

Hyeonmyeong (Sunny) Cho
Freshman



Abhiram Iruku
Freshman

Texas Stock Pitch

NASDAQ: CROX

Recommendation: Long



Sai Korimilli
Freshman



Logan Colhoun
Sophomore

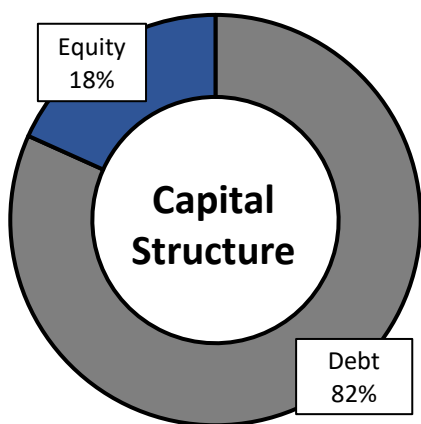
Company Overview



Market Data

Market Cap	\$6,861	LTM Revenue Growth	49.5%
Enterprise Value	\$9,614	LTM Revenue	\$3,196
Net Debt	\$2,753	LTM EBITDA	\$908
Price	\$113.43	EV/Revenue	3.0x
52 Week High	\$136.81	EV/EBITDA	10.6x
52 Week Low	\$46.08	P/E	12.2x

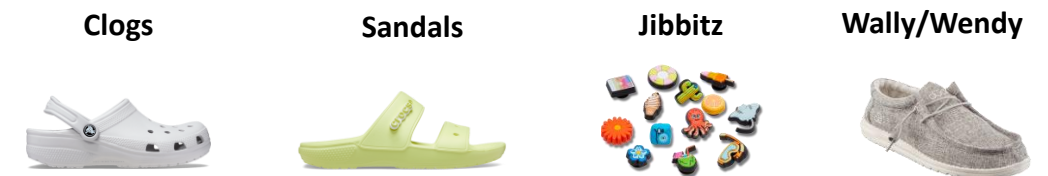
Capital Structure



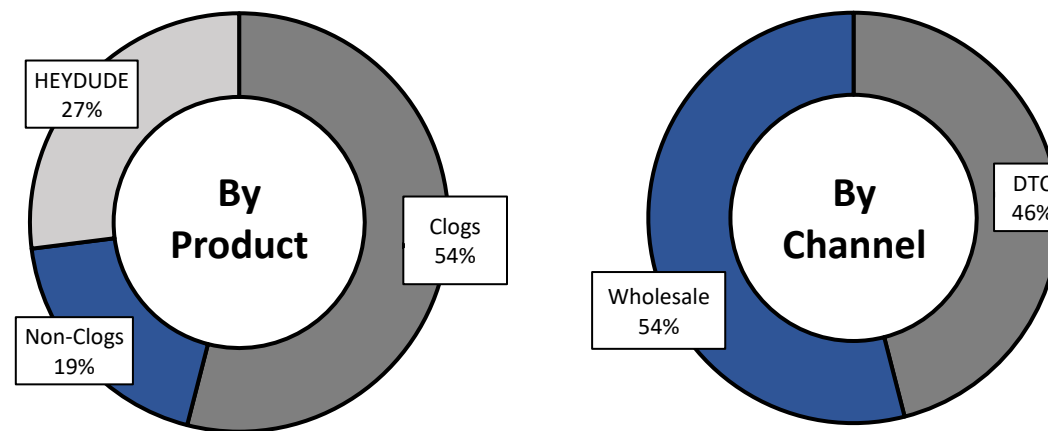
	Principal Due	Maturity	Rate
2029 Senior Note	\$350	2029	4.25%
2031 Senior Note	\$350	2031	4.13%
Term Loan B	\$1975	2029	10%
Lease Liabilities	\$280.5	N/A	3.60%

Business Description

Founded in 2002 in Boulder, CO, Crocs is a casual footwear company that manufactures and sells shoes under the Crocs and HEYDUDE brands. Crocs is known for its foam clogs made from the patented Croslite material. In addition to its classic clogs, Crocs also sells sandals, slides, sneakers, and Jibbitz. Crocs sells shoes in 85 countries across the globe and is the seventh largest footwear company by market cap.



Revenue Breakdown*



Investment Thesis



Market View

Crocs' recent success is unsustainable, as it has been driven by pandemic-fueled fashion trends. Crocs will not be able to attain management's long-term revenue guidance of \$5B+ by 2026, with Bloomberg Consensus mean coming in at ~\$3.3B.

Crocs is overleveraged relative to peers, with a 2.9x gross leverage ratio (LTM Q3 2022) compared to 1.2x in 2021. Crocs will be burdened by interest payments, and the floating rate nature of their recent debt issuance adds to the risk of debt.

Variant View

While Crocs has been a beneficiary of the pandemic, recent success can be attributed to a successful turnaround by new management. Led by Andrew Rees, Crocs reduced its retail footprint, outsourced manufacturing, returned its focus to the clog, and invested in digital marketing. Since Andrew Rees became CEO in 2017, Crocs has beat earnings expectations 20/22 times.

Crocs issued \$2B in debt to fund the HEYDUDE acquisition and is committed to deleveraging to <2x gross leverage. Crocs has the ability to generate a significant amount of free cash flow and already repaid \$300M of Term Loan B in Q4 alone, bringing them to a ~2.2x gross leverage ratio.

Recommendation: Buy

Current Price: \$131.20

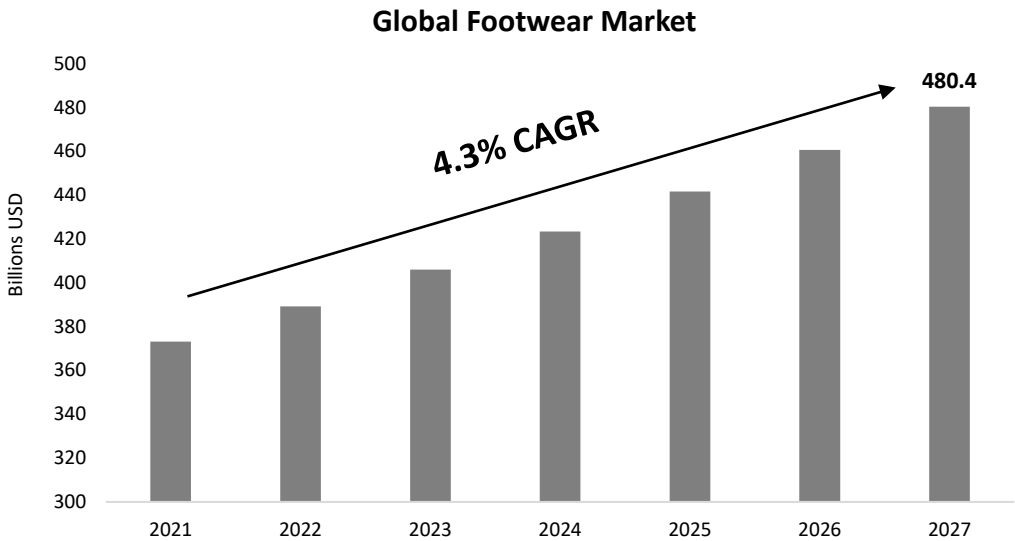
2027 Price Target: \$350.01

Implied 5-Year IRR: 21.68%

Footwear Market Overview



Market Size



Shift To Comfort

- Decade long trend of athleisure further fueled by the pandemic
- The athleisure trend has evolved beyond traditional athletic clothing, and represents a shift to prioritizing comfort above all else
- Sneakers, loafers, sport slides, clogs, and sandals are benefitting from this trend to casual

“With comfort in season year-round and the ‘athletic as a fashion’ movement continuing to progress, comfort is here to stay. Brands and retailers must find ways to innovate and embrace this new norm.”

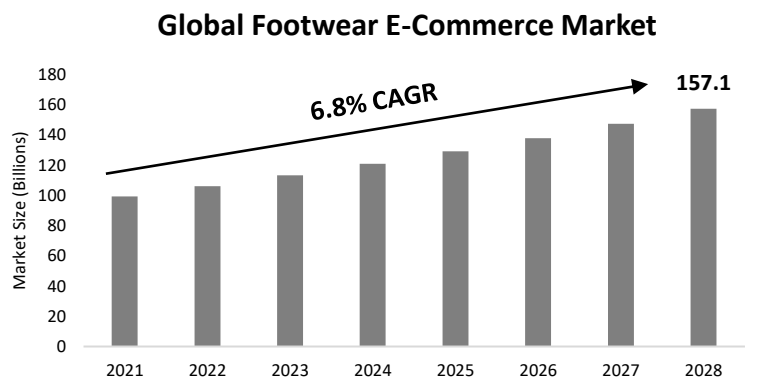
Key Players



E-Commerce

96%
of respondents shop online for **casual** apparel and footwear

84%
of respondents shop online for **athleticwear** and shoes



Competitive Landscape

Athletic Footwear

Running Shoes



Basketball Shoes



Cleats



Run on clouds.



