Universidade do Minho
Escola de Economia, Gestão e Ciência Política

Hugo Lopes Fernandes

Equity Research Report
Deckers Outdoor Corporation

junho de 2026

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UMinho | 2026

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Equity Research Report
Deckers Outdoor Corporation

Projeto de Mestrado
Mestrado em Finanças

Trabalho efetuado sob a orientação do(a)
Professor Nelson Areal

junho de 2026

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ACKNOWLEDGEMENTS

This dissertation marks the conclusion of five remarkable years at the University of Minho, specifically within the School of Economics and Management. These years have been a period of profound learning and an unforgettable academic experience.

I would like to express my sincere gratitude to my supervisor, Professor Nelson Areal, for his guidance and support throughout the development of this research.

I would like to express my deepest gratitude to my parents. They have been my true foundation and support throughout my life, providing me with the opportunity to dream bigger. Their hard work and dedication ensured I had every condition necessary to complete my studies and successfully launch my professional career. I am profoundly thankful for their endless support and belief in me.

Finally, I would like to thank the rest of my family and my friends. Their support was particularly vital during this challenging year, as I balanced this dissertation with other professional and personal projects. This achievement would not have been possible without them.

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I hereby declare having conducted this academic work with integrity. I confirm that I have not used plagiarism or any form of undue use of information or falsification of results along the process leading to its elaboration.

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RESUMO

Este relatório apresenta uma análise abrangente de Equity Research sobre a Deckers Outdoor Corporation (DECK). O documento fornece uma avaliação aprofundada da saúde financeira da empresa, das suas perspetivas de crescimento, impulsionadas pela rápida expansão global da marca HOKA e pela resiliência contínua da UGG, bem como do seu posicionamento competitivo no mercado global de calçado e vestuário premium.

Emiti uma recomendação de COMPRA com um Preço-Alvo de $129,24 para março de 2027, o que comparativamente ao preço de mercado de $117,27 registado a 27 de fevereiro de 2026, reflete um potencial de valorização de 10%. A principal metodologia de avaliação utilizada é o modelo de Fluxos de Caixa Descontados (DCF) através do método FCFF, aplicando o Modelo de Crescimento de Gordon para o cálculo do valor terminal.

A tese de investimento é complementada por análises de sensibilidade e de cenários, sendo reforçada por uma simulação de Monte Carlo com 20.000 observações. Adicionalmente, foi realizada uma Avaliação Relativa utilizando múltiplos de mercado de empresas pares da Deckers, de forma a fortalecer a convicção na recomendação de COMPRA.

Palavras-chave: Calçado e Vestuário, Modelo de Fluxos de Caixa Descontados (DCF), Expansão Global, HOKA, Margens, Análise de Sensibilidade.

ABSTRACT

This report presents a comprehensive Equity Research analysis of Deckers Outdoor Corporation (DECK). It provides an in-depth evaluation of the company's financial health, its growth prospects, driven by the rapid global expansion of the HOKA brand and the enduring resilience of UGG, as well as its competitive positioning within the global premium footwear and apparel market.

I issue a BUY recommendation with a Target Price of $129.24 for March 2027, compared to the market price of $117.27 recorded on February 27, 2026, reflecting a 10% upside potential. The primary valuation methodology employed is the Discounted Cash Flow (DCF) model using the FCFF method, applying the Gordon Growth Model for the terminal value calculation.

The investment thesis is complemented by sensitivity and scenario analyses and is further reinforced by a Monte Carlo simulation with 20,000 observations. Additionally, a Relative Valuation using market multiples of Decker's peers was conducted to strengthen the conviction of the BUY recommendation.

Keywords: Apparel and Footwear, Discounted Cash Flow Model, Global Expansion, HOKA, Margins, Sensitivity Analysis.

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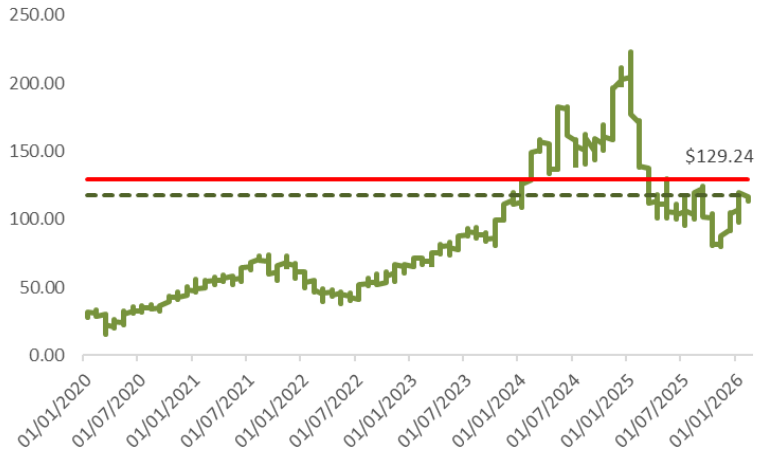
Table 1:Deckers Investment Recommendation

Recommendation	BUY
Current Share Price (27/02/2026)	$117.27
Target Price (FY 2027)	$129.24
Upside	10.00%
52-Week Range	$78.91 - $133.43
Industry	Footwear & Apparel
Sector	Consumer Discretionary
Ticker	DECK
Stock Exchange	NYSE
Shares Outstanding (m)	143.41
Market Capitalization (bn)	$14.89
EPS (2025)	$6.33

Source: Author, Company Data

Deckers Outdoor Corporation is a leading player in the apparel and footwear industry. Renowned for its premium footwear, the company's portfolio is currently anchored by two flagship brands: UGG and HOKA. HOKA is recognized for its expertise in developing high-performance shoes for ultra-trail runners, while UGG is established as a luxury footwear brand with significant popularity in the women's segment. The company has consistently delivered strong revenue growth. However, it has recently faced a decline in its stock price. This downward trend is attributed to macroeconomic uncertainty and the ongoing trade tensions initiated by the United States, Decker's home market. Although the company has already estimated the impact of tariffs on its financial results, the actual effect is expected to be less severe than initially projected. Figure 1 illustrates the evolution of the stock price, highlighting the recent correction after reaching a historical peak in early 2025.

Figure 1: Deckers daily stock Price Evolution



Source: Author, Refinitiv

INVESTMENT SUMMARY

Recommendation: BUY

Deckers Outdoor Corporation is a leading player in the apparel and footwear industry, boasting a portfolio of two premium and high-performance brands: HOKA and UGG. My investment thesis is centred on the company's ability to leverage HOKA's rapid expansion and UGG's established market stability to generate significant shareholder value. The BUY recommendation is supported by a DCF valuation that yielded a target price of $129.24 (table 1), representing an 10% upside over the closing price as of February 27, 2026. This recommendation is driven by the following key factors:

LEADING OF ATHLEISURE SEGMENT AND UGG REPUTATION

HOKA is positioned to become the firm's flagship brand, maintaining a high revenue growth rate since its acquisition, it already accounts for approximately half of Decker's total sales. Over the last few years, this growth has consistently exceeded 15% annually. The brand's success is driven by high-performance technology that builds consumer trust. As the majority of its customers are ultra-runners who require specialized equipment, the brand benefits from high customer retention and brand loyalty. This market segment ensures a stable revenue stream, as the technical nature of the product requires regular replacement after a certain mileage to maintain performance standards.

While HOKA represents the company's primary growth engine, UGG remains the established brand that has historically anchored the firm's revenues. Positioned as a luxury brand, UGG exhibits strong seasonality, with sales consistently peaking in the third quarter (Q3) of each fiscal year. Its ability to deliver robust results year after year confirms its status as a top-of-mind choice for consumers in the premium apparel and footwear segment. The combined performance of these two brands and their consistent revenue growth are the primary drivers of my BUY recommendation.

DIRECT-TO-CONSUMER AND INTERNATIONAL SALES

Historically, Deckers concentrated almost the entirety of its sales within the United States. However, following the acquisition of HOKA, a brand originally founded in France, the company has experienced continuous international growth. Although the company does not provide a detailed breakdown of sales by country, its primary foreign markets include China, Japan, France, Italy, and the United Kingdom. This expansion into international markets led to a more cautious approach in my forecasting, particularly given the current macroeconomic climate and the impact of U.S. tariffs. As both production and sales are affected by these trade policies, my projections account for potential pressure on revenues and margins. Nevertheless, based on the recently announced third-quarter results, the company has outperformed market expectations, and similar performance is anticipated when the 2025 annual results are published in May.

Another key driver is the growth of the Direct-to-Consumer (DTC) channel. This channel allows the firm to optimize its cost structure, while technological advancements have significantly enhanced the digital consumer experience. The expansion of DTC sales is expected to bolster margins, potentially offsetting the headwinds mentioned above.

FINANCIAL ROBUSTNESS

A notable characteristic of Decker's balance sheet is its zero long-term debt, meaning the company relies exclusively on equity to finance its long-term operations. While the company reports lease liabilities related to its manufacturing partners and retail stores, these do not represent a significant financial burden. With substantial cash reserves, a lack of traditional debt, and relatively low capital expenditure (CAPEX) requirements, given its asset-light production model, the company demonstrates high resilience to economic downturns and remains unaffected by rising interest rates. Its primary outlays are focused on marketing and R&D, which are the core drivers of brand equity and business growth.

Deckers is currently undervalued as the market remains sceptical of HOKA's international scalability and fears that current record margins are cyclical rather than structural. The stock's intrinsic value can be unlocked by two upcoming catalysts: the 2025 annual results in May, which will confirm margin sustainability, and the announcement of expanded share buyback programs, signalling management's strong confidence in the company's valuation.

BUSINESS DESCRIPTION

Deckers Outdoor Corporation (Deckers) is an American footwear manufacturer headquartered in Santa Barbara, California. The company operates as a multi-brand group within the footwear and accessories industry, with a long history of strategic acquisitions. Founded in 1973, it began with the simple production of flip-flops, which quickly became popular. Over the years, the company expanded its portfolio by acquiring brands such as Teva, UGG, its most significant brand, and more recently HOKA, currently its most promising brand (Figure 2).

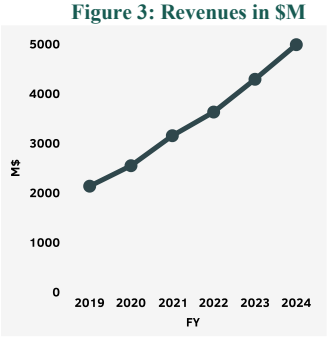
With sales across the U.S., Canada, Europe, Asia-Pacific, and Latin America, Deckers Brands has developed into a company with consistent growth potential. Its portfolio covers a wide range of consumer profiles, as each brand targets a specific market segment with different characteristics. The company offers products that range from sandals, boots, lifestyle shoes, and trail-running footwear to accessories.

