



# Lance Allega Director, Investor Relations

#### **Disclosure Statement**

Certain commentary included in today's presentations, prepared remarks and our Q&A session may constitute forward-looking statements under the definition of Federal Securities law. Forward-looking statements include management's current expectations, estimates and other projections about our business, results of operations and the industries in which VF operates.

Actual results may differ materially from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from those projected in the forward-looking statements are discussed in the documents filed with the SEC.

Additionally, presenters may discuss non-GAAP financial measures. You will find any appropriate reconciliations in our press release, which was issued a few minutes ago, and at our website at vfc.com.

# Agenda

#### **Opening Remarks / 2017 Targets**

#### **Eric Wiseman**

Chairman, President and Chief Executive Officer

#### **Outdoor & Action Sports**

#### **Steve Rendle**

Vice President, VF Corporation and Group President, Outdoor & Action Sports Americas

#### Jeanswear & Imagewear

#### **Scott Baxter**

Vice President, VF Corporation and Group President, Jeanswear, Imagewear and South America

#### **Sportswear**

#### **Karen Murray**

President, VF Sportswear

#### **Contemporary Brands**

#### Susan Kellogg

President, VF Contemporary Brands

#### Strategy, Consumer Insights, Brand Management & Innovation

#### **Stephen Dull**

Vice President, Strategy & Innovation

#### **Direct-to-Consumer**

#### Mike Gannaway

Vice President, VF Direct/Customer Teams

#### **Supply Chain**

#### **Tom Glaser**

Vice President, VF Corporation and President-Supply Chain

#### **International Panel Discussion**

#### **Karl Heinz Salzburger**

Vice President, VF Corporation and Group President, International

#### Aidan O'Meara

President. VF Asia Pacific

#### **Rick Wood**

President, VF Outdoor & Action Sports EMEA

#### Martino Scabbia Guerrini

President, VF Contemporary & Sportswear Brands International

#### **VF Financial Overview**

#### **Bob Shearer**

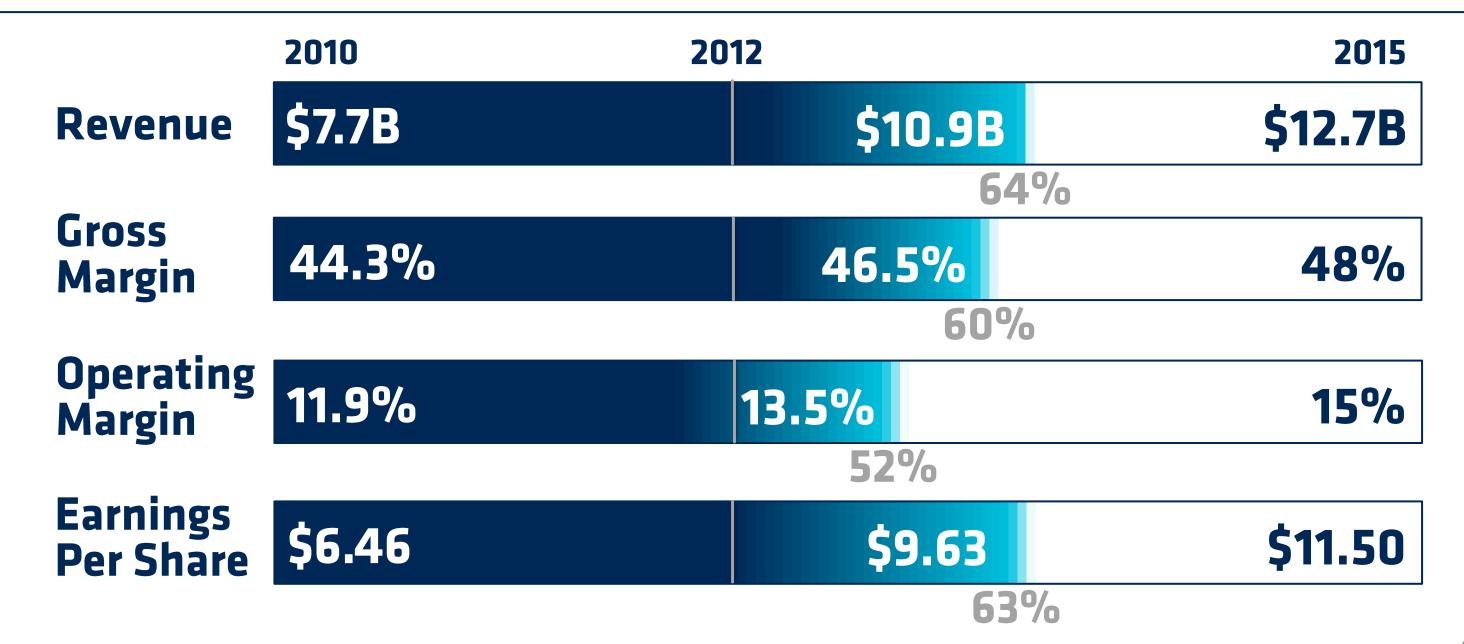
Senior Vice President and Chief Financial Officer



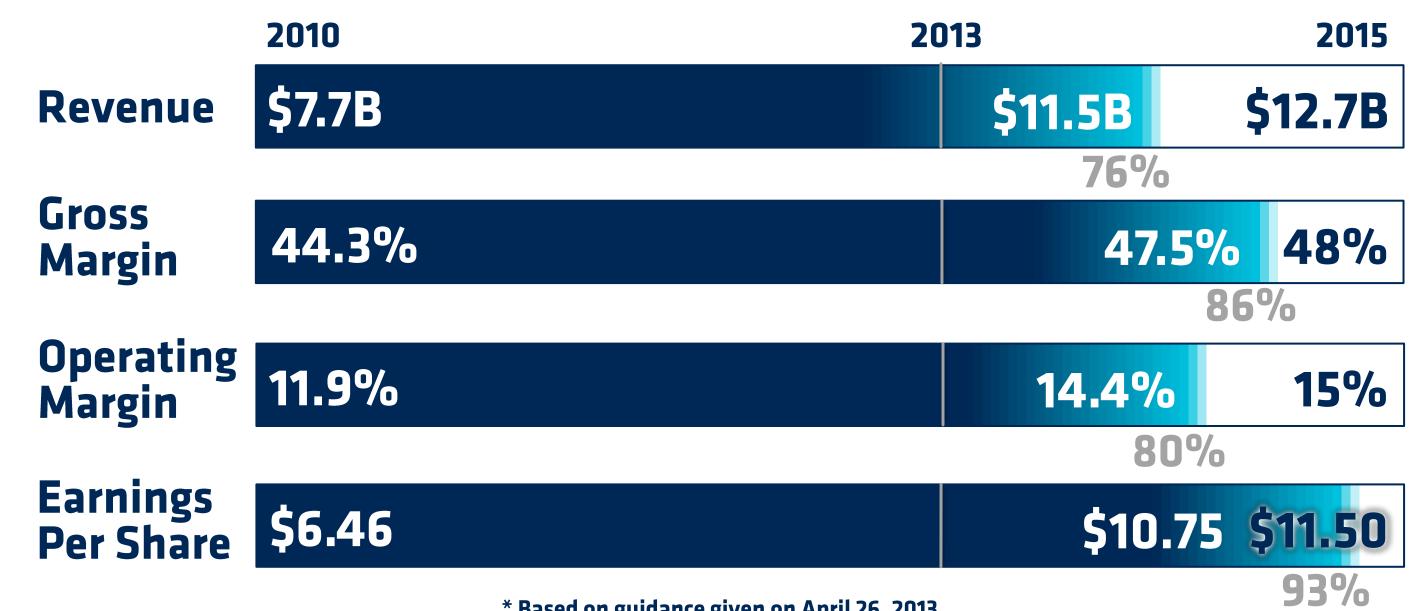


# Eric Wiseman Chairman, President & Chief Executive Officer

# 2012 - Year 2 of 5-year Plan



# 2013 - Year 3 of 5-year Plan\*





# Powerful Brands Powerful Platforms



# Powerful Brands Powerful Platforms

# **Powerful Diversity**











Splendid



































#### **Powerful Innovation**

- Creating new opportunities for growth
- Shaping the future of apparel and footwear
- From the mass market to the mountain top, we innovate
- Deliver groundbreaking sustainable products and services

#### **Powerful Connection**

- Inspiring deep relationships with consumers
- Connecting across lifestyles, aspirations and passions
- Informing our strategies to win deeper brand loyalty













