17 NOVEMBER 2026

NYSE: DECK

Deckers Outdoor Corporation

11.3× core earnings, no debt, ~10% of shares retired a year.

My view: the de-rating has overshot a real slowdown. I may be early.



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INTRINSIC VALUE PER SHARE

NYSE: DECK · NOVEMBER 2026

Deckers Outdoor Corporation

Takeaways: the business compounded through both de-ratings; growth has slowed to +3.5% y/y; at 11.3× core earnings I think the price overshot it.

SHARE PRICE	SHARES OUT	MARKET CAP	CASH	BORROWINGS
$83.46	133.5mm	$11.6bn	$1.2bn	Zero
16 Nov 2026 close	194.1mm in FY17	EV $10.4bn	$9.06 per share	revolver undrawn

ttm TO 30 SEP 2026 · REVENUE $5,577mm · EBITDA $1,388mm · NET INCOME $1,060mm · EPS $7.57

11.1×	9.8×	7.5×	8.3×	2.1×
Price / earnings	EV / net income	EV / EBITDA	Price / EBITDA	Price / revenue

RETURN ON EQUITY · FY26

41%	115%
Reported	Excess cash removed

TRAILING CAGR · 3 YEARS TO FY26

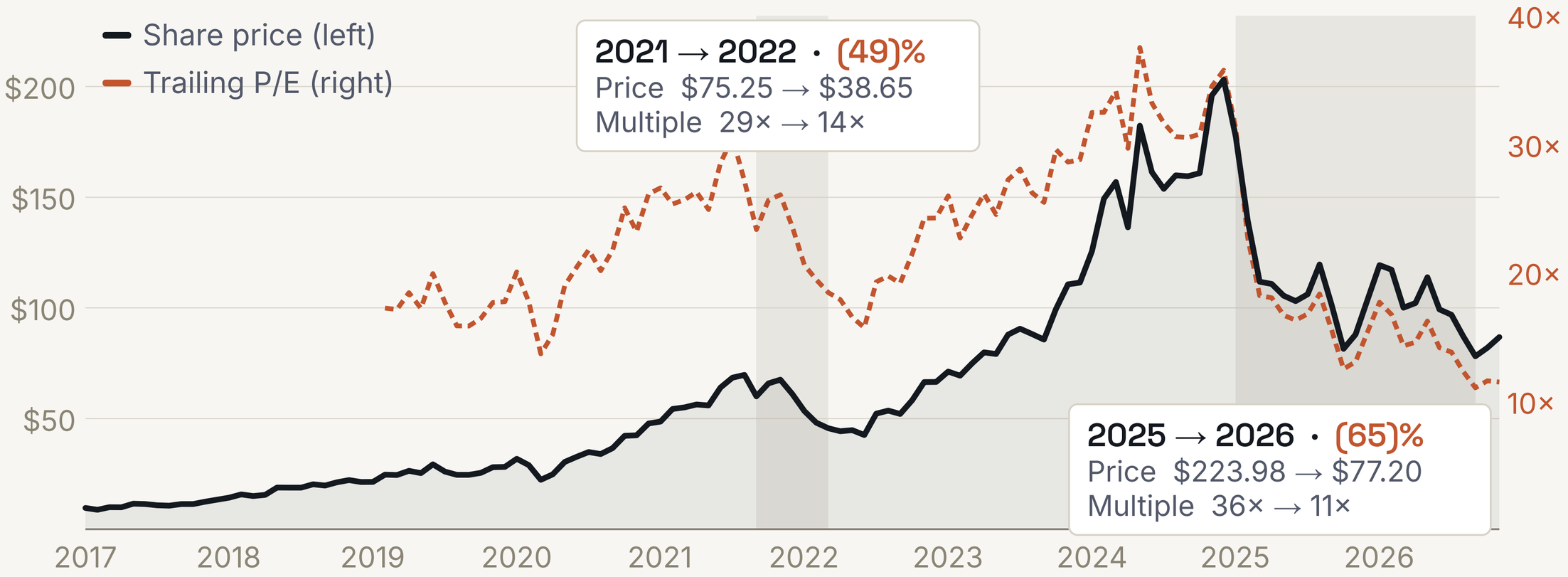
14.7%	29.5%
Revenue a year	Earnings per share

ROE and CAGRs are FY26 actuals (YE 31 Mar 2026). Adjusted ROE removes equity funded by cash >$300mm.

THE TWO DE-RATINGS

Twice since 2021 the multiple halved while EPS rose

Two de-ratings in five years: 29× to 14× in 2022, 36× to 11× in 2026, EPS up in both. The two largest drawdowns since 2017, not a selected window. I am not claiming 2022 repeats.



THE BUSINESS

Nine years at +13.2% revenue CAGR, and +3.5% last quarter

Revenue +13.2% CAGR and EPS +36.1% CAGR since FY17, on a share count down (24.9)%. Growth was +3.5% y/y in 2Q'27, lapping 20%+ quarters.