Figure 2: Deckers Brands



Source: Company

Figure 3: Revenues in $M



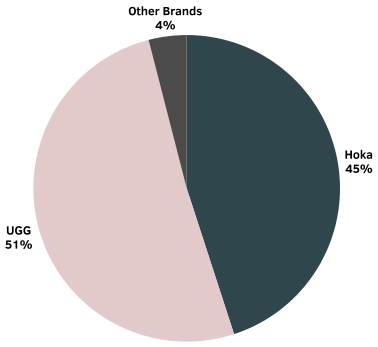
Source: Author, Annual Report

BUSINESS SEGMENTS AND GEOGRAPHIC DISTRIBUTION

Deckers Brands is mainly divided into three segments: UGG, HOKA, and a third segment referred to as Other Brands. This last segment includes the smaller brands in the company's portfolio, such as Teva, AHNU and Koolaburra by UGG, which is currently being discontinued.

The company's revenues have been growing consistently since 2020, reaching approximately $4.99 billion in 2024, an increase of 16% compared with 2023 (Figure 3). Over the years, changes in the brand portfolio, either through acquisitions or discontinuations, have influenced the relative weight of each brand in the company's total revenue. For this reason, analysing each brand separately is important to understand one of the key drivers of the business.

Figure 4: Sales per brand



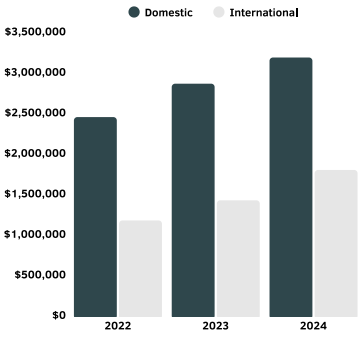
Source: Author, Annual Report

UGG is the company's most well-known brand and is considered one of the most iconic and recognizable names in the footwear and apparel industry (Deckers Annual Report). Focused mainly on premium footwear, apparel and accessories, UGG represents 51% of Decker's total revenue (Figure 4).

HOKA was originally designed for ultra-runners and is widely regarded as one of the leading brands among trail-running athletes. Its strong marketing and marketplace strategy have supported rapid sales growth (Deckers Annual Report). Founded in 2009 in Annecy, France, the brand was acquired by Deckers in 2013 (JD Sports). Since then, HOKA has become one of the company's core brands and accounted for 45% of total sales in 2024 (Figure 4).

The Other Brands segment includes Teva, AHNU and Koolaburra. Teva offers classic sandals, shoes and boots. AHNU focuses on combining performance technologies with everyday style. Koolaburra is being phased out and will no longer operate moving forward. Altogether, this segment represented 4% of total sales in 2024 (Figure 4).

Figure 5: Sales per Region

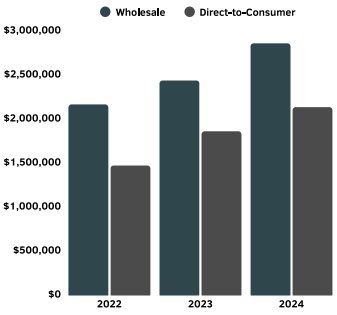


Source: Author, Annual Report

The company sells mostly to the United States, its domestic market, although international sales also have a significant weight. Overall sales have increased by 37.5% since 2022, driven mainly by international sales growth, which rose 53% over the period. In comparison, domestic sales increased 30% in the same period (Figure 5).

Deckers operates through both, wholesale and direct-to-consumer channels. Both channels grew between 2022 and 2024, although direct-to-consumer sales have become more relevant than wholesale, making this channel an increasingly important driver for the company (Figure 6).

Figure 6: Sales per channel



Source: Author, Annual Report

Figure 7: Company Strategy

Hoka Growth	UGG Global Expansion
• Increase adoption • Increase market share	• Strengthen global position • Evolve iconic franchisese
Global Awareness	**Direct-to-Consumer Growth**
• Expand global reach • Grow brand recognition	• Increase DTC penetration • Improve customer experience

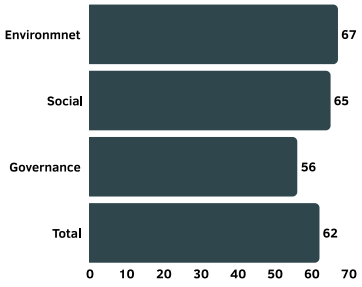
Source: Author, Company Proxy Statement

Figure 8: ESG Highlights



Source: Author, Annual Report

Figure 9: ESG Score



Source: Author, Creating Change Report

COMPANY STRATEGY

The firm is guided by a long-term strategy focused on a consumer-first approach and on delivering unique products that combine technology and comfort, resulting in strong performance and record results (Deckers Annual Report).

In the long term, the company aims to expand consumer adoption of the HOKA brand and increase its market share. For UGG, the main objective is to strengthen its global position through the evolution of its iconic product franchises and an improved consumer experience.

More broadly, Deckers intends to grow in a disciplined way, enhancing global brand awareness to expand its consumer base.

Another key strategic priority is to increase the weight of the direct-to-consumer business, supported by innovative products and improved customer engagement (Figure 7).

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Deckers believes that consumers are more likely to purchase products that deliver quality while minimizing environmental impact through sustainable business practices (Annual Report). The firm launched its ESG program in 2010 with the objective of implementing sustainable initiatives across its operations. These efforts have earned significant recognition, including being ranked 15th in Barron's "100 Most Sustainable Companies" (Barron's). Deckers has also been recognized by other special awards (Figure 8).

Deckers joined the United Nations Global Compact (UNGC) in 2016, which requires an annual progress statement. This statement is provided through the company's Corporate Responsibility Report, titled "Our Sustainable Journey".

Figure 9 shows the ESG Score of Deckers Brands in the different categories.

ENVIRONMENTAL

Since the company is part of the UN Global Compact, it is required to work towards several Sustainable Development Goals (SDGs). Deckers has therefore set its own sustainability targets for 2027 (Figure 10).

From an environmental perspective, the firm has established strategies across several resource areas:

Materials: Deckers aims to seek more sustainable alternatives for key materials and ensure that 90% of its suppliers are certified by third-party organizations.

Waste: The company intends to reduce waste generation among key partners by 50%, through prevention, reduction, recycling and reuse.

Water: Deckers plans to reduce water consumption and improve water quality by ensuring that 90% of its core factories or suppliers apply best practices in water treatment and usage.

Climate and Clean Energy: The group is committed to lowering energy consumption and integrating climate-related measures. One specific initiative is the installation of solar panels across all non-retail facilities in California.

Chemistry and Consumer Safety: Deckers aims to reduce the discharge of hazardous chemicals among key factory and supplier partners by 50%, minimizing negative impacts on the environment and human health (ResponsibilityReports.com).

In 2024, Deckers achieved several of its interim goals, including a 45.44% reduction in Scope 3 emissions. The company's Corporate Headquarters also used 100% renewable energy, and total water usage decreased by 6.56% (Figure 11).

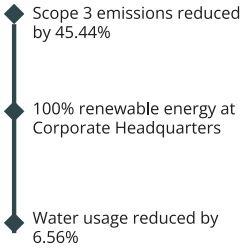
These factors directly impact valuation by optimizing the cost structure. The implementation of sustainable practices leads to long-term cost reductions and, consequently, supports margin expansion. The principal goal was the reduction of 45.44% in Scope 3 emissions, what shown the commitment with the sustainability measures that can be imposed in the future.

Figure 10: Environmental Targets for 2027



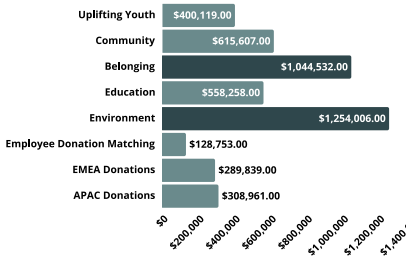
Source: Author, Creating Change Report

Figure 11: 2024 Environmental progress



Source: Author, Creating Change Report

Figure 12: Decker's charitable contributions by sector in 2024



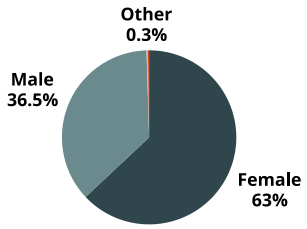
Source: Author, Creating Change Report

Figure 13: Core Values



Source: Author, Creating Change Report

Figure 14: Gender distribution of permanent employees



Source: Author, Creating Change Report

SOCIAL

Deckers promotes diversity, gender equality, female empowerment, and inclusion for all, aligning with the Sustainable Development Goals related to Gender Equality, Reduced Inequalities and Quality Education.

In terms of human rights, the company has made efforts to integrate human-rights principles into its operations and supply chain, positively impacting the communities where it operates. Some of the actions taken include monetary donations, volunteer initiatives, and in-kind contributions. The company also organizes "Art of Kindness" events, during which employees volunteer in their local communities for a full week on multiple occasions throughout the year (Corporate Responsibility Report).

Some of the most relevant social achievements are highlighted in Appendix 1, including over $4.6 million donated to non-profit organisations, 41,6% of women in leadership roles and more than 19,000 volunteer hours, among other key initiatives.

The company donated approximately $4.6 million to charitable causes in 2024, distributed across a range of sectors. Each brand supports initiatives that align with its identity and values. For example, HOKA sponsors "Women in Sports Tech," an organisation focused on expanding opportunities for women in the sports technology industry. Among all categories, the Environment and Belonging sectors received the highest contributions, amounting to $1,254,006 and $1,044,532 respectively (Figure 12).

The company is guided by their core values that encourage authenticity among employees (Figure 13).

Deckers employs approximately 4,791 permanent employees and operates under a compensation programme designed to ensure fair and equitable pay across the organisation. Regular internal and external audits are conducted to guarantee that all employees, regardless of gender, race, or ethnicity, receive equal compensation in line with the company's values.

In terms of workforce composition, most employees are female, representing around 63% of the total workforce (Figure 14). Geographically, North America accounts for the largest share of employees (63.2%), followed by a significant presence in the APAC region (21.9%), reflecting the company's global footprint and diversified operational base (Figure 15).

GOVERNANCE

Appendix 2 illustrates the governance structure of Deckers Outdoor Corporation. This structure is composed of several committees, each focused on specific areas, including environmental and social matters, and supported by multidisciplinary teams that aim to ensure the sustainable growth of the company's brands. Overall, the governance framework is designed to strengthen trust among stakeholders by promoting robust oversight of ESG related issues.

The company actively promotes values such as diversity, equity and inclusion (DEI) through the work of its cross-functional teams and governance bodies. The gender composition of the Board of Directors is illustrated in Figure 16.

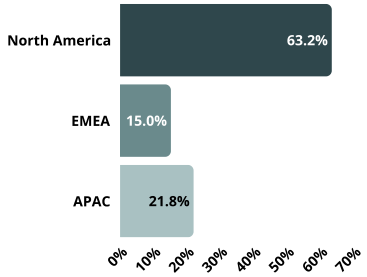
In addition, the company provides mandatory training programmes covering key topics such as the Code of Ethics, anti-corruption policies and insider trading, among others. Deckers also operates a 24/7 anonymous whistleblowing hotline, allowing employees to report concerns confidentially. As shown in Figure 17, the number of reports has increased slightly in recent years, reflecting a growing use of internal reporting mechanisms.

