
Section 1: 8-K (FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2018

DECKERS OUTDOOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-36436

(Commission File Number)

95-3015862

(IRS Employer Identification No.)

250 Coromar Drive, Goleta, California

93117

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code (805) 967-7611

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2018, Deckers Outdoor Corporation issued a press release announcing its financial results for the three months ended June 30, 2018 and held a conference call regarding these financial results. A copy of the press release is furnished hereto as Exhibit 99.1.

The information in this Form 8-K and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press Release, dated July 26, 2018</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 26, 2018

Deckers Outdoor Corporation

/s/ Steven J. Fasching

Steven J. Fasching
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated July 26, 2018

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Section 2: EX-99.1 (EXHIBIT 99.1)

Deckers Brands Reports First Quarter Fiscal 2019 Financial Results

GOLETA, Calif., July 26, 2018 /PRNewswire/ -- Deckers Brands (NYSE: DECK), a global leader in designing, marketing and distributing innovative footwear, apparel and accessories, today announced financial results for the first fiscal quarter ended June 30, 2018. The Company also provided its financial outlook for the second fiscal quarter ending September 30, 2018 and updated its outlook for the full fiscal year ending March 31, 2019.

DECKERS

— BRANDS —

Throughout this release, references to Non-GAAP financial measures exclude the impact of certain charges relating to retail store closures, tax reform, organizational changes and other one-time or non-recurring charges. Additional information regarding these Non-GAAP financial measures is set forth under the heading "Non-GAAP Financial Measures" below.

"Fiscal year 2019 is off to a solid start, with our first quarter revenue achieving a record high of \$251 million, and continuing the momentum we have built," said Dave Powers, President and Chief Executive Officer. "The UGG Spring Summer and HOKA ONE ONE product offerings drove significant year-over-year sales growth, while Teva also produced solid gains. This quarter's results are a testament that we are successfully progressing towards our long-term objectives and that our brands are well positioned in the marketplace."

First Quarter Fiscal 2019 Financial Review

- **Net sales** increased 19.5% to \$250.6 million compared to \$209.7 million for the same period last year. On a constant currency basis, net sales increased 17.6%.
- **Gross margin** was 45.9% compared to 43.2% for the same period last year.
- **SG&A expenses** were \$154.4 million compared to \$146.9 million for the same period last year. Non-GAAP SG&A expenses were \$153.9 million this year compared to \$144.9 million last year.
- **Operating loss** was \$39.4 million compared to an operating loss of \$56.3 million for the same period last year. Non-GAAP operating loss was \$38.9 million this year compared to a loss of \$54.3 million last year.
- **Diluted loss per share** was \$1.00 compared to a loss of \$1.32 for the same period last year. Non-GAAP diluted loss per share was \$0.98 this year compared to a loss of \$1.28 last year.

Brand Summary

- UGG® brand net sales for the first quarter increased 18.9% to \$136.5 million compared to \$114.7 million for the same period last year.
- HOKA ONE ONE® brand net sales for the first quarter increased 53.1% to \$47.0 million compared to \$30.7 million for the same period last year.
- Teva® brand net sales for the first quarter increased 6.2% to \$40.0 million compared to \$37.7 million for the same period last year.
- Sanuk® brand net sales for the first quarter decreased 6.6% to \$24.4 million compared to \$26.2 million for the same period last year.

Channel Summary (included in the brand sales numbers above)

- Wholesale net sales for the first quarter increased 22.9% to \$177.6 million compared to \$144.6 million for the same period last year.
- DTC net sales for the first quarter increased 12.0% to \$73.0 million compared to \$65.1 million for the same period last year. DTC comparable sales for the first quarter increased 6.2% over the same period last year.

Geographic Summary (included in the brand and channel sales numbers above)

- Domestic net sales for the first quarter increased 17.4% to \$141.7 million compared to \$120.7 million for the same period last year.
- International net sales for the first quarter increased 22.3% to \$108.9 million compared to \$89.0 million for the same period last year.

Balance Sheet (June 30, 2018 as compared to June 30, 2017)

- Cash and cash equivalents were \$417.9 million compared to \$279.9 million.
- Net inventories were \$435.6 million compared to \$441.6 million.
- Outstanding borrowings were \$31.9 million compared to \$32.5 million.

Stock Repurchase Program

During the first quarter, the Company repurchased approximately 86 thousand shares of its common stock for a total of \$10 million. As of June 30, 2018, the Company had \$241 million remaining under its \$400 million in stock repurchase authorizations.