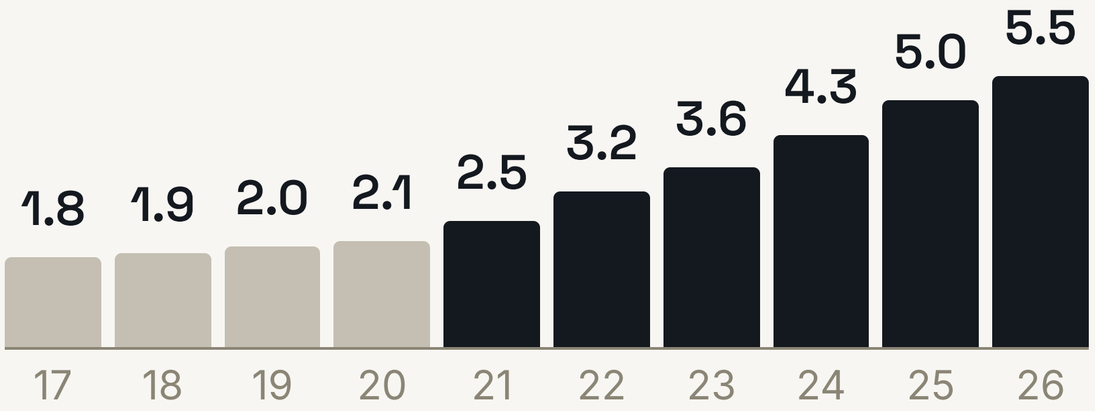
13.2%
Revenue CAGR, FY17–26
$1.8bn → $5.5bn

23.1%
EBITDA CAGR, FY17–26
$207mm → $1,339mm

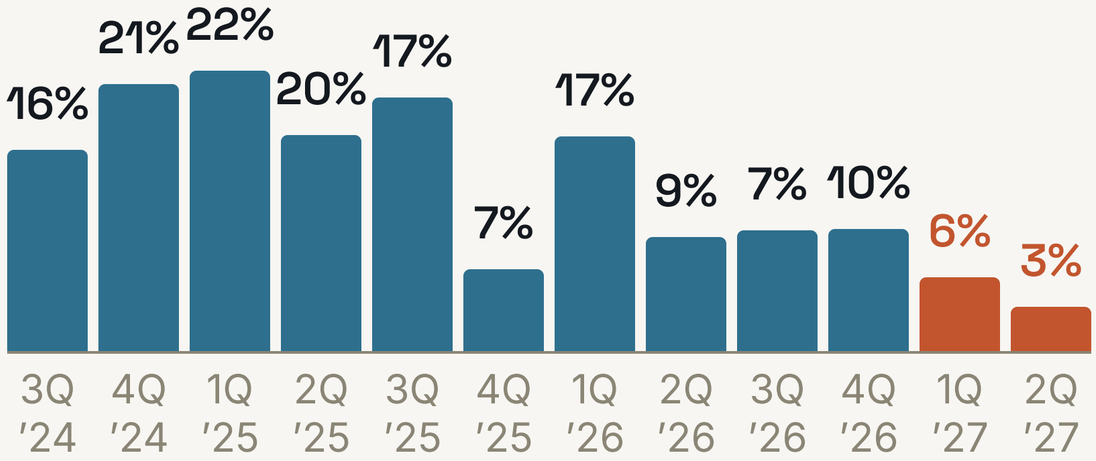
36.1%
Diluted EPS CAGR, FY18–26
$0.60 → $7.02

