



- We are revising our FY11 revenue and EPS estimates from \$1,027mn and \$1.42 to \$999mn and \$1.21. Our FY12 estimates go from \$1,206mn and \$1.60 to \$1,148mn and \$1.40.

**Valuation and Recommendation:** We are lowering our 12-month price target to \$21 representing a 15X multiple on our revised FY12 EPS estimate. Note, in after-market trading, CROX shares were trading at approximately 12X our revised FY12 EPS estimate or 10X excluding \$3 in net cash per share. While lost credibility will challenge multiple expansion near-term, given growth prospects and earnings potential, we see a 15X multiple as attainable within 12 months.

#### **Target Price Methodology/Risks**

Our 12-month price target to \$21 represents a 15X multiple on our FY12 EPS estimate.

In addition to other factors, key risks to our target price include the following: 1) Fashion risk, which is a factor for any footwear business but, given Crocs revenue and profit concentration from molded footwear offerings, a sudden aversion to molded footwear fashion could prove particularly acute, 2) Execution risk, which is elevated by the rapid pace of growth, and 3) Geopolitical risk related to the global nature of the business and the reliance on third-party manufacturing in China and other Asian countries.

#### **Company Description**

Crocs, Inc. designs, manufactures and markets footwear and accessories made from a proprietary closed-cell resin material called Croslite, a lightweight, non-marking, slip- and odor-resistant material that softens on contact with body heat. Headquartered in Niwot, Colorado, the company derives the majority of its revenue from footwear, with the remainder coming from sales of Crocs accessories, such as sunglasses and apparel, as well as from non-branded products, including spa pillows and kayak seats, which are also made from croslite. Crocs currently offers over 230 footwear models for men, women and children. The company distributes and sells its products in 125 countries, as well as through direct sales on the Crocs' website and company-owned stores.

(\$ in millions except per share data)

