

**FOSSIL**  
**GROUP**

**ICR XCHANGE – JANUARY 13, 2014**

## **SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

Certain statements contained herein that are not historical facts constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. The actual results of the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are: changes in economic trends and financial performance, changes in consumer demands, tastes and fashion trends, lower levels of consumer spending resulting from a general economic downturn, shifts in market demand resulting in inventory risks, changes in foreign currency exchange rates, and the outcome of current and possible future litigation, as well as the risks and uncertainties set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2012 and its Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”).

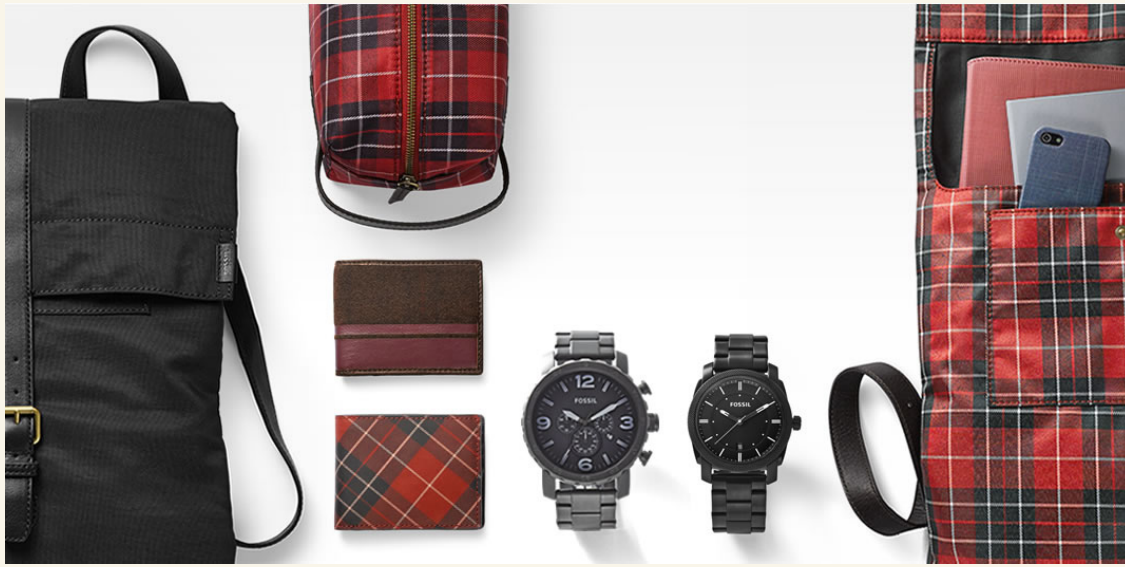
# COMPELLING INVESTMENT OPPORTUNITY

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1. GLOBAL GROWTH COMPANY
2. DIVERSIFIED BUSINESS MODEL
3. OPPORTUNITIES FOR LEVERAGE

