

Deckers Outdoor: 9.7x EV/EBITDA and 11.1x EV/FCF for a 32.7% ROIC Brand Portfolio

DECK | Deckers Outdoor Corporation | Consumer Cyclical | Apparel - Footwear & Accessories | FY 2026 | 2026-06-18T09:59:54.079Z

At 9.7x EV/EBITDA and 11.1x EV/FCF, DECK is priced as a maturing footwear brand despite 32.7% ROIC, 40.8% ROE, 14.5% FCF growth, and a 100% EPS beat rate, framing the debate around whether 9.4% revenue growth marks normalization or a pause within a longer compounding trajectory.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate	68 / 100	78 / 100	73 / 100	0 / 100
Value / Quality Candidate			Derived from growth, expectations and execution evidence	

PRIMARY DEBATE — The debate centers on deceleration: latest revenue growth of 9.4% versus a 5Y average of 16.6%, and latest EPS growth of 10.7% versus a 5Y average of 26.1%. Evidence of slowing growth supports the market assumption that DECK is transitioning toward high single-digit expansion. However, ROIC of 32.7% and free cash flow growth of 14.5% indicate that capital productivity and cash generation remain elevated for a \$6.7B revenue base implied by the \$6.7B next revenue estimate. The implication is that if double-digit cash growth persists, the current multiple may not fully reflect the durability of the brand portfolio model.

INVESTMENT NARRATIVE

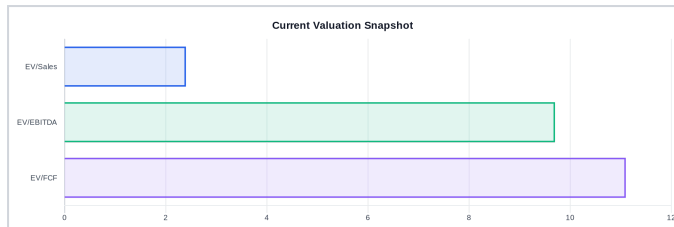
Archetype	Secular compounder mispriced as cyclical/mature	<p>Core Tension: Is the recent slowdown in top-line and EPS growth a normalization after outsized 5Y compounding, or does the company still have durable multi-year growth and margin resilience (driven by product strategy) that the market applies skepticism to?</p> <p>Market Assumption: Growth is normalizing to high single-digits and returns are near peak; DECK should be valued like a mature footwear company rather than a sustained high-growth compounder.</p> <p>Trajectory: From a 5Y period of supported compounding (Revenue 16.6%, EPS 26.1%) to more moderate recent growth (Revenue 9.4%, EPS 10.7%), yet with continued flawless beat rates and supported ROE/ROIC and net cash.</p> <p>Mispricing Hypothesis: At ~11x EV/FCF and ~10x EV/EBITDA for a net-cash, high-ROIC company with a 100% beat rate, the market is over-extrapolating recent growth deceleration. If revenue/FCF sustain at low-double-digit rates or re-accelerate via product strategy, multiple expansion or compounding could drive positive scenario; if normalization persists, current multiples may be fair.</p>
Company Type	Global footwear/apparel brand portfolio (UGG, Hoka, Teva, Sanuk, Koolaburra) with omnichannel DTC + wholesale	
Key Monitoring Metric	Consolidated YoY revenue growth versus the 5Y revenue CAGR (16.6%) to gauge whether deceleration persists or re-acceleration occurs.	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTION EVIDENCE
Latest Revenue Growth 9.4% versus 5Y Revenue Growth 16.6% indicates deceleration.	EPS Beat Rate 100% and Revenue Beat Rate 100% demonstrate consistent execution and outperformance.
Latest EPS Growth 10.7% versus 5Y EPS Growth 26.1% indicates deceleration.	High ROE (~40.8%) and ROIC (~32.7%) signal supported economic moat/efficiency.
EV/EBITDA ~9.75x and EV/FCF ~11.13x with FCF Yield ~8.05% suggest the market is embedding skepticism on durability of growth.	Net Debt/EBITDA of -1.14 implies a net cash balance sheet, reducing negative scenario risk and enabling reinvestment.
Narrative coverage clusters include earnings_guidance and analyst_revision, consistent with heightened focus on near-term trajectory rather than long-duration growth.	FCF Growth 14.5% and Earnings Yield ~6.86% indicate supported cash and earnings power despite perceived normalization.
	Narrative coverage around product_strategy and ai_technology suggests ongoing initiatives that could support growth and efficiency.

