

# DECKERS

— BRANDS —

## Investor Presentation

October 2014



# SAFE HARBOR LANGUAGE

We make forward-looking statements in this presentation which represent our expectations or beliefs about future events and financial performance. Forward-looking statements are identifiable by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “will,” “may” and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties, including those described in the Company’s filings with the Securities and Exchange Commission. In addition, actual results could differ materially from those suggested by the forward-looking statements, and therefore you should not place undue reliance on the forward-looking statements.

# KEY INVESTMENT HIGHLIGHTS

- Driving growth through our Omni-Channel business
- Significant untapped international potential
- Investing in our brands and Omni-Channel strategy
- Introducing innovation across our product lines
- Leveraging our brands across multiple consumer segments
- Business model generates strong margins and significant free cash flow

# FISCAL YEAR 2015 GUIDANCE\*

- Total revenues to increase approximately 15.0% over twelve month period ended March 31, 2015
  - UGG revenue up 14%
  - Teva revenue up low double digits
  - Sanuk revenue up low double digits
  - Other brand revenue ~\$82.0 million compared to \$48.6 million
- Gross profit margin of approximately 49%
- Operating margin of approximately 13%
- Diluted earnings per share to increase approximately 15.8%

\*This guidance was issued on Oct. 23, 2014. This slide doesn't constitute an update of guidance.

# GROWTH STRATEGY: 4 PRIMARY INITIATIVES

1

**BUILD**

Build UGG  
success globally

2

**EXPAND**

Expand Omni-  
Channel business

3

**INNOVATE**

Drive innovation  
across our  
business  
and evolve  
Omni-Channel  
capabilities

4

**GROW**

Grow  
Teva, Sanuk  
& HOKA

# BUILDING ON UGG SUCCESS



Focus on Marketing with Global Campaign: "This is UGG"



Infuse Newness in Women's Heritage



Expand Women's Casuals & Casual Boots

Grow UGG for Men



Drive Growth in New Categories

# THIS IS UGG

- First global brand marketing campaign
- Connects with consumers on an emotional level and positions UGG as a year round, premium lifestyle brand
- Shows how the brand fits into consumer's lives – in smaller moments that are actually the biggest – the moments that feel like nothing else
- Men's campaign features Tom Brady through a series of print and digital stories that focuses on his best moments off the field
- Marketing spend increased to 5% of total brand revenue to drive awareness and demand

# INFUSE NEWNESS IN WOMEN'S HERITAGE



- Newness in boots provides a reason to buy each season
  - Introducing new collections with a wider assortment of exclusive designs, custom materials and prints
- Newness in slippers provides a reason to buy/gift year round:
  - Introducing new styles and colors several times a year, especially in conjunction with key gift giving holidays
  - Expanded price offering to \$80 - \$140 range

# EXPAND FALL WOMEN'S CASUALS & CASUAL BOOTS

- For Fall '14 focused on improved styling, shaper price points, and also utilizing UGGpure in the sock and linings of our Casual Boots
  - Price points range from \$120 - \$250 with key focus on \$150 - \$200
  - Focus on regional relevant product and comfort stories that tie to UGG DNA

# GROW UGG FOR MEN

- Men's business has grown 150% since launching the partnership with Tom Brady 4 years ago
- Focus on innovating and creating new entry points for the male customer
  - Twinsole dual footbed insert is helping drive non-slipper business growth
  - Treadlite by UGG™, a proprietary midsole compound, is creating buzz in the marketplace and will launch in Spring '15

