

crocs™
INVESTOR
PRESENTATION
JUNE 2019



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 and operating margin, income tax expense, capital expenditures, business prospects and product pipeline and the potential impact of proposed footwear tariffs on certain U.S. imports. 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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POSITIONED FOR GROWTH

A POWERFUL BRAND POSITIONED FOR GLOBAL GROWTH

Scale Brand:

Top 10

non-athletic
global footwear brand

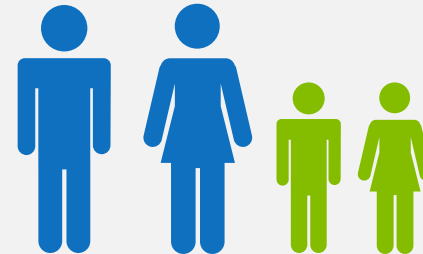


Iconic Product:



The Classic Clog

Democratic Brand:



For men,
women,
and kids

Globally Recognized:

~65%

Global Aided
Brand Awareness



Global Reach:



Distributed in
over 90 countries

World Class Talent:

Driving product
and marketing
innovation



REPOSITIONED FOR LONG-TERM SUCCESS



SUSTAINABLE AND PROFITABLE GROWTH PLAN



1

- **Clogs:** Innovate & grow clog relevance
- **Sandals:** Significant long term growth potential
- **Visible Comfort Technology**
- **Personalization**
- **Powerful global social and digital marketing**

2

- **E-commerce:** double digit growth continues
- **Wholesale:** greatest growth opportunities within e-tail accounts and distributors
- **Retail:** prioritize outlets - the most profitable format

3

- **Asia:** largest long-term growth potential
- **Americas:** strong growth momentum

GROW CLOG RELEVANCE

- Market leader in \$4B* growing global category
- Grew clog revenues by 13% in 2018 to ~55% of footwear sales
 - 1Q19 sales grew 11.5% to ~56% of footwear sales
- Strategic goal: drive **Clog Relevance** by
 - Impactful collaborations
 - Trend right colors and graphics
 - Relevant licenses
 - Personalization with expanded Jibbitz charms
- Highest gross margin silhouette

* Internal Estimate



VOGUE

Post Malone's Crocs Sold Out—and For Good Reason



HIGH SNOBIETY

How Crocs Became 2018's Unlikeliest Fashion Success Story



We spoke with Crocs senior VP of global product and marketing Michelle Poole about the brand's unlikely hookups. "Collaborations are important to our brand, but to work, they have to be meaningful," she says. "Our clog serves as a blank canvas that can fuel the latest trends or conversations. This is why we think we're becoming more relevant in the streetwear space."



NEW YORK POST



REAL SIMPLE

Here it is: Drew Barrymore's New Line of Colorful Crocs

Drew Barrymore wears Crocs Color-Block Collection. Drew Barrymore's new line of Crocs is colorful and fun—just like the actress herself. The shoes range from \$20 to \$50 and come in white, navy blue, and yellow with unique motifs centered on the theme of love just in time for Valentine's Day.

Drew is the mother of two daughters, Olive, 5, and Frankie, 3, who both adore their Crocs. So it's no surprise that two of the styles from Drew for Crocs come in children's sizes. The collection, which is available in six different styles, is unique from traditional Crocs because the plastic shoe inserts you can put in the holes of your Crocs are made, instead of the traditional plastic.



VOGUE



Revise your thinking. Crocs are now cost-effective. Wear with everything. Opposite: fringed cotton/silk T-shirt dress, \$2,625. Loewe. Clogs, \$30. Crocs. Vintage Oakley sunglasses, \$255. General Eyewear. This puffy belted crepe jumpsuit, \$2,690. Sunglasses, \$430. Both Gucci. Clogs, as before.



