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

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

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**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): October 25, 2018

**DECKERS OUTDOOR CORPORATION**

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(Exact name of registrant as specified in its charter)

Delaware

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(State or other jurisdiction of incorporation)

001-36436

(Commission File Number)

95-3015862

(IRS Employer Identification No.)

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250 Coromar Drive, Goleta, California

(Address of principal executive offices)

93117

(Zip code)

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

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(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.

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**Item 2.02. Results of Operations and Financial Condition.**

On October 25, 2018, Deckers Outdoor Corporation (the “Company”) issued a press release announcing its financial results for the three months ended September 30, 2018 and updating its guidance for full fiscal year 2019. The Company also held a conference call regarding the financial results and updated guidance. 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 October 25, 2018</u>

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**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: October 25, 2018

Deckers Outdoor Corporation

/s/ Steven J. Fasching

Steven J. Fasching

Chief Financial Officer

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## EXHIBIT INDEX

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press Release, dated October 25, 2018</a>

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## Section 2: EX-99.1 (EXHIBIT 99.1)

### Deckers Brands Reports Second Quarter Fiscal 2019 Financial Results And Raises Guidance For Full Year Fiscal 2019

GOLETA, Calif., Oct. 25, 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 second fiscal quarter ended September 30, 2018. The Company also provided its financial outlook for the third fiscal quarter ending December 31, 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.

"The continued profitability gains in the UGG brand and top-line growth within the HOKA ONE ONE brand drove second quarter results, as both sales and earnings per share exceeded expectations," said Dave Powers, President and Chief Executive Officer. "Profitability in the second quarter was aided by a 350 basis point increase in gross margin over last year. While a portion of the increase in gross margin came from one-time savings in the quarter, the Company continues to execute well on our long-term plan of improving levels of profitability. Additionally, our confidence in our strategy, the momentum we see in the business and the strength of the brand portfolio has led us to raise our fiscal year 2019 guidance."

### Second Quarter Fiscal 2019 Financial Review

- **Net sales** increased 4.0% to \$501.9 million compared to \$482.5 million for the same period last year. On a constant currency basis, net sales increased 3.3%.
- **Gross margin** was 50.2% compared to 46.7% for the same period last year.
- **SG&A expenses** were \$161.5 million compared to \$157.8 million for the same period last year. Non-GAAP SG&A expenses were \$161.2 million this year compared to \$157.3 million last year.
- **Operating income** was \$90.4 million compared to \$67.4 million for the same period last year. Non-GAAP operating income was \$90.7 million this year compared to \$67.8 million last year.
- **Diluted earnings per share** was \$2.48 compared to \$1.54 for the same period last year. Non-GAAP diluted earnings per share was \$2.38 this year compared to \$1.54 last year.

### Brand Summary

- UGG® brand net sales for the second quarter decreased 1.0% to \$396.3 million compared to \$400.4 million for the same period last year.
- HOKA ONE ONE® brand net sales for the second quarter increased 28.4% to \$52.1 million compared to \$40.6 million for the same period last year.
- Teva® brand net sales for the second quarter increased 0.6% to \$21.5 million compared to \$21.4 million for the same period last year.
- Sanuk® brand net sales for the second quarter decreased 9.4% to \$13.8 million compared to \$15.2 million for the same period last year.

### Channel Summary (included in the brand sales numbers above)

- Wholesale net sales for the second quarter increased 4.3% to \$408.0 million compared to \$391.2 million for the same period last year.
- DTC net sales for the second quarter increased 2.8% to \$93.9 million compared to \$91.3 million for the same period last year. DTC comparable

sales for the second quarter increased 4.8% over the same period last year.

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

- Domestic net sales for the second quarter increased 2.9% to \$311.6 million compared to \$302.7 million for the same period last year.
- International net sales for the second quarter increased 5.9% to \$190.3 million compared to \$179.8 million for the same period last year.

#### **Balance Sheet (September 30, 2018 as compared to September 30, 2017)**

- Cash and cash equivalents were \$182.2 million compared to \$230.6 million.
- Inventories were \$514.9 million compared to \$555.6 million.
- Outstanding borrowings were \$102.7 million compared to \$165.3 million.

#### **Stock Repurchase Program**

During the second quarter, the Company repurchased approximately 1.1 million shares of its common stock for a total of \$125 million. As of September 30, 2018, the Company had \$116 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 \$1.935 billion to \$1.960 billion.
- Gross margin is now expected to be approximately 50%.
- SG&A expenses as a percentage of sales are projected to be slightly better than 37%.
- Operating margin is now expected to be in the range of 13.0% to 13.2%.
- Effective tax rate is now expected to be approximately 21%.
- Non-GAAP diluted earnings per share are now expected to be in the range of \$6.65 to \$6.85.
- 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.

