

Tiburon Research Group

Earnings Preview Lite: DECK

October 24, 2011

Market Will Be Enamored by Artificially Inflated Top-Line in Q3 – Yet, Many Red Flags

In Q3 2011, **Deckers Outdoors (DECK - \$106.60)** will report eye-popping revenue growth... boosted in large part via the shift of distributor sales in Q2 last year to direct wholesale sales in Q3 this year and the *Sanuk* acquisition.

Expectations are low and the current consensus sell-side estimates for the next couple of quarters are easily achievable. That said, there are a variety of red flags:

- Why no greater top-line growth in FY 2011? The following are top-line drivers in FY 2011...
 - \$11 million incremental marketing dollars versus LY (+33% versus LY);
 - At least \$50 million incremental revenue via shift to in-house distribution in the UK/Benelux;
 - A weaker U.S. Dollar;
 - The *Ugg* brand is expected to increase its total shop-in-shop count from 250 to 370. Management has historically referenced a +30% to +50% sales lift for new shop-in-shops;
 - Store growth of greater than +50%;
 - Wholesale accounts were expected to add “significantly more shelf space” in Spring 2011.
- DECK management attempts to portray its profitability woes in 1H 2011 largely as a function of the *Ugg* wholesale transition in Europe. But, why did profitability plummet in 1H 2011 versus the prior year in other unaffected channels? For example:
 - The *Consumer Direct* division (stores/web) generated +49.3% sales growth in 1H 2011, yet saw its profitability decline -305 Bps versus LY. Similar story at *Teva*.
 - *Unallocated Overhead* increased +45.1% in 1H 2011 versus LY.
- In Q1 2011 and Q2 2011, DECK management came up short of its quarterly GPM% guidance (related to bloated levels of inventory??). So, what’s a management team to do? Lower the annual GPM% guidance range and stop providing quarterly GPM% guidance.
- Interestingly, in Q2 2011, DECK management stopped providing many previously disclosed metrics related to Accounts Receivable and Inventory (e.g. Allowance for Chargebacks, Inventory Write-Down Reserve, others). It’s rare to see a company go cold turkey in the middle of a fiscal year.
- The current -31.0% tax rate guidance for FY 2011 would deliver a TRG-estimated \$0.37 EPS this year versus last year’s -36.2% rate (or, +9% of this year’s EPS growth).

The bottom-line... this year’s revenue growth should have been stronger and the company’s massive SG&A de-leverage in FY 2011 following large-scale de-leverage the past two years is perplexing.

In Q3 2011, we’re forecasting EPS of \$1.50 versus the current consensus sell-side estimate of \$1.35. Our estimate implies +45.8% revenue growth and a -244 Bps EBIT margin decline versus LY.

In FY 2011, we’re forecasting EPS of \$5.01 versus the current consensus sell-side estimate of \$4.83. Our estimate implies +33.4% revenue growth and a -297 Bps EBIT margin decline versus LY.

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DECK Noteworthy

- Check out the following disclosure in the company's recent 10-Q filing. There's much more to the *Sanuk* acquisition payments than has been previously disclosed:

Business Combination

On May 19, 2011, the Company entered into an asset purchase agreement whereby it would acquire substantially all of the assets and assume the related liabilities of Sanuk, an innovative action sport and adventure footwear brand. On July 1, 2011, the Company completed the acquisition of the purchased assets and the assumption of the assumed liabilities. The total purchase price for the assets related to the Sanuk brand was an initial cash payment of approximately \$119,800 subject to certain post-closing adjustments. Upon the close of the acquisition, the Company also made an estimated payment of \$6,800 related to the post-closing adjustments. The purchase price also includes additional participation payments (contingent consideration) over the next five years as follows:

- 2011 earnings before interest, taxes, depreciation, and amortization (EBITDA) multiplied by ten, less the closing payment, up to maximum of \$30,000;
- 51.8% of the gross profit in 2012, defined as total sales less the cost of sales for the business of the sellers;
- 36.0% of gross profit in 2013;
- 8.0% of the product of gross profit in 2015 multiplied by five.

There is no maximum to the contingent consideration payments for 2012, 2013, and 2015.

- Why no greater top-line growth in FY 2011?

In FY 2011, DECK management is planning to spend \$11 million incremental marketing dollars versus LY (+33% versus \$33.1 million in FY 2010 per 10-K filing).

In FY 2011, DECK management expects \$50 million of incremental revenue via the shift to in-house distribution in the UK/Benelux.

A weaker U.S. Dollar should provide a meaningful tailwind.

In FY 2011, the *Ugg* brand is expected to increase its total shop-in-shop count from 250 to 400 (now 370 per Q2 conference call). Management has historically referenced a +30% to +50% sales lift when a shop-in-shop is installed.

In FY 2011, DECK management plans for greater than +50% store growth. In addition, wholesale accounts were expected to add "significantly more shelf space" in Spring 2011.

- The big picture problem for DECK is that management seemingly complains about incremental SG&A dollars every year (i.e. each year is an "investment year"). The company's revenue has increased from \$215 million in FY 2004 to \$1.0 billion in FY 2010... yet, the company's SG&A rate over that timeframe has increased over +300 Bps as a percent of sales.

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Refresher: ICR Conference Notes (Report Dated - January 14, 2011)

Key Takeaways:

- The distributor-to-wholesale transition in Europe is “progressing well.”
- The company believes that GPM% in FY 2011 will be “similar to FY 2010’s 49.0% level.”
 - In FY 2011, product cost inflation is expected to be at the higher-end of the company’s previous +5% to +10% product cost inflation guidance.
 - The company expects to largely offset this pressure via (1) increased retail store sales mix which has a higher margin, (2) direct distribution shift, (3) select price increases.
- In the next 5-8 years, the company believes that *Ugg* will eventually have 150 store locations. The country break-out is 50 in the U.S., 50 in Europe, and 50 in Asia.

Store growth in FY 2011 is expected to be “under 20.” Beginning in FY 2012, the company expects to open 25 new stores per year.
- *Ugg* marketing is expected to increase as a percent of sales from -2.0% in FY 2010 to -3.5%.

Noteworthy:

- The company believes that *Ugg* men’s product sales mix can eventually increase from 12% today to 20%.
- The company believes that its Spring line can grow from 20% of sales to 30% of sales.
- The company believes that *Teva* is being greatly helped by closed-toe product as that helps make the brand a 12-month brand as opposed to a 4-month brand (i.e. more relevant to the retailer).
- Distributors generally do not carry the full breadth of *Ugg*’s product line and are focused on 5-6 brands.
- Raw materials are purchased 1-year in advance.
- Management suggested that they believe the “chase the lowest source price” era is ending.

Management believes that today’s Chinese sourcing cost pressures will help to diversify the shoe category’s manufacturing base to other countries. Sourcing pressure will encourage more innovative manufacturing (e.g. **NKE** product manufacturing utilizes much less labor today than 10 years ago).
- Today, there are 260 total indy shop-in-shops worldwide. The company will not know how many will be added in FY 2011 until the Fall bookings are complete.

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Refresher: ICR Conference Notes (Report Dated - January 15, 2010)

- Shop-in-shops carry 100 styles versus only 40 styles otherwise. Management suggested that 70 independents have shop-in-shops today and an additional 30 are planned for FY 2010.

There was some confusion during a noisy break-out session, but we believe that management may have suggested that it had 230 shop-in-shops within department stores AND independents.

More work needed to understand the relationship between “total” shop-in-shops and revenue growth.

One investor suggested that the company more explicitly break-out these categories (independents/department stores) in the future.

- Currently, the company operates 18 retail stores (10 full price / 8 outlets). The company plans to open +10 retail stores per year.
- Management plans to increase its emphasis on marketing. Management believes that it has “been a little quiet” on the marketing front and will emphasize the “differentiation versus knock-offs.”
- We asked management why its Internet sales were relatively weak. Management suggested that this particular trend “changed in October” and that the company had a tough time going up against free shipping offers elsewhere.
- We asked management why the most recent 10-Q disclosed that commission expense was “leveraged in the quarter.” Management suggested that it has lowered its commission structure.