Full Year Fiscal 2019 Outlook for the Twelve Month Period Ending March 31, 2019

- Net sales are now expected to be in the range of \$1.930 billion to \$1.955 billion.
- Gross margin expected to be slightly better than 49.0%.
- SG&A expenses as a percentage of sales are projected to be slightly better than 36.5%.
- Operating margin expected to be in the range of 12.6% to 12.8%.
- Effective tax rate is expected to be approximately 22.0%.
- Non-GAAP diluted earnings per share are now expected to be in the range of \$6.25 to \$6.45.
- The earnings per share guidance excludes any charges that may occur from additional store closures, tax reform, organizational changes and other one-time or non-recurring charges. It also does not assume any impact from additional share repurchases.

Second Quarter Fiscal 2019 Outlook for the Three Month Period Ending September 30, 2018

- Net sales are expected to be in the range of \$485.0 million to \$495.0 million.
- Non-GAAP diluted earnings per share are expected to be in the range of \$1.60 to \$1.70.
- The earnings per share guidance excludes any charges that may occur from additional store closures, tax reform, organizational changes and other one-time or non-recurring charges. It also does not assume any impact from additional share repurchases.

Non-GAAP Financial Measures

We present certain Non-GAAP financial measures in this press release, including constant currency, Non-GAAP SG&A expenses, Non-GAAP operating income and Non-GAAP diluted earnings (loss) per share, to provide information that may assist investors in understanding our financial results and assessing our prospects for future performance. We believe these Non-GAAP financial measures are important indicators of our operating performance because they exclude items that are unrelated to, and may not be indicative of, our core operating results, such as charges relating to retail store closures, tax reform, organizational changes and other one-time or non-recurring charges. In particular, we believe the exclusion of certain costs and charges allows for a more meaningful comparison of our results from period to period. These Non-GAAP measures, as we calculate them, may not necessarily be comparable to similarly titled measures of other companies and may not be appropriate measures for comparing the performance of other companies relative to Deckers. For example, in order to calculate our constant currency information, we calculate the current period financial information using the foreign currency exchange rates that were in effect during the previous comparable period, excluding the effects of foreign currency exchange rate hedges and re-measurements in the condensed consolidated balance sheets. These Non-GAAP financial results are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP. To the extent we utilize such Non-GAAP financial measures in the future, we expect to calculate them using a consistent method from period to period. A reconciliation of each of the Non-GAAP financial measures to the most directly comparable GAAP measures has been provided under the heading "Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures" in the financial statement tables attached to this press release.

Conference Call Information

The Company's conference call to review the results for the first quarter fiscal 2019 will be broadcast live today, Thursday, July 26, 2018 at 4:30 pm Eastern Time and hosted at www.deckers.com. You can access the broadcast by clicking on the "Investor" tab and then clicking on the microphone icon at the top of the page.

About Deckers Brands

Deckers Brands is a global leader in designing, marketing and distributing innovative footwear, apparel and accessories developed for both everyday casual lifestyle use and high performance activities. The Company's portfolio of brands includes UGG®, Koolaburra®, HOKA ONE ONE®, Teva® and Sanuk®. Deckers Brands products are sold in more than 50 countries and territories through select department and specialty stores, Company-owned and operated retail stores, and select online stores, including Company-owned websites. Deckers Brands has a 40-year history of building niche footwear brands into lifestyle market leaders attracting millions of loyal consumers globally. For more information, please visit www.deckers.com.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, which statements are subject to considerable risks and uncertainties. Forward-looking statements include all statements other than

statements of historical fact contained in this press release, including statements regarding our anticipated financial performance, including our projected net sales, margins, expenses, effective tax rate and earnings (loss) per share, as well as statements regarding our progress towards the achievement of our long term strategic objectives, our ability to compete in our industry, our product and brand positioning and strategies, and our potential repurchase of shares. We have attempted to identify forward-looking statements by using words such as "anticipate," "believe," "could," "estimate," "expected," "intend," "may," "plan," "predict," "project," "should," "will," or "would," and similar expressions or the negative of these expressions.

Forward-looking statements represent our management's current expectations and predictions about trends affecting our business and industry and are based on information available as of the time such statements are made. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy or completeness. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements predicted, assumed or implied by the forward-looking statements. Some of the risks and uncertainties that may cause our actual results to materially differ from those expressed or implied by these forward-looking statements are described in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, as well as in our other filings with the Securities and Exchange Commission.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by applicable law or the listing rules of the New York Stock Exchange, we expressly disclaim any intent or obligation to update any forward-looking statements, or to update the reasons actual results could differ materially from those expressed or implied by these forward-looking statements, whether to conform such statements to actual results or changes in our expectations, or as a result of the availability of new information.