SANDALS: SIGNIFICANT LONG-TERM GROWTH OPPORTUNITY

- \$23B* fragmented global casual sandal** market with no clear market leader
- Grew sandal revenues by 19% in 2018 to ~23% of footwear sales
 - On top of 26.4% growth in 2017
 - 1Q19 sales grew 11.8% to ~27% of footwear sales; 8th consecutive quarter of double digit revenue growth
- A significant long-term growth opportunity
 - Clear adoption by the core Crocs consumer
 - Focus on women: 2/3 of the market - gateway for new consumers
 - Play in multiple wearing occasions; essential, active & style
 - Leverage global distribution
 - Boost marketing support to increase **Sandal Awareness**

Essential, e.g. CrocBand Flip:



Active, e.g. Swiftwater:



Style, e.g. Sloane:





INVEST IN NEW, VISIBLE COMFORT TECHNOLOGY

- 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.
 - 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
- Our Reviva™ collection features molded air bubbles that align with a foot pressure map, providing a unique comfortable and gentle massaging and bounce effect
 - Croslite™ foam construction provides all-day support and comfort





PERSONALIZATION WITH JIBBITZ CHARMS

- Jibbitz Charms: an important part of our brand proposition
 - Personalization is a global trend that continues to grow in relevance
 - Jibbitz provide consumers with a fun and unique way to make each pair of clogs their very own by personalizing the clog “blank canvas”
 - Driving increases in clog sales



crocs™





OUR GROWTH WILL BE IGNITED BY POWERFUL GLOBAL SOCIAL & DIGITAL MARKETING

- Evolving Come As You Are campaign to incorporate impactful local brand ambassadors and influencer activations
- Focusing on driving clog relevance and sandal awareness
- Expanding digital reach and engagement in top five markets through increased investment
- Driving further brand heat and relevance through collaborations
- Improving social engagement thru locally relevant platforms

BRAND AMBASSADORS



COLLABORATIONS



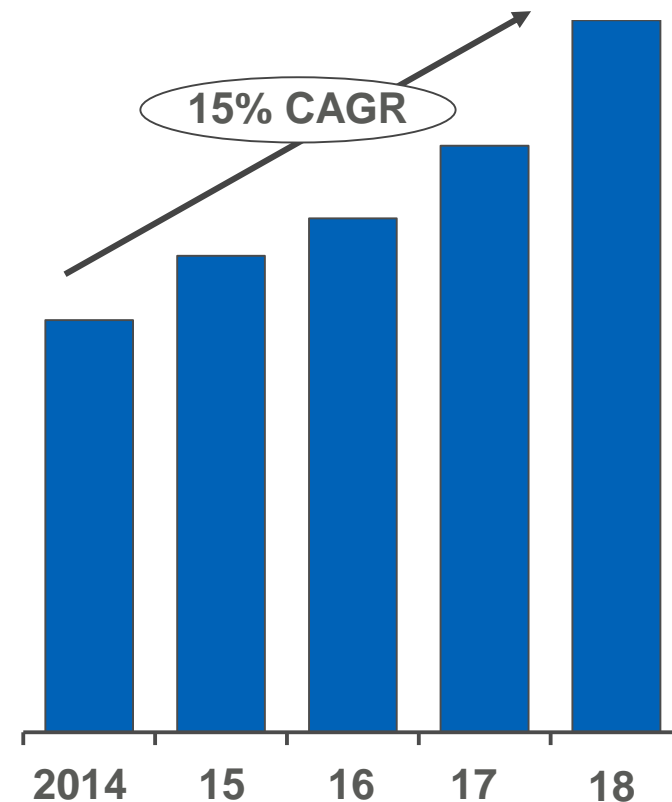


DOUBLE DIGIT E-COMMERCE GROWTH CONTINUES

Primary focus on company owned e-commerce and controlling brand presence on key marketplaces

- **E-commerce:** Crocs operated e-commerce sites
 - Fast growing distribution channel driven by global consumer adoption and more effective digital marketing
 - Investment in people and technologies to elevate consumer experience
- **Marketplaces:** Expanding direct participation in leading global marketplaces
 - Controlling and elevating brand representation
 - Winning digital channel
 - Active on 11 marketplaces; 3 of which were added in 1Q19

