



# CROX BULLISH ALERT

*August 12, 2022*



# Bullish Opportunity Alert: **CROX**

## Actionable Trade Idea

Buy Crocs (CROX) up to \$85/share\*\*

We believe this stock could gain by more than 100% within the next two years.

\*\*ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital.

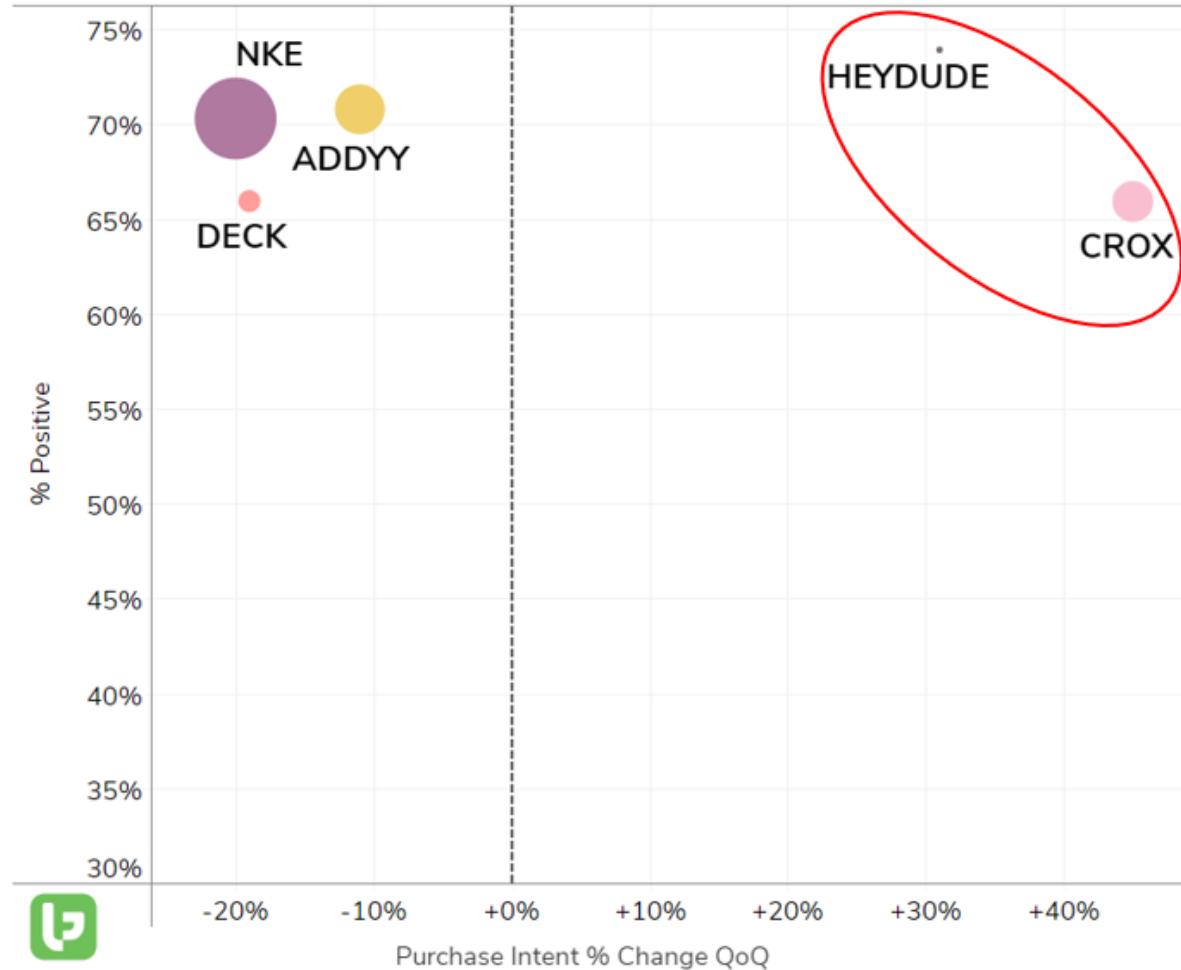


## Competitive Analysis

- The LikeFolio Outlier Grid reveals potential opportunities, by comparing Purchase Intent growth (x axis) against Consumer Happiness (y axis). Tomorrow's big winners are often found in the top right quadrant, which constitutes ideal bullish positioning.
- CROX and newly acquired brand HEYDUDE boast ideal top-right positioning on the outlier grid, with high levels of Consumer Happiness and serious momentum in the current quarter. Collectively, the Crocs and HEYDUDE brand duo is handily outperforming footwear peers.