# FOSSIL GROUP





**FOSSIL**  
GROUP

SKAGEN  
DENMARK



FOSSIL  
GROUP



MICHAEL KORS

MARC BY MARC JACOBS

BURBERRY

EMPORIO  ARMANI



DKNY

 **KARL**  
LAGERFELD



  
MICHELE

A | X  
ARMANI EXCHANGE



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# STRATEGIC GROWTH DRIVERS

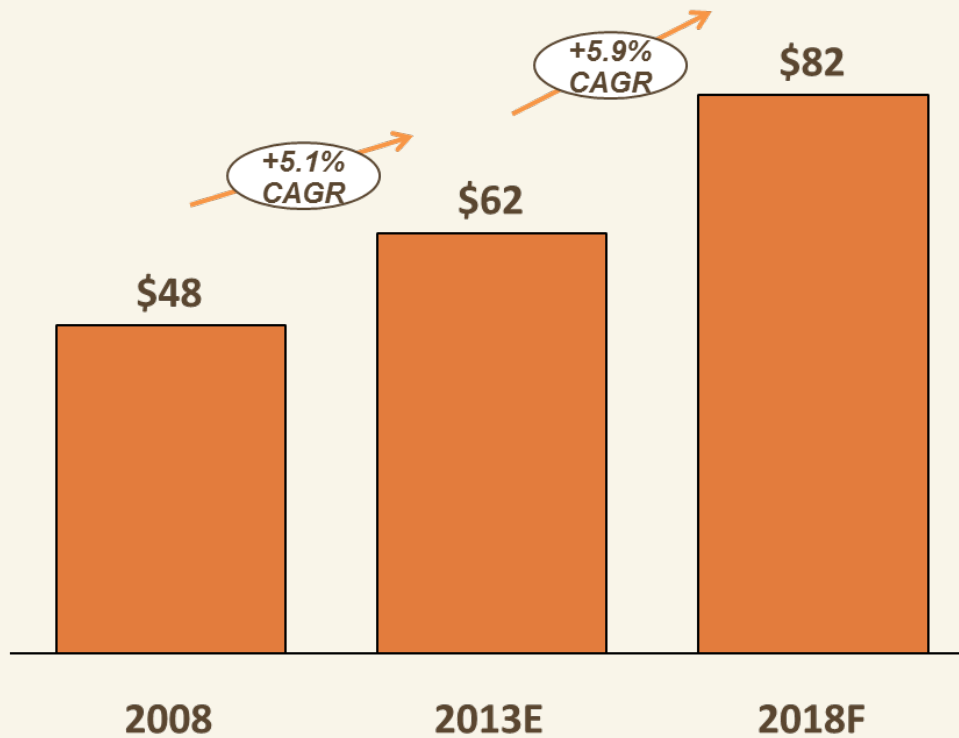
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- **LARGE GROWING CATEGORY**
- **COMPETITIVE ADVANTAGES**
- **RISE OF LIFESTYLE BRANDS**



# GLOBAL WATCH INDUSTRY GROWTH

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- Watch market continues to outpace GDP growth
- Fossil Group consolidated growth 2008-2013: **15.7% CAGR**

Source: Euromonitor International 2013 (watch market values reflect year-over-year exchange rates and current prices)  
Global watch market represented at retail in billions.

# COMPETITIVE ADVANTAGES

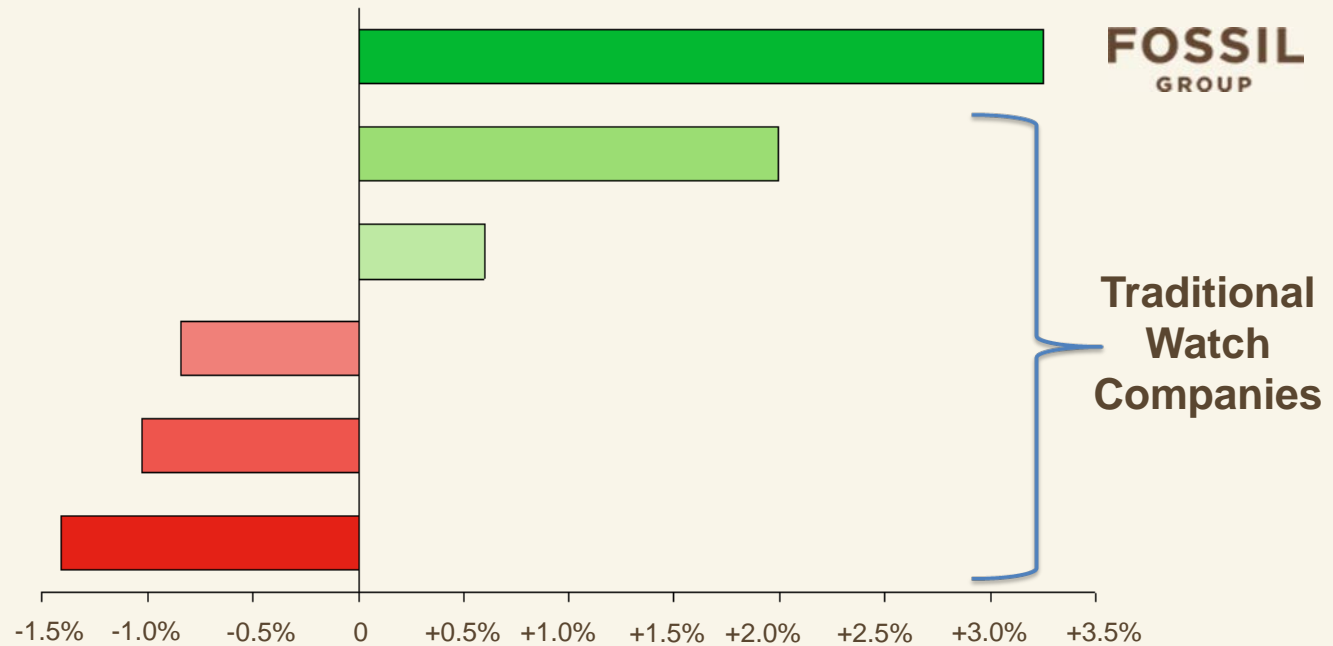
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- **MANUFACTURING AND SOURCING**
- **DESIGN AND CREATIVITY**
- **GLOBAL SUPPORT STRUCTURE**
- **GLOBAL MANAGEMENT**
- **GLOBAL DISTRIBUTION**



