crocs™

INVESTOR PRESENTATION

NOVEMBER 2018



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, Adjusted EBITDA, 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 and sandals ~ 20% - both growing
- Global aided brand awareness: ~65%
- Broad democratic consumer base across men, women and kids
- Established distribution across the globe



POWERFUL GLOBAL PLATFORM

TARGET CONSUMERS: A BROAD REACH

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



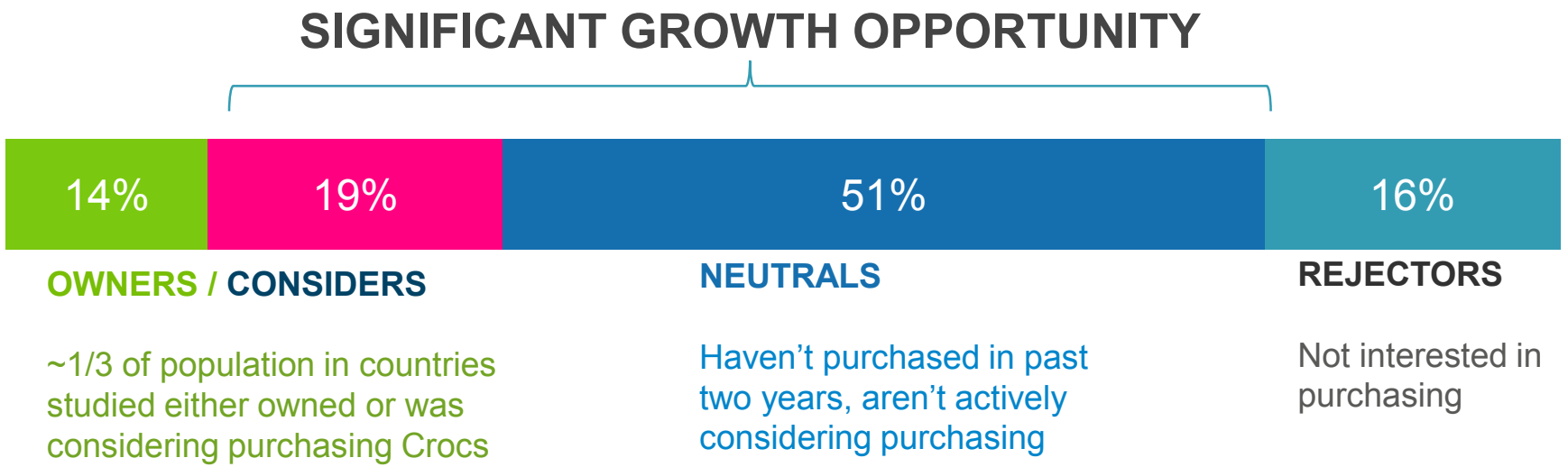
Mix popular casual styles for personal look

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

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



Brand Strength Monitor:
- Conducted in US, DE, CN, JP & KR
- 7,500 participants fielded in June 2018
- General market study aligned to census

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

GLOBAL PRESENCE, INCLUDING TROPICAL COUNTRIES, SUPPORTS YEAR-ROUND DEMAND

REPOSITIONED FOR LONG-TERM SUCCESS

REPOSITIONED FOR THE LONG-TERM: SUCCESSFUL TURNAROUND UNDERWAY

1

Improve the Quality of Revenues



2

Simplify the Business to Reduce Costs



3

Generate Sustainable, Profitable Revenue Growth



1. IMPROVE THE QUALITY OF REVENUES



- Focus on higher quality revenues
  - Shift to molded product
  - Significantly reduced discount channel distribution
- Fewer and narrower promotions
- Rationalized global product line
  - Reduced the SKU base and achieved >60% global SKU alignment
- Improved planning and buying capability
  - Less, and more productive, inventory; cleared excess and obsolete product

- ~ 400 bps gross margin improvement between 2015 and 2017
- Positioned for sustainable gross margins > 50%

REVENUE BASE SUBSTANTIALLY MORE PROFITABLE

2. SIMPLIFY THE BUSINESS TO REDUCE COSTS



- Company-operated store base reduced to < 400
  - Unproductive stores closed or transferred
- Non-core markets transitioned to distributors
  - South Africa, Taiwan, Middle East & Hong Kong
- Manufacturing facilities in Mexico and Italy closed
  - all production now outsourced
- Overhead eliminated as a result of smaller store base
- Global ERP and standardization improves process efficiency