# CONTINUE SUCCESS IN KIDS

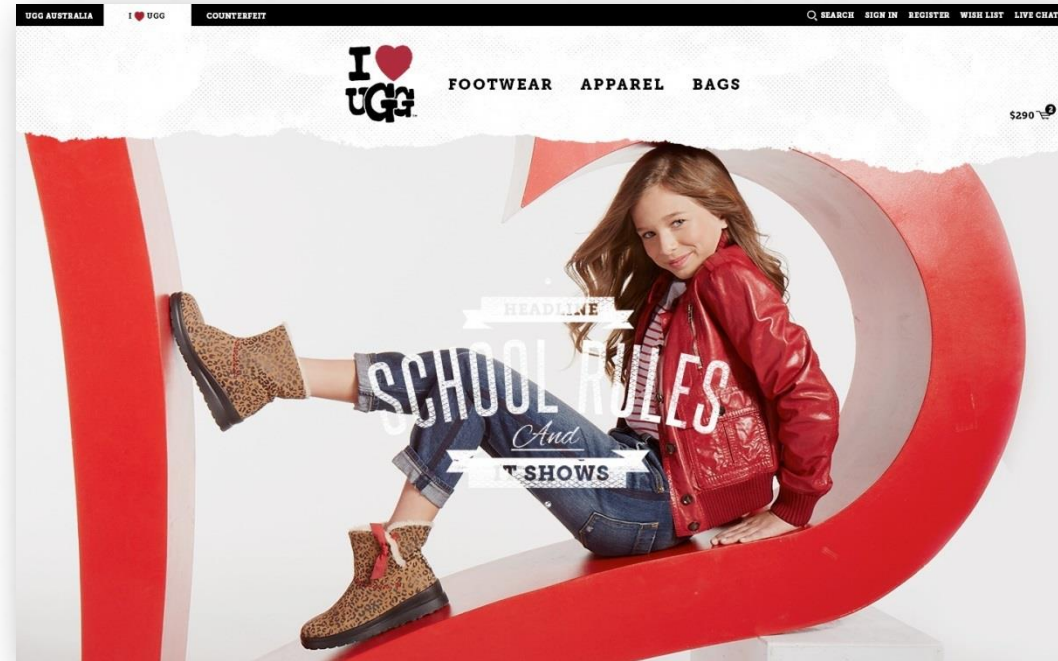
- Kid's represents approximately 15% of revenues
- Emerged as a major player in the category
- Reinforces UGG as a premium lifestyle brand for all ages

# DRIVE GROWTH IN NEW CATEGORIES

- The Duffield is the best selling robe in Nordstrom, Neiman, and Bloomingdales, and the Men's Colton pant is the number one loungewear piece in Men's at Nordstrom
- Loungewear SKU count expected to grow significantly from 9 SKUs in 2012 to close to 200 for Fall/Holiday 2015
- Loungewear market is \$4.3B in US and \$30B globally
- Success in lounge is creating opportunities for the Home category and helps to continue to reinforce UGG as a premium lifestyle brand

# I HEART UGG

- New brand created for girls age 9-13 that blends a fun, youthful **tween aesthetic** with the iconic **comfort of UGG**
- Vibrant, playful product at **accessible price points**
- Targeted media strategy **focused on engaging** tweens and reaching moms through key placements and activations
- **Market opportunity:** tween consumers represent **\$200 billion in sales annually**



# I HEART UGG DISTRIBUTION

- Sold on iheartugg.com, limited UGG flagship stores, and select wholesale partners
- **Two dedicated stores** in Waikiki, HI and San Francisco, CA





# OMNI-CHANNEL

# OMNI-CHANNEL HIGHLIGHTS

- Opened 36 UGG stores in 2013 including 24 in Asia
- Expect to open approx. 30 retail stores and as many as 10 partner retail stores in 2014
- Compelling store economics
- Upgraded leadership in key markets
- Evolving the in-store experience
- Expanding E-Commerce capabilities

# STORE COUNT AS OF 9/30/2014

Location	Concept	Outlet	Total
US	25	22	47
China	29	8	37
Japan	16	7	23
EMEA	11	6	17
Canada	2	2	4
Hong Kong	2	0	2
<b>Total</b>	<b>85</b>	<b>45</b>	<b>130</b>

# COMPELLING STORE ECONOMICS

- Average store is approximately 2,700 square feet
- \$1,200 sales per square foot for all stores open 12 months
- Average Store Investment = approximately \$1MM
- Going forward: Smaller stores and lower CapEx investment