# RISE OF LIFESTYLE BRANDS

**Global Watch Market Share Gainers & Losers**  
(Share Gain/Loss 2008 - 2012 for watches < \$1,000)



Source: Euromonitor International 2013

# CREATING SHAREHOLDER VALUE

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- **MANAGEMENT TEAM**
- **REDEFINED REGIONAL STRUCTURE**
- **INVESTMENTS TO DRIVE EFFICIENCIES**

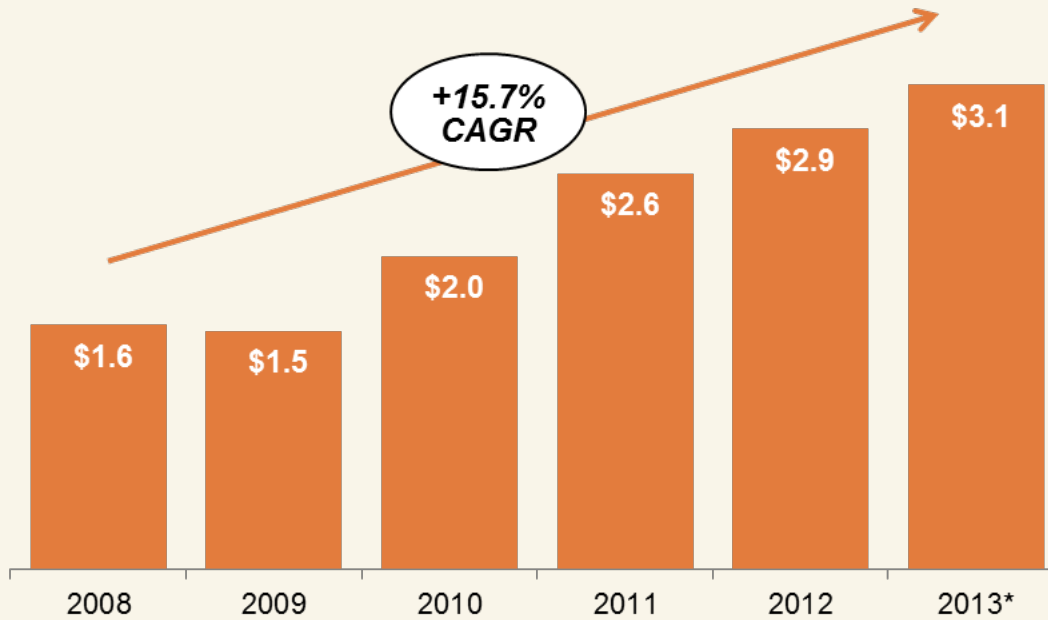
# COMPELLING INVESTMENT OPPORTUNITY

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## 1. GLOBAL GROWTH COMPANY

# FOSSIL GROUP SALES GROWTH

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\* Trailing Twelve Months ended Q3 2013.  
Dollars in billions.

# COMPELLING INVESTMENT OPPORTUNITY

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## 1. GLOBAL GROWTH COMPANY

# COMPELLING INVESTMENT OPPORTUNITY

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1. GLOBAL GROWTH COMPANY
2. **DIVERSIFIED BUSINESS MODEL**



# DIVERSIFIED BUSINESS MODEL

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- BRANDS
- PRICE POINTS
- CATEGORIES
- REGIONS

# AMERICA

**SALES: \$1.7B\***

## OPPORTUNITIES

- RETAIL PRODUCTIVITY
- OUTLET EXPANSION
- SHOP IN SHOPS
- BRAND LEVERAGE

## MAJOR MARKETS

- UNITED STATES
- CANADA
- MEXICO

## DISTRIBUTION

- 273 RETAIL STORES
- DEPARTMENT STORES
- SPECIALTY CHAINS
- INDEPENDENT RETAILERS
- LICENSED BOUTIQUES
- ECOMMERCE

\* Trailing Twelve Months ended Q3 2013.

