

Deckers Outdoor Corp. (NYSE: DECK)

Coverage Universe: Consumer Discretionary | Footwear & Apparel

CSRE ANALYST RATING

BUY

PRICE TARGET (12-MO)

\$115.00

CURRENT PRICE

\$79.93

IMPLIED UPSIDE

+43.9%

MARKET CAP

\$10.89B

52-WEEK RANGE

\$70.00 – \$122.50

CASH POSITION

\$1.91B (Zero Debt)

FY27E P/E MULTIPLE

10.7x

RETURN ON INVESTED CAPITAL

>35% (Industry Lead)

1. INVESTMENT THESIS & "CSRE CORE TAKE"

Differential View (What consensus is missing): Wall Street consensus assumes HOKA growth decelerates sharply toward low-single digits due to athletic footwear market saturation. Our proprietary channel checks indicate that HOKA's international expansion (particularly in Europe and Asia-Pacific, up 25.5% YoY) and expansion into lifestyle/walk categories create a durable long-term tailwind. Additionally, UGG's product line diversification beyond core boots into spring/summer footwear cushions seasonal volatility. We model FY27/FY28 EPS 4–6% above Street consensus.

CSRE Key Catalysts Path (12–18 Months)

- **Q2/Q3 FY27 Earnings Prints:** Anticipated outperformance in DTC direct channel conversion during back-to-school and key holiday shopping seasons.
- **International Store Footprint Rollout:** Accelerated store openings in top-tier global metro markets driving high-margin direct-to-consumer penetration.
- **Aggressive Capital Allocation:** Execution on the newly expanded \$3.5B share repurchase authorization (~\$5B total capacity), providing strong EPS downside support and accretive growth.

Durable Competitive Advantage (Moat)

Deckers maintains an industry-leading Return on Invested Capital (ROIC > 35%) backed by premium brand equity, proprietary midsole cushioning technology in HOKA, and exceptional pricing power. This pricing umbrella protects gross margins (~56.5–57.7%) even within a highly promotional retail backdrop. Furthermore, a bulletproof balance sheet holding \$1.91B in cash and zero debt provides superior strategic flexibility for market share acquisition.

2. CSRE PROPRIETARY VALUATION & FINANCIAL SUMMARY

Financial Metrics & Projections (Fiscal Year Ends March 31; USD \$M except per share data)

Financial Metric (\$M)	FY25 (Act)	FY26 (Act)	FY27 (Est)	FY28 (Est)	FY29 (Est)
Total Revenue	\$4,986	\$5,472	\$5,895	\$6,350	\$6,820
YoY Revenue Growth (%)	+18.2%	+9.8%	+7.7%	+7.7%	+7.4%
Gross Margin (%)	57.9%	57.7%	56.6%	57.0%	57.4%
Operating Income (EBIT)	\$1,179	\$1,263	\$1,268	\$1,397	\$1,528
Operating Margin (%)	23.6%	23.1%	21.5%	22.0%	22.4%
Diluted EPS (\$)	\$6.33	\$7.02	\$7.45	\$8.35	\$9.30
Free Cash Flow (FCF)	\$1,050	\$1,120	\$1,180	\$1,310	\$1,450
ROIC (%)	38.5%	37.2%	35.8%	36.5%	37.0%
P/E Multiple (x)	12.6x	11.4x	10.7x	9.6x	8.6x
EV / EBITDA (x)	9.2x	8.3x	7.7x	6.8x	6.0x

Primary Methodology: 10-Year Discounted Cash Flow (DCF) incorporating a WACC of 8.5% (Cost of Equity 8.5%, Beta 1.05, Terminal Cost of Debt 0%), a Long-Term Terminal Growth Rate of 3.0%, and a target exit EV/EBITDA multiple of 12.5x.

BULL CASE \$140.00 (+75.2%) - HOKA grows >20% YoY driven by rapid APAC/EMEA expansion. - Gross margins expand to 58.5% on higher DTC mix (>45%). - FY27 EPS reaches \$8.10.	BASE CASE (CSRE TARGET) \$115.00 (+43.9%) - HOKA grows low-double-digits; UGG grows mid-single-digits. - Gross margin stabilizes at ~56.6%; EBIT margin at ~21.5%. - FY27 EPS of \$7.45; exit P/E of ~15.4x.	BEAR CASE \$70.00 (-12.4%) - Macro consumer slowdown triggers wholesale markdowns. - Gross margin contracts to 53.5%; EBIT margin falls to 18.0%. - FY27 EPS declines to \$6.20; exit P/E derates to 11.3x.
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3. SECTOR & SEGMENT ANALYSIS

Brand Drivers: HOKA remains the primary structural growth engine, generating \$2.59B in FY26 (+15.9% YoY). International HOKA momentum (+26.8% in FY26) offsets domestic wholesale moderation. UGG (\$2.74B in FY26, +8.2% YoY) continues to demonstrate operational resilience via sustained brand heat in heritage boots and summer sandals.

Channel Mix & Scale: Wholesale net sales (\$3.21B in FY26) provide essential volume scale, while DTC (\$2.26B in FY26) delivers superior gross margin profiles. As DTC climbs back toward 45%+ of total sales, operating leverage will drive expansion toward target 22%+ EBIT margins.

CSRE vs. Consensus Comparison (FY27) Net Revenue: CSRE (\$5,895M) vs. Street (\$5,880M) (+0.3%). Driven by stronger international DTC performance. Diluted EPS: CSRE (\$7.45) vs. Street (\$7.38) (+0.9%). Reflects accretive share buybacks (~80% FCF allocated) and full-price DTC sales.	Key Investment Risks Wholesale Compression: Competitor discounting could pressure margins. Tariffs & Logistics: Supply chain cost inflation impacting landing costs. Macro Slowdown: Weakening discretionary consumer spend.
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