

Initiated 2026-09-24 · Price \$78.59 (as of 2026-09-23, stockanalysis.com) · Mkt cap \$10.70bn · Consumer discretionary / footwear · Model: verified

Rating: Buy — Conviction: Medium

Deckers trades at ~6.8x lease-consistent EV/EBITDA and 10.3x forward earnings, near the bottom of its ten-year range and below every listed footwear peer except Crocs. It is still guiding fiscal 2027 revenue up 7–8% and raised EPS guidance in July, with \$1.6bn of cash and no debt. Holding today's multiple flat, the base case still clears the price by a wide margin. Conviction is Medium, not High, because HOKA and UGG are ~96% of sales and running is the most contested category in footwear. A brand-failure tail, quantified below, would cost roughly 40%.

MODEL VALUE RANGE VS PRICE



Business overview

Deckers sells premium footwear under three reportable segments: HOKA (performance running), UGG (sheepskin and lifestyle) and Other brands, primarily Teva. FY2026 revenue was \$5.47bn, up from \$3.15bn in FY2022. In Q1 FY2027 HOKA was \$703.5mm (+7.7%), UGG \$278.0mm (+4.9%) and Other \$37.9mm (–18.1%), though Q1 flatters HOKA because UGG is seasonally a second-half brand. Distribution is 65% wholesale and 35% direct-to-consumer, and 49% of sales are international. Manufacturing is outsourced, predominantly to Vietnam and Indonesia, with under 5% from China. Three variables drive earnings: HOKA's unit trajectory against a crowded running field, the wholesale/DTC mix (DTC +13.0%, wholesale +2.2% in Q1), and gross margin, which freight, tariffs and promotion all move.

Competition

Running is the fastest-growing part of footwear (+8.9% year on year, against –0.9% for lifestyle). It is also where the incumbents are fighting hardest to recover. HOKA and Brooks each held ~23% of US adult running footwear sales in the twelve months to September 2025, with Nike still the largest brand globally. Nike has been losing share while HOKA, On, New Balance and Adidas gained (YipitData). That is the good news, and it is dated: the latest share data retrieved predates Nike's current push to win running back. Asics also competes directly at the performance end; no current share figure was retrieved for it. The competitive risk to this thesis is not that HOKA's product loses its edge overnight. It is that a category growing near 9% with four or five credible premium brands caps HOKA at mid-single-digit growth, which is already where Q1 landed (+7.7%), and forces more promotion through a wholesale channel growing only 2.2%. On, the closest pure-play comparison, trades at 15.1x EV/EBITDA and 16.6x forward earnings. That is more than double Deckers' multiple, for a company growing faster.

Bull case

1. **Growth is still being delivered, not promised.** FY2027 guidance of \$5.86–5.91bn is +7–8% on FY2026, and the EPS guide was raised \$0.05 in July. The composition is the good kind: international +8.4% against domestic +3.2%, and DTC +13.0% against wholesale +2.2%. Plays out if HOKA's international and direct runway continues. *Model: rev_growth*
2. **The margin step-down is identified.** FY2027 operating margin is guided to slightly better than 21.5% against FY2026's 23.1%, with gross margin above 56.5%. Tariffs are now lower than the IEEPA rates they replaced (see bear 3), and ~\$120mm of invalidated IEEPA duties may be refunded. The refund is small, though: ~\$0.68 a share after tax, under 1% of market cap, and guidance excludes it. Plays out if DTC mix keeps building and tariff costs stay at current levels. *Model: ebitda_margin*
3. **Free cash flow conversion is high.** Capex is ~1.5% of revenue and operating NWC has held near 8% of revenue since a one-time step down in FY2024 (15.7% at FY2023, 9.15% at FY2024, 7.70% at FY2026). On a 23% EBITDA margin, that is what produces the 10.4% trailing FCF yield. *Model: ebitda_margin, nwc_pct_rev*