# Powerful Brands Powerful Platforms

# VF's Global Platforms to Optimize Performance





# Growth

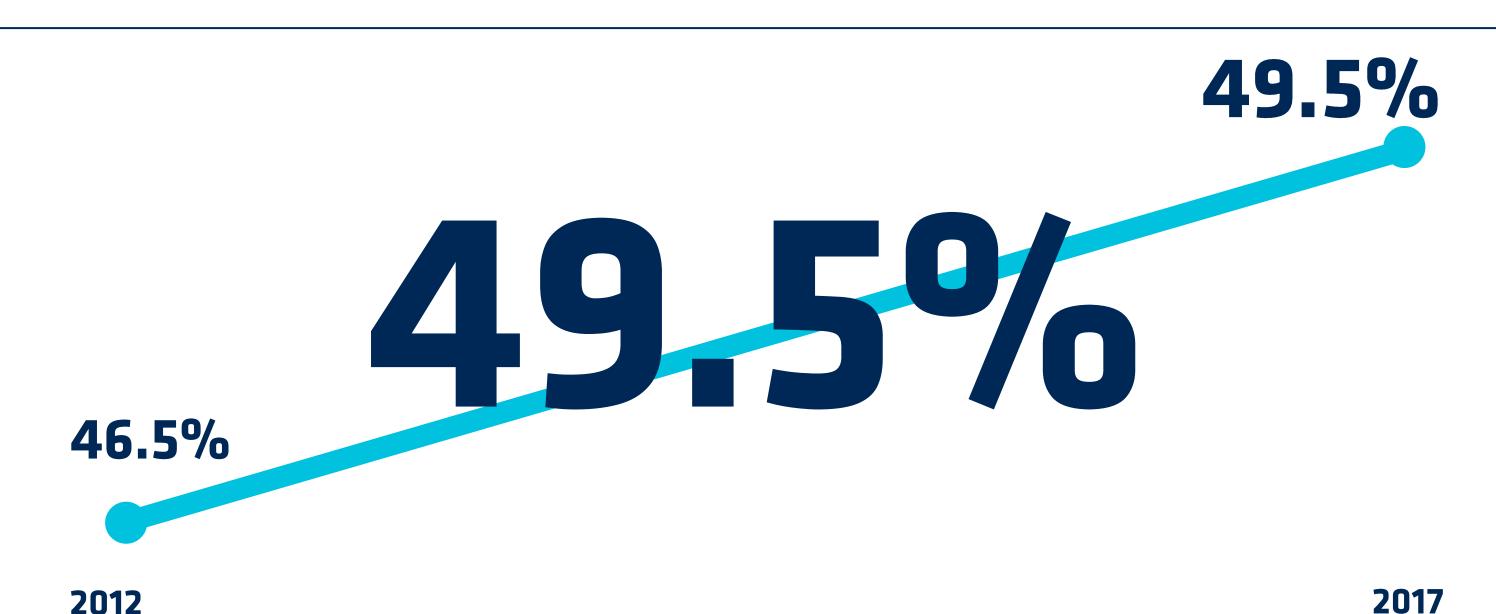
#### 2017 Revenues

5-year CAGR: 10%



# 2017 Gross Margin

#### +300 Basis Points



# 2017 Operating Margin

#### +250 Basis Points



## 2017 Earnings Per Share

5-year CAGR: 13%



# 2017 Cash Flow from Operations

5-year CAGR: 10%





Powerful Brands / Powerful Platforms

























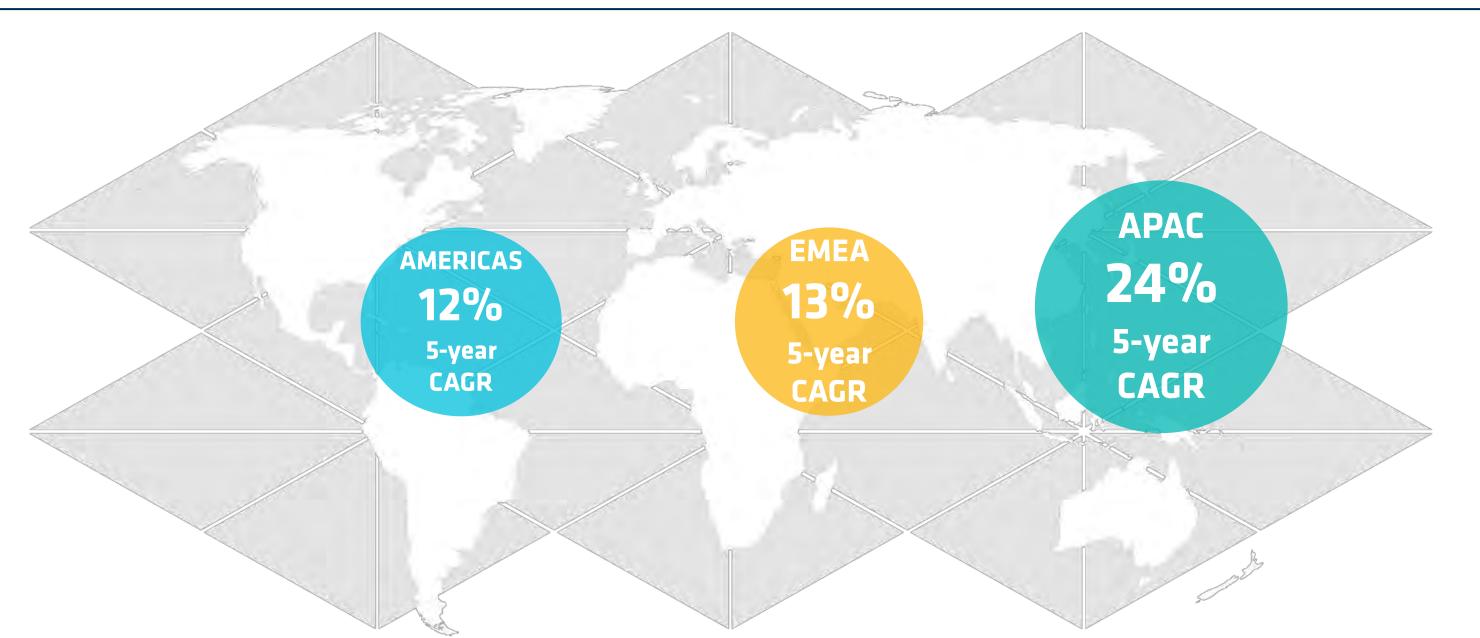
# Steve Rendle

Vice President & Group President, Outdoor & Action Sports Americas

# 2017 Outdoor & Action Sports Revenues



# 5-year Revenue Growth CAGR by Region



# **Powerful Brands Driving Strong Growth**



### VANS









**#1 Outdoor Brand** 

A Global Leader in Action Sports

Largest Outdoor Lifestyle Brand

# **Huge Market Potential**



Global
Outdoor Market

\$25B

2012 \$1.9B

NPD Global Sports Market Estimate

**#1 Outdoor Brand** 

#### VANS

Global Action Sports & Classic/Sport Inspired

\$28B

2012 \$1.5B

NPD Global Sports Market Estimate

Global Leader in Action Sports

# Timberland 488

Men's Global Non-Sports Footwear

\$75B

2012 \$1.5B

Euromonitor International

Largest Outdoor
Lifestyle Brand On Earth 5

#### **How We Win**



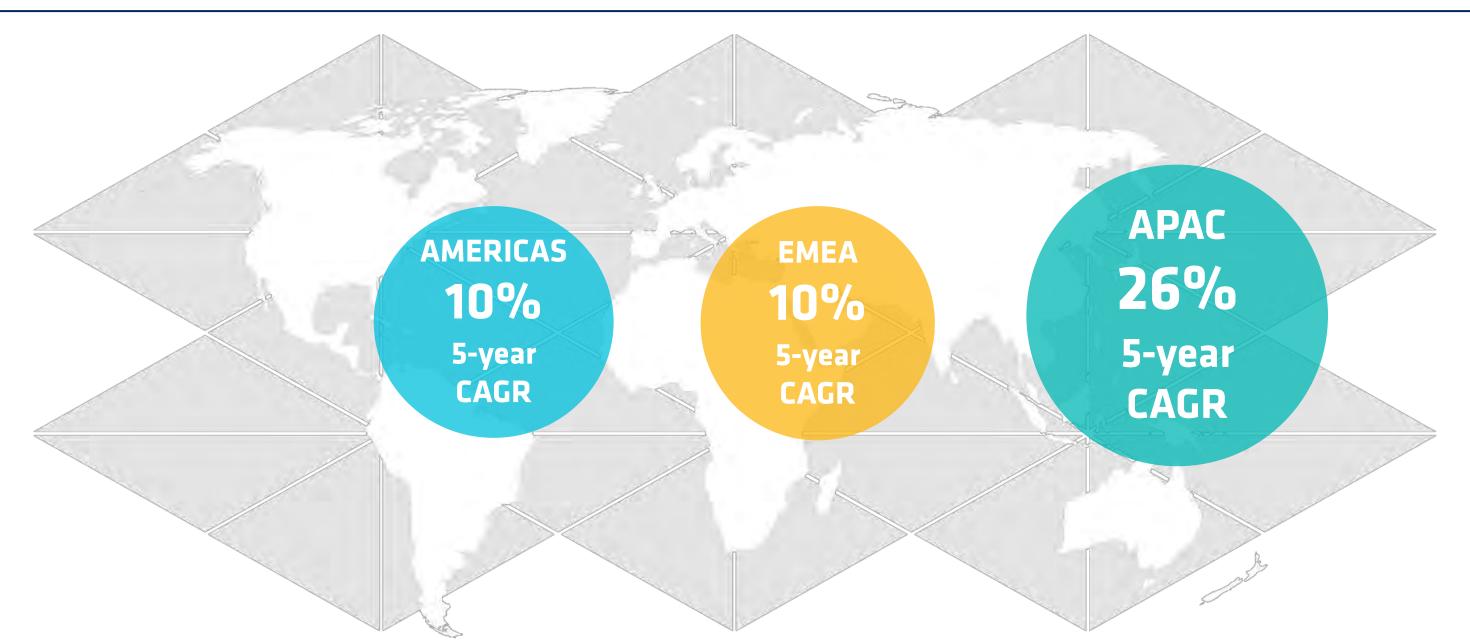
#### 2017 Revenues





# 5-year Revenue Growth CAGR by Region

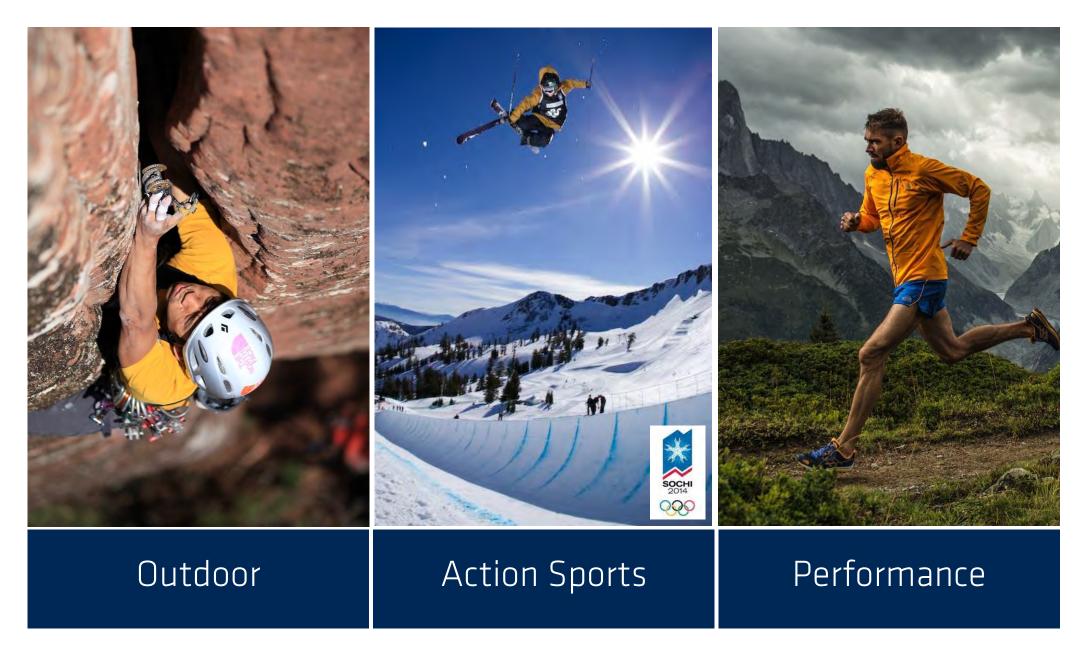




## **Evolution: Activity Based Model**



Focusing innovation to authentically extend the brand reach towards a 4-season model



## Lead in Innovation New Platform: Science of Warmth





## Lead in Innovation New Platform: Ultra Collection





## Connect With Consumers Telling Our Story



#### CONTENT







SUMMIT SERIES"







FLIGHT SERIES"

#### DISTRIBUTION



TNF.COM



Digital Video Platforms



Social Media



Media

#### **DEVICES**



PC







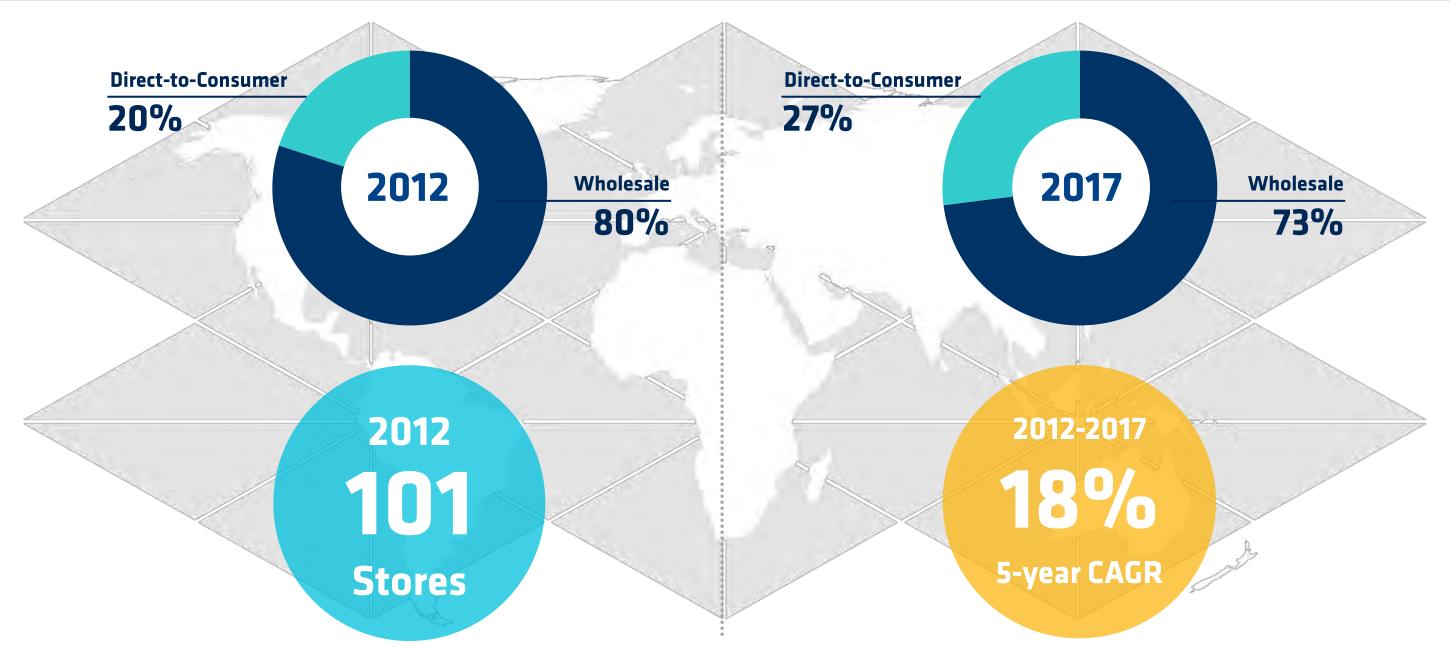


Smartphone

Tablets

## **Serve Consumers Directly**





# Geographic Expansion **EMEA**





Well-Developed Outdoor Consumer	Brand Awareness	Leading	Growing	Seeding
	FREERIDE WORLD TOUR			