(24.9)%
Diluted share count, FY17–26
194.1mm → 145.8mm

Revenue by fiscal year, $bn



Revenue growth y/y, by quarter

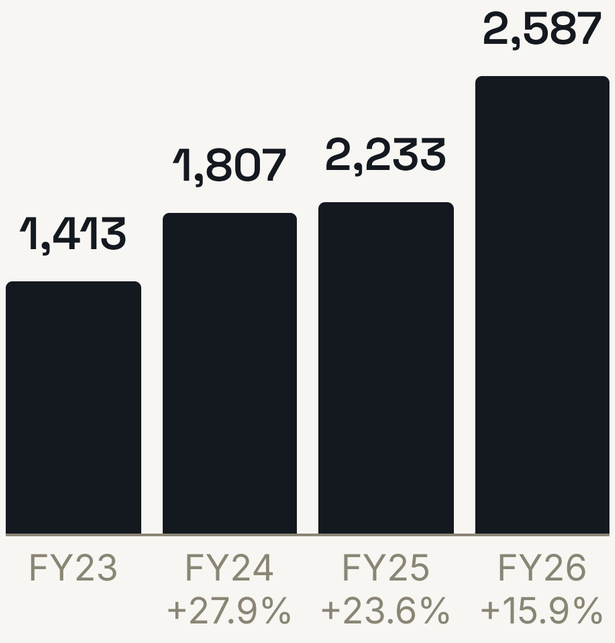


BRAND ONE · 47.3% OF REVENUE

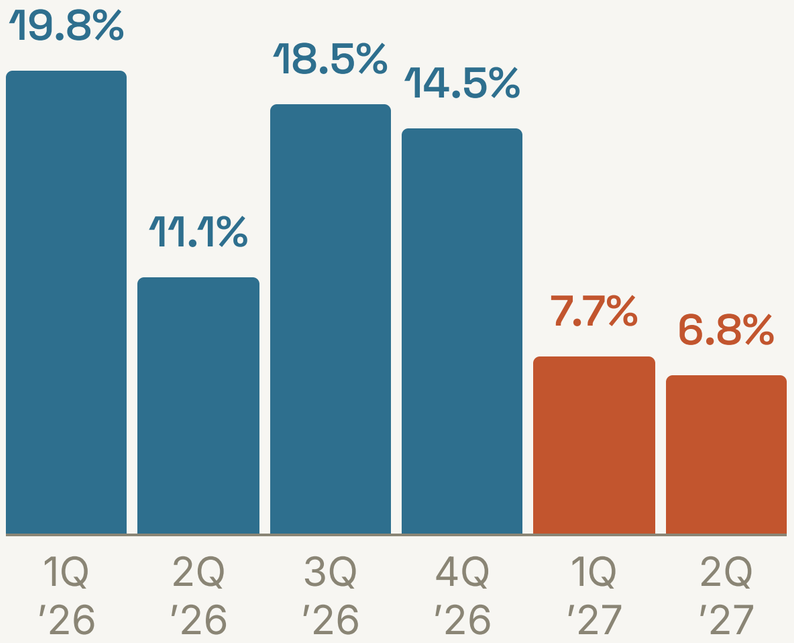
HOKA: $2.6bn, +15.9% in FY26, +6.8% in 2Q'27

Acquired for **$1.1mm** in 2012. Deckers nurtured HOKA into a **$2.6bn** global competitor.

Brand revenue, $mm



Growth y/y, by quarter





Speedgoat 7



Clifton 11



Bondi 9



Speedgoat 2

The 2027 answer. A $115 entry model and a $325 Bondi, on a Good / Better / Best ladder. Unproven.

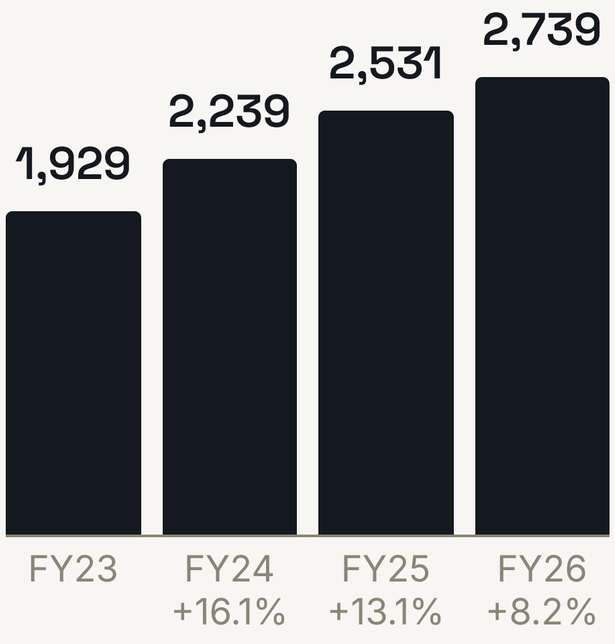
Cut in October: HOKA to high single for FY27, from double. The May framework predates it.

BRAND TWO · 50.0% OF REVENUE

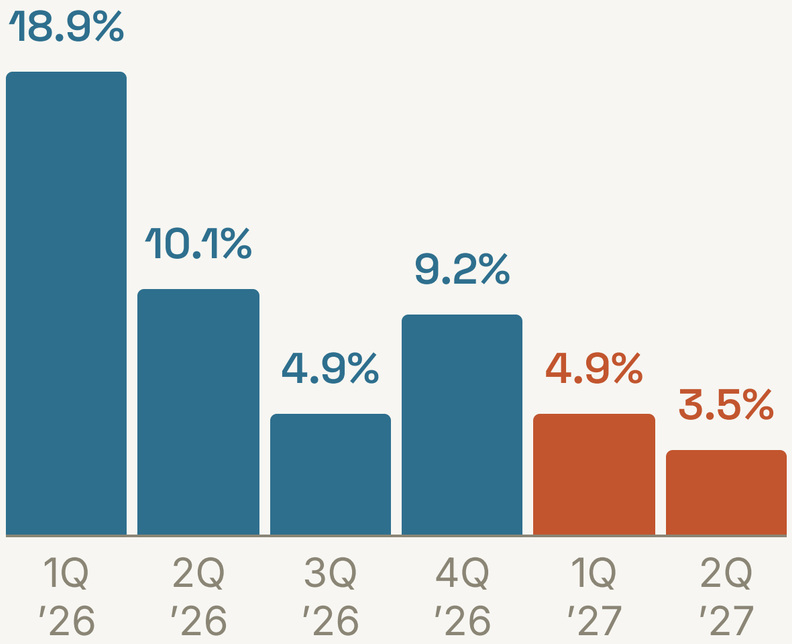
UGG: $2.7bn, 50.0% of revenue, +3.5% in 2Q’27

47 years old and still growing. 3Q is about half the year: $1.3bn in 3Q’26 against $278mm in 1Q’26.