#### **Third Quarter Fiscal 2019 Outlook for the Three Month Period Ending December 31, 2018**

- Net sales are expected to be in the range of \$805.0 million to \$825.0 million.
- Non-GAAP diluted earnings per share are expected to be in the range of \$5.10 to \$5.25.
- 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 second quarter fiscal 2019 will be broadcast live today, Thursday, October 25, 2018 at 4:30 pm Eastern Time and hosted at [www.deckers.com](http://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 over 40 years of history building niche footwear brands into lifestyle market leaders attracting millions of loyal consumers globally. For more information, please visit [www.deckers.com](http://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 INCOME (UNAUDITED)  
(dollar and share data amounts in thousands, except per share data)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net sales	\$ 501,913	\$ 482,460	\$ 752,507	\$ 692,177
Cost of sales	250,026	257,343	385,655	376,435
<b>Gross profit</b>	<b>251,887</b>	<b>225,117</b>	<b>366,852</b>	<b>315,742</b>
Selling, general and administrative expenses	161,475	157,762	315,854	304,643
<b>Income from operations</b>	<b>90,412</b>	<b>67,355</b>	<b>50,998</b>	<b>11,099</b>
Other expense, net	637	1,034	274	1,365
<b>Income before income taxes</b>	<b>89,775</b>	<b>66,321</b>	<b>50,724</b>	<b>9,734</b>
Income tax expense	15,403	16,762	6,759	2,296
<b>Net income</b>	<b>74,372</b>	<b>49,559</b>	<b>43,965</b>	<b>7,438</b>
<b>Other comprehensive (loss) income, net of tax</b>				
Unrealized (loss) gain on foreign currency exchange rate hedges	(1,197)	(911)	4,126	(4,683)
Foreign currency translation (loss) gain	(3,861)	2,968	(11,324)	4,518
<b>Total other comprehensive (loss) income</b>	<b>(5,058)</b>	<b>2,057</b>	<b>(7,198)</b>	<b>(165)</b>
<b>Comprehensive income</b>	<b>\$ 69,314</b>	<b>\$ 51,616</b>	<b>\$ 36,767</b>	<b>\$ 7,273</b>
<b>Net income per share</b>				
Basic	\$ 2.49	\$ 1.55	\$ 1.46	\$ 0.23
Diluted	\$ 2.48	\$ 1.54	\$ 1.45	\$ 0.23
<b>Weighted-average common shares outstanding</b>				
Basic	29,849	32,015	30,134	32,003
Diluted	30,028	32,272	30,327	32,256

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(dollar amounts in thousands)

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
<b>ASSETS</b>	<b>(UNAUDITED)</b>	
<b>Current assets</b>		
Cash and cash equivalents	\$ 182,192	\$ 429,970
Trade accounts receivable, net	321,784	143,704
Inventories, net	514,927	299,602

Other current assets	59,562	37,414
Total current assets	1,078,465	910,690
Property and equipment, net	215,720	220,162
Other noncurrent assets	129,783	133,527
<b>Total assets</b>	<b>\$ 1,423,968</b>	<b>\$ 1,264,379</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current liabilities**

Short-term borrowings	\$ 71,473	\$ 578
Trade accounts payable	277,577	93,939
Other current liabilities	99,167	94,649
Total current liabilities	448,217	189,166

Mortgage payable	31,210	31,504
Other long-term liabilities	97,754	102,930
Total long-term liabilities	128,964	134,434

Total stockholders' equity	846,787	940,779
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<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,423,968</b>	<b>\$ 1,264,379</b>
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**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(dollar and share data amounts in thousands, except per share data)

	Three Months Ended September 30, 2018		
	GAAP Measures (As Reported)	Restructuring and Other Charges (1)	Non-GAAP Measures (Excluding Items) (2) (3)
Net sales	\$ 501,913		\$ 501,913
Cost of sales	250,026		250,026
<b>Gross profit</b>	<b>251,887</b>		<b>251,887</b>
Selling, general and administrative expenses	161,475	(295)	161,180
<b>Income from operations</b>	<b>90,412</b>	<b>295</b>	<b>90,707</b>
Other expense (income), net	637	(445)	192
<b>Income before income taxes</b>	<b>89,775</b>	<b>740</b>	<b>90,515</b>
Income tax expense	15,403		19,008
<b>Net income</b>	<b>\$ 74,372</b>		<b>\$ 71,507</b>
<b>Net income per share</b>			
Basic	\$ 2.49		\$ 2.40
Diluted	\$ 2.48		\$ 2.38
<b>Weighted-average common shares outstanding</b>			
Basic	29,849		29,849
Diluted	30,028		30,028

- (1) Amounts as of September 30, 2018 reflect charges related to restructuring costs, other charges related to organizational changes and charges in connection with the Company's refinancing of its prior credit facility.
- (2) The effective tax rate for the GAAP measures is 17.2% and the tax rate applied to the Non-GAAP measures is 21% for the three months ended September 30, 2018, which represents our expected effective tax rate for fiscal year 2019.
- (3) Figures may not sum due to rounding.