Bear case

1. **Performance-footwear brands plateau, and HOKA is most of the company.** HOKA plus UGG were ~96% of Q1 FY2027 sales. Wholesale growth of 2.2% is the indicator that usually turns first in this industry, and Other brands are already –18.1%. UGG shows it can happen here: it went through its own boom and fade in the mid-2010s. Plays out if HOKA's growth curve rolls the way running brands' have before. *Model: rev_growth*
2. **Margin is going the wrong way and SG&A does not flex.** Operating margin is guided down ~160bp with SG&A near 35% of sales. Q1 FY2027 operating income fell 6.0% on sales up 5.7%. Plays out if growth slows while the cost base stays. *Model: ebitda_margin*
3. **The tariff didn't go away; it moved to a sturdier legal footing.** After the Supreme Court struck down IEEPA on 2026-02-20, a 10% Section 122 surcharge applied until 2026-07-24. It was then replaced by Section 301 forced-labor tariffs: 12.5% on Vietnam and 10% on Indonesia, on top of MFN footwear duty. Those rates are lower than the IEEPA rates, but Section 301 is far harder to overturn, and Vietnam's rate rose 2.5 points the day after FY2027 guidance was issued. Plays out if the Section 301 tiers are raised or broadened. *Model: ebitda_margin*
4. **Running is crowded and the incumbents are fighting back.** See Competition: On is growing faster, Nike is trying to reclaim running, and Brooks matches HOKA's US share. A category with this many premium brands tends to resolve through promotion. *Model: rev_growth, ebitda_margin*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
Forward P/E (consensus NTM EPS)	10.3x; 10.5–10.7x on FY2027 guided EPS of \$7.35–7.50	n/a (unverified)	Crocs 8.5x · Birkenstock 12.0x · On 16.6x · Amer Sports 18.5x · Nike ~18.0x	stockanalysis.com / gurufocus.com / Q1 FY2027 release, 2026-09-24
EV/EBITDA, lease-consistent (EV ex-leases \$9.10bn / FY2026 EBITDA \$1,338.7mm)	6.8x	10y median 13.5x; 10y minimum 6.45x (aggregator definition, likely lease-inclusive; not verified)	Crocs 8.0x · Birkenstock 9.6x · Nike ~12.6x · Amer Sports 13.2x · On 15.1x (lease-inclusive)	stockanalysis.com / gurufocus.com, 2026-09-24
FCF yield (TTM FCF \$1.12bn / market cap)	10.4%	n/a (unverified)	Crocs 11.9% · Birkenstock 5.9% · On 5.3% · Amer Sports 4.5%	stockanalysis.com, 2026-09-24
Net cash / FY2026 EBITDA	–1.20x	n/a (unverified)	n/a (unverified)	model-summary.json ; 10-Q 2026-06-30

The aggregator EV/EBITDA figures for Deckers (7.2x stockanalysis, 7.6x gurufocus) add the \$472mm of operating leases back into EV, while this model's EBITDA is after rent. That makes them the wrong comparison for the model's exit multiple. Nike's multiples are inflated by depressed earnings, so it is a poor sole anchor. Among the peers, Crocs, which is levered and carries its own brand-concentration story, is the only one cheaper than Deckers.

Model-implied value range (from `model-summary.json` ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$65.46 · Base \$104.43 · Bull \$145.37 per share, i.e. implied returns of −16.7% / +32.9% / +85.0% vs \$78.59. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* Nothing floors at zero, so every figure is informative. What each method assumes about re-rating:

- **Exit-multiple method.** Base holds 7.0x, roughly today's 6.8x, so the base case embeds essentially no re-rating. It still pays +23% on its own (\$96.67).
- **Gordon method.** Base comes to \$112.18. At a 10.5% discount rate and 2.5% terminal growth, its terminal value works out to ~9x Year-5 EBITDA, a re-rating of roughly a third. The 15% gap between the two methods is that re-rating, stated rather than hidden.

The market price sits closer to the bear than the base, pricing something between a plateau and today's guidance.

The brand-failure tail, quantified. The bear branch models a plateau: revenue flat to −3% for two years and EBITDA margin down to 19%. It does not model a brand failure. Two sensitivities outside the committed model, on the bear case's other drivers:

- **Failure: \$44.79 (−43%).** Revenue −10%, −10%, 0, +2%, +2%; EBITDA margin 19% in Year 1 then 15%; NWC 12% of revenue; 6.0x exit; 11% WACC.
- **Milder stall: \$55.38 (−30%).** Flat revenue, 17% margin throughout, same NWC, exit and WACC.

The downside distribution is therefore about −17% for a plateau and −30% to −43% for a stall or failure, against +33% base and +85% bull. That is still a Buy at this price, but it is why conviction is Medium.

Why the buyback is not in the value case. This module values equity as $(EV - FY0 \text{ net debt}) / FY0 \text{ share count}$. `share_change` and `capital_return_pct` move EPS and the net-cash path, not the implied value per share, and repurchases below intrinsic value are not credited as accretion. The \$4.71bn authorization matters to per-share outcomes, but it is not part of the numbers above. The Q1 average repurchase price of \$103.79 is also no endorsement: management paid 32% more than today's price.