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Refresher: ICR Conference Notes (Report Dated - January 14, 2009)

- Look for weather resistant *Ugg* boots in Fall 2009.
- A 9-store chain in the U.K. filed for Chapter 11 recently. Management believes not material. The distributor “eats the bad debt expense,” not DECK.
- Management suggested that it can’t control whether its product ends up at *Costco*. The company “does not sell to the chain.” Product ending up at *Costco* has “happened before.”
- International distributors have 3-5 year agreements in place. “Not economical to acquire” since *Ugg* could theoretically take over distribution once the agreement expires. The agreements with international distributors are confidential and DECK management does not disclose the details.
- To gain access to the *Ugg* brand, DECK “does not force retailers” to carry the smaller brands.
- Management is “very pleased” with the reception to Spring 2009 product.
- The company expects to open only 20-30 *Ugg* stores in the U.S.
- Management expects product costing benefits in FY 2010 via “lower freight and manufacturing costs.” Most of FY 2009’s product costs are “already locked-in.”
- The company experiences a material top-line pick-up at *Ugg* when investing in a shop-in-shop.
- Management does not expect U.S. door count to “significantly increase” in FY 2009. Indy shops that go out of business will be replaced. Management has no intention to sell to *Macy’s*.
- In December 2007, DECK invested *SG&A* dollars in (1) distribution center, (2) 4 new executives, and (3) stock compensation. Yet, management was unwilling to suggest there was a *SG&A* leverage opportunity in FY 2009. The rationale for the lack of *SG&A* leverage relates to the “need to invest in younger brands.”
- DECK plans for international business to total 30% of the revenue mix by 2012. Interestingly, last year, management suggested that it would achieve a 30% international sales mix by 2010 – 2012.
- *Tsubo* generated sales of \$10 million in FY 2007. The brand will be “re-launched” in Fall 2009.

Deckers Outdoor (DECK)

24-Oct-11

	2006	2007	2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011	Q3 2011E	Q4 2011E	2011E	2012E
Store Count:																			
Retail Stores	31-Dec-06	31-Dec-07	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09	31-Dec-09		31-Mar-10	30-Jun-10	30-Sep-10	31-Dec-10		31-Mar-11	30-Jun-11	30-Sep-11			
Income Statement:																			
UGG Wholesale Sales	182,369	291,908	483,781	62,985	66,616	194,842	242,521	566,964	64,500	88,100	229,128	282,126	663,854	91,084	85,347	332,236	366,764	875,430	957,510
Teva Wholesale Sales	75,283	82,003	80,882	34,637	20,175	7,318	9,822	71,952	42,237	29,086	12,226	12,658	96,207	49,486	38,080	14,671	13,924	116,161	123,969
Other Wholesale Sales	10,903	11,163	17,558	6,483	4,392	5,556	3,213	19,644	7,624	4,744	7,696	3,412	23,476	5,452	4,963	7,696	3,412	21,523	23,675
Retail Store Sales	35,868	18,382	38,455	13,935	6,103	12,348	46,565	78,951	23,144	9,952	20,164	72,384	125,644	35,369	20,123	39,320	115,814	210,626	292,381
E-Commerce Sales	0	45,473	68,769	16,186	5,262	8,350	45,868	75,666	18,422	5,177	8,665	59,544	91,808	23,460	5,709	11,265	71,453	111,886	126,243
Net Revenue	304,423	448,929	689,445	134,226	102,548	228,414	347,989	813,177	155,927	137,059	277,879	430,124	1,000,989	204,851	154,222	405,187	571,367	1,335,627	1,523,779
Cost Goods Sold	(163,692)	(241,458)	(384,127)	(75,313)	(61,763)	(130,463)	(174,548)	(442,087)	(80,020)	(79,416)	(147,926)	(196,789)	(504,151)	(102,373)	(88,310)	(212,658)	(262,838)	(666,180)	(773,749)
Non-Recurring Items	0	0	0	0	0	0	0	0	2,000	3,100	1,000	0	6,100	0	0	0	0	0	0
Gross Profit	140,731	207,471	305,318	58,913	40,785	97,951	173,441	371,090	77,907	60,743	130,953	233,335	502,938	102,478	65,912	192,529	308,528	669,447	750,030
Selling, General & Admin Exp	(73,689)	(99,818)	(152,574)	(39,587)	(36,560)	(44,871)	(67,825)	(188,843)	(49,086)	(47,527)	(64,639)	(92,598)	(253,850)	(74,283)	(76,710)	(107,181)	(126,709)	(384,883)	(452,523)
Non-Recurring Items	(15,600)	(2,100)	(35,825)	0	(1,000)	0	0	(1,000)	0	0	0	0	0	0	0	0	0	0	0
Operating Income	51,442	105,553	116,919	19,326	3,225	53,080	105,616	181,247	28,821	13,216	66,314	140,737	249,088	28,195	(10,798)	85,348	181,819	284,565	297,507
Interest Income	2,432	4,855	3,190	579	276	101	37	1,010	19	497	213	246	1,021	138	43	200	200	581	400
Other Income/(Expense)	(522)	(369)	393	46	963	4	(3)	966	46	0	0	0	0	0	0	0	0	0	0
Minority Interest	0	0	77	(13)	112	74	(306)	(133)	(245)	56	171	(2,124)	(2,142)	(655)	189	(100)	(500)	(1,066)	(2,000)
Income Before Tax	53,352	110,039	120,579	19,911	4,576	53,259	105,344	183,090	28,641	13,769	66,698	138,859	247,967	27,678	(10,566)	85,448	181,519	284,080	295,907
Income Tax (Exp)/Benefit	(22,743)	(43,602)	(46,631)	(7,571)	(1,697)	(19,434)	(37,602)	(66,304)	(10,746)	(4,803)	(24,555)	(49,628)	(89,732)	(8,500)	3,227	(26,062)	(55,363)	(86,698)	(90,252)
Net Income Bef Acct Change	30,609	66,437	73,948	12,340	2,879	33,825	67,742	116,786	17,895	8,966	42,143	89,231	158,235	19,178	(7,339)	59,387	126,156	197,382	205,656
Net Income per share - Dil	0.79	1.69	1.87	0.31	0.07	0.86	1.74	2.96	0.46	0.23	1.07	2.27	4.03	0.49	(0.19)	1.50	3.21	5.01	5.27
Accounting Change	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	30,609	66,437	73,948	12,340	2,879	33,825	67,742	116,786	17,895	8,966	42,143	89,231	158,235	19,178	(7,339)	59,387	126,156	197,382	205,656
Net Income per share - Dil	0.79	1.69	1.87	0.31	0.07	0.86	1.74	2.96	0.46	0.23	1.07	2.27	4.03	0.49	(0.19)	1.50	3.21	5.01	5.27
Weighted shares - Basic	37,557	38,505	39,126	39,270	39,348	38,928	38,553	39,024	38,631	38,667	38,615	38,546	38,615	38,609	38,670	38,700	38,550	38,550	38,615
Weighted shares - Diluted	38,646	39,387	39,585	39,603	39,630	39,210	38,961	39,393	39,060	39,081	39,228	39,296	39,292	39,397	38,670	39,500	39,350	39,415	39,050
Profitability Metrics:																			
Gross Profit Margin	46.23%	46.21%	44.28%	43.89%	39.77%	42.88%	49.84%	45.63%	48.68%	42.06%	46.77%	54.25%	49.63%	50.03%	42.74%	47.52%	54.00%	50.12%	49.22%
SG&A Expense Ratio	-24.21%	-22.23%	-22.13%	-29.49%	-35.65%	-19.64%	-19.49%	-23.22%	-31.48%	-34.68%	-23.26%	-21.53%	-25.36%	-36.26%	-49.74%	-26.45%	-22.18%	-28.82%	-29.70%
Operating Margin (ex-Items)	22.02%	23.98%	22.15%	14.40%	4.12%	23.24%	30.35%	22.41%	17.20%	7.38%	23.50%	32.72%	24.27%	13.76%	-7.00%	21.06%	31.82%	21.31%	19.52%
Depreciation Expense	2,772	3,516	6,008	2,106	2,617	2,637	2,834	10,194	3,895	2,600	3,447	12,283	5,877	5,877	5,662	5,500	5,500	22,539	23,000
EBITDA (ex-Items)	69,814	111,169	158,752	21,432	6,842	55,717	108,450	192,441	30,716	12,457	67,914	144,184	255,271	34,072	(5,136)	90,848	187,319	307,104	320,507
Sales Metrics:																			
Total Company Revenue	15.0%	47.5%	53.6%	37.6%	12.5%	15.8%	14.7%	17.9%	16.2%	33.7%	21.7%	23.6%	23.1%	31.4%	12.5%	45.8%	32.8%	33.4%	14.1%
Ugg Wholesale Revenue Growth		65.7%		78.0%	22.5%	17.9%	6.0%	17.2%	2.4%	32.3%	17.6%	16.3%	17.1%	41.2%	-3.1%			31.9%	9.4%
Teva Wholesale Revenue Growth		-1.4%		-5.9%	-11.9%	-23.6%	-15.3%	-11.0%	21.9%	44.2%	67.1%	28.9%	33.7%	17.2%	30.9%			20.7%	6.7%
Other Wholesale Revenue Growth		57.3%		47.7%	0.3%	-14.6%	40.6%	11.9%	17.6%	8.0%	38.5%	6.2%	19.5%	-28.5%	4.6%			-8.3%	10.0%
Retail Store Revenue Growth		109.2%		161.9%	100.0%	128.3%	88.7%	105.3%	66.1%	63.1%	63.3%	55.4%	59.1%	52.8%	102.2%			67.6%	38.8%
E-Commerce Revenue Growth		51.2%		3.5%	-18.1%	-21.2%	27.0%	10.0%	13.8%	-1.6%	3.8%	29.8%	21.3%	27.3%	10.3%			21.9%	12.8%
Balance Sheet Highlights:																			
Cash & Marketable Securities	98,892	168,342	195,080	230,720	176,007	126,251	342,682	342,682	357,741	334,195	250,936	445,226	445,226	437,900	325,170				
Inventory	32,375	51,776	92,740	66,399	145,644	187,758	85,356	85,356	68,824	120,460	197,313	124,995	124,995	107,118	210,044				
Inventory per Next Qtr CGS	82.7%	100.8%	123.1%	107.5%	111.6%	107.6%	106.7%	106.7%	86.7%	81.4%	100.3%	122.1%	122.1%	121.3%					
Inventory Turnover	4.2	4.4	4.1				3.8												
Capital Expenditures	5,543	6,331	28,154	4,188	4,050	4,900	2,438	15,576	6,429	3,495	9,763	7,993	27,680	9,208	9,160	15,000	20,000	53,368	30,000
Total Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt % Total Inv Capital	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Shareholder's Equity	214,238	298,638	384,252	399,471	404,996	421,223	491,904	491,904	513,216	522,981	562,322	655,675	655,675	675,207	652,101	711,488	837,644	837,644	1,043,299
Valuation:																			
Market Price per Share	\$19.98	\$51.69	\$26.62	\$17.68	\$23.42	\$28.28	\$33.91	\$33.91	\$46.00	\$47.62	\$49.96	\$79.74	\$79.74	\$86.15	\$88.14	\$93.16	\$103.00	\$103.00	\$103.00
Market Cap - Avg Diluted	772,276	2,035,783	1,053,885	700,181	928,267	1,108,990	1,321,038	1,335,685	1,796,760	1,861,037	1,959,831	3,133,463	3,133,144	3,394,052	3,408,374	3,679,820	4,053,050	4,059,745	4,022,150
Book Value per Share	\$5.54	\$7.58	\$9.71	\$10.09	\$10.22	\$10.74	\$12.63	\$12.49	\$13.14	\$13.38	\$14.33	\$16.69	\$16.69	\$17.14	\$16.86	\$18.01	\$21.29	\$21.25	\$26.72
Ent Value per 4-Qtr EBITDA	11.1	18.3	6.6				6.9					12.3						13.2	12.5
P/E Ratio - 4 Qtr Trailing	25.2	30.6	14.3				11.4					19.8						20.6	19.6
Dividends	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Yield																			