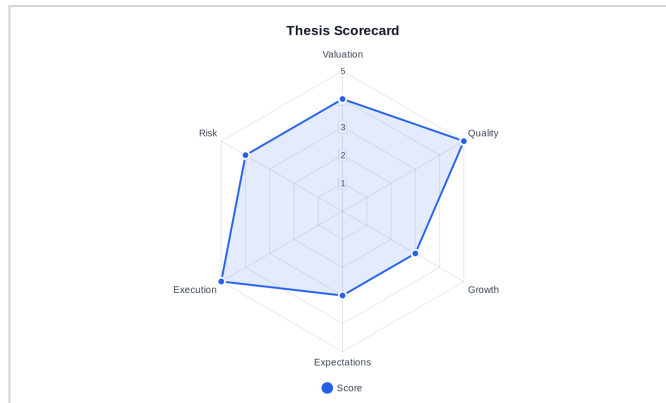
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	5	3	3	5	4	4
SUPPORTED	SUPPORTED	MIXED	MIXED	SUPPORTED	ELEVATED	SUPPORTED



CURRENT VALUATION SNAPSHOT

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



THEESIS 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
9.7x	11.1x	8.1%	32.7%	9.4%	10.7%	14.5%	100.0%

EXECUTIVE SUMMARY

Core Tension	Is the recent slowdown in top-line and EPS growth a normalization after outsized 5Y compounding, or does the company still have durable multi-year growth and margin resilience (driven by product strategy) that the market applies skepticism to?
Market Assumption	Growth is normalizing to high single-digits and returns are near peak; DECK should be valued like a mature footwear company rather than a sustained high-growth compounder.
Current Pricing	At 2.4x EV/Sales, 9.7x EV/EBITDA, and 11.1x EV/FCF, with an earnings yield of 6.9% and free cash flow yield of 8.1%, the market is pricing DECK closer to a mature apparel company than a sustained high-growth compounder.
Valuation	The current EV/EBITDA of 9.7x and EV/FCF of 11.1x must be evaluated against ROIC of 32.7% and ROE of 40.8%.
Quality	Quality is supported by ROE of 40.8%, ROIC of 32.7%, and income quality of 1.2, indicating net income converts to cash at a ratio above 1.0.
Growth	Latest revenue growth of 9.4% compares to a 3Y average of 14.6% and 5Y average of 16.6%, confirming deceleration.
Cash Flow	Latest operating cash flow growth of 13.2% and free cash flow growth of 14.5% are both positive, satisfying the condition that cash conversion is intact.
Execution	Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 28.9% and average revenue surprise of 4.2%.
Primary Monitor	Can revenue growth move back toward the 5Y average of 16.6%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	100.0%			
2	ROIC	32.7%			
3	FCF Growth	14.5%			
4	EPS Growth	10.7%			
5	FCF Yield	8.1%			
6	Revenue Growth	9.4%			

COMPANY & BUSINESS MODEL

Deckers Outdoor Corporation, operating with its subsidiaries, is a global enterprise dedicated to the creation, promotion, and distribution of footwear, apparel, and accessories. Its product lines serve both casual everyday needs and specialized high-performance activities. The company manages a portfolio of prominent brands: Under the UGG label, it offers premium footwear, clothing, and related items. Teva is known for its range of sandals, shoes, and boots. Sanuk provides comfortable, relaxed casual shoes and sandals. For the athletic segment, particularly ultra-runners and other athletes, Hoka supplies specialized footwear and apparel. Lastly, Koolaburra features fashionable casual footwear, often incorporating plush materials. Deckers employs a multi-faceted sales approach. Its products are available through wholesale

channels, including major department stores, independent outdoor and action sports retailers, large national retail chains, and various third-party online platforms. Concurrently, the company engages directly with consumers via its own network of physical retail outlets and e-commerce websites. Globally, Deckers extends its reach across the United States, Europe, Asia-Pacific, Canada, and Latin America, leveraging a broad network of distributors and retailers. As of March 31, 2022, its direct-to-consumer footprint included 149 retail locations worldwide, comprising 75 concept stores and 74 outlet stores. Established in 1973, Deckers Outdoor Corporation maintains its corporate headquarters in Goleta, California.