E-COMMERCE REVENUE

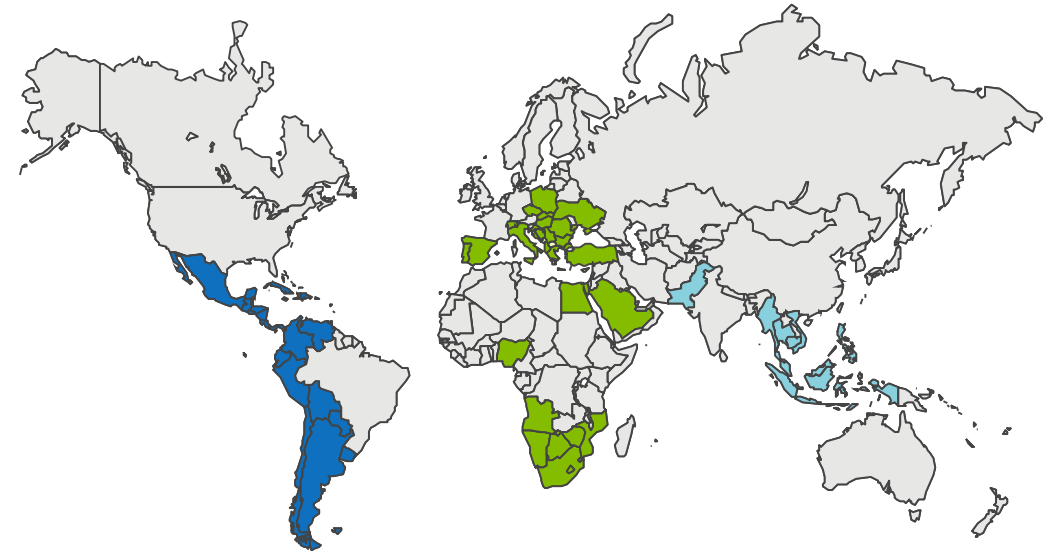




E-TAIL AND DISTRIBUTORS DRIVE WHOLESALE

- E-tailers and distributors represent approximately half of the global wholesale business
- Multibrand e-tailers are gaining share globally
 - Crocs: achieving consistent double-digit e-tail growth
 - Elevating the brand representation
 - Clear product segmentation
 - Investing in on-site marketing
- Distributors represent Crocs in large but often under penetrated markets
 - Strong portfolio of leading distributors
 - Close alignment to Crocs product and marketing strategies