Casual Footwear

Flip Flops



Clogs



Slides



Canvas Sneakers



Loafers



Flats



Fashion Footwear

Heels



Boots



Oxfords



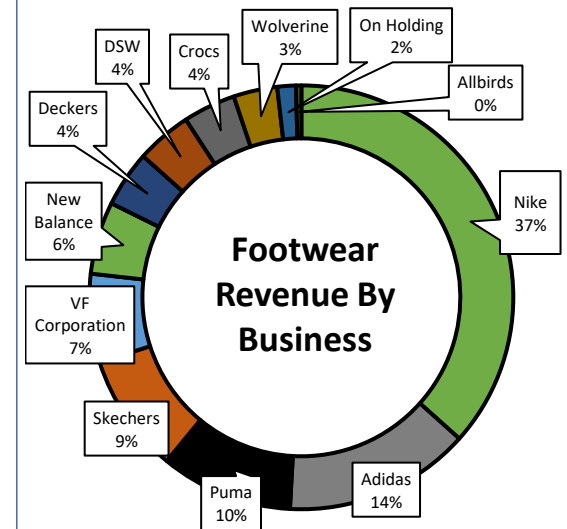
Wedges



Popularity

Piper Sandler's
"Taking Stock With Teens"
Fall 2022

1. Nike: 60%
2. Converse*: 10%
3. Adidas: 7%
4. Vans*: 7%
5. Crocs: 2%



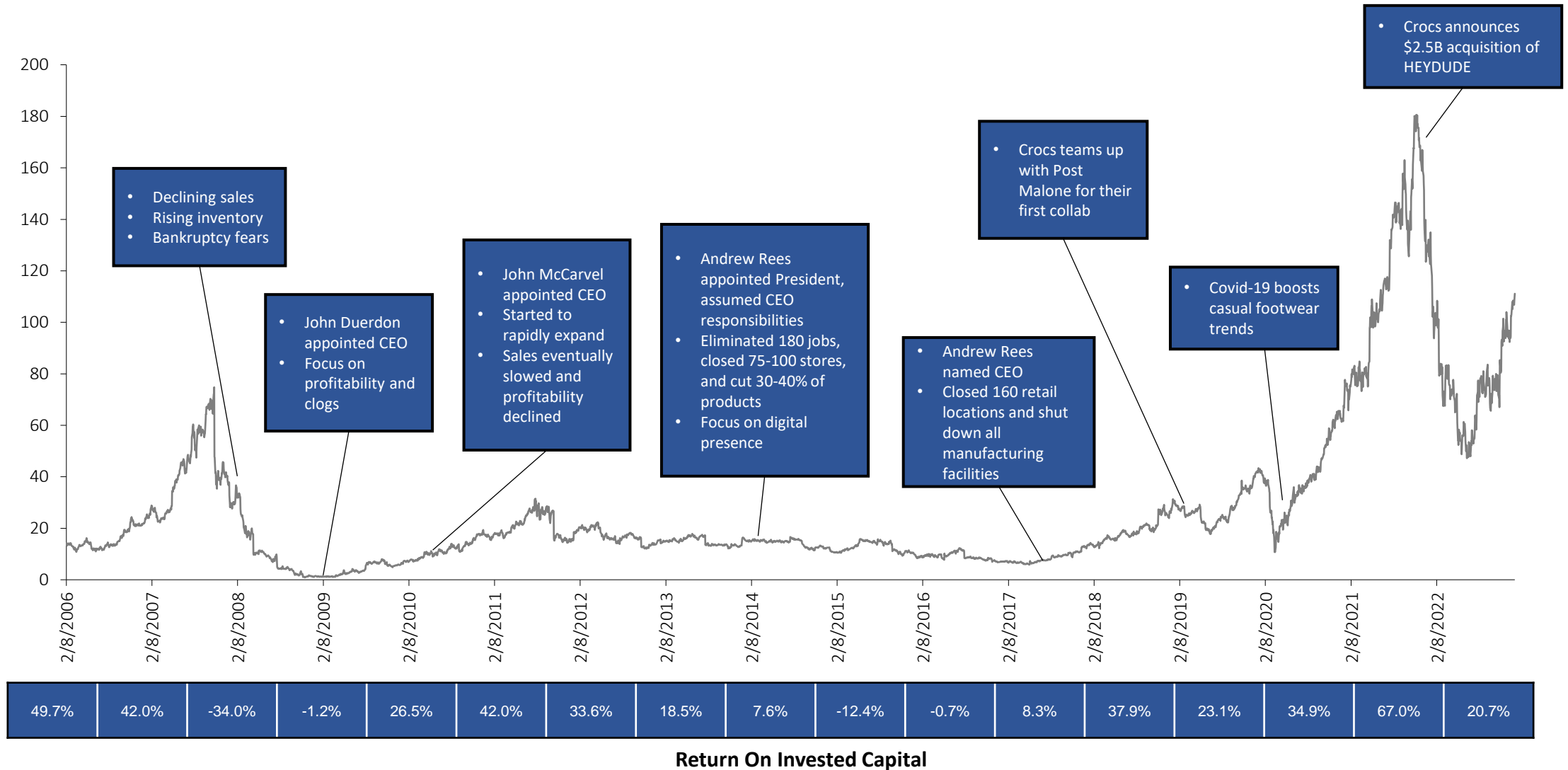
Key Takeaways

Highly competitive industry with many players fighting for market share.

Nike dominates the overall industry in terms of sales and popularity.

Crocs is a large and popular player within the casual footwear vertical.

Turnaround Story



Management Team



Andrew Rees

Chief Executive Officer, since 2017

- Served as Vice President of Strategy at Reebok International for 4 years
- Served as Managing Director of L.E.K Consulting where he founded the Retail and Consumer Product Practice for 13 years
- Served as a consultant for Crocs from 2013 to 2014



Rick Blackshaw

Executive Vice President and Brand President for HEYDUDE, since 2021

- Served as the VP General Manager for the Chuck Taylor Business Group of Nike, quadrupling sales in his 9-year tenure
- Served as President of Sperry for nearly 3 years, focusing on operational improvements
- Served as CEO of CCM Hockey, a private equity-backed carve-out from Nike



Anne Mehlman

Chief Financial Officer, since 2020

- Served as VP of Finance for Crocs for 5 years from 2011-2016
- Transitioned from Crocs for 2 years to become the CFO of Zappos before returning to Crocs as CFO in 2020

Guidance Conservatism

Q1
 \$1B+ HEYDUDE Revenue
 Guidance By 2024



Q2
 \$1B+ HEYDUDE Revenue
 Guidance By 2023



Q3
 ~\$1B HEYDUDE Revenue
 Guidance By 2022

Earnings Performance

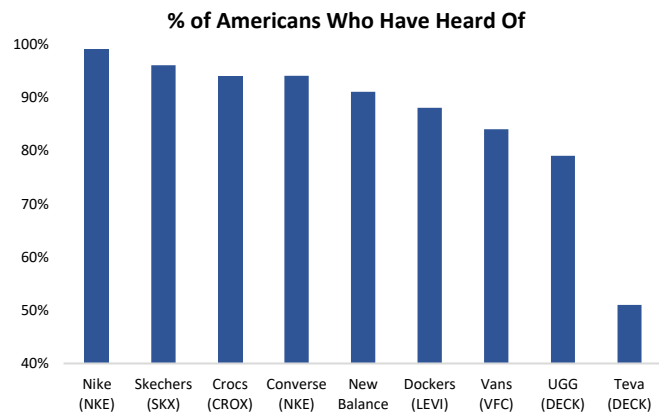
2017 Q3	Beat
2017 Q4	Miss
2018 Q1	Beat
2018 Q2	Beat
2018 Q3	Beat
2018 Q4	Beat
2019 Q1	Beat
2019 Q2	Beat
2019 Q3	Beat
2019 Q4	Beat
2020 Q1	Miss
2020 Q2	Beat
2020 Q3	Beat
2020 Q4	Beat
2021 Q1	Beat
2021 Q2	Beat
2021 Q3	Beat
2021 Q4	Beat
2022 Q1	Beat
2022 Q2	Beat
2022 Q3	Beat
2022 Q4	Beat

Crocs has beaten earnings estimates **20/22** quarters since Andrew Rees became CEO.

Competitive Advantage

Brand Strength

Brand recognition of Crocs is among the highest in the US footwear industry.



Crocs' ability to increase prices to offset rising costs displays the pricing power provided by the Crocs brand.



*ASP/shoe includes Jibbitz Revenue

Personalization



- Personalization is core to the Crocs brand, embracing their slogan, "Come As Your Are"
- Each Crocs shoe has room for 13 Jibbitz, with the capability to add 26 Jibbitz to each pair of Crocs
- Jibbitz have 2x the customer LTV compared to non-Jibbitz customers
- Crocs' shoes serve as a "platform" for additional Jibbitz purchases
- Jibbitz accounted for 6% of total revenue in 2021

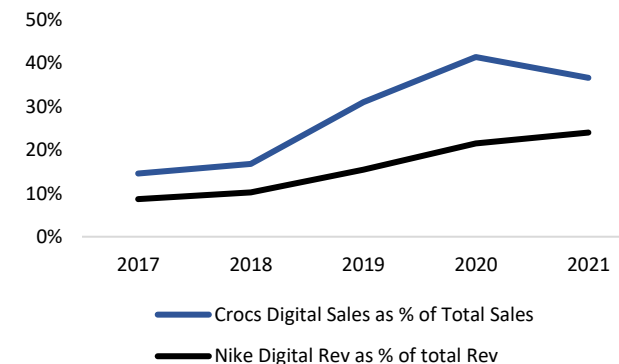
Crocs' target customers, Gen Z and Millennials, are more likely to purchase products that can be personalized.