Brand revenue, $mm



Growth y/y, by quarter





Ultra Mini



Tasman



Neumel

UGG SHARE OF FY26

50.0%

$2,739mm · HOKA 47.3%

Where it hurts. UGG DTC fell **(8)%** in 2Q’27, with no discounting into it.

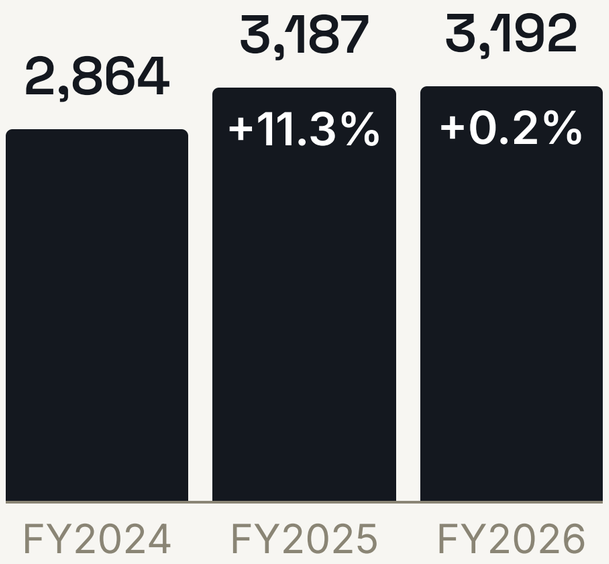
Cut in October: UGG to low single for FY27, from mid single.

THE ANATOMY OF THE SLOWDOWN

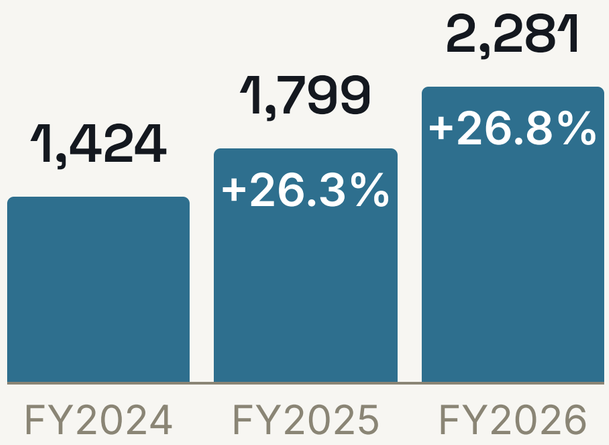
US +0.2% in FY26; all the growth was international

Same scale on both charts. US $3,192mm in FY26 against $3,187mm in FY25. International +26.8% to $2,281mm, and since halved to +9.0% in 2Q'27.

United States, $mm



International, $mm



Growth y/y, by quarter

	US	Intl	All
2Q'26	(1.7)%	+29.3%	+9.1%
3Q'26	+2.7%	+15.0%	+7.1%
4Q'26	+0.3%	+25.5%	+9.6%
1Q'27	+3.2%	+8.4%	+5.7%
2Q'27	**(0.4)%**	**+9.0%**	**+3.5%**

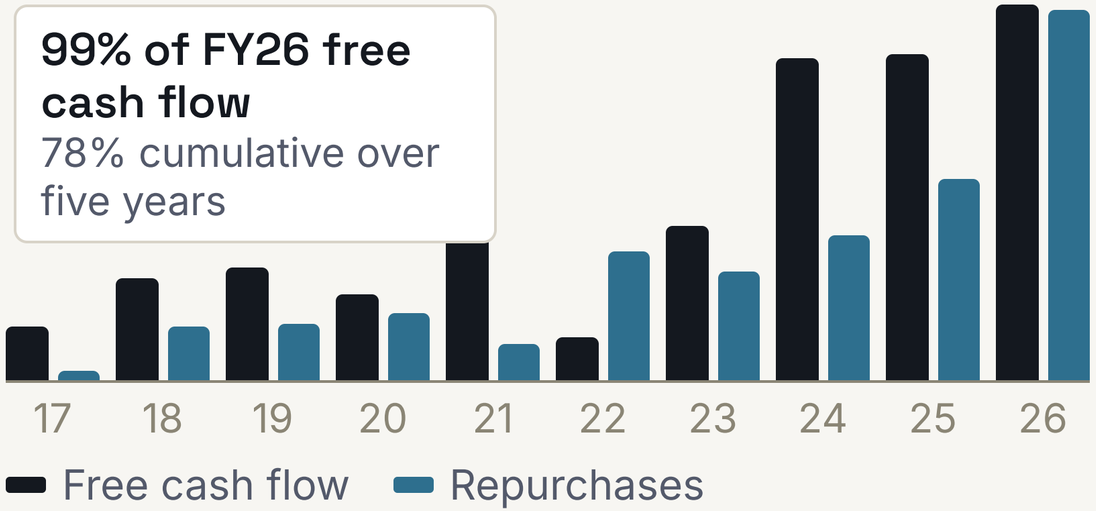
All of FY26 growth came from outside the US, and international has since halved to **+9.0%**. The US was **66.8%** of revenue in FY24 and **58.3%** in FY26.