2018 DISTRIBUTOR FOOTPRINT



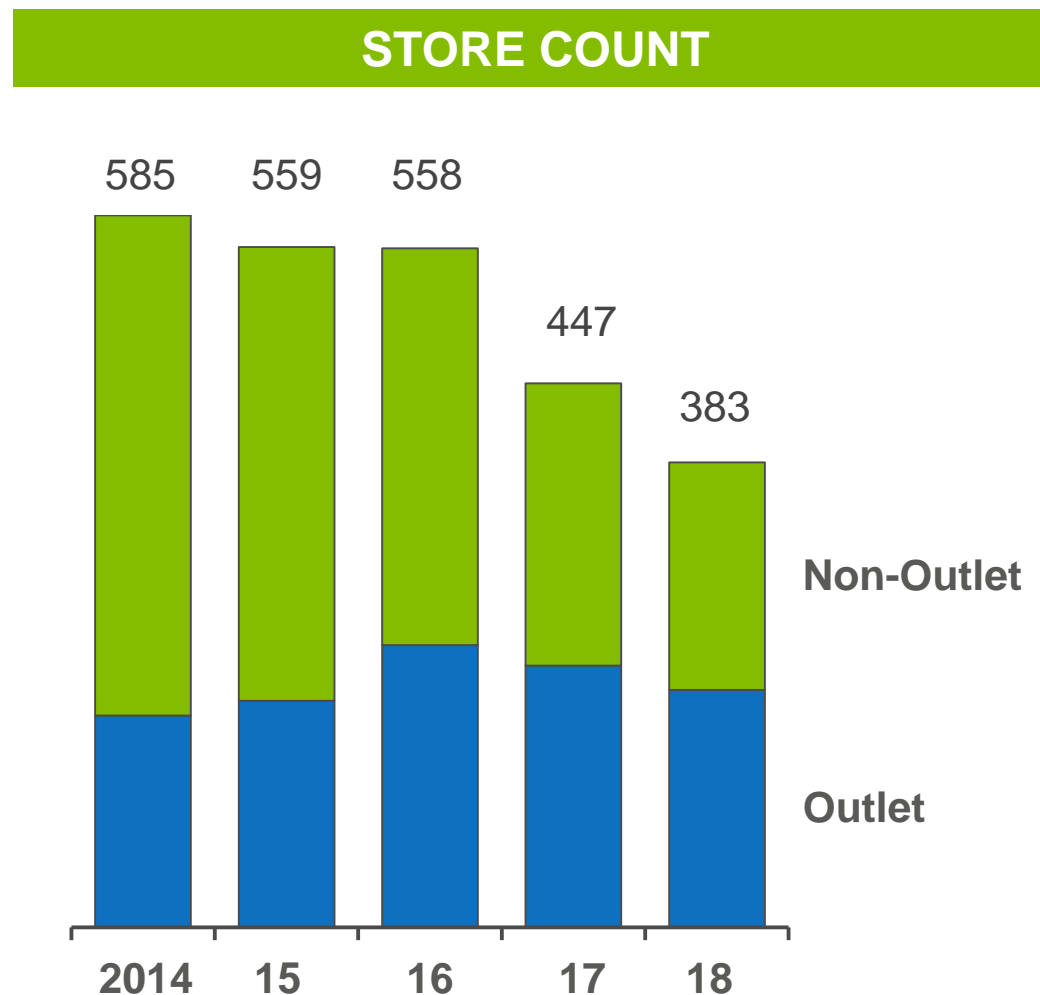
	Region	# of distributors*
●	Americas	8
●	Asia	15
●	EMEA	31

*Excludes partners operating stores in Company-operated countries



PRIORITIZE OUTLET GROWTH WITHIN RETAIL

- Retail fleet has been rightsized and majority is now focused on outlet stores; ended 1Q19 with 372 stores
- Outlet merchandising strategy has been repositioned to majority “Built for Outlet” assortments
- In Americas, outlet fleet is well positioned and focus will be on comp stores growth
- In EMEA, modest full price store closings will continue; have growth opportunities in leading outlet centers
- In Asia, primary outlet growth will be in Japan and China





ASIA IS LARGEST GROWTH OPPORTUNITY

Asia – Most opportunity for growth

- Increase brand recognition
- Optimize China opportunity
- Strong e-commerce growth and rapid marketplace expansion
- Multichannel growth in direct markets: China, India, Japan and South Korea
- Strong growth and incremental penetration in distributor markets

Americas – The largest region

- Maximize clog growth and expand sandal penetration at wholesale
- Leverage leading position with major e-tailers
- Continued strong e-commerce growth

EMEA – The most diverse region

- Maximize digital commerce with a focus on e-tail and marketplaces
- Drive wholesale growth through distributors

GLOBAL CLOG & SANDAL FOCUS



FINANCIAL INFORMATION

RECENT FINANCIAL RESULTS

FULL YEAR 2018

A very successful year:

- Robust revenue growth
 - 6.3% growth despite store closures and business model changes reducing revenues by ~\$60M
- Improved the quality of revenues
 - Fewer and narrower promotions and less liquidation
- Simplified the business to reduce costs
 - Right sized store fleet and associated overhead
 - Closed owned manufacturing facilities
- Strengthened our balance sheet
 - Generated strong free cash flow, increased borrowing capacity and eliminated preferred shares
- Repurchased 3.6M common shares on the open market for ~\$63M; average cost/share of \$17.42
- 5.8% EBIT margin; up ~400 bps as progress continues towards a double digit EBIT margin

1Q 2019

A great start to 2019:

- Revenues: \$295.9M, up 4.5%
 - On a constant currency basis and excluding \$6M impact of store closures, up more than 11%
- Adjusted Gross Margin*: 46.9%, down 250 bps
 - Negatively impacted by currency (140 bps). Also, by higher freight and DC, which will be partially mitigated by the Americas DC relocation
- Adjusted SG&A Rate*: 35.3% of revenues, an improvement of 410 bps
- Adjusted income from operations* rose 21.5% and adjusted operating margin* rose to 11.7% from 10.0%. Adjusted EPS* rose 57% to \$0.36
- Share repurchase authorization increased from \$500M to \$1B; ~\$600M remains available for future repurchases

2Q 2019 FINANCIAL GUIDANCE (AS OF 5/7/19)

- Revenues: \$350 - \$360M vs. \$328.0M in 2Q18
 - Expecting a negative currency impact of ~\$10M and store closures to reduce revenues by ~\$6M
 - Positively impacted by the Easter shift, which results in DTC sales associated with the holiday shifting into Q2, and negatively impacted by ongoing constraints on Classic clog inventory as a result of accelerating demand
- Gross margin: ~51% compared to 55.3% in 2Q18, with the decline due to:
 - Non-recurring charges related to the new DC, which are expected to reduce gross margin by ~120 bps,
 - ~150 bps of currency headwind, and
 - ~ 160 bps combined impact from higher freight costs and higher Americas DC operating costs
- SG&A: ~40% of revenues compared to 44.0% in 2Q18
 - Includes a significant increase in marketing
 - Includes non-recurring charges of ~\$2M compared to \$8.45M in 2Q18



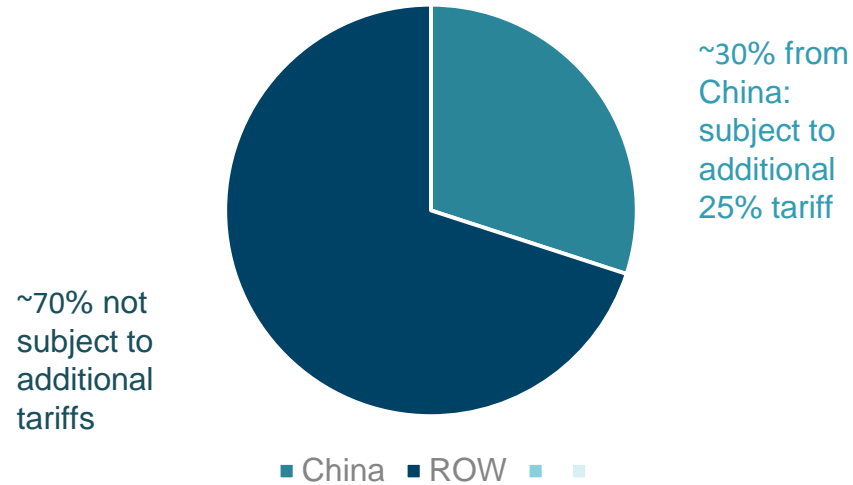
FULL YEAR 2019 GUIDANCE (AS OF 5/7/19)

