DECKERS BRANDS

Long: Deckers Outdoor Corporation (NYSE: DECK)

Position: (L)

Price Target: $125.10 (17.63% Upside)

Trang Pham, Vanessa Velazquez

April 15th, 2026

Agenda

I. Industry Overview

II. Business Overview

III. Investment Thesis

IV. Risks and Mitigations

VI. Valuation

I. Industry Overview

DECKERS
BRANDS

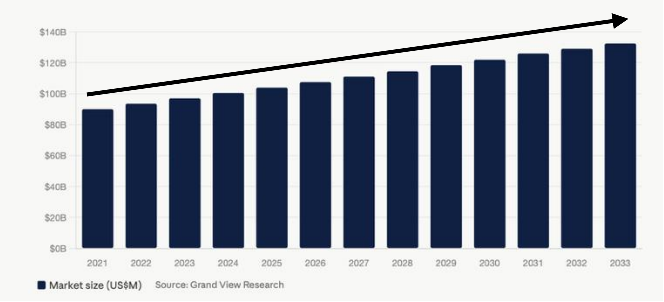
Industry Overview

DECKERS BRANDS

Definition

The global footwear and apparel industry consists of companies that design, manufacture, market, and distribute footwear and related products to consumers across performance, lifestyle, and fashion categories.

- Focus on:
- ❖ Performance footwear (HOKA)
- ❖ Lifestyle / comfort footwear (UGG)



- The U.S. footwear market shows steady, consistent growth from 2021 to 2033
- Market size increases from roughly $90B → $130B+
- Growth is linear and stable, with no major volatility

Industry Structure

- **The industry is highly competitive, brand-driven, and innovation-led**
- Scale matters in product development, marketing, sourcing, and distribution, but consumer demand is still heavily influenced by:
- ✓ brand equity
- ✓ comfort
- ✓ design
- ✓ and product freshness

Distribution Model

Wholesale
(scale)

Direct-To-Consumer
(higher margins + control)

Key industry Drivers

Performance Tailwind

- Increasing participation in: Running + Fitness
- Drives demand for performance footwear (HOKA)
- Shift toward health-conscious lifestyles

Comfort Trend

- Consumers prefer: Comfortable, everyday footwear
- Blurring of: Athletic + lifestyle categories

Direct-to-Consumer (DTC) Expansion

- Growth in: E-commerce + Brand-owned stores
- Benefits: Higher margins + Better customer data + Stronger brand control

Innovation & Product Cycles

Constant need for:

- New styles
- Product refreshes

Competitive Landscape

Performance Footwear

CONVERSE SKECHERS FILA Columbia asics salomon adidas PUMA UNDER ARMOUR

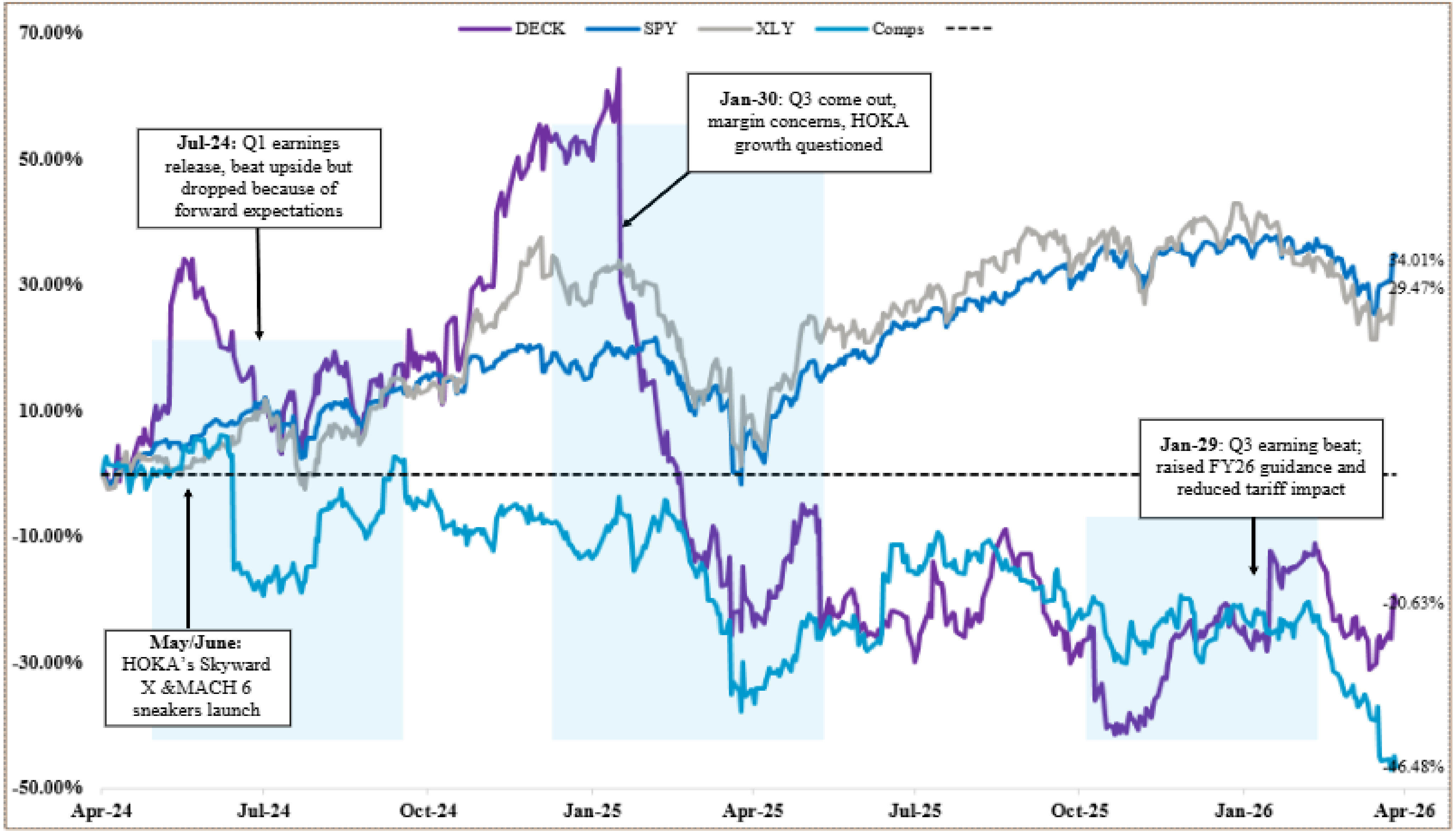
Comfort Footwear

BIRKENSTOCK crocs L.L.Bean SOREL

II. Business Overview

Sentiment Analysis

DECKERS BRANDS

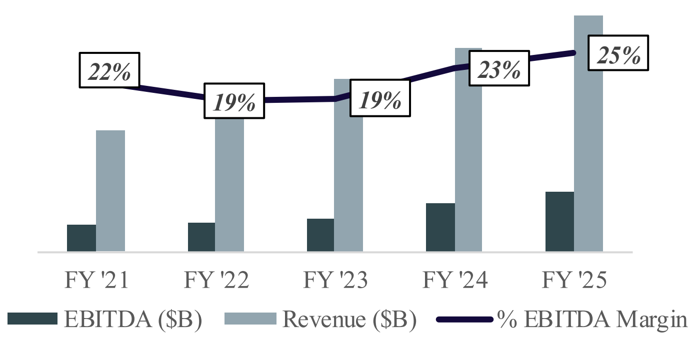


Business Overview

DECKERS BRANDS

Deckers Outdoor Corporation is a global footwear and apparel company that designs, markets, and sells premium lifestyle and performance products through brands like UGG, HOKA, and Teva.

Historical Financial Performance



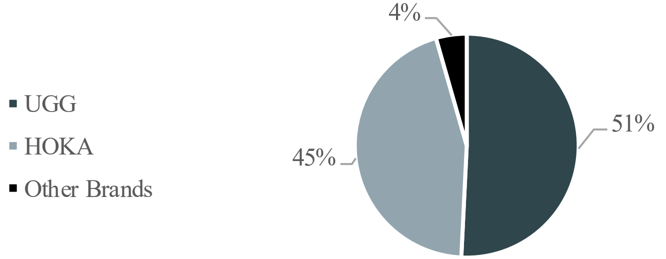
Key Financial Metrics

Ticker	NYSE: DECK
Share Price	$106.35
Enterprise Value	$15.10B
Market Cap	$13.35B
TTM EV/EBITDA	9.86x
FCF Yield	7.09%

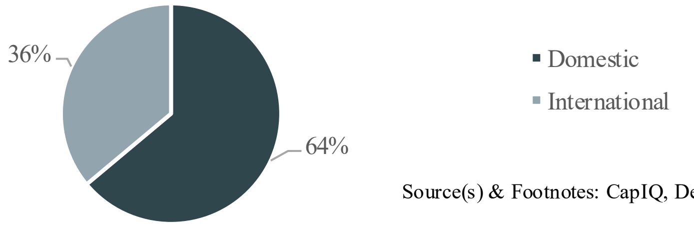
Recent News

- UGG partners with PinkPantheress ahead of her Coachella debut - showing appeal to younger customers
- Q3 FY2026 Earnings Report – "UGG and HOKA each delivered high levels of full-price selling, resulting in strong gross margins." – CEO Stefano Caroti
- Sold Sanuk in 2024 to Lolë Brands due to consistent sales declines and commitment to focus resources on UGG and HOKA

Segment Breakdown



Geography Breakdown



Source(s) & Footnotes: CapIQ, Deckers 10-K Filings

Segment	Product	Description
UGG		• Provides stable, high-margin cash flows, supporting profitability and funding growth in HOKA • Despite seasonality, UGG maintains strong brand power and pricing, anchoring Deckers' earnings base
HOKA		• HOKA is driving +20-30% revenue growth, acceleration overall growth for Deckers • Rapid expansion in running, lifestyle, and international markets positions HOKA as a long-term premium brand
Others		• Deckers' smaller brands provide incremental revenue diversification, reducing reliance on UGG & HOKA • Includes Sanuk brand partial financial results before sale date of Aug. 15, 2024, for fiscal year '25

