

Crocs, Inc.  
Form 10-Q  
May 01, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2014**

or

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from      to**

**Commission File No. 000-51754**

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# CROCS, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-2164234**  
(I.R.S. Employer  
Identification No.)

**7477 East Dry Creek Parkway, Niwot, Colorado 80503**

(Address, including zip code, of registrant's principal executive offices)

**(303) 848-7000**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of April 25, 2014, Crocs, Inc. had 87,532,602 shares of its \$0.001 par value common stock outstanding.



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**Special Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends, our future expectations and other matters that do not relate strictly to historical facts and are based on certain assumptions of our management. These statements, which express management's current views concerning future events or results, use words like anticipate, assume, believe, continue, estimate, expect, future, intend, plan, project, strive, and future, and verbs like could, may, might, should, will, would and similar expressions or variations. Forward-looking statements are subject to risks, uncertainties and other factors which may cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation, those described in the section entitled Risk Factors under Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent filings with the Securities and Exchange Commission. Moreover, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

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**Form 10-Q**

**Quarter Ended March 31, 2014**

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Table of Contents**PART I Financial Information****ITEM 1. Financial Statements****CROCS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

(\$ thousands, except per share data)	Three Months Ended	
	2014	March 31, 2013
Revenues	\$ 312,429	\$ 311,656
Cost of sales	156,202	145,807
Gross profit	156,227	165,849
Selling, general and administrative expenses	139,405	128,199
Income from operations	16,822	37,650
Foreign currency transaction losses, net	2,768	2,600
Interest income	(477)	(306)
Interest expense	191	209
Other income, net	(141)	(28)
Income before income taxes	14,481	35,175
Income tax expense	5,357	6,214
Net income	9,124	28,961
Dividends on Series A convertible preferred shares	2,133	
Dividend equivalents on Series A convertible preferred shares related to redemption value accretion and beneficial conversion feature	618	
Net income attributable to common stockholders	\$ 6,373	\$ 28,961
Net income per common share (Note 11):		
Basic	\$ 0.06	\$ 0.33
Diluted	\$ 0.06	\$ 0.33

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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**CROCS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

(\$ thousands)	Three Months Ended March 31,	
	2014	2013
Net income	\$ 9,124	\$ 28,961
Other comprehensive income (loss):		
Foreign currency translation	(980)	(4,317)
Reclassification of cumulative foreign exchange translation adjustments to net income, net of tax of \$0 and \$(3), respectively		299
Total comprehensive income	\$ 8,144	\$ 24,943

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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**CROCS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

(\$ thousands, except number of shares)	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 411,806	\$ 317,144
Accounts receivable, net of allowances of \$14,513 and \$10,513, respectively	206,213	104,405
Inventories	192,376	162,341
Deferred tax assets, net	4,521	4,440
Income tax receivable	14,004	10,630
Other receivables	17,025	11,942
Prepaid expenses and other current assets	34,559	29,175
Total current assets	880,504	640,077
Property and equipment, net	86,413	86,971
Intangible assets, net	81,415	74,822
Deferred tax assets, net	19,688	19,628
Other assets	40,930	53,661
Total assets	\$ 1,108,950	\$ 875,159
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 89,130	\$ 57,450
Accrued expenses and other current liabilities	119,127	97,111
Deferred tax liabilities, net	11,193	11,199
Income taxes payable	16,924	15,992
Current portion of long-term borrowings and capital lease obligations	5,192	5,176
Total current liabilities	241,566	186,928
Long term income tax payable	36,508	36,616
Long-term borrowings and capital lease obligations	10,359	11,670
Other liabilities		