**DECKERS OUTDOOR CORPORATION
AND SUBSIDIARIES**
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(Amounts in thousands, except for per share data)

	Three-month period ended	
	June 30,	
	2018	2017
Net sales	\$ 250,594	\$ 209,717
Cost of sales	<u>135,629</u>	<u>119,092</u>
Gross profit	114,965	90,625
Selling, general and administrative expenses	<u>154,379</u>	<u>146,881</u>
Loss from operations	(39,414)	(56,256)
Other (income) expense, net	<u>(363)</u>	<u>331</u>
Loss before income taxes	(39,051)	(56,587)
Income tax benefit	<u>(8,644)</u>	<u>(14,466)</u>
Net loss	(30,407)	(42,121)
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on foreign currency hedging	5,323	(3,772)
Foreign currency translation adjustment	<u>(7,463)</u>	<u>1,550</u>
Total other comprehensive loss	(2,140)	(2,222)
Comprehensive loss	\$ <u>(32,547)</u>	\$ <u>(44,343)</u>
Net loss per share:		
Basic	\$ (1.00)	\$ (1.32)
Diluted	\$ (1.00)	\$ (1.32)
Weighted-average common shares outstanding:		
Basic	30,423	31,991
Diluted	30,423	31,991

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

DECKERS BRANDS - GAAP to Non-GAAP Reconciliation
For the Three Months Ended June 30, 2018
(Amounts in thousands, except for per share data)

(Unaudited)

Three-month period ended June 30, 2018			
	GAAP Measures (As Reported)	Restructuring and Other Charges (1)	Non-GAAP Measures (Excluding Items) (2) (3)
Net sales	\$ 250,594		\$ 250,594
Cost of sales	135,629		135,629
Gross profit	114,965		114,965
Selling, general and administrative expenses	154,379	(523)	153,856
Loss from operations	(39,414)	523	(38,891)
Other income, net	(363)		(363)
Loss before income taxes	(39,051)		(38,529)
Income tax benefit	(8,644)		(8,663)
Net loss	\$ (30,407)		\$ (29,866)
Net loss per share:			
Basic	\$ (1.00)		\$ (0.98)
Diluted	\$ (1.00)		\$ (0.98)
Weighted-average common shares outstanding:			
Basic	30,423		30,423
Diluted	30,423		30,423

(1) Amounts as of June 30, 2018 reflect charges related to organizational changes.

(2) The tax rate applied to the Non-GAAP measures is 22.5% for the fiscal quarter ended June 30, 2018.

(3) Figures do not sum due to rounding.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

DECKERS BRANDS - GAAP to Non-GAAP Reconciliation

For the Three Months Ended June 30, 2017

(Amounts in thousands, except for per share data)

(Unaudited)

Three-month period ended June 30, 2017			
	GAAP Measures (As Reported)	Restructuring and Other Charges (1)	Non-GAAP Measures (Excluding Items) (2)
Net sales	\$ 209,717		\$ 209,717
Cost of sales	119,092		119,092
Gross profit	90,625		90,625
Selling, general and administrative expenses	146,881	(1,944)	144,937
Loss from operations	(56,256)	1,944	(54,312)
Other expense, net	331		331
Loss before income taxes	(56,587)		(54,643)
Income tax benefit	(14,466)		(13,727)
Net loss	\$ (42,121)		\$ (40,916)
Net loss per share:			
Basic	\$ (1.32)		\$ (1.28)

Diluted \$ (1.32) \$ (1.28)

Weighted-average common shares outstanding:

Basic	31,991	31,991
Diluted	31,991	31,991

- (1) Amounts as of June 30, 2017 reflect charges related to restructuring costs, other charges related to organizational changes and the strategic review process.
(2) The tax rate applied to the Non-GAAP measures is 25.1% for the fiscal quarter ended June 30, 2017.

**DECKERS OUTDOOR CORPORATION
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Amounts in thousands)**

Assets	June 30, 2018	March 31, 2018
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 417,851	\$ 429,970
Trade accounts receivable, net	131,899	143,704
Inventories, net	435,564	299,602
Other current assets	<u>54,646</u>	<u>37,414</u>
Total current assets	1,039,960	910,690
Property and equipment, net	217,653	220,162
Other noncurrent assets	<u>129,107</u>	<u>133,527</u>
Total assets	<u>\$ 1,386,720</u>	<u>\$ 1,264,379</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 585	\$ 578
Trade accounts payable	262,508	93,939
Other current liabilities	<u>91,498</u>	<u>94,649</u>
Total current liabilities	354,591	189,166
Long-term liabilities:		
Mortgage payable	31,358	31,504
Other liabilities	<u>98,620</u>	<u>102,930</u>
Total long-term liabilities	129,978	134,434
Total stockholders' equity	<u>902,151</u>	<u>940,779</u>
Total liabilities and stockholders' equity	<u>\$ 1,386,720</u>	<u>\$ 1,264,379</u>