Notes:</

Deckers Outdoor (DECK) 3-Year Profitability Run Rates

	FY 2008 vs. LY	FY 2009 vs. LY	Combined 2-Year	FY 2010 vs. LY	Combined 3-Year
Gross Profit Margin %					
Q1	Higher 127 Bps +	Lower 342 Bps =	Lower 215 Bps +	Higher 479 Bps =	Higher 264 Bps
Q2	Lower 125 Bps +	Lower 11 Bps =	Lower 136 Bps +	Higher 229 Bps =	Higher 93 Bps
Q3	Lower 212 Bps +	Lower 38 Bps =	Lower 250 Bps +	Higher 389 Bps =	Higher 139 Bps
Q4	Lower 291 Bps +	Higher 454 Bps =	Higher 163 Bps +	Higher 441 Bps =	Higher 604 Bps
SG&A %					
Q1	Higher 454 Bps +	Lower 33 Bps =	Higher 421 Bps +	Higher 199 Bps =	Higher 620 Bps
Q2	Lower 455 Bps +	Higher 450 Bps =	Lower 5 Bps +	Lower 97 Bps =	Lower 102 Bps
Q3	Higher 136 Bps +	Lower 178 Bps =	Lower 42 Bps +	Higher 362 Bps =	Higher 320 Bps
Q4	Lower 148 Bps +	Higher 208 Bps =	Higher 60 Bps +	Higher 204 Bps =	Higher 264 Bps
Operating Margin % (ex-Items)					
Q1	Lower 328 Bps +	Lower 309 Bps =	Lower 637 Bps +	Higher 280 Bps =	Lower 357 Bps
Q2	Higher 330 Bps +	Lower 461 Bps =	Lower 131 Bps +	Higher 326 Bps =	Higher 195 Bps
Q3	Lower 348 Bps +	Higher 140 Bps =	Lower 208 Bps +	Higher 26 Bps =	Lower 182 Bps
Q4	Lower 143 Bps +	Higher 246 Bps =	Higher 103 Bps +	Higher 237 Bps =	Higher 340 Bps

	FY 2009 vs. LY	FY 2010 vs. LY	Combined 2-Year	FY 2011 vs. LY	Combined 3-Year
Gross Profit Margin %					
Q1	Lower 342 Bps +	Higher 479 Bps =	Higher 137 Bps +	Higher 135 Bps =	Higher 272 Bps
Q2	Lower 11 Bps +	Higher 229 Bps =	Higher 218 Bps +	Higher 68 Bps =	Higher 286 Bps
Q3	Lower 38 Bps +	Higher 389 Bps =	Higher 351 Bps +	=	=
Q4	Higher 454 Bps +	Higher 441 Bps =	Higher 895 Bps +	=	=
SG&A %					
Q1	Lower 33 Bps +	Higher 199 Bps =	Higher 166 Bps +	Higher 478 Bps =	Higher 644 Bps
Q2	Higher 450 Bps +	Lower 97 Bps =	Higher 353 Bps +	Higher 1,506 Bps =	Higher 1,859 Bps
Q3	Lower 178 Bps +	Higher 362 Bps =	Higher 184 Bps +	=	=
Q4	Higher 208 Bps +	Higher 204 Bps =	Higher 412 Bps +	=	=
Operating Margin % (ex-Items)					
Q1	Lower 309 Bps +	Higher 280 Bps =	Lower 29 Bps +	Lower 344 Bps =	Lower 373 Bps
Q2	Lower 461 Bps +	Higher 326 Bps =	Lower 135 Bps +	Lower 1,438 Bps =	Lower 1,573 Bps
Q3	Higher 140 Bps +	Higher 26 Bps =	Higher 166 Bps +	=	=
Q4	Higher 246 Bps +	Higher 237 Bps =	Higher 483 Bps +	=	=

*Gross Margin / SG&A Ratio / Operating Margin each are adjusted for non-recurring items.

Non-Recurring Items:	
FY 2002 SG&A:	\$3.228 million charge Montana litigation
FY 2002 Other:	\$8.973 million charge goodwill impairment adopt FAS 142
FY 2003 SG&A:	\$0.500 million gain European anti-dumping litigation
Q4 2006 SG&A:	\$15.300 million charge <i>Teva</i> impairment charge (\$0.88)
Q3 2007 SG&A:	\$2.100 million charge investigate certain taxes at China ops and restate financial statements (\$0.10)
Q2 2008 SG&A:	\$14.900 million charge <i>Teva</i> impairment charge (\$0.68)
Q4 2008 Non-Recurring:	\$20.925 million charge <i>Teva</i> , <i>Tsubo</i> goodwill impairment (\$15.4M) and <i>Teva</i> (\$5.5M) trademark impairment (\$0.99)
Q2 2009 Non-Recurring:	\$1.000 million charge <i>Tsubo</i> trademark impairment (\$0.04)
Q1 2010 CGS:	\$2.000 million gain duty refunds (\$)
Q2 2010 CGS:	\$3.100 million gain duty refunds (\$0.05)
Q3 2010 CGS:	\$1.000 million gain duty refunds (\$0.02)