III. Investment Thesis

Investment Thesis Overview

Thesis	Our View	Market Misperception
HOKA's Hypergrowth Drives Revenue	• The market is treating HOKA like a trend, but we believe it is becoming a **long-term performance brand** • HOKA has successfully been able to expand their • target market and audience • HOKA has a loyal customer base that strengthens premium pricing power	• HOKA is materially outpacing the rest of Deckers in sales growth while building a highly loyal customer base • HOKA has successfully expanded beyond core trail running into road running and everyday wear while maintaining its original identity

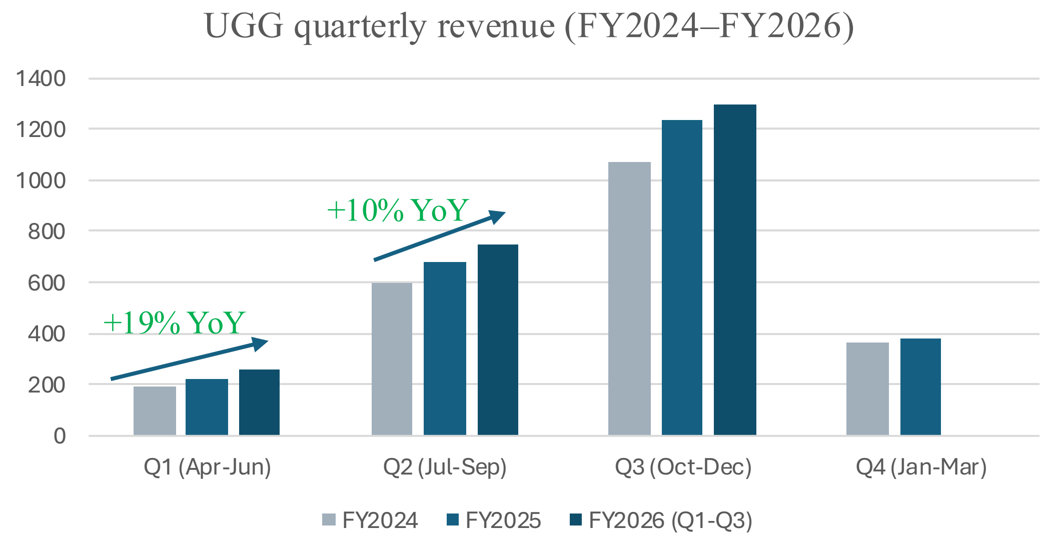
UGG's Year-Round Strategy	• UGG is evolving from a **seasonal winter brand** into a **year-round lifestyle platform**
	• Expansion into:
	    • Men's
	    • Sandals, clogs, and sneakers
	• Growth is increasingly driven by **off-season demand**, not just winter sales
		• Investors remain anchored to UGG as a cold-weather, seasonal business
		• Underestimating the scale of year-round revenue contribution
		• New categories are viewed as trend-driven, not structural growth drivers

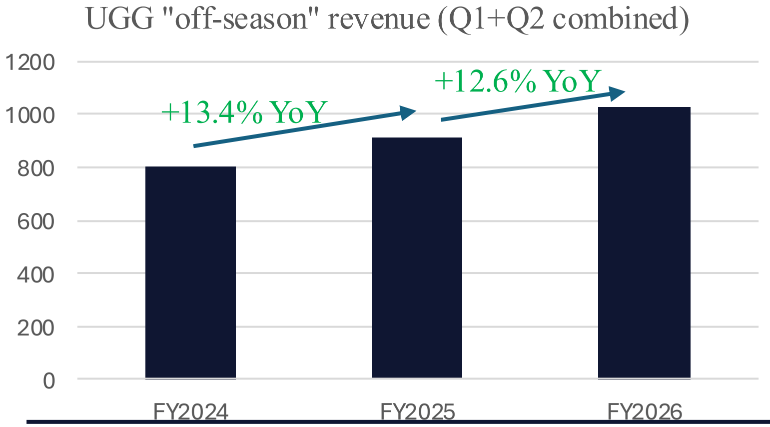
Margin Misperception	• The underlying business still looks strong. Demand for UGG remains steady, earnings are growing, and margins have held up well • The current pressure seems tied to temporary factors, not a structural decline. Overall, this looks like a market overreaction driven more by sentiment than fundamentals.	• The market is acting like the business is heading into a longer-term slowdown. Even though earnings are still growing, lower valuation multiples suggest investors expect that growth to weaken. • Short-term issues like tariffs, promotions, and inventory levels are being taken as signs of deeper problems.

