

The Buckle (BKE): 8.2x EV/EBITDA and 11.2x EV/FCF vs 23.3% ROIC in a Mid-Single-Digit Growth Reset

BKE | The Buckle, Inc. | Consumer Cyclical | Apparel - Retail | FY 2025 | 2026-06-15T07:30:39.447Z

At 8.2x EV/EBITDA and 11.2x EV/FCF, BKE is priced as a mature apparel retailer despite ROE of 47.4%, ROIC of 23.3%, and 87.5% EPS beat execution, with the debate centered on whether 6.4% EPS growth and 3.0% FCF growth represent stabilization or a drift toward structurally lower returns.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Mixed but researchable candidate	66 / 100	74 / 100	0 / 100	0 / 100

Value / Quality Candidate

PRIMARY DEBATE — The debate is whether BKE’s return profile, including ROIC of 23.3% and ROE of 47.4%, can coexist with only 6.6% revenue growth and 3.0% free cash flow growth in a fashion-exposed retail model. Evidence shows latest EPS growth of 6.4% versus a 5Y average of 15.0%, indicating deceleration. Interpretation: growth has normalized from post-2021 peaks, while capital efficiency remains elevated. Implication: if 6–7% EPS growth is sustainable at 23.3% ROIC, current EV/EBITDA of 8.2x may reflect a conservative stance on durability rather than on profitability.

INVESTMENT NARRATIVE

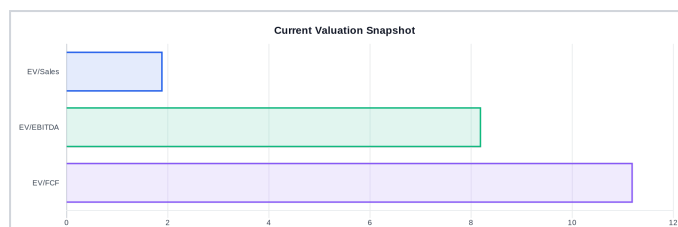
Archetype	Quality cash generator vs cyclical fade	<p>Core Tension: Are BKE’s high returns and consistent execution durable enough to sustain mid single digit growth, or is growth decelerating toward a mature, lower multiple retail profile?</p> <p>Market Assumption: The market prices BKE as a mature, fashion exposed retailer with slowing growth and limited durability, warranting modest multiples.</p> <p>Trajectory: Stable-to-slowing growth with high returns and conservative leverage; execution remains supported while valuation implies skepticism.</p> <p>Mispricing Hypothesis: The market over-discounts durability; if BKE sustains mid single digit revenue/EPS growth and FCF growth improves toward EPS growth, the current ~9–10% yield and modest multiples undervalue the business.</p>
Company Type	U.S. specialty apparel retailer with omnichannel distribution and a broad proprietary-brand mix	
Key Monitoring Metric	TTM free cash flow growth (sustain or improve from ~3%)	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Valuation: EV/EBITDA 8.15 and EV/FCF 11.22 alongside high FCF and earnings yields (~9–10%) suggest skepticism and a mature profile.	Quality economics: ROE 47.35% and ROIC 23.31% indicate supported unit economics.
Growth deceleration: Latest revenue growth 6.6% vs 5Y 8.9%.	Execution: EPS beat rate 87.5% and revenue beat rate 75% indicate consistent outperformance.
Growth deceleration: Latest EPS growth 6.4% vs 5Y 15%.	Balance sheet: Net Debt/EBITDA 0.48x implies conservative leverage.
Cash flow lag: FCF growth 3% trails EPS and revenue growth.	Still growing: Mid single digit recent revenue and EPS growth alongside ~9–10% FCF/earnings yields provide an attractive yield on ongoing performance.
	Business model features (proprietary brands, loyalty, services, omnichannel) can support customer stickiness and margin control.

SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
3	4	3	3	4	3	3
MIXED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	MIXED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
8.2x	11.2x	9.5%	23.3%	6.6%	6.4%	3.0%	87.5%

EXECUTIVE SUMMARY

Core Tension	Are BKE's high returns and consistent execution durable enough to sustain mid single digit growth, or is growth decelerating toward a mature, lower multiple retail profile?
Market Assumption	The market prices BKE as a mature, fashion exposed retailer with slowing growth and limited durability, warranting modest multiples.
Current Pricing	At a price of \$45.29 and market cap of \$2.3B, the market assigns EV/Sales of 1.9x, EV/EBITDA of 8.2x, and EV/FCF of 11.2x.
Valuation	Current EV/EBITDA of 8.2x compares with fiscal-year latest EV/EBITDA of 9.1x and a 3Y average of 8.0x, while EV/FCF of 11.2x compares with latest EV/FCF of 12.2x and a 3Y average of 11.1x.
Quality	BKE generates ROE of 47.4%, ROA of 21.1%, and ROIC of 23.3%, with income quality of 1.2 and net debt/EBITDA of 0.5x.
Growth	Latest revenue growth is 6.6% and EPS growth is 6.4%, compared with 5Y averages of 8.9% and 15.0%, respectively.
Cash Flow	Latest operating cash flow growth is 3.8% and free cash flow growth is 3.0%, compared with a 3Y average FCF growth of -0.9% and a 5Y average of 0.6%.
Execution	Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 75.0%, with average EPS surprise of 6.3% and average revenue surprise of 7.9%.
Primary Monitor	Can ROIC remain near 23.3% if revenue growth stays at 6.6%?

THESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	87.5%			
2	ROIC	23.3%			
3	FCF Yield	9.5%			
4	EPS Growth	6.4%			
5	Revenue Growth	6.6%			
6	FCF Growth	3.0%			

COMPANY & BUSINESS MODEL

The Buckle, Inc. operates as a leading fashion retailer in the United States, offering a wide array of casual apparel, footwear, and complementary accessories primarily for young men and women. Their product assortment includes a selection of popular brand-name casual wear, such as denim, various casual bottoms, tops, sportswear, and outerwear. The company also features an extensive portfolio of proprietary brands, notably BKE, Buckle Black, Salvage, Red by BKE, Daytrip, Gimmicks, Gilded Intent, FITZ + EDDI, Willow & Root, Outpost Makers, Departwest, Reclaim, BKE Vintage, Nova Industries, J.B. Holt, and Veece. Beyond its merchandise, The Buckle, Inc. provides a range of customer-centric services designed to enhance the shopping experience. These include clothing alterations, gift wrapping, layaway plans, a guest loyalty program, a dedicated private label credit card, and personalized stylist consultations. Furthermore, a specialized order system enables customers to obtain requested items from other company stores or directly from its online fulfillment center. As of March 11, 2022,

Buckle maintained a network of 440 physical retail locations across 42 U.S. states, operating under both the 'Buckle' and 'The Buckle' banners. Their full product range is also accessible via their e-commerce platform, buckle.com. Originally established in 1948 as Mills Clothing, Inc., the corporation officially adopted its current name, The Buckle, Inc., in April 1991 and is headquartered in Kearney, Nebraska.

INVESTMENT THESIS

BKE operates 440 U.S. stores with a proprietary-brand mix and omnichannel distribution, generating ROE of 47.4% and ROIC of 23.3% on an enterprise value of \$2.5B. The core tension is whether latest revenue growth of 6.6% and EPS growth of 6.4% represent a durable mid-single-digit trajectory or a deceleration from the 5Y EPS growth average of 15.0% toward a lower-growth retail profile. The market appears to price caution through EV/EBITDA of 8.2x and EV/FCF of 11.2x, alongside earnings yield of 9.7% and free cash flow yield of 9.5%, while free cash flow growth of 3.0% trails EPS growth of 6.4%. The mispricing hypothesis rests on whether ROIC of 23.3%, income quality of 1.2, and net debt/EBITDA of 0.5x can sustain mid-single-digit earnings and lift FCF growth above 3.0%, which would align cash generation with the current ~9–10% yield profile.

INVESTABLE DEBATE

The debate is whether BKE's return profile, including ROIC of 23.3% and ROE of 47.4%, can coexist with only 6.6% revenue growth and 3.0% free cash flow growth in a fashion-exposed retail model. Evidence shows latest EPS growth of 6.4% versus a 5Y average of 15.0%, indicating deceleration. Interpretation: growth has normalized from post-2021 peaks, while capital efficiency remains elevated. Implication: if 6–7% EPS growth is sustainable at 23.3% ROIC, current EV/EBITDA of 8.2x may reflect a conservative stance on durability rather than on profitability.