# Geographic Expansion Asia Pacific













Revenues





\$160M

Five-year CAGR: 26%

2012

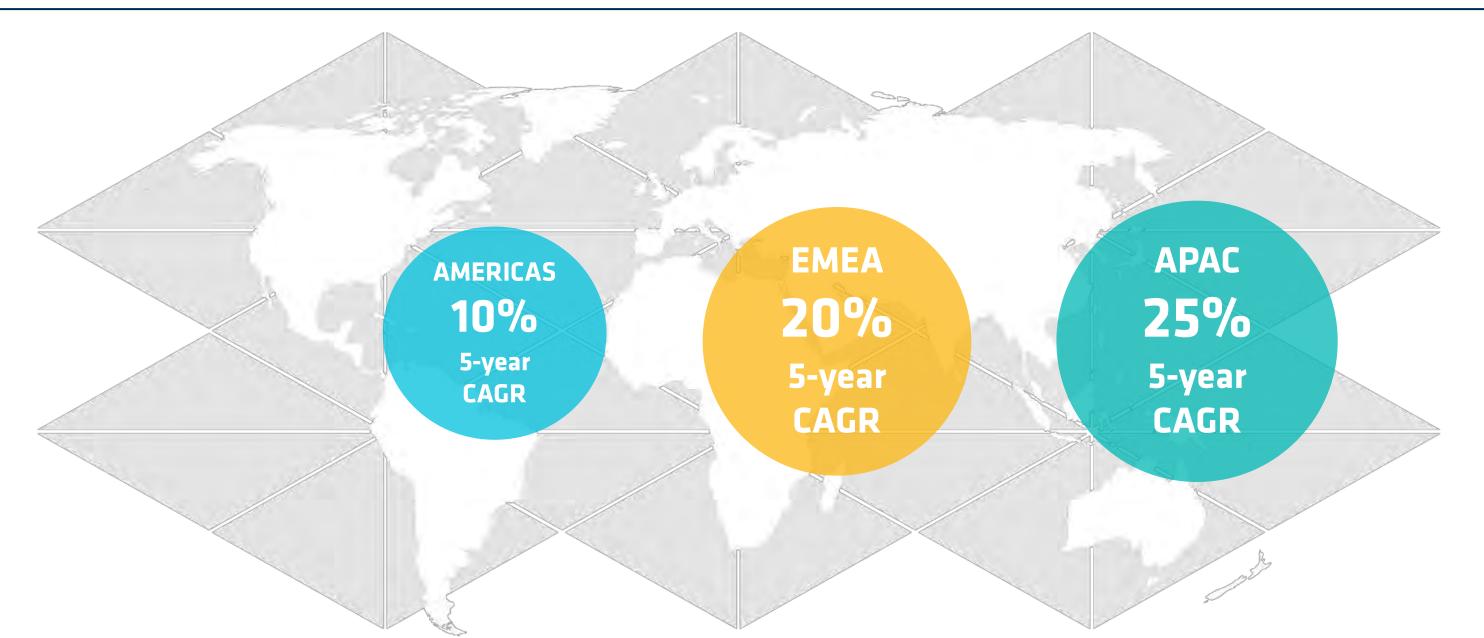
#### 2017 Revenues





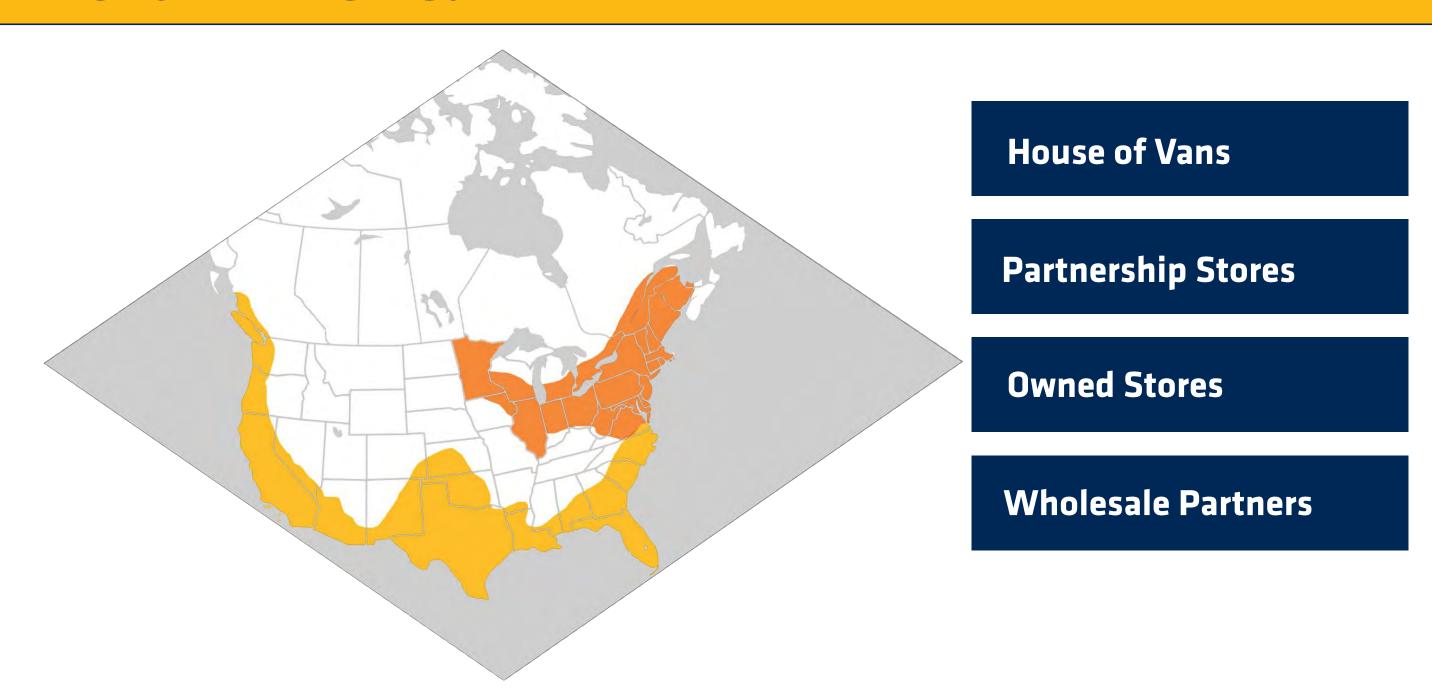
#### 5-year Revenue Growth CAGR by Region