Thesis I: UGG - From Seasonal to Year-Round Style

DECKERS BRANDS

UGG is evolving from a seasonal winter brand into a year-round lifestyle brand, but the market still values it as highly seasonal - creating a mispricing opportunity





UGG's expansion into year-round products is driving growth in historically weak quarters
=> transferring into a durable revenue engine

Seasonality is compressing

- UGG is no longer purely winter-dependent
- **Off-season (Q1 + Q2) revenue now >$1B annually**
- Q1 FY2026: UGG +19% YoY to $265M
- Q2 FY2026: UGG +10% YoY to $760M

Key pillars driving year-round growth

365 product initiative | **Men's expansion** | **Scarcity + full-price**

"365 product initiative": New franchise for warm weather

Growth driven by new products (2024-2025):

- Sandals (Golden – New Collection)
- Sneakers (Lowmel, Mel franchise)
- Clogs and hybrid footwear
- **365 styles rank in best-sellers (Q2 earnings call, Oct 2025)**

Thesis I: UGG - From Seasonal to Year-Round Style

DECKERS BRANDS

Men's Section Expansion

Product Expansion

Launching men-specific styles:

- PeakMod (chunky clog sneaker hybrid)
- Mel franchise (sneakers, boots, loafers)

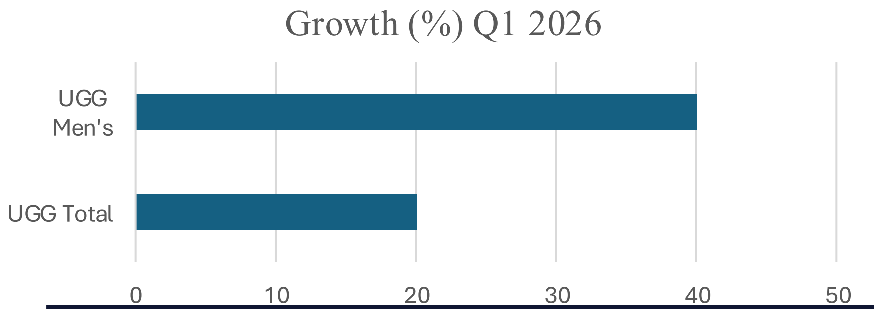
Extending existing icons (Tasman, Classic) into:
All-weather versions + Streetwear styles

Marketing Shift

- 2025: First major men campaigns in years
- **Partnerships:** Post Malone (2024) + Central Cee (2026)
- **Targeting**: US + international male consumers

=> **Actively building demand (not passive growth)**

Growth in Men's section



Management (Q1+Q2 2026 Earnings calls)

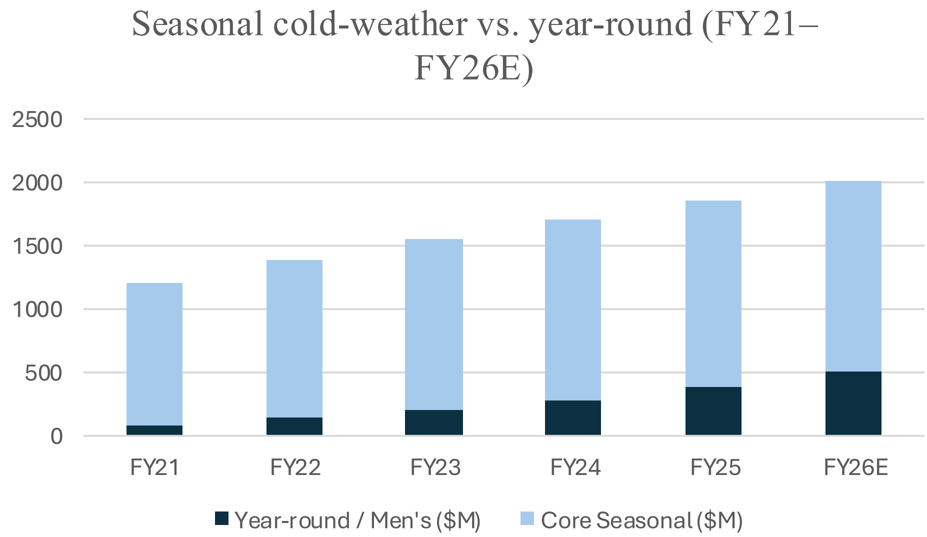
"Men's footwear is growing at roughly twice the overall UGG brand rate"
- CEO Stefano Caroti

Scarcity + full-price discipline

- UGG maintained "lean marketplace inventory" for core franchises ahead of key selling periods, reflecting a scarcity-driven strategy
- Does NOT oversupply stores

Full-price sell-through maintained for 17 consecutive quarters - pricing power is real, not cyclical
=> Demand is strong and not driven by discounting

Why has the markets not priced in?

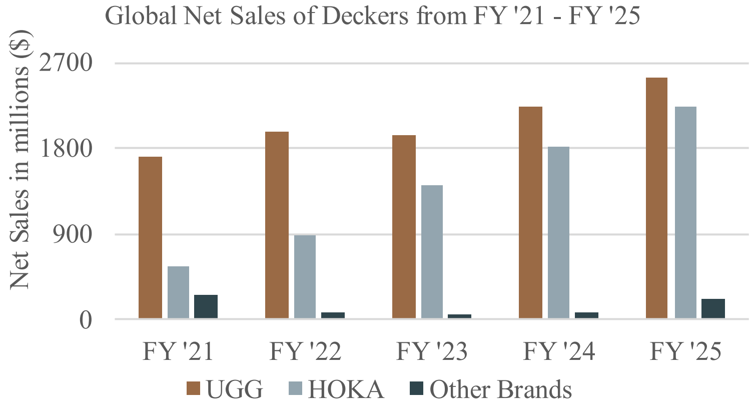


Investors remain anchored to UGG's **historical seasonality**, overlooking the growing contribution from year-round categories