# KEY OMNI-CHANNEL TECHNOLOGY INITIATIVES

## Endless Aisle (Infinite UGG)

- Shop extended assortment of products that are either sold out in-store or not carried in-store
- Creates ability to capture lost sales in-store, saves costs on in-store inventory and increases customer interaction
- Currently in all NA concept stores, will be introduced in EMEA/Japan in Fall 2014, and China in Spring 2015

## Retail Inventory Online (RIO)

- Provides customer with visibility into store inventory helping customer to locate product prior to visit
- RIO will be in NA and EU concepts for Holiday 2014 and will launch in Japan and China in Spring 2015

# EVOLVING UGG STORE EXPERIENCE: TYSON'S GALLERIA

- New initiatives including: RFID technology and interactive displays, traffic counting system, customer WIFI, and tablet-based point of sales
- New fixture plan featuring modern design and lighter colors
- Smaller store footprint (approx. 2,100 sq. ft)
- Smaller backroom with 30-40% capacity of our typical concept stores

# EXPANDING E-COMMERCE CAPABILITIES

- Increasing UGG By You customization to include more SKUs and launching in Japan for Fall '14
- Launched NA sites for HOKA, I HEART UGG
- Created new sites for UGG, Sanuk and Teva and implemented flash sale capabilities
- Displaying UGG store inventory online
- Launching international sites: HOKA EU, APAC Multi-brand site, Sanuk China, UGG HK/Macau and HOKA Japan
- Expanding targeted marketing and piloting loyalty programs