CAPITAL ALLOCATION

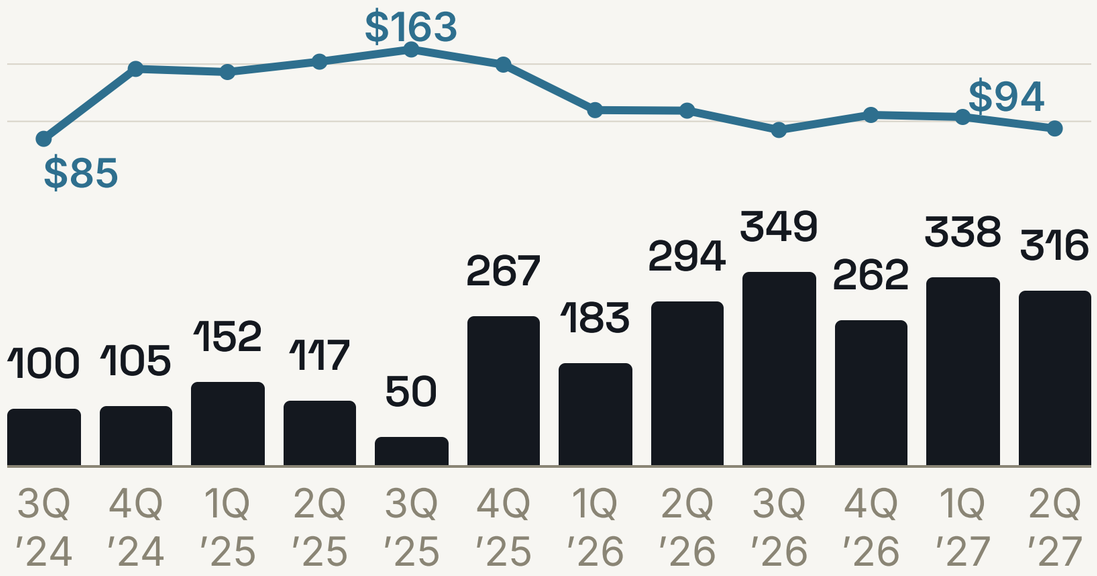
99% of FY26 free cash flow went to buybacks

O/S down from **194.1mm** to 133.5mm since FY17. No dividend, no debt, capex under 2% of sales.

Free cash flow and repurchases, $mm



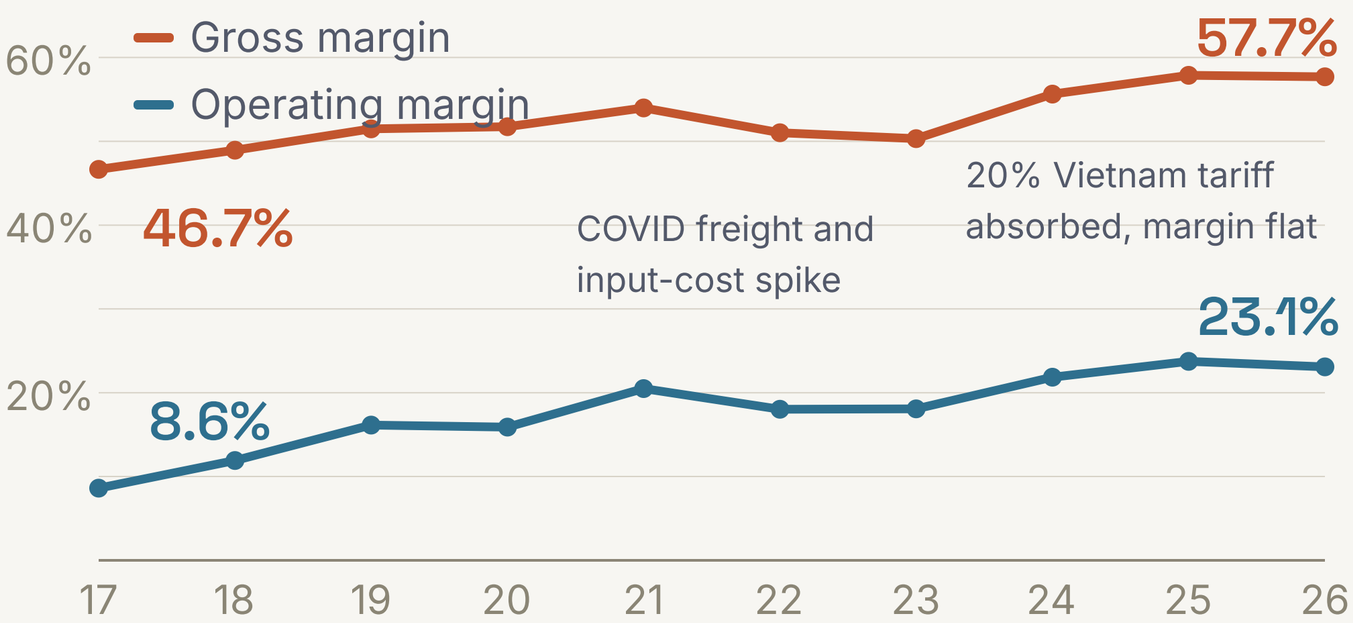
Price paid and repurchases, by quarter, $mm