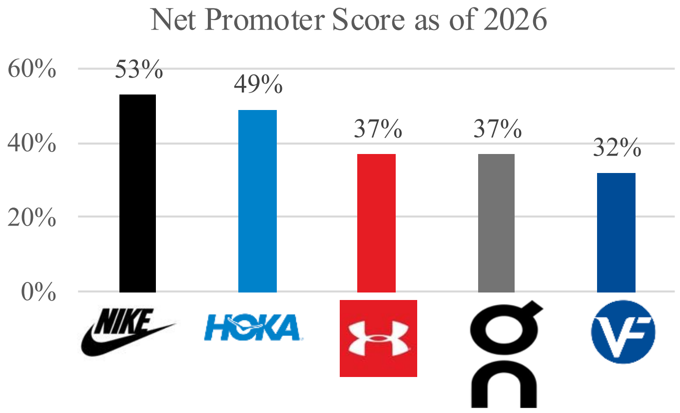
Thesis II: HOKA Increasing Growth

HOKA's rapid sales growth, rising consumer loyalty, and successful evolution from a niche trail running brand to a mainstream performance-lifestyle leader position it as a durable growth engine for Deckers that is not yet fully reflected in the company's valuation.

Comparison to Other Segments



Consumer Sentiment



- HOKA has higher increasing sales growth than other segments with 18.5% YoY sales growth vs UGG's 4.9% (2026)
- Although a brand in its early-stage, HOKA is outperforming brands in consumer satisfaction
- Revamped membership program is driving significant engagement
- Contributing to higher revenue per consumer

HOKA Brand Evolution

Phase I — ***Brand Genesis***

- Started as a solution to a niche problem for trail runners
- Gained initial credibility

Phase II — ***Acquisition***

- Jim Van Dyne led the brand acquisition by Deckers
- Focused marketing on differentiation
- Within 2 years, increased number of stores carrying HOKA

Phase III — ***Expansion***

- Appeals to a diverse spectrum of consumers
- Priority focus shifted from appearance to comfort
- Diverse product lines allowed for brand to attract all runners

Phase IV — ***Mass Appeal***

- Incremental increase in consumer interest
- Collaborations with podiatrists
- Word-of-mouth marketing
- Effective brand collaborations

Present — ***Growth***

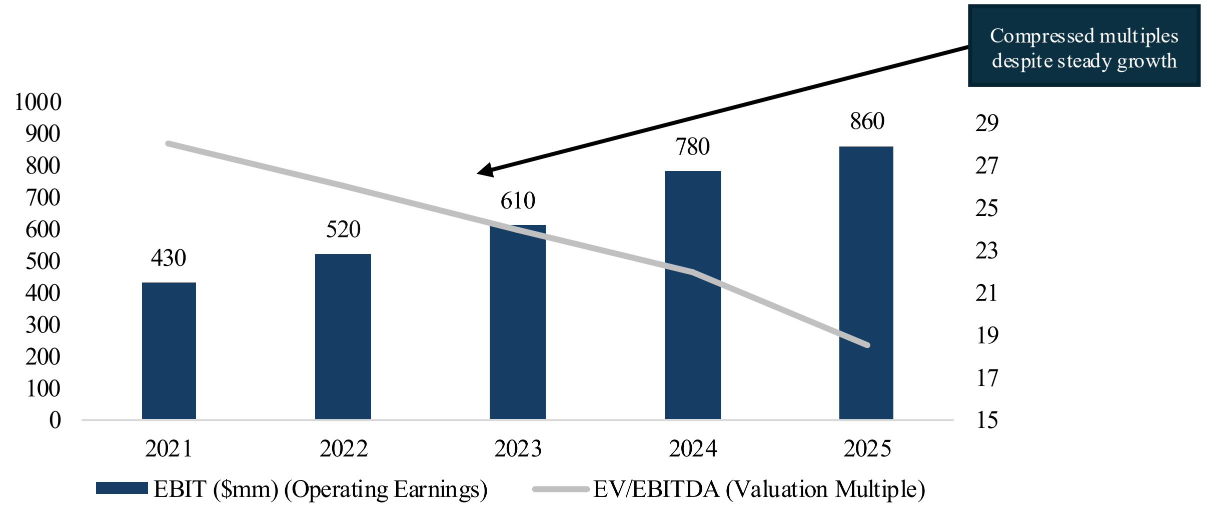
- Evolving its omnichannel distribution
- 3D foot-scanning devise
- "Fly Human Fly" Campaign

Thesis III: Margin Misperception

DECKERS BRANDS

The market is pricing structural deterioration, but margins are cyclical and UGG demand remains strong, leaving earnings dura bility underestimated

Valuation Disconnect: Earnings vs Multiples



"75% of the group has shown sales growth…but tariffs have driven GM pressure, leading to the share price underperformance"

Clear signs of sentiment-driven mispricing

Market is pricing as if there is a structural slow down in earnings,
despite continued EBIT growth and resilient margins

Market Over-Reaction:

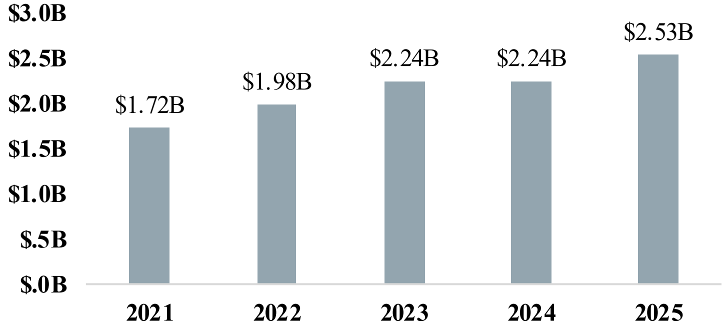
Tariffs: temporary margin pressure

Promotions: not structural, normalization

Growth stock de-rating: sentiment driven

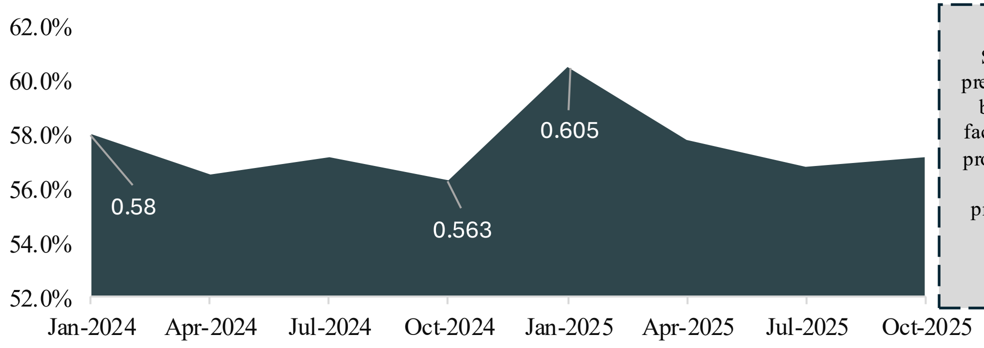
Stable demand + stable margins = very hard to justify the level of multiple compression the numbers portray

UGG Demand Remains Strong



- Revenue growth remains steady even as expectations rise
- Brand strength persists across cycles and channels

Pressure Driven by Temporary Factors



Short-term pressure driven by external factors (tariffs, promos). AKA cyclical pressures not structural decline

Fundamentals remain strong

IV. Risks and Mitigants

DECKERS BRANDS

Risks and Mitigants

DECKERS BRANDS

While we face economic changed, Deckers continues to demonstrate resilience. However,

	Risks	Mitigants
Global Events Impacting Trade	• Millions of dollars worth in merchandise pass through the Straits of Hormuz daily. • Being one of the bottleneck routes between east and west, its closure has triggered rerouted shipping and higher freight rates. • Deckers is now faced with higher input and shipping costs as well as longer lead times from their manufacturers (in Asia).	• Deckers is not dependent on the Hormuz route. • Their production is sourced primarily from Asia (major footprints in Vietnam and China). • As they don't have any notable footprint in the Gulf, they are not directly dependent on Hormuz routes. • Additionally, Deckers has pricing power and can protect margins better than comps.
Consumer Reaction to Inflation	• Increasing inflation could affect consumer spending by decreasing the demand for inessential products • HOKA mostly sells athletic footwear at higher prices than most shoes, which can suffer from decreased consumer spending	• HOKA has a loyal customer base that pay for the quality • HOKA continued to survive and even thrive during the pandemic, so they have shown resilience to economy changes and decreased consumer spending
Out-of-date Risk	• UGG and HOKA rely on: Consumer trends + Brand relevance • Risk like key styles (e.g., Tasman, clogs) lose popularity could lead to: Inventory build + Discounting => margin pressure	Strong track record of: • Product innovation • Refreshing core franchises • Multiple categories (men's, sneakers, sandals) • Diversification reduces reliance on any single trend