	2010				2011				2012				FYE December 31		
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	2010A	2011E	2012E
	MarA	JunA	SeptA	DecA	MarA	JunA	SeptE	DecE	MarE	JunE	SeptE	DecE			
<b>Total Revenue</b>	<b>\$166.9</b>	<b>\$228.0</b>	<b>\$215.6</b>	<b>\$179.2</b>	<b>\$226.7</b>	<b>\$295.6</b>	<b>\$273.8</b>	<b>\$202.9</b>	<b>\$265.2</b>	<b>\$345.8</b>	<b>\$308.0</b>	<b>\$228.3</b>	<b>\$789.7</b>	<b>\$999.0</b>	<b>\$1,147.4</b>
Cost of Goods Sold	80.1	96.1	96.8	92.9	107.5	125.4	130.1	105.5	126.0	155.6	141.7	114.2	365.9	468.5	537.5
Gross Profit	86.7	131.9	118.8	86.3	119.2	170.2	143.8	97.4	139.3	190.2	166.3	114.2	423.8	530.6	610.0
<b>Operating Expenses</b>															
SG&A, Total	74.5	93.2	91.4	80.9	91.0	105.5	107.9	94.1	103.4	118.4	119.9	105.6	339.9	398.4	447.3
<b>Operating Income</b>	<b>\$12.2</b>	<b>\$38.7</b>	<b>\$27.4</b>	<b>\$5.5</b>	<b>\$28.2</b>	<b>\$64.8</b>	<b>\$35.8</b>	<b>\$3.3</b>	<b>\$35.8</b>	<b>\$71.8</b>	<b>\$46.5</b>	<b>\$8.6</b>	<b>83.9</b>	<b>132.2</b>	<b>162.6</b>
Depreciation & Amort.	8.0	9.6	9.1	10.4	9.8	10.3	10.8	11.3	11.8	12.3	12.8	13.3	37.1	42.4	50.4
<b>EBITDA</b>	<b>\$20.2</b>	<b>\$48.4</b>	<b>\$36.5</b>	<b>\$15.8</b>	<b>\$38.1</b>	<b>\$75.1</b>	<b>\$46.7</b>	<b>\$14.7</b>	<b>\$47.7</b>	<b>\$84.1</b>	<b>\$59.3</b>	<b>\$21.9</b>	<b>\$120.9</b>	<b>\$174.6</b>	<b>\$213.0</b>
Interest (Expense)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	0.5	0.6	0.2	0.4	0.5	0.6	(0.7)	0.7	1.7
Other Non-Operating Income (Expense)	(0.2)	0.3	(0.1)	0.4	(0.1)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2	0.0
Pretax Income	11.8	38.9	27.2	5.6	28.0	64.8	36.3	4.0	36.0	72.1	47.0	9.2	83.5	133.1	164.3
Provision for Taxes	4.4	6.6	2.2	0.9	6.5	9.3	7.3	0.8	8.1	16.2	10.6	2.1	14.1	23.8	37.0
Tax Rate	37.2%	17.0%	8.0%	15.9%	23.2%	14.3%	20.0%	20.0%	22.5%	22.5%	22.5%	22.5%	16.9%	17.9%	22.5%
Net Income	\$7.4	\$32.3	\$25.0	\$4.7	\$21.5	\$55.5	\$29.1	\$3.2	\$27.9	\$55.9	\$36.4	\$7.1	\$69.4	\$109.2	\$127.3
Sub: Income allocated to participating securities	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0
Net Income Avail. to Common Shares	\$7.4	\$32.3	\$24.7	\$4.7	\$21.2	\$55.5	\$29.1	\$3.2	\$27.9	\$55.9	\$36.4	\$7.1	\$69.1	\$109.0	\$127.3
Plus: After-tax non-cash Int.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>\$7.4</b>	<b>\$32.3</b>	<b>\$24.7</b>	<b>\$4.7</b>	<b>\$21.2</b>	<b>\$55.5</b>	<b>\$29.1</b>	<b>\$3.2</b>	<b>\$27.9</b>	<b>\$55.9</b>	<b>\$36.4</b>	<b>\$7.1</b>	<b>\$69.1</b>	<b>\$109.0</b>	<b>\$127.3</b>
One time charges	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0
Tax Impact from One Time Charges	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0
Net Income Incl. One Time Charges (GAAP)	\$5.717	\$32.3	\$24.7	\$4.7	\$21.2	\$55.5	\$29.1	\$3.2	\$27.9	\$55.9	\$36.4	\$7.1	\$67.4	\$109.0	\$127.3
<b>Basic EPS, GAAP</b>	<b>\$0.07</b>	<b>\$0.38</b>	<b>\$0.29</b>	<b>\$0.05</b>	<b>\$0.24</b>	<b>\$0.63</b>	<b>\$0.33</b>	<b>\$0.04</b>	<b>\$0.31</b>	<b>\$0.63</b>	<b>\$0.41</b>	<b>\$0.08</b>	<b>\$0.79</b>	<b>\$1.24</b>	<b>\$1.43</b>