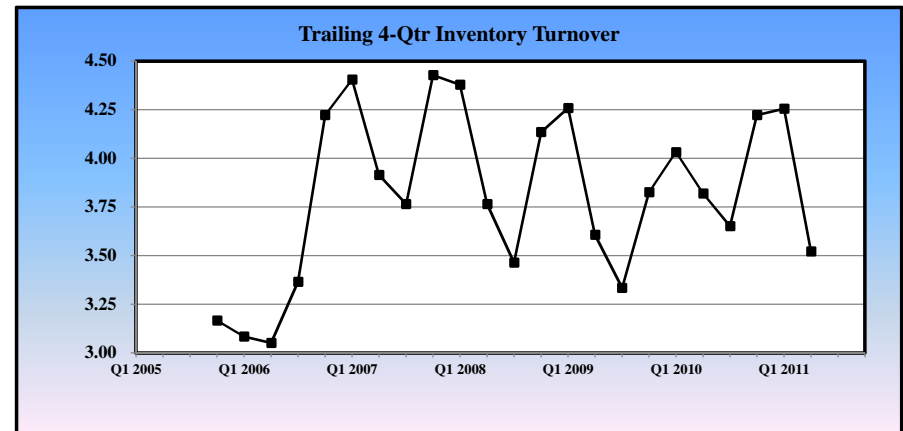
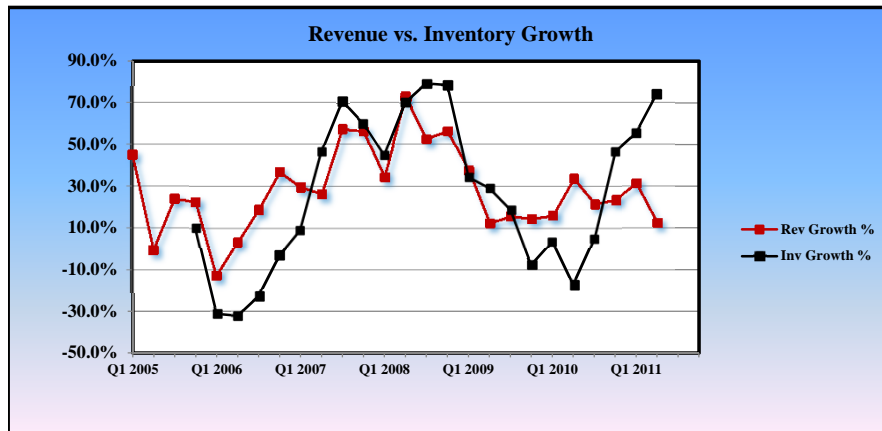
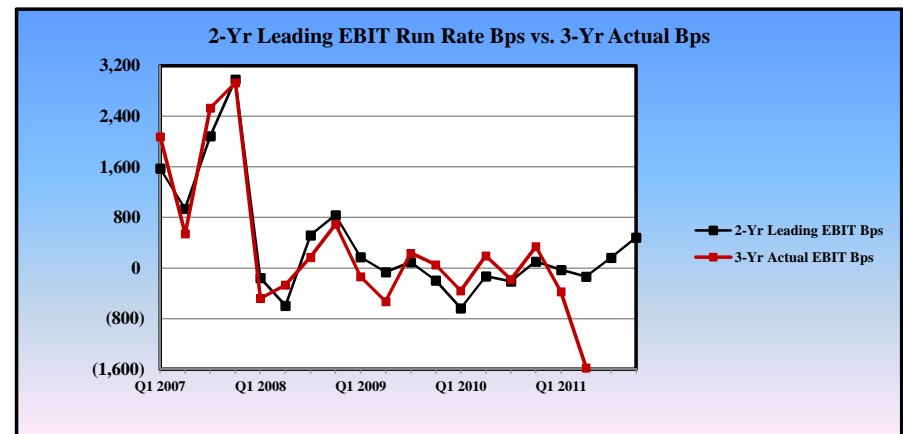
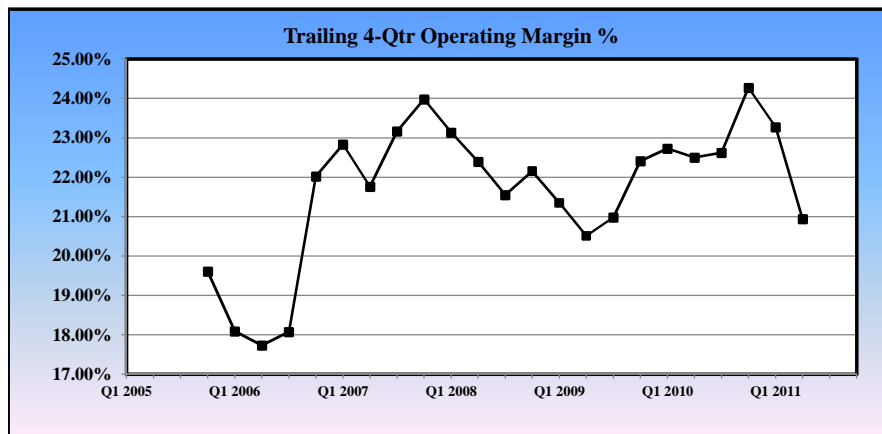
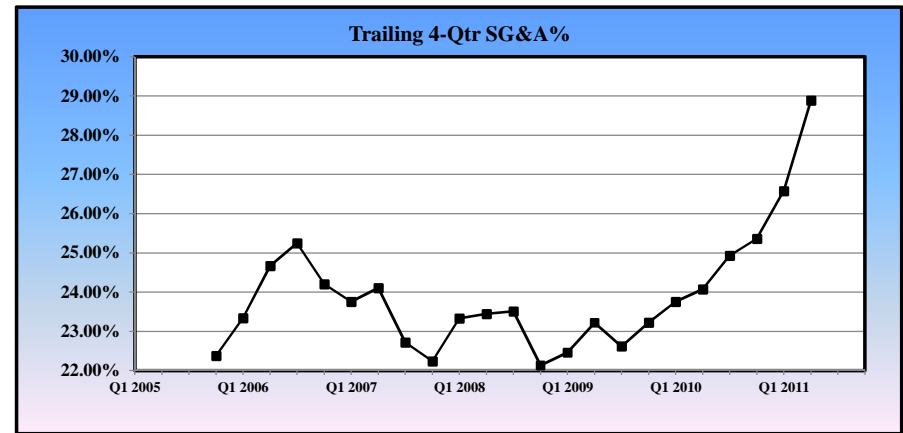
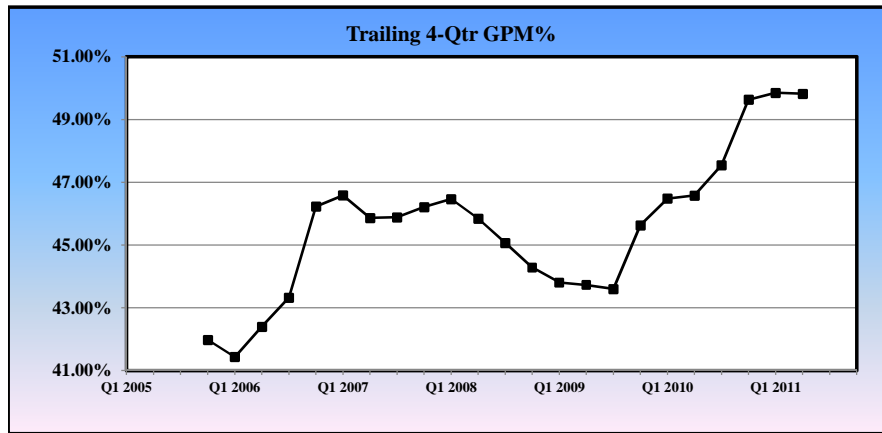
Decker's Outdoors (DECK) Diagnostics

