Certain statements contained herein that are not historical facts, including multi-year profit improvement estimates and the success of our connected accessories, 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, risks related to the success of the multi-year profit improvement initiative, risks related to our connected accessories 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 30, 2017 filed with the Securities and Exchange Commission (the “SEC”). These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. Readers of this release should consider these factors in evaluating the Company, and are cautioned not to place undue reliance on, the forward-looking statements contained herein. The Company assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.
FOSSIL GROUP SITUATION SUMMARY

FY 2017 & FY 2018
- Product and channel shifts continue
- Company transformation underway
- “Smaller & More Profitable” philosophy initiated

Mid-Term FY 2019 & FY 2020
- Moderation in category and channel shifts
- Company transformation continues
- “Smaller & More Profitable” focus continues
- Modest growth programs initiated
- Sales inflection expected during this period

Longer Term FY 2021+
- Solid growth returns driven by Connected…
- …and Emerging Market strength
- More efficient and productive business model in place
- Focus on maximizing incremental revenue flow thru
- Prudent investment planning to drive long-term ROIC growth
## WHO WE ARE

<table>
<thead>
<tr>
<th>Portfolio of Brands</th>
<th>Multi-category</th>
<th>Digital First Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>MK, Misfit, Kate Spade, Michele, SKAGEN, Fossil, DKNY, CHAPS, Relic, Diesel, Armani Exchange, Emporio Armani, Puma, BMW, Zodiac</td>
<td><img src="image" alt="Traditional, Smartwatch, Leathers, Jewelry" /></td>
<td><img src="image" alt="Smartphones" /></td>
</tr>
<tr>
<td>Differentiated software</td>
<td>20+ languages</td>
<td>50+ countries</td>
</tr>
</tbody>
</table>

- Branded apps
- Smartwatch dials
- Branded custom watch apps
INVESTMENT HIGHLIGHTS

Uniquely Positioned To ‘Own the Wrist’

• Leader in the growing “multi-segment” watch category
  • Traditional watches: $33 Billion market, with expansion in emerging markets
  • Connected Wearables: $14 Billion market, expected to reach $33 Billion by 2021

• Leading the convergence of style and technology to become the fashion gateway to wearable technology

• Portfolio of powerful brands reaching across consumer types

• Significant competitive strengths in design, innovation, owned distribution globally, and scale

• Initiatives in place to drive double digit operating margins over time, stabilizing sales in 2019 with growth expected thereafter

• Strengthened balance sheet and positive cash flow

Market Size Data Source: Market model – IDC, Euromonitor International, analyst reports, press search, expert interviews
SIGNIFICANT MARKET OPPORTUNITY

**Fossil Group’s Addressable Market Expected To Increase By Nearly 50%**

- Adding technology has enabled Fossil Group to expand the addressable market to include not only traditional fashion watches but also the connected wearables category.
- Fossil Group is even more competitively advantaged today and positioned to gain share as the two wrist businesses of watches and connected wearables collide.

---

**Historical and projected retail sales of global watches below $1,000**

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional</th>
<th>Smartwatch</th>
<th>Hybrid</th>
<th>Percent of total watch market ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>81% ($32)</td>
<td>17% ($7)</td>
<td>2% ($1)</td>
<td>CAGR ('15-17) 9.2%</td>
</tr>
<tr>
<td>2017</td>
<td>70% ($33)</td>
<td>25% ($12)</td>
<td>5% ($2)</td>
<td>CAGR ('17-21) 10.0%</td>
</tr>
<tr>
<td>2021E</td>
<td>53% ($36)</td>
<td>36% ($25)</td>
<td>11% ($8)</td>
<td></td>
</tr>
</tbody>
</table>

CAGR ('15-17) 9.2%

$69

CAGR ('17-21) 10.0%

$47

$40

$12

($2)

($1)

($7)

($32)

$36

($25)

($8)

($12)

($33)

($36)

($32)

($36)

($25)

($8)

($12)

($33)

($36)

($25)

($8)

Source: Market model – IDC, Euromonitor International, analyst reports, press search, expert interviews

1 Assumes net price increase (including inflation and promo changes) but no change in price tier mix.
# GLOBAL WATCH MARKET GROWTH

## 2021 Market Size And Projected Growth By Product Type And Country
(Below $1000)

USD, Billions

<table>
<thead>
<tr>
<th>Product Type</th>
<th>USA</th>
<th>Mexico</th>
<th>Brazil</th>
<th>UK</th>
<th>Germany</th>
<th>France</th>
<th>China</th>
<th>India</th>
<th>S Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Market</td>
<td>🔺</td>
<td>🔼</td>
<td>🔼</td>
<td>🔺</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
</tr>
<tr>
<td>Display</td>
<td>🔺🔺</td>
<td>🔼</td>
<td>🔼</td>
<td>🔺</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
</tr>
<tr>
<td>Hybrid</td>
<td>🔺</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
<td>🔼</td>
</tr>
<tr>
<td>Traditional</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
<td>🔻</td>
</tr>
</tbody>
</table>