<b>Diluted EPS, GAAP</b>	<b>\$0.07</b>	<b>\$0.37</b>	<b>\$0.28</b>	<b>\$0.05</b>	<b>\$0.24</b>	<b>\$0.62</b>	<b>\$0.32</b>	<b>\$0.03</b>	<b>\$0.31</b>	<b>\$0.62</b>	<b>\$0.40</b>	<b>\$0.08</b>	<b>\$0.77</b>	<b>\$1.21</b>	<b>\$1.40</b>
<b>Basic EPS Excluding One-Time Charges</b>	<b>\$0.09</b>	<b>\$0.38</b>	<b>\$0.29</b>	<b>\$0.05</b>	<b>\$0.24</b>	<b>\$0.62</b>	<b>\$0.33</b>	<b>\$0.04</b>	<b>\$0.31</b>	<b>\$0.63</b>	<b>\$0.41</b>	<b>\$0.08</b>	<b>\$0.81</b>	<b>\$1.24</b>	<b>\$1.43</b>
<b>Diluted EPS Excluding One Time Charges</b>	<b>\$0.09</b>	<b>\$0.37</b>	<b>\$0.28</b>	<b>\$0.05</b>	<b>\$0.24</b>	<b>\$0.61</b>	<b>\$0.32</b>	<b>\$0.03</b>	<b>\$0.31</b>	<b>\$0.62</b>	<b>\$0.40</b>	<b>\$0.08</b>	<b>\$0.79</b>	<b>\$1.21</b>	<b>\$1.40</b>
Basic Shares Outstanding	84.5	85.2	85.8	86.4	87.3	88.0	88.3	88.7	88.9	89.0	89.2	89.3	85.2	87.8	89.0
Diluted Shares Outstanding	87.2	87.5	87.3	88.6	89.2	89.9	90.1	90.6	90.7	90.9	91.0	91.0	87.5	89.7	90.9
<b>Margins</b>															
<b>Corporate Gross Margin</b>	<b>52.0%</b>	<b>57.8%</b>	<b>55.1%</b>	<b>48.2%</b>	<b>52.6%</b>	<b>57.6%</b>	<b>52.5%</b>	<b>48.0%</b>	<b>52.5%</b>	<b>55.0%</b>	<b>54.0%</b>	<b>50.0%</b>	<b>53.7%</b>	<b>53.1%</b>	<b>53.2%</b>
EBITDA	12.1%	21.2%	16.9%	8.8%	16.8%	25.4%	17.1%	7.2%	18.0%	24.3%	19.3%	9.6%	15.3%	17.5%	18.6%
Operating Margin	7.3%	17.0%	12.7%	3.1%	12.5%	21.9%	13.1%	1.6%	13.5%	20.8%	15.1%	3.8%	10.6%	13.2%	14.2%
Pretax Income	7.1%	17.1%	12.6%	3.1%	12.3%	21.9%	13.3%	1.9%	13.6%	20.9%	15.3%	4.0%	10.6%	13.3%	14.3%
Effective Tax Rate	37.2%	17.0%	8.0%	15.9%	23.2%	14.3%	20.0%	20.0%	22.5%	22.5%	22.5%	22.5%	16.9%	17.9%	22.5%
Net Margin	4.5%	14.2%	11.4%	2.6%	9.4%	18.8%	10.6%	1.6%	10.5%	16.2%	11.8%	3.1%	8.8%	10.9%	11.1%
<b>% of Revenue</b>					91.0	105.5	107.9	94.1	103.4	118.4	119.9	105.6			
Cost of Goods Sold	48.0%	42.2%	44.9%	51.8%	47.4%	42.4%	47.5%	52.0%	47.5%	45.0%	46.0%	50.0%	46.3%	46.9%	46.8%
<b>SG&amp;A, Total</b>	<b>44.6%</b>	<b>40.9%</b>	<b>42.4%</b>	<b>45.1%</b>	<b>40.1%</b>	<b>35.7%</b>	<b>39.4%</b>	<b>46.8%</b>	<b>39.0%</b>	<b>34.3%</b>	<b>38.9%</b>	<b>46.3%</b>	<b>43.0%</b>	<b>39.9%</b>	<b>39.0%</b>
<b>YY Growth</b>															
<b>Total Revenues</b>	<b>23.7%</b>	<b>15.3%</b>	<b>21.7%</b>	<b>31.7%</b>	<b>35.9%</b>	<b>29.6%</b>	<b>27.0%</b>	<b>13.3%</b>	<b>17.0%</b>	<b>17.0%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>22.3%</b>	<b>26.5%</b>	<b>14.9%</b>
Cost of Goods Sold	-5.9%	-15.3%	0.3%	24.8%	34.1%	30.4%	34.4%	13.6%	17.2%	24.1%	8.9%	8.2%	-1.0%	28.0%	14.7%
SG&A, Total	3.2%	19.9%	18.7%	20.8%	22.1%	13.2%	18.1%	16.3%	13.7%	12.3%	11.1%	12.2%	15.7%	17.2%	12.3%
<b>Net Income</b>	<b>-133.3%</b>	<b>-2521.9%</b>	<b>1395.3%</b>	<b>-226.8%</b>	<b>185.7%</b>	<b>71.9%</b>	<b>17.9%</b>	<b>-33.1%</b>	<b>31.3%</b>	<b>0.7%</b>	<b>25.2%</b>	<b>125.0%</b>	<b>-368.7%</b>	<b>57.7%</b>	<b>16.8%</b>
<b>EPS</b>	<b>-124.7%</b>	<b>-203.4%</b>	<b>11.6%</b>	<b>-141.1%</b>	<b>263.5%</b>	<b>67.4%</b>	<b>14.2%</b>	<b>-34.6%</b>	<b>29.0%</b>	<b>-0.4%</b>	<b>24.1%</b>	<b>123.9%</b>	<b>-362.0%</b>	<b>53.7%</b>	<b>15.4%</b>
<b>EBITDA</b>	<b>-256.0%</b>	<b>199.8%</b>	<b>178.7%</b>	<b>480.4%</b>	<b>88.5%</b>	<b>55.3%</b>	<b>27.8%</b>	<b>-7.2%</b>	<b>25.1%</b>	<b>12.0%</b>	<b>27.1%</b>	<b>49.3%</b>	<b>536.1%</b>	<b>44.4%</b>	<b>22.0%</b>