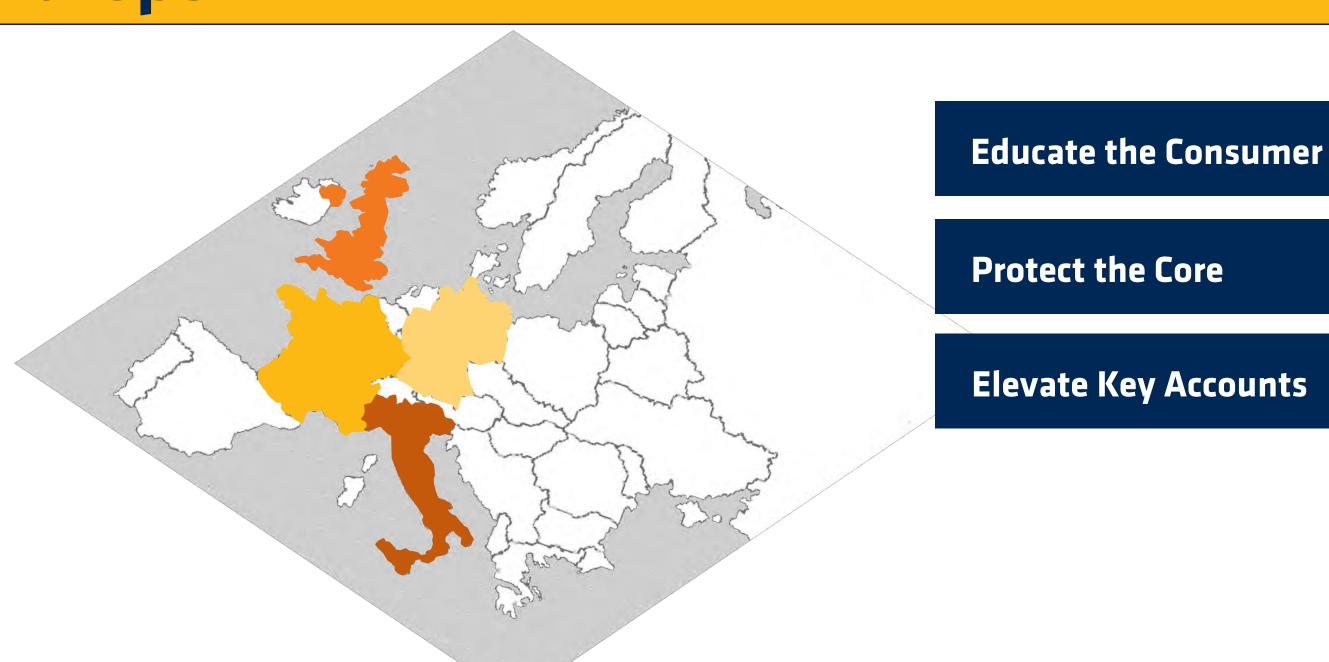
## Geographic Expansion North America





# Geographic Expansion **Europe**





## Connect With Consumers Telling Our Story



#### CONTENT









**Action Sports** 

Music

Street

#### DISTRIBUTION





Art









VANS.COM

Digital Video Platforms

Social Media

Media

#### **DEVICES**



PC





Smartphone

Tablets

## Lead in Innovation The Next Chapter of Authenticity











**Performance** 

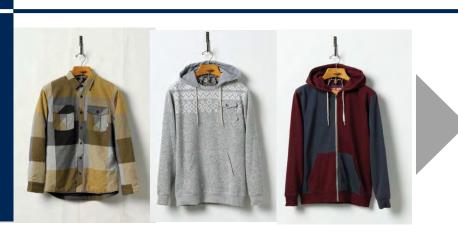






RAPID W FID TM

**Apparel** 



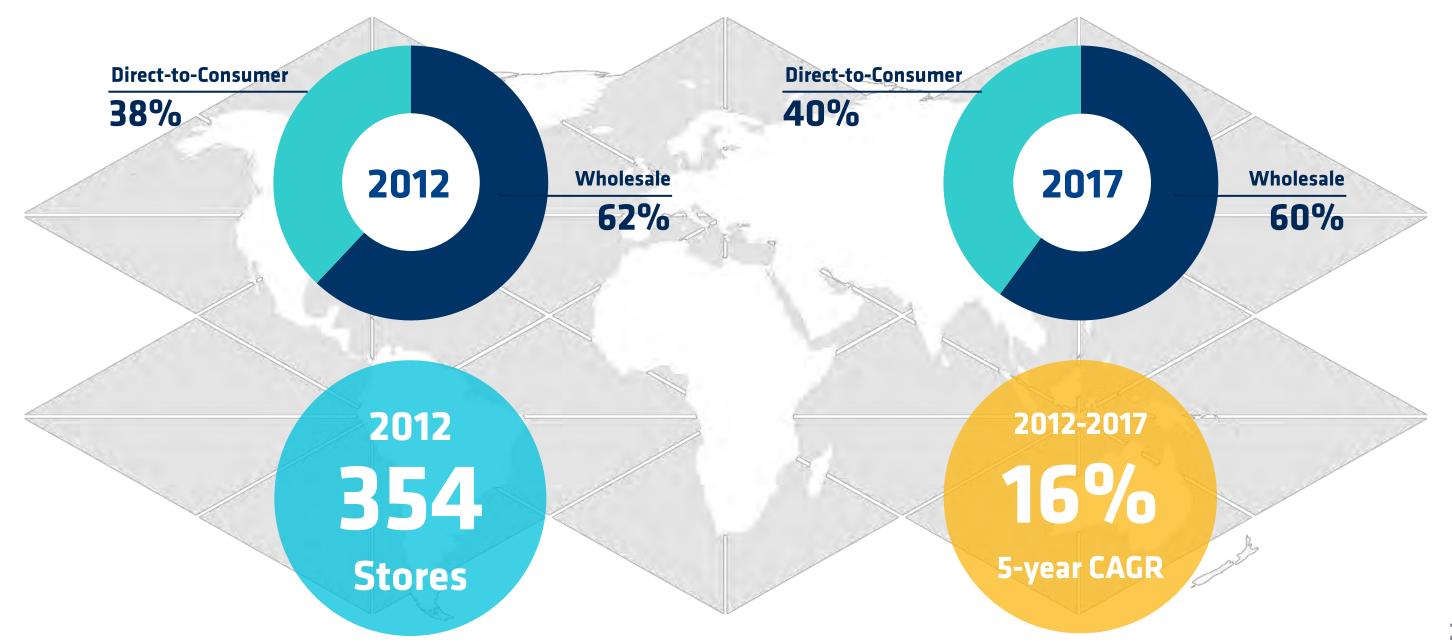




ion-mask™

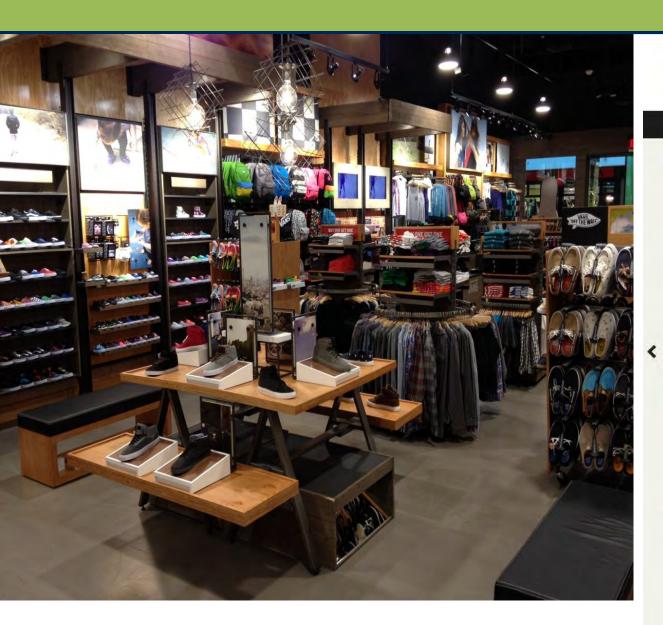
## **Serve Consumers Directly**





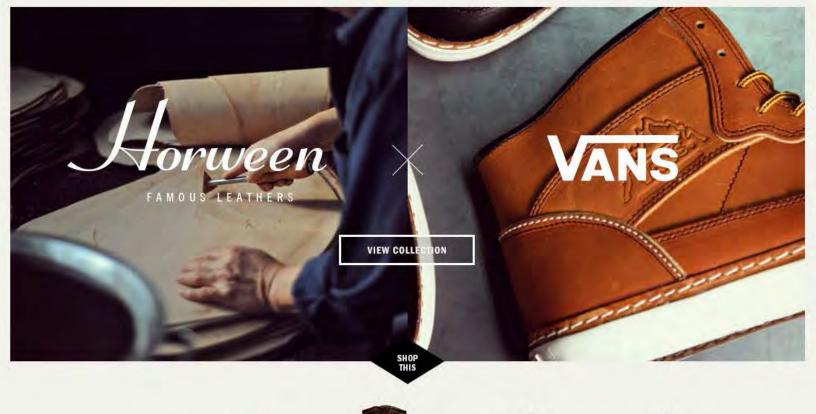
## Direct-to-Consumer







#### FREE SHIPPING ON ORDERS OVER \$49













Lorem Ipsum Dolor \$50.00

Lorem Ipsum Dolor \$50.00

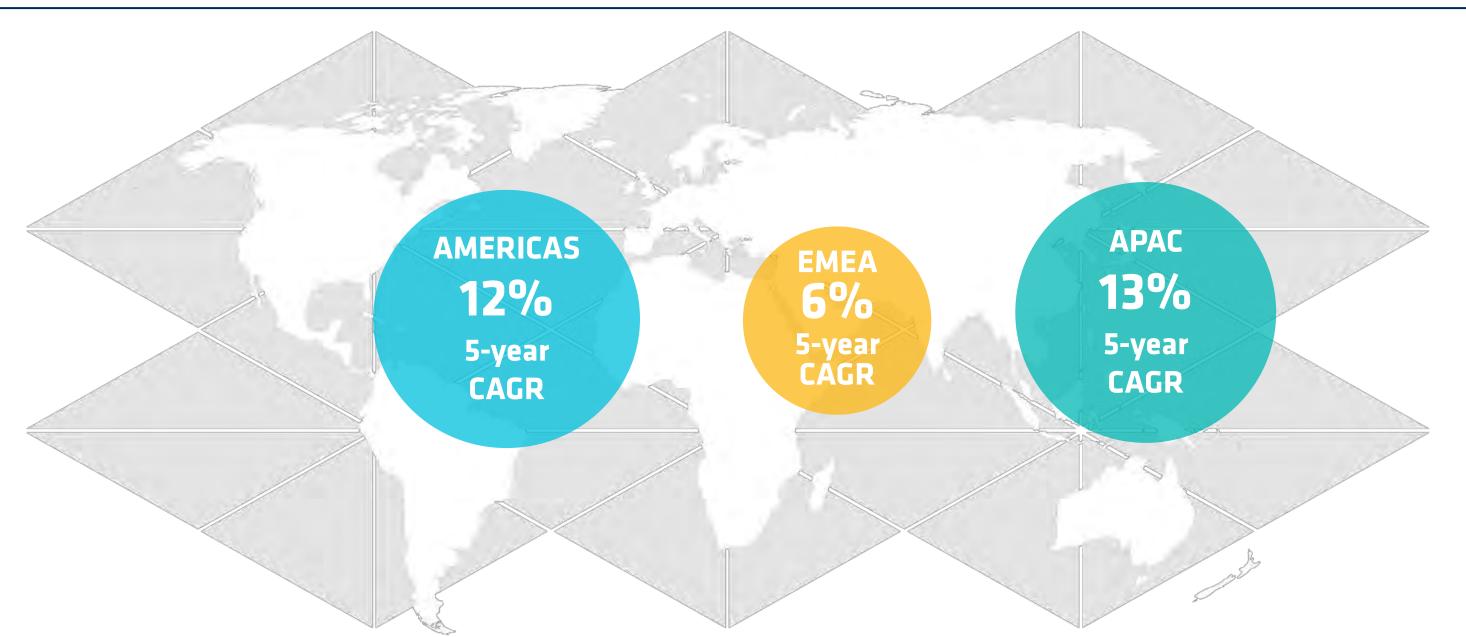
#### 2017 Revenues





#### 5-year Revenue Growth CAGR by Region





# Connect with Consumers Defining the Consumer





















## Lead in Innovation Men's Footwear







## Lead in Innovation Women's Footwear





## Lead in Innovation PRO





# Lead in Innovation Apparel









## Connect With Consumers Telling Our Story



CONTENT



DISTRIBUTION



**Digital Video Platforms** 



**Social Media** 



**Key Partners** 

**DEVICES** 





PC, Tablets, Smartphones

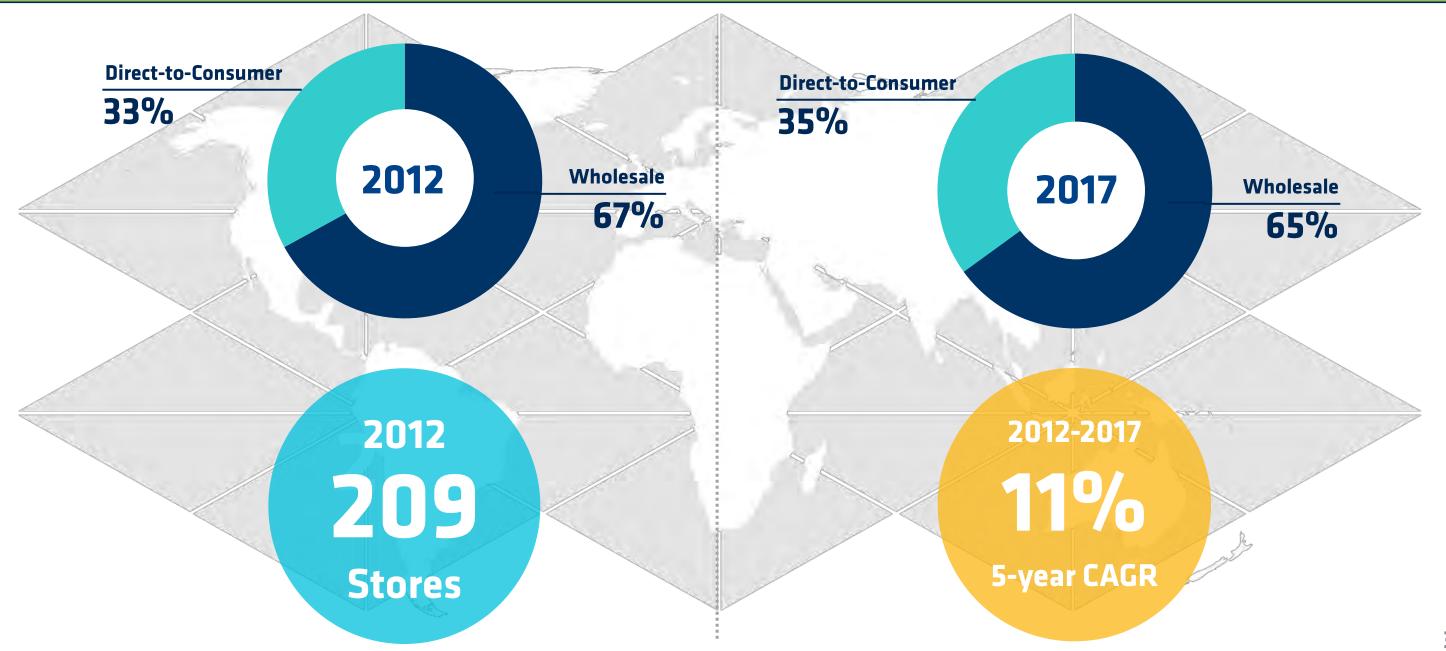




**QR** codes

#### **Serve Consumers Directly**





## **Serve Consumers Directly**

















## Geographic Expansion **EMEA**





2013 Integration



High Brand Awareness



Optimizing Distribution



**Lifestyle Focus** 



# Geographic Expansion Asia Pacific













Revenues





\$160M

Five-year CAGR: 13%

2012



Powerful Brands / Powerful Platforms





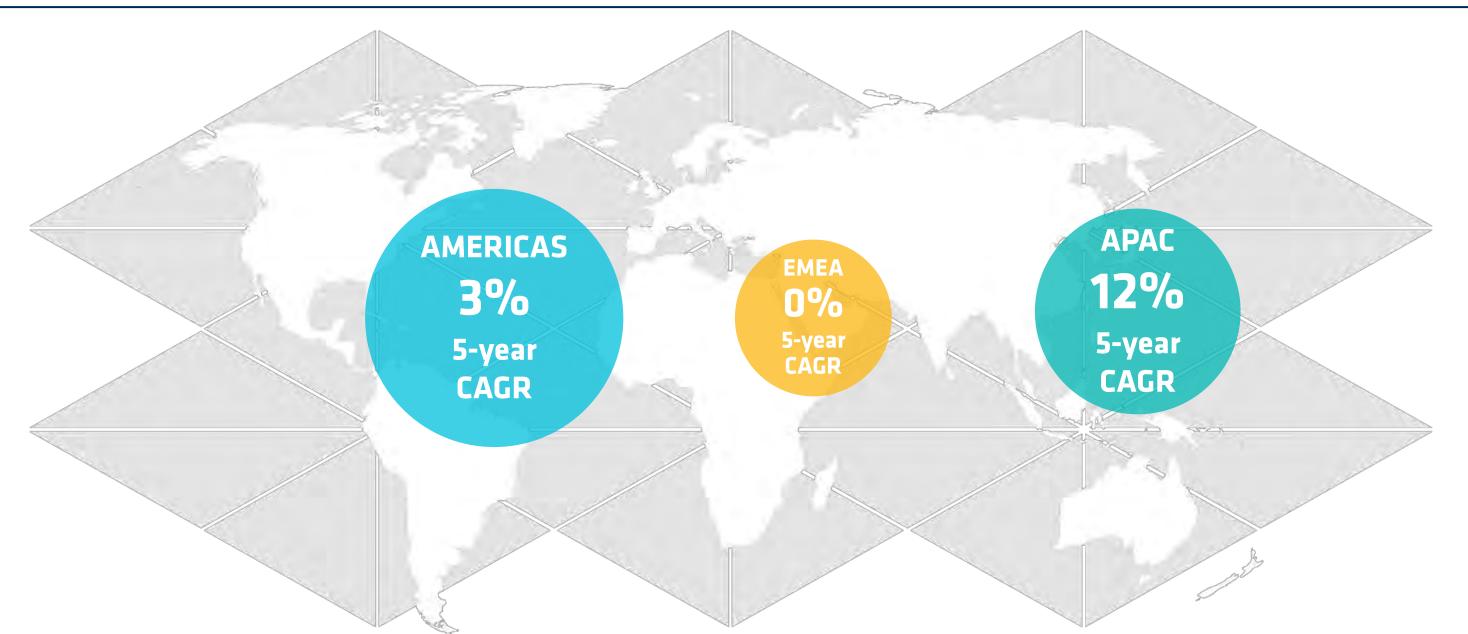
# Scott Baxter Vice President & Group President, Jeanswear Americas, Imagewear and South America

## eanswear

#### 2017 Global Jeanswear Revenues



## Jeanswear 5-year Revenue Growth CAGR by Region



# Powerful Brands Driving Highly Profitable Growth

#### Most Powerful Brand Portfolio in the Industry

































## **Driving Growth from Positions of Strength**

EXISTING

Maximize

EXTENSION

Leverage

EXPANSION

Seed

Current areas of leadership and strength today

 Wrangler® Brand Men's Business in Mass Closest adjacencies within accounts and channels