62%
of Gen Z said they are willing to pay extra for personalization

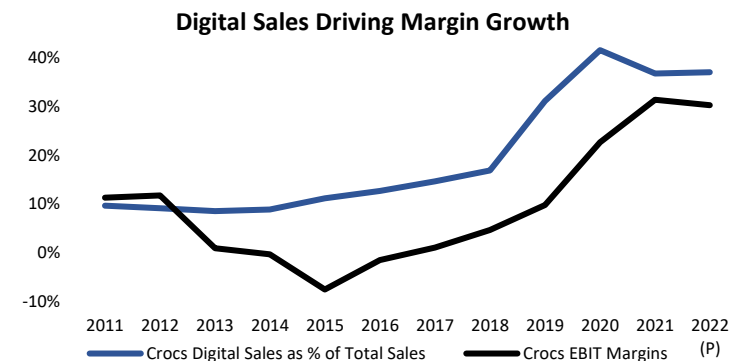
75%
of Gen Z are said they're more likely to buy a product if they can customize it

Digital Marketing & Presence

Crocs has best-in-class digital penetration, helping drive higher margins and increase customer engagement.



Increasing digital penetration has been a key driver for brand engagement and margin expansion.



Industry Comparisons



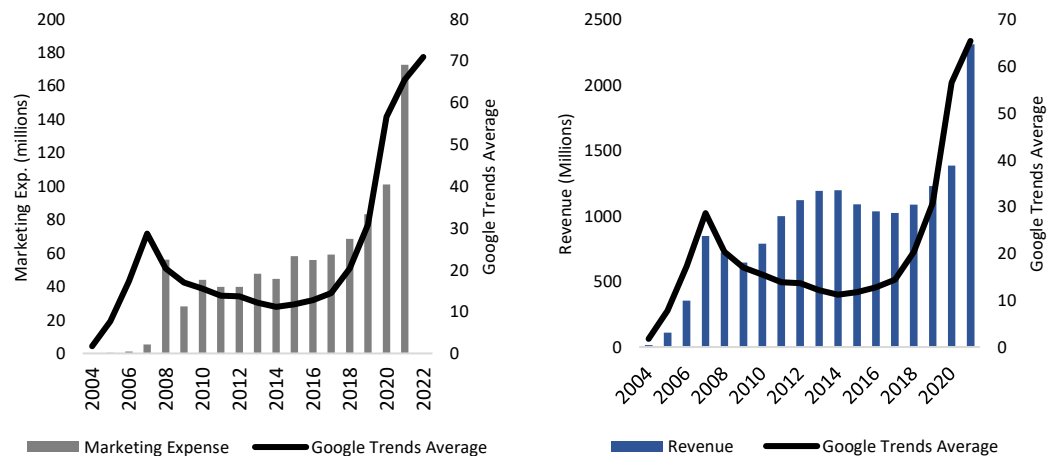
Brands					
Enterprise Value (millions)	10312	197585	10301	8215	17661
5 Year Revenue CAGR	25.9%	7.2%	13.8%	12.2%	0.4%
LTM EBIT Margins	27.3%	13.0%	17.7%	7.3%	11.6%
LTM EV/EBITDA	11.4x	26.9x	15.2x	11.8x	11x

Strategic Outlook

Marketing Strategy

Innovative Marketing Strategies:

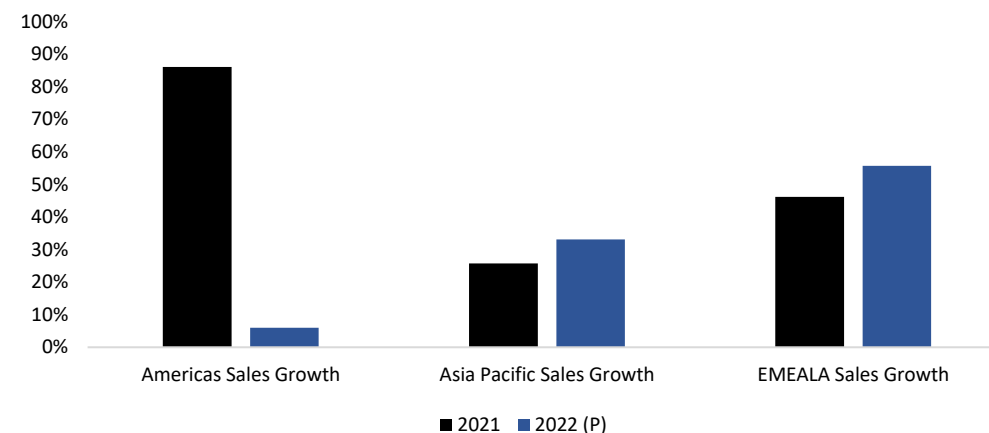
- Endorsing and collaborating with high-profile celebrities and brands to increase popularity amongst target consumer base (Gen-Z and millennials) both domestically and internationally.



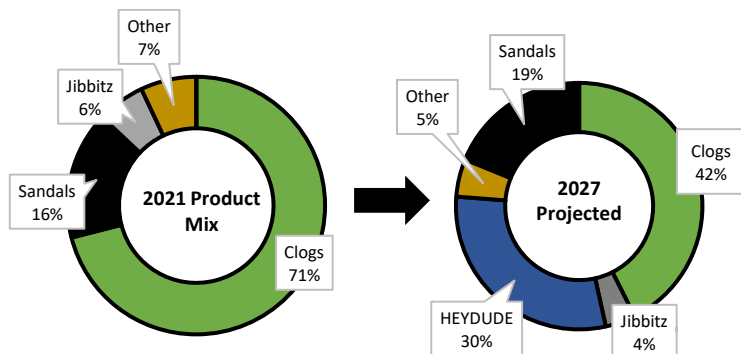
International Expansion

- Long-term goal for Asia to make up ~25% of total Crocs brand revenues, and grow China to ~10% of total revenue

Strong international growth helping grow overall top-line, despite steady demand in the Americas segment.



Portfolio Diversification

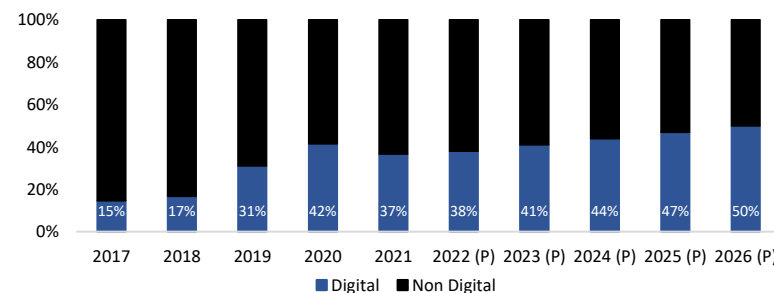


Management guided at:

- ~4x sandals revenue by 2026
- ~2x Jibbitz revenue by 2026
- Assumed ~20% CAGR for HEYDUDE brand

Leveraging Digital Ecosystem

Digital Penetration



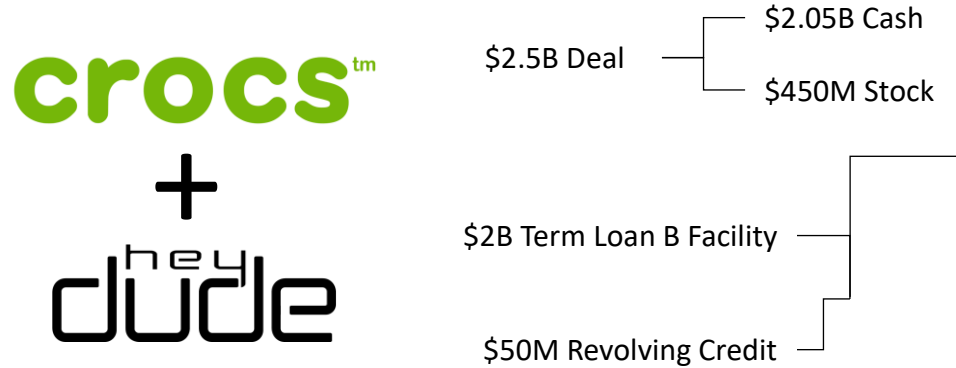
Management guided at:

- 50% digital sales by 2026

HEYDUDE Acquisition



Acquisition Details

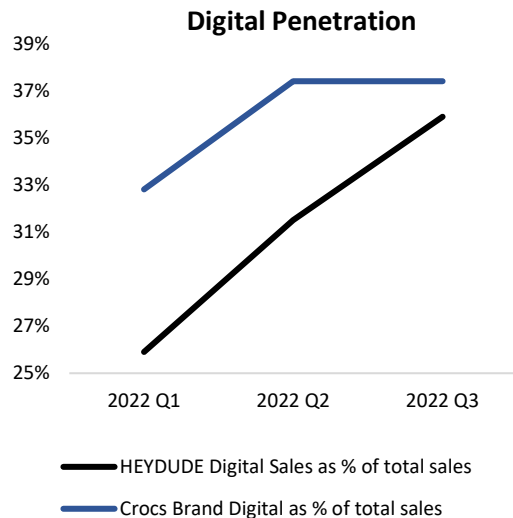


About HEYDUDE

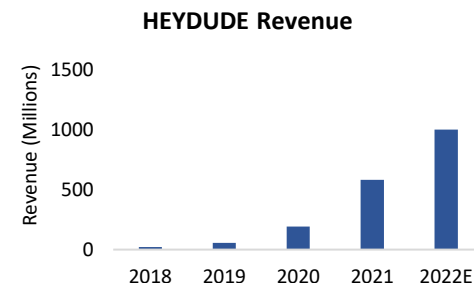
HEYDUDE was founded in 2009 by Italian footwear experts Alessandro and Dario. HEYDUDE sells a variety of shoes from boots to sandals, but its most popular shoes are their loafers and boat shoes, Wendy and Wally. By October 2011, HEYDUDE had already sold over 1 million pairs of shoes. HEYDUDE continues to grow in popularity and has been named the #7 most popular shoe in the US among teens. Crocs completed the acquisition of HEYDUDE in February 2022.