Source: Company data, Stifel Nicolaus estimates

## Crocs Footwear Inc.

## Balance Sheet

(\$ in millions except per share data)

	2010				2011				2012				FYE December 31		
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	2010A	2011E	2012E
	MarA	JunA	SeptA	DecA	MarA	JunA	SeptE	DecE	MarE	JunE	SeptE	DecE			
<b>ASSETS</b>															
<b>Current assets:</b>															
Cash and Cash Equivalents	\$54.9	\$97.5	\$143.6	\$145.6	\$115.5	\$180.0	\$280.0	\$243.7	\$198.9	\$300.8	\$410.2	\$370.2	\$145.6	\$243.7	\$370.2
Account Receivables	97.4	94.0	81.3	64.3	123.0	115.7	103.3	72.8	143.9	135.3	116.2	81.9	64.3	72.8	81.9
Inventories	107.2	113.6	142.5	121.2	153.8	156.5	134.8	142.0	191.0	170.5	145.9	159.7	121.2	142.0	159.7
Deferred tax asset	7.4	7.6	8.0	15.9	13.4	13.8	13.8	13.8	13.8	13.8	13.8	13.8	15.9	13.8	13.8
Other	36.1	37.3	34.3	34.1	38.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	34.1	48.0	48.0
<b>Total Current Assets</b>	<b>303.0</b>	<b>349.8</b>	<b>409.7</b>	<b>381.0</b>	<b>443.7</b>	<b>514.0</b>	<b>580.0</b>	<b>520.3</b>	<b>595.7</b>	<b>668.4</b>	<b>734.1</b>	<b>673.7</b>	<b>381.0</b>	<b>520.3</b>	<b>673.7</b>
Property, Plant & Equipment, net	68.1	66.7	65.9	70.0	69.5	69.3	67.5	65.2	62.3	59.0	55.1	50.8	70.0	65.2	50.8
Restricted Cash	1.5	1.5	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles	38.6	41.3	42.4	45.5	46.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	45.5	48.2	48.2
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Tax Asset	18.5	17.4	18.9	34.7	34.9	32.4	32.4	32.4	32.4	32.4	32.4	32.4	34.7	32.4	32.4
Other Assets & Intangibles	17.7	20.3	16.1	18.3	19.1	19.6	19.6	19.6	19.6	19.6	19.6	19.6	18.3	19.6	19.6
<b>Total Assets</b>	<b>\$447.3</b>	<b>\$497.0</b>	<b>\$554.7</b>	<b>\$549.5</b>	<b>\$613.4</b>	<b>\$683.5</b>	<b>\$747.7</b>	<b>\$685.7</b>	<b>\$758.2</b>	<b>\$827.6</b>	<b>\$889.4</b>	<b>\$824.7</b>	<b>\$549.5</b>	<b>\$685.7</b>	<b>\$824.7</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>															
<b>Current Liabilities:</b>															
Current Maturities - LT Debt	1.4	1.6	1.9	1.9	1.9	3.3	3.3	3.3	3.3	3.3	3.3	3.3	1.9	3.3	3.3
Accounts Payable	56.2	51.8	66.8	35.7	68.1	66.2	89.7	40.5	79.9	82.2	97.7	43.8	35.7	40.5	43.8
Accrued Liabilities	48.0	58.5	65.2	59.0	61.7	71.3	82.8	66.9	72.2	83.4	93.2	75.2	59.0	66.9	75.2
Accrued Restructuring Charges	3.6	4.0	1.8	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0
Deferred Tax Liabilities	0.0	0.0	0.0	17.6	15.2	15.3	15.3	15.3	15.3	15.3	15.3	15.3	17.6	15.3	15.3
Income Taxes Payable, Net	8.9	20.1	18.2	23.1	18.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	23.1	16.1	16.1
Line of Credit	0.0	0.0	0.0	0.0	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0.0	\$0.0	\$0.0
<b>Total Current Liabilities</b>	<b>118.1</b>	<b>136.0</b>	<b>153.9</b>	<b>137.8</b>	<b>170.7</b>	<b>172.1</b>	<b>207.2</b>	<b>142.1</b>	<b>186.7</b>	<b>200.2</b>	<b>225.6</b>	<b>153.7</b>	<b>137.8</b>	<b>142.1</b>	<b>153.7</b>
Long-Term Debt	1.6	1.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preferred Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Redeemable Common Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	33.7	33.8	34.6	35.6	36.5	42.4	42.4	42.4	42.4	42.4	42.4	42.4	35.6	42.4	42.4
<b>Shareholder's Equity</b>	<b>293.8</b>	<b>325.8</b>	<b>364.9</b>	<b>376.1</b>	<b>406.2</b>	<b>469.0</b>	<b>498.1</b>	<b>501.2</b>	<b>529.1</b>	<b>585.0</b>	<b>621.5</b>	<b>628.6</b>	<b>376.1</b>	<b>501.2</b>	<b>628.6</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$447.3</b>	<b>\$497.0</b>	<b>\$554.7</b>	<b>\$549.5</b>	<b>\$613.4</b>	<b>\$683.5</b>	<b>\$747.7</b>	<b>\$685.7</b>	<b>\$758.2</b>	<b>\$827.6</b>	<b>\$889.4</b>	<b>\$824.7</b>	<b>\$549.5</b>	<b>\$685.7</b>	<b>\$824.7</b>

Source: Company data, Stifel Nicolaus estimates

## Crocs Footwear Inc.

## Cash Flows

(\$ in millions except per share data)