INVESTMENT THESIS

Deckers Outdoor, with a \$14.7B market cap and \$13.2B enterprise value, operates a global footwear and apparel portfolio across UGG, Hoka, Teva, Sanuk, and Koolaburra through omnichannel DTC and wholesale distribution. The core tension is whether the latest 9.4% revenue growth and 10.7% EPS growth represent durable normalization from a 5Y revenue CAGR of 16.6% and 5Y EPS CAGR of 26.1%, or whether the business can continue compounding above mature peer levels given ROIC of 32.7% and ROE of 40.8%. Current valuation at 9.7x EV/EBITDA and 11.1x EV/FCF, alongside a free cash flow yield of 8.1%, implies skepticism that recent earnings and cash-flow levels will persist, yet capital efficiency and balance sheet metrics challenge that assumption.

INVESTABLE DEBATE

The debate centers on deceleration: latest revenue growth of 9.4% versus a 5Y average of 16.6%, and latest EPS growth of 10.7% versus a 5Y average of 26.1%. Evidence of slowing growth supports the market assumption that DECK is transitioning toward high single-digit expansion. However, ROIC of 32.7% and free cash flow growth of 14.5% indicate that capital productivity and cash generation remain elevated for a \$6.7B revenue base implied by the \$6.7B next revenue estimate. The implication is that if double-digit cash growth persists, the current multiple may not fully reflect the durability of the brand portfolio model.

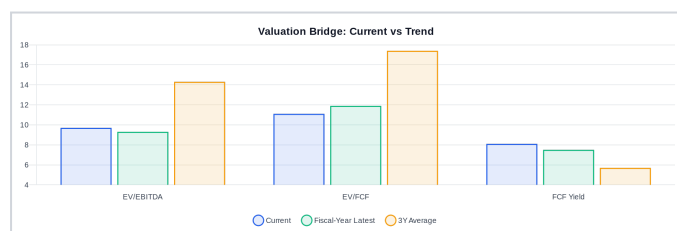
MARKET EXPECTATIONS

At 2.4x EV/Sales, 9.7x EV/EBITDA, and 11.1x EV/FCF, with an earnings yield of 6.9% and free cash flow yield of 8.1%, the market is pricing DECK closer to a mature apparel company than a sustained high-growth compounder. Historically, the fiscal-year latest EV/EBITDA was 9.3x versus a 3Y average of 14.3x, and latest EV/FCF was 11.9x versus a 3Y average of 17.4x. Interpretation: multiples have compressed despite ROIC of 32.4% exceeding the 3Y average of 31.0%. Implication: the market is embedding an assumption that growth durability will not match the prior 3Y and 5Y periods.

CURRENT VALUATION VS HISTORICAL TREND

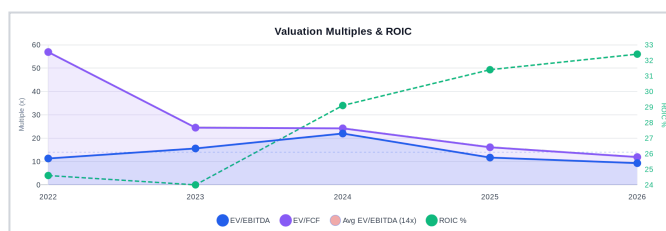
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	9.7x	9.3x	14.3x	14.0x
EV/FCF	11.1x	11.9x	17.4x	26.7x
FCF Yield	8.1%	7.5%	5.7%	4.5%

Current EV/EBITDA is 9.7x, while fiscal-year trend data shows latest EV/EBITDA of 9.3x versus a 3Y average of 14.3x. Current EV/FCF is 11.1x, while fiscal-year trend data shows latest EV/FCF of 11.9x versus a 3Y average of 17.4x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 9.7x, while fiscal-year trend data shows latest EV/EBITDA of 9.3x versus a 3Y average of 14.3x.