 Wrangler® Brand Hispanic Business New/significantly underdeveloped channels

• Lee® Brand at Department Stores

#### **How We Win**



# Connect with Consumers What Sets Us Apart?

WHO

Laser focus on clearly defined consumer segments

WHAT

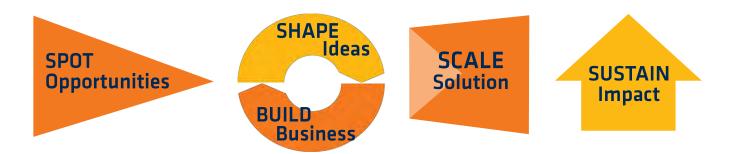
Superior understanding of consumers, their behaviors and their needs

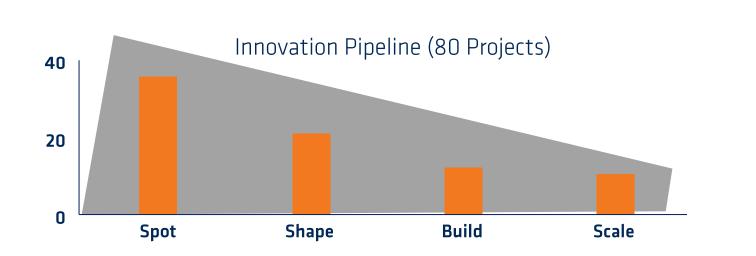
HOW

Relevant innovation to solve unmet needs

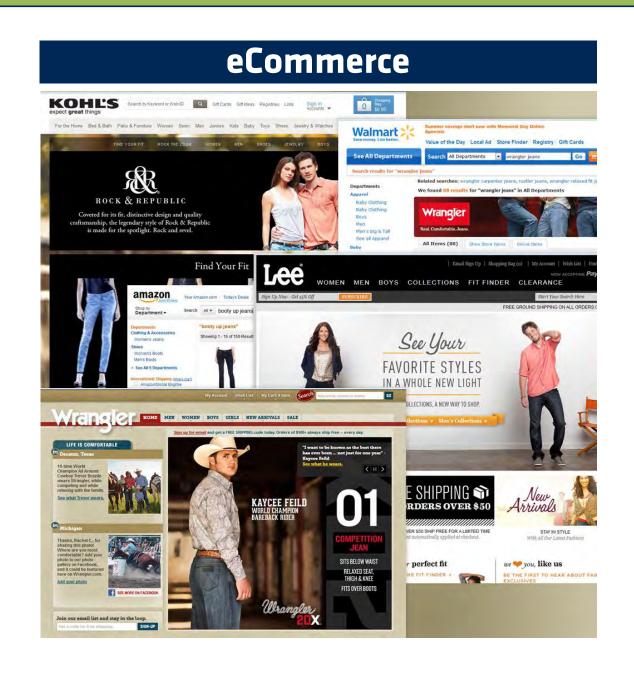
### Lead in Innovation

- Focus on key innovation platforms
- Develop robust innovation pipeline
- Use disciplined commercialization process





### **Serve Consumers Directly**



#### **Owned Retail**



Wrangler®: Germany



Lee®: China

## **Expand Geographically - Americas**





### 2017 Revenues



\$1.8B



2012

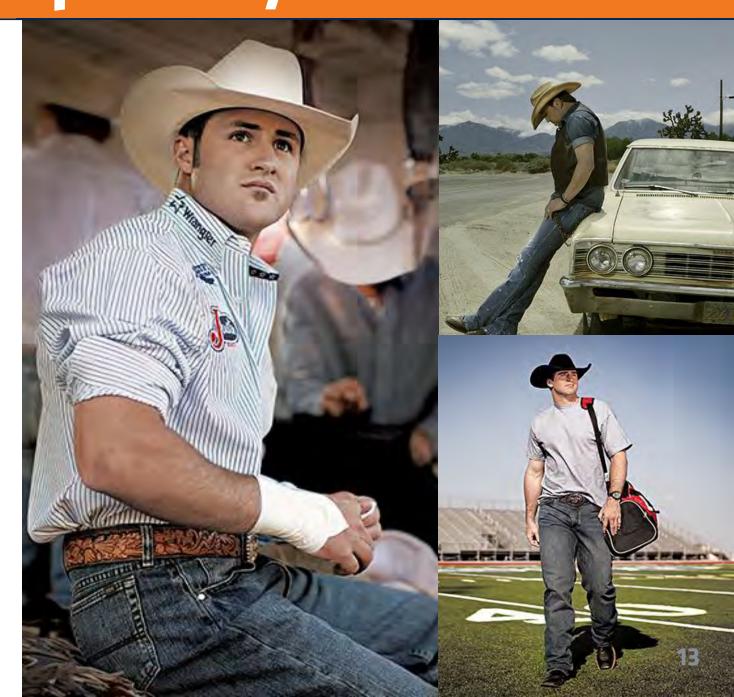
\$1.6B

2017

### Wangler

# Lead in Innovation Opportunity in Western Specialty

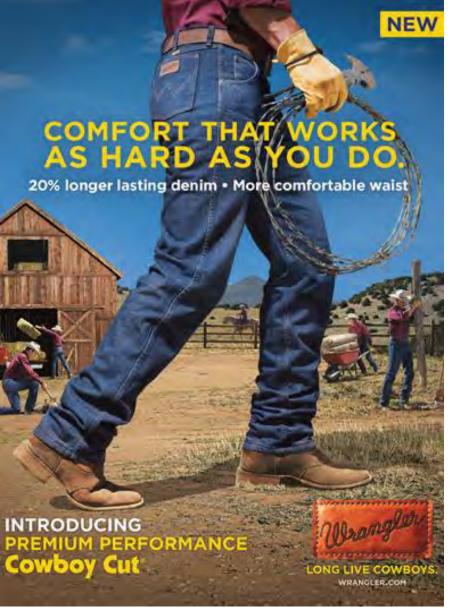
- Channel is healthy and growing
  - 70% share in Men's Bottoms
  - 40% share in Women's Bottoms
  - 50% share in Shirts
- High willingness to pay for innovation



# Lead in Innovation Premium Performance Cowboy Cut



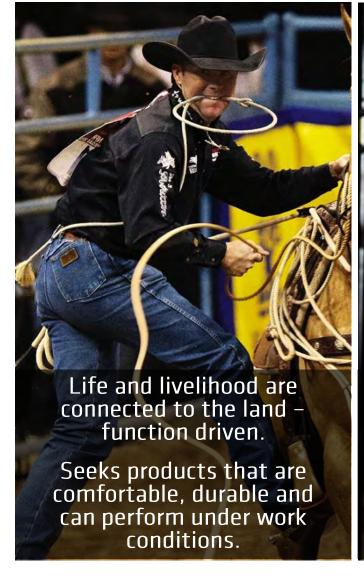




# Connect with Consumers Grow Our Leadership with Targets







#### **New Cowboy**



Lives his life in and out of the arena – social driven.

Seeks products that are comfortable and versatile.

#### **Western Inspired**



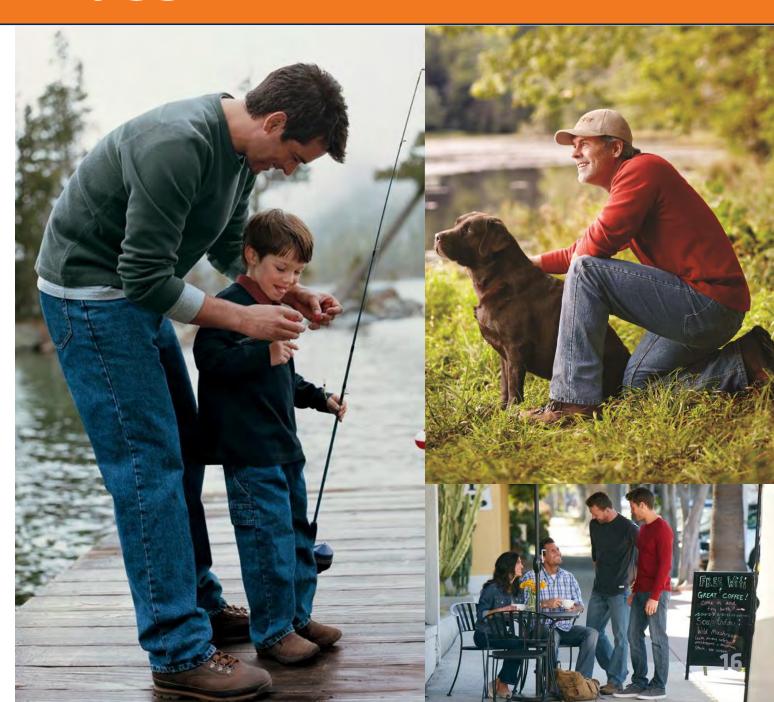
Identifies with the values and lifestyle of the West and likes to dress Western.

Seeks products that are comfortable, authentic and style-right.

# Lead in Innovation Opportunity to Grow in Mass



- #1 in market share in the Mass channel
- Significant opportunity to grow share via expanding denim usage across occasions
- Comfort is a critical consumer purchase driver



### Lead in Innovation **Advanced Comfort Solution**



Who: Core Jeans Consumer who demands superior comfort

What: Advanced Comfort – 4-way Flex technology with significant platform for scale and leverage (first to scale in Mass channel)

How:

Heavyweight stretch fabric – looks like his favorite denim, but much more comfortable and 20% stronger





# Connect with Consumers Icons Reinforce Authenticity



### A Key Consumer Need and Growth Driver

**Brett Favre** 

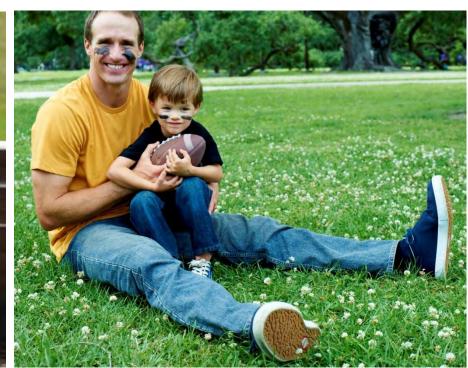
Dale Earnhardt Jr.

**Drew Brees** 

Rugged I Down-to-Earth I Authentic I Honest I Trustworthy I Family I Approachable I Social







- Casual weekend
- Work

- Casual weekend
- Casual going out (new for 2013)
- Family/social (new for 2013)
- Casual weekend

### 2017 Revenues





# Lead in Innovation Perfect Fit Jean for Women

### Lee

- Designed exclusively for Department Stores
- Signature product in new *Lee*® Platinum Label collection
- Custom 360 design process
  - 5,000 unique body types scanned
  - Extensively tested with actual consumers
- First-to-market *Shapetastic*™ technology (for Women)



# Connect with Consumers Deepening Intimacy with Consumers

Lee

"I have tried on over 50 pair of jeans this week. Bought a few pairs and returned all but the Lee Perfect Fit. LOVE these jeans. Most comfortable pair I have owned for a very long time."

"Gisele Perfect Fit Straight Leg is the best fitting, most comfortable jean I've found. It's hard for me to find flattering jeans with my long legs and flat rear. These jeans fit well in the waist and thighs, and feel soft from day one. I've ordered a second pair!"



