



CROCS (CROX)

DECEMBER 4th, 2024

Outlook: Neutral

Prior Day Close: \$111.25

Potential Catalysts: Q4 Earnings

Recent Jaguar Commentary: JaguarLive (10/28)

JAGUARFLOW | SURPRISE BULLISH FLOW

Date	Symbol	DTE	Option	Quantity	Price	Side	Premium	Sentiment
3-Dec-24	CROX	108	CROX Mar25 150 Calls	1,043	\$ 2.02	Above Ask	\$ 210,686	BULLISH
3-Dec-24	CROX	108	CROX Mar25 130 Calls	596	\$ 5.42	Above Ask	\$ 323,032	BULLISH

March 130 OI jumped from 1,753 to 2,508

March 150 OI jumped from 208 to 1,253

INSIDER BUYING

Filing Date	Trade Date	Ticker	Insider Name	Title	Trade Type	Price	Qty	Owned	ΔOwn	Value
2024-11-14 18:41:20	2024-11-13	CROX	Healy Susan L.	EVP, CFO	P - Purchase	\$99.70	+1,000	22,652	+5%	+\$99,702
2024-10-30 17:43:11	2024-10-30	CROX	Replogle John B	Dir	P - Purchase	\$112.60	+2,240	9,304	+32%	+\$252,222

FUNDAMENTAL WEAKNESS

JaguarLive on October 28th – “Great company, but all major growth drivers will kick in Spring 2025. Until then there is not much product excitement as HEYDUDE growth slows.”

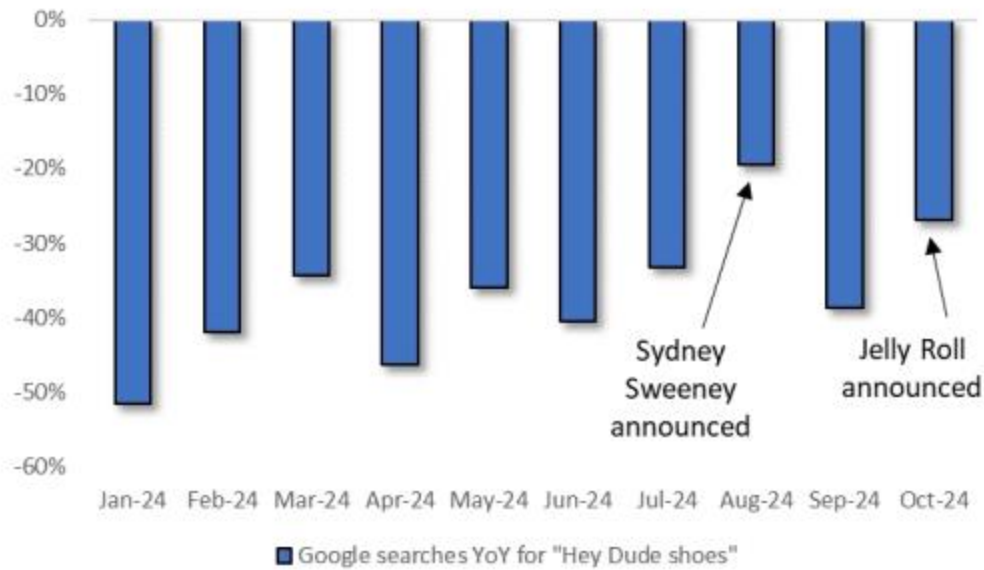
Q3 Earnings – Gapped down and was accompanied by Q4 and 2025 guide downs. Raymond James would summarize the report by saying, **“Crocs North America softness, HeyDude declines, and FY25 margin pressure lessen our confidence in EPS upside potential.”**

Crocs Brand / HeyDude Struggles – In Q3, Crocs grew +8% globally, which was fine, but it did represent the brand's slowest quarterly growth since Q2 2018.

Then, for the 2nd consecutive year, **management over-guided the HeyDude brand**, necessitating the need for significant guidance reductions for the brand. Specifically, HeyDude's initial outlook for FY23 was for mid-teens pro forma growth (actual: -4%), and they initially thought HeyDude would grow in FY24, but they now expect a mid-teens decline (with significant declines to persist into early-2025).

According to Needham, based on their channel checks, **they see very little brand heat at the moment**, despite new high-profile celebrity endorsers. They also believe that it will take time for HeyDude to regain traction with major wholesale accounts, who likely have a “bad taste” in their mouth after seeing the brand heat deteriorate very shortly after they dove headfirst into the brand in 2022.

Figure 7 - High-Profile Celebrity Endorsers Have Yet to Move The Needle For Hey Dude



TALENT SAVIORS

The company has made two key hires this year, which Needham thinks will be beneficial over the medium-term. First, there was the late-April hire of Terence Reilly to run the HeyDude brand. **Mr. Reilly has an "exceptional track record" of making brands "go viral", as he was CROX's Chief Marketing Officer when the brand took off in 2018-2020, and then he was President of the Stanley water cup brand during their period of explosive growth (2021-2023).**

More recently, in November, the company named famed footwear designer Steven Smith as its new Head of Creative Innovation. Mr. Smith has worked for almost 40 years in the sneaker industry, with stops at Nike, New Balance, Reebok, and **most recently as one of the head designers of Adidas's "Yeezy" sub-brand (the collaboration with musician Kanye West). Yeezy was a cultural phenomenon, having peaked at ~\$2B of revenues and generating tremendous levels of brand heat.**

Figure 4 - New Hey Dude Leader Terence Reilly Helped Crocs Go Viral In 2018-2019 As Chief Marketing Officer