- Revenues: Increase 5-7% over \$1,088.2M in 2018
 - Negative currency impact of ~\$25M and store closures to reduce revenues by ~\$20M
- Gross margin ~49.5% vs. 51.5% in 2018
 - Non-recurring charges related to the new DC are expected to reduce gross margin by ~100 bps, but are expected to be recouped in 2020
 - ~130 bps of currency headwind, partially offset by favorability from manufacturing shut downs and product mix
- SG&A: ~41% of revenues compared to 45.7% in 2018
 - Includes \$3M-\$5M of non-recurring charges compared to \$21.1M in 2018
- Operating income margin: ~ 8.5% compared to 5.8% in 2018; excluding all non-recurring charges, anticipate achieving our interim target of a LDD operating margin
- CAPEX: ~\$65M compared to \$12M in 2018; investing to drive operational efficiencies, improve the customer experience and enable future growth
 - Includes ~\$35M for the new DC; balance for IT and infrastructure investments, some of which were deferred from last year, and routine spend

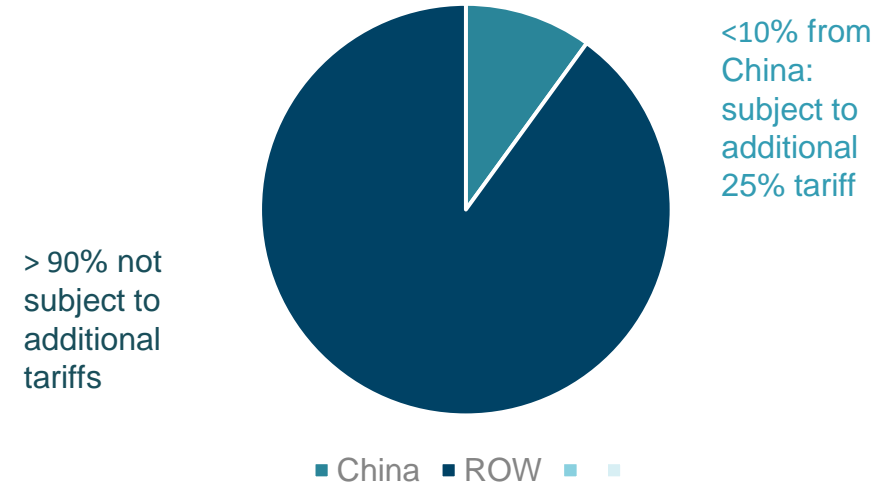


ESTIMATED IMPACT OF TARIFFS (AS OF JUNE 2019)

Current U.S. Sourcing Mix



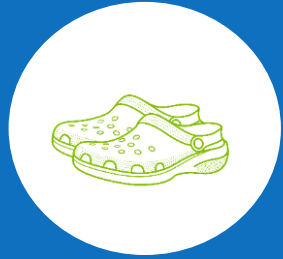
Expected U.S. Sourcing Mix in 2020



- Approximately 40% of global revenues come from the U.S.
- Assuming China footwear tariffs take effect on August 1st, the cost would be ~\$5 million for the remainder of 2019
- Balancing need to increase Classic clog production against our multi-year objective of reducing China-based manufacturing
- Based on current year guidance, U.S. product sourced in China will be <10% for 2020
- Currently evaluating additional mitigation plans

KEY INVESTMENT CONSIDERATIONS

KEY INVESTMENT CONSIDERATIONS



An unmistakable icon recognized around the world



A powerful global brand with a large, democratic consumer base



Management team with deep industry experience and essential skills



One of the world's 10 largest non-athletic footwear brands



Successful business transformation will drive further increases in shareholder value

- Growing revenues and gross margin while reducing SG&A; a sustainable, profitable business model
- Clear path to a double digit operating margin
- Strong balance sheet

APPENDIX

NON-GAAP RECONCILIATION

Non-GAAP cost of sales and gross margin reconciliation:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
GAAP revenues	\$ 295,949	\$ 283,148
GAAP cost of sales	\$ 158,334	\$ 143,275
New distribution center ⁽¹⁾	(1,165)	—
Other	(110)	—
Total adjustments	(1,275)	—
Non-GAAP cost of sales	\$ 157,059	\$ 143,275
GAAP gross margin	\$ 137,615	\$ 139,873
GAAP gross margin as a percent of revenues	46.5%	49.4%
Non-GAAP gross margin	\$ 138,890	\$ 139,873
Non-GAAP gross margin as a percent of revenues	46.9%	49.4%

⁽¹⁾ Represents non-recurring expenses related to our new distribution center in Dayton, Ohio.