Balance sheet: net cash. \$1,602.6mm of cash at 2026-06-30 against no borrowings gives net leverage of −1.20x FY2026 EBITDA; coverage is not meaningful and there is no maturity ladder. Operating lease liabilities of \$472.3mm across 203 company-owned stores are not capitalised, because EBITDA here is already after rent. Ratings: n/a (unverified).

Model note: tier `full`, status `built`, verification `verified` (all 3,187 formula cells recalculated in LibreOffice and matched). No unverified inputs and no assumptions without basis. The scenario consistency check returns `OK` on all 14 rows, but it compares the model's signs against signs written by the same analyst, so it confirms internal coherence, not correctness. Conventions:

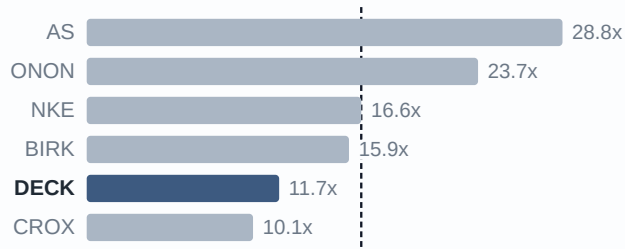
- **Fiscal year.** FY ends March 31; Y1 is fiscal 2027. Y1 is discounted a full year although the year is half over, while FY0 cash already includes Q1. The two timing effects roughly offset.
- **EBITDA.** GAAP operating income plus D&A, with D&A from `DepreciationAmortizationAndAccretionNet`, because this filer's `DepreciationDepletionAndAmortization` series ends in FY2016.
- **EPS line.** EPS divides by average diluted shares (generator change, 2026-09-24). Base Y1 EPS of \$7.71 sits ~3% above the top of the \$7.35–7.50 guide. The gap is net income, ~\$1,025mm in the model against ~\$998mm at the guidance midpoint, mostly interest income on cash at 4%. Track watch items against guidance, not against this line.
- **Segment build not used.** Brand revenue sits in MD&A rather than structured XBRL, so brand mix informs the narrative but not the driver tree.

RELATIVE VALUE VS PEERS

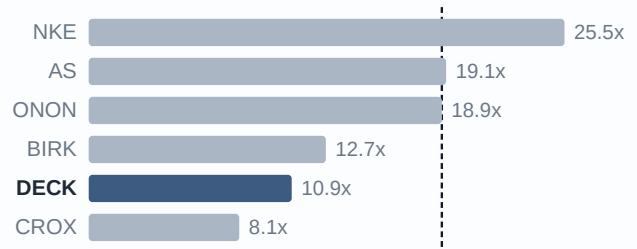
Metric	DECK	CROX	BIRK	ONON	AS	NKE	Peer median	vs median
P/E (TTM)	11.7x	10.1x	15.9x	23.7x	28.8x	16.6x	16.6x	−30%
P/E (forward)	10.9x	8.1x	12.7x	18.9x	19.1x	25.5x	18.9x	−43%
PEG	1.5x	0.9x	1.0x	0.7x	0.8x	5.8x	0.9x	+61%
EV/EBITDA (TTM)	7.7x	7.7x	9.9x	17.8x	13.5x	11.1x	11.1x	−31%
EV/Sales (TTM)	1.8x	1.8x	2.8x	2.7x	2.2x	1.2x	2.2x	−16%

Metric	DECK	CROX	BIRK	ONON	AS	NKE	Peer median	vs median
P/B	4.9x	4.1x	1.8x	4.8x	2.3x	3.4x	3.4x	+45%
FCF yield	9.9%	12.6%	5.6%	4.5%	4.3%	4.1%	4.5%	+5.4pp

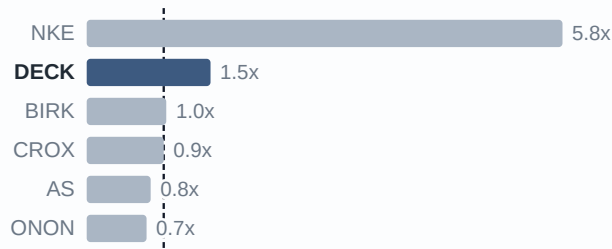
P/E (TTM)



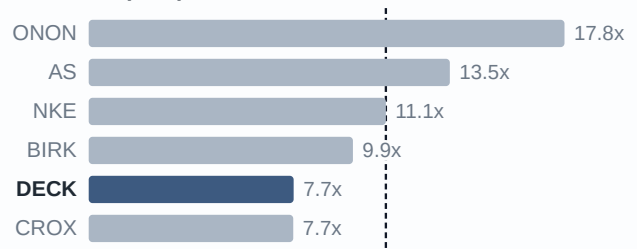
P/E (forward)