## **Expand Geographically – Asia Pacific**

### Lee

### **Strategy Initiatives**

- 1. Smart and innovative localization
- 2. Investing to build our brand equity
- 3. Grow our women's business
- 4. Expand distribution with focus on lower tier cities

Revenues





\$200M

Five-year CAGR: 12%

2017











# lmagewear

### 2017 Imagewear Revenues

\$1.1B 5-year CAGR: 4% 2012

\$1.3B

2017

# Powerful Brands Driving Highly Profitable Growth





















### Where We Operate

#### **Image**









- Workwear
- Large business, government organizations and utilities
- Large distribution partners

#### **Licensed Sports Group**









- Lifestyle apparel for passionate fans
- On-field uniforms for Major League Baseball









# lmage

# Connect with Consumers Bringing Mobility to Work



#### Connecting the legendary Wrangler® brand to consumers in the workplace



















### Lead in Innovation **Born in the Garage**



- "Purpose built" design delivers innovative automotive workwear loaded with functional features for the job at hand
- Strategic partnerships build credibility and fuel connection















































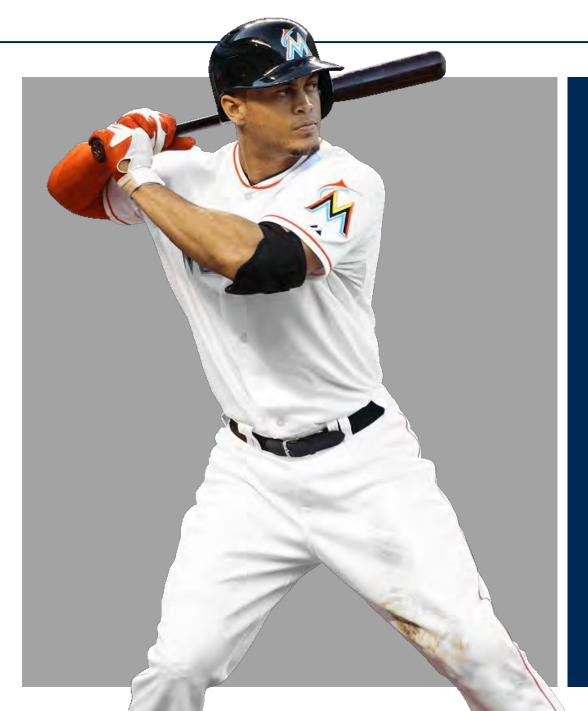






# Licensed Sports Group

## LSG Growth Strategy



- On-Field Baseball Innovation Leaders
- Establish Strong Majestic Brand Retail
   Presence at Winning Retailers
- Launch Craveable, Differentiated Products
- Accelerate Women's Success through Communication

# Lead in Innovation On-Field Baseball Apparel

#### Warm Up:

Insulation Build a Sweat

#### **Practice:**

Range of Motion

#### Ready:

Comfort Protection

#### **Action:**

Comfortable as Skin



Using multiple fabrics for zoned insulation.



Exploring sublimation to reduce weight and eliminate stitches.



New Triple Climate jacket enables three unique varieties.



Twill alternatives for less bulky decoration.
Addressing fabric bundling zones.

# Lead in Innovation Transforming Replica Jerseys: We Listened



# 2014 women's fashion replica

- Lighter material
- Fit for women
- Buttons on right side



### 2017 Imagewear Revenues

\$1.1B 5-year CAGR: 4% 2012

2017



Powerful Brands / Powerful Platforms



# NAUTICA kipling at u.s.

# Karen Murray President, VF Sportswear

### 2017 Sportswear Revenues



2017

### 2017 Revenues





### **How We Win**



# Lead in Innovation to Connect with Consumers



Create differentiated product that drives stronger brand equity

# Lead in Innovation to Connect with Consumers



Evolve our performance platform by providing new features for consumers that differentiate it from the category.



# Lead in Innovation to Connect with Consumers

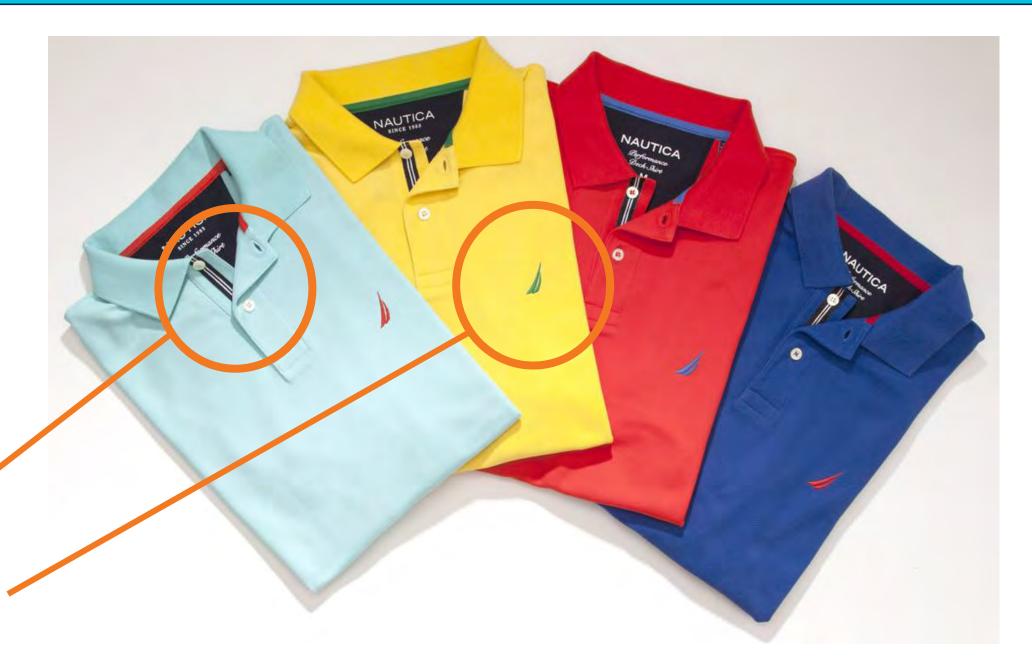


# Consumer insights show increased:

- Purchase interest
- Differentiation
- Value perception
- Likeability

Nautica® signature stripe placket

Brighter logo



## **Serve Consumers Directly**



### Increasing Brand Control

#### **eCommerce**

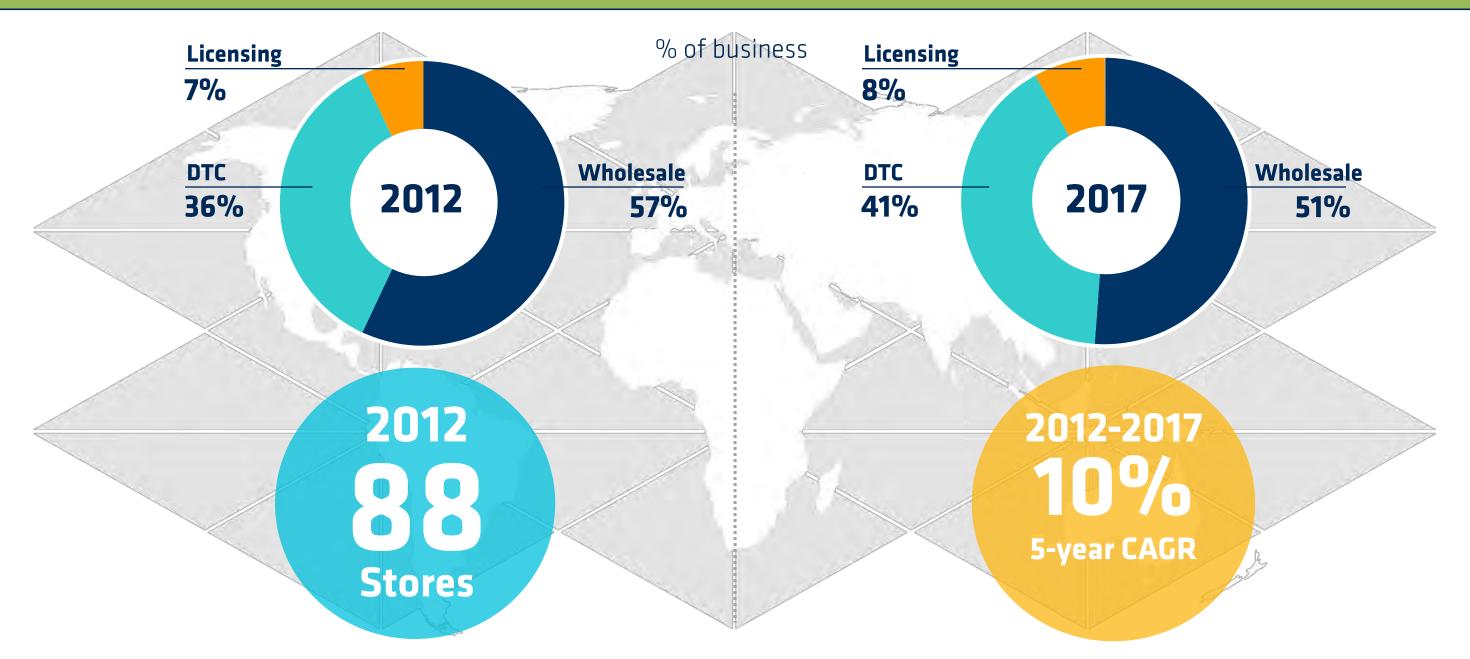


#### **Full Price Retail**



## **Serve Consumers Directly**

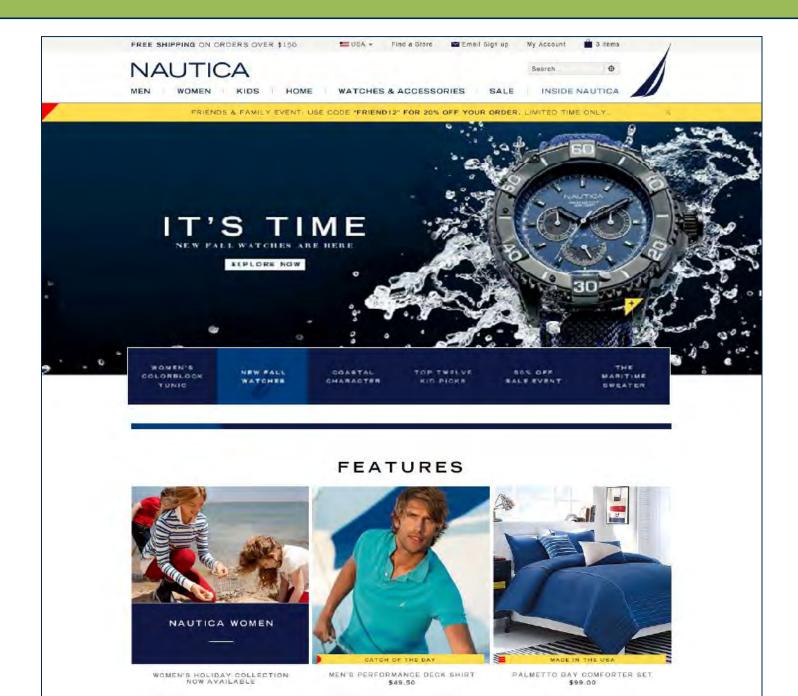








Relaunch Nautica.com in Fall 2013



## **Expand Geographically**



### Increasing Brand Control



## Flagship Stores (licensed / franchise)

- Shanghai
- Moscow
- Dubai
- Istanbul
- Beijing
- Mexico City
- Mumbai
- Seoul
- Jakarta



