crocs™

INVESTOR PRESENTATION

JANUARY 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 and selling, general and administrative expenses, EBIT margin, 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

- Brand Introduction
- Repositioning for Long-Term Success
- Financial Outlook
- Key Investment Considerations

BRAND INTRODUCTION

CROCS IS A POWERFUL GLOBAL BRAND

- $1B+ annual sales; one of the 10 largest non-athletic footwear brands in the world
- Unmistakable iconic silhouette that represents ~50% of revenue
- Global aided brand awareness: ~65%
- Broad democratic consumer base across men, women and kids
- Established distribution across the globe



POWERFUL GLOBAL PLATFORM

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 and the Middle East
- 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
- $75 - $85M SG&A Run Rate Reduction by 2019

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
- 250 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

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 19% of sales in 3Q17, up from 14% in 3Q16
  - Revenues from sandals grew 32% between 3Q16 and 3Q17

- Building sandals into every franchise to cover key wearing occasions
  - YTD growth across all genders



A SIGNIFICANT GROWTH OPPORTUNITY

* Sandals, flips and slides

ACCELERATE GROWTH FROM DIGITAL COMMERCE

- Three Aspects of Digital Commerce
  - eCommerce: Crocs operated eCommerce sites
    - Fastest growing distribution channel
    - Benefitting from global deployment of best practices
    - Sophisticated analytics and personalization are boosting revenues and ROI
  - eTail: Online sales through wholesale accounts
    - Embracing relationships with key eTail accounts
    - Partnering to improve conversion on rapidly growing 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
- Invested in brand ambassadors
- Collaborated with designers Christopher Kane and Balenciaga, creating impactful “buzz”
- Leveraged social influencers to amplify reach



Drew Barrymore



Henry Lau



Yoona Lim





FOCUS ON DIGITAL AND SOCIAL

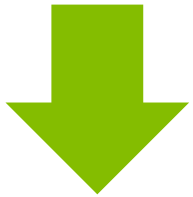
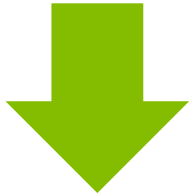
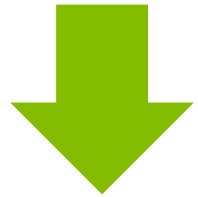
COMPREHENSIVE SOCIAL AND DIGITAL MARKETING CAMPAIGN (CONT'D)

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

+15%	+11%	+14%
BRAND DESIRABILITY	**BRAND RELEVANCE**	**BRAND CONSIDERATION**
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 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

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

FINANCIAL OUTLOOK

4Q17 AND FULL YEAR 2017 GUIDANCE

4Q

- Revenues: $195 - $198M, up ~5% compared to $187.4M in 4Q16
  - Increase from prior guidance of $180 - $190M
  - Up HSD vs 4Q16 absent business model changes
- Gross margin of ~45%, up 300 bps from 4Q16
  - Increase from prior guidance of ~43%
- SG&A: Relatively flat to $118.5M in 4Q16
  - Includes ~$8M of one-time charges, which is ~$6M higher than previous guidance due to an unplanned non-cash impairment charge and a related contract termination charge

FULL YEAR 2017

- Revenues: down LSD
  - Up LSD vs 2016 absent business model changes
- Gross margin of ~ 50%, up ~ 200 bps from 2016
- SG&A: ~$498M compared to $506M in 2016
  - Includes ~$16M of one-time charges, which includes $10M associated with our SG&A reduction plan and the ~$6M noted in 4Q guidance

LOOKING AHEAD - 2018

- 2018 Revenue outlook: essentially flat with 2017
  - Store closings expected to reduce revenues by ~$50M
  - Wholesale and eCommerce growth expected to offset store closing headwind
  - Absent store closures and business model changes, revenues would be up MSD compared to 2017
- $75M - $85M SG&A reduction plan on track



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 increases in shareholder value




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