	2010				2011				2012				FYE December 31		
	1Q10 MarA	2Q10 JunA	3Q10 SeptA	4Q10 DecA	1Q11 MarA	2Q11 JunA	3Q11 SeptE	4Q11 DecE	1Q12 MarE	2Q12 JunE	3Q12 SeptE	4Q12 DecE	2010A	2011E	2012E
<b>Cash Flows From Operating Activities:</b>															
Net Income	5.7	32.3	25.0	4.7	21.5	55.5	29.1	3.2	27.9	55.9	36.4	7.1	67.7	109.3	127.3
Depreciation and Amortization	8.8	8.8	9.1	10.4	9.8	9.6	10.8	11.3	11.8	12.3	12.8	13.3	37.1	41.6	50.4
Gain on Disposal of Fixed Assets	0.4	0.4	0.1	(0.9)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Unrealized foreign exchange rate	(1.2)	(2.1)	2.1	2.5	0.3	(5.8)	0.0	0.0	0.0	0.0	0.0	0.0	1.3	(5.5)	0.0
Deferred Tax Benefit	0.0	1.1	(1.4)	(4.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.0)	0.0	0.0
Share Based Compensation	1.6	2.2	1.6	1.6	1.5	2.4	0.0	0.0	0.0	0.0	0.0	0.0	7.1	3.9	0.0
Bad Debt Expense	0.2	1.4	1.0	(0.4)	(0.0)	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0	2.2	(0.7)	0.0
Other	0.4	0.2	0.1	1.4	0.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.3	0.0
<b>Changes in Current Assets and Liabilities:</b>															
(Increase) Decrease in Accts Receivable	(47.8)	1.1	15.8	17.7	(56.9)	9.1	12.4	30.5	(71.2)	8.6	19.2	34.3	(13.2)	(4.9)	(9.1)
(Increase) Decrease in Inventories	(15.0)	(8.3)	(25.4)	20.8	(31.3)	(1.8)	21.6	(7.2)	(49.0)	20.5	24.6	(13.9)	(27.9)	(18.6)	(17.7)
(Increase) Decrease in Prepaid Expenses, Other	3.0	(1.7)	1.8	(0.9)	(3.8)	(8.3)	0.0	0.0	0.0	0.0	0.0	0.0	2.2	(12.1)	0.0
Increase (Decrease) in Accts Payable	35.0	(5.0)	14.1	(31.5)	31.4	(1.4)	23.5	(49.2)	39.3	2.3	15.6	(53.9)	12.7	4.4	3.3
Increase (Decrease) in Accrued Expenses, Other	(4.0)	22.0	4.2	(4.4)	(2.2)	13.6	11.6	(16.0)	5.3	11.2	9.8	(17.9)	17.9	6.9	8.4
<b>Change in Working Capital</b>	<b>(28.7)</b>	<b>8.1</b>	<b>10.5</b>	<b>1.8</b>	<b>(62.8)</b>	<b>11.2</b>	<b>69.1</b>	<b>(41.8)</b>	<b>(75.5)</b>	<b>42.7</b>	<b>69.1</b>	<b>(51.4)</b>	<b>(8.3)</b>	<b>(24.3)</b>	<b>(15.2)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(\$12.7)</b>	<b>\$52.5</b>	<b>\$48.1</b>	<b>\$16.4</b>	<b>(\$28.7)</b>	<b>\$72.6</b>	<b>\$109.0</b>	<b>(\$27.3)</b>	<b>(\$35.8)</b>	<b>\$110.9</b>	<b>\$118.4</b>	<b>(\$31.0)</b>	<b>\$104.3</b>	<b>\$125.6</b>	<b>\$162.5</b>
<b>Cash Flows From Investing Activities:</b>															
Capital Expenditures	(7.6)	(5.7)	(6.4)	(11.6)	(5.9)	(8.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(31.3)	(31.8)	(36.0)
Net Purchases of short-term investments	(2.3)	(1.5)	4.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0
Acquisitions/asset disposal/intangibles	(2.2)	(4.8)	(1.2)	(4.4)	(3.5)	(4.2)	0.0	0.0	0.0	0.0	0.0	0.0	(12.6)	(7.7)	0.0
Investment in Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	(0.1)	1.3	(0.9)	(0.3)	(0.0)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
<b>Net Cash (Used In) Provided by Investing Activities</b>	<b>(\$12.1)</b>	<b>(\$10.7)</b>	<b>(\$4.0)</b>	<b>(\$15.3)</b>	<b>(\$9.4)</b>	<b>(\$12.0)</b>	<b>(\$9.0)</b>	<b>(\$9.0)</b>	<b>(\$9.0)</b>	<b>(\$9.0)</b>	<b>(\$9.0)</b>	<b>(\$9.0)</b>	<b>(\$42.1)</b>	<b>(\$39.4)</b>	<b>(\$36.0)</b>
<b>Cash Flows From Financing Activities:</b>															
Net Borrowing (incl. notes payable)	(0.3)	(0.4)	(0.4)	(0.5)	4.9	(4.3)	0.0	0.0	0.0	0.0	0.0	0.0	(1.5)	0.7	0.0
Proceeds from issuance stock	(0.2)	2.6	1.0	3.9	2.6	4.4	0.0	0.0	0.0	0.0	0.0	0.0	7.2	7.1	0.0
Excess tax benefit on share-based compensation	0.4	(0.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment of preferred dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds (Repurchase) of member investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	(0.4)	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.5)	0.0
<b>Net Cash Used in Financing Activities</b>	<b>(\$0.1)</b>	<b>\$1.3</b>	<b>\$0.6</b>	<b>\$3.4</b>	<b>\$7.5</b>	<b>(\$0.3)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$5.2</b>	<b>\$7.2</b>	<b>\$0.0</b>
<b>Effect of exchange rate changes on cash</b>	<b>1.3</b>	<b>(0.1)</b>	<b>1.6</b>	<b>(2.0)</b>	<b>0.5</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>4.7</b>	<b>0.0</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(\$23.5)</b>	<b>\$43.1</b>	<b>\$46.2</b>	<b>\$2.5</b>	<b>(\$30.1)</b>	<b>\$64.5</b>	<b>\$100.0</b>	<b>(\$36.3)</b>	<b>(\$44.8)</b>	<b>\$101.9</b>	<b>\$109.4</b>	<b>(\$40.0)</b>	<b>\$68.2</b>	<b>\$98.1</b>	<b>\$126.5</b>