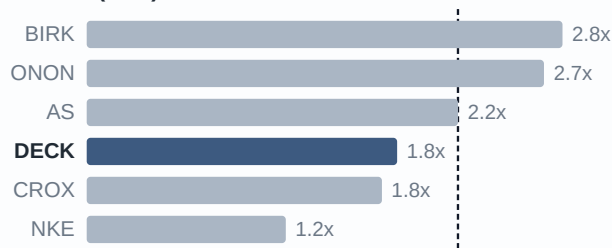
PEG



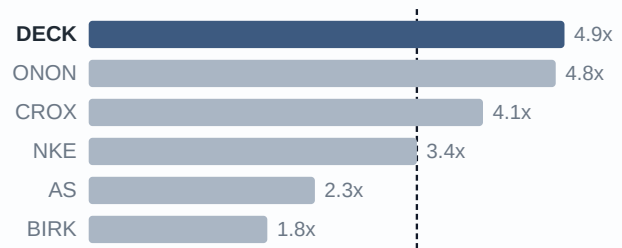
EV/EBITDA (TTM)



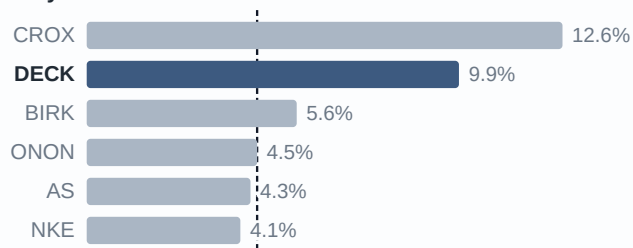
EV/Sales (TTM)



P/B



FCF yield



As of 2026-10-09. One source and one definition for every company: aggregator TTM and consensus-forward multiples, lease-inclusive EV. Not the model's own EV basis (see the report's valuation table). Quotes taken 11:40-11:58 ET on 2026-10-09 with the market open, so multiples reflect intraday prices. Dashed line = peer median. Source: [stockanalysis.com /stocks/<ticker>/statistics/](https://stockanalysis.com/stocks/<ticker>/statistics/), fetched 2026-10-09.

Notes. Source PEG figures rest on analyst growth estimates; Nike's 5.8x reflects depressed earnings, as the report notes for Nike's other multiples.

Scenario stress test

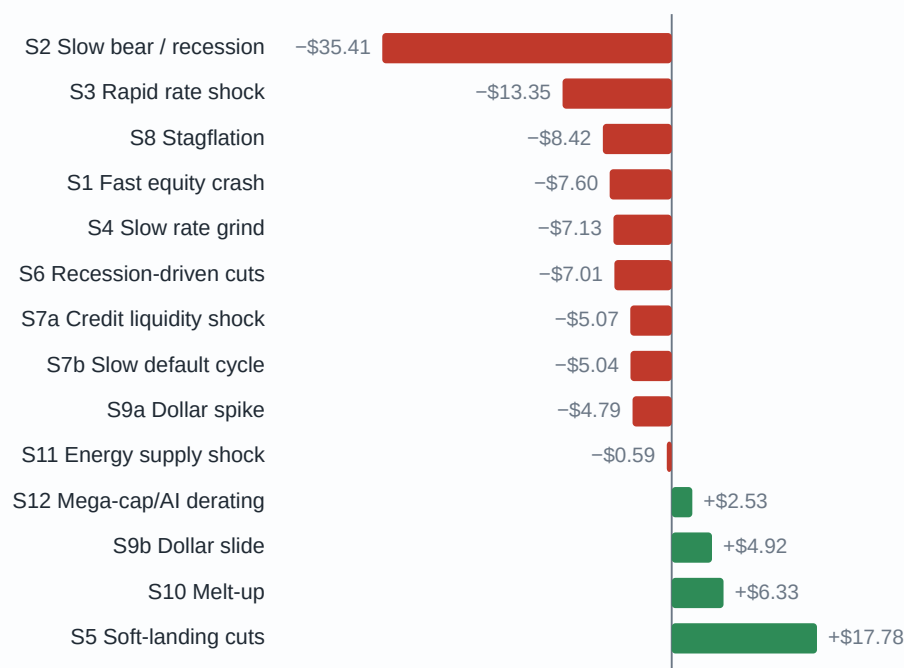
Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock). Multiple shocks (*multiple_pct*) re-price terminal value in both valuation methods (generator change, 2026-09-24); before that change they moved only the exit-multiple half and understated the effect by about half.