# CROX: Outshining the Footwear Segment

Purchase Intent vs. Sentiment, 90-day Moving Average



## Consumer Demand:

- CROX Purchase Intent — consumer mentions of purchasing a pair of Crocs, some decorative Jibbitz, or a pair of HEYDUDE shoes — is building in 22Q3.
- Demand is currently pacing +6% QoQ after rebounding in the second quarter.

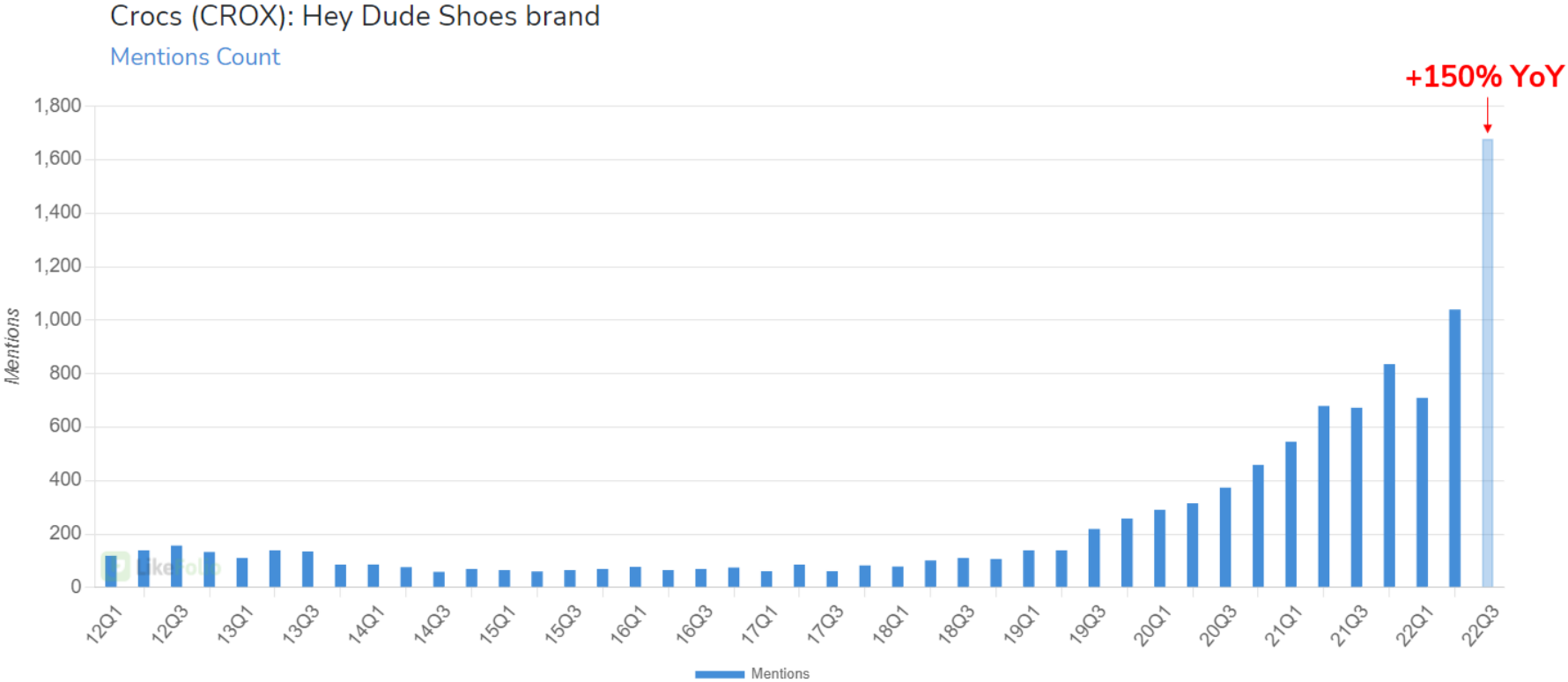
# CROX: Purchase Intent Rebounding



# Consumer Demand:

- Comprehensive Crocs demand appears to be accelerating in the current quarter, driven by consumer discovery of HEYDUDE shoes.
- Crocs completed its \$2.05 billion acquisition of HEYDUDE in February of 2022.
- Since being acquired, HEYDUDE brand buzz has exploded, surging +150% higher YoY.