VALUATION MULTIPLES & ROIC OVERLAY

The current EV/EBITDA of 9.7x and EV/FCF of 11.1x must be evaluated against ROIC of 32.7% and ROE of 40.8%.

VALUATION ANALYSIS

The current EV/EBITDA of 9.7x and EV/FCF of 11.1x must be evaluated against ROIC of 32.7% and ROE of 40.8%. Evidence shows FCF yield of 8.1% versus a 3Y average of 5.7%, while ROIC of 32.4% is above the 3Y average of 31.0%. Interpretation: valuation multiples are below historical averages while returns on capital are at or above historical levels. Implication: the current price of \$105.72 is not aligned with a deterioration in capital efficiency but reflects growth normalization concerns.

QUALITY & CAPITAL EFFICIENCY

Quality is supported by ROE of 40.8%, ROIC of 32.7%, and income quality of 1.2, indicating net income converts to cash at a ratio above 1.0. Net debt to EBITDA of -1.1 and a current ratio of 3.5 indicate a net cash balance sheet and liquidity buffer. With working capital of \$2.0B and a cash conversion cycle of 37.4 days, the brand portfolio model appears operationally disciplined. Interpretation: profitability and balance sheet strength are consistent with a compounder profile rather than a leveraged cyclical. Implication: negative scenario risk is mitigated by capital structure and cash generation.



QUALITY & RETURN PROFILE

Quality is supported by ROE of 40.8%, ROIC of 32.7%, and income quality of 1.2, indicating net income converts to cash at a ratio above 1.0.

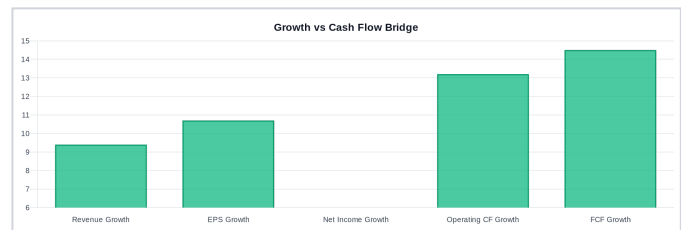
GROWTH TRAJECTORY

Latest revenue growth of 9.4% compares to a 3Y average of 14.6% and 5Y average of 16.6%, confirming deceleration. Latest EPS growth of 10.7% compares to a 3Y average of 30.4% and 5Y average of 26.1%, also decelerating. Free cash flow growth of 14.5% exceeds net income growth of 6.0%, indicating margin and cash-flow support despite slower top-line growth. Interpretation: growth is moderating from prior peaks but remains positive across revenue, EPS, and FCF. Implication: classification aligns with a compounder in a normalization phase rather than a turnaround.



HISTORICAL GROWTH TRENDS

Latest revenue growth of 9.4% compares to a 3Y average of 14.6% and 5Y average of 16.6%, confirming deceleration.



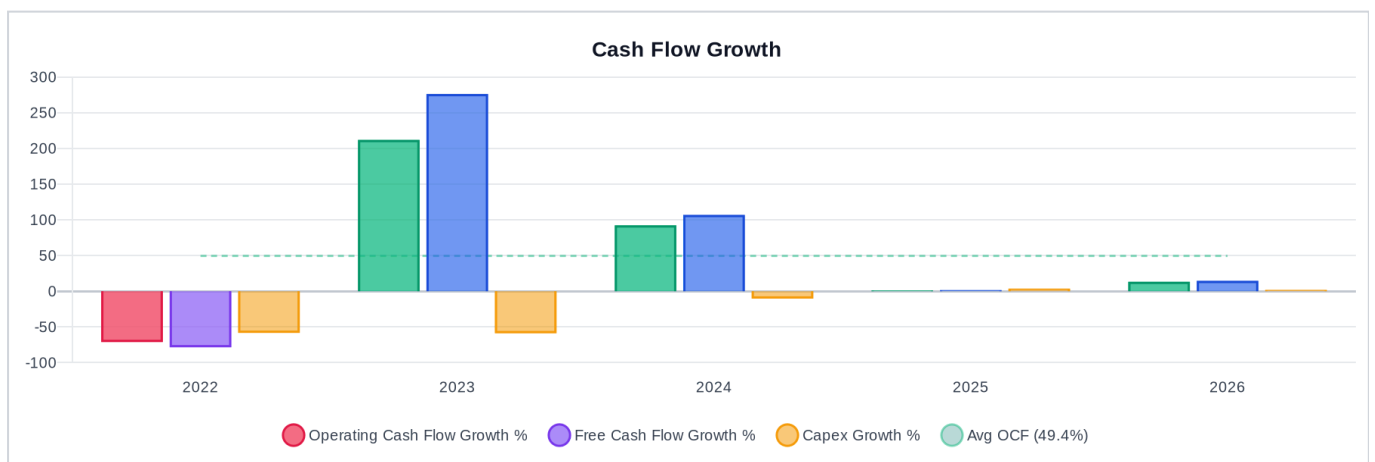
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 9.4% compares to a 3Y average of 14.6% and 5Y average of 16.6%, confirming deceleration.