28-Jul-11

	Q1 2008				Q1 2009				Q1 2010				Q1 2011			
	31-Mar-08	30-Jun-08	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10	30-Sep-10	31-Dec-10	31-Mar-11	30-Jun-11	Q3 2011	Q4 2011
Net Revenue	\$97,535	\$91,116	\$197,288	\$303,506	\$134,226	\$102,548	\$228,414	\$347,989	\$155,927	\$137,059	\$277,879	\$430,124	\$204,851	\$154,222		
Growth %	34.4%	72.8%	52.5%	56.3%	37.6%	12.5%	15.8%	14.7%	16.2%	33.7%	21.7%	23.6%	31.4%	12.5%		
Gross Profit \$	\$46,148	\$36,340	\$85,340	\$137,490	\$58,913	\$40,785	\$97,951	\$173,441	\$75,907	\$57,643	\$129,953	\$233,335	\$102,478	\$65,912		
Gross Profit Margin	47.31%	39.88%	43.26%	45.30%	43.89%	39.77%	42.88%	49.84%	48.68%	42.06%	46.77%	54.25%	50.03%	42.74%		
Bps Change	127	(125)	(212)	(291)	(342)	(11)	(37)	454	479	229	388	441	134	68		
Trailing 4-Qtr	46.47%	45.85%	45.07%	44.28%	43.80%	43.73%	43.60%	45.63%	46.48%	46.58%	47.55%	49.63%	49.85%	49.83%		
Bps Change	25	(62)	(78)	(78)	(48)	(8)	(13)	204	85	9	98	208	22	(3)		
SG&A \$	(\$29,088)	(\$28,384)	(\$42,259)	(\$52,843)	(\$39,587)	(\$36,560)	(\$44,871)	(\$67,825)	(\$49,086)	(\$47,527)	(\$64,639)	(\$92,598)	(\$74,283)	(\$76,710)		
SG&A Exp Ratio	-29.82%	-31.15%	-21.42%	-17.41%	-29.49%	-35.65%	-19.64%	-19.49%	-31.48%	-34.68%	-23.26%	-21.53%	-36.26%	-49.74%		
Bps Change	(455)	455	(136)	148	33	(450)	178	(208)	(199)	98	(362)	(204)	(478)	(1,506)		
Trailing 4-Qtr	-23.33%	-23.45%	-23.51%	-22.13%	-22.46%	-23.22%	-22.62%	-23.22%	-23.76%	-24.08%	-24.93%	-25.36%	-26.58%	-28.89%		
Bps Change	(110)	(12)	(7)	138	(33)	(76)	60	(61)	(53)	(32)	(86)	(43)	(122)	(231)		
Operating Margin \$	\$17,060	\$7,956	\$43,081	\$84,647	\$19,326	\$4,225	\$53,080	\$105,616	\$26,821	\$10,116	\$65,314	\$140,737	\$28,195	(\$10,798)		
Operating Margin	17.49%	8.73%	21.84%	27.89%	14.40%	4.12%	23.24%	30.35%	17.20%	7.38%	23.50%	32.72%	13.76%	-7.00%		
Bps Change	(328)	330	(348)	(143)	(309)	(461)	140	246	280	326	27	237	(344)	(1,438)		
Bps Change - 2yr	174	(65)	95	(195)	(637)	(131)	(208)	103	(29)	(135)	167	483	(63)	(1,112)		
Bps Change - 3yr	(479)	(266)	170	694	(136)	(526)	236	51	(357)	195	(182)	340	(373)	(1,573)		
Trailing 4-Qtr	23.14%	22.40%	21.55%	22.15%	21.35%	20.51%	20.98%	22.41%	22.73%	22.50%	22.62%	24.27%	23.27%	20.94%		
Bps Change	(84)	(74)	(84)	60	(81)	(84)	47	143	32	(22)	12	165	(100)	(233)		
Depr/Amort \$	(\$1,122)	(\$1,527)	(\$1,608)	(\$1,751)	(\$2,106)	(\$2,617)	(\$2,637)	(\$2,834)	(\$3,895)	(\$2,341)	(\$2,600)	(\$3,447)	(\$5,877)	(\$5,662)		
Trailing 4-Qtr	(\$3,737)	(\$4,354)	(\$4,927)	(\$6,008)	(\$6,992)	(\$8,082)	(\$9,111)	(\$10,194)	(\$11,983)	(\$11,707)	(\$11,670)	(\$12,283)	(\$14,265)	(\$17,586)		
EBITDA \$	\$18,182	\$9,483	\$44,689	\$86,398	\$21,432	\$6,842	\$55,717	\$108,450	\$30,716	\$12,457	\$67,914	\$144,184	\$34,072	(\$5,136)		
Trailing 4-Qtr	\$113,378	\$119,087	\$129,981	\$158,752	\$162,002	\$159,361	\$170,389	\$192,441	\$201,725	\$207,340	\$219,537	\$255,271	\$258,627	\$241,034		
CapEx \$	(\$6,327)	(\$9,392)	(\$6,721)	(\$5,714)	(\$4,188)	(\$4,050)	(\$4,900)	(\$2,438)	(\$6,429)	(\$3,495)	(\$9,763)	(\$7,993)	(\$9,208)	(\$9,160)		
Trailing 4-Qtr	(\$11,098)	(\$19,985)	(\$25,037)	(\$28,154)	(\$26,015)	(\$20,673)	(\$18,852)	(\$15,576)	(\$17,817)	(\$17,262)	(\$22,125)	(\$27,680)	(\$30,459)	(\$36,124)		
Dividends \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Trailing 4-Qtr	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Share Repo \$	\$0	\$0	\$0	\$0	\$0	\$0	(\$20,000)	\$0	\$0	(\$2,635)	(\$7,447)	\$0	\$0	(\$19,918)		
Trailing 4-Qtr	\$0	\$0	\$0	\$0	\$0	\$0	(\$20,000)	(\$20,000)	(\$20,000)	(\$22,635)	(\$10,082)	(\$10,082)	(\$10,082)	(\$27,365)		
Inventory \$	\$49,441	\$112,802	\$157,933	\$92,470	\$66,399	\$145,644	\$187,758	\$85,356	\$68,824	\$120,460	\$197,313	\$124,995	\$107,118	\$210,044		
Growth %	44.7%	70.3%	79.4%	78.6%	34.3%	29.1%	18.9%	-7.7%	3.7%	-17.3%	5.1%	46.4%	55.6%	74.4%		
% Fwd Qtr CGS	90.3%	100.8%	95.1%	122.8%	107.5%	111.6%	107.6%	106.7%	86.7%	81.4%	100.3%	122.1%	121.3%			
Inv Turn Trail 4-Qtr	4.4	3.8	3.5	4.1	4.3	3.6	3.3	3.8	4.0	3.8	3.7	4.2	4.3	3.5		
GMROI % Trail 4-Qtr	380.1%	318.8%	284.2%	328.7%	332.0%	280.3%	257.7%	321.2%	350.3%	333.0%	331.2%	416.1%	423.0%	349.8%		

Notes: Above metrics exclude non-recurring charges. See EPS model for a summary of what TRG considers non-recurring.

Decker's Outdoors (DECK) Chartology



Decker's Outdoors (DECK) Revenue Scorecard

28-Jul-11

	Q1 2010 31-Mar-10	Q2 2010 30-Jun-10	Q3 2010 30-Sep-10	Q4 2010 31-Dec-10	Q1 2011 31-Mar-11	Q2 2011 30-Jun-11	Q3 2011	Q4 2011
Ugg Whole:	\$64,500 2.4% higher pairs sold domestic higher avg wholesale sell price neg impact timing intl ship	\$88,100 32.3% higher shipments Fall product solid sales Spring product above in co-own stores domestic +LSD to +MSD	\$229,128 17.6% higher pairs sold higher avg wholesale sell price	\$282,126 16.3%	\$91,084 41.2% higher pairs sold higher avg wholesale sell price	\$85,347 -3.1% lower pairs sold higher avg wholesale sell price lower Euro sales via transition higher Domestic sales		
Teva Whole:	\$42,237 21.9% higher avg wholesale sell price abv via signif lower closeouts abv via assume distro Benelux	\$29,086 44.2% higher re-orders Spring line higher avg wholesale sell price above via less closeouts, Bene	\$12,226 67.1% higher avg wholesale sell price above via less closeouts, Bene higher pairs sold	\$12,658 28.9%	\$49,486 17.2% higher pairs sold higher slight avg whole sell px	\$38,080 30.9% higher pairs sold higher avg wholesale sell price		
Other Whole:	\$7,624 17.6% higher pairs sold	\$4,744 8.0% higher avg wholesale sell price	\$7,696 38.5% higher avg wholesale sell price higher pairs sold	\$3,412 6.2%	\$5,452 -28.5% lower pairs sold higher avg wholesale sell price	\$4,963 4.6% higher pairs sold lower avg wholesale sell price		
E-Commerce:	\$18,422 13.8% higher pairs sold - pri Ugg	\$5,177 -1.6% Ugg +19% other closeouts LY	\$8,665 3.8% higher avg sell price lower pairs sold	\$59,544 29.8%	\$23,460 27.3% higher pairs sold higher avg sell price	\$5,709 10.3% higher slightly pairs sold higher avg sell price		
Retail Stores:	\$23,144 66.1% 5 new Ugg stores last 12M Ugg comps +28.2%	\$9,952 63.1% 5 new Ugg stores last 12M Ugg comps +19.2%	\$20,164 63.3% 8 new Ugg stores last 12M comps +17.9% \$6M sales non-comp stores	\$72,384 55.4%	\$35,369 52.8% 9 new Ugg stores last 12M comps +2.6% (+14.3% ex-UK) transition/delivery issues UK economic issues UK \$12M sales non-comp stores	\$20,123 102.2% 11 new Ugg stores last 12M comps +23.6% \$8M sales non-comp stores 30 total stores at end qtr		
Location:								
<i>United States</i>	\$117,006 14.7%	\$65,230 16.2%	\$204,728 14.3%	\$377,147 22.1%	\$148,122 26.6%	\$82,772 26.9%		
<i>International</i>	\$38,921 20.8%	\$71,829 54.8%	\$73,151 48.2%	\$52,977 35.2%	\$56,729 45.8%	\$71,450 -0.5%		
Qtr Sales Mix:								
<i>United States</i>	75.0%	47.6%	73.7%	87.7% (76.3% year)	72.3%	53.7%		
<i>International</i>	25.0%	52.4%	26.3%	12.3% (23.7% year)	27.7%	46.3%		

*Italics indicate TRG estimate.