Finally, Appendix 3 provides an overview of the members of the Board of Directors. Stefano Caroti is the CEO since 2024, but is in the company since 2015, being the person how designed sales strategy. Before Deckers, he worked by 23 years for Nike.

MACROECONOMIC VIEW

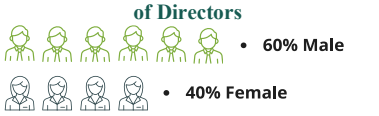
Since 2020, global market dynamics have undergone significant changes, driven by major disruptive events such as the COVID-19 pandemic, which accelerated new consumption trends, including the rapid growth of online sales. More recently, trade

Figure 15: Regional distribution of Deckers' permanent employees



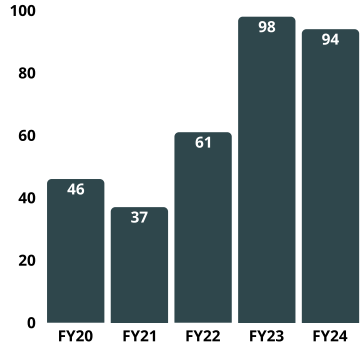
Source: Author, Creating Change Report

Figure 16: Gender Composition of Board of Directors



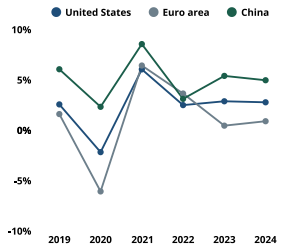
Source: Author, Creating Change Report

Figure 17: Number of Reports Received FY20–FY24



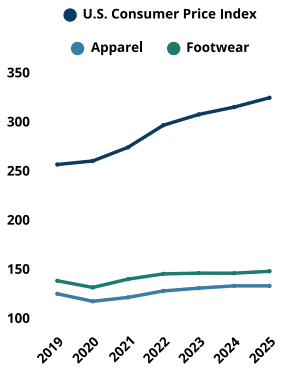
Source: Author, Creating Change Report

Figure 18: GDP Growth



Source: Author, World Bank

Figure 19: Consumer Price Index Evolution



Source: Author, Bloomberg

measures such as tariffs imposed by the U.S. government have added further pressure, affecting not only the domestic market but also global supply chains and demand conditions.

The Apparel and Footwear industry is particularly sensitive to macroeconomic conditions, as changes in economic growth directly influence consumer income, spending behaviour, and purchasing preferences.

Among the most relevant macroeconomic indicators is GDP growth, which serves as a key proxy for overall economic health. Figure 18 presents GDP growth trends across main regions. The sharp contraction observed in 2020 reflects the global economic shock caused by the pandemic, followed by a gradual recovery in subsequent years that tends to maintain in the next years.

The U.S. Consumer Price Index shows that since 2019 there has been a general increase in prices. The apparel and footwear sectors show strong resistance to this increase, with a relatively stable index over the years (Figure 19).

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

The U.S. apparel and footwear market is composed of multiple players that sell globally and differentiate themselves through their brands. This makes the industry highly competitive, with prices influenced by firm-specific characteristics. In 2024, the U.S. retail market for this industry reached USD 124,649.86 million in sales, representing a slight decline of approximately 1% compared to 2023 (Figure 20).

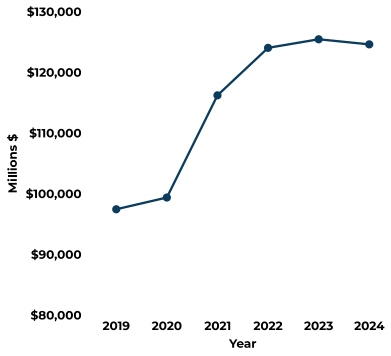
Deckers ranks in eighth place among the companies analysed, while market leaders such as Adidas and Nike record sales levels that are several times higher than those of other firms. When analysing sales growth since 2020, in the post COVID-19 period, Deckers Outdoor Corporation stands out as the fourth fastest-growing company, with a growth of 96%. The highest growth was recorded by On Holding, at 481%, reflecting its relatively recent entry into the market (Figure 21). Is important refer that On Holding sales trail-running shoes, since HOKA is a brand of this type of shoes, and already represents half of the sales of Deckers, we can see that a recent brand already became a serious threat for Deckers, what a shown the risk of new entrants on the market.

Focusing on more mature firms, those with a longer market presence and initial public offerings prior to 2000, Deckers emerges as the company with the strongest growth performance since 2020. The second fastest-growing firm in this group is Puma SE, with a growth of 60%, which is 36 percentage points lower than that of Deckers.

More recently, the U.S. market has also been influenced by tariff policies implemented during the Trump administration, which have affected trade dynamics and cost structures across the industry. The application of these tariffs is not as straightforward as it may appear, and it is difficult to measure their real impact on the industry. This is mainly because tariff measures remain an open topic, with ongoing trade negotiations involving several countries, as well as pending legal decisions. In particular, a ruling by the U.S. Supreme Court regarding the legality of certain tariffs could potentially require the U.S. government to refund affected importers (Reuters, 2026).

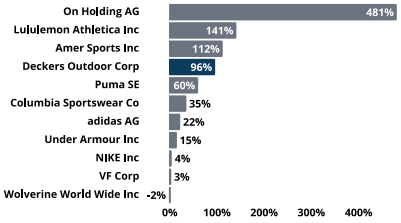
Institutions such as the World Trade Organization (WTO) and the United States International Trade Commission (USITC) provide information on tariffs imposed on each country through the Harmonized Tariff Schedule (HTS). However, the existence of thousands of HTS codes makes it difficult to identify the exact tariff applied to a company's imports, as small product specifications can lead to different tariff classifications. Information published by the Office of the United States Trade Representative (USTR), particularly under Section 301, details the sanctions applied to Chinese imports through Lists 1 and 2, as well as subsequent modifications over time. Within the apparel and footwear sector, the tariffs imposed under these measures generally range between 10% and 25%, depending on the product category (Office of the United States Trade Representative [USTR], 2024).

Figure 20: U.S. athleisure apparel retail sales (2019–2024)



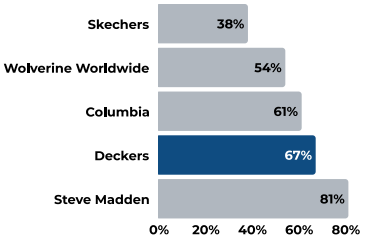
Source: Author, Bloomberg

Figure 21: Historical Sales Evolution in U.S by Company – Athleisure Apparel Segment (2020–2024)



Source: Author, Bloomberg

Figure 22: U.S. Sales Exposure by Company (2024)



Source: Author, Bloomberg

Despite these tariff-related pressures, the International Monetary Fund (IMF) expects the overall economic impact of the tariff shock to be smaller than initially announced (BBC News, 2024). In addition, Bloomberg's *North America Apparel Outlook 2026* suggests that, despite tariff headwinds, industry sales are expected to continue growing. While margins may face downward pressure, investments in technology and artificial intelligence are expected to improve operational efficiency. Demand is also supported by factors such as the growing influence of social media and major global events, including the FIFA World Cup in 2026, which will take place in the United States.

Deckers's sourcing is largely concentrated in Vietnam, with increasing diversification toward Indonesia, while China represents a relatively small share of total sourcing (Appendix 4). On the other hand, Deckers's revenues are significantly exposed to the U.S. market. As a result, rising input and operating costs in the U.S. (Figure 22) may force the company to either accept lower margins or pass part of these costs on to final consumers through higher prices.

Finally, according to *Business Research Insights*, the global apparel and footwear market is expected to grow from USD 554.39 billion in 2026 to USD 947.02 billion in 2035, corresponding to a compound annual growth rate (CAGR) of 6.13% over the period. In the same period, is expected a CAGR of 12% for Deckers's sales. This 12% CAGR assumes a significant gain in market share, driven by HOKA's international scaling, the expansion of the high-margin Direct-to-Consumer (DTC) channel, and a broader product portfolio.

DEMAND DRIVERS

Social-Media Growth: Nowadays, social media are present in the day-to-day life of almost everyone, with a large part of the population spending a significant amount of their free time scrolling through social platforms. Social media have changed the way marketing is done and have allowed companies to save millions of dollars compared with traditional marketing channels. With the emergence of influencers, consumption choices have become highly influenced by these figures, especially among younger generations. Brands carefully select celebrities and influencers to promote their products, allowing them to reach millions of consumers. In the footwear industry, particularly in sports footwear, the choice of the athlete representing the brand is especially important, as a winning athlete is often associated with performance, quality, and the effectiveness of the product (Gilbert & Goyal, 2025).

Disposable Income: The apparel and footwear industry produces secondary goods for the market, which consumers purchase largely based on preference rather than necessity. While everyone needs clothing and footwear for daily use, it is not necessary to spend large amounts of money to meet these basic needs. During periods of economic crisis, one of the first areas where consumers tend to reduce spending is on this type of goods, especially athletic footwear. Disposable income is not only influenced by how much consumers earn, but also by increases in prices, which reduce overall purchasing power (Cognitive Market Research, 2025).

Sustainable Practices: Sustainability is a major topic nowadays and influences both investors and consumers. The industry uses a large amount of raw materials, some of which are derived from animals or are not recyclable. The production of clothing and footwear using recyclable materials has become increasingly sought after and appreciated and can lead consumers to change their purchasing choices. Consumers tend to value brands that are committed to sustainability and responsible business practices (Polaris Market Research, 2025).

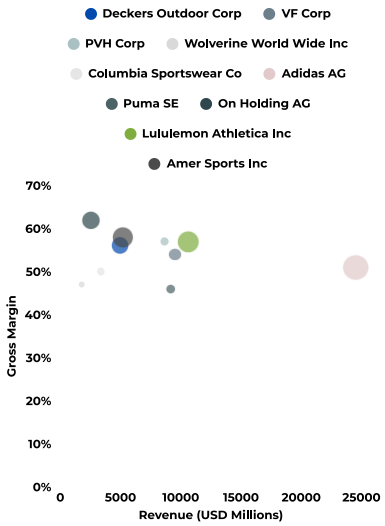
SUPPLY DRIVERS

Technological progress: We are living in a period of significant technological progress, marked by the emergence of artificial intelligence (AI), which is transforming industries across the economy. Apparel and footwear companies are increasingly using AI in product design and to improve the consumer experience (Gilbert & Goyal, 2025).

Tariffs: With a large share of the market located in North America, uncertainty related to tariffs is expected to be a key driver in the near future, as it may lead to higher costs and, consequently, higher sales prices (Cognitive Market Research, 2025).

E-commerce growth: Direct-to-consumer sales have been increasing year after year with the development of e-commerce, as online shopping gained greater importance after COVID-19. Consumers realized that they no longer need to leave their homes to purchase products, and with the introduction of AI into the consumer experience, e-commerce is expected to further strengthen its role in overall sales (Emergen Research, 2025).