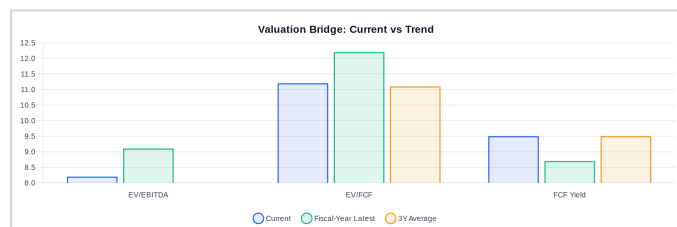
MARKET EXPECTATIONS

At a price of \$45.29 and market cap of \$2.3B, the market assigns EV/Sales of 1.9x, EV/EBITDA of 8.2x, and EV/FCF of 11.2x. Evidence: earnings yield of 9.7% and free cash flow yield of 9.5% imply a required return consistent with a mature retailer. Interpretation: the valuation embeds an assumption that growth remains modest and that FCF growth of 3.0% does not reaccelerate toward the 5Y average of 0.6% or prior 2021 peak levels. Implication: the market appears to assume mid-single-digit earnings persistence without multiple expansion.

CURRENT VALUATION VS HISTORICAL TREND

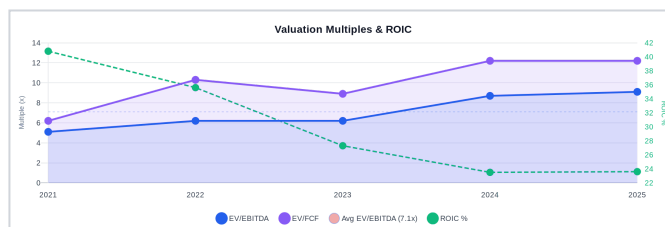
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	8.2x	9.1x	8.0x	7.1x
EV/FCF	11.2x	12.2x	11.1x	10.0x
FCF Yield	9.5%	8.7%	9.5%	11.0%

Current EV/EBITDA is 8.2x, while fiscal-year trend data shows latest EV/EBITDA of 9.1x versus a 3Y average of 8.0x. Current EV/FCF is 11.2x, while fiscal-year trend data shows latest EV/FCF of 12.2x versus a 3Y average of 11.1x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 8.2x, while fiscal-year trend data shows latest EV/EBITDA of 9.1x versus a 3Y average of 8.0x.



VALUATION MULTIPLES & ROIC OVERLAY

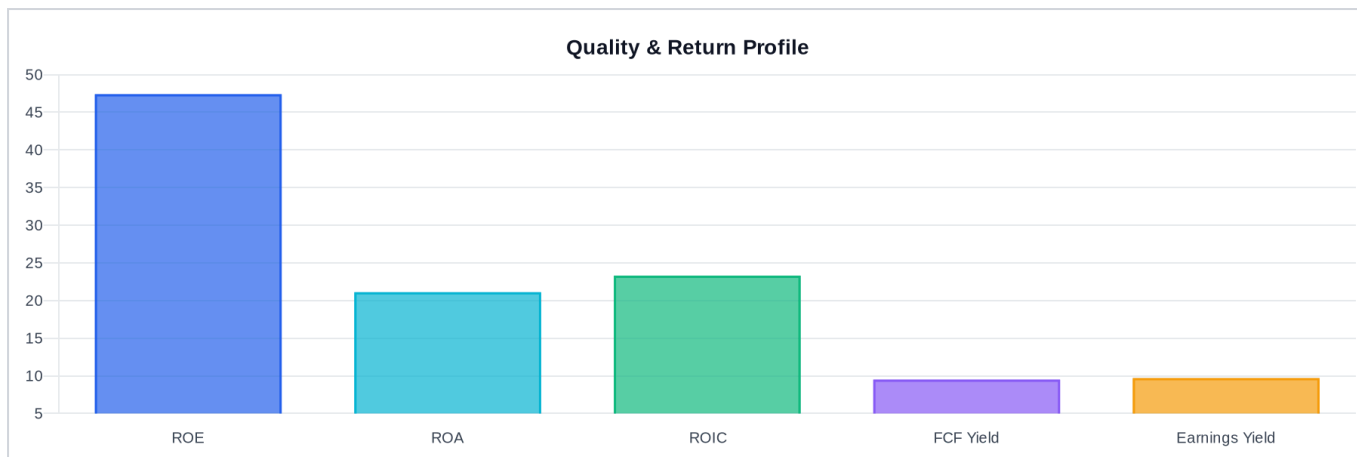
Current EV/EBITDA of 8.2x compares with fiscal-year latest EV/EBITDA of 9.1x and a 3Y average of 8.0x, while EV/FCF of 11.2x compares with latest EV/FCF of 12.2x and a 3Y average of 11.1x.

