provisions of the federal securities law. These statements include, but are not limited to, statements regarding future revenues, gross margin, selling, general and administrative expenses, operating income, depreciation and amortization, income tax expense, EBIT margin, business prospects and product pipeline. We caution you that these statements are subject to a number of risks and uncertainties described in the Risk Factors section of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC"). Accordingly, all actual results could differ materially from those described in this presentation. Those viewing this presentation are advised to refer to Crocs' Annual Report on Form 10-K, as well as other documents filed with the SEC for the additional discussions of these risk factors. Crocs is not obligated to update these forward-looking statements to reflect the impact of future events.

AGENDA

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BRAND INTRODUCTION

UNMISTAKABLE ICON



Our very first product changed the way shoes feel forever. We created an unmistakable recognized icon loved around the world.

Nothing else looks like it. Nothing else feels like it.

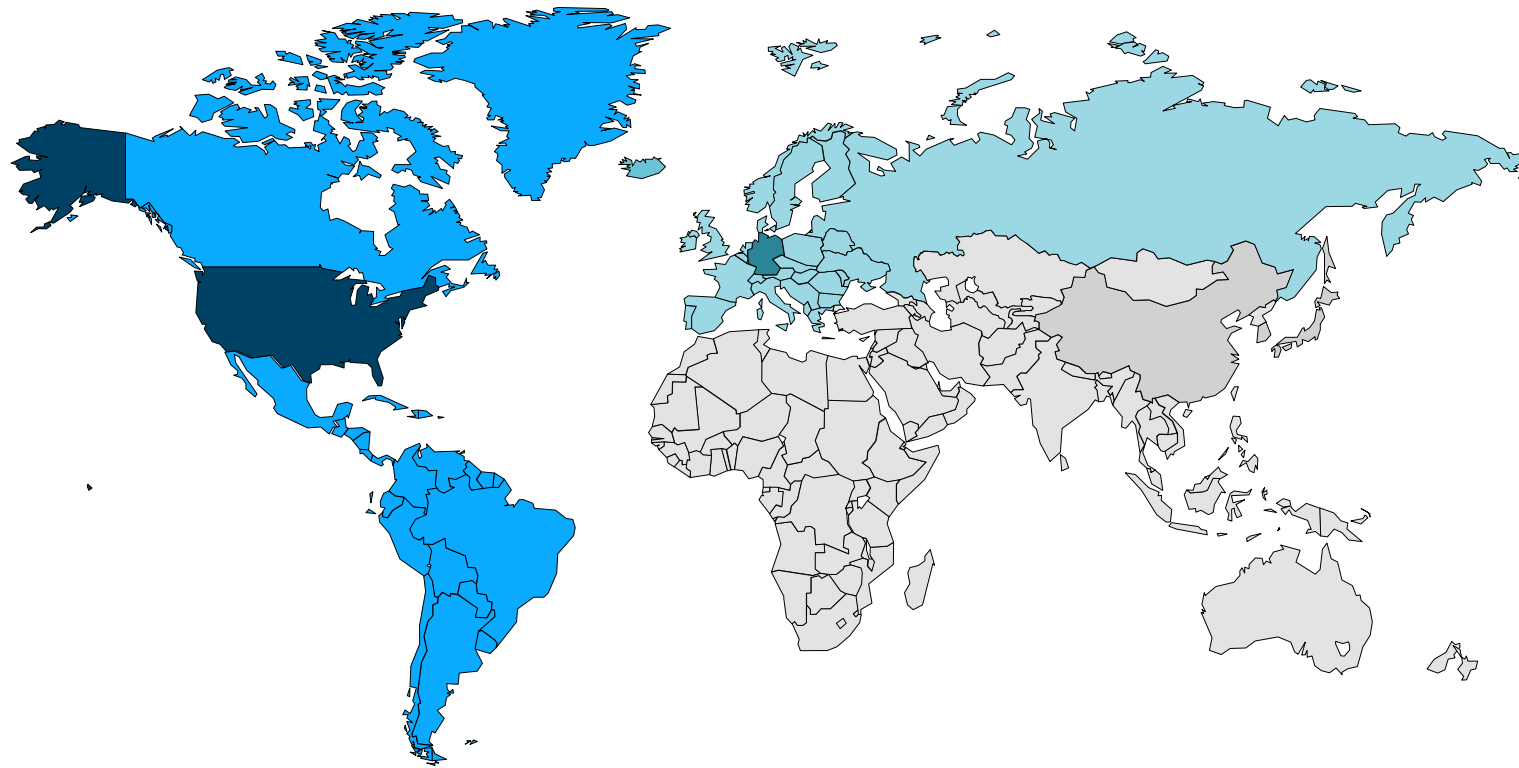
CROCS IS A POWERFUL GLOBAL BRAND

- \$1B+ annual sales; one of the 10 largest non-athletic footwear brands in the world
- Clogs represent ~50% of revenue; large sandal opportunity
- Global aided brand awareness: ~65%
- Broad democratic consumer base across men, women and kids
- Established distribution across the globe



POWERFUL GLOBAL PLATFORM

GEOGRAPHIC FOCUS



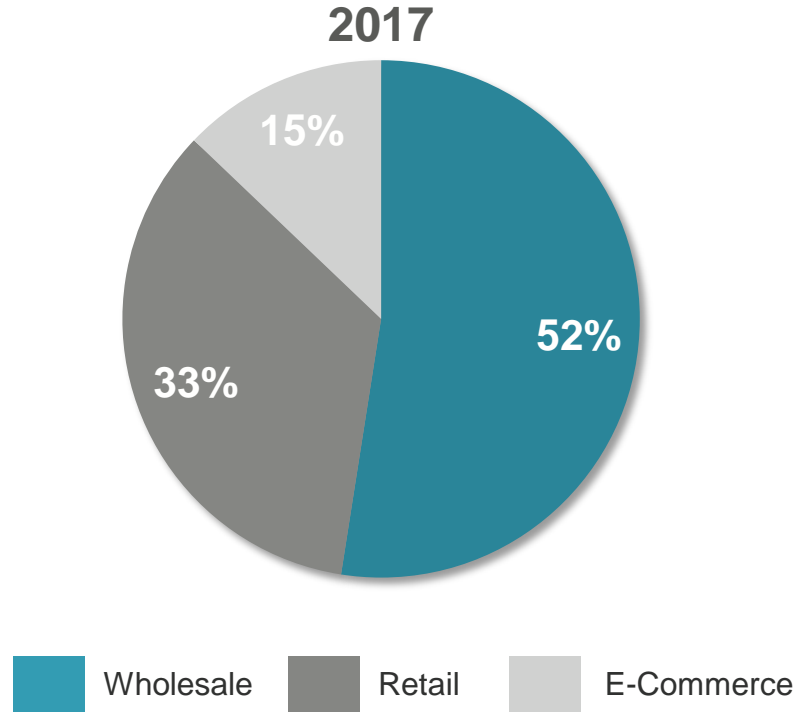
3 Regions – Sales in 90+ Countries

- Americas (47% FY '17)
- APAC (36% FY '17)
- Europe (17% FY '17)