# EUROPE

**SALES: \$1.0B\***

## OPPORTUNITIES

- RETAIL PRODUCTIVITY
- NEWER MARKETS
- BRAND LEVERAGE
- OUTLET EXPANSION

## MAJOR MARKETS

- GERMANY
- UK
- FRANCE
- DISTRIBUTOR MARKETS

## DISTRIBUTION

- 167 RETAIL STORES
- INDEPENDENT WATCH DEALERS
- DEPARTMENT STORES
- SHOP IN SHOPS
- CONCESSIONS
- ECOMMERCE

\* Trailing Twelve Months ended Q3 2013.

# ASIA

**SALES: \$0.5B\***

## OPPORTUNITIES

- CHINA DISTRIBUTION
- BRAND LEVERAGE
- SWISS

## MAJOR MARKETS

- JAPAN
- SOUTH KOREA
- AUSTRALIA
- CHINA

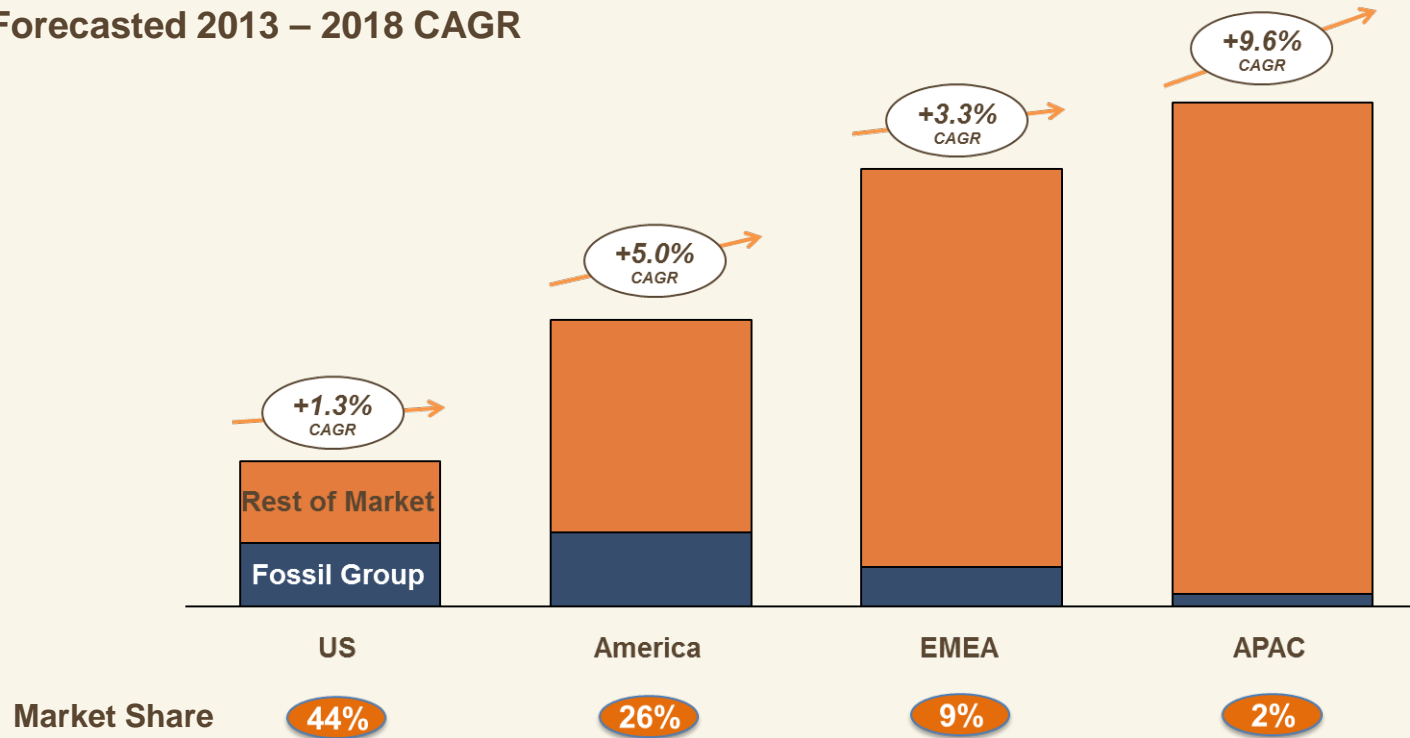
## DISTRIBUTION

- 103 RETAIL STORES
- CONCESSIONS
- SPECIALTY RETAILERS
- DEPARTMENT STORES
- BOUTIQUES

\* Trailing Twelve Months ended Q3 2013.

# MARKET SHARE OPPORTUNITY

2013 Market Size & Growth for Watches < \$1,000  
Forecasted 2013 – 2018 CAGR



Source: Euromonitor International 2013

# COMPELLING INVESTMENT OPPORTUNITY

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1. GLOBAL GROWTH COMPANY