Powerful Brands / Powerful Platforms





## ella moss



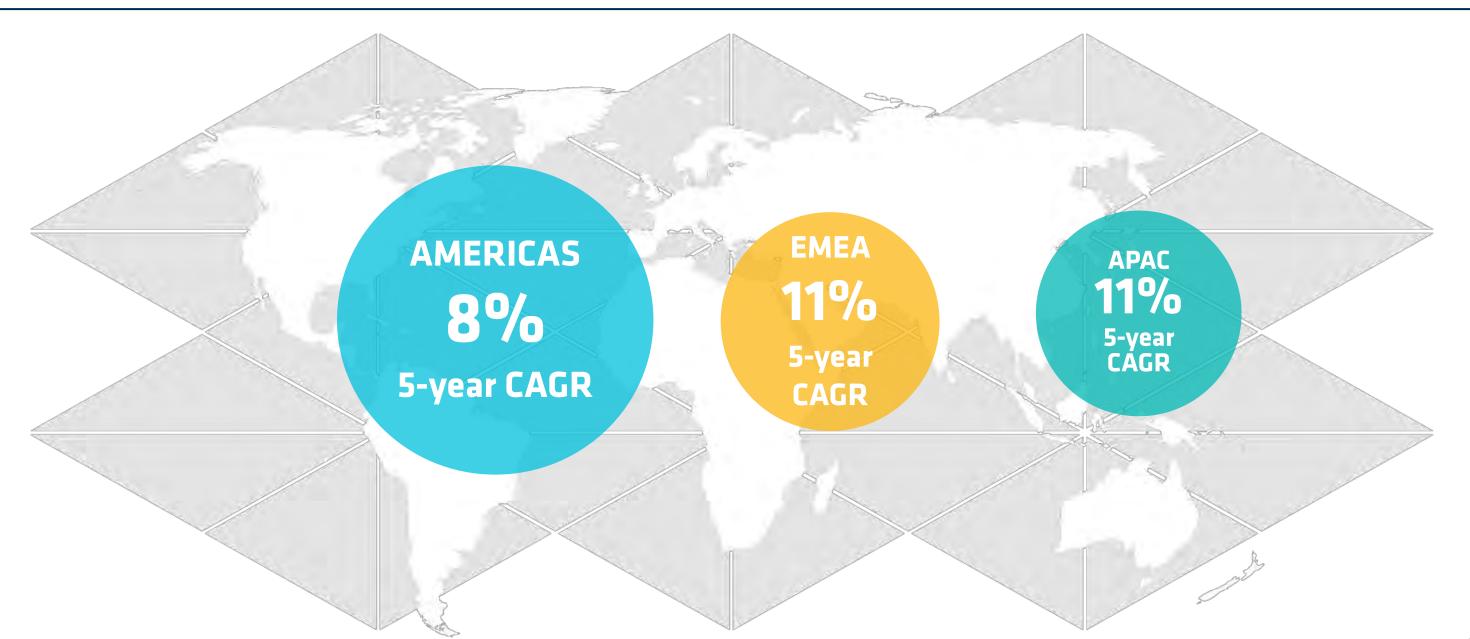
## Susan Kellogg

President VF Contemporary Brands

### 2017 Contemporary Brands Revenues



## Contemporary Brands 5-year Revenue Growth CAGR by Region



### 2017 Revenues





### **How We Win**



## Lead in Innovation Materials, Memory and Performance

ABOUT MALHIA KENT



#### **Second Skin Slim Illusion**





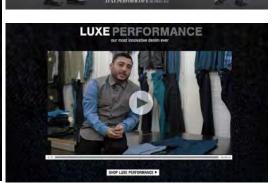
#### **Malhia Kent Collaboration**



# **2013 Luxe Performance** UXE PERFORMANCE

SHOP NOW





## Connect with Consumers Integrated Marketing Approach



### 2011 Traditional Print Advertising Imagery



### 2012 Brand Campaign with James Franco

Digital / Social



Traditional



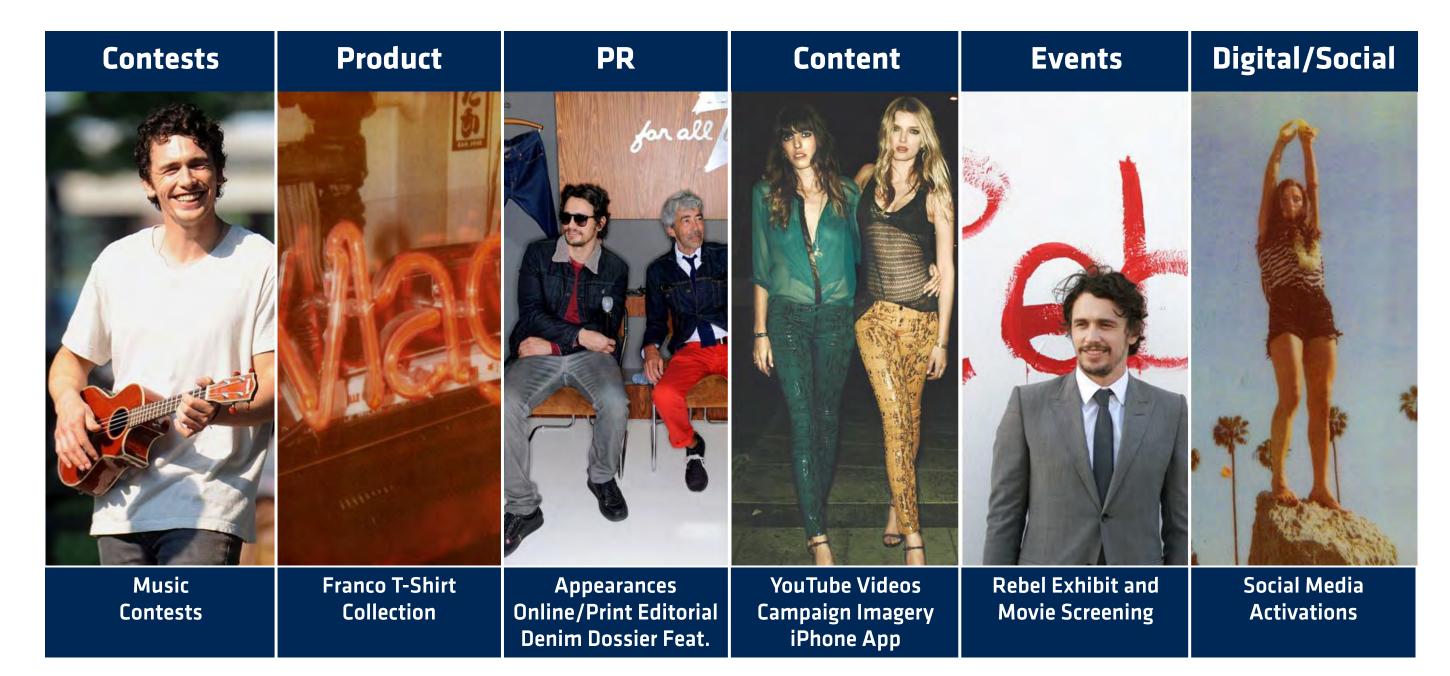


Global Retail

Global eCommerce

## Connect with Consumers Leveraging James Franco Campaign





## Connect with Consumers Embracing the Social/Digital Revolution



## Connect with Consumers **Creating Experiences and Engagement**



#### PLEASE JOIN 7 FOR ALL MANKIND & ACTRESS/JEWELRY DESIGNER/MUSICIAN NIKKI REED

For a private event celebrating the launch of MATTLIN ERA by NIKKI REED Capsule Jewelry Collection for 7 For All Mankind

7 For All Mankind - Somerset Collection 2800 West Big Beaver Road

RSVP to ROSBORNE@THESOMERSETCOLLECTION.COM by Friday, May 3

Receive an exclusive item from the jewelry collection with a purchase of \$250 or more,



Join us for a VIP shopping event! Meet our favorite L.A. fashion bloggers to get personalized styling tips to create the perfect 'going out' look!