VALUATION ANALYSIS

Current EV/EBITDA of 8.2x compares with fiscal-year latest EV/EBITDA of 9.1x and a 3Y average of 8.0x, while EV/FCF of 11.2x compares with latest EV/FCF of 12.2x and a 3Y average of 11.1x. Evidence: FCF yield of 9.5% versus a 3Y average of 9.5% indicates yield alignment with recent history. Interpretation: valuation multiples are broadly in line with recent ranges while ROIC of 23.3% remains close to the 3Y average of 24.8%. Implication: the current price appears aligned with recent capital efficiency and yield metrics rather than discounting a collapse in returns.

QUALITY & CAPITAL EFFICIENCY

BKE generates ROE of 47.4%, ROA of 21.1%, and ROIC of 23.3%, with income quality of 1.2 and net debt/EBITDA of 0.5x. Evidence: current ratio of 2.0 and working capital of \$240.3M indicate liquidity support for operations across 440 stores. Interpretation: high returns on invested capital and low leverage indicate disciplined capital allocation within a cyclical sector. Implication: the quality profile supports the sustainability of mid-single-digit growth if merchandising and proprietary brands maintain margin structure.

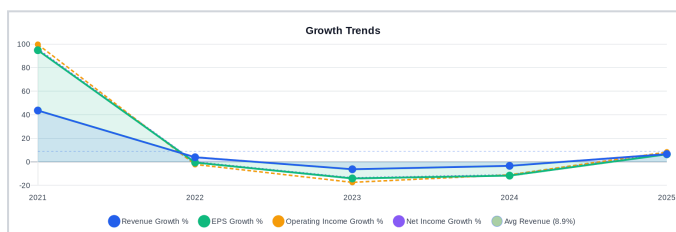


QUALITY & RETURN PROFILE

BKE generates ROE of 47.4%, ROA of 21.1%, and ROIC of 23.3%, with income quality of 1.2 and net debt/EBITDA of 0.5x.

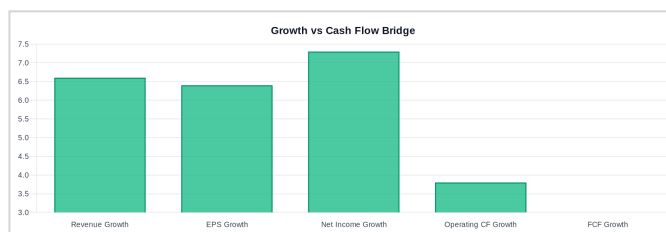
GROWTH TRAJECTORY

Latest revenue growth is 6.6% and EPS growth is 6.4%, compared with 5Y averages of 8.9% and 15.0%, respectively. Evidence: 3Y average EPS growth is -6.5%, showing recent recovery from contraction. Interpretation: growth has rebounded from negative 2023–2024 levels but remains below long-term averages. Implication: BKE fits a stable-to-slowing growth profile rather than a high-growth compounder.



HISTORICAL GROWTH TRENDS

Latest revenue growth is 6.6% and EPS growth is 6.4%, compared with 5Y averages of 8.9% and 15.0%, respectively.