2. DIVERSIFIED BUSINESS MODEL

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# MARGIN EXPANSION

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	2013 *	2008
Net Sales	\$ 3,145	\$ 1,583
Gross Profit	1,792	851
<i>Gross Margin</i>	57.0%	53.8%
Expenses	1,245	645
<i>Expense Rate</i>	39.6%	40.8%
Operating Income	\$ 547	\$ 206
<i>Operating Margin</i>	17.4%	13.0%

## OPPORTUNITIES

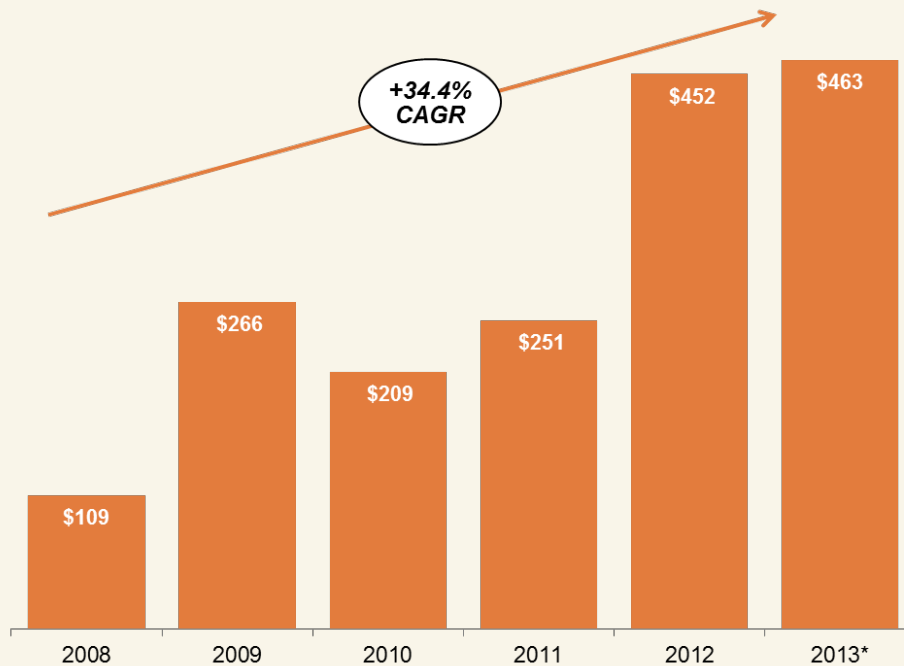
- INTERNATIONAL GROWTH
- OUTLETS
- TECHNOLOGY
- PROCESS EFFICIENCY
- SUPPORT STRUCTURE OPTIMIZATION

\* Trailing Twelve Months ended Q3 2013.  
Dollars in millions.



# FINANCIAL LEVERAGE

## OPERATING CASH FLOW



\* Trailing Twelve Months ended Q3 2013.  
Dollars in millions.

- **SHARE REPURCHASE**

**\$454M – NINE MONTHS ENDED Q3 2013**

**17% FEWER SHARES OVER LAST 3 YEARS**

# COMPELLING INVESTMENT OPPORTUNITY

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**THANKS FOR STOPPING BY!**

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