- Authorisation is **$8.1bn** with ~$4.4bn left; policy is to return at least 80% of FCF.
- They paid $143–163 per share through calendar 2024, near the high — **they likely overpaid**.
- ~Three quarters of the repurchase dollars went in below **$115**, and FY26 was the biggest spend.

MARGINS AND THE SHARE COUNT

Gross margin +11 points since FY17; EPS +25.0% CAGR



Operating leverage × Share repurchases

Growth CAGR	Revenue	EBITDA	EPS
7 years	15.3%	20.1%	25.0%
5 years	16.5%	19.0%	25.6%
3 years	14.7%	23.9%	29.5%
FY26	9.8%	6.9%	10.9%
FY27E guide	**4.4%**	—	**12.2%**

The operating equation. Gross margin 46.7% → 57.7% and operating margin 8.6% → 23.1% since FY17. FY27E guidance is revenue +4.4% and EPS +12.2%, but ~$0.50 of that EPS is one-off tariff refunds, so core growth is ~5%. Core EPS rose +11.5% on sales +3.5% in 2Q'27.

VALUATION

11.3× core FY27E earnings; +9% a year if nothing re-rates

Guidance is $7.80–7.95 of EPS, but ~$0.50 is one-off tariff refunds. On core EPS of ~$7.38 the multiple is 11.3×, or 10.0× ex-net cash. Returns below are annualised from $83.46 to FY2030E.

Estimated EPS & Returns · core FY27E earnings compounded to FY2030E

Core EPS CAGR	FY2030E EPS	Exit 8×	Exit 11×	Exit 15×	Exit 18×
0% a year	$7.38	$59 · (10)%	$81 · (1)%	$111 · +9%	$133 · +15%
5% a year	$8.54	$68 · (6)%	$94 · +4%	$128 · +14%	$154 · +20%
11% a year	$10.09	$81 · (1)%	$111 · +9%	$151 · +19%	$182 · +26%

The multiple in context. Since 2019: range **11–37×**, median **20×**. Today's 11.1× is the 2nd percentile of that range.

Why this may be wrong. October's cut took HOKA to high single, UGG to low single. The FY2030 framework predates the cut.