- ~170 Net Store Reduction (2017 - 2018)
- Reduce SG&A run rate $75 - $85M by 2019

~70% from store closures; ~30% from operating efficiencies

HEAVY LIFTING SUBSTANTIALLY COMPLETE

3. GENERATE SUSTAINABLE, PROFITABLE REVENUE GROWTH

- Bring innovation to our core **clog** silhouette
- Focus on **sandals**, a significant growth opportunity
- Introduce products incorporating new technologies that deliver enhanced **comfort**
- Embrace **digital commerce** to accelerate growth
- Employ **social and digital marketing** to enhance brand desirability, relevance and consideration



CONFIDENT IN PATHWAY TO GROWTH

GROW OUR CORE CLOG SILHOUETTE

- ~$4B* global market; Crocs is the global market leader
  - Grew clog revenues 13% in 3Q18
- Clogs are synonymous with Crocs
- Driving greater clog relevancy with new colors, graphics, licensed images and embellishments
  - Designer collaborations boost PR impressions and social media engagement, driving brand heat higher
  - Built For Outlet product revitalized
- Highest gross margin silhouette



** Internal estimate*

FOCUS WHERE WE CAN WIN

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, grew sandals** to 20% of sales in 2017, from 16% in 2016
  - 21% growth in sandal revenues in 3Q18 on top of 26% growth in sandal revenue in 2017
- Building sandals into every franchise to cover key wearing occasions



** *Internal estimate*

A LARGE GLOBAL MARKET WITH GROWTH OPPORTUNITIES

* Sandals, flips and slides

INVEST IN NEW, COMFORT FOCUSED TECHNOLOGY: LITERIDE™



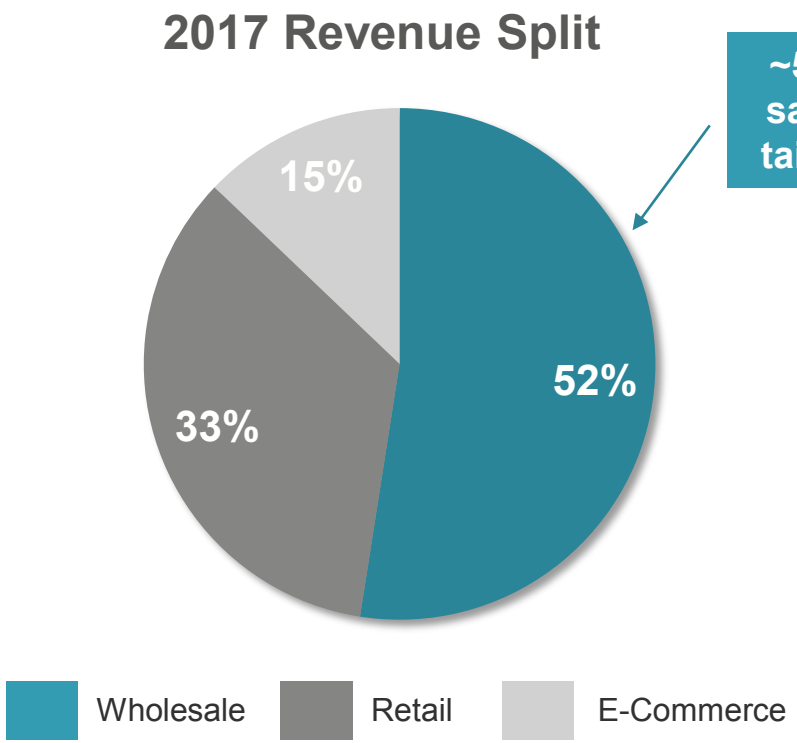




- Our LiteRide™ collection features foam footbeds, our latest breakthrough in world-class comfort. Engineered to make you feel sensational on every step along life's winding path.
  - Athletically inspired for your on-the-go lifestyle; perfect for warm-ups, warm-downs and all-around town
  - Next generation 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