Synergies

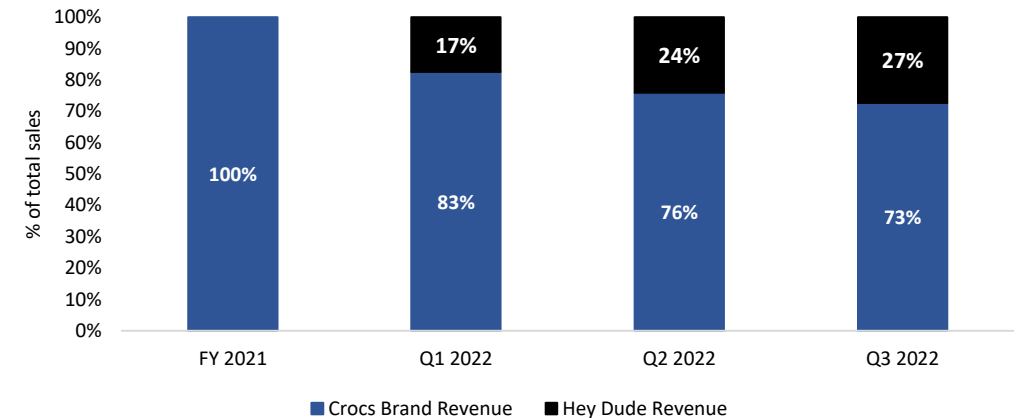


- Leveraging Crocs’ digital infrastructure and marketing strategies
- Rolling out an influencer strategy utilizing Crocs’ existing relationships
- Leveraging Crocs’s wholesale relationships to expand distribution



Portfolio Diversification

HEYDUDE will continue to diversify the Crocs portfolio as it experiences double digit growth rates.



Base Case Consolidated Financial Projections

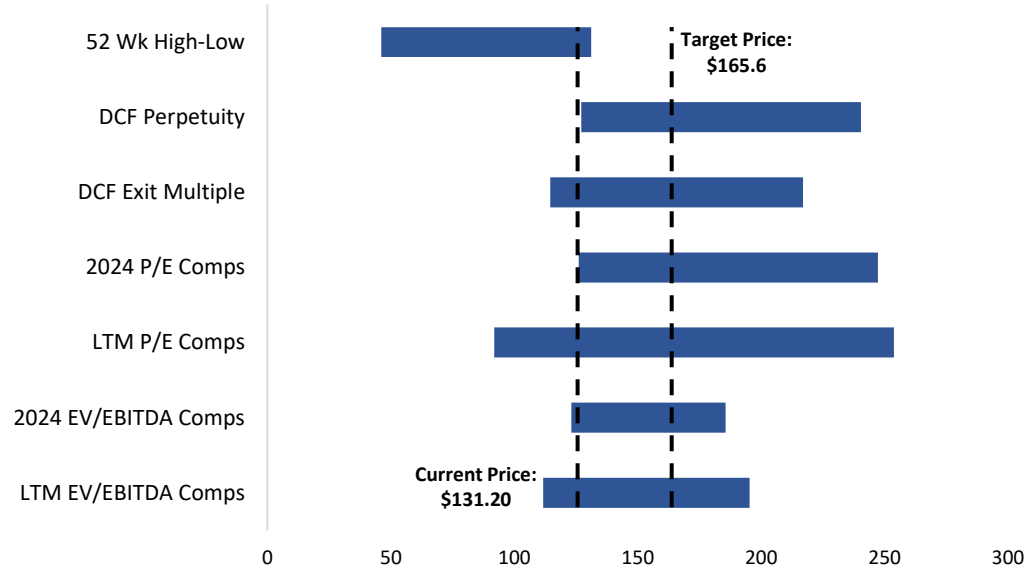


Currency In Millions	2018	2019	2020	2021	2022	2023 (P)	2024 (P)	2025 (P)	2026 (P)	2027 (P)	Management Guidance
Crocs Revenue	1088	1231	1386	2313	2644	2843	3250	3771	4393	4920	HEYDUDE Acquired in Q1 2022
Total Crocs Revenue Growth	6%	13%	13%	67%	14%	8%	14%	16%	16%	12%	
Americas Revenue	520	641	864	1607	1703	1737	1876	2064	2271	2452	
Americas Revenue Growth	8%	23%	35%	86%	6%	2%	8%	10%	10%	8%	
Asia Pacific Revenue	345	348	279	350	474	592	752	955	1213	1395	
Asia Pacific Revenue Growth	3%	1%	-20%	26%	35%	25%	27%	27%	27%	15%	
EMEALA Revenue	220	242	244	356	467	513	621	751	909	1073	
EMEALA Revenue Growth	7%	10%	1%	46%	31%	10%	21%	21%	21%	18%	
HEYDUDE Revenue	20	56	191	580	895	1119	1343	1612	1902	2206	
HEYDUDE Revenue Growth		180%	241%	204%	54%	25%	20%	20%	18%	16%	
Total Revenue	1088	1231	1386	2313	3539	3962	4593	5383	6295	7126	
Total Revenue Growth	6%	13%	13%	67%	53%	12%	16%	17%	17%	13%	
Adj. EBIT	67	129	214	683	926	1041	1148	1376	1650	1843	
Adj. EBIT Margins	6%	10%	15%	30%	26%	26%	25%	26%	26%	26%	
Net Income	51	120	313	723	533	666	780	987	1215	1371	
Net Income Margin	5%	10%	23%	31%	15%	17%	17%	18%	19%	19%	
Shares Outstanding	68.4	70.4	67.4	62.5	60.5	60.2	59.0	56.9	54.5	51.6	
Basic EPS	0.75	1.71	4.65	11.57	8.81	11.06	13.23	17.36	22.31	26.56	
Cash from Ops.	114	90	267	567	430	844	852	1070	1307	1498	
Cash from Investing	-10	-36	-42	-56	-2207	-180	-184	-215	-252	-285	
Total Debt Repaid	-1	-230	-235	-485	-550	-400	-350	-350	-350	-100	
Repurchase of Common Stock	-63	-149	-174	-1020	0	-50	-250	-500	-700	-1000	
Cash from Financing	-149	-69	-198	-430	1690	-450	-600	-850	-1050	-1100	
Unlevered FCF	101	46	151	445	433	749	703	845	1014	1152	
Net Change in Cash	-50	-16	27	78	-87	214	68	4	5	113	

Valuation



1-Year Valuation Analysis



Weighting	
DCF Perpetuity	25%
DCF Exit Multiple	25%
2024 P/E Comps	12.5%
LTM P/E Comps	12.5%
LTM EV/EBITDA Comps	12.5%
2024 EV/EBITDA Comps	12.5%

Weighted Values	
DCF Perpetuity	38.4
DCF Exit Multiple	38.6
2024 P/E Comps	21.6
LTM P/E Comps	23.3
LTM EV/EBITDA Comps	20.7
2024 EV/EBITDA Comps	23.0
Implied Share Price	165.6

Current Price	131.20
Implied Share Price	165.6
Implied Upside	26.2%

5-Year Base Case Valuation

Base Case	
2027 EBITDA	1946
2027 EV/EBITDA	9.4
2027 Implied Enterprise Value	18289
2027 Implied Debt	912
2027 Implied Cash	530
2027 Implied Equity Value	17907
2027 Shares Outstanding	51.163
2027 Implied Share Price CROCS, INC. (XNAS:CROX)	\$350.01
5-Year Upside	167%
Implied IRR	21.68%

Base Case Assumptions

- 2026 Crocs brand revenue of ~\$4.8B, slightly below management's \$5B+ target
- 25.5% adjusted operating margins in 2026, below management's ~26%-27% guidance
- Free cash flow used to deleverage to <0.5x net leverage, and share repurchase program restarting in H2 2023

	2023	2024	2025	2026	2027
Share Buybacks	50	250	500	700	1000
Debt Repayment	550	400	350	350	350
Free Cash Flow	749	703	845	1014	1152

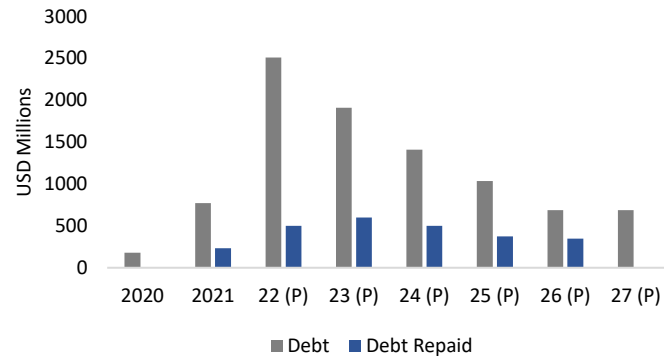
Catalysts



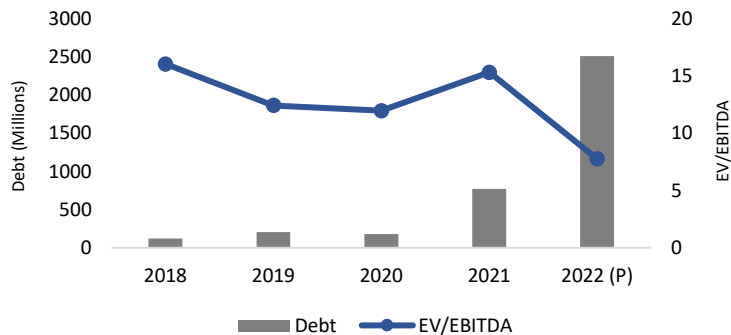
Deleveraging

Reducing debt levels following the HEYDUDE acquisition could lead to multiple expansion and allow for continued share buybacks.