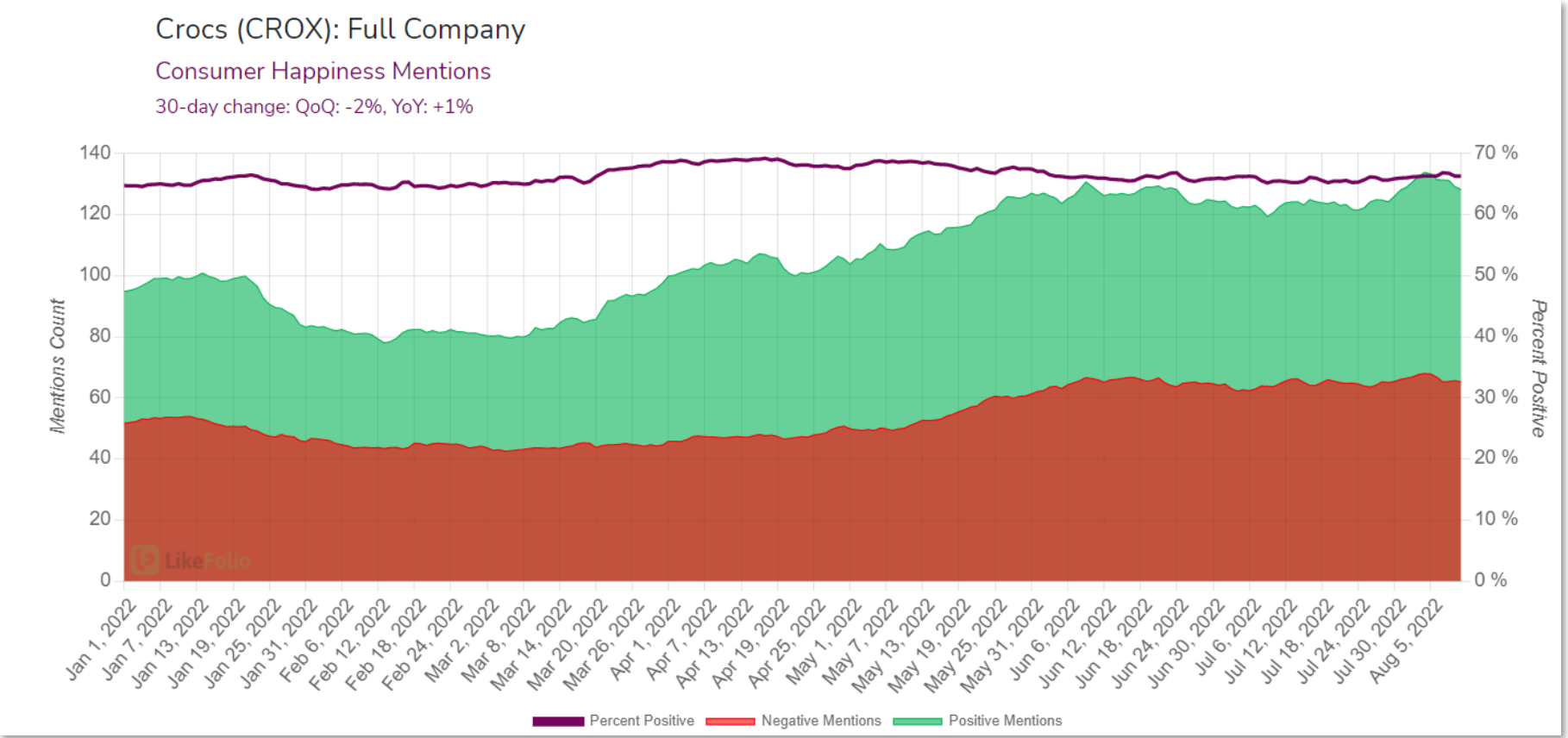
# CROX: HEYDUDE Brand Explosion



## Customer Happiness:

- Consumer Sentiment Mentions for CROX are 66% positive over the past month, up +1% vs. the prior year.
- Sentiment for all shoes under the Crocs umbrella is so healthy that consumers often reference purchasing multiple pairs, and pairs for the whole family. Repeat purchases are reflective of an extremely loyal consumer base.

# CROX: High Quality for the Whole Family



# CROX: Loyal Customers, Repeat Purchases



ube ❤️ Seungyoon  
@Oohbebaby

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After much hemming and hawing, I finally bought Crocs for my son the other day. Today the hubby one-upped me and got him another pair AND jibbitz. Now I'm thinking if we should get adult versions to match.

Blaming **#WINNER** for the Crocsification of our household. 😊

8:11 AM · Aug 5, 2022 · Twitter for iPhone



Adam ▲ @SurfOrDieNJ · Jun 19

...

Dude, do yourself a favor & get a pair of [@HeyDudeShoesUSA](#). Got another pair today from the fam for father's day. I swear by these shoes



young raleezy  
@rahroronah

...

Just bought another pair of crocs that I did not need but will blame work so I did need them

6:00 PM · Jul 17, 2022 · Twitter for iPhone



J Hammond @jhammond\_ART · Jan 4

...

Let me start with, I'm not sponsored by this company.

I am unsure if I'll ever buy **another** brand of shoe again in my life. It's like wearing the feeling of love on your feet. It's the equivalent of Wu Tang Clam but for your toes instead of ears.

Get some [@HeyDudeShoesUSA](#)