MULTI-CHANNEL DISTRIBUTION MODEL



~50% of wholesale sales come from e-tail and distributors

3Q18 Results:

Wholesale sales up: 9.3%

E-commerce sales up: 23.2%

Retail comp: 15.0%

DTC Comp: 17.9%

- Generate global sales through wholesale and direct to consumer (retail and e-commerce) channels
- Expect double digit e-commerce and moderate wholesale growth; right-sizing retail
- Wholesale drivers: e-tail and distributor partners, which together generate ~ ½ of wholesale revenues; expect more moderate growth from traditional multi-brand brick and mortar accounts and partner stores

ACCELERATING DIGITAL COMMERCE GROWTH

- Three Aspects of Digital Commerce
  - **E-commerce**: Crocs operated e-commerce sites
    - Fastest growing distribution channel
      - Rising demand and more targeted marketing
  - **E-tail**: Online sales through wholesale accounts
    - Established highly collaborative relationships with key e-tail accounts
      - Partnering to improve conversion on rapidly growing site traffic
  - **Marketplaces**: Expanding direct participation on leading global marketplaces
    - Controlling and elevating brand representation



INTENSIFIED DIGITAL COMMERCE PUSH

IMPACTFUL SOCIAL AND DIGITAL MARKETING CAMPAIGN

- In year two of our successful "**Come As You Are**" campaign
  - Exclusive CrocDay shoe sold out in a few hours
  - 6M Snapchat users viewed themselves wearing a giant, Classic clog hat
- Employ **brand ambassadors** with regional relevance
- Collaborations with musician Post Malone and designers A-Life, Balenciaga and Christopher Kane create impactful "buzz"
- **Social influencers** amplify reach



Drew Barrymore



Henry Lau



Yoona Lim





FOCUS ON DIGITAL AND SOCIAL

IMPACTFUL SOCIAL AND DIGITAL MARKETING CAMPAIGN (CONT'D)

- Social media: Record breaking results for reach, followers and engagement
- PR impressions up 150% in 2017 and more than 25% in 3Q18 vs 3Q17, with dramatically improved tone

2017 / 2018 Annual Brand Survey results demonstrate positive impact

BRAND DESIRABILITY	BRAND RELEVANCE	BRAND CONSIDERATION
+15% / +6%	+11% / +8%	+14% / +9%
Crocs is a brand that is becoming more desirable than in the past	Crocs is a brand that meets my needs	Crocs is a key brand I consider when shopping

Annual Brand Survey: Focused on five strategic markets (US, Germany, China, S Korea, Japan). 7,500 global respondents fielded in June 2017 and 2018. General market survey (incl. Crocs owners & non-owners). Aligned to census data with age and gender quotas.

REPOSITIONED FOR LONG-TERM SUCCESS

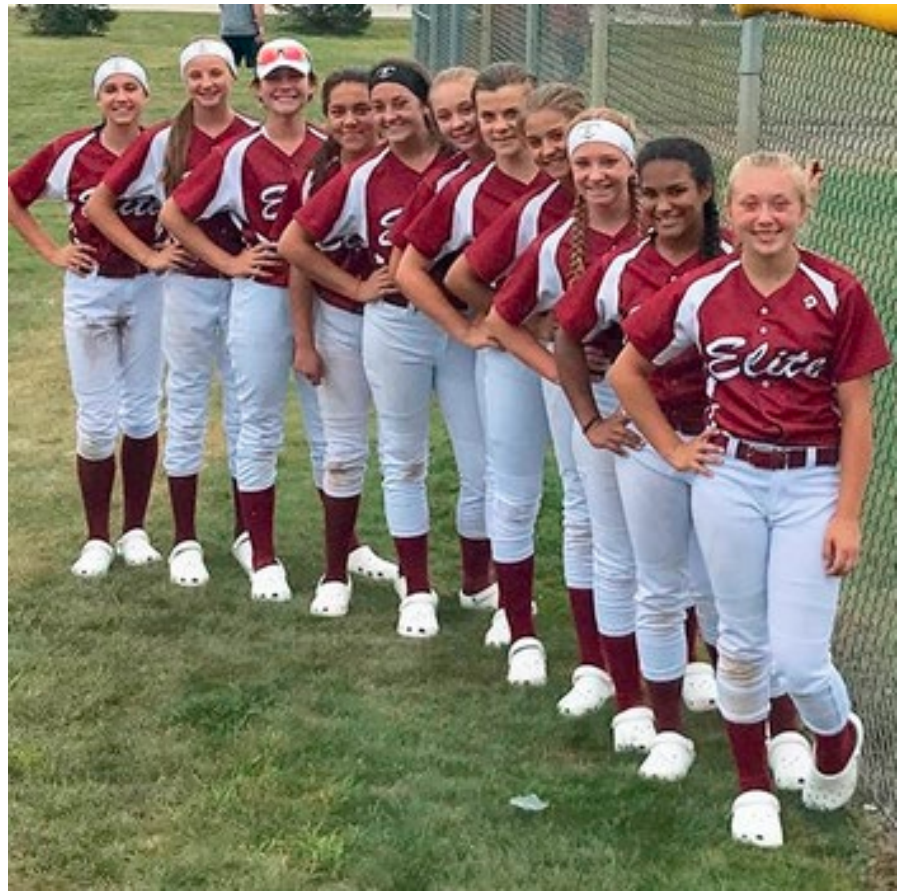
1	2	3
Improve the Quality of Revenues	Simplify the Business to Reduce Costs	Generate Sustainable, Profitable Revenue Growth
Revenue Base Substantially More Profitable	Heavy Lifting Substantially Complete	Confident in Pathway to Growth