# HONOLULU EXPANSION



# WOODBURY OUTLET



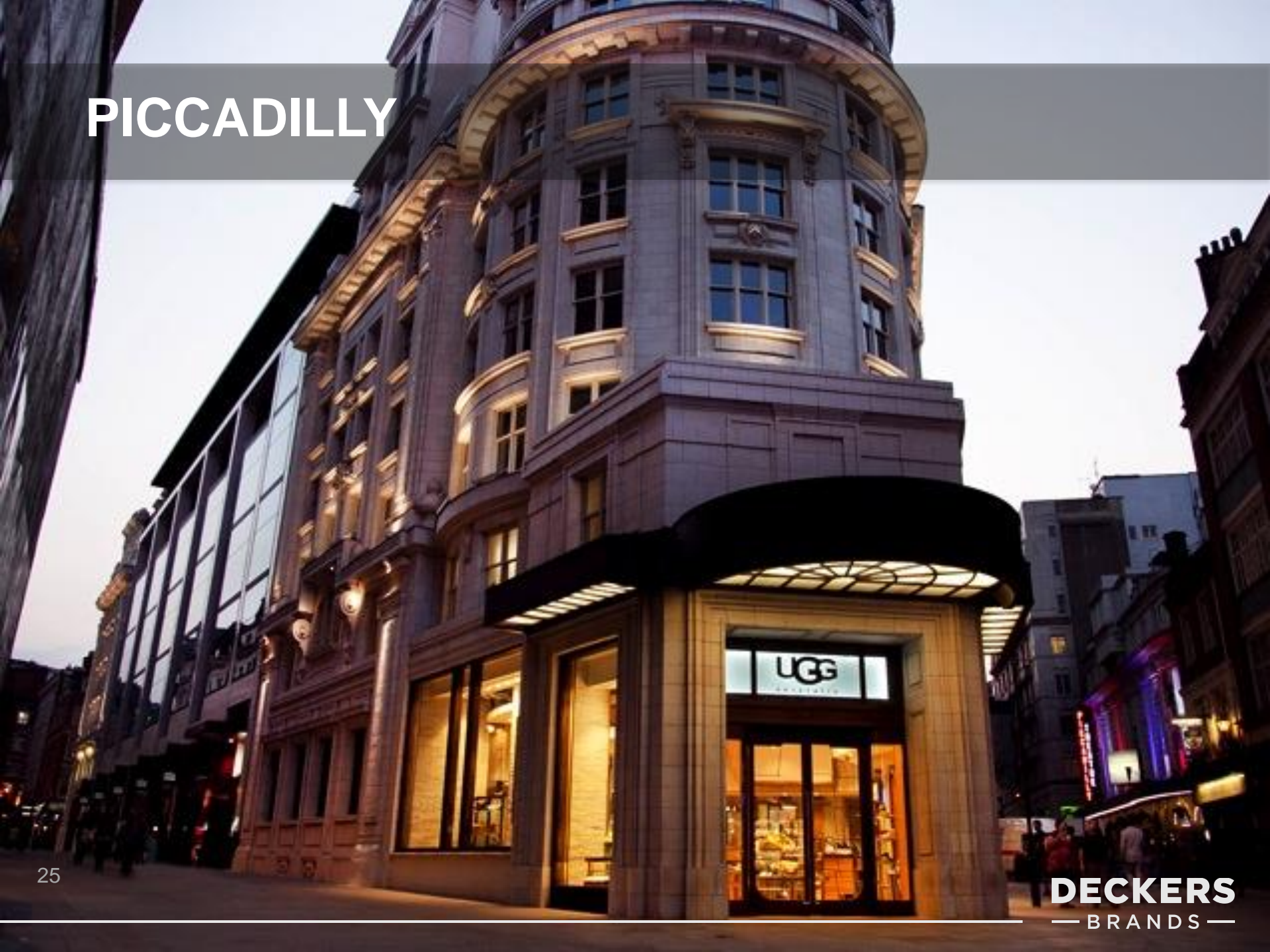
# MADISON AVENUE, NEW YORK

UGG  
australia

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australia

UGG

# PICCADILLY



# EMEA PROGRESS AND INITIATIVES

- Acquired distribution rights for the UGG brand in Germany on July 1, 2014 and searching for retail locations
- Launched UGG E-Commerce sites in Italy and Germany in August '14
- Successful re-launch of responsive websites which has led to growth in France and EU online
- Drive retail profitability through optimized operating model and enhanced consumer experience
- Broadening merchandise assortment with focus on increasing transitional/seasonally relevant product


# SHIBUYA CONCEPT STORE



# APAC PROGRESS AND INITIATIVES



- Fastest growing region led by China and Japan
- Q1 2015 DTC comps increased 38%
- UGG retail the major driver of recent success with up to 20 store openings planned in 2014
- Organizational investments in place and yielding positive returns
- Significant untapped opportunities across brands and channels
- Partner retail agreements signed with three partners to open at least 10 doors in FY 2015 in Northeast, North and Southwest regions of China

# SIGNIFICANT GROWTH OPPORTUNITY





Outdoor / Lifestyle Brand

Key Competitors:




Active Lifestyle / Casuals Brand

Key Competitors:



Running Brand

Key Competitors:



TEVA

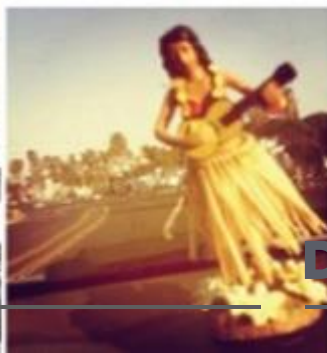
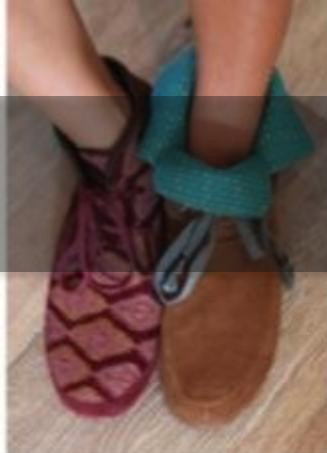


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# GROWTH STRATEGY: TEVA

- **Strengthening core product** strategy through the Originals sandal collection, Fundamentals a new casual collection with focus on women
- Q1 2015 comps **sales growth** of 25.7%
- Originals highlighted as a **key fashion item** in numerous media outlets including Good Morning America and Vogue; featured runway attention this fall at NY and London Fashion Week points towards continued relevancy in 2015
- Developing **new premium comfort collection**, incorporating state of the art engineering and design to offer a comprehensive selection of styles for men and women
- **Embrace “expression of freedom”**:  
Just strap it on and go – anywhere – anytime