Decker's Outdoors (DECK) Profitability Scorecard

28-Jul-11

	Q1 2010 31-Mar-10	Q2 2010 30-Jun-10	Q3 2010 30-Sep-10	Q4 2010 31-Dec-10	Q1 2011 31-Mar-11	Q2 2011 30-Jun-11	Q3 2011	Q4 2011
Gross Profit:	48.68% (ex-Items)	42.06% (ex-Items)	46.77% (ex-Items)	54.25%	50.03%	42.74%		
Bps Change	Higher 479 Bps	Higher 229 Bps	Higher 389 Bps	Higher 441 Bps	Higher 7 Bps	Higher 68 Bps		
Comments:	pos impact retail sales mix higher m/m <i>Teva</i> abv via less closeouts abv via Benelux, Fra distro \$2.0M duty refunds non-recur	higher m/m <i>Teva</i> abv via less closeouts abv via Benelux, Fra distro \$3.1M duty refunds non-recur	higher IMU all brands lower closeouts all brands higher via higher retail mix higher via <i>Teva</i> Benelux direct \$1.0M duty refunds non-recur	higher via higher retail mix higher via higher web mix higher <i>Ugg</i> wholesale margin		higher prod costs all brands higher close out sales higher inv write-downs favor mix (retail vs. whole) \$3.1M duty refunds LY		
SG&A:	-31.48%	-34.68%	-23.26%	-21.53%	-36.26%	-49.74%		
Bps Change	Higher 199 Bps	Lower 97 Bps	Higher 362 Bps	Higher 204 Bps	Higher 478 Bps	Higher 478 Bps		
Comments:	+24.0% SG&A \$ (ex-Items) +16.2% revenue higher payroll to suppt growth higher via 5 new stores vs. LY <i>Teva</i> Benelux distro assume <i>Teva</i> Benelux distro oper exp lower bad debt expense lower marketing exp	+30.0% SG&A \$ (ex-Items) +33.7% revenue higher payroll to suppt growth higher via 5 new stores vs. LY <i>Teva</i> Benelux distro assume <i>Teva</i> Benelux distro oper exp lower bad debt expense lower marketing exp	+44.1% SG&A \$ (ex-Items) +21.7% revenue higher payroll to suppt growth above = \$11.0M higher marketing \$2.0M higher retail store costs \$2.0M	+36.5% SG&A \$ (ex-Items) +23.6% revenue international start-up expense higher legal expense above = intellectual property	+51.3% SG&A \$ (ex-Items) +31.4% revenue higher retail store costs \$5.0M higher intl div costs \$4.0M higher legal costs \$3.0M higher comm exp \$3.0M higher marketing exp \$2.0M	+61.4% SG&A \$ (ex-Items) +12.5% revenue higher retail store costs \$6.0M higher intl div costs \$3.0M higher legal costs \$2.0M higher marketing exp \$3.0M higher div brand exp \$4.0M		
Other:								
Wholesale Avg Price	\$30.71	\$35.41	\$58.61	\$47.71 - year	\$34.24	\$38.28		
Growth %	7.0%	1.8%	0.1%	4.1% - year	11.5%	8.1%		
# Pair Shoes Sold	4,000	3,600	4,500	5,900	4,700	3,600		
Growth %	5.3%	28.6%	18.4%	11.3%	17.5%	0.0%		
Provision Doubt Accts	\$1,025	\$373	(\$679)	\$67	\$171	(\$118)		
Stock-Based Comp	(\$2,942)	(\$3,615)	(\$3,655)	(\$2,570)	(\$2,827)	(\$4,003)		
Growth %	22.4%	46.4%	45.9%	-54.4%	-3.9%	10.7%		
Tax Rate %	-37.52%	-34.88%	-36.82%	-35.74% (-36.19% year)	-30.71%	-30.54%		
Inventory	\$68,824	\$120,460	\$197,313	\$124,995	\$107,118	\$210,044		
Growth %	3.7%	-17.3%	5.1%	46.4%	55.6%	74.4%		
Trade Accts Payable	\$29,458	\$79,953	\$73,202	\$67,073	\$43,010	\$107,375		
A/P % Inventory	42.8%	66.4%	37.1%	53.7%	40.2%	51.1%		

*Italics indicate TRG estimate. Amounts in thousands (000).