Source: Company data, Stifel Nicolaus estimates

## Crocs Footwear Inc.

## Financial Ratios and Statistics

(\$ in millions except per share data)

	2010				2011				2012				FYE December 31		
	1Q10 MarA	2Q10 JunA	3Q10 SeptA	4Q10 DecA	1Q11 MarA	2Q11 JunA	3Q11 SeptE	4Q11 DecE	1Q12 MarE	2Q12 JunE	3Q12 SeptE	4Q12 DecE	2010A	2011E	2012E
<b>Operating Ratios</b>															
Receivables Turnover	9.0	9.5	9.8	9.8	9.7	9.9	10.0	9.2	9.8	9.9	9.8	9.2	13.8	14.6	14.8
DSO	52.5	37.1	33.9	32.3	48.8	35.2	33.9	32.3	48.8	35.2	33.9	32.3	7.3	6.6	6.4
Inventory Turnover	3.2	3.5	3.0	2.8	3.1	3.2	3.6	3.0	3.0	3.4	3.6	3.0	3.4	3.6	3.6
Days Inventory (forward)	100.4	105.6	138.1	101.4	110.4	108.3	115.0	101.4	110.4	108.3	115.0	101.4	120.8	110.6	108.5
Payables Turnover	8.1	7.1	6.5	7.3	8.3	7.5	6.7	6.5	8.4	7.7	6.3	6.5	12.4	12.3	12.7
Days Payables Outstanding	63.1	48.5	62.1	34.6	57.0	47.5	62.1	34.6	57.0	47.5	62.1	34.6	35.6	31.6	29.8
Cash Cycle (in Days)	89.8	94.1	110.0	99.1	102.2	96.0	86.9	99.1	102.2	96.0	86.9	99.1	92.6	85.6	85.1
Total EBITDA/CapEx													6.0x	5.6x	6.7x
EBITDA/CapEx Yield													5.1x	1.7x	1.2x
* denotes acquisition year															
<b>Solvency Ratios</b>															
Debt/Equity	1.0%	0.9%	0.8%	0.5%	1.8%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.6%	0.5%
Debt/Cap	1.0%	0.9%	0.9%	0.5%	1.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%	0.7%	0.5%
Net Debt/Equity	(18%)	(29%)	(39%)	(38%)	(27%)	(38%)	(56%)	(48%)	(37%)	(51%)	(65%)	(58%)	(38%)	(48%)	(58%)
Net Interest Coverage	94.7	237.6	179.4	25.8	150.3	268.7	NA	NA	NA	NA	NA	NA	127.6	NA	NA
<b>Liquidity Ratios</b>															
Current Ratio	2.6	2.6	2.7	2.8	2.6	3.0	2.8	3.7	3.2	3.3	3.3	4.4	2.8	3.7	4.4
Quick Ratio	1.3	1.4	1.5	1.5	1.4	1.7	1.8	2.2	1.8	2.2	2.3	2.9	1.5	2.2	2.9
Cash Ratio	0.5	0.7	0.9	1.1	0.7	1.0	1.4	1.7	1.1	1.5	1.8	2.4	1.1	1.7	2.4
<b>Per Share Data</b>															
Book Value Per Share	\$3.37	\$3.72	\$4.18	\$4.24	\$4.55	\$5.22	\$5.53	\$5.53	\$5.83	\$6.44	\$6.83	\$6.90	\$4.30	\$5.59	\$6.92
Tangible Book Value Per Share	\$3.37	\$3.72	\$4.18	\$4.24	\$4.55	\$5.22	\$5.53	\$5.53	\$5.83	\$6.44	\$6.83	\$6.90	\$3.78	\$5.05	\$6.39
Cash Per Share	\$0.63	\$1.11	\$1.64	\$1.64	\$1.30	\$2.00	\$3.11	\$2.69	\$2.19	\$3.31	\$4.51	\$4.07	\$1.66	\$2.72	\$4.07
Net Cash Per Share	\$0.60	\$1.08	\$1.61	\$1.62	\$1.21	\$1.97	\$3.07	\$2.65	\$2.16	\$3.27	\$4.47	\$4.03	\$1.64	\$2.68	\$4.04
EBITDA Per Share	\$0.23	\$0.55	\$0.42	\$0.18	\$0.43	\$0.84	\$0.52	\$0.16	\$0.53	\$0.93	\$0.65	\$0.24	\$1.38	\$1.95	\$2.34
Earnings Per Share	\$0.07	\$0.37	\$0.28	\$0.05	\$0.24	\$0.62	\$0.32	\$0.03	\$0.31	\$0.62	\$0.40	\$0.08	\$0.77	\$1.21	\$1.40
Operating Cash Flow Per Share	(\$0.15)	\$0.60	\$0.55	\$0.18	(\$0.32)	\$0.81	\$1.21	(\$0.30)	(\$0.39)	\$1.22	\$1.30	(\$0.34)	\$1.19	\$1.40	\$1.79
Free Cash Flow Per Share	(\$0.24)	\$0.51	\$0.44	\$0.06	(\$0.42)	\$0.77	\$1.10	(\$0.41)	(\$0.50)	\$1.12	\$1.20	(\$0.45)	\$0.77	\$1.05	\$1.37
<b>Management Effectiveness</b>															
ROE	2.5%	15.9%	26.2%	20.3%	17.7%	26.0%	30.8%	23.3%	15.7%	21.5%	27.7%	21.5%	36.8%	43.5%	40.5%
ROIC	11.6%	46.9%	38.1%	7.0%	28.8%	66.3%	38.3%	3.8%	32.7%	63.0%	49.1%	9.5%	22.2%	31.1%	33.6%