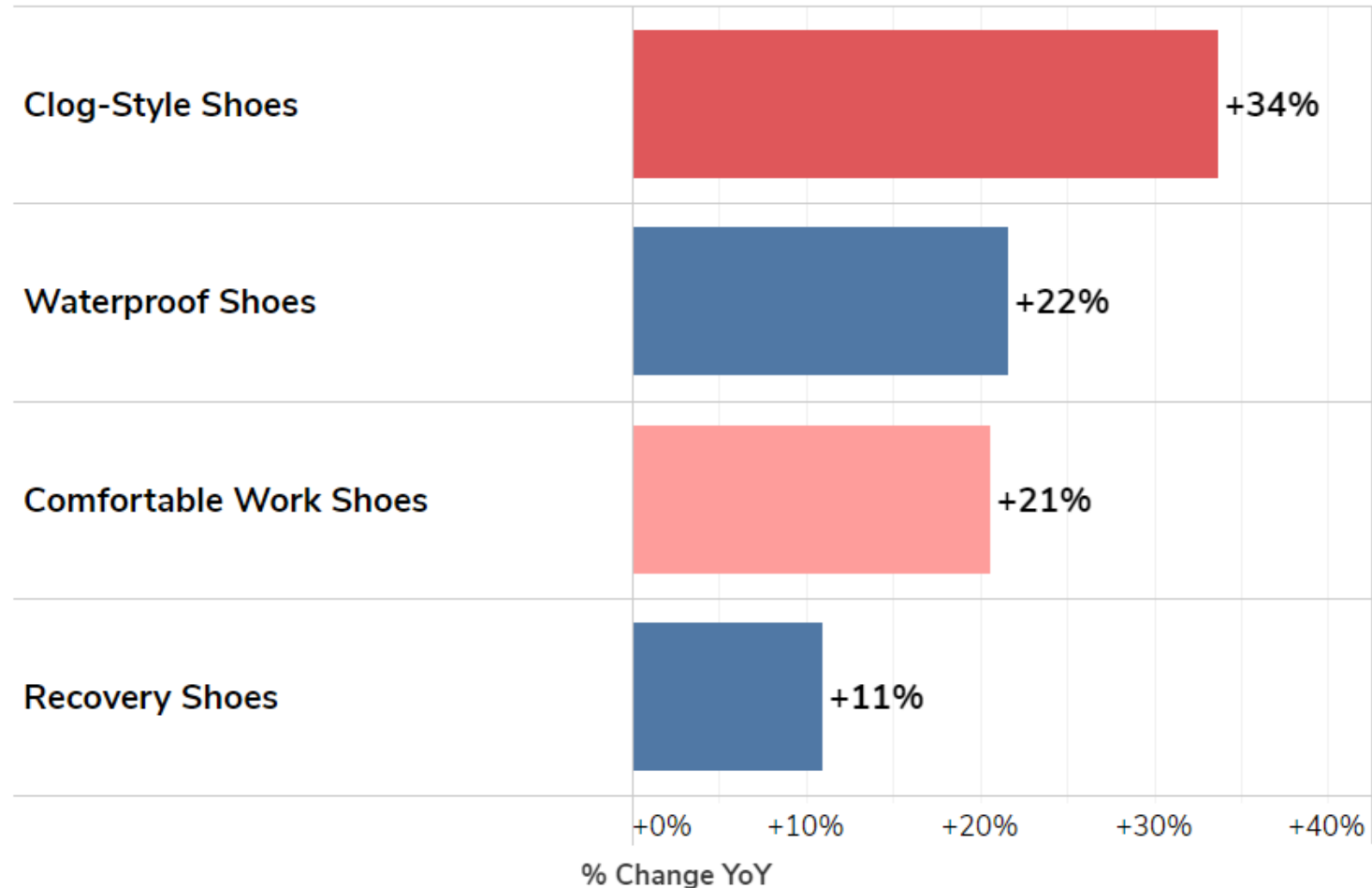


## Macro Tailwinds:

- Consumers are flocking to comfortable, relaxed footwear...clogs, specifically.
- Work dress codes are looser after Covid and many consumers have grown accustomed to the comfort that shoes like Crocs and HEYDUDE provide.
- This demand translates across generations: Crocs is among the top 5 hottest brands in casual footwear for Gen Z men and women. This is critical for future brand expansion.

# CROX: Ideal Positioning in Footwear

## YoY % Change, 90-day Moving Average





# CROX: The Bottom Line

- **Crocs' acquisition of HEYDUDE shoes is already paying off, and the [company expects](#) the new brand to contribute \$1 billion in revenue in 2022 "easily".** Crocs noted "HEYDUDE is one of the hottest brands in the U.S. footwear market today, because of the consumer love of the brand and its products. We are investing rapidly in the capabilities that will allow us to sustain the growth potential of the brand, while we are not yet ready to outline the longer term potential, we believe it is significant and we will easily achieve a short term goal of a billion dollars in sales."
- **New product development in the Crocs line-up demonstrates continued innovation for its legacy brand.** In 2022, CROX introduced The Crush sandal in the U.S. and Asian markets. This was one of 5 new sandals Crocs debuted in hopes to continue to expand its footprint in the global sandal market it estimated to be valued at \$30 billion.
- **Crocs' robust digital presence is bolstering sales.** Overall digital growth for the Crocs brand increased +21% YoY in 22Q2. Crocs noted a balance of new and repeat customers utilizing eCommerce channels.
- **Caveats: Earlier this month [CROX cut its FY'22 guidance](#), citing currency, inflation and supply-related headwinds.** CROX shares tumbled initially but have since recouped the majority of those losses. While short-term macro factors may weigh on margins, Crocs' marketshare positioning supports long-term growth. The company cited: "In the context of a flat to down market during the first half constant currency revenues for the Crocs Brand grew by 20%, and consolidated revenues grew by 52% driven by the acquisition of HEYDUDE. **As you can see, both Crocs Inc and the Crocs Brand are gaining significant market share.**"

CROX is a proven winner in the footwear industry. In 22Q2, the Crocs brand sold more than +32 million pairs of shoes. The company has successfully leveraged the power of celebrities alongside maximum comfort to successfully market its brand to multiple generations. Essentially, Crocs has established its portfolio as a shoe worthy of love from the entire family, and generational demand is only expanding.

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**LikeFolio**