FCF To Reduce Debt Burden



Multiple Expansion Potential

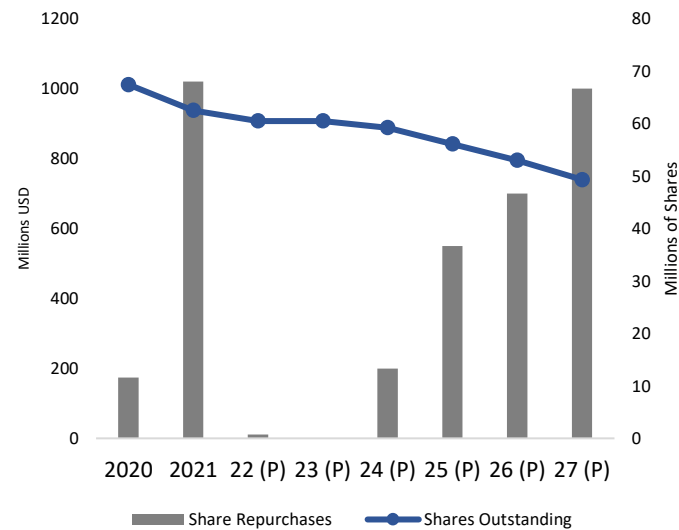


Share Buybacks

Share buybacks could generate significant shareholder value over the next 5 years, with an increase in the purchasing program serving as a hard catalyst.

Management has proven their prudent repurchase of shares and will continue to do so once they deleverage.

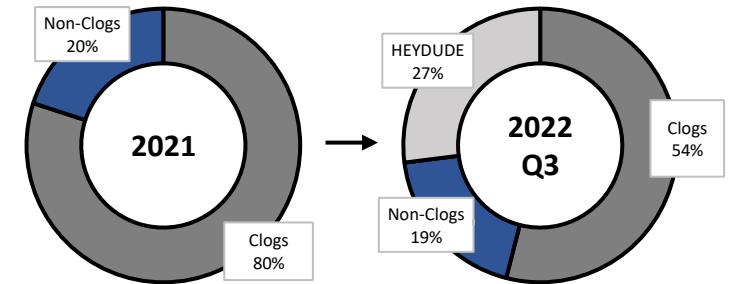
Potential To Significantly Reduce The Equity Base



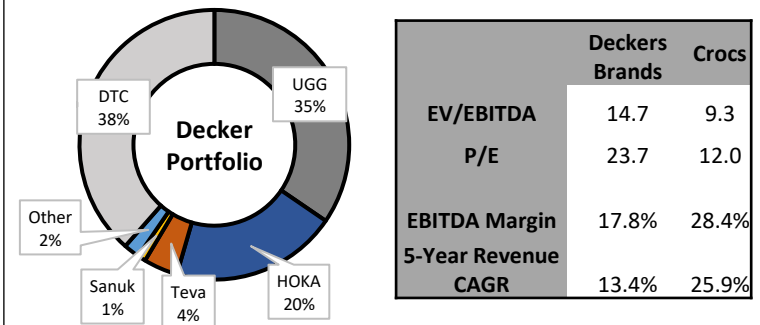
Portfolio Diversification

HEYDUDE, sandals, and Jibbitz will all serve as ways to diversify the Crocs' portfolio away from clogs, likely resulting in multiple expansion.

Reducing Portfolio Concentration



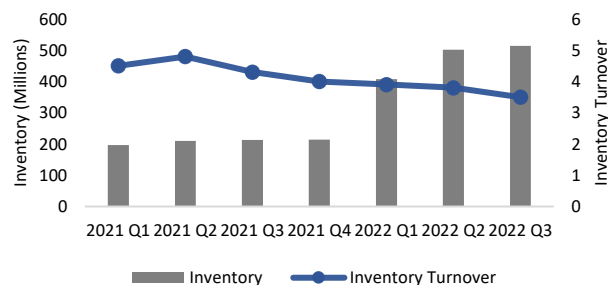
Market Values Diversification



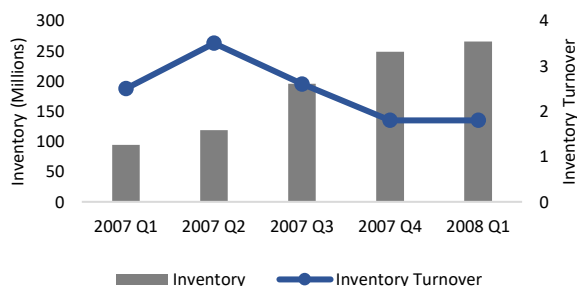
Risks

Increasing Inventory

Inventory has increased substantially over the past year, reducing cash flow and increasing the risk of inventory obsolescence.



Inventory increase in Q1 2022 is largely due to acquisition of HEYDUDE. Inventory turnover has decreased but is similar to pre-pandemic levels.



Inventory crisis in '08 shows inventory turnovers decreasing much further than current levels, to 1.8x.

Macroeconomic Environment

The threat of a looming recession could decrease demand for footwear, while rising rates could increase interest expense on Crocs' floating note.

Footwear During Recessions

- Shoes wear out more often than other apparel like shirts or jackets
- Shoes are more "necessary" than traditional discretionary items
- Children grow out of shoes frequently, and parents will spend the money to buy their children new shoes
- Footwear performed well during '08-'09, with the exception of Crocs, who was dealing with its own internal issues

Floating Rate Interest

Note	Principal
Term Loan B	\$1975

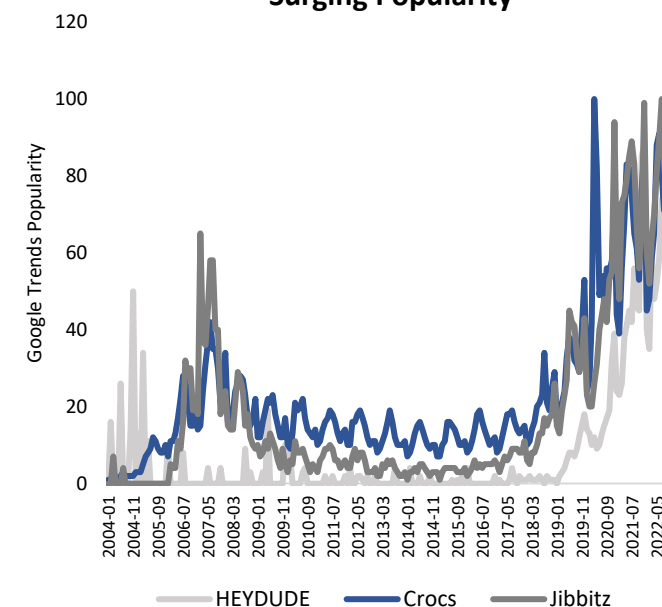
"Alternate Base Rate" =
Citigroup Prime Rate (7.5%) + 2.5% = 10%

Interest Rate	Int. Pmt.
10%	\$197.5
11%	\$217.25
12%	\$237

Decline In Popularity

A rapid decline in Crocs' and HEYDUDE's popularity could cause a sharp decline in top-line growth.

Surging Popularity



Crocs has benefited from surging popularity for the Crocs and HEYDUDE brands. A reversal in sentiment for Crocs' brands could result in disappointing top line growth.

We recommend initiating a long position in Crocs (CROX) and hold for 5+ years. With a 5-year price target of \$346.64 and an implied IRR of ~22%, we believe that Crocs offers a reasonable margin of safety. Through continued growth, portfolio diversification, deleveraging, and share buybacks, Crocs shares appear to have significant room for price appreciation.

Appendix

CROCS IS A PROVEN GROWTH COMPANY

Entrepreneurial Phase 2002 - 2006	Overextension 2008 to 2013	Transformation & Brand Re-ignition 2014 to 2017	Profitable Growth 2018 to Present
<ul style="list-style-type: none"> Classic clog is born in 2002 and gains broad popularity Completed largest footwear IPO in U.S. history in 2006 Acquired Jibbitz, increasing personalization 	<ul style="list-style-type: none"> Over diversified product line (e.g., golf shoes) and little investment in the iconic clog led to low brand relevance and subpar gross margins Disparate go to market created many subscale geographies Over extension of global retail fleet to 600+ stores in 2013 No cohesive global marketing strategy High cost base (SG&A 47%+ of revenues) 	<ul style="list-style-type: none"> Announced intention to refine strategy and earnings growth through simplification and focus <ul style="list-style-type: none"> Appointed Andrew Rees as President Blackstone invested \$200M to fund share repurchase <p>Under Rees' leadership, transformed the Crocs brand:</p> <ul style="list-style-type: none"> Consumer-centric brand strategy to drive relevance <ul style="list-style-type: none"> Implemented global brand playbook Shifted to digital-only marketing for scale Leveraged influencers and partnerships Iconic, focused product offering <ul style="list-style-type: none"> Re-ignited iconic clog Focused on clogs, sandals and Jibbitz Improved gross margin <ul style="list-style-type: none"> 50% SKU reduction Continued shift to molded product Flexible SG&A base <ul style="list-style-type: none"> Cut \$80M in fixed expenses, reinvesting a portion back into marketing Reduced store count from 600+ to <400, and focused on profitable outlets Transitioned sub-scale direct markets to distributors Closed owned manufacturing facilities 	<ul style="list-style-type: none"> 2018 begins a 4+ year run of double-digit revenue growth, with finishing 2021 with record revenues of \$2.3B Achieved double-digit operating margin target in 2019 and expanded margin to 30% in 2021 Repurchased ~\$1.7B of shares from 2014 at average price of \$37.90 per share Outlined growth strategy including Crocs Brand \$5B revenue target by 2026 and 26%+ long-term operating margin Announced commitment to net zero carbon emissions by 2030 Acquired casual footwear brand HEYDUDE and announced \$1B+ revenue target for brand



