

Deckers Brands

First Quarter Fiscal 2016 Commentary

Supplemental Information Relating to the First Quarter Fiscal 2016 Ended June 30, 2015

Net Sales

Net sales for the first quarter increased 4.5% to \$221 million on a constant currency basis compared to \$211.5 million for the same period last year. On a reported basis, net sales increased 1.1%. Domestic sales increased 1.7% to \$134.5 million and international sales increased 0.1% to \$79.3 million. On a constant currency basis, international sales increased 9.1% to \$86.5 million.

Total wholesale and distributor sales decreased 0.4% to \$153.4 million. Domestic wholesale increased 1.8%. Asia-Pacific wholesale and distributor sales decreased 12.0% driven primarily by a decline in UGG distributor sales due to the strengthening of the U.S. dollar. European wholesale and distributor sales increased 8.9% due primarily to the conversion of the German distributor.

Global Direct-to-Consumer revenue increased 5.2% to \$60.4 million including flat Direct-to-Consumer comparable sales over the same period a year ago.

Gross Margin

Gross margin was 40.5% compared to 41.0% in the same period last year. The decline in gross margin was driven by an approximately 200 basis point impact from foreign exchange headwinds caused by the strengthening of the U.S. Dollar versus the British Pound, Euro and Yen compared to the same period last year. This decline was partially offset by a higher proportion of Direct-to-Consumer sales.

SG&A Expense

Total SG&A expense was \$150.3 million or 70.3% of net sales compared to \$137.3 million or 64.9% of net sales a year ago.

Operating Loss

Operating loss for the quarter was \$(63.7) million compared to an operating loss of \$(50.5) million last year.

Taxes

The Company recorded a tax benefit of \$17.4 million compared to a tax benefit of \$13.7 million a year ago.

Net Loss Per Share

Net loss was \$(47.3) million or \$(1.43) per diluted share, compared to a net loss of \$(37.1) million or \$(1.07) per diluted share a year ago.

Capital Expenditures and Store Counts

For the quarter ended June 30, 2015, the Company added approximately \$17.3 million in capital expenditures, including approximately \$10 million on IT related expenses, approximately \$4.6 million on Direct-to-Consumer expansion, and \$1.4 million on the build out of the Moreno Valley distribution center. As of June 30, 2015, the total Company store count is 142 stores. A breakdown of the store count by region is included below.

Location	Concept	Outlet	Total
US	27	24	51
China	30	9	39
Japan	16	8	24
EMEA	10	7	17
Canada	6	2	8
Hong Kong	3	0	3
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Total	92	50	142