Source: Company data, Stifel Nicolaus estimates

**Crocs Footwear Inc.**

Pro Forma Free Cash Flow

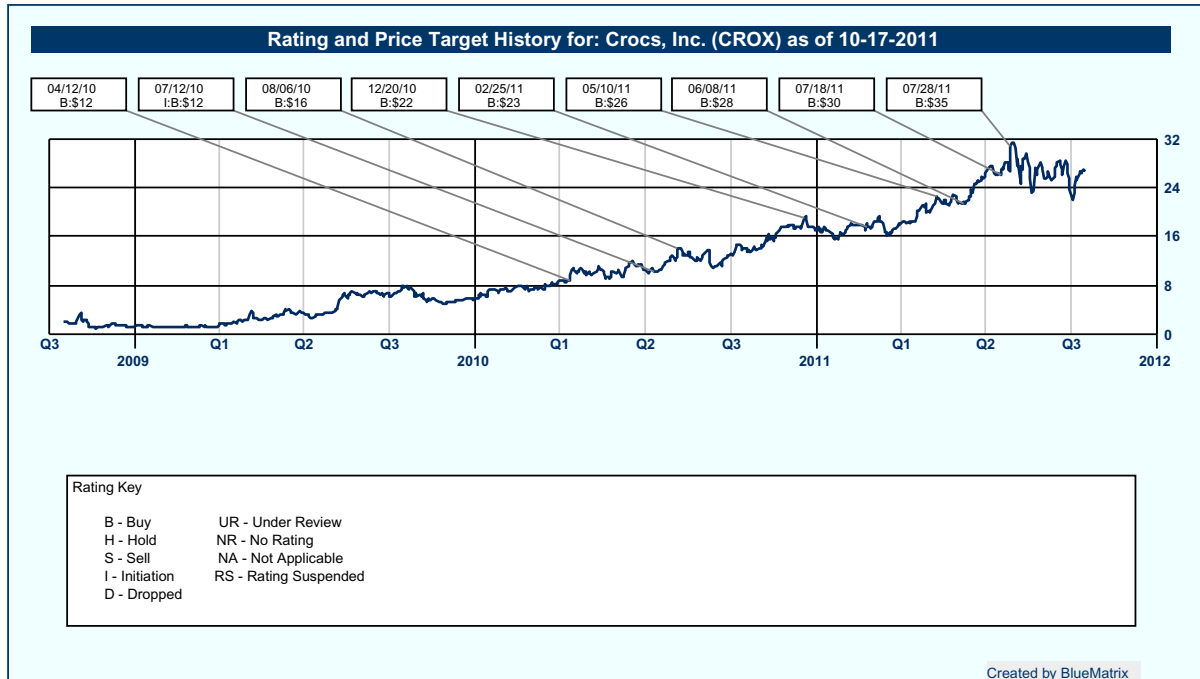
(\$ in millions except per share data)

