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## Barry Deltoff

### How I chose this stock

- Using finviz.com, I found that the Consumer Cyclical Sector has performed well in 2024.
- Going to the screener at BetterInvesting.org, I looked at all the Predefined Screens and made a list of those companies in the Consumer Cyclical Sector. DECK appeared in the Quality, Value, and Roster of Quality screens.
- I next went to stockcharts.com and checked for Seasonality. I compared DECK to the other companies in the Predefined Screens and saw that DECK held up well in that comparison.
- Back at BetterInvesting.org, I added all the companies (16) in this Industry (Footwear and accessories) to a Filtered List. I made sure my Filtered List was cleared beforehand. Seven companies had sales growth rates expected for a company of their size, and six companies had earnings growth rates expected for a company of their size. Two companies were removed due to a poor Prot Grade, leaving four companies to study: CROX, DECK, NKE, and SKX.
- DECK has an EPS R2 of .98 (1.0 = perfect alignment) and a PE/Hist EPS of 0.9, showing if it is overvalued or not. It's Morningstar Grades are all good.

## SSG

DECK is a medium-sized company with an expected growth rate of between 8% and 12%. Ten-year historical sales growth is 10.2%. I removed the years 2014, 15, 16, 17, and 18 with a resulting historical sales growth equal to 19.1%. I used the analyst consensus estimate of 12.9% for my forecasted sales growth rate.

For PTP and EPS, I removed years 2014,15,16, and 17 with a resulting historical EPS growth rate of 26.6%. PTP is growing faster than sales growth showing improving management control. EPS is growing parallel to PTP. The Trump administration has indicated they would like to lower corporate tax rates. If this happens, it will boost the EPS growth rate even more. I did use the analyst consensus estimate of 13.3% for my forecasted EPS growth rate. Looking at the 10-year Price Earnings History, I removed from the high PE years 2016 and 2018 giving me a 10-year high PE average of 25.1. For the low PE, I removed years 2016, 2018, 2019, and 2020 giving me a 10-year low PE average of 13.4. This company currently does not have dividends.

In section four, Evaluating Risk and Reward, I chose the high PE from the year 2023 (32.8) giving me a forecasted high price of \$348.30. For my low price, I looked at the price chart for DECK and saw major support at the \$162 price level (see accompanying chart). If DECK ever trades down to this level and this level does not hold, I would sell this stock. Using these judgments, today (January 7th, 2025) with a current price of \$206, I get a BUY rating of 3.0:1.

Competitors: CROX, NKE, SKX. I was not impressed with the SSGs of CROX or NKE. SKX has a decent SSG and may be in the BUY zone (01/07/2025). It is a lower-priced stock and worthy of comparison.

# Randy Carpenter

## SSG

### Analyze Growth and Quality

#### Sales growth

Source	Duration	Percent growth
SSG	2 years	12.9%
Yahoo Finance	1 year	10.8%
Zacks	1 year	9.95%
<b>Average growth</b>		11.21

- Based on the average of the 3 sources(rounded), I chose a sales growth rate of 11.0%

#### Earning growth

Source	Duration	Percent growth
SSG	5 year	13.3%
Yahoo Finance	1 year	14.41%
Zacks	1 year	14.29%
<b>Average growth</b>		14.0%

- Based on the average of the 3 sources, I chose an earning growth rate of 11.0%

## Evaluating Risk and Reward

### High Price

- For the High P/E ratio:
  - I only used data from the last 5 years.
  - The SSG calculated an average value of 26.2
  - For my calculations, I used *the rounded down value of 26.0*
- *The calculated high price for the next 5 years was \$284.70*

### Low Price

- For the low P/E ration:
  - I used the past 5 years data.
  - The SSG average value was 11.4
  - For my calculations, I used the rounded up value of 12
- *The calculated low price using a low P/E of 12 was \$68.30*

### Zoning

Buy	\$68.30	\$122.4
Hold	\$122.4	\$230.6
Sell	\$230.6	\$284.7

### Conclusion

The price of DECK was \$208.47 at the time the SSG was prepared. Based on this value, the table above indicates that DECK falls within the HOLD zone. While I have confidence in Deckers Outdoors as an excellent company, I will refrain from making a purchase until a more favorable SSG evaluation is achieved.