Strategic Country Focus

- United States
- Germany
- China
- Korea
- Japan

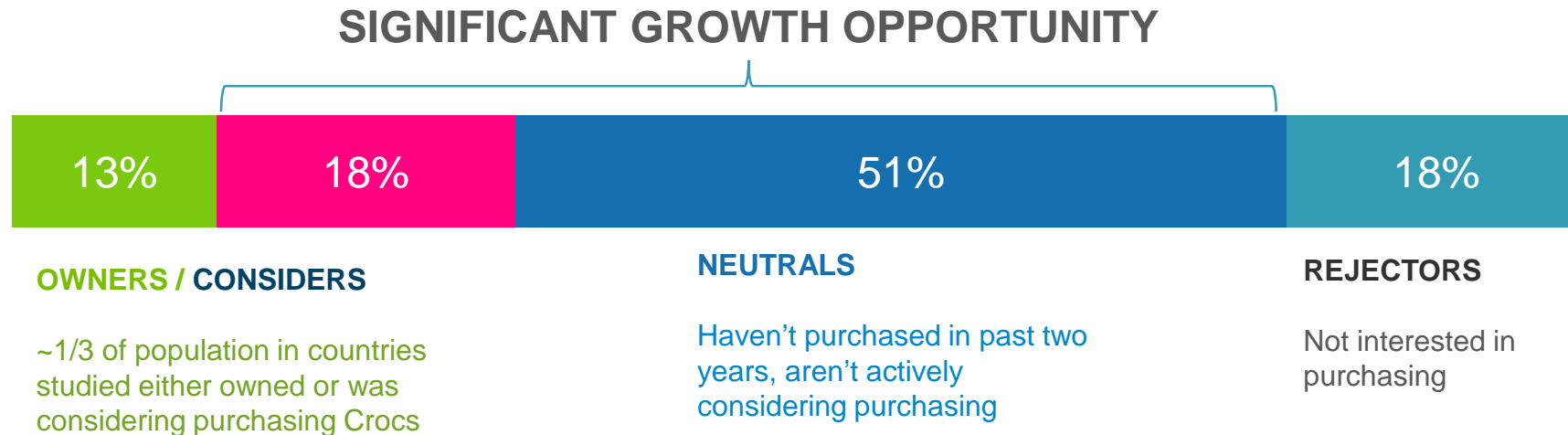
MULTI CHANNEL DISTRIBUTION MODEL



- Sell globally through wholesale and our direct to consumer retail and e-commerce channels
- Focus on wholesale and e-commerce growth moving forward
- Company operated stores to be reduced to less than 400 by end of 2018

SIGNIFICANT GROWTH OPPORTUNITY

- Strong player in the casual footwear market
- Large “considerer” group with sizeable short-term growth opportunity
- Huge neutral group that represents significant mid-to-long term growth potential



TARGET CONSUMERS

FEEL GOODS



Mainstream casual style with function

Prefers brands providing personal casual style options to match each family member's unique personality, while providing comfort and versatility in support of everyday adventures.

- Adults (35-54)
- 62% female
- 85% Married, 66% Kids in household
- Middle-class

EXPLORERS



Mix popular casual styles for personal look

Always mixing it up with tried-and-true classics, new popular styles, or maybe, a bit of both. Anything goes as these active and independent young adults create their casual personal looks.

- Young adults (21-34)
- Even male/female
- Single, newly married
- Middle-class

REPOSITIONING FOR LONG-TERM SUCCESS

REPOSITIONING FOR LONG-TERM SUCCESS

1

**Simplify the Business to
Reduce Costs**



2

**Improve the Quality of
Revenue**



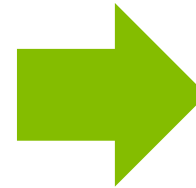
3

**Focus on Sustainable,
Profitable Growth**



1. SIMPLIFY THE BUSINESS TO REDUCE COSTS

- Reduce the owned and operated store base
 - Close or transfer unproductive stores
- Sell non-core markets, transition to distributors
 - Sales completed: South Africa, Taiwan, Middle East & Hong Kong
- Eliminate overhead as a result of smaller store base
- Employ more efficient processes resulting from global ERP and standardization



- >160 Net Store Reduction by 2018
- Reduce SG&A run rate \$75 - \$85M by 2019
 - ~70% from store closures; ~30% from operating efficiencies

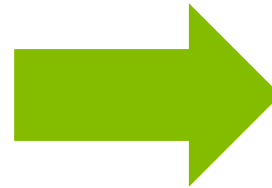


HEAVY LIFTING SUBSTANTIALLY COMPLETE

2. IMPROVE THE QUALITY OF REVENUE



- Reduce low quality revenue
 - Significantly reduced discount channel distribution
- Rationalize the global product line
 - Reduced the SKU base and achieved >60% global SKU alignment
- Improved planning and buying capability
 - Reduced excess and obsolete inventory and overall inventory levels