SANUK



# GROWTH STRATEGY: SANUK

- Leverage **strength and authenticity** in Action Sports Surf to expand in **new frontiers** and speak to **new audiences**
- The **Sandal and Casual** categories are established and **building each season**
- Expand product offering and aggressively **target growth in casual canvas category**
- Focus on age 25 to 39 demographic through targeted **comprehensive marketing campaign and evolved product**
- **Robust distribution strategy** with key account drivers including: Zumiez, Journey's, Nordstrom, DSW and Zappos
- Utilizing non-endemic brand campaign, retail, social and online channels to reach new customers and **build brand awareness**

# HOKA ONE ONE



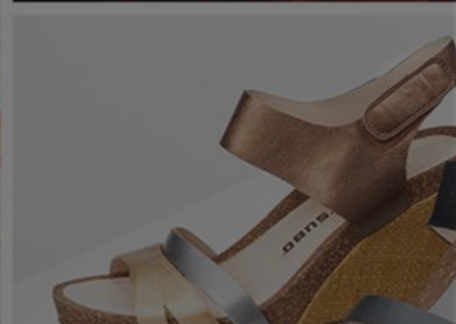
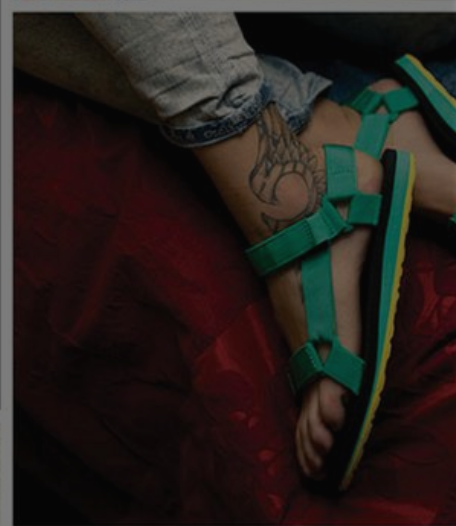
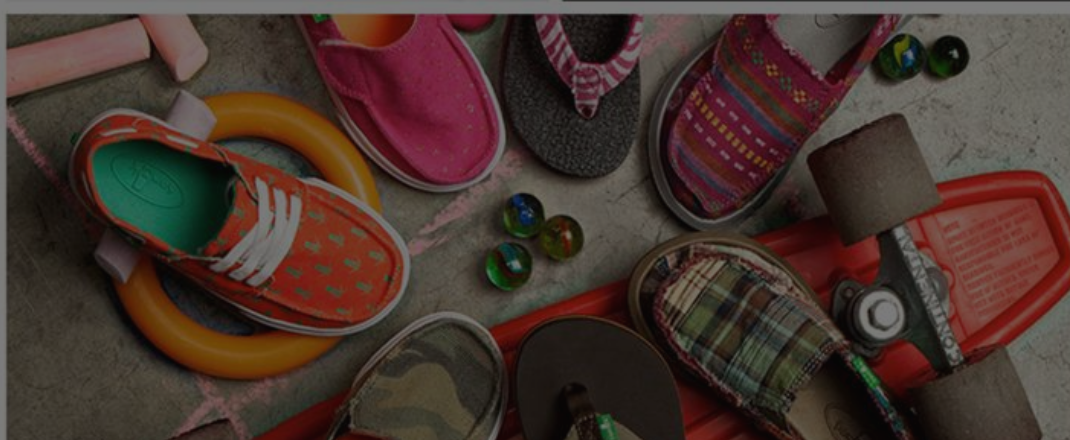
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# GROWTH STRATEGY: HOKA ONE ONE

- Created **new category in specialty running**; the oversized running shoe
- **Leveraging authenticity** in ultra-marathon community, **attracting key influencers** to support expansion among mainstream running population
- **Expanding product offering** to include a wider range of shoe profiles including shoes with **lower profiles and lower price points**
- Increasing awareness through numerous awards including **Runner's World Editor's Choice** and through sponsorship of 2012 1500m Olympic Silver Medalist **Leo Manzano**
- E-Commerce site launched in 2014 to **directly connect with consumers**
- Strategic **expansion into major athletic retailers** planned for calendar '15



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australia

I ♥  
UGG

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