Figure 23: Peer Positioning – Revenue vs Gross Margin



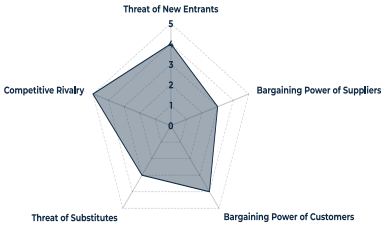
Source: Author, Refinitiv

COMPETITIVE POSITIONING

Deckers faces a high level of competition within its industry, as it operates across two distinct markets, which increases the number of competitive threats to its business. The company is exposed to the apparel market, mainly through the UGG brand, and to the footwear market through both UGG and HOKA, with the latter being particularly positioned in the athleisure segment. This industry is characterized by a large number of players and a highly competitive environment. Some competitors are well-established and significantly larger, such as Adidas and Puma, benefiting from strong brand recognition and global scale. At the same time, newer entrants have gained relevance in recent years, including Lululemon in the apparel segment and On Holding in footwear, both of which have experienced rapid growth and market acceptance. Figure 23 presents the companies considered to be Decker's main peers. While some of these firms can be seen as outliers due to their larger market capitalization or revenue size, others are included because they follow similar business models, growth trajectories, market positioning, and revenue profiles.

PORTER FIVE FORCES

Figure 24: Porter 5 Forces



Source: Author

Threat of new entrants - High (4)

Apparel and footwear companies require some initial investment to enter the market; however, it remains an open industry without many regulatory barriers that would prevent new entrants. Established players do not have strong mechanisms to block entry and, in many cases, respond by acquiring emerging brands that gain traction. The growth of e-commerce and technological developments, particularly the use of artificial intelligence, have reduced operating and distribution costs, making market entry easier and supporting the expansion of direct-to-consumer sales channels. Companies such as On Holding, Lululemon, and Amer Sports are recent examples of firms that entered the market and have already established a strong position.

Bargaining Power of Suppliers – Moderate (3)

Raw materials are largely sourced from Southeast Asian countries such as China, Vietnam, and Bangladesh. This geographic concentration increases exposure to logistical challenges and potential supply chain disruptions. Tariffs have also become an important factor, as they are already forcing companies to shift part of their sourcing to alternative countries. In addition, increasing consumer demand for sustainable sourcing and compliance with human rights standards requires firms to be more selective when choosing suppliers. While this improves transparency and sustainability, it often results in higher production costs, which strengthens supplier bargaining power to a moderate extent.

Customers bargaining power – High (4)

Consumer bargaining power varies depending on the product segment. In luxury apparel, consumers tend to be less sensitive to price changes, prioritizing quality, brand reputation, and trust. However, in the broader apparel and footwear market,

where competition is intense, consumers are more price-sensitive and can easily switch to alternative brands, especially during periods of financial uncertainty. Technological advances and the growth of e-commerce have further increased consumer power, as price comparison across brands and platforms has become faster and more accessible.

Threat of Substitutes – Moderate (3)

What differentiates brands within the apparel and footwear industry is primarily their design, the values they transmit to consumers, and brand identity. When a brand is well established and valued by consumers, it tends to face a lower threat from substitutes. This can be observed in companies such as Nike or Adidas, which are globally recognized and continue to grow despite the presence of lower-priced alternatives. Although substitutes exist, especially in more price-sensitive segments, strong brand loyalty and emotional connection reduce the overall substitution risk, keeping this force at a moderate level.

Competitive Rivalry – High (5)

With the relatively easy entry of new competitors, the level of competitive rivalry in the industry is high. Given the large number of players in the market, competition to introduce innovative products is intense. Each year, companies seek to differentiate themselves through new shoe models, creative marketing campaigns, and advancements in e-commerce, such as the introduction of artificial intelligence technologies that can simulate the real use of products.

FINANCIAL ANALYSIS

Table 2: Key Financial and Ratios

Key Financials ($ millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues	2,132.69	2,545.64	3,150.34	3,627.29	4,287.76	4,985.61	5,803.90	6,801.20	8,008.17	9,388.01	11,038.84	12,833.34	14,686.46	16,538.79	18,320.14	19,955.31	21,186.06	21,882.15
Revenues Growth		19.4%	23.8%	15.1%	18.2%	16.3%	16.4%	17.2%	17.7%	17.2%	17.6%	16.3%	14.4%	12.6%	10.8%	8.9%	6.2%	3.3%
EBIT	339.82	522.08	568.50	657.09	936.68	1,183.38	1,474.90	1,676.60	1,983.70	2,332.15	2,747.60	2,939.98	3,363.75	3,452.44	3,450.88	2,987.24	1,914.52	1,106.89
Net Income	276.14	382.58	451.95	516.82	759.56	966.09	1,184.67	1,350.54	1,589.16	1,859.90	2,182.71	2,332.19	2,661.46	2,730.37	2,729.16	2,368.91	1,535.41	907.87
EPS	1.60	2.24	2.71	3.23	4.86	6.33	8.05	9.42	11.37	13.66	16.46	18.05	21.14	22.26	22.84	20.35	13.54	8.21
MARGINS																		
EBITDA Margin	17.8%	22.1%	19.4%	19.4%	23.2%	25.1%	26.7%	26.0%	26.0%	26.0%	26.0%	24.0%	24.0%	22.0%	20.0%	16.0%	10.0%	6.0%
Gross Margin	53.6%	55.6%	52.4%	51.6%	57.0%	59.3%	59.0%	59.0%	59.0%	59.0%	59.0%	57.0%	57.0%	55.0%	53.0%	51.0%	45.0%	43.0%
EBIT Margin	15.9%	20.5%	18.0%	18.1%	21.8%	23.7%	25.4%	24.7%	24.8%	24.8%	24.9%	22.9%	22.9%	20.9%	18.8%	15.0%	9.0%	5.1%
Net Margin	12.9%	15.0%	14.3%	14.2%	17.7%	19.4%	20.4%	19.9%	19.8%	19.8%	19.8%	18.2%	18.1%	16.5%	14.9%	11.9%	7.2%	4.1%
FCFF Margin	14.5%	10.2%	23.5%	14.0%	11.6%	18.3%	20.7%	18.5%	19.6%	19.6%	19.6%	18.1%	17.8%	16.3%	15.4%	12.2%	7.7%	3.4%
PROFITABILITY RATIOS																		
Net Operating Profit Margin	11.8%	15.2%	13.4%	13.4%	16.2%	17.6%	18.9%	18.3%	18.4%	18.4%	18.5%	17.0%	17.0%	15.5%	14.0%	11.1%	6.7%	3.8%
ROE	24.2%	26.5%	29.4%	29.3%	36.0%	38.4%	43.3%	40.2%	38.9%	37.7%	36.9%	33.5%	35.9%	34.8%	32.9%	27.2%	17.1%	9.9%
Operating ROA	30.5%	48.4%	38.2%	41.7%	57.3%	70.4%	70.4%	70.7%	71.9%	72.7%	73.2%	66.6%	66.6%	59.7%	54.1%	42.9%	25.0%	13.8%
ROIC	26.6%	54.0%	40.2%	40.9%	66.6%	81.1%	76.5%	78.9%	80.7%	81.9%	82.7%	75.8%	75.7%	68.2%	62.8%	50.8%	30.1%	16.9%
Payout Ratio	68.5%	25.5%	78.5%	57.1%	54.3%	58.3%	84.4%	56.6%	56.6%	56.6%	56.6%	56.6%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
SOLVENCY RATIOS																		
D/E	0.23	0.15	0.14	0.14	0.13	0.11	0.15	0.13	0.13	0.12	0.12	0.12	0.13	0.14	0.14	0.15	0.15	0.16
Net Debt/Ebitda	-0.29	-1.21	-0.72	-0.74	-1.02	-1.10	-0.79	-0.96	-1.04	-1.10	-1.15	-1.27	-1.11	-1.06	-1.09	-1.27	-1.87	-3.03
LIQUIDITY RATIOS																		
Current Ratio	3.97	3.52	3.23	3.84	3.39	3.72	3.63	3.73	3.87	3.98	4.07	4.06	3.81	3.57	3.43	3.28	3.10	3.02
Quick Ratio	2.93	2.93	2.30	2.77	2.74	3.07	2.94	3.06	3.20	3.31	3.39	3.37	3.12	2.86	2.70	2.54	2.32	2.23
Cash Ratio	2.16	2.33	1.56	1.97	2.09	2.45	2.22	2.40	2.54	2.65	2.74	2.72	2.47	2.22	2.08	1.94	1.74	1.67
Operating & Asset Management																		
CAPEX/Sales	0.015	0.013	0.016	0.022	0.021	0.015	0.020	0.017	0.017	0.017	0.017	0.017	0.018	0.018	0.010	0.010	0.010	0.010
Days' accounts receivable	33	32	36	32	26	26	29	26	26	26	26	26	26	26	26	26	26	26
Days' inventory	53	40	59	54	40	36	37	37	37	37	37	39	39	41	43	45	50	52
Days' accounts payable	25	33	38	27	32	31	27	28	28	28	28	29	29	31	32	34	38	39
Cash conversion cycle (Days)	61	39	57	59	35	31	40	36	36	36	36	36	36	36	37	37	39	39

Source: Author

REVENUES

Since 2022, following the COVID-19 pandemic, Deckers has experienced strong revenue growth, with the lowest growth rate occurring in 2023 at 15.1%. These results have been largely driven by HOKA sales, which recently account for almost half of total revenues. This brand recorded a CAGR of 35.80% between 2021 and 2024, while the UGG brand achieved a CAGR of 8.50% over the same period (Table 2). Based on these results, Deckers expects to reach approximately $6 billion in revenues in 2025. For the forecasted years, I adopt a more conservative approach, as Deckers faces several challenges, including strong competition in the market, tariffs imposed by Donald Trump, and broader economic uncertainty. The expected CAGR for HOKA over the first next five years is 22% and 11% in the other 5 years, while UGG is projected a CAGR of 12% and 5% respectively. As I anticipate that revenues from other brands, which represent a small share of total revenues, will continue decreasing, the overall revenue CAGR is expected to be approximately -1% for the ten years forecasted.

MARGINS

The company has increased its margins in recent years, which shows efficiency in its operations. Gross margin is expected to reach 59% in 2026, which means that the company expects its efficiency to bring a lower weight of COGS to its margin. I expect that the gross margin will stay at the same level for the next three years, decreasing afterwards to a steady state. EBITDA and EBIT margins are expected to be lower, since Deckers is spending more money on marketing and advertising, which increased SG&A. This is combined with an increase in depreciation driven by an expected increase in CAPEX related to the opening of new stores, since direct-to-consumer sales are growing.