FINANCIAL & MANAGEMENT INFORMATION

3Q18 FINANCIAL RESULTS

Exceeded guidance metrics:

- **Revenues**: $261.1M, up 7.3%, even with a negative $4.8M currency impact; up 13% absent ~ $15M of fleet reduction and business model changes
- **Gross margin**: 53.3%, up 250 bps reflecting benefits of more molded product, disciplined DTC promotions and benefits of a weaker dollar earlier in the year
- **SG&A** : $125.2M; rate improved 170 bps, includes $6.3M of non-recurring charges
- **Income from operations** grew 418% and diluted EPS grew was $0.07 vs a loss of $0.03 in 3Q17
- TTM share repurchases of ~$60M at an average price of $12.99 per share



7TH CONSECUTIVE QUARTER MEETING OR EXCEEDING REVENUE & GROSS MARGIN GUIDANCE

FINANCIAL GUIDANCE

4Q18

- Revenues: $195 - $205M compared to $199.1M in 4Q17
  - Includes ~ $10M of fleet reduction and business model changes and ~ $5M of negative currency impact
- Gross margin: up ~80 – 100 bps over the 4Q17 rate of 45.4%
- SG&A: ~ $10M below 4Q17 SG&A of $120.7M
  - Includes non-recurring charges of ~ $2M (related to the SG&A reduction plan), vs. $9.4M in 3Q17

FULL YEAR 2018

- Revenues: Increase 4-5% over $1,023.5M in 2017
  - Up > 10% absent ~ $60M of fleet reduction and business model changes
- Gross margin up ~100 bps from 2017 rate of 50.5%
- SG&A: ~$495M
  - Includes ~$19M of non-recurring charges (~$6M associated with our SG&A reduction plan and ~$13M with manufacturing closures)
  - ~$45M of SG&A reductions, after adjusting for non-recurring charges and currency impact
- Adjusted EBITDA(1): just over $100M, up from $67.5M in 2017
- Income tax expense : ~$17M

(1) We define Adjusted EBITDA as Income from Operations adjusted for depreciation and non-recurring charges. 2018 Income from Operations is expected to be slightly under $60M, D&A is expected to be ~$30M, and non-recurring charges are expected to be ~$19M. 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 Revenue Growth → **DD E-commerce and Moderate Wholesale Growth**

More Profitable Revenues → **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

KEY INVESTMENT CONSIDERATIONS

KEY INVESTMENT CONSIDERATIONS

- 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 taking hold;
  - Clear path to sustainable, profitable revenue growth and double digit EBIT margin
  - Higher quality revenues driving improved gross margin
  - Simplified business model reducing SG&A
- Management team with deep industry experience and essential skills
- We expect all of this, combined with a strong balance sheet and cash flow, will deliver further increases in shareholder value





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