Deckers (DECK) Operating Segment Profitability

28-Jul-11

<i>Ugg Wholesale</i>	2006	2007	2008	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011
Net Sales	\$182,369	\$291,908	\$483,781	\$566,964	\$64,500	\$88,100	\$229,128	\$282,126	\$663,854	\$91,084	\$85,347			
Income from Operations	\$72,908	\$119,193	\$187,824	\$232,712	\$33,034	\$33,776	<i>\$96,179</i>	<i>\$142,143</i>	<i>\$305,132</i>	\$38,663	\$23,432			
Non-Recurring Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Adjusted Operating Profit	\$72,908	\$119,193	\$187,824	\$232,712	\$33,034	\$33,776	<i>\$96,179</i>	<i>\$142,143</i>	<i>\$305,132</i>	\$38,663	\$23,432			
Operating Margin (ex-Items)	39.98%	40.83%	38.82%	41.05%	51.22%	38.34%	<i>41.98%</i>	<i>50.38%</i>	<i>45.96%</i>	42.45%	27.45%			
Bps Change	768	85	(201)	222	772	370	<i>338</i>	<i>625</i>	<i>492</i>	(877)	(1,088)			
Revenue Growth %	21.4%	60.1%	65.7%	17.2%	2.4%	32.3%	17.6%	16.3%	17.1%	41.2%	-3.1%			
<i>Teva Wholesale</i>	2006	2007	2008	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011			
Net Sales	\$75,283	\$82,003	\$80,882	\$71,952	\$42,237	\$29,086	\$12,226	\$12,658	\$96,207	\$49,486	\$38,080			
Income from Operations	\$3,829	\$21,121	(\$18,688)	\$12,495	\$11,185	\$7,556	(\$780)	(\$1,582)	<i>\$16,379</i>	\$14,285	\$7,678			
Non-Recurring Items	(\$15,300)	\$0	(\$32,329)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Adjusted Operating Profit	\$19,129	\$21,121	\$13,641	\$12,495	\$11,185	\$7,556	(\$780)	(\$1,582)	<i>\$16,379</i>	\$14,285	\$7,678			
Operating Margin (ex-Items)	25.41%	25.76%	16.87%	17.37%	26.48%	25.98%	<i>-6.38%</i>	<i>-12.50%</i>	<i>17.02%</i>	28.87%	20.16%			
Bps Change	(227)	35	(889)	50	393	428	<i>(44)</i>	<i>(2,006)</i>	<i>(34)</i>	239	(582)			
Revenue Growth %	-6.4%	8.9%	-1.4%	-11.0%	21.9%	44.2%	67.1%	28.9%	33.7%	17.2%	30.9%			
<i>Other Wholesale</i>	2006	2007	2008	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011			
Net Sales	\$10,903	\$11,163	\$17,558	\$19,644	\$7,624	\$4,744	\$7,696	\$3,412	\$23,476	\$5,452	\$4,963			
Income from Operations	(\$2,472)	(\$2,077)	(\$7,104)	(\$14,698)	(\$814)	(\$1,496)	(\$240)	(\$3,823)	(\$6,373)	(\$1,926)	(\$2,682)			
Non-Recurring Items	\$0	\$0	(\$3,496)	(\$1,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Adjusted Operating Profit	(\$2,472)	(\$2,077)	(\$3,608)	(\$13,698)	(\$814)	(\$1,496)	(\$240)	(\$3,823)	(\$6,373)	(\$1,926)	(\$2,682)			
Operating Margin (ex-Items)	-22.67%	-18.61%	-20.55%	-69.73%	-10.68%	-31.53%	<i>-3.12%</i>	<i>-112.05%</i>	<i>-27.15%</i>	-35.33%	-54.04%			
Revenue Growth %	56.2%	2.4%	57.3%	11.9%	17.6%	8.0%	38.5%	6.2%	19.5%	-28.5%	4.6%			
<i>Consumer Direct</i>	2006	2007	2008	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011			
Net Sales	\$35,868	\$63,855	\$107,224	\$154,617	\$41,566	\$15,129	\$28,829	\$131,928	\$217,452	\$58,829	\$25,832			
Income from Operations	\$9,954	\$17,696	\$29,013	\$39,571	\$8,609	(\$1,618)	<i>\$2,604</i>	<i>\$44,628</i>	<i>\$54,223</i>	\$11,249	(\$3,395)			
Non-Recurring Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Adjusted Operating Profit	\$9,954	\$17,696	\$29,013	\$39,571	\$8,609	(\$1,618)	<i>\$2,604</i>	<i>\$44,628</i>	<i>\$54,223</i>	\$11,249	(\$3,395)			
Operating Margin (ex-Items)	27.75%	27.71%	27.06%	25.59%	20.71%	-10.69%	<i>9.03%</i>	<i>33.83%</i>	<i>24.94%</i>	19.12%	-13.14%			
Bps Change	198	(4)	(65)	(147)	98	(666)	<i>387</i>	<i>(189)</i>	<i>(66)</i>	(159)	(245)			
Revenue Growth %	32.6%	78.0%	67.9%	44.2%	38.0%	33.1%	39.3%	42.7%	40.6%	41.5%	70.7%			
<i>Unallocated Overhead</i>	2006	2007	2008	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011			
Net Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Income from Operations	(\$32,777)	(\$50,380)	(\$74,126)	(\$88,833)	(\$23,193)	(\$25,002)	(\$31,449)	(\$40,629)	(\$120,273)	(\$34,076)	(\$35,831)			
Non-Recurring Items	(\$300)	(\$2,100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Adjusted Operating Profit	(\$32,477)	(\$48,280)	(\$74,126)	(\$88,833)	(\$23,193)	(\$25,002)	(\$31,449)	(\$40,629)	(\$120,273)	(\$34,076)	(\$35,831)			
Operating Margin (ex-Items)	-10.67%	-10.75%	-10.75%	-10.92%	-14.87%	-18.24%	-11.32%	-9.45%	-12.02%	-16.63%	-23.23%			
Bps Change	(122)	(9)	0	(17)	(123)	(90)	(206)	(37)	(109)	(176)	(499)			
Expense Growth %	29.8%	48.7%	53.5%	19.8%	26.7%	40.6%	48.8%	28.6%	35.4%	46.9%	43.3%			

*Amounts in thousands (000). Italics indicate TRG estimate.

Deckers (DECK) Balance Sheet Detail

28-Jul-11

	Q4 2006	Q4 2007	Q4 2008	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Trade Accounts Receivable, Gross	\$55,671	\$80,564	\$118,835	\$88,217	\$62,697	\$87,349	\$153,041	\$130,435	\$85,737	\$113,689		
Growth %					-2.6%	25.5%	23.0%	47.9%	36.7%	30.2%		
Subtract:												
Allowance for Doubt Accounts	(\$735)	(\$379)	(\$2,482)	(\$2,710)	(\$1,592)	(\$1,029)	(\$1,648)	(\$1,379)	(\$1,103)			
Reserve for Sales Discounts	(\$2,502)	(\$3,218)	(\$4,241)	(\$2,796)	(\$1,689)	(\$1,168)	(\$3,362)	(\$5,819)	(\$1,747)			
Allowance for Est Returns	(\$1,618)	(\$3,687)	(\$2,335)	(\$3,235)	(\$1,862)	(\$1,112)	(\$3,485)	(\$4,039)	(\$2,772)			
Allowance for Est Markdowns	(\$1,245)	(\$1,071)	(\$1,648)	(\$3,049)	(\$2,972)	(\$2,393)	(\$2,314)	(\$2,535)	(\$1,888)			
Trade Accounts Receivable, Net	\$49,571	\$72,209	\$108,129	\$76,427	\$54,582	\$81,647	\$142,232	\$116,663	\$78,227	\$106,952		
Growth %	21.1%	45.7%	49.7%	-29.3%	-3.0%	29.5%	25.9%	52.6%	43.3%	31.0%		
Allowance D/A %	-1.32%	-0.47%	-2.09%	-3.07%	-2.54%	-1.18%	-1.08%	-1.06%	-1.29%			
Reserve Sales Discounts %	-4.49%	-3.99%	-3.57%	-3.17%	-2.69%	-1.34%	-2.20%	-4.46%	-2.04%			
Allowance Est Returns %	-2.91%	-4.58%	-1.96%	-3.67%	-2.97%	-1.27%	-2.28%	-3.10%	-3.23%			
Allowance Chargebacks %	-2.24%	-1.33%	-1.39%	-3.46%	-4.74%	-2.74%	-1.51%	-1.94%	-2.20%			
Inventory, Gross	\$35,980	\$53,805	\$96,420	\$87,202	\$69,799	\$121,426	\$198,504	\$126,679	\$109,373			
Subtract:												
Inventory Write-down Reserve	(\$3,605)	(\$2,029)	(\$3,680)	(\$1,846)	(\$975)	(\$966)	(\$1,191)	(\$1,684)	(\$2,255)			
Inventory, Net	\$32,375	\$51,776	\$92,740	\$85,356	\$68,824	\$120,460	\$197,313	\$124,995	\$107,118	\$210,044		
Growth %	-3.0%	59.9%	79.1%	-8.0%	3.7%	-17.3%	5.1%	46.4%	55.6%	74.4%		
Inventory Write-down % Inv	-10.0%	-3.8%	-3.8%	-2.1%	-1.4%	-0.8%	-0.6%	-1.3%	-2.1%			
Estimated <i>Ugg</i> Brand Inventory	\$13,900	\$27,400	\$67,800	\$69,900	\$44,500	\$103,900	\$180,300	\$94,700	\$68,900			
Growth %	-21.5%	97.1%	147.4%	3.1%	2.5%	-20.3%	3.1%	35.5%	54.8%			
Estimated <i>Teva</i> Brand Inventory	\$15,300	\$20,100	\$17,600	\$9,300	\$18,700	\$11,200	\$11,200	\$22,700	\$30,700			
Growth %	35.4%	31.4%	-12.4%	-47.2%	23.8%	41.8%	60.0%	144.1%	64.2%			
Estimated <i>Simple</i> Brand Inventory	\$3,200	\$4,300	\$5,400	\$3,700								
Growth %	-27.3%	34.4%	25.6%	-31.5%								

*Amounts in thousands (000). Italics indicate TRG estimate.

Brand estimated inventory numbers are provided on quarterly conference calls.