Non-GAAP selling, general and administrative expenses reconciliation:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
GAAP revenues	\$ 295,949	\$ 283,148
GAAP selling, general and administrative expenses ⁽¹⁾	\$ 105,037	\$ 113,951
Non-recurring expenses associated with cost reduction initiatives ⁽²⁾	(685)	(2,499)
Total adjustments	(685)	(2,499)
Non-GAAP selling, general and administrative expenses	\$ 104,352	\$ 111,452
GAAP selling, general and administrative expenses as a percent of revenues	35.5%	40.2%
Non-GAAP selling, general and administrative expenses as a percent of revenues	35.3%	39.4%

⁽¹⁾ Non-GAAP selling, general and administrative expenses are presented gross of tax.

⁽²⁾ Non-recurring expenses associated with cost reduction initiatives in 2019 and the SG&A reduction plan in 2018.

Non-GAAP income from operations and operating margin reconciliation:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
GAAP income from operations	\$ 32,578	\$ 25,922
Non-GAAP cost of sales adjustments ⁽¹⁾	1,275	—
Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾	685	2,499
Non-GAAP income from operations	\$ 34,538	\$ 28,421
GAAP operating margin	11.0%	9.2%
Non-GAAP operating margin	11.7%	10.0%

⁽¹⁾ See 'Non-GAAP cost of sales reconciliation' above for more details.

⁽²⁾ See 'Non-GAAP selling, general and administrative expenses reconciliation' above for more details.

NON-GAAP RECONCILIATION

Non-GAAP earnings per share reconciliation: ⁽¹⁾

	Three Months Ended March 31,	
	2019	2018
	(in thousands, except per share data)	
Numerator:		
GAAP net income attributable to common stockholders	\$ 24,710	\$ 12,523
Less: GAAP adjustment for net income allocable to Series A Preferred stockholders	—	(2,094)
GAAP remaining net income available to common stockholders- basic and diluted	<u>\$ 24,710</u>	<u>\$ 10,429</u>
GAAP net income attributable to common stockholders	\$ 24,710	\$ 12,523
Preferred share dividends and dividend equivalents ⁽²⁾	—	3,931
Non-GAAP cost of sales adjustments ⁽³⁾	1,275	—
Non-GAAP selling, general and administrative expenses adjustments ⁽⁴⁾	685	2,499
Pro forma interest ⁽⁵⁾	—	(1,407)
Non-GAAP net income attributable to common stockholders	<u>\$ 26,670</u>	<u>\$ 17,546</u>
Denominator:		
GAAP weighted average common shares outstanding - basic	73,009	68,705
Plus: GAAP dilutive effect of stock options and unvested restricted stock units in both periods and Series A Preferred in 2018	1,866	2,963
GAAP weighted average common shares outstanding - diluted	<u>74,875</u>	<u>71,668</u>
GAAP weighted average common shares outstanding - basic		68,705
Non-GAAP weighted average converted common shares outstanding adjustment ⁽⁶⁾		6,897
Non-GAAP weighted average common shares outstanding - basic ⁽⁷⁾		75,602
Dilutive effect of stock options and unvested restricted stock units ⁽⁸⁾		1,719
Non-GAAP weighted average common shares outstanding - diluted ⁽⁹⁾		<u>77,321</u>
GAAP net income per common share:		
Basic	\$ 0.34	\$ 0.15
Diluted	<u>\$ 0.33</u>	<u>\$ 0.15</u>
Non-GAAP net income per common share:		
Basic ⁽¹⁰⁾	\$ 0.37	\$ 0.23
Diluted ⁽¹¹⁾	<u>\$ 0.36</u>	<u>\$ 0.23</u>

⁽¹⁾ Non-GAAP earnings per share calculation for the three months ended March 31, 2018 assumes the repurchase and conversion of the Series A Convertible Preferred Stock occurred on December 31, 2017 ("the Conversion").