LONG TERM PROJECTIONS*

crocs™

We expect by 2026:

- Revenues: \$5B+
- Adjusted Operating Margin: 26%+
- Non-GAAP Tax Rate: ~25%
- Capital Expenditures: ~3% of Revenues



- Initial expectation of achieving Revenues of \$1B by 2024
- Now expect Revenues to be over \$1B in 2023
- Adjusted Operating Margin: 26%+
- Long-term guidance to be provided at a future date

Consolidated adjusted operating margins to still exceed 26% by 2026

Q1

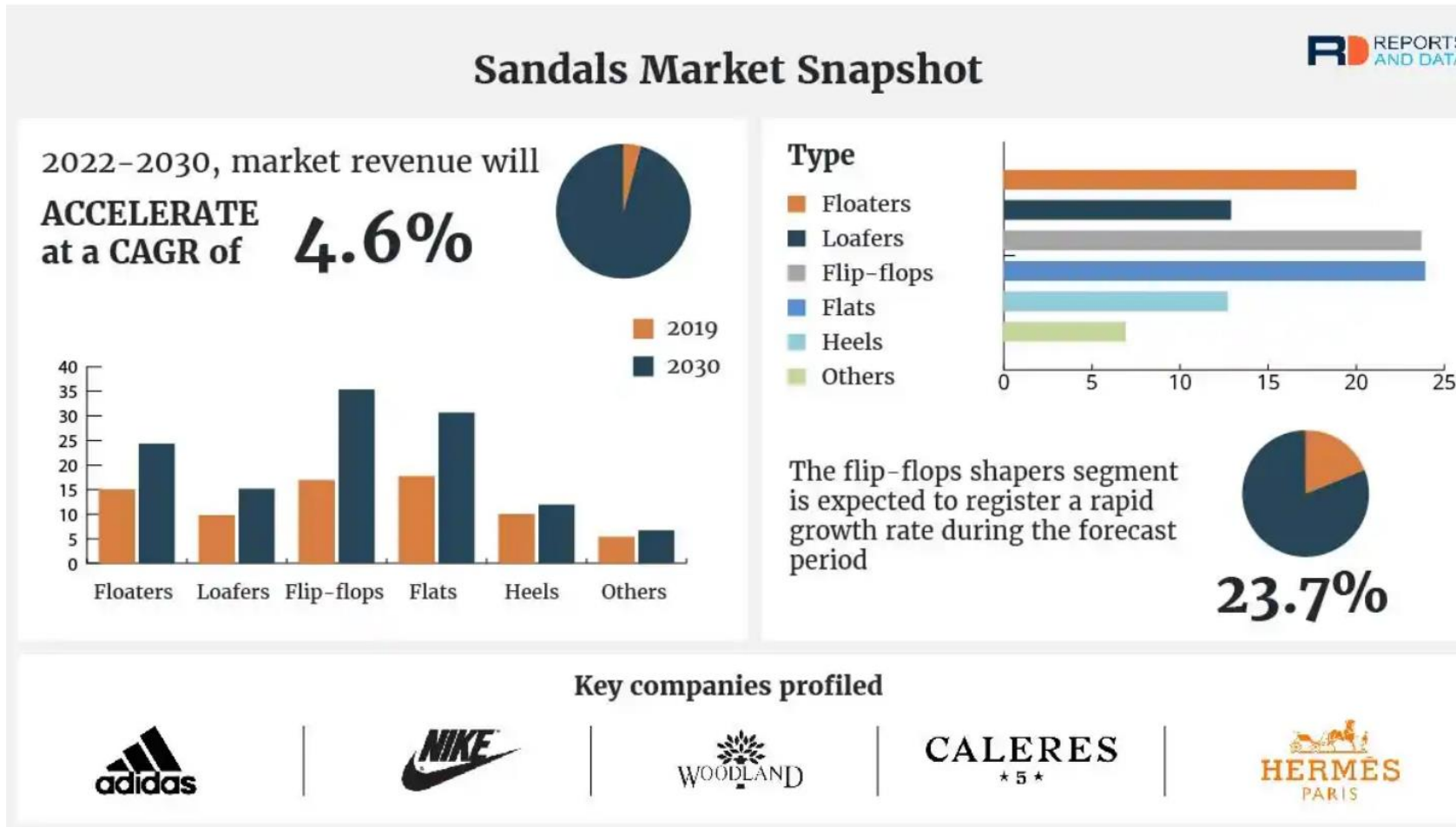
	2026E crocs™	2024E HEYDUDE™
Revenues	\$5B+	\$1B+
Revenue Growth	17%+	20%+
Adjusted Operating Margin	26%+	26%+
Adjusted Tax Rate	~25%	
Capital Expenditures	~3% of revenues	

ICR Presentation (Jan 10)

	crocs™	HEY DUDE™
2022E Revenues*	~\$2.65B	~\$1.0B PF**
2022E Revenue Growth*	19% CC	~70% PF**

Q2

- Initial expectation of achieving Revenues of \$1B by 2024
- Now expect Revenues to be over \$1B in 2023
- Adjusted Operating Margin: 26%+
- Long-term guidance to be provided at a future date



Piper Sandler Footwear Rankings



SPRING 2020			FALL 2020			SPRING 2021			FALL 2021		
1	Nike	47%	1	Nike	52%	1	Nike	58%	1	Nike	57%
2	Vans	20%	2	Vans	16%	2	Vans	12%	2	Vans	11%
3	Adidas	11%	3	Adidas	11%	3	Adidas	9%	3	Adidas	9%
4	Converse	4%	4	Converse	4%	4	Converse	6%	4	Converse	7%
5	Foot Locker	3%	5	Foot Locker	2%	5	Foot Locker	2%	5	Foot Locker	2%
6	New Balance	1%	6	Birkenstock	1%	6	Dr. Martens	2%	6	Crocs	1%
7	Birkenstock	1%	7	Dr. Martens	1%	7	New Balance	1%	7	New Balance	1%
8	Dr. Martens	1%	8	New Balance	1%	8	Crocs	1%	8	Hey Dude	1%
	Steve Madden	1%	9	Crocs	1%	9	Birkenstock	1%	9	Dr. Martens	1%
10	Finish Line	1%	10	Steve Madden	1%	10	Under Armour	1%	10	Birkenstock	1%