PROFITABILITY

Deckers has a significant presence of cash in its assets, which means that its operating assets are lower compared to other firms. This is because they outsource their operations to manufacturers in countries like China or Thailand and therefore do not have a high number of fixed assets. Operating ROA has been increasing year over year, reaching 70.7% in 2026. For the future, I expect this number to decrease, justified by the lowering of margins. The company's ROE, projected at 40.2% in 2026, has historically trended alongside its Operating ROA, reflecting strong fundamental performance. Through the DuPont Decomposition, we can conclude that this high return is primarily driven by an exceptional Net Margin of 19.9% and high operational efficiency, asset turnover. Crucially, with a Debt-to-Equity ratio of only 0.13, the ROE is not inflated by financial leverage but is instead a direct result of organic profitability. Since the expected Operating ROA is decreasing, the same will happen with ROE. It is important to note that the company is mainly financed by equity and does not present debt on its balance sheet. Deckers does not distribute dividends, the way they compensate investors is through share buybacks, which are used to compute the payout ratio. In recent years, the payout ratio has been around 55%, but for 2026, with the company expecting to spend around $1 billion on buybacks, this ratio will increase to higher levels. For the following years, this buyback program is expected to continue, with a value around 56.6% of net income for the first five years, and 85% after, compensating the investors by this way.

SOLVENCY AND LIQUIDITY

In terms of solvency, Deckers is a 'dream company' because its capital structure does not contain long-term debt, which is a common factor among some of its peers. The company only presents short-term debt, which is linked to the fact that they use leasing for their operations. This short-term debt in relation to equity has been decreasing in recent years, and I expect this trend to continue, with a D/E ratio standing between 0.11 and 0.13.

Regarding liquidity, the company excels by maintaining a large amount of cash and short-term investments on its balance sheet throughout the years. All liquidity ratios have been increasing, which I expect to continue, allowing the company to be prepared for a tougher fiscal year.

Through the cash conversion cycle, it is possible to see that the company is becoming more efficient at converting its inventory into positive cash flow, which I expect to remain at a conservative level. The company has been precise in its cash flow cycle, reducing the days sales outstanding (DSO), maintaining stable days payable, and quickly turning over its inventory.

VALUATION

The BUY recommendation for Deckers is supported by a price target of $129.24 at March of 2027. This represents a 10% upside relative to the closing price of $117.27 on February 27, 2026. To reach this conclusion, a DCF analysis was performed. Furthermore, a sensitivity analysis, a scenario analysis, and a Monte Carlo simulation were conducted to guarantee the robustness of this forecast, simulating various conditions that could affect the company's valuation. To provide additional support, a relative valuation was also performed, which also resulted in a BUY recommendation.

DISCOUNTED CASH FLOW VALUATION

The valuation of Deckers Outdoor was conducted based on a DCF analysis, using the FCFF methodology to estimate cash flows for the forecasted period, combined with the Gordon Growth Model to estimate the Terminal Value (Appendix 15). This approach resulted in an Enterprise Value of $16.8 billion and an Equity Value per share of $129.24 at March of 2027, as illustrated in Table 3. 10 years of forecast was made, to make the transition from the expansion phase to a steady-state phase.

Table 3: Decker´s DCF Valuation Price 2026

DCF Valuation 2026 ($ Millions)	
Value of the firm	**16,753.48**
Cash 2027	2,499.35
Total debt	717.30
Equity value	**18,535.53**
#shares	143.41
Value per share	**129.24**
Closing Price 27/02/2026	117.27
Upside potential	**10%**
Result	**Undervalued**

Source: Author

To compute the present value of FCFF from 2026 until 2036, an estimated WACC of 9.76% (Table 4) was used alongside the Terminal Value. Since Deckers does not have long-term debt, its cost of capital consists entirely of its cost of equity. The cost of equity was calculated using the CAPM formula, which incorporated a U.S. 10-year government bond yield and an Equity Risk Premium (ERP) based on sales per region. As the specific country breakdown for international sales was not available, I calculated an average ERP for international sales based on the main foreign countries where Deckers operates, such as Italy, France, and the United Kingdom, among others, resulting in an ERP of 4.66%. For the cost of equity, an unlevered beta was computed using the bottom-up approach after selecting the respective peers, since Deckers has no debt, the unlevered beta is equal to the levered beta, which is 1.21. This resulted in an estimated WACC of 9.76%.

Table 4: Weighted Average Cost of Capital

Weighted Average Cost of Capital	
Cost of Equity	
Rf 10-Yr Treasury Yield	4.14%
Market Risk Premium	4.66%
Beta	1.21
Cost of Equity	9.76%
WACC	**9.76%**

Source: Author

For the computation of the Terminal Value, a long-term growth rate of 2% was used, derived from a Terminal ROIC of 17% and a Reinvestment Rate of 12% was used. This rate is based on the United States Federal Reserve's projection for the longer run, aligning with expected GDP growth. This resulted in a final Terminal Value of $9.52 billion.

SENSITIVITY ANALYSIS

To assess the robustness of the valuation model, I performed a Sensitivity Analysis to quantify the impact of key value drivers, specifically the WACC, Terminal Growth Rate, Gross Margin, and the Revenue Growth of HOKA and UGG.

I started for testing changes in a range of more or less 0.5% was applied for WACC and g.

Even in the worst-case scenario, assuming a Terminal Growth Rate of 1.5% and a WACC of 10.26%, the intrinsic value remains above the current market price, yielding a BUY recommendation (Table 5).

Table 5: Sensitivity Analysis: WACC and LTGR

		Terminal Growth Rate				
	129.24	-0.50%	-0.25%	0.00%	0.25%	0.50%
WACC	-0.50%	133.31	133.82	134.36	134.94	135.56
	-0.25%	130.81	131.25	131.73	132.25	132.79
	0.00%	128.42	128.82	129.24	129.70	130.18
	0.25%	126.14	126.50	126.88	127.28	127.71
	0.50%	123.97	124.29	124.63	124.98	125.36

Source: Author

Table 6: Sensitivity Analysis: WACC and Gross

WACC \ Gross Margin	129.24	-5.00%	-2.50%	0.00%	2.50%	5.00%
	-0.50%	77.25	105.80	134.36	162.91	191.47
	-0.25%	76.74	104.24	131.73	159.23	186.73
	0.00%	76.23	102.74	129.24	155.75	182.26
	0.25%	75.71	101.29	126.88	152.46	178.05
	0.50%	75.19	99.91	124.63	149.35	174.06

Source: Author

Table 7: Sensitivity Analysis: UGG and HOKA sales Growth

HOKA \ UGG	129.24	-5.00%	-2.50%	0.00%	2.50%	5.00%
	-10.00%	83.15	88.92	95.78	103.94	113.64
	-5.00%	97.06	102.83	109.69	117.85	127.55
	0.00%	116.61	122.38	129.24	137.40	147.10
	5.00%	144.03	149.80	156.66	164.82	174.52
	10.00%	182.36	188.13	194.99	203.15	212.85

Source: Author

Table 8: Scenario Analysis

Scenarios	Bear Case	Base Case	Bull Case
HOKA Revenues Growth	0.85x	1.00x	1,25x
UGG Revenue Growth	0.90x	1.00x	1.15x
COGS / Sales	1.10x	1.00x	0.9x
WACC	1.10x	1.00x	0.9x
g	0.8x	1.00x	1.25x
Value of Equity per Share	$92.33	$129.24	$179.30
% change from current Price	-21%	10%	53%
Recomendation	SELL	BUY	STRONG BUY

Source: Author

As Deckers belongs to the apparel and footwear industry, gross margins are a critical factor to consider. Therefore, in another analysis, I examined the impact of changes in gross margin and WACC on the price target (Table 6). For this analysis, fluctuations of up to 5% were applied to the gross margin, while the 0.5% variations for the WACC were maintained. In this scenario, it is observable that a 2.5% decrease in gross margin combined with a 0.5% increase in WACC results in a SELL recommendation. This analysis underscores the significant sensitivity of Decker's valuation to its gross margin.

A final analysis was performed on the growth rates of HOKA and UGG, as the revenue forecast was based on a sales breakdown. Since both brands are at different stages, HOKA is in an expansion phase, while UGG is a mature brand with stable growth rates, I selected growth rate variations of up to 5% for UGG and 10% for HOKA. The analysis indicates that a decrease in HOKA's sales growth has a more significant impact than a similar decrease for UGG. In the worst-case scenario, with UGG growing 5% less and HOKA 10% less than expected, results im a SELL recommendation (Table 7).

SCENARIO ANALYSIS

To test simultaneous changes in different indicators, a scenario analysis was performed to evaluate how these variables impact the output under two distinct conditions: the Bear Case and the Bull Case. The Bear Case represents a scenario where Deckers is unable to sustain its expansion, mainly driven by HOKA, and suffers a decline in revenue growth and gross margins. Conversely, the Bull Case is an optimistic scenario where Decker's revenues outperform market expectations, and the company successfully maintains strong margins.

The Bear Case is built on the hypothesis of deteriorating macroeconomic conditions and a more severe impact from tariffs than expected, leading to a slowdown in revenue growth and compressed margins. The Bull Case is based on a scenario where macroeconomic factors improve and uncertainty diminishes. In the Bear Case, under unfavourable conditions, the price target would be $92.33, representing a 21% downside and a SELL recommendation. In the Bull Case, the upside is 53%, resulting in a price target of $179.30, which represents a Strong BUY.

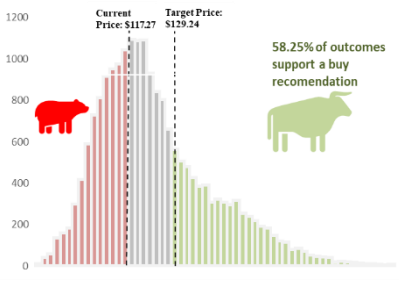
In the Bear Case, I assume a conservative outlook where revenue growth for HOKA and UGG is penalized by a factor of 0.85x and 0.9x respectively, relative to our base estimates. For COGS/Sales and WACC increasing by a factor of 1.10x, alongside reduction of 0.80x in Terminal growth rate. For the Bull Case, I assume HOKA and UGG revenues overperforming by 1.25x and 1.15x respectively, with COGS/Sales and WACC dropping 0.9x, while Terminal growth rate is boosted by 1.25x (Table 8). These two opposite realities demonstrate that Deckers is highly dependent on the growth of the HOKA brand and that its gross margin is critical to maintaining operational efficiency. Consequently, significant fluctuations in these variables have a substantial influence on the company's valuation.

MONTE CARLO SIMULATION

Another tool used to test the robustness of my valuation was the Monte Carlo simulation. This analysis allowed me to test 20,000 different iterations, varying factors such as revenue growth, gross margin, WACC, and the terminal growth rate. Once again, the objective was to test fluctuations in the firm's main drivers: Revenue and gross margin, alongside other factors that impact the firm's value. In this simulation, I assume all variables independent.