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(dollar and share data amounts in thousands, except per share data)

Three Months Ended September 30, 2017	
GAAP Measures	Non-GAAP Measures

	<u>(As Reported)</u>	<u>Other Charges (1)</u>	<u>(Excluding Items) (2)</u>
Net sales	\$ 482,460		\$ 482,460
Cost of sales	257,343		257,343
<b>Gross profit</b>	<b>225,117</b>		<b>225,117</b>
Selling, general and administrative expenses	157,762	(464)	157,298
<b>Income from operations</b>	<b>67,355</b>	<b>464</b>	<b>67,819</b>
Other expense, net	1,034	—	1,034
<b>Income before income taxes</b>	<b>66,321</b>	<b>464</b>	<b>66,785</b>
Income tax expense	16,762		17,084
<b>Net income</b>	<b>\$ 49,559</b>		<b>\$ 49,701</b>

**Net income per share**

Basic	\$ 1.55	\$ 1.55
Diluted	\$ 1.54	\$ 1.54

**Weighted-average common shares outstanding**

Basic	32,015	32,015
Diluted	32,272	32,272

- (1) Amounts as of September 30, 2017 reflect other charges related to organizational changes, the strategic review process and the contested annual meeting.  
(2) The tax rate applied to the Non-GAAP measures is 25.6% for the three months ended September 30, 2017.

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(dollar and share data amounts in thousands, except per share data)

	<u>Six Months Ended September 30, 2018</u>		
	<u>GAAP Measures</u>	<u>Restructuring and</u>	<u>Non-GAAP</u>
	<u>(As Reported)</u>	<u>Other Charges (1)</u>	<u>Measures</u>
			<u>(Excluding Items)</u>
			<u>(2) (3)</u>
Net sales	\$ 752,507		\$ 752,507
Cost of sales	385,655		385,655
<b>Gross profit</b>	<b>366,852</b>		<b>366,852</b>
Selling, general and administrative expenses	315,854	(818)	315,037
<b>Income from operations</b>	<b>50,998</b>	<b>818</b>	<b>51,816</b>
Other expense (income), net	274	(445)	(171)
<b>Income before income taxes</b>	<b>50,724</b>	<b>1,263</b>	<b>51,986</b>
Income tax expense	6,759		10,345
<b>Net income</b>	<b>\$ 43,965</b>		<b>\$ 41,641</b>

**Net income per share**

Basic	\$ 1.46	\$ 1.38
Diluted	\$ 1.45	\$ 1.37

**Weighted-average common shares outstanding**

Basic	30,134	30,134
Diluted	30,327	30,327

- (1) Amounts as of September 30, 2018 reflect charges related to restructuring costs, other charges related to organizational changes and charges in connection with the Company's refinancing of its prior credit facility.  
(2) The effective tax rate for the GAAP measures is 13.3% and the tax rate applied to the Non-GAAP measures is 19.9% for the six months ended September 30, 2018. The 19.9% Non-GAAP tax rate is calculated using the blended Non-GAAP tax rates for the three months ended June 30, 2018 and September 30, 2018, respectively.  
(3) Figures may not sum due to rounding.

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(dollar and share data amounts in thousands, except per share data)

Six Months Ended September 30, 2017



	<b>GAAP Measures (As Reported)</b>	<b>Restructuring and Other Charges (1)</b>	<b>Non-GAAP Measures (Excluding Items) (2)</b>
Net sales	\$ 692,177		\$ 692,177
Cost of sales	376,435		376,435
<b>Gross profit</b>	<b>315,742</b>		<b>315,742</b>
Selling, general and administrative expenses	304,643	(2,408)	302,235
<b>Income from operations</b>	<b>11,099</b>	<b>2,408</b>	<b>13,507</b>
Other expense, net	1,365	—	1,365
<b>Income before income taxes</b>	<b>9,734</b>	<b>2,408</b>	<b>12,142</b>
Income tax expense	2,296		3,357
<b>Net income</b>	<b>\$ 7,438</b>		<b>\$ 8,785</b>
<b>Net income per share</b>			
Basic	\$ 0.23		\$ 0.27
Diluted	\$ 0.23		\$ 0.27
<b>Weighted-average common shares outstanding</b>			
Basic	32,003		32,003
Diluted	32,256		32,256

(1) Amounts as of September 30, 2017 reflect other charges related to organizational changes, the strategic review process and the contested annual meeting.

(2) The tax rate applied to the Non-GAAP measures is 27.6% for the six months ended September 30, 2017.

CONTACT: Erinn Kohler | Director, Investor Relations & Corporate Planning | Deckers Brands | 805.967.7611

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