11.3×
Core FY2027 P/E
10.0× excluding net cash

9.8%
FCF yield — the buyback retires 7.9–9.8% of O/S a year

$10
FY2030E EPS at an 11× exit pays $111 — +9% a year

Appendix and Q&A

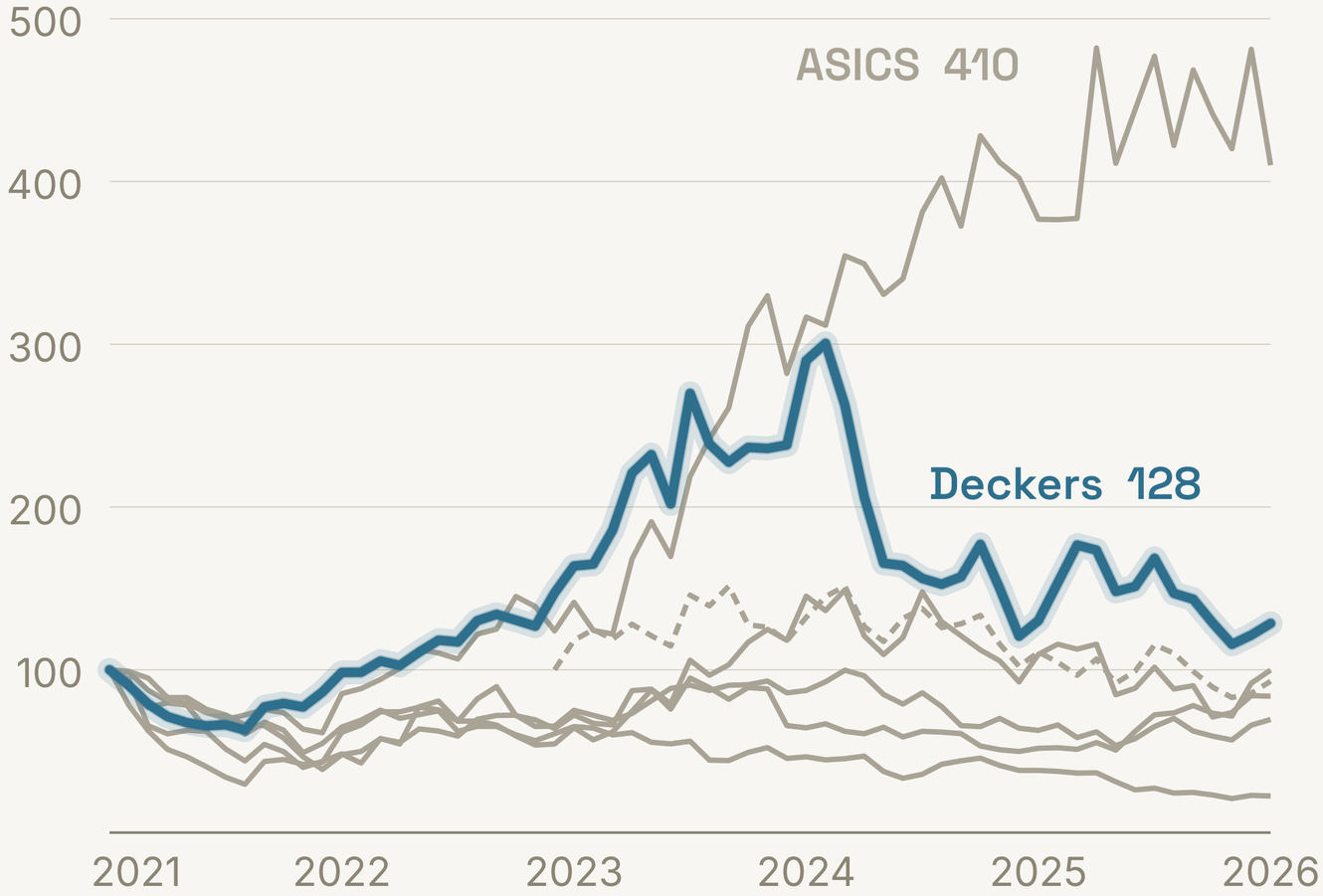




APPENDIX · SECTOR PERFORMANCE COMPARISON

ASICS is the one that worries me

Share price, rebased to 100 at Nov 2021



Revenue growth y/y, and five-year price

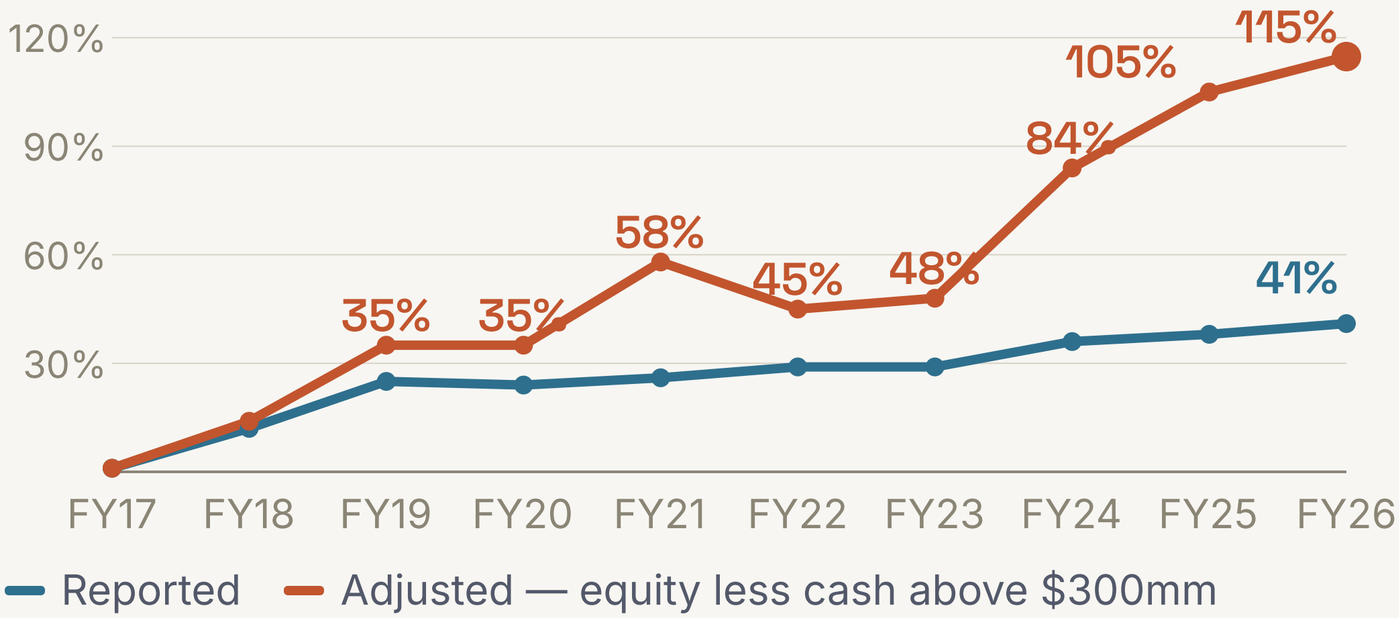
	5y	3y	1y	Index
On Holding	47.9%	35.1%	30.0%	84
ASICS	19.8%	18.7%	19.5%	410
Birkenstock	—	20.6%	14.7%	93
Deckers	**17.9%**	**14.6%**	**9.2%**	**128**
adidas	6.1%	3.3%	4.8%	70
Crocs	23.9%	4.4%	(1.5)%	100
Nike	4.0%	(1.8)%	(5.0)%	22