CASH FLOW GROWTH & CONVERSION

Latest operating cash flow growth of 13.2% and free cash flow growth of 14.5% are both positive, satisfying the condition that cash conversion is intact. However, 3Y average free cash flow growth was 40.9% and 5Y average was 64.1%, indicating slower trend. Capex growth of 1.8% is below operating cash flow growth of 13.2%, supporting that capex is not absorbing incremental cash. Interpretation: cash-flow growth is decelerating versus historical averages but remains positive and well converted. Implication: the 8.1% FCF yield is backed by current cash generation.

Income quality of 1.2 indicates net income converts to operating cash flow at a ratio above 1.0, and free cash flow to firm of \$1.2B supports enterprise cash generation relative to \$13.2B enterprise value. With capex to revenue at 1.6% versus a 3Y average of 1.8%, reinvestment intensity remains contained. Interpretation: operating earnings translate into free cash flow efficiently. Implication: valuation based on EV/FCF of 11.1x is grounded in realized cash flow rather than accounting earnings alone.



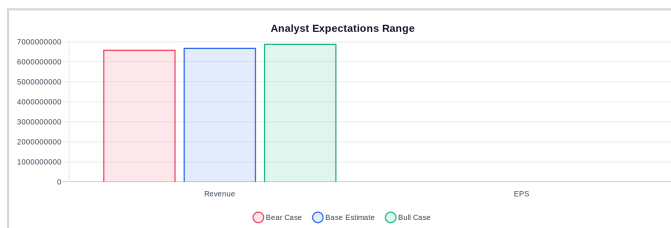
CASH FLOW GROWTH — OCF, FCF & CAPEX

Latest operating cash flow growth of 13.2% and free cash flow growth of 14.5% are both positive, satisfying the condition that cash conversion is intact.

ANALYST EXPECTATIONS

Next Revenue Estimate	\$6.7B
Revenue Bull Case	\$6.9B
Revenue Bear Case	\$6.6B
Next EPS Estimate	10.02
EPS Bull Case	10.39
EPS Bear Case	9.77
Revenue Dispersion	4.75%
EPS Dispersion	6.17%
Revenue Coverage	4
EPS Coverage	2

Next revenue estimate of \$6.7B and next EPS estimate of \$10.02 are framed by revenue dispersion of 4.7% and EPS dispersion of 6.2%, with analyst coverage of 4 on revenue and 2 on EPS. Interpretation: dispersion is contained but coverage is limited, reducing estimate diversity. Given latest EPS growth of 10.7% versus a 3Y average of 30.4%, expectations appear Reasonable rather than Demanding. Implication: consensus is not assuming a return to 30% EPS growth.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$6.7B and next EPS estimate of \$10.02 are framed by revenue dispersion of 4.7% and EPS dispersion of 6.2%, with analyst coverage of 4 on revenue and 2 on EPS.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 28.9% and average revenue surprise of 4.2%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	100.0%
Revenue Beat Rate	100.0%
Avg EPS Surprise	28.9%
Avg Revenue Surprise	4.2%
EPS Beats / Misses	8 / —
Revenue Beats / Misses	8 / —

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 28.9% and average revenue surprise of 4.2%. Interpretation: execution has exceeded consensus at both top and bottom lines consistently. Implication: historical performance supports the credibility of current estimates, though past beats do not guarantee future outcomes.