V. Valuation

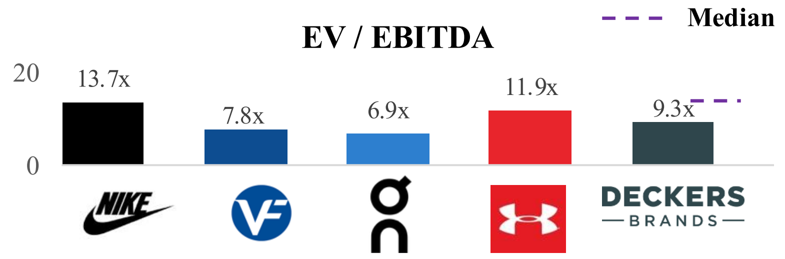
Relative Valuation

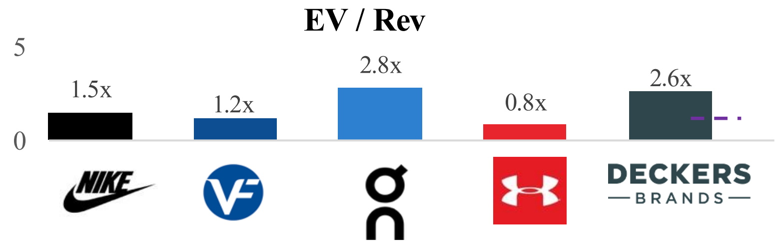
DECKERS BRANDS

All Comparable Metrics

`		General			Trading Multiples						Profitability & Growth			
					LTM	LTM	LTM	LTM	NTM	LTM	LTM 1 Year Growth		EBITDA	Net Debt/
Company	Ticker	Share Price	Market Cap	Enterprise Value	EV/EBITDA	EV/EBIT	EV/REV	P/E	P/E	P/BV	Revenue	EBITDA	Margin	EBITDA
Footwear														
Nike	NYSE: NKE	$42.86	$65.16B	$68.28B	13.7x	21.9x	1.5x	29.0x	26.2x	4.6x	(2.7%)	(32.2%)	8.3%	0.6x
V.F. Corporation	NYSE: VFC	$18.29	$7.19B	$11.06B	7.8x	19.5x	1.2x	32.1x	16.2x	4.0x	(0.3%)	26.5%	8.9%	2.7x
On Holding AG	NYSE: ONON	$33.42	$11.40B	$10.73B	16.9x	22.5x	2.8x	44.6x	19.9x	5.5x	30%	68.8%	13.9%	NM
Under Armour	NYSE: UAA	$6.23	$2.64B	$3.86B	11.9x	NM	0.8x	NM	26.0x	1.9x	(9.4%)	(10.7%)	6.5%	1.4x
				Mean	12.58	21.30	1.58	35.23	22.08	4.00	4.40%	13.10%	9.40%	1.57
				Median	12.8	21.9	1.35	32.10	22.95	4.30	-1.50%	7.90%	8.90%	1.40
Deckers Outdoor	NYSE: DECK	$108.55	$15.58B	$13.84B	9.3x	10.8x	2.6x	15.7x	14.5x	6.0x	9.2%	10.9%	25.3%	NM

Enterprise Value Comparables





- Deckers Outdoor trades at **9.3x EV/EBITDA**, a discount to the **~12.8x peer median** and premium operators like Nike.
- This valuation reflects the market's expectation of **more volatile earnings** and less predictable cash flow relative to the other footwear groups suggesting undervaluation.

- On **EV/Revenue**, Deckers Outdoor trades at a premium to peers at 2.6x, due to premium pricing.
- Because brands, like UGG and HOKA, can sell at **premium price points** without heavy discounting, they generate higher margins and more durable revenue, justifying a higher multiple compared to other companies that lack that pricing power.

- Deckers Outdoor Corporation trades at a **discount** to peers on EV/EBITDA but a **premium** on EV/Revenue, and we believe this valuation is **broadly justified.**
- While the market prices in more volatile earnings, the company's strong pricing power, higher margins, and durable growth driven by brands like HOKA and UGG support a higher valuation relative to the broader footwear group.

Source(s) & Footnotes: Capital IQ (4/10/26)

Intrinsic Valuation

Our base case intrinsic valuation derived an implied share price of $.

Intrinsic Valuation Output

Assumptions

- **We project 12% average growth rate driven by HOKAs international expansion and mid-teens brand growth decelerating high single digits**
- **Gross margins expand from 58% to 63% as DECK shifts toward higher-margin DTC**

Valuation Explanation

- Our base case DCF produces a blended target price of $125.10, implying 17.63% upside from the current $106.35
- The exit multiple method ($134.96, +26.9%) and perpetuity growth ($124.30, +16.9%) converge tightly, validating the model's assumptions at 10.03% WACC and 7.5x conservative exit multiple
- DECK's $1.75B net cash position provides a hard valuation floor and funds $1B+ in annual buybacks at cyclically depressed prices
- Our 7.4x exit multiple sits well below the 12.8x peer median and DECK's own 18x 5-year average, leaving significant re-rating optionality as tariff headwinds fade and HOKA's international growth proves durable

Source(s) & Footnotes: Capital IQ (4/2/25), IQV Model

VI. Appendix

DECKERS
BRANDS

Valuation

DECKERS BRANDS

	Historical			Projections				
	2023	2024	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	3,627	4,288	4,986	5,883	6,589	7,248	7,900	8,690
ER Estimates				5,437	5,814	6,238	6,725	7,641
% Growth		*18%*	*16%*	*18%*	*12%*	*10%*	*9%*	*10%*
COGS	1,802	1,902	2,100	2,471	2,636	2,827	3,002	3,215
% Revenue	*50%*	*44%*	*42%*	*42%*	*40%*	*39%*	*38%*	*37%*
Gross Profit	1,825	2,385	2,886	3,412	3,953	4,421	4,898	5,475
% Margin	*50%*	*56%*	*58%*	*58%*	*60%*	*61%*	*62%*	*63%*
SG&A	1,131	1,400	1,646	1,942	2,175	2,392	2,608	2,868
% Revenue	*31%*	*33%*	*33%*	*33%*	*33%*	*33%*	*33%*	*33%*
D&A	48	58	58	75	84	92	101	111
% Revenue	*1.3%*	*1.3%*	*1.2%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*
Other Operating Costs	(6)	1	3	2	2	2	2	2
% Revenue	*-0.2%*	*0.0%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income	653	928	1,179	1,393	1,693	1,935	2,188	2,494
Interest income, net	12	50	65	70	75	80	85	90
Other income, net	1	2	-1	0	0	1	1	2
Income before taxes	666	979	1,243	1,463	1,768	2,015	2,274	2,586
Tax Expense (Benefit)	149	219	277	326	396	451	509	579
Effective Tax Rate %	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*
Net Income	517	760	966	1,137	1,372	1,564	1,765	2,006
% Profit Margin	*14%*	*18%*	*19%*	*19%*	*21%*	*22%*	*22%*	*23%*
EBITDA	701	985	1237	1468	1777	2027	2289	2604