Legend:
- **🔺**: High growth and significant size - highly attractive
- **►**: Some growth and/or size - somewhat attractive
- **🔻**: Declining market – less attractive

**GLOBAL WATCH MARKET GROWTH**
# Regional Growth Opportunities

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>• Connected growth in the U.S.</td>
</tr>
<tr>
<td></td>
<td>• Direct to Consumer expansion across the region, including owned and 3rd party e-commerce</td>
</tr>
<tr>
<td></td>
<td>• Canada and Mexico growth across watch categories</td>
</tr>
<tr>
<td>Europe</td>
<td>• Further connected expansion in major markets</td>
</tr>
<tr>
<td></td>
<td>• E-commerce growth across Eurozone markets</td>
</tr>
<tr>
<td></td>
<td>• Owned brand expansion in Germany and France</td>
</tr>
<tr>
<td></td>
<td>• Revitalize the jewelry category</td>
</tr>
<tr>
<td>Asia</td>
<td>• Accelerate growth in China and India</td>
</tr>
<tr>
<td></td>
<td>• Leverage significant e-commerce marketplace opportunities</td>
</tr>
<tr>
<td></td>
<td>• Capture traditional watch share through global power brands</td>
</tr>
</tbody>
</table>
COMPETITIVE ADVANTAGES

Horizontal Advantage

Vertical Advantage

Technology Advantage

RETAIL
DISTRIBUTION
SOURCING
DESIGN

HYBRID
DISPLAY

Team
Platform
2018 STRATEGIC INITIATIVES

We remain focused on stabilizing and returning our core watch business to growth, bringing more innovation to connected products, and driving efficiencies throughout the company while investing in our e-commerce and digital opportunities.

1) Improve profitability

2) Innovate product offering

3) Expand e-commerce and digital marketing

4) Transform business model
### IMPROVE PROFITABILITY

**Fossil Group adapted to a rapidly evolving consumer landscape**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Response</th>
<th>Result</th>
</tr>
</thead>
</table>
| • Disruption in traditional watches and traditional retail driven by expanding influence of e-commerce and technology | • Acquired Misfit to enable the capability necessary to meaningfully grow connected while leveraging design and innovation to launch hybrid watches  
• Increased focus on digital, ecommerce, and social media  
• Implemented New World Fossil to deliver $200 million in savings | **First Half of 2018 has seen:**  
• Fossil Brand sales growth  
• Positive comparable global retail sales  
• Asia return to growth  

**Trailing 12 months:**  
• Adjusted EBITDA of $225 million  
• Adjusted leverage ratio less than 2.0x

Adjusted leverage based on credit facility definition.
IMPROVE PROFITABILITY

2018

• Connected expansion offset by traditional declines
  • Innovative technology and designs driving connected
  • Store closures, business exits, and license terminations negatively impacting sales performance approximately 500 basis points

• EBIT margins expand
  • $140 million in run-rate rate savings from New World Fossil program
  • 300 basis point increase in gross margin driven by improved design and sourcing across connected and traditional

2019

• Initial sales stabilization begins
  • Connected growth offsets moderating declines in traditional watches
  • Continued rationalization of retail store footprint offset by growth in e-commerce

• EBIT margin expansion
  • Expanded New World Fossil initiatives deliver gross margin and SG&A improvements
  • Expanding gross margins in the connected category
The Watch Category is Evolving Quickly

- We are now positioned to compete in both traditional and connected watches

<table>
<thead>
<tr>
<th>Product category</th>
<th>From clear cut product groups...</th>
<th>...to a scaled offering based on feature set</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart</td>
<td>A display watch with comprehensive tech offering to stay connected, track fitness and monitor wellness</td>
<td>Full features</td>
</tr>
<tr>
<td>Hybrid</td>
<td>A classic watch equipped with tech for the modern world</td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>A basic timepiece for function and a stylish accessory for fashion</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our objective is to infuse technology into traditional watches and to infuse fashion and our global resources into connected
CONNECTED MARKET SEGMENTATION

Source: Euromonitor International
## GEN 3 VS. GEN 4 COMPARISON

### Gen 3
- Fossil Q Venture, Q Explorist
- Michael Kors Access Sofie, Grayson
- Emporio Armani Connected
- Diesel Full Guard
- Misfit Vapor
- Skagen Falster
- Kate Spade New York Scallop
- Marc Jacobs Riley