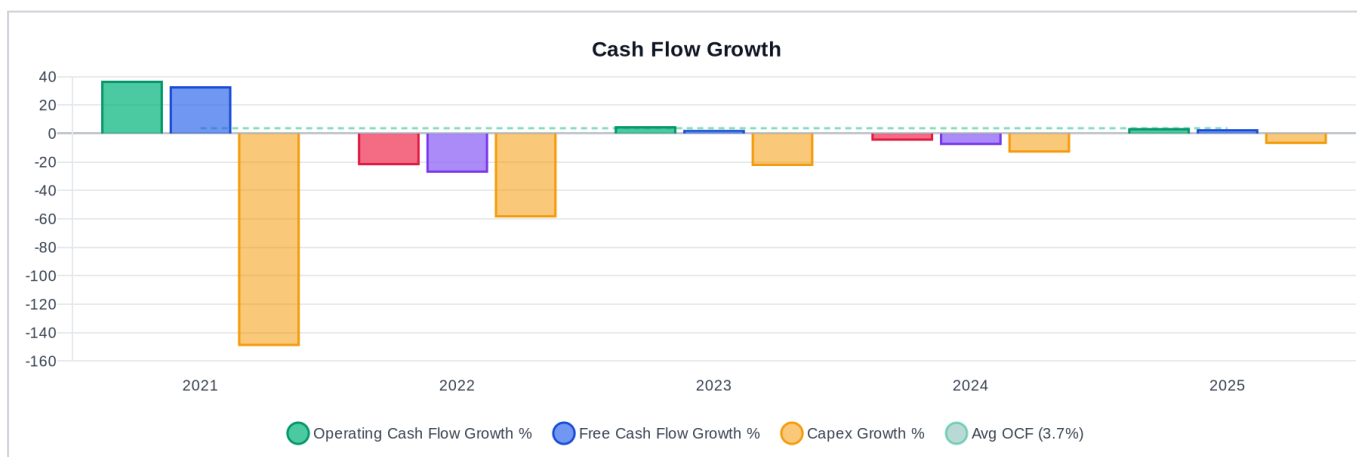
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth is 6.6% and EPS growth is 6.4%, compared with 5Y averages of 8.9% and 15.0%, respectively.

CASH FLOW GROWTH & CONVERSION

Latest operating cash flow growth is 3.8% and free cash flow growth is 3.0%, compared with a 3Y average FCF growth of -0.9% and a 5Y average of 0.6%. Evidence: net income growth is 7.3% while capex growth is -7.3%. Interpretation: positive OCF and FCF growth indicate stabilization, but FCF growth trailing EPS growth of 6.4% suggests limited incremental cash conversion. Implication: improvement in FCF growth above 3.0% is central to supporting the current 9.5% FCF yield.

Income quality of 1.2 indicates net income converts into operating cash flow at a ratio above 1.0, while capex/revenue of 3.5% is close to the 3Y average of 3.3%. Evidence: capex growth of -7.3% did not absorb operating cash flow growth of 3.8%, allowing free cash flow growth of 3.0%. Interpretation: capex is not currently accelerating relative to cash flow. Implication: conversion is stable but not expanding, keeping FCF growth below EPS growth.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Latest operating cash flow growth is 3.8% and free cash flow growth is 3.0%, compared with a 3Y average FCF growth of -0.9% and a 5Y average of 0.6%.

ANALYST EXPECTATIONS

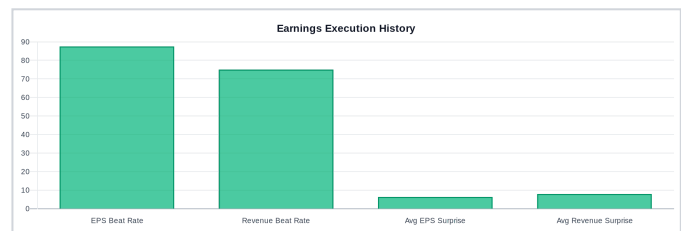
Next Revenue Estimate	\$1.5B
Revenue Bull Case	\$1.5B
Revenue Bear Case	\$1.5B
Next EPS Estimate	4.35
EPS Bull Case	4.37
EPS Bear Case	4.32
Revenue Dispersion	0.91%
EPS Dispersion	1.18%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate is \$1.5B and next EPS estimate is \$4.35, with revenue dispersion of 0.9% and EPS dispersion of 1.2%, based on analyst coverage of 1 for revenue and 1 for EPS. Evidence: narrow dispersion percentages indicate contained estimate variance. Interpretation: expectations appear Reasonable relative to 6.6% revenue growth and 6.4% EPS growth, though limited coverage reduces external validation. Implication: estimate risk is moderate but not elevated based on dispersion metrics.



ANALYST EXPECTATIONS RANGE

Next revenue estimate is \$1.5B and next EPS estimate is \$4.35, with revenue dispersion of 0.9% and EPS dispersion of 1.2%, based on analyst coverage of 1 for revenue and 1 for EPS.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 75.0%, with average EPS surprise of 6.3% and average revenue surprise of 7.9%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	87.5%
Revenue Beat Rate	75.0%
Avg EPS Surprise	6.3%
Avg Revenue Surprise	7.9%
EPS Beats / Misses	7 / 1
Revenue Beats / Misses	6 / 2

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 75.0%, with average EPS surprise of 6.3% and average revenue surprise of 7.9%. Evidence: the most recent quarter delivered EPS of 0.92 versus 0.738, a 24.7% surprise. Interpretation: execution has exceeded consensus more frequently at the earnings line than at the revenue line. Implication: historical performance supports the credibility of near-term estimates.