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	Equity-risk-premium spike on a 1.15 beta, from a multiple already near its ten-year trough	Med	–\$7.60
S2 Slow bear / recession	–	The most likely route to the bear plateau: discretionary \$150–200 shoe, wholesale partners cutting orders ahead of consumers, SG&A deleveraging; three years of shock, sized close to the bear case	High	–\$35.41
S3 Rapid rate shock	–	Mostly discount rate and multiple; nobody finances footwear, and higher yields lift income on \$1.6bn of cash	Med	–\$13.35
S4 Slow rate grind	–	Same channel, grinding; net cash earns more as the discount rate rises	Med	–\$7.13
S5 Soft-landing cuts	+	Discretionary spend holds while the discount rate falls, and a trough multiple has the most room to re-rate	High	+\$17.78
S6 Recession-driven cuts	–	Volume and mix deteriorate and the cash pile earns less; rate cuts do not make a premium sneaker less deferrable	Med	–\$7.01
S7a Credit liquidity shock	–	No funding channel, so purely a risk-premium event	Low	–\$5.07
S7b Slow default cycle	–	Wholesale is 65% of sales, so a retailer default cycle costs doors as well as receivables	Low	–\$5.04
S8 Stagflation	–	Freight and materials inflation against a consumer that cannot absorb another increase; SG&A at 35% of sales does not flex	Med	–\$8.42
S9a Dollar spike	–	International was 49% of Q1 FY2027 sales; USD-denominated Asian sourcing is only a partial hedge	Low	–\$4.79
S9b Dollar slide	+	Mirror of S9a	Low	+\$4.92
S10 Melt-up	+	Risk-premium compression, though narrow-breadth melt-ups reward mega-caps first	Low	+\$6.33
S11 Energy supply shock	–	Ocean and air freight from Vietnam and Indonesia	Low	–\$0.59
S12 Mega-cap/AI derating	±	No operating linkage; a leadership unwind may rotate capital toward cheap net-cash names, but that is a flows argument, so the shock is small and the sign uncertain	Low	+\$2.53

Magnitude labels re-ranked 2026-09-25 to match the model's dollar deltas (skill 3a-v-b item 7; the 2026-09-24 generator fix enlarged multiple-shock rows): S9a Med → Low, S9b Med → Low.

The largest negatives are demand scenarios (S2, S3), not funding scenarios, because there is nothing to refinance. **Currently active/on watch per the playbook:** S3 partially active (price leg met, pace legs short); S8, S10 and S11 on watch, S11 escalated after the 2026-09-19/20 Saudi/Houthi events.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades to higher conviction if: HOKA grows double digits for two consecutive quarters while wholesale re-accelerates above mid-single digits; or independent running share data shows HOKA holding share against On and a Nike running push; or the price falls further while guidance holds. **Downgrades if:** FY2027 guidance is cut; or HOKA growth falls below mid-single digits; or inventory outgrows revenue for two consecutive quarters; or the Section 301 tiers on Vietnam or Indonesia are raised.

Watch items

- **W1:** Q2 FY2027 HOKA and UGG growth and the wholesale/DTC split, against Q1's +7.7% / +4.9% and +2.2% / +13.0%. Source: Q2 FY2027 release, late October 2026. *Model: rev_growth*
- **W2:** Whether gross and operating margin guidance holds at "slightly better than" 56.5% and 21.5%, and whether management quantifies the post-July Section 301 rates (12.5% Vietnam, 10% Indonesia) against what guidance assumed. Source: Q2 FY2027 release and call. *Model: ebitda_margin*
- **W3:** Running-category share for HOKA against On, Brooks, Asics and Nike. Source: next retrieved third-party share data or company commentary. *Model: rev_growth*
- **W4:** Inventory growth against revenue growth, and operating NWC against FY2026's 7.70% of revenue. Source: quarterly 10-Q through FY2027. *Model: nwc_pct_rev*

Sources

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- Deckers Outdoor Form 10-Q for the quarter ended 2026-06-30 (filed 2026-07-30) — <https://www.sec.gov/Archives/edgar/data/910521/000091052126000022/deck-20260630.htm> — accessed 2026-09-24
- Deckers Outdoor Form 10-K for the fiscal year ended 2026-03-31 (filed 2026-05-22) — <https://www.sec.gov/Archives/edgar/data/910521/000162828026037664/deck-20260331.htm> — accessed 2026-09-24
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