This simulation was conducted using triangular distributions, with HOKA's revenue multipliers ranging from 0.8x to 1.25x and for UGG from 0.9x to 1.15x. Capital costs and terminal assumptions were simulated with the WACC varying between 9.0% and 11.0%, and the terminal growth rate between 1.8% and 2.5%. Finally, COGS efficiency was tested using a multiplier range of 0.90x to 1. 10x. Figure 25 shows that 58.25% of the outcomes

Figure 25: Monte Carlo Simulation



Source: Author

Table 9: Relative Valuation

Company	P/E	EV/EBITDA	EV/Sales
Columbia Sportswear Co	19.2x	8.85x	0.81x
VF Corp	19.66x	10.89x	1.14x
PVH Corp	5.28x	4.48x	0.56x
On Holding AG	26.72x	15.01x	3.79x
Wolverine World Wide Inc	13.17x	10.33x	1.10x
Lululemon Athletica Inc	13.81x	6.78x	1.8x
Adidas AG	13.95x	7.33x	1.18x
Puma SE	-12.58x	14.29x	0.80x
Median	19.20x	11.75x	1.80x
Implied Value Per Share	$127.09	$143.22	$72.65

Source: Author

supports my DCF conclusion and reinforces my final recommendation.
Finally, this analysis indicates that there is an equal probability of 10% for both the Bear and Bull cases. However, the positive skewness of the distribution reveals that there is a higher probability of a positive outcome than a negative one.

RELATIVE VALUATION

Another type of valuation was performed to support the investment recommendation for Deckers. Opposite to the DCF, relative valuation focuses on comparing a firm with its peers through the analysis of multiples. To perform this valuation, it was necessary to select the most comparable peers to Deckers Outdoor. Since Deckers has no debt in its capital structure, it was important to select firms with similar characteristics; one of such peers is Columbia Sportswear, which shares a similar capital structure (Table 9).

Seven different peers were chosen for this valuation, and three different multiples were used: P/E, EV/EBITDA, and EV/Sales. To ensure an accurate comparison and avoid the influence of outliers or biased multiples, the median was used.

The P/E ratio yielded the highest price among the three multiples, resulting in a share price of $127.09, representing an 8% upside. Conversely, the EV/Sales multiple returned a target price of $72.65, which would imply a SELL recommendation with an 38% downside. The third multiple used was EV/EBITDA. There is a consensus that this is the most accurate multiple for comparing different firms because it ensures consistency across companies by accounting for different capital and accounting structures. This multiple returned a target price of $143.22, representing a 22% upside and supporting the BUY recommendation from the DCF valuation.

The median outcome of these three multiples results in a target price of $130.71, which represents a 11% upside. This relative valuation provides a clearer view of the investment case, following the overall trend of a BUY recommendation.

Deckers should trade at a premium compared to the peer median due to its superior profitability and solvency profile. Specifically, the company delivers a significantly higher ROIC, driven by its asset-light business model and strong operational efficiency. This financial strength, combined with a debt-free balance sheet, justifies a higher valuation multiple than its more leveraged or capital-intensive competitors. These factors are particularly highlighted in the P/E ratio, which best reflects the company's ability to generate high-quality net income for shareholders.

INVESTMENT RISKS

Deckers Outdoor Sports is an international company that have operations in Asia continent and Sales worldwide, what brings some risks, result of this globalization of their operations.

In their Annual Report, the company identifies some of their main risks, that are divided by risks related with the Business and the Industry, the global Business Strategy and Operations and International commerce, risks related with Technology, Data Security and Privacy and finally, risks linked to Legal, compliance and regulatory Environment.

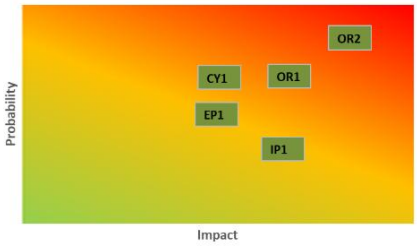
OPERATIONAL RISK

CONSUMER PREFERENCES AND PURCHASING POWER | OR1

Probability: Moderate | Impact: Moderate

The apparel and footwear industry is highly competitive, characterized by new products constantly entering the market and shifting consumer preferences. In the case of HOKA, a running footwear brand that prioritizes athlete comfort, continuous technological innovation is essential to prevent consumers from switching to competitors. Similarly, UGG faces the

Figure 26: Risk Matrix



Source: Author

challenge of evolving fashion trends. As both are considered premium brands in their respective segments, they are highly sensitive to a loss of purchasing power in high-inflation environments. Other brands are also doing some changes with the goal of gain more consumers. Some examples are Nike and ASICS. The first one is trying to regain market share in running shoes, while ASICS are more focused on injury prevention, an important thing for runners in the hour of making their choice.

Valuation Impact: These risks directly affect revenue, as measured in the sensitivity analysis. In the worst-case scenario, where growth for both brands is 5% lower than projected, the recommendation shifts to a SELL.
Mitigation: To mitigate these risks, the company invests heavily in R&D to develop HOKA's technology and establishes strategic partnerships to maintain UGG's brand reputation. Additionally, the company is expanding its direct-to-consumer (DTC) sales channel, focusing on retaining customers with higher purchasing power.

SUPPLY CHAIN DISRUPTION AND SEASONALITY | OR2

Probability: High | Impact: High

Deckers has a significant portion of its operations in countries such as China and Vietnam, making it vulnerable to economic or geopolitical conflicts that could disrupt global commerce. Such disruptions could lead to increased raw material costs and supply chain bottlenecks. Additionally, the company is subject to high seasonality, particularly in the third quarter (Q3), when UGG sales typically peak. Consequently, the company must manage its inventories effectively to maintain stable working capital levels and avoid excessive discounting, which would erode margins.
Valuation Impact: This risk implies an increase in COGS and a subsequent reduction in margins. This was measured in the sensitivity and scenario analyses, where a significant margin contraction leads to a SELL recommendation in certain cases.
Mitigation: To mitigate these risks, the company is diversifying its production geographically and leveraging data analytics and Artificial Intelligence to improve sales forecasting and inventory management.

ECONOMIC AND POLITICAL RISK

POLITICAL INSTABILITY AND FX RISK | EP1

Probability: Moderate-High | Impact: Moderate-High

Under the current U.S. administration, tariffs have become a significant concern for American companies. With production concentrated in Asia and sales distributed globally, Deckers must account for the potential impact of tariffs on its gross margins. Furthermore, as international sales grow annually, foreign exchange (FX) risk increasingly affects Decker's financial statements. For instance, if the U.S. Dollar appreciates against the Euro, it reduces reported profits when international earnings are translated back into the functional currency.

Valuation Impact: These risks impact COGS through potential tariff increases, though recent impacts have been lower than expected, and may lead to reduced reported revenue due to unfavourable FX translations.
Mitigation: To mitigate these risks, the company is selectively increasing prices in the United States and employing currency hedging strategies through the use of derivatives.

IT SYSTEMS, CYBERSECURITY & DIGITAL TRANSFORMATION

CYBERSECURITY | CY1

Probability: Low | Impact: Low

With the expansion of e-commerce and the growth of Direct-to-Consumer (DTC) sales, Deckers must strictly adhere to data protection regulations and ensure customer privacy. In DTC transactions, customers provide sensitive information, such as fiscal and credit card data. The company also faces the challenge of keeping its digital platforms updated and following technological trends to remain competitive and retain its online customer base.

Valuation Impact: Cybersecurity risks can significantly impact sales. A potential cyberattack or data breach could lead to severe reputational damage, legal liabilities, and a loss of consumer trust.
Mitigation: To mitigate these risks, the company is increasing its investments in cybersecurity, implementing AI-driven threat management systems, and conducting regular internal audits.

INTELLECTUAL PROPERTY & TAXATION

INTELLECTUAL PROPERTY | IP1

Probability: Low | Impact: Low

One of the most significant challenges in the apparel and footwear industry is counterfeiting, where unauthorized producers replicate brand designs to sell at lower prices. Deckers is particularly susceptible to this risk due to the premium positioning of the UGG brand and its higher price points.
Furthermore, the company faces taxation risks arising from diverse tax laws across different jurisdictions and potential retaliatory measures to U.S. tariffs. These factors can lead to increased costs and compressed margins, ultimately weighing down net income.

Valuation Impact: Counterfeiting can erode brand equity and reduce sales volume, while changes in tax laws or unfavourable audits can increase the effective tax rate, directly impacting the company's valuation.
Mitigation: To mitigate these threats, the company aggressively protects its patents and trademarks to safeguard its intellectual property. Additionally, Deckers invests in specialized fiscal advisory services to adapt to complex international tax structures and ensure compliance.

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APPENDIXES

Appendix 1: Social Highlights



Source: Author, Creating Change Report

Appendix 2: Governance Structure



Source: Author, Creating Change Report

Appendix 3: Board of directors

Photo	Name	Position	Since	Independent	Education	Work Experience
	Cynthia (Cindy) L. Davis	Independent Chairman of the Board	2018	Yes	BA Economics – Furman University; MBA Finance & Marketing – University of Maryland	Board roles at Kennametal and Brinker; former Board member at Buffalo Wild Wings; VP & President Nike Golf; SVP Golf Channel
	David A. Burwick	Independent Director	2021	Yes	BA History – Middlebury College; MBA – Harvard Business School	CEO Spindrift; former CEO Boston Beer; CEO Peet's Coffee; senior PepsiCo roles; Director BJ's Wholesale & Duckhorn
	Stefano Caroti	CEO, President & Director	2024	No	BA – Middlebury College	CEO Deckers; former CCO Deckers; interim President HOKA; CCO PUMA; senior roles at Nike
	Nelson Chan	Independent Director	2014	Yes	BS Electrical & Computer Engineering – UC Santa Barbara; MBA – Santa Clara University	Director GCT Semiconductor; Chair Synaptics; Chair Adesto; CEO Magellan; senior positions at SanDisk
	Juan Figuereo	Independent Director	2020	Yes	BBA Public Accounting – Florida International University; CPA	Director Western Alliance; former Director Diversey & PVH; CFO roles at Revlon, NII Holdings, Newell Brands, Cott; roles at Walmart & PepsiCo
	Maha Ibrahim	Independent Director	2021	Yes	PhD MIT; MA Stanford; BA Stanford	General Partner Canaan Partners; Director The RealReal (IPO); Trustee Carnegie Endowment; VP roles at Qwest
	Patrick J. Grismer	Independent Director	2025	Yes	MBA Northwestern (Kellogg); BS Accounting USC	Director Krispy Kreme; former Director Panera; CFO Starbucks; CFO Hyatt; CFO Yum! Brands; senior roles at Disney; ex-PwC
	Victor Luis	Independent Director	2020	Yes	BA College of the Holy Cross; MA International Economics – Durham University	CEO Tapestry; leadership Coach; CEO Baccarat NA; senior LVMH roles incl. CEO Givenchy Japan
	Lauri Shanahan	Independent Director	2011	Yes	JD Business Law – UCLA; BS Finance – University of Colorado Boulder	Director CAVA Group; Director Treasury Wine Estates; former CAO & CLO Gap Inc.; Principal Maroon Peak Advisors
	Bonita Stewart	Independent Director	2014	Yes	MBA Harvard; BA Journalism Howard University	Founder BAG Ventures; former VP Google Global Partnerships; Director PagerDuty; roles at DaimlerChrysler & IBM; author