	2010				2011				2012				FYE December 31		
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	2010A	2011E	2012E
	MarA	JunA	SeptA	DecA	MarA	JunA	SeptE	DecE	MarE	JunE	SeptE	DecE			
Revenue	\$166.9	\$228.0	\$215.6	\$179.2	\$226.7	\$295.6	\$273.8	\$202.9	\$265.2	\$345.8	\$308.0	\$228.3	\$789.7	\$999.0	\$1,147.4
Operating Income	\$12.2	\$38.7	\$27.4	\$5.5	\$28.2	\$64.8	\$35.8	\$3.3	\$35.8	\$71.8	\$46.5	\$8.6	\$83.9	\$132.2	\$162.6
Operating Margins	7.3%	17.0%	12.7%	3.1%	12.5%	21.9%	13.1%	1.6%	13.5%	20.8%	15.1%	3.8%	10.6%	13.2%	14.2%
Taxes	\$4.5	\$6.6	\$2.2	\$0.9	\$6.5	\$9.3	\$7.2	\$0.7	\$8.1	\$16.1	\$10.5	\$1.9	\$14.2	\$23.7	\$36.6
Tax Rate	37.2%	17.0%	8.0%	15.9%	23.2%	14.3%	20.0%	20.0%	22.5%	22.5%	22.5%	22.5%	16.9%	17.9%	22.5%
NOPAT	\$7.7	\$32.2	\$25.2	\$4.6	\$21.7	\$55.5	\$28.7	\$2.7	\$27.8	\$55.6	\$36.0	\$6.6	\$69.7	\$108.5	\$126.0
Interest Tax Shield	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	(\$0.0)	(\$0.1)	(\$0.1)	(\$0.1)	\$0.1	(\$0.1)	(\$0.4)
Depreciation and Amortization	\$8.0	\$9.6	\$9.1	\$10.4	\$9.8	\$10.3	\$10.8	\$11.3	\$11.8	\$12.3	\$12.8	\$13.3	\$37.1	\$42.4	\$50.4
Change in Working Capital	\$28.7	(\$8.1)	(\$10.5)	(\$1.8)	\$62.8	(\$11.2)	(\$69.1)	\$41.8	\$75.5	(\$42.7)	(\$69.1)	\$51.4	\$8.3	\$24.3	\$15.2
Capital Expenditures	\$7.6	\$5.7	\$6.4	\$11.6	\$5.9	\$8.0	\$9.0	\$9.0	\$9.0	\$9.0	\$9.0	\$9.0	\$31.3	\$31.8	\$36.0
<b>Free Cash Flow</b>	<b>(\$20.6)</b>	<b>\$44.3</b>	<b>\$38.4</b>	<b>\$5.2</b>	<b>(\$37.0)</b>	<b>\$69.1</b>	<b>\$99.5</b>	<b>(\$36.9)</b>	<b>(\$45.0)</b>	<b>\$101.5</b>	<b>\$108.9</b>	<b>(\$40.6)</b>	<b>\$67.3</b>	<b>\$94.7</b>	<b>\$124.8</b>

Source: Company data, Stifel Nicolaus estimates

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**For a price chart with our ratings and target price changes for CROX go to <http://sf.bluematrix.com/bluematrix/Disclosure?ticker=CROX>**

Stifel, Nicolaus & Company, Inc. expects to receive or intends to seek compensation for investment banking services from Crocs, Inc. in the next 3 months.

Stifel, Nicolaus & Company, Inc. makes a market in the securities of Crocs, Inc..

The rating and target price history for Crocs, Inc. and its securities prior to July 12, 2010, on the above price chart reflects the research analyst's views while employed at Thomas Weisel Partners LLC, an affiliate of Stifel Nicolaus. Thomas Weisel Partners LLC utilized an investment rating system that was different from the rating system currently utilized at Stifel Nicolaus. For purposes of the company's price chart, Overweight, Market Weight, and Underweight under the Thomas Weisel Partners LLC investment rating system shall correspond to Buy, Hold, and Sell respectively, under the current Stifel Nicolaus investment rating system. For a description of the investment rating system previously utilized by former Thomas Weisel Partners LLC research analysts during the past three years, go to <http://stifel.bluematrix.com/docs/html/Thomas-Weisel-r.html>

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**BUY** -For U.S. securities we expect the stock to outperform the S&P 500 by more than 10% over the next 12 months. For Canadian securities we expect the stock to outperform the S&P/TSX Composite Index by more than 10% over the next 12 months. For other non-U.S. securities we expect the stock to outperform the MSCI World Index by more than 10% over the next 12 months. For yield-sensitive securities, we expect a total return in excess of 12% over the next 12 months for U.S. securities as compared to the S&P 500, for Canadian securities as compared to the S&P/TSX Composite Index, and for other non-U.S. securities as compared to the MSCI World Index.

**HOLD** -For U.S. securities we expect the stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. For Canadian securities we expect the stock to perform within 10% (plus or minus) of the S&P/TSX Composite Index. For other non-U.S. securities we expect the stock to perform within 10% (plus or minus) of the MSCI World



Index. A Hold rating is also used for yield-sensitive securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

SELL -For U.S. securities we expect the stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value. For Canadian securities we expect the stock to underperform the S&P/TSX Composite Index by more than 10% over the next 12 months and believe the stock could decline in value. For other non-U.S. securities we expect the stock to underperform the MSCI World Index by more than 10% over the next 12 months and believe the stock could decline in value.

Of the securities we rate, 54% are rated Buy, 45% are rated Hold, and 1% are rated Sell.

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