⁽²⁾ Adjustment adds back quarterly dividends and dividend equivalents for the Series A Convertible Preferred Stock in calculating non-GAAP net income attributable to common stockholders for the three months ended March 31, 2018.

⁽³⁾ See 'Non-GAAP cost of sales and gross margin reconciliation' above for more information.

⁽⁴⁾ See 'Non-GAAP selling, general and administrative expenses reconciliation' above for more information.

⁽⁵⁾ Pro forma interest for the three months ended March 31, 2018 assumes borrowings of \$120.0 million on were outstanding for all of 2018 at a rate of 4.69% to partially finance the Conversion. Calculation assumes no repayments and no financing fees.

⁽⁶⁾ Adjustment represents the incremental increase in weighted average common shares outstanding for the three months ended March 31, 2018 resulting from the Conversion.

⁽⁷⁾ Non-GAAP weighted average common shares outstanding - basic for the three months ended March 31, 2018 assumes the Conversion.

⁽⁸⁾ Adjustment reflects the dilutive impact of Series A Preferred Shares on GAAP weighted average common shares outstanding - diluted, which are not included in non-GAAP weighted average common shares outstanding - diluted assuming the Conversion.

⁽⁹⁾ Non-GAAP weighted average common shares outstanding - diluted for the three months ended March 31, 2018 assumes the Conversion.

⁽¹⁰⁾ Non-GAAP net income per common share - basic for the three months ended March 31, 2018 assumes the Conversion.

⁽¹¹⁾ Non-GAAP net income per common share - diluted for the three months ended March 31, 2018 assumes the Conversion.

HIGHLIGHTS OF BLACKSTONE DEAL

- Background: In 2014, Blackstone invested \$200M in Crocs Preferred Shares
 - Earned 6%/\$12M dividend annually and a net income allocation in any quarter with positive earnings
 - Convertible at \$14.50/sh into ~13.8M shares of Common Stock. Crocs could only force conversion if the stock traded at \$29 for 20 consecutive trading days.
- December 2018 Transaction: Four Key Elements
 - 50% of the preferred was redeemed at a price equivalent to \$26.64 per share (\$183.7M)
 - 50% of the preferred was converted into 6.9M shares of common; Blackstone agreed to a nine month lock-up
 - Blackstone representatives remain on the Crocs Board, their right to nominate future directors fell from two to one
 - Crocs made a one-time \$15M payment to Blackstone; amount equals the preferred dividend that would have been payable between 10/1/18 and 12/31/19
- Benefits of the Transaction
 - The \$12M annual dividend and the preferred share allocation ended immediately.
 - 6.9M shares of common were effectively repurchased in one transaction. Crocs acquired a large block of its common stock without the price uncertainty and volume limitations associated with open market purchases.
 - Blackstone signaled its ongoing confidence in Crocs' future by agreeing to an extensive lock-up; Crocs benefits from Blackstone's continued Board participation and expertise.
- 4Q18 and 2018 Impact
 - In the 4th quarter of 2018, the Company recorded \$120M of preferred share dividend and dividend equivalents in connection with the transaction along with other non-recurring charges. These amounts had a material negative impact on our GAAP net income (loss) attributable to common stockholders and net income (loss) per common share for the quarter and full year. See the Company's February 28, 2019 press release for further details and a reconciliation of GAAP to non-GAAP results.

FRAMEWORK FOR A LDD OPERATING MARGIN

1

**Drive Double Digit E-commerce and Modest
Wholesale Revenue Growth**

2

**Sustainable Gross Margin in the
Low 50% Range**

Core Molded Product generates high quality revenue

3

SG&A in the Low 40% Range
Leverage SG&A over growing revenue base



crocs™