Source: Author, Company Data

Appendix 4: Sourcing Exposure

Company	China	Vietnam	Cambodia	Bangladesh	Indonesia	Germany	Other
Nike	17%	39%	15%	-	27%	-	23%
Adidas	17.67%	28.5%	23%	-	32%	-	64.33%
Puma	30%	26%	13%	12%	5%	-	14%
On	7%	76%	-	-	-	-	32%
Steve Madden	58%	-	-	-	-	-	-
Skechers	40%	40%	-	-	-	-	20%x
Wolverine Worldwide	22%	53%	10%	8%	8%	-	-
Lulemon	-	40%	17%	7%	11%	-	25%
Columbia	20%	57.5%		20%	15%	-	25%
Deckers	Low	Majority	-	-	Some	-	-

Source: Author, Bloomberg

Appendix 5: Balance Sheet

Source: Author, Company Data

Balance Sheet in $ Millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cash & Short-Term Investments	649.44	1,089.36	843.53	981.80	1,502.05	1,889.19	1,927.41	2,499.35	3,108.30	3,809.83	4,618.95	5,443.88	5,657.22	5,839.52	6,156.52	6,435.28	6,479.97	6,581.73
Trade Receivables	195.26	226.42	314.18	317.20	310.44	348.56	459.10	487.50	574.01	672.92	791.24	919.87	1,052.70	1,185.47	1,313.16	1,430.36	1,518.58	1,568.47
Inventories	311.62	278.24	506.80	532.85	474.31	495.23	595.36	698.44	822.39	964.09	1,133.62	1,382.20	1,581.78	1,864.14	2,156.69	2,449.15	2,918.60	3,124.11
Other Current Assets	37.80	56.77	87.62	78.41	156.69	127.50	168.95	197.98	233.12	273.28	321.34	373.58	427.52	481.44	533.30	580.90	616.72	636.99
Total Current Assets	**1,194.12**	**1,650.79**	**1,752.13**	**1,910.26**	**2,443.49**	**2,860.48**	**3,150.82**	**3,883.27**	**4,737.82**	**5,720.12**	**6,866.15**	**8,119.53**	**8,719.22**	**9,370.57**	**10,159.66**	**10,895.70**	**11,533.87**	**11,911.30**
Net Property, plant and equipment	209.03	206.22	222.45	266.68	302.13	325.60	364.41	391.08	432.04	486.71	556.35	639.70	739.41	846.90	816.95	810.90	818.67	831.45
Property, Plant & Equipment	451.17	473.12	505.02	584.19	651.27	728.56	843.56	961.94	1,101.33	1,264.73	1,456.87	1,680.24	1,940.95	2,234.53	2,417.74	2,617.29	2,829.15	3,047.97
Accumulated Depreciation & Impairment	242.14	266.90	282.57	317.51	349.14	402.96	479.15	570.86	669.29	778.02	900.52	1,040.54	1,201.54	1,387.63	1,600.78	1,806.39	2,010.48	2,216.52
Right of Use Tangible Assets	243.52	186.99	182.46	213.30	225.67	237.35	307.69	367.23	432.40	506.90	596.04	692.93	792.99	893.01	989.19	1,077.48	1,143.94	1,183.52
Other Non-Current Assets	56.44	67.77	121.54	114.52	123.23	117.14	169.74	198.91	234.20	274.56	322.84	375.32	429.51	483.69	535.78	583.60	619.60	639.96
Intangible Assets	62.01	55.94	53.68	51.45	41.07	29.69	29.65	29.65	29.65	29.65	29.65	29.65	29.65	29.65	29.65	29.65	29.65	29.65
Total Non-Current Assets	**571.00**	**516.92**	**580.13**	**645.95**	**692.10**	**709.78**	**871.49**	**986.86**	**1,128.29**	**1,297.82**	**1,504.88**	**1,737.60**	**1,991.56**	**2,253.25**	**2,371.58**	**2,501.63**	**2,611.86**	**2,682.58**
Total Assets	**1,765.12**	**2,167.71**	**2,332.26**	**2,556.21**	**3,135.59**	**3,570.26**	**4,022.31**	**4,870.13**	**5,866.11**	**7,017.94**	**8,370.03**	**9,857.13**	**10,710.78**	**11,623.82**	**12,531.24**	**13,397.33**	**14,145.73**	**14,593.88**
Trade Accounts Payable	147.89	231.63	327.49	265.61	378.50	417.96	423.76	523.11	615.95	722.08	849.05	1,035.22	1,184.71	1,396.18	1,615.30	1,834.34	2,185.94	2,339.87
Accrued Expenses	66.55	115.33	111.81	118.37	180.24	319.56	258.53	282.59	332.74	390.07	458.66	533.22	610.22	687.19	761.20	879.39	933.63	1,019.41
Operating Lease Liabilities	49.09	46.77	50.10	50.77	53.58	54.45	80.86	91.48	107.71	126.27	148.47	172.61	197.53	222.45	246.41	268.40	284.95	294.31
Income Tax payable	11.10	36.92	12.43	17.32	52.34	23.30	51.44	66.60	78.36	91.71	107.63	115.00	131.24	134.64	134.58	116.81	75.71	44.77
Other Current Liabilities	26.31	37.72	39.87	45.32	55.32	45.32	54.28	76.85	90.48	106.07	124.73	145.00	165.94	186.87	207.00	225.47	239.38	247.24
Current Liabilities	**300.94**	**468.37**	**541.70**	**497.39**	**719.98**	**769.95**	**868.88**	**1,040.62**	**1,225.24**	**1,436.21**	**1,688.54**	**2,001.06**	**2,289.64**	**2,627.32**	**2,964.48**	**3,324.42**	**3,719.62**	**3,945.60**
Long-Term Debt	30.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-Term lease liabilities	215.72	176.27	171.97	195.72	213.30	222.52	315.93	350.07	412.19	483.22	568.19	660.55	755.93	851.28	942.97	1,027.13	1,090.48	1,126.31
Other Non-Current Liabilities	78.07	78.84	79.77	97.37	94.82	64.78	101.88	119.39	140.57	164.79	193.77	225.27	257.80	290.32	321.59	350.29	371.89	384.11
Non-Current Liabilities	**324.05**	**255.11**	**251.74**	**293.09**	**308.12**	**287.30**	**417.81**	**469.45**	**552.77**	**648.01**	**761.96**	**885.82**	**1,013.74**	**1,141.59**	**1,264.55**	**1,377.42**	**1,462.37**	**1,510.42**
Total Liabilities	**624.99**	**723.48**	**793.44**	**790.48**	**1,028.10**	**1,057.25**	**1,286.68**	**1,510.08**	**1,778.01**	**2,084.22**	**2,450.50**	**2,886.89**	**3,303.38**	**3,768.92**	**4,229.03**	**4,701.84**	**5,181.99**	**5,456.02**
Common Equity - Contributed	191.73	203.59	211.10	233.19	245.40	254.97	292.91	330.85	368.79	406.73	444.67	482.61	520.55	558.49	596.43	634.37	672.31	710.25
Retained Earnings	973.95	1,257.38	1,352.69	1,571.57	1,912.80	2,307.70	2,492.37	3,078.85	3,768.96	4,576.64	5,524.51	6,537.28	6,936.50	7,346.06	7,755.43	8,110.77	8,341.08	8,477.26
Comprehensive Income - Accumulated	(25.56)	(16.74)	(24.95)	(39.03)	(50.73)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)	(49.65)
Total Shareholders' Equity	**1,140.12**	**1,444.23**	**1,538.84**	**1,765.73**	**2,107.47**	**2,513.02**	**2,735.63**	**3,360.05**	**4,088.10**	**4,933.72**	**5,919.53**	**6,970.24**	**7,407.40**	**7,854.90**	**8,302.21**	**8,695.49**	**8,963.74**	**9,137.86**
Total Liabilities and Shareholders' Equity	**1,765.11**	**2,167.71**	**2,332.28**	**2,556.21**	**3,135.57**	**3,570.27**	**4,022.31**	**4,870.13**	**5,866.11**	**7,017.94**	**8,370.03**	**9,857.13**	**10,710.78**	**11,623.82**	**12,531.24**	**13,397.33**	**14,145.73**	**14,593.88**

Appendix 6: Income Statement

Income Statement in $ Millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues	2,132.69	2,545.64	3,150.34	3,627.29	4,287.76	4,985.61	5,803.90	6,801.20	8,008.17	9,388.01	11,038.84	12,833.34	14,686.46	16,538.79	18,320.14	19,955.31	21,186.06	21,882.15
COGS	990.11	1,131.02	1,499.91	1,754.06	1,845.11	2,030.60	2,376.93	2,788.49	3,283.35	3,849.09	4,525.92	5,518.33	6,315.18	7,442.46	8,610.47	9,778.10	11,652.33	12,472.83
Gross Profit	**1,142.58**	**1,414.62**	**1,650.43**	**1,873.23**	**2,442.65**	**2,955.01**	**3,426.97**	**4,012.71**	**4,724.82**	**5,538.93**	**6,512.91**	**7,315.00**	**8,371.28**	**9,096.34**	**9,709.67**	**10,177.21**	**9,533.73**	**9,409.32**
SG&A	- 763.85	- 852.01	- 1,039.05	- 1,168.28	- 1,448.80	- 1,702.28	- 1,875.89	- 2,244.40	- 2,642.70	- 3,098.04	- 3,642.82	- 4,235.00	- 4,846.53	- 5,457.80	- 6,045.65	- 6,984.36	- 7,415.12	- 8,096.40
EBITDA	**378.73**	**562.61**	**611.38**	**704.95**	**993.85**	**1,252.73**	**1,551.09**	**1,768.31**	**2,082.12**	**2,440.88**	**2,870.10**	**3,080.00**	**3,524.75**	**3,638.53**	**3,664.03**	**3,192.85**	**2,118.61**	**1,312.93**
Depreciation and Amortization	- 38.91	- 40.53	- 42.88	- 47.86	- 57.17	- 69.35	- 76.19	- 91.71	- 98.43	- 108.74	- 122.49	- 140.02	- 161.00	- 186.09	- 213.15	- 205.61	- 204.09	- 206.04
Operating Profit (EBIT)	**339.82**	**522.08**	**568.50**	**657.09**	**936.68**	**1,183.38**	**1,474.90**	**1,676.60**	**1,983.70**	**2,332.15**	**2,747.60**	**2,939.98**	**3,363.75**	**3,452.44**	**3,450.88**	**2,987.24**	**1,914.52**	**1,106.89**
Financing Income/(Expense) - Net - Total	2.22	- 3.39	- 0.18	12.12	49.64	64.87	61.55	61.55	61.55	61.55	61.55	61.55	61.55	61.55	61.55	61.55	61.55	61.55
Other Non-Operating Income/(Expense) - Total	0.52	0.70	0.11	1.21	1.78	- 0.66	-	-	-	-	-	-	-	-	-	-	-	-
Non-Recurring Income/(Expense) - Total	- 1.69	- 17.87	- 3.80	- 4.33	- 9.18	4.29	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Tax (EBT)	**340.87**	**501.52**	**564.63**	**666.09**	**978.92**	**1,243.30**	**1,536.45**	**1,738.14**	**2,045.25**	**2,393.70**	**2,809.15**	**3,001.53**	**3,425.30**	**3,513.99**	**3,512.43**	**3,048.79**	**1,976.07**	**1,168.43**
Income Taxes	64.72	118.94	112.69	149.26	219.38	277.21	351.78	387.61	456.09	533.79	626.44	669.34	763.84	783.62	783.27	679.88	440.66	260.56
Profit After Taxes	**276.15**	**382.58**	**451.94**	**516.83**	**759.54**	**966.09**	**1,184.67**	**1,350.54**	**1,589.16**	**1,859.90**	**2,182.71**	**2,332.19**	**2,661.46**	**2,730.37**	**2,729.16**	**2,368.91**	**1,535.41**	**907.87**
Net Income	**276.14**	**382.58**	**451.95**	**516.82**	**759.56**	**966.09**	**1,184.67**	**1,350.54**	**1,589.16**	**1,859.90**	**2,182.71**	**2,332.19**	**2,661.46**	**2,730.37**	**2,729.16**	**2,368.91**	**1,535.41**	**907.87**
Income Available to Common Shares	**276.14**	**382.58**	**451.95**	**516.82**	**759.56**	**966.09**	**1,184.67**	**1,350.54**	**1,589.16**	**1,859.90**	**2,182.71**	**2,332.19**	**2,661.46**	**2,730.37**	**2,729.16**	**2,368.91**	**1,535.41**	**907.87**