### Gen 4
- Fossil Q Venture HR, Q Explorist HR
- Michael Kors Access Runway
- Emporio Armani Connected HR
- Diesel Full Guard 2.5
- Misfit Vapor 2
- Skagen Falster 2
- Armani Exchange
- Tory Burch

<table>
<thead>
<tr>
<th>Feature</th>
<th>Gen 3</th>
<th>Gen 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customizable Dials</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Smartphone Notifications</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Activity Tracking</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Heart Rate Sensor</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>GPS</td>
<td>Tethered</td>
<td>✓ Untethered</td>
</tr>
<tr>
<td>NFC</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Microphone</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Speaker</td>
<td>SELECT PLATFORMS ONLY: Fossil Q Explorist, MK Access Grayson, EA Connected, Diesel Full Guard</td>
<td></td>
</tr>
<tr>
<td>Swimproof</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Battery Life &amp; Charge Time</td>
<td>Approx. 1 Day Battery Life, 3 hour charge time</td>
<td>Approx. 1 Day Battery Life, 1 hour charge time</td>
</tr>
</tbody>
</table>
GEN 4 PRODUCT FEATURES

Regular Reminders: Don’t forget to take your vitamins! Set reminders & alarms so you don’t miss a beat.

Personalized Customization: Change your watch face to match your style or mood.

Log Your Downward Dog: Select Yoga from Google Fit tracking options to capture heart rate stats & more.

Tap & Go Payments: Use Google Pay to grab a smoothie with your card loaded conveniently on device.

Water Friendly Wearable: Keep track of notifications and alerts when relaxing poolside or taking a shower.

Ready To Go: Download Uber from Google Play to order a car right from the wrist & head out for the day.

Phone Free Escape: Listen to music and track your bike ride all from the wrist with storage & GPS.

Heart Healthy: Tap the heart on your watch face to take manual heart rate readings direct from the dial.
## CONNECTED OFFERING COMPARISON

<table>
<thead>
<tr>
<th></th>
<th>Gen 4 (Falcon/Raven)</th>
<th>Apple Series 3</th>
<th>Apple Series 3 LTE</th>
<th>Samsung Gear S3</th>
<th>Fitbit Ionic</th>
<th>Fitbit Versa</th>
<th>Garmin Fenix 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pricing</strong></td>
<td>$255+</td>
<td>$329</td>
<td>$399</td>
<td>$349</td>
<td>$299.95</td>
<td>$199.95</td>
<td>$549.99</td>
</tr>
<tr>
<td><strong>OS</strong></td>
<td>Wear OS by Google</td>
<td>watchOS</td>
<td>watchOS</td>
<td>Tizen OS</td>
<td>Fitbit OS</td>
<td>Fitbit OS</td>
<td>Garmin OS</td>
</tr>
<tr>
<td><strong>Case Size</strong></td>
<td>41mm - 48mm, 11-12mm thick</td>
<td>38mm, 11mm thick</td>
<td>42mm, 11mm thick</td>
<td>38mm, 11mm thick</td>
<td>46x49mm, 13mm thick</td>
<td>42mm, 13mm thick</td>
<td>42mm, 15mm thick</td>
</tr>
<tr>
<td><strong>Display</strong></td>
<td>1.2&quot;, 390 x 390, 1.4&quot; 454 x 454</td>
<td>38mm: 272x340, 42mm: 312x390</td>
<td>38mm: 272x340, 42mm: 312x390</td>
<td>38mm: 272x340, 42mm: 312x390</td>
<td>1.3&quot;, 360x360</td>
<td>1.4&quot;, 348x250</td>
<td>1.2&quot;, 390 x 390, 1.1&quot;, 218 x 218, 1.2&quot;, 240 x 240</td>
</tr>
<tr>
<td><strong>Battery Life</strong></td>
<td>24 hrs</td>
<td>18 hrs</td>
<td>18 hrs</td>
<td>3-4 days</td>
<td>4 days</td>
<td>2 days</td>
<td>No GPS: 2 weeks</td>
</tr>
<tr>
<td><strong>Heart Rate</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>GPS</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓ (Tether.)</td>
</tr>
<tr>
<td><strong>NFC</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Swimproof</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Speaker</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cellular</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• Media spend mix continues to shift digital; now have more than 90% of marketing invested in digital channels, including social media, digital media, and paid search

• Continuing to expand celebrity influencer activity along side hundreds of additional brand ambassadors and activation partners to expand reach through segmented, engagement-driven storytelling

• Fossil Brand was recognized in the top 10 among all specialty retail brands in the U.S. Gartner's L2 rankings of Digital IQ based on:
  • Site & Omni-channel Capabilities
  • Digital Marketing
    • Introduction of the Fossil Q smart watch was supported by digital advertising and paid search, driving a significant increase in unbranded search visibility across watch and jewelry terms
  • Social Media
  • Mobile Capabilities
The Industry is Evolving…

**Product category**
More than 2 of every 5 wrists will be wearing some form of connected watch

**Geographic market**
Developing countries will make up almost 2/3 of the traditional watch market

**Purchase channel**
Over 50% of watch sales will take place online (both owned and third-party)

Source: Euromonitor International with connected wearables assumptions based on IDC Quarterly Wearable Device Tracker (through 2017Q4); 2018 Consumer Research
Raising the game on New World Fossil (“NWF”): NWF 2.0

What we’ve accomplished...