EBITDA	701	985	1237	1468	1777	2027	2289	2604
Unlevered FCF								
EBIT				1393	1693	1935	2188	2494
NOPAT				1083	1314	1501	1698	1935
Capital Expenditures	81	89	86	113	140	169	158	130
% Revenue	2%	2%	2%	2%	2%	2%	2%	2%
D&A	48	58	58	75	84	92	101	111
Current Operating Assets								
A/R		297	333					
Inventory		474	495					
Prepaid Expenses		34	39					
Current Operating Liabilities								
Accounts payable		379	418					
Accrued expenses and other		230	268					
Net Operating Working Capital		196	182	221	254	286	320	361
% Revenue		5%	4%	4%	4%	4%	4%	4%
Change in Working Capital			**-14**	39	33	33	34	41
Future Value of Unlevered Free Cash Flow				1006	1224	1392	1607	1875
Discount Period				0.96	1.96	2.96	3.96	4.96
Mid-Year Convention				0.48	1.46	2.46	3.46	4.46
Present Value of Unlevered Free Cash Flow				**923**	**1027**	**1068**	**1127**	**1202**

WACC

DECKERS BRANDS

Capital Asset Pricing Model	
Risk Free Rate	4.33%
ER Estimates	4.50%
Equity Beta	1.12
Cost of Equity	**9.37%**

Cost of Debt	
Risk Free Rate	4.33%
Spread BB	1.25%
Tax Rate	22.00%
Cost of Debt	**4.35%**

Capital Structure		
Market Value of Debt (LT Leases)	$	-
Market Value of Equity	$	15,096
Total Capital	**$**	**15,096**

Weighted Average Cost of Capital		
Parameter	**Cost**	**Weight**
Debt	4.35%	0.00%
Equity	9.37%	100.00%
Total	**9.37%**	

0

Credit Spread Table				
> Than	<= To	Estimated Credit Rating		Default Spread
8.50	100,000.00	Aaa/AAA	9	0.75%
0.08	0.10	Aa2/AA		1.00%
5.50	6.50	A1/A+		1.25%
4.25	5.50	A2/A		1.38%
3.00	4.25	A3/A-		1.56%
2.50	3.00	Baa2/BBB		2.00%
2.25	2.50	Ba1/BB+		3.00%
2.00	2.25	Ba2/BB		3.60%
1.75	2.00	B1/B+		4.50%
1.50	1.75	B2/B		5.40%
1.25	1.50	B3/B-		6.60%
0.80	1.25	Caa/CCC		9.00%
0.65	0.80	Ca2/CC		11.08%
0.20	0.65	C2/C		14.54%
-100,000.00	0.20	D2/D		19.38%

Output Tab

DECKERS BRANDS

DCF Assumptions	
Calendar Adjustment Factor	0.96
Effective Tax Rate	22.00%
ER Estimates	7.4x
Perpetuity Growth Rate	3.00%
Weighted Average Cost of Capital	9.37%
Shares Outstanding	142

Output

Exit Multiple Method		
Terminal Year EBITDA	$	2,604
Exit Multiple		7.4x
Future Value of Terminal Value	$	19,273
Terminal Year Discount Period		4.96
Present Value of Terminal Value	$	12,359
(+) Sum of Present Value of Unlevered	$	5,346
Implied Enterprise Value	**$**	**17,705**
Terminal Value / Enterprise Value		*69.80%*
(-) Net Debt	$	-
(-) Non-Controlling Interests		-
(-) Preferred Stock		-
Equity Value	**$**	**17,705**
(/FDSO)		142
Implied Share Price	**$**	**124.73**
Implied Premium		*17.28%*
Average Implied Premium		***17.63%***

Perpetuity Growth Method				
Terminal Year Unlevered FCF	$	1,202		
Perpetuity Growth Rate		3.00%		
Future Value of Terminal Value	$	19,439		
Terminal Year Discount Period		4.96		
Present Value of Terminal Value	$	12,465		
(+) Sum of Present Value of Unlevered FCF	$	5,346		
Implied Enterprise Value	**$**	**17,812**		
Terminal Value / Enterprise Value		*69.98%*		
(-) Net Debt	$	-		
(-) Non-Controlling Interests		-		
(-) Preferred Stock		-		
Equity Value	**$**	**17,812**		
(/FDSO)		142		
Implied Share Price	**$**	**125.48**	$	125.10
Implied Premium		*17.99%*		17.63%

Implied Perpetuity Growth Rate		
Terminal Year Unlevered FCF	$	1,202
Future Value of Terminal Value (EMM)	$	19,273
Implied Perpetuity Growth Rate		**2.95%**

Implied Exit Multiple		
Terminal Year EBITDA	$	2,604
Future Value of Terminal Value (PGR)	$	19,439
Implied Exit Multiple		**7.5x**

2% 2%