- SKU count reduced by 50% relative to 2014
- ~ 400 bps gross margin improvement since 2015
- Positioned for sustainable gross margins > 50%

REVENUE BASE SUBSTANTIALLY MORE PROFITABLE

3. FOCUS ON SUSTAINABLE, PROFITABLE GROWTH

- Invest to grow our core **clog** silhouette
- Focus on **sandals**, a significant growth opportunity
- Embrace **digital commerce** to accelerate growth
- Comprehensive **social and digital marketing** campaign to enhance brand relevance and consideration



INVEST TO GROW OUR CORE CLOG SILHOUETTE

- ~\$4B global market; Crocs is the global market leader
- Clogs are synonymous with Crocs
- Driving renewed clog relevancy with new colors, graphics, licensed images and embellishments
 - Classic & Crocband seeing growth in all markets and all channels
 - Designer collaborations boost PR impressions and social media engagement, driving brand heat higher
 - Built For Outlet product outperforming expectations
- Highest gross margin silhouette



FOCUS WHERE WE CAN WIN

NEW FOR SS'18: LITERIDE™



- Our LiteRide™ Collection features foam footbeds, our latest breakthrough in world-class comfort. Engineered to make you feel sensational on every step along life's winding path.
 - Athletically inspired for your on-the-go lifestyle; perfect for warm-ups, warm-downs and all-around town
 - Next generation LiteRide™ foam insoles are super-soft, incredibly lightweight, and extraordinarily resilient; soft, flexible Matlite™ uppers feel broken-in from day one; Croslite™ foam outsoles provide durable, all-day support and comfort

EQUAL PARTS SCIENCE AND MAGIC

FOCUS ON SANDALS, A SIGNIFICANT GROWTH OPPORTUNITY

- ~\$23B global market
 - Crocs currently has <1% global market share
 - Highly fragmented market - no global market leader
 - Appeals to our core consumer
- With recent focus, sandals* reached 20% of sales in 2017, up from 16% in 2016
 - 26% growth in sandal revenue between 2016 and 2017
- Building sandals into every franchise to cover key wearing occasions



A LARGE GLOBAL MARKET WITH GROWTH OPPORTUNITIES

ACCELERATE DIGITAL COMMERCE GROWTH

- Three Aspects of Digital Commerce
 - E-commerce: Crocs operated e-commerce sites
 - Fastest growing distribution channel
 - Benefitting from global deployment of best practices
 - Sophisticated analytics and personalization are boosting revenues and ROI
 - E-tail: Online sales through wholesale accounts
 - Embracing relationships with key e-tail accounts
 - Partnering to improve conversion on rapidly growing site traffic
 - Marketplaces: Leading global marketplaces
 - Controlling and elevating brand representation
 - Directly participating in the growth of this platform



INTENSIFIED DIGITAL COMMERCE PUSH

COMPREHENSIVE SOCIAL AND DIGITAL MARKETING CAMPAIGN

- Launched “Come As You Are” in April 2017
- Investing in brand ambassadors
- Collaborations with designers Christopher Kane and Balenciaga create impactful “buzz”
- Leveraging social influencers to amplify reach



Drew Barrymore



Henry Lau



Yoona Lim



FOCUS ON DIGITAL AND SOCIAL

COMPREHENSIVE SOCIAL AND DIGITAL MARKETING CAMPAIGN (CONT'D)

- Social media: Record breaking results for reach, followers and engagement
- PR impressions up 150%, with dramatically improved tone
- Annual Brand Survey results demonstrate positive impact

+15%

BRAND DESIRABILITY

Crocs is a brand that is becoming more desirable than in the past

+11%

BRAND RELEVANCE

Crocs is a brand that meets my needs

+14%

BRAND CONSIDERATION

Crocs is a key brand I consider when shopping

Annual Brand Study: Focused on 5 strategic markets (US, Germany, China, S Korea, Japan). 7,500 global respondents fielded in June 2017. General market survey (incl. Crocs owners & non-owners). Aligned to census data with age and gender quotas.