Deckers Outdoors (DECK) Guidance Worksheet - FY 2011

28-Jul-11

	Q1 2011 Guidance Guidance Date: 02.24.2011	Q1 2011 Actual	Q2 2011 Guidance Guidance Date: 04.28.2011	Q2 2011 Actual	Q3 2011 Guidance Guidance Date: 07.28.2011	Q3 2011 Actual	Q4 2011 Guidance	Q4 2011 Actual
Revenue Growth %	29.0%	31.4%	4.0%	12.5%	38.0%		22.0%	
Implied Revenue \$	\$201,146 (+29% vs. \$155,927 LY)	\$204,851	\$142,541 (+4% vs. \$137,059 LY)	\$154,222	\$383,473 (+38% vs. \$277,879 LY)		\$524,751 (+22% vs. \$430,124 LY)	
EPS	\$0.44 (-5% vs. \$0.46 LY)	\$0.49	(\$0.25)	(\$0.19)	\$1.31 (+22% vs. \$1.07 LY)		\$3.09 (+36% vs. \$2.27 LY)	
Other Comments:	51.0% GPM% -38.0% SG&A% \$11.0M incremental expenses above = \$7.0M wholesale transition above = \$2.0M legal / \$2.5M mktng	50.03% -36.26% \$6.5M to 7.5M \$4.0M to \$5.0M \$1.0M / \$1.5M	44.0% GPM% (similar to LY) +5% vs. Q1 2011 \$6.5M incremental expenses above = \$4.0M wholesale transition above = \$1.5M legal / \$2.0M mktng	42.74% \$8.4M (ex-Sanuk) \$3.7M \$1.3M / \$3.4M				
Annual Comments:	+20% Total Revenue above = +19% <i>Ugg</i> / +Lo 20's <i>Teva</i> above = +20% Other Brands \$4.43 (+10% vs. \$4.03 GAAP LY) 51.0% GPM% -29.0% SG&A% \$29M incremental expenses above = \$8M wholesale transition above = \$10M intell prop protect above = \$11M marketing <i>Ugg</i> shift disto sales to whole Q2 to Q3 hurts sales Q2 / boosts sales Q3/Q4 -33.0% Tax Rate \$55.0M to \$60.0M CapEx above = +15 new stores & corp HQ EPS in 1H lower than LY EPS in 2H higher than LY		+21% Total Revenue above = +21% <i>Ugg</i> / +Lo 20's <i>Teva</i> above = +5% Other Brands \$4.55 (+13% vs. \$4.03 GAAP LY) 51.0% GPM% -29.0% SG&A% \$29M incremental expenses above = \$8M wholesale transition above = \$10M intell prop protect above = \$11M marketing <i>Ugg</i> shift disto sales to whole Q2 to Q3 hurts sales Q2 / boosts sales Q3/Q4 -32.0% Tax Rate \$55.0M to \$60.0M CapEx		+26% Total Revenue (incl. <i>Sanuk</i>) above = +25% <i>Ugg</i> / +Lo 20's <i>Teva</i> above = Flat Other Brands above = Lo \$20M <i>Sanuk</i> \$4.72 (+17% vs. \$4.03 GAAP LY) 50.0% to 51.0% GPM% -29.0% SG&A% \$34.5M incremental expenses above = \$9M wholesale transition above = \$10M intell prop protect above = \$11M marketing <i>Ugg</i> above = \$4.5M <i>Sanuk</i> shift disto sales to whole Q2 to Q3 hurts sales Q2 / boosts sales Q3/Q4 -31.0% Tax Rate \$55.0M to \$60.0M CapEx			

Deckers Outdoors (DECK) Guidance Worksheet - FY 2010 & FY 2009

28-Jul-11

	Q1 2010 Guidance Guidance Date: 02.25.2010	Q1 2010 Actual	Q2 2010 Guidance Guidance Date: 04.22.2010	Q2 2010 Actual	Q3 2010 Guidance Guidance Date: 07.22.2010	Q3 2010 Actual	Q4 2010 Guidance Guidance Date: 10.28.2010	Q4 2010 Actual
Revenue Growth %	7.0%	16.2%	25.0%	33.7%	15.0%	21.7%	8.0%	23.6%
Implied Revenue \$	\$143,622 (+7% vs. \$134,226 LY)	\$155,927	\$128,185 (+25% vs. \$102,548 LY)	\$137,059	\$262,676 (+15% vs. \$228,414 LY)	\$277,879	\$375,828 (+8% vs. \$347,989 LY)	\$430,124
EPS	\$0.29 (-6% vs. \$0.31 LY)	\$0.46	\$0.09 (Flat vs. \$0.09 LY)	\$0.18 (ex-Items)	\$0.89 (+4% vs. \$0.86 LY)	\$1.07	\$1.88 (+8% vs. \$1.74 LY)	\$2.27
Other Comments:	Higher GPM% \$2M intl distro invest	+107 Bps	Higher GPM% \$1M intl distro invest	+229 Bps	46.0% GPM% -25.0% SG&A%	46.77% -23.26%	52.0% GPM% -21.0% SG&A%	54.25% -21.53%
Annual Comments:	+11% Total Revenue Growth \$3.13 (+5% vs. \$2.98 non-GAAP) 47.0% GPM% -25.0% SG&A% +9% <i>Ugg</i> Brand Revenue +Low 20's <i>Teva</i> Brand Revenue +Low 20's Other Brands Revenue		+13% Total Revenue Growth \$3.31 (+11% vs. \$2.98 non-GAAP) 48.0% GPM% -26.0% SG&A% Tax Rate -37.0% +11% <i>Ugg</i> Brand Revenue +Mid 20's <i>Teva</i> Brand Revenue +20% Other Brands Revenue		+14% Total Revenue Growth \$3.46 (+16% vs. \$2.98 non-GAAP) 49.0% GPM% -26.0% SG&A% Tax Rate -36.5% +13% <i>Ugg</i> Brand Revenue +High 20's <i>Teva</i> Brand Revenue +15% Other Brands Revenue		+16% Total Revenue Growth \$3.64 (+22% vs. \$2.98 non-GAAP) 49.0% GPM% -25.0% SG&A% Tax Rate -36.8% +15% <i>Ugg</i> Brand Revenue +30% <i>Teva</i> Brand Revenue +15% Other Brands Revenue Note: \$10M sales shift to Q1 2011	
			\$25M to \$30M CapEx		\$25M to \$30M CapEx		\$25M CapEx	\$27,680

	Q1 2009 Guidance Guidance Date: 02.26.2009	Q1 2009 Actual	Q2 2009 Guidance Guidance Date: 04.23.2009	Q2 2009 Actual	Q3 2009 Guidance Guidance Date: 07.23.2009	Q3 2009 Actual	Q4 2009 Guidance Guidance Date: 10.22.2009	Q4 2009 Actual
Revenue Growth %	22.0%	37.6%	10.0%	12.5%	14.0%	15.8%	4.0%	14.7%
Implied Revenue \$	\$118,993	\$134,226	\$100,228	\$102,548	\$224,908	\$228,414	\$315,646	\$347,989
Implied EPS	\$0.65	\$0.93	(\$0.15) to (\$0.10)	\$0.26	\$2.17	\$2.57	\$4.26	\$5.22
Other Comments:	Lower GPM% Higher SG&A%		39.0% GPM% -43.0% SG&A% shift \$2M marketing into Q2		43.0% GPM% -22.5% SG&A%		47.0% GPM% -19.3% SG&A%	
Annual Comments:	+6% to +9% Total Revenue Growth slight lower to flat EPS Growth flat to slight higher GPM% -26.0% to -25.0% SG&A% \$10.5M stock compensation		+7% to +9% Total Revenue Growth flat to slight higher EPS Growth 45.0% GPM% -25.0% SG&A%		+9% to +10% Total Rev Growth flat to slight higher EPS Growth 44.5% GPM% -24.5% SG&A%		+13% Total Revenue Growth +9% EPS Growth 44.3% GPM% -23.4% SG&A%	

Tiburon Research Group
Compology - Total Sales Growth 5-Year Run Rates

Decker's Outdoor (DECK)	Q1	Q2	Q3	Q4
5-Year Run Rate	149.2%	157.9%		
FY 2011	31.4%	12.5%		
4-Year Run Rate	117.8%	145.4%	147.2%	150.8%
FY 2010	16.2%	33.7%	21.7%	23.6%
3-Year Run Rate	101.6%	111.7%	125.5%	127.2%
FY 2009	37.6%	12.5%	15.8%	14.7%
FY 2008	34.4%	72.8%	52.5%	56.3%
FY 2007	29.6%	26.4%	57.2%	56.2%

Ugg Wholesale	Q1	Q2	Q3	Q4
5-Year Run Rate	259.3%	246.7%		
FY 2011	41.2%	-3.1%		
4-Year Run Rate	218.1%	249.8%	156.9%	138.7%
FY 2010	2.4%	32.3%	17.6%	16.3%
3-Year Run Rate	215.7%	217.5%	139.3%	122.4%
FY 2009	78.0%	22.5%	17.9%	6.0%
FY 2008	75.6%	135.9%	56.3%	60.0%
FY 2007	62.1%	59.1%	65.1%	56.4%

Teva Wholesale	Q1	Q2	Q3	Q4
5-Year Run Rate	42.3%	74.1%		
FY 2011	17.2%	30.9%		
4-Year Run Rate	25.1%	43.2%	55.8%	8.2%
FY 2010	21.9%	44.2%	67.1%	28.9%
3-Year Run Rate	3.2%	-1.0%	-11.3%	-20.7%
FY 2009	-5.9%	-11.9%	-23.6%	-15.3%
FY 2008	-2.4%	5.5%	1.9%	-12.0%
FY 2007	11.5%	5.4%	10.4%	6.6%