Source: Author, Company Data

Appendix 7: Cash Flow

Cash Flow in $ Millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Profit After Tax / Net Income	276.14	382.58	451.95	516.82	759.56	966.09	1,184.67	1,350.54	1,589.16	1,859.90	2,182.71	2,332.19	2,661.46	2,730.37	2,729.16	2,368.91	1,535.41	907.87
Non cash items	18.95	18.55	0.34	24.23	39.05	42.99	37.94	37.94	37.94	37.94	37.94	37.94	37.94	37.94	37.94	37.94	37.94	37.94
Depreciation, Depletion & Amortization	40.28	58.14	46.06	50.68	66.77	73.64	76.19	91.71	98.43	108.74	122.49	140.02	161.00	186.09	213.15	205.61	204.09	206.04
Changes in Working Capital	- 49.03	136.96	- 326.00	- 54.30	167.81	- 38.20	- 146.71	- 38.60	- 139.13	- 159.05	- 190.29	- 222.99	- 215.94	- 236.64	- 232.85	- 219.75	- 227.98	- 113.88
Net Cash Flow from Operating Activities	**286.34**	**596.23**	**172.35**	**537.43**	**1,033.19**	**1,044.52**	**1,152.08**	**1,441.59**	**1,586.40**	**1,847.52**	**2,152.86**	**2,287.16**	**2,644.46**	**2,717.76**	**2,747.39**	**2,392.71**	**1,549.45**	**1,037.97**
Changes in Capital Expenditures	- 31.96	- 32.17	- 51.01	- 81.01	- 89.33	- 75.00	- 115.00	- 118.38	- 139.39	- 163.40	- 192.14	- 223.37	- 260.70	- 293.59	- 183.20	- 199.55	- 211.86	- 218.82
Cash Flow from Investing Activities	**- 31.96**	**- 32.17**	**- 51.01**	**- 81.01**	**- 89.33**	**- 75.00**	**- 115.00**	**- 118.38**	**- 139.39**	**- 163.40**	**- 192.14**	**- 223.37**	**- 260.70**	**- 293.59**	**- 183.20**	**- 199.55**	**- 211.86**	**- 218.82**
Proceeds from issue / Retirement common & Preferred	- 185.50	- 90.87	- 353.46	- 290.81	- 407.70	- 562.23	- 1,000.00	- 764.05	- 899.05	- 1,052.22	- 1,234.85	- 1,319.41	- 2,262.24	- 2,320.81	- 2,319.78	- 2,013.57	- 1,305.09	- 771.69
Changes in Debt	- 0.46	- 31.28	-	- 1.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in other Financing Activities	- 6.15	- 7.43	- 14.02	- 16.69	- 9.97	- 19.10	- 1.32	- 10.31	- 58.53	- 67.16	- 80.78	- 78.09	- 89.35	- 76.48	- 70.13	- 96.71	- 9.73	- 51.84
Cash Flow from Financing Activities	**- 192.11**	**- 129.58**	**- 367.48**	**- 309.04**	**- 417.67**	**- 581.33**	**- 1,001.32**	**- 753.75**	**- 840.52**	**- 985.06**	**- 1,154.06**	**- 1,241.32**	**- 2,172.89**	**- 2,244.33**	**- 2,249.66**	**- 1,916.86**	**- 1,295.36**	**- 719.86**
Effect of exchange rate on cash and cash equivalents	- 2.51	- 5.46	- 0.30	- 9.11	- 5.92	- 1.05	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47	- 2.47
Cash and Cash Equivalents at the beginning of the year	**589.69**	**649.44**	**1,089.36**	**843.53**	**981.80**	**1,502.05**	**1,889.19**	**1,927.41**	**2,499.35**	**3,108.30**	**3,809.83**	**4,618.95**	**5,443.88**	**5,657.22**	**5,839.52**	**6,156.52**	**6,435.28**	**6,479.97**
Net Change in Cash and Cash Equivalents	59.74	439.93	- 245.83	138.27	520.26	387.14	38.23	571.93	608.95	701.53	809.12	824.94	213.33	182.31	317.00	278.76	44.69	101.76
Cash and Cash Equivalents at the end of the year	**649.43**	**1,089.37**	**843.53**	**981.80**	**1,502.06**	**1,889.19**	**1,927.41**	**2,499.35**	**3,108.30**	**3,809.83**	**4,618.95**	**5,443.88**	**5,657.22**	**5,839.52**	**6,156.52**	**6,435.28**	**6,479.97**	**6,581.73**

Source: Author, Company Data

Appendix 8: Bottom-up Approach

Bottom-up Approach				
Company Name	Levered Beta	Debt/Equity	Marginal Tax Rate	Unlevered Beta
VF Corp	1.68	0.46	25.63%	1.25
PVH Corp	1.71	0.46	25.63%	1.28
Wolverine World Wide Inc	1.93	0.32	25.63%	1.56
Columbia Sportswear Co	0.90	0.00	25.63%	0.90
Adidas AG	1.06	0.08	29.93%	1.01
Puma SE	0.60	0.30	29.93%	0.50
On Holding AG	2.16	0.00	19.61%	2.16
Lululemon Athletica Inc	1.01	0.00	26.14%	1.01
Average	1.38	0.20	0.26	1.21

Source: Author, Refinitiv

Appendix 9: Country Risk Premium

Country Risk Premium	
Country	Equity Risk Premium
Canada	0.0423
China	0.0514
France	0.0501
Germany	0.0423
Italy	0.0669
Japan	0.0514
Spain	0.0578
Switzerland	0.0423
United Kingdom	0.0501
Average	5.05%

Source: Author, Damodaran

Appendix 10: Equity Risk Premium

Decker`s	Equity Risk premium	Sales Weights
United States	4.46%	67%
International	5.05%	33%
Equity Risk Premium	4.66%	

Source: Author, Damodaran

Appendix 11: WACC

WACC	
Equity	15,661.74
Debt	0
E/V	1
Re (CAPM)	9.76%
WACC	9.76%

Source: Author, Damodaran

Appendix 12: Revenues Forecast – growth rates

Brand	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
UGG	12.00%	12.00%	12.00%	12.00%	12.00%	10.00%	8.00%	6.00%	4.00%	3.00%	2.00%
HOKA	25.00%	25.00%	23.00%	23.00%	20.00%	18.00%	16.00%	14.00%	12.00%	8.00%	4.00%
Others	-10.00%	-7.00%	-5.00%	-2.00%	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	1.00%

Source: Author

Appendix 13: Forecasted Revenues in $M

Brand	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
UGG	3,479.70	3,897.26	4,364.93	4,888.72	5,475.37	6,022.91	6,504.74	6,895.02	7,170.82	7,385.95	7,533.67
HOKA	3,193.48	3,991.85	4,909.97	6,039.27	7,247.12	8,551.60	9,919.86	11,308.64	12,665.67	13,678.93	14,226.09
Others	128.02	119.06	113.11	110.85	110.85	111.95	114.19	116.48	118.81	121.18	122.40
Total	6,801.20	8,008.17	9,388.01	11,038.84	12,833.34	14,686.46	16,538.79	18,320.14	19,955.31	21,186.06	21,882.15

Source: Author

Appendix 14: Main Assumptions

Main Assumptions	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
COGS (% of Revenues)	41%	41%	41%	41%	43%	43%	45%	47%	49%	55%	57%
SG&A (% of Revenues)	33%	33%	33%	33%	33%	33%	33%	33%	35%	35%	37%
CAPEX (% of Revenues)	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.8%	1.0%	1.0%	1.0%	1.0%
Buybacks (% of Net Income)	57%	57%	57%	57%	57%	85%	85%	85%	85%	85%	85%

Source: Author

Appendix 15: Free Cash Flow For the Firm

FCFF	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
NOPAT	252.25	387.54	422.00	487.76	695.30	878.42	1,094.82	1,244.54	1,472.50	1,731.15	2,039.55	2,182.35	2,496.91	2,562.75	2,561.59	2,217.43	1,421.15	821.64
Depreciation	38.91	40.53	42.88	47.86	57.17	69.35	76.19	91.71	98.43	108.74	122.49	140.02	161.00	186.09	213.15	205.61	204.09	206.04
CAPEX	31.96	32.17	51.01	81.01	89.33	75.00	115.00	118.38	139.39	163.40	192.14	223.37	260.70	293.59	183.20	199.55	211.86	218.82
Change in WC	- 49.03	136.96	-326.00	- 54.30	167.81	- 38.20	- 146.71	- 38.60	- 139.13	- 159.05	- 190.29	- 222.99	- 215.94	- 236.64	- 232.85	- 219.75	- 227.98	- 113.88
FCFF	308.23	258.94	739.87	508.91	495.33	910.97	1,202.72	1,256.47	1,570.66	1,835.54	2,160.19	2,321.98	2,613.15	2,691.90	2,824.39	2,443.23	1,641.36	738.85
PV FCFF									1,431.01	1,523.63	1,633.68	1,599.90	1,640.42	1,539.60	1,471.75	1,159.93	709.95	4,043.61

Source: Author

Appendix 16: Value per Share

Value of the firm	**$16753.48**
Cash 2026	$2499.35
Total debt	$717.30
Equity value	**$18535.53**
#shares (mi)	143.41
Value per share	**$129.24**

Source: Author