REPOSITIONING FOR LONG-TERM SUCCESS



FINANCIAL INFORMATION

RECENT FINANCIAL RESULTS

4Q

Exceeded revenue and gross margin guidance

- Revenues: \$199.1M, up 6.2%, reflecting DD wholesale and e-commerce growth and positive retail comps, while absorbing ~ \$14M of lost revenues due to fewer stores and business model changes
- Gross margin: 45.4%, up 340 bps
- SG&A : \$120.7M, SG&A rate improved 260 bps. Includes \$9.4M of non-recurring charges
- Loss from operations was reduced ~24%



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FULL YEAR 2017

Progress on strategic objectives drives financial improvements

- Revenues: \$1,023.5M, down 1.2%. Up MSD absent fleet reduction and business model changes
- Gross margin: 50.5%, up 230 bps
- SG&A : \$499.9M, including \$17.0M of non-recurring charges; delivered ~\$23M of SG&A reductions
- Income from operations: \$17.3M, compared to last year's loss of \$6.2M
- Cash provided by operating activities increased 147%
- Inventory declined 11.3%
- Repurchased \$50M of common stock; average price of \$8.82 per share

FINANCIAL GUIDANCE

1Q18

- Revenues: \$265 - \$275M compared to \$267.9M in 1Q17
 - Includes the loss of ~\$13M of revenues associated with the reduced store count and business model changes
- Gross margin of ~49% compared to 49.9% | 1Q17
 - Would be up modestly absent the change in inventory costing methodology; does not impact the full year gross margin rate
- SG&A: ~\$115M compared to \$118M in 1Q17
 - Both years include ~2M of one-time charges associated with the SG&A reduction plan

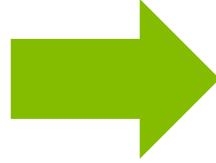
FULL YEAR 2018

- Revenues: Relatively flat with 2017
 - Up MSD absent fleet reduction and business model changes
- Gross margin up 70-100 bps from 2017
- SG&A: ~\$475
 - Includes ~\$5M of one-time charges associated with our SG&A reduction plan and ~\$5M due to the weakening of the U.S. dollar; anticipates ~\$40M of SG&A reductions
- Adjusted EBITDA⁽¹⁾: ~\$85M, up from \$67M in 2017
- Income tax expense : ~\$13M

(1) We defined Adjusted EBITDA as Income from Operations adjusted for depreciation and non-recurring charges. 2018 Income from Operations is expected to be ~\$50M, D&A is expected to be ~\$30M, and non-recurring charges are expected to be ~\$5M, adding up to ~\$85M. 2017 Income from Operations was \$17.3M, D&A was \$33.1M and non-recurring charges were \$17.0M, adding up to \$67.4M.

LOOKING AHEAD – PATH TO DOUBLE DIGIT EBIT MARGIN

**Focus on Sustainable,
Profitable Growth**



**DD eCommerce and Moderate Wholesale
Growth**

**Revenue Substantially
More Profitable**



Sustainable Gross Margin > 50%

**Heavy Lifting
Substantially Complete**



SG&A in the low 40% Range

- SG&A Reduction Plan Eliminates \$75M - \$85M
- Revenue Growth Requires Limited Incremental SG&A Spend

KEY INVESTMENT CONSIDERATIONS

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- The Classic Clog: an unmistakable icon recognized around the world
- Crocs: a powerful global brand with a democratic consumer base
 - At >\$1B annual sales; one of the world's 10 largest non-athletic footwear brands
- Successful business transformation that is well underway;
 - Simplified business model reducing SG&A
 - Higher quality revenues driving improved gross margin
 - Clear path to sustainable revenue growth and double digit EBIT margin
- Management team with deep industry experience and essential skills
- All of this, combined with a strong balance sheet and cash flow, will deliver further increases in shareholder value





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