Given a 100% EPS beat rate across 8 quarters and contained EPS dispersion of 6.2%, estimate credibility is supported by execution data. However, analyst coverage of 2 for EPS implies limited breadth. Interpretation: estimates are relatively stable but rely on a small analyst base. Implication: deviations from the \$10.02 EPS estimate could adjust quickly if growth trends shift.

BULL / BASE / BEAR SCENARIOS

BULL CASE

If revenue reaches the bull case estimate of \$6.9B and EPS reaches \$10.39 while EV/EBITDA remains near 9.7x, then sustained double-digit earnings on a 32.7% ROIC base would support the valuation case for continued compounding.

Revenue Bull Case **\$6.9B**

EPS Bull Case **\$10.39**

ROIC **32.7%**

BASE CASE

If revenue aligns with the next estimate of \$6.7B and EPS approximates \$10.02 while EV/FCF remains near 11.1x, then DECK would reflect a normalized 9.4% revenue growth profile with 14.5% FCF growth supporting steady cash generation.

Next Revenue Estimate **\$6.7B**

Next EPS Estimate **\$10.02**

EV/FCF **11.1x**

BEAR CASE

If revenue trends toward the bear case of \$6.6B and EPS declines toward \$9.77 while revenue growth remains at 9.4% or below, then the 9.7x EV/EBITDA multiple would reflect a mature brand trajectory with decelerating profitability.

Revenue Bear Case **\$6.6B**

EPS Bear Case **\$9.77**

Revenue Growth **9.4%**

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
34%	50%	16%	69 / 100

12-24 MONTH CONDITIONAL OUTLOOK

If revenue growth remains near 9.4% versus the 5Y average of 16.6%, then the narrative will center on normalization rather than re-acceleration.

If EPS growth remains near 10.7% and FCF growth near 14.5%, then earnings durability would be supported by cash generation exceeding net income growth of 6.0%.

If ROIC remains at 32.7% while EV/EBITDA stays near 9.7x, then valuation would remain below the 3Y average multiple of 14.3x despite similar capital efficiency.

If EPS beat rate remains at 100% across additional quarters, then estimate credibility would remain supported by execution data.

If consolidated revenue growth moves back toward the 3Y average of 14.6%, then the discussion would shift from maturity to sustained brand expansion across the \$6.7B revenue base.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can revenue growth move back toward the 5Y average of 16.6%?	If revenue growth re-accelerates above the 3Y average of 14.6%, then the normalization narrative challenged.	If ROIC falls below 32.7% and below the 3Y average of 31.0%, then the capital efficiency case challenged.
Will ROIC remain above the 3Y average of 31.0%?	If free cash flow growth exceeds the 3Y average of 40.9%, then cash-flow trend would align with prior compounding levels.	If free cash flow growth turns below 0.0% from 14.5%, then the cash durability thesis fails.
Can free cash flow growth approach the 3Y average of 40.9%?	If EV/EBITDA moves back toward the 3Y average of 14.3x while ROIC remains at 32.7%, then valuation would reflect historical capital efficiency.	If revenue growth falls below 9.4% while EPS growth falls below 10.7%, then deceleration would exceed current normalization assumptions.



RISK & THESIS MONITOR

Can revenue growth move back toward the 5Y average of 16.6%?