APPENDIX · RETURNS ON CAPITAL

Strip out the idle cash and FY26 ROE was 115%

At YE'26 the balance sheet held **$1.9bn** of cash. Leave $300mm as working cash, remove $1.6bn, and the operating business ran on $892mm of equity against $1,024mm of net income.

ROE, reported and adjusted for excess cash



115%

Adjusted ROE, FY26 — more than its entire operating capital base

The capital has not grown. Equity ran $995mm → $892mm since FY22; net income $452mm → $1,024mm.

Method. Equity less cash above $300mm at YE. ~$64mm of interest income is left in earnings, which flatters this.

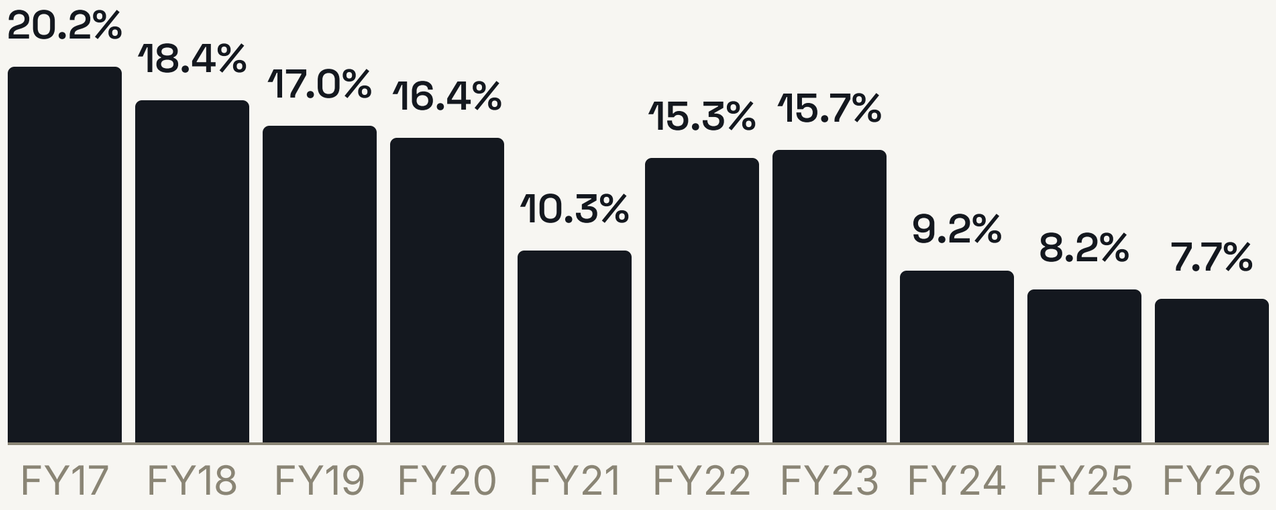
Source: S&P Capital IQ. FY17 is near zero because a $114mm goodwill impairment wiped out that year's earnings. Equity is measured at 31 March, when cash is seasonally highest; on the 30 Sep balance sheet the same method gives ~75%.

APPENDIX · WORKING CAPITAL

Revenue +$2.3bn since FY22; net working capital fell $61mm

NWC / revenue has gone from 20.2% in FY17 to 7.7% in FY26. These are 31 March balances, the seasonal trough — at 30 Sep 2026 NWC was $904mm, not $421mm.

NWC / revenue, at each 31 March



The balance sheet behind it, $mm

At 31 March	FY23	FY24	FY25	FY26
Inventory	533	474	495	487
Receivables	302	297	333	319
Less payables	(266)	(379)	(418)	(385)
Net working cap.	**569**	**392**	**410**	**421**
Revenue	3,627	4,288	4,986	5,472
NWC / revenue	**15.7%**	**9.2%**	**8.2%**	**7.7%**

Incremental working capital on **$2.3bn** of new sales was negative. That is why FCF tracks net income so closely, and why I think the buyback is fundable without any growth at all.