NWF 1.0: Right-Sizing

- Right-size organization given recent market shifts and financial realities
- Focus on operational and organizational efficiencies for cost savings
- Cross-functional initiatives driving savings in...
  - Design to Value
  - Sourcing negotiations and procurement
  - Component cost take-outs

Maintaining sustainable impact...

NWF 2.0: Refocusing

- Refocus organization on prioritized consumer and market opportunities for growth
- Create long-term process and system enhancements to maintain momentum
- Key opportunities in...
  - Speed to Market
  - Strategic Sourcing
  - Procurement Technology and Process
  - Pricing and Trade Optimization

The detailed roadmap for NWF 2.0 is currently under development - this will guide our continued efforts through 2020 and beyond
NEW WORLD FOSSIL 1.0

New World Fossil
Run-Rate Financial Impact
(USD in millions)

$80M
2017

$140M
2018

Primary Drivers of New World Fossil

• Improved Design for Value
• Product Sourcing
• Category & Pricing Management
• Indirect Spending Management
• Organizational Efficiencies
TRANSFORM BUSINESS MODEL

Our Mission is to own the Wrist… Profitably

We will continue to evolve with the industry to:

- Reach consumers... whenever, wherever, however
- ...with end to end operational proficiency...
- ...and world class commercial effectiveness

- Reignite traditional watch through innovation
- Grow connected
- Accelerate and sustain China/India growth
- Expand online selling, owned and third-party

- Expand Design to Value and sourcing success
- Expedite indirect sourcing savings
- Dramatically improve speed to market
- Establish an optimally sized commercial infrastructure

- Advance pricing and revenue management capability
- Enhance consumers’ sales service experience
- Optimize store network and cost for omnichannel
- Apply analytics and science to everything we do

Pivot To Growth
Sustain Operational Efficiencies

Reach consumers… whenever, wherever, however
IMPROVING BALANCE SHEET

End of Quarter Net Debt
$ millions

Q1 2016: 516
Q2 2016: 503
Q3 2016: 488
Q4 2016: 339
Q1 2017: 295
Q2 2017: 326
Q3 2017: 318
Q4 2017: 215
Q1 2018: 233
Q2 2018: 154

$362 million reduction in net debt since 2016 as a result of:
- New World Fossil driving improved gross margins and operational efficiencies
- Improved working capital management

(1) Net Debt is calculated as Short Term Debt + Long Term Debt – Cash and Cash Equivalents.
**Capital Structure Philosophy**

- Significant business volatility
  - Fashion risk
  - Technology risk
  - Currency risk
- Capital structure implications
  - Conservative debt posture
  - Maintain ABL for flexibility

**Capital Structure**

- Current Credit Facility
  - Term loan with amortization
    - March 2019: $125 million
    - March 2020: $75 million
    - December 2020: $200 million
  - ABL-like facility
    - capacity up to $325 million with approximately $250 million available as of Q2
- Potential 2019 refinancing in advance of final amortization
- Cash generation capability
  - Operating cash flow
  - Working capital
## FINANCIAL GUIDANCE PROVIDED AUGUST 7, 2018

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>(16)% to (10)%</td>
<td>(14)% to (8)%</td>
<td>(10)% to (6)%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>50% to 52%</td>
<td>50% to 52%</td>
<td>51% to 52%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$300 million to $320 million</td>
<td>$330 million to $350 million</td>
<td>$1.25 billion to $1.30 billion</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>(1)% to 1%</td>
<td>8% to 10%</td>
<td>1% to 3%</td>
</tr>
<tr>
<td><strong>Other Income (Expense)</strong></td>
<td>Approximately $(2) million</td>
<td>Approximately $1 million</td>
<td>Approximately $(4) million</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>Approximately $12 million</td>
<td>Approximately $12 million</td>
<td>Approximately $45 million</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Taxes</strong></td>
<td>$(20) million to $(8) million</td>
<td>$55 million to $78 million</td>
<td>$(16) million to $18 million</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes restructuring charges as follows: Q3 = $7 million, Q4 = $8 million, FY 2018 = $50 million