Fall 2022

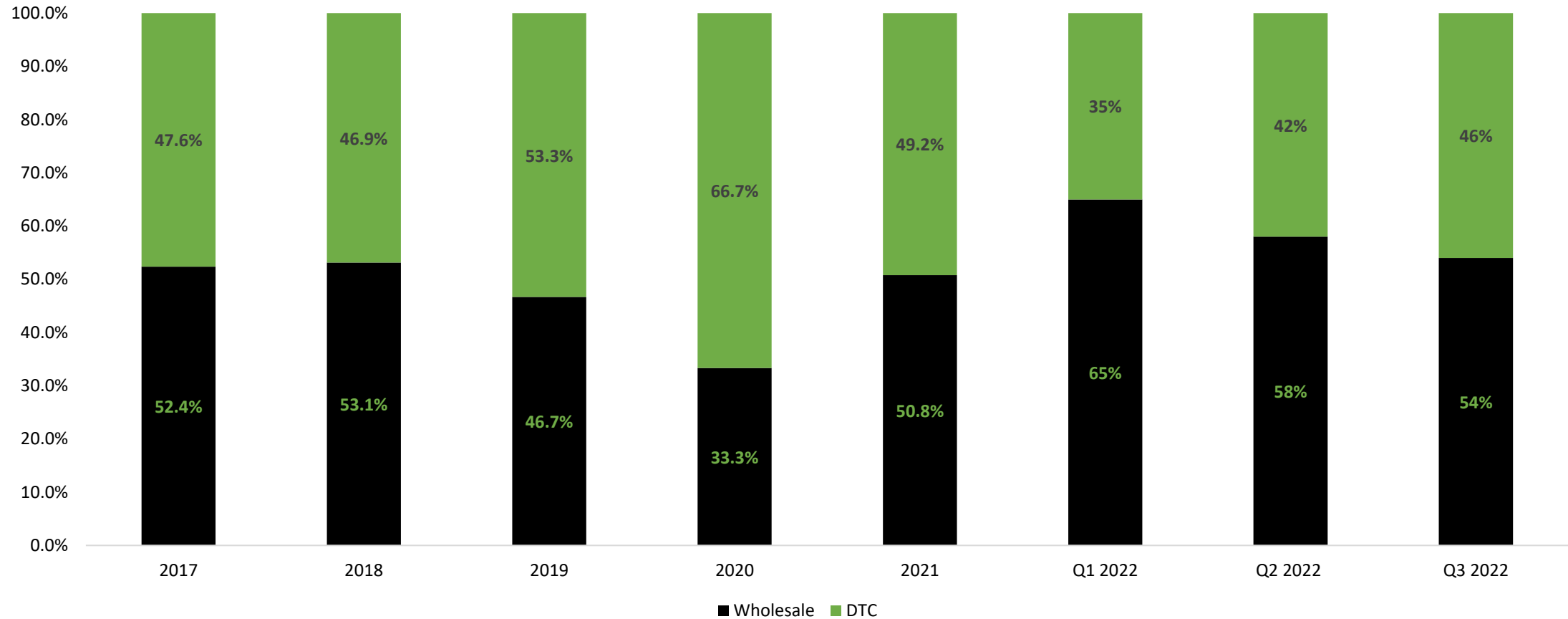
Top Footwear Brands

1	Nike	60%
2	Converse	10%
3	adidas	7%
4	Vans	7%
5	Crocs	2%

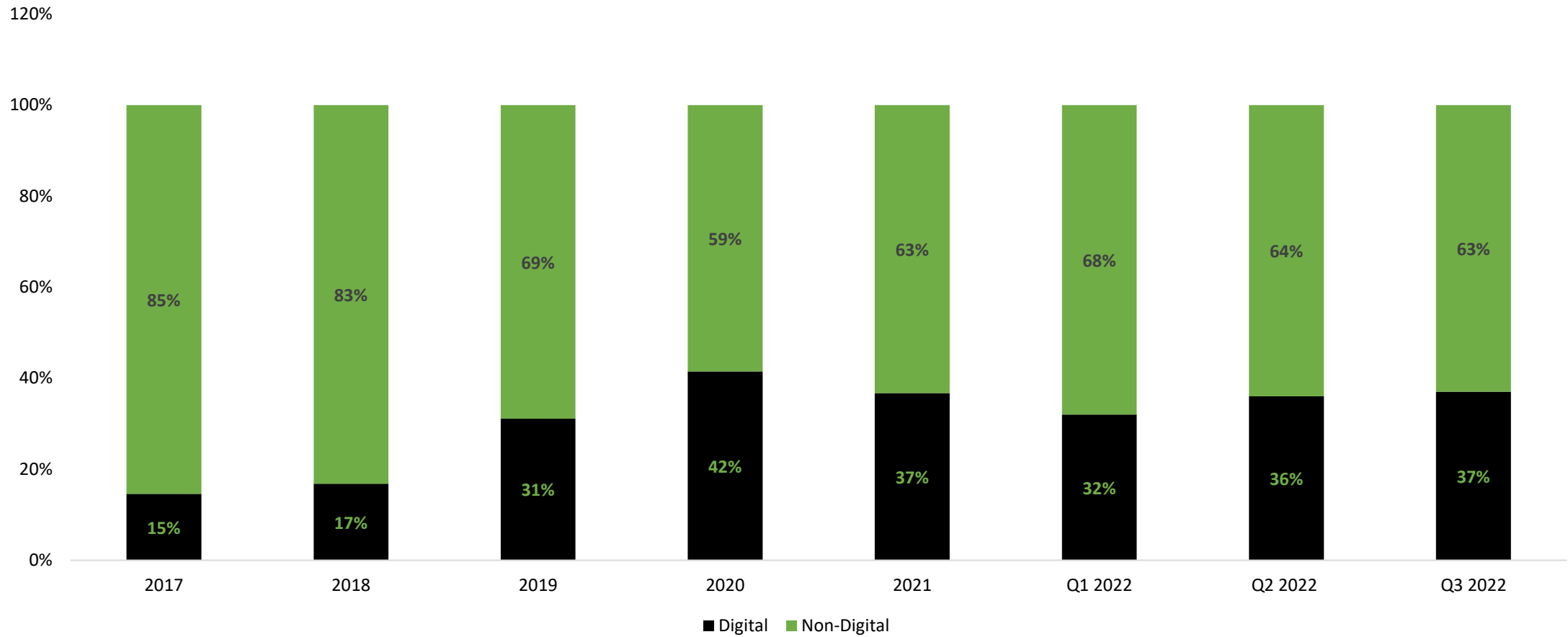
Sales By Channel

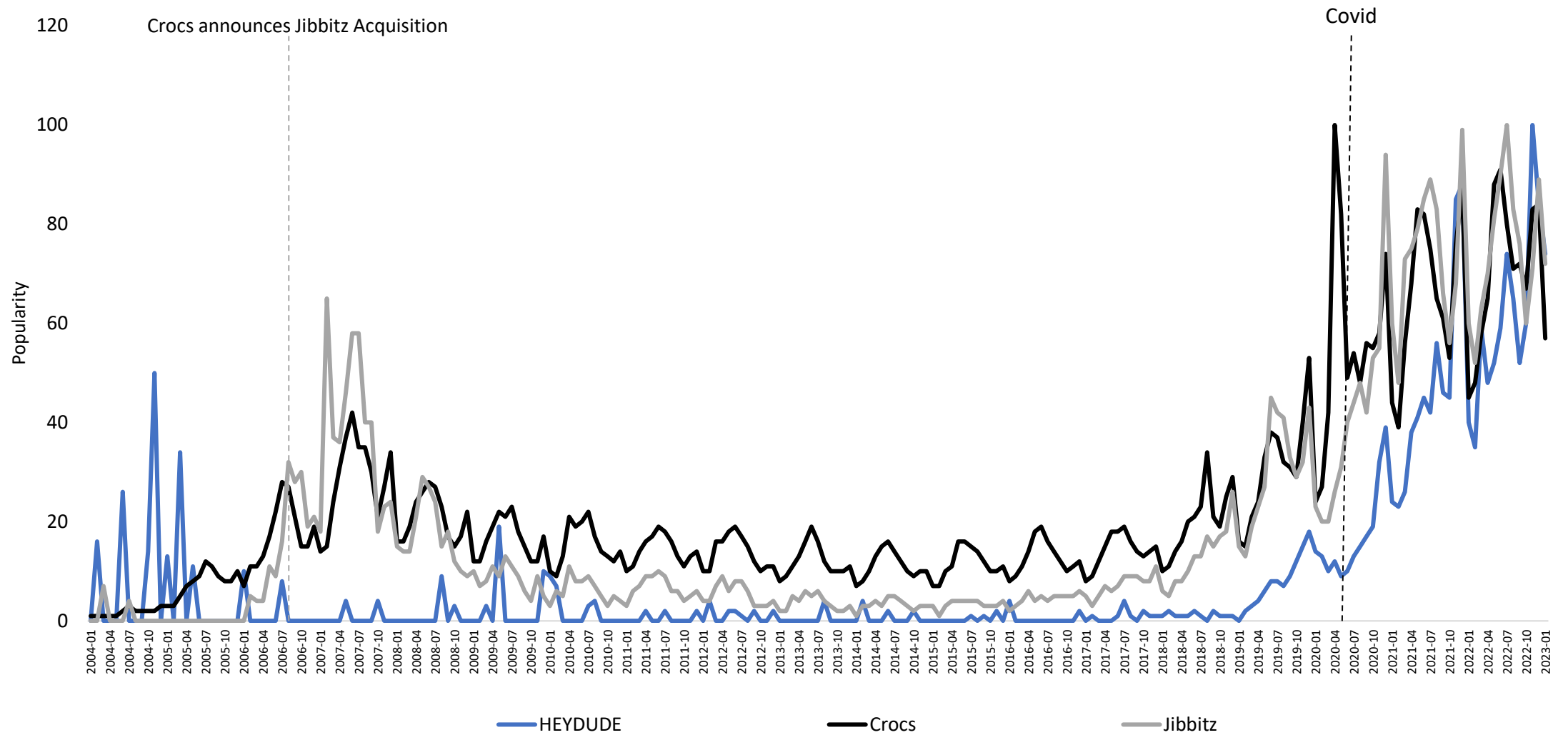


Sales By Channel



Digital Penetration





Comps



Data as of 2/14/2023																				
Company	Market Data				Capital Structure		Operating Statistics					Valuation								
	Ticke r	Stock Price	Market Cap	Enterprise Value	Net Debt	Net Debt/EBIT DA	LTM Gross Margins	5-Yr Gross Margins	LTM EBIT Margin s	5-Year EBIT Margins	5-Year Revenue CAGR	EV/Sales			EV/EBITDA			P/E		
												LTM EV/Sale s	FY23 EV/Sale s	FY24 EV/Sale s	LTM EV/EBITDA	FY23 EV/EBITD A	FY24 EV/EBITD A	LTM P/E	FY23 P/E	FY24 P/E
Skechers	SKX	45.07	6990.4	8215.8	896.8	0.9	47.2%	48.1%	7.3%	7.2%	12.2%	1.1	1.0	0.9	11.8	10.0	8.2	18.7	15.1	12.1
Allbirds	BIRD	2.91	434.6	253.9	-180.7	N/A	50.1%	51.4%	-21.5%	-12.9%	12.7%	0.8	0.7	0.6	N/A	N/A	N/A	N/A	N/A	N/A
Deckers	DECK	423.33	11158.7	10301.2	-857.4	N/A	50.1%	51.7%	17.7%	17.6%	13.8%	2.9	2.6	2.3	15.2	13.09	11.00	22.59	19.47	16.84
Steven Madden	SHOO	35.32	2750.8	2722.4	-38.1	N/A	41.0%	39.5%	13.8%	10.3%	8.0%	1.2	1.3	1.3	8.4	9.7	9.1	11.0	13.4	12.7
Wolverine Worldwide	WW W	15.59	1227.8	2764.9	1519.8	5.8	41.7%	41.4%	6.8%	7.2%	1.2%	1.0	1.0	1.0	12.8	11.4	9.9	7.7	9.91	7.61
VF Corporation	VFC	27.62	10734.7	17661.8	6927.2	3.3	53.1%	54.2%	11.6%	11.6%	0.4%	1.5	1.5	1.4	11.0	11.8	10.6	25.9	12.5	10.7
Nike	NKE	126.2	195681	197585.0	1904	0.2	44.6%	44.7%	13.0%	12.8%	7.2%	4.0	3.7	3.4	26.9	23.9	20.4	34.7	31.9	27.1
Crocs, Inc.	CROX	122.43	7559.4	10312.7	2753	2.7	56.3%	54.7%	27.3%	17.8%	25.9%	3.2	2.6	2.3	11.4	9.7	8.8	13.6	11.1	9.6
Bottom Quartile		15.6	1227.8	2722.4	-180.7	0.4	41.7%	41.4%	6.8%	7.2%	1.2%	1.0	1.0	0.9	10.4	9.9	8.9	10.2	11.9	9.9
Median		35.3	6990.4	8215.8	896.8	2.1	47.2%	48.1%	11.6%	10.3%	8.0%	1.2	1.3	1.3	12.3	11.6	10.2	20.7	14.3	12.4
Top Quartile		126.2	11158.7	17661.8	1904	5.175	50.1%	51.7%	13.8%	12.8%	12.7%	2.9	2.6	2.3	18.1	15.8	13.3	28.1	22.6	19.4