Given an EPS beat rate of 87.5% and contained EPS dispersion of 1.2%, historical execution supports estimate credibility despite analyst coverage of 1. Evidence: revenue beats in 6 of 8 quarters and average revenue surprise of 7.9% reinforce consistency. Interpretation: management has delivered results above estimates with regularity. Implication: the probability of large negative estimate revisions appears limited based on supplied data.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If revenue remains near the next estimate of \$1.5B and EPS meets or exceeds \$4.37 as in the bull case, while ROIC remains at or above 23.3%, then mid-single-digit growth combined with EV/EBITDA of 8.2x would align valuation with durable capital efficiency.	If revenue approximates \$1.5B and EPS approximates \$4.35, while free cash flow growth remains near 3.0% and EV/FCF remains around 11.2x, then BKE sustains a mature retailer profile with yields near 9.5%.	If EPS trends toward the bear case of \$4.32 and free cash flow growth falls below 3.0% while ROIC declines from 23.3% toward the 3Y average of 24.8% or lower, then EV/EBITDA of 8.2x would reflect lower durability of returns.
	Next EPS Estimate 4.35	EPS Bear Case 4.32
	Free Cash Flow Growth 3.0%	Free Cash Flow Growth 3.0%
	EV/FCF 11.2x	ROIC 23.3%

BULL CASE

BASE CASE

BEAR CASE

Next Revenue Estimate \$1.5B EPS Bull Case 4.37
 ROIC 23.3%

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
27%	52%	21%	51 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue tracking near \$1.5B alongside 6.6% latest growth would indicate stabilization relative to the 3Y average revenue growth of -1.0%.
 EPS near \$4.35 with 6.4% latest growth would confirm mid-single-digit expansion versus the 5Y average of 15.0%.
 If EV/EBITDA remains near 8.2x while ROIC holds at 23.3%, valuation would remain aligned with recent 3Y average EV/EBITDA of 8.0x.
 Sustaining an EPS beat rate near 87.5% over additional quarters would reinforce estimate credibility.
 With earnings yield of 9.7% and FCF yield of 9.5%, the narrative would center on income-oriented exposure to a 23.3% ROIC retailer rather than on high-growth expansion.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can ROIC remain near 23.3% if revenue growth stays at 6.6%?	If Free Cash Flow Growth rises above the 5Y average of 0.6% and exceeds current 3.0%, then cash-flow trend would better align with 6.4% EPS growth.	If ROIC falls below 23.3% and remains below the 3Y average of 24.8%, then the capital efficiency case challenged.
Will Free Cash Flow Growth exceed 3.0% and approach EPS Growth of 6.4%?	If ROIC increases above the 3Y average of 24.8% from 23.3%, then capital efficiency would exceed recent norms.	If Free Cash Flow Growth falls below 0.0% from 3.0%, then the yield profile of 9.5% would rely on declining cash generation.
Does EV/FCF of 11.2x appropriately reflect a Free Cash Flow Yield of 9.5%?	If EV/EBITDA declines below the 3Y average of 8.0x while ROE remains at 47.4%, then valuation would diverge from return metrics.	If EPS Growth falls below 0.0% from 6.4%, then the mid-single-digit growth premise would no longer hold.



RISK & THESIS MONITOR
 Can ROIC remain near 23.3% if revenue growth stays at 6.6%?

RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	3 / 5	Moderate
Growth Risk	3 / 5	Moderate
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate

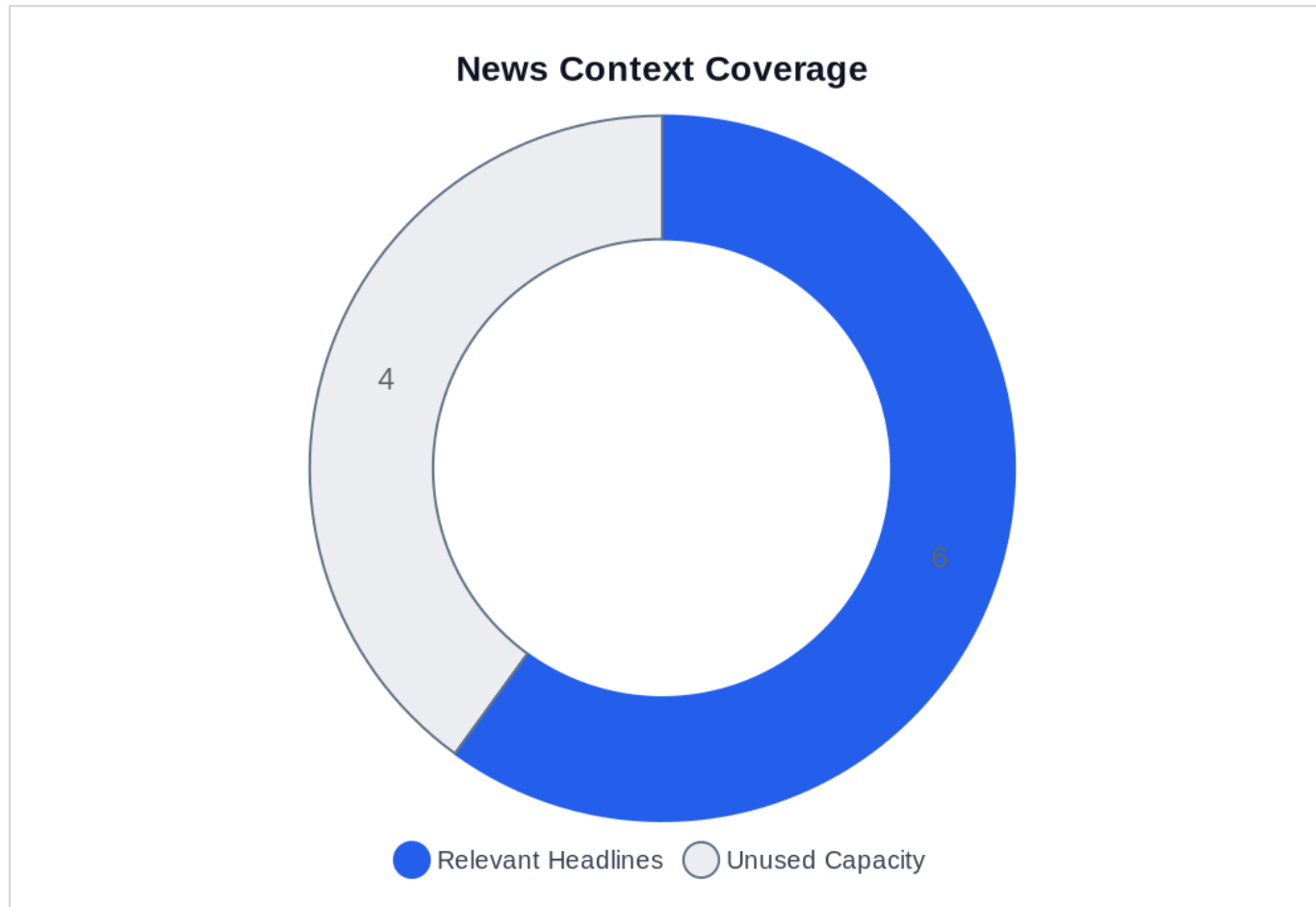
DIMENSION	SCORE	LEVEL
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Composite Risk Score 2.7 / 5

- Net Debt/EBITDA 0.5x
- Current Ratio 2.0x
- Working Capital \$240.3M

NEWS NARRATIVE

The headline "The Buckle, Inc. Reports May 2026 Net Sales" is relevant to monitoring revenue growth relative to the 6.6% latest annual rate, but additional evidence is required to determine financial impact. The headline "The Buckle, Inc. Reports Quarterly Dividend" relates to capital allocation alongside free cash flow to firm of \$220.9M, but additional evidence is required to determine sustainability. Overall, recent news does not alter the thesis built on ROIC of 23.3% and EV/EBITDA of 8.2x.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: general company developments.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Mixed evidence balance	Medium	Moderate	Value / Quality Candidate

Core Thesis: At 8.2x EV/EBITDA and 11.2x EV/FCF, BKE is priced as a mature apparel retailer despite ROE of 47.4%, ROIC of 23.3%, and 87.5% EPS beat execution, with the debate centered on whether 6.4% EPS growth and 3.0% FCF growth represent stabilization or a drift toward structurally lower returns.

Primary Risk: Free Cash Flow Growth 3.0%

Monitor: Can ROIC remain near 23.3% if revenue growth stays at 6.6%?