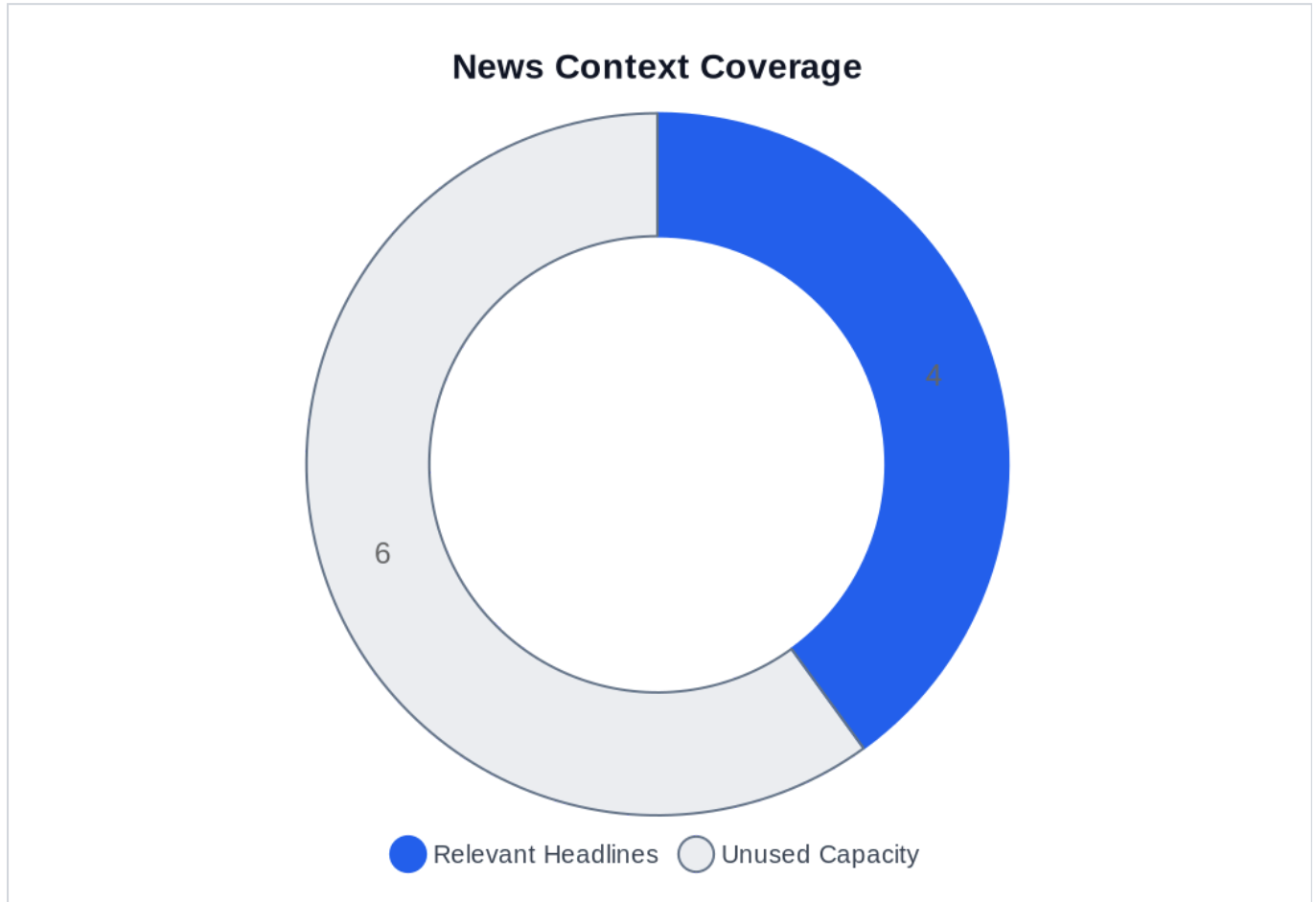
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	4 / 5	Elevated
Composite Risk Score	2.3 / 5	

- Net debt to EBITDA of -1.1 reduces leverage risk.
- Current ratio of 3.5 reduces liquidity risk.
- Cash conversion cycle of 37.4 days supports working capital control.

NEWS NARRATIVE

The headline "Deckers Brands Reports Fourth Quarter and Full Fiscal Year 2026 Financial Results" is relevant to monitoring revenue growth of 9.4% and EPS growth of 10.7%, but additional evidence is required to determine financial impact. The headline "UGG Partners With PinkPantheress Ahead of Her Stateside Coachella Debut" is relevant to product strategy within a \$6.7B revenue base, but additional evidence is required to determine financial impact.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, analyst_revision, product_strategy, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	High	Elevated	Value / Quality Candidate

Core Thesis: At 9.7x EV/EBITDA and 11.1x EV/FCF, DECK is priced as a maturing footwear brand despite 32.7% ROIC, 40.8% ROE, 14.5% FCF growth, and a 100% EPS beat rate, framing the debate around whether 9.4% revenue growth marks normalization or a pause within a longer compounding trajectory.

Primary Risk: Revenue growth decelerating below 9.4% would challenge normalization framing.

Monitor: Can revenue growth move back toward the 5Y average of 16.6%?