Hosted by Aimee Song of Song of Style & Karla Deras of Karla's Closet

Saturday, August 18

7 For All Mankind 395 Santa Monica Place

RSVP: 7FAM\_Marketing@vfc.com or tweet YES #7AFTER7SM to @7FAM

Gift with purchase of \$250 or more. While supplies last

O.P.I





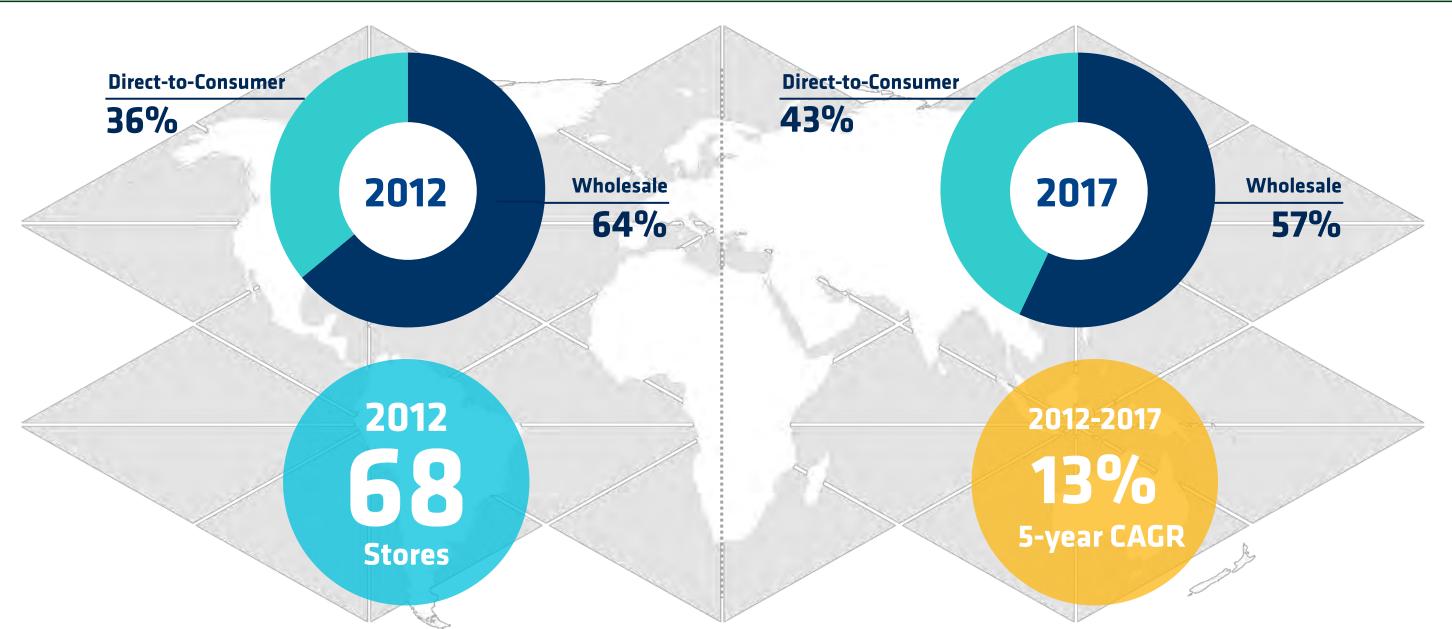






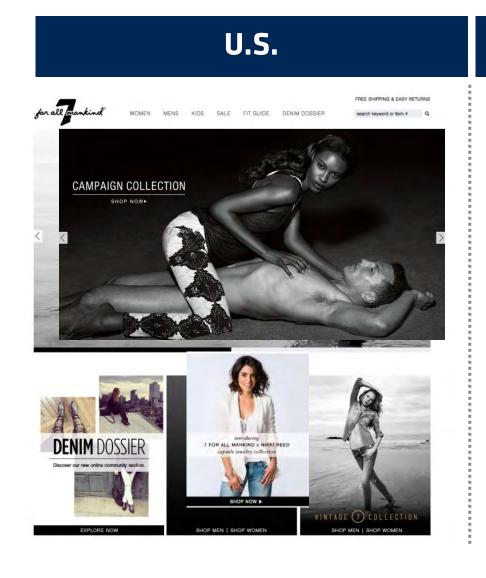
## **Serve Consumers Directly**

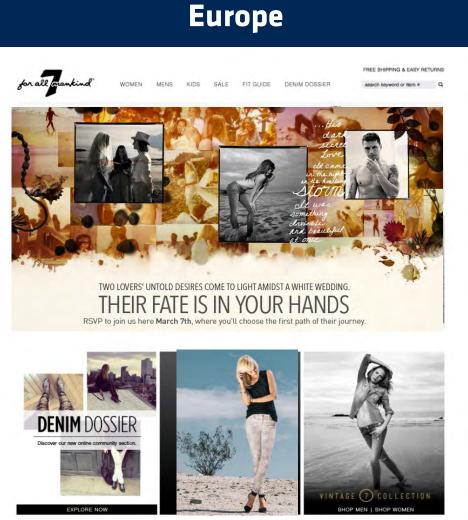




## Serve Consumers Directly eCommerce



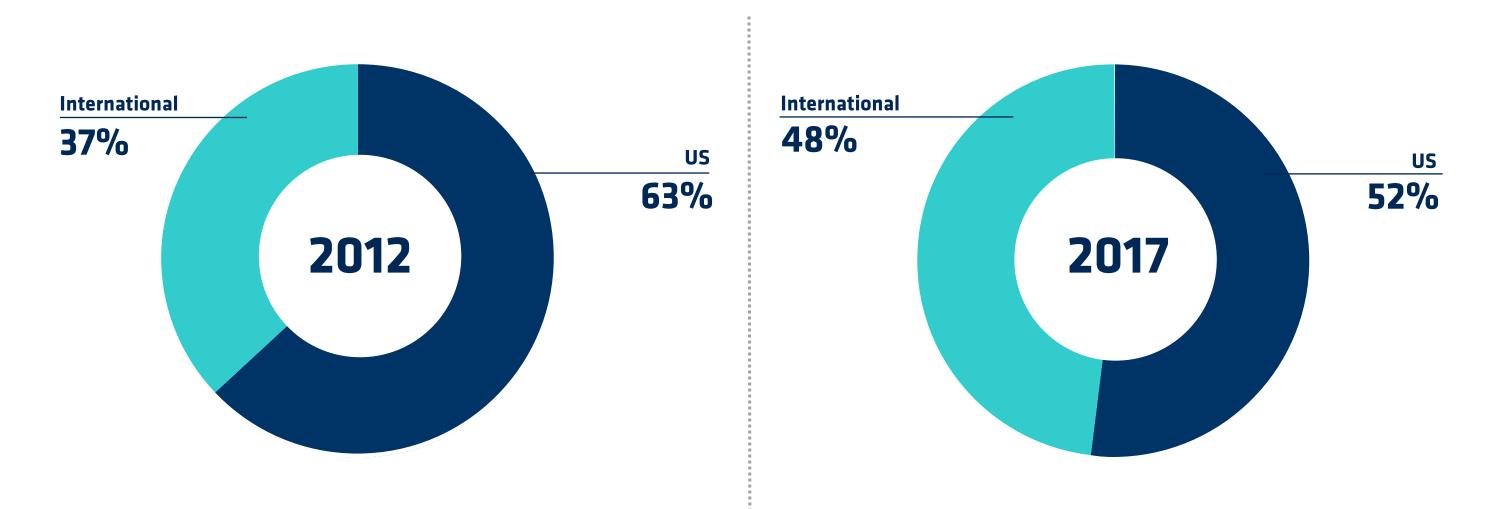






## **Expanding Geographically**





5-year International Revenue CAGR 11%





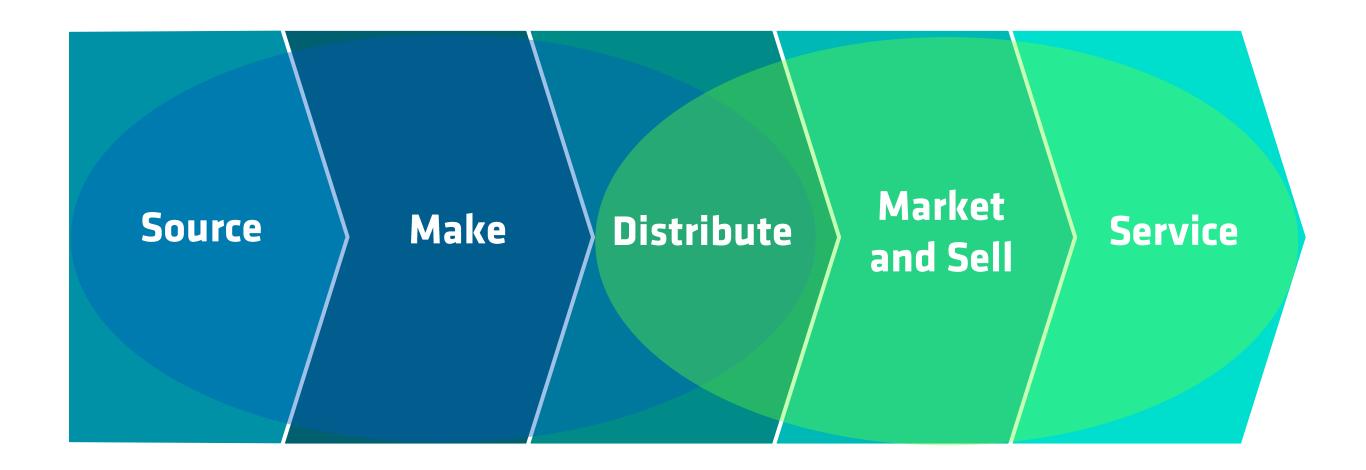
Powerful Brands / Powerful Platforms





## Stephen Dull Vice President Strategy and Innovation

## **VF Adding Stronger Front-End Disciplines**



## Four Front-end Disciplines Driving Value

Strategy

Consumer Insight

Brand Management

**Innovation** 

## Strategy Clarifies Where and How We Build Value

Strategy

Consumer Insight

Brand Management

**Innovation** 

## Strategy Disciplined Process for Corporate and Brands



- Financial targets
- Other achievements



- Consumer targets
- Geographies
- Channels



- Brand position
- Innovation



- Consumer understanding
- Marketing savvy
- Direct to consumer



- Financial metrics
- Brand equity
- Compensation

### Strategy

### **Processes Create Value in Multiple Ways**



Ensures goals can be met



Focuses a business on winning



Prioritizes actions



Drives effective and efficient use of resources

## Strategy How it's Used at VF

# Corporate Examples Wrangler NAUTICA Timberland VANS Lee

- Which geographies with what brands at what pace help us profitably grow international?
- Which brands receive disproportionate investment to drive profitable revenue and equity?
- Identifying 'spaces' and 'adjacencies'



- Which consumer target provides the best chance of winning competitively and financially?
- On which consumer benefits will we be superior to competitors?
   Which at parity?

## Consumer Insight Strive to be Advantaged

Strategy

Consumer Insight

Brand Management

**Innovation** 

## Consumer Insight **Global Segmentation**



- The science of identifying our best, most valuable targets
- Top brands, all major geographies

## Consumer Insight **Global Segmentation**



### Over the last 4 years:

- •1,000 video ethnographies
- 3,000 in-person interviews
- 80,000 surveyed across 12 countries

## Consumer Insight Segmentation Example



We Deeply Explored **Multiple Facets** 

**And How Groups Differ**  To Choose the Best **Consumer Targets** 

**Motivations** 

**Values** 

Needs

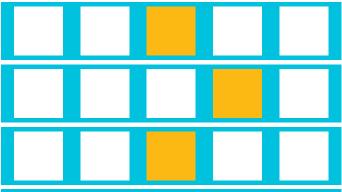
**Fashion** 

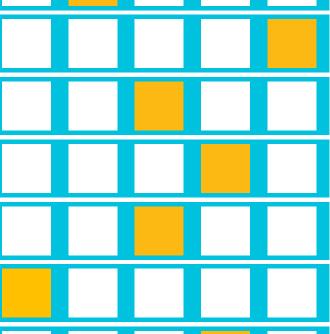
**Action Sports Engagement** 

**Street Culture** 

**Spend** 







- Value
- Potential for Growth
- Fit with Equity



 A multi-billion dollar opportunity

### Consumer Insight How Do We Make Segmentation Valuable?



Guide product development and test new products



Make channel choices; what experiences to offer on the web and at retail



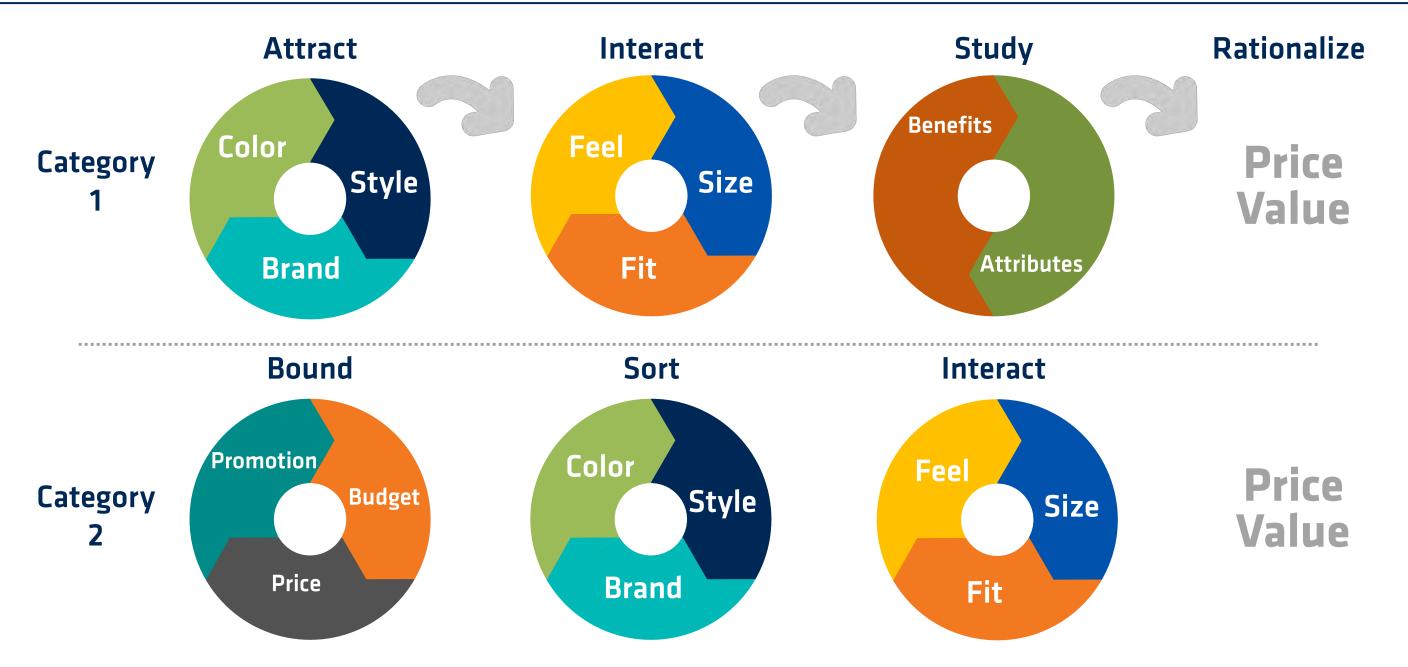
Focus marketing messaging and media



Choose innovation investments

## Consumer Insight

## Deep Exploration of Shopping Behavior



## Consumer Insight How Do We Make Shopper Insights Valuable?



Focus on right conversion levers



Guide product merchandising strategy



Guide visual merchandising, ticketing & in-store communication



Set in-store service requirements and levels



Inform promotion strategy



Guide web experience design

# Brand Management Strengthening Return on Investment

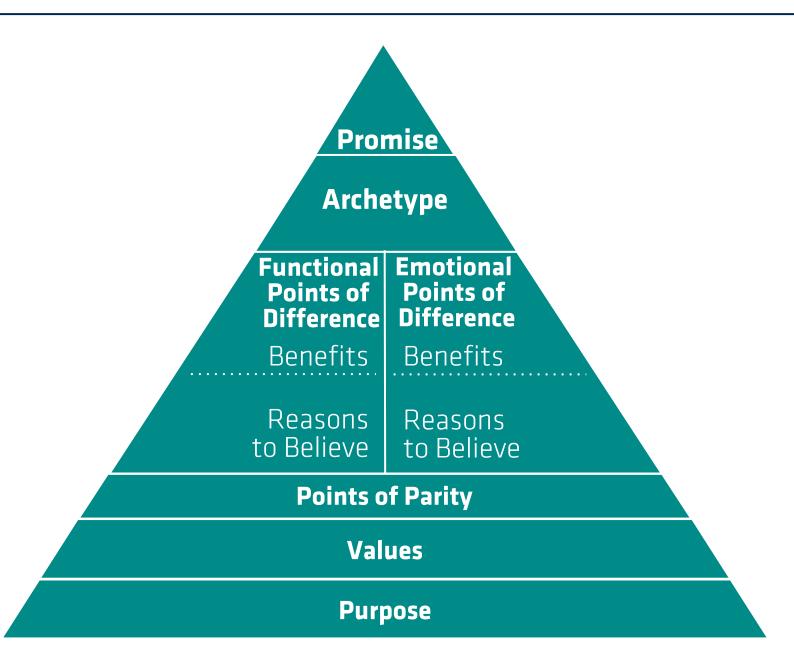
Strategy

Consumer Insight

Brand Management

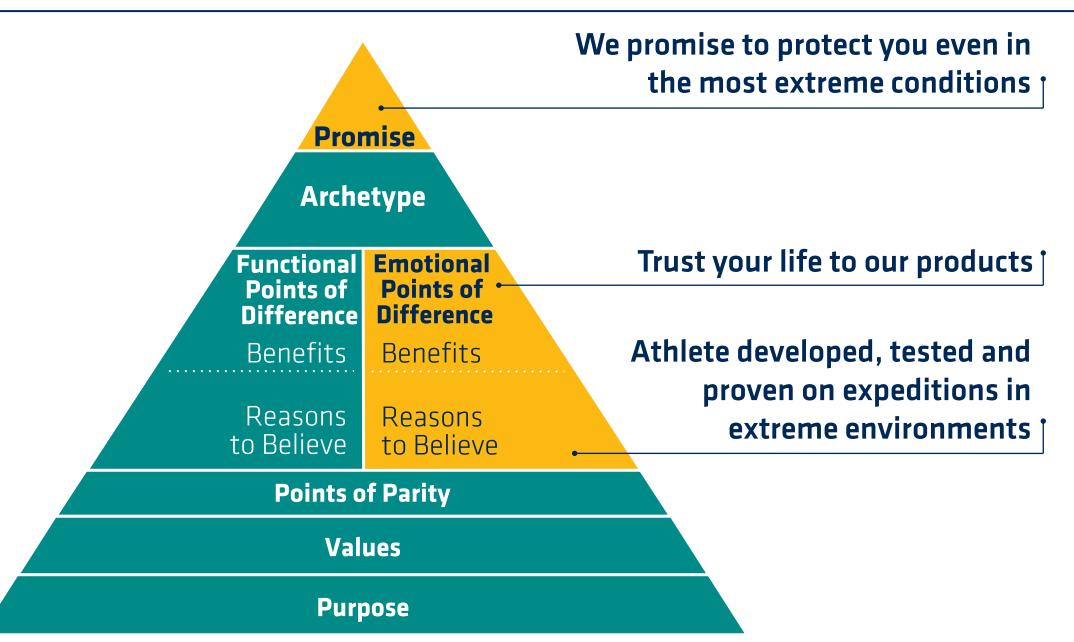
**Innovation** 

# Brand Management Disciplined Process to Define Brand DNA