Base Case Income Statement



(currency in thousands)	2017	2018	2019	2020	2021	2022 (P)	2023 (P)	2024 (P)	2025 (P)	2026 (P)	2027 (P)	Management Guidance	Key Trend
Crocs Brand													
Americas Revenue	480	520	641	864	1607	1703	1737	1876	2064	2271	2452		
As % of Total Crocs Brand Revenue	47%	48%	52%	62%	69%	64%	61%	58%	55%	52%	50%		
Americas Revenue Growth		8%	23%	35%	86%	6%	2%	8%	10%	10%	8%		
Asia Pacific													
Asia Pacific Revenue	336	345	348	279	350	474	592	752	955	1213	1395		
As % Of Revenue		31.7%	28.3%	20.1%	15.1%	17.9%	20.8%	23.1%	25.3%	27.6%	28.4%		
Asia Pacific Revenue Growth		3%	1%	-20%	26%	35%	25%	27%	26%	27%	15%		
As % of Crocs Brand Revenue	32.8%	31.7%	28.3%	20.1%	15.1%	17.9%	20.8%	23.1%	25.3%	27.6%	28.4%		
EMEALA													
EMEALA Revenue	206	220	242	244	356	467	513	621	751	909	1073		
As % Of Revenue		20%	20%	18%	15%	18%	18%	19%	20%	21%	22%		
EMEALA Revenue Growth		7%	10%	1%	46%	31%	10%	21%	21%	21%	18%		
As % of Crocs Brand Revenue	20%	20%	20%	18%	15%	18%	18%	19%	20%	21%	22%		
Crocs Brand Corporate													
Unallocated Corporate Expense	-167	-163	-176	-208	-278								
Corporate Expense Margin	16.3%	15.0%	14.3%	15.0%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Comprehensive Business													
Total Revenue	1024	1088	1231	1386	2313	3539	3962	4593	5383	6295	7126		
Total Revenue Growth		6.3%	13.1%	12.6%	66.9%	53.0%	12.0%	15.9%	17.2%	16.9%	13.2%		
Total COGS	506	528	614	636	893	1616	1788	2101	2457	2865	3246		
Total Gross Profit	517	560	617	750	1420	1923	2175	2491	2926	3430	3881		
Total Gross Profit Margin	51%	51%	50%	54%	61%	54.3%	54.9%	54.2%	54.4%	54.5%	54.5%		
Total SG&A Expense Ex D&A	456	448	458	474	703	930	946	1091	1254	1435	1647		
Total SG&A Margin	45%	41%	37%	34%	30%	26%	24%	24%	23%	23%	23%		
Add Back Depreciation Included in SG&A	15	13	9	12	14								
R&D Expenses	13	14	12	10	14	20	20	23	26	31	34		
R&D Margins	1.3%	1.3%	1.0%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%		
Consolidated Segment EBIT													
Corporate Expenses	167	163	176	208	278	177	198	230	269	315	356		
Corporate Expense Margin	16.3%	15.0%	14.3%	15.0%	12.0%	5%	5%	5%	5%	5%	5%		
Total Consolidated EBIT													
EBIT Margins													
EBITDA	48	98	148	265	704	861	1082	1220	1457	1742	1946		
EBITDA Margins	5%	9%	12%	19%	30%	24%	27%	27%	27%	28%	27%		
Total D&A	33	29	24	28	32	65	71	72	82	93	103		
D&A Margin	1.5%	1.2%	0.7%	0.9%	0.6%	1.8%	1.8%	1.6%	1.5%	1.5%	1.4%		
EBIT	15	74	129	246	683	796	1011	1148	1376	1650	1843		
EBIT Margins	1.5%	6.8%	10.4%	17.7%	29.5%	22.5%	25.5%	25.0%	25.6%	26.2%	25.9%		
One Time Expense Adj	-5	-7	0	-31	0	130	30	0	0	0	0		
Adj. EBIT	10	67	129	214	683	926	1041	1148	1376	1650	1843		
Adj. EBIT Margins	1.0%	6.2%	10.5%	15.5%	29.5%	26.2%	26.3%	25.0%	25.6%	26.2%	25.9%		
Interest Expense	1	1	9	7	22	121	165	108	59	29	14		
EBT	9	66	120	208	662	675	876	1040	1317	1621	1829		
Income Tax Rate	89%	22%	0%	51%	9%	21%	24%	25%	25%	25%	25%		
Income Tax Expense	8	15	0	-106	-62	142	210	260	329	405	457		
Net Income	1	51	120	313	723	533	666	780	987	1215	1371		
Net Income Margin	0.1%	4.7%	9.8%	22.6%	31.3%	15.1%	16.8%	17.0%	18.3%	19.3%	19.2%		
Shares Outstanding	72.30	68.40	70.40	67.40	62.50	60.50	60.18	58.87	56.69	54.16	51.16		
Basic EPS	0.01	0.75	1.71	4.65	11.57	8.81	11.07	13.25	17.42	22.44	26.81		

Base Case Balance Sheet



	2017	2018	2019	2020	2021	2022 (P)	2023 (P)	2024 (P)	2025 (P)	2026 (P)	2027 (P)
ASSETS											
Cash And Equivalents	172	123	108	136	213	126	340	408	413	418	530
Total Cash & ST Investments	172	123	108	136	213	126	340	408	413	418	530
Total Receivables	98	108	118	163	217	264	284	325	377	439	492
Inventory	130	124	172	175	214	501	447	525	614	716	811
Prepaid Exp.	23	22	25	18	23	23	23	23	23	23	23
Restricted Cash	2	2	2	2	0	0	0	0	0	0	0
Other Current Assets	-	-	0	-	-	0	0	0	0	0	0
Total Current Assets	425	380	425	493	667	914	1,094	1,281	1,427	1,596	1,857
Gross Property, Plant & Equipment	127	103	309	311	353	513	693	877	1,092	1,344	1,629
Accumulated Depreciation	(92)	(81)	(80)	(86)	(84)	(149)	(220)	(292)	(374)	(466)	(569)
Net Property, Plant & Equipment	35	22	230	225	269	364	473	585	718	878	1,060
Goodwill	2	2	2	2	2	275	275	275	275	275	275
Other Intangibles	56	46	47	38	29	1,803	1,803	1,803	1,803	1,803	1,803
Deferred Tax Assets, LT	10	9	25	351	567	567	567	567	567	567	567
Other Long-Term Assets	15	10	10	11	12	12	12	12	12	12	12
Total Assets	544	469	739	1,119	1,545	3,935	4,223	4,522	4,801	5,130	5,573
LIABILITIES											
Accounts Payable	66	77	96	113	162	248	277	321	377	441	499
Accrued Exp.	70	82	90	107	140	186	189	218	251	287	329
Curr. Port. of LT Debt	1	-	-	-	-	0	0	0	0	0	0
Curr. Port. of Leases	-	-	49	47	43	43	43	43	43	43	43
Curr. Income Taxes Payable	6	5	4	5	16	16	16	16	16	16	16
Unearned Revenue, Current	1	2	1	1	0	0	0	0	0	0	0
Other Current Liabilities	14	19	17	19	26	26	26	26	26	26	26
Total Current Liabilities	157	184	257	292	388	519	552	625	713	813	914
Long-Term Debt	0	120	205	180	771	2,462	2,062	1,712	1,362	1,012	912
Long-Term Leases	-	-	140	146	149	149	149	149	149	149	149
Def. Tax Liability, Non-Curr.	-	-	-	-	-	0	0	0	0	0	0
Other Non-Current Liabilities	18	14	5	210	222	222	222	222	222	222	222
Total Liabilities	175	319	607	828	1,531	3,352	2,985	2,708	2,446	2,196	2,197
Pref. Stock, Convertible	182	-	-	-	-	-	-	-	-	-	-
Total Pref. Equity	182	-	-	-	-	-	-	-	-	-	-
Common Stock	0	0	0	0	0	0	0	0	0	0	0
Additional Paid In Capital	373	481	496	482	496	531	571	617	671	734	805
Retained Earnings	190	121	240	553	1,279	1,812	2,478	3,258	4,245	5,461	6,832
Treasury Stock	(334)	(398)	(546)	(689)	(1,684)	(1,734)	(1,784)	(2,034)	(2,534)	(3,234)	(4,234)
Comprehensive Inc. and Other	(43)	(55)	(58)	(56)	(77)	(77)	(77)	(77)	(77)	(77)	(77)
Total Common Equity	186	150	132	291	14	532	1,188	1,764	2,305	2,883	3,326
Total Equity	368	150	132	291	14	532	1,188	1,764	2,305	2,883	3,326
Total Liabilities And Equity	544	469	739	1,119	1,545	3,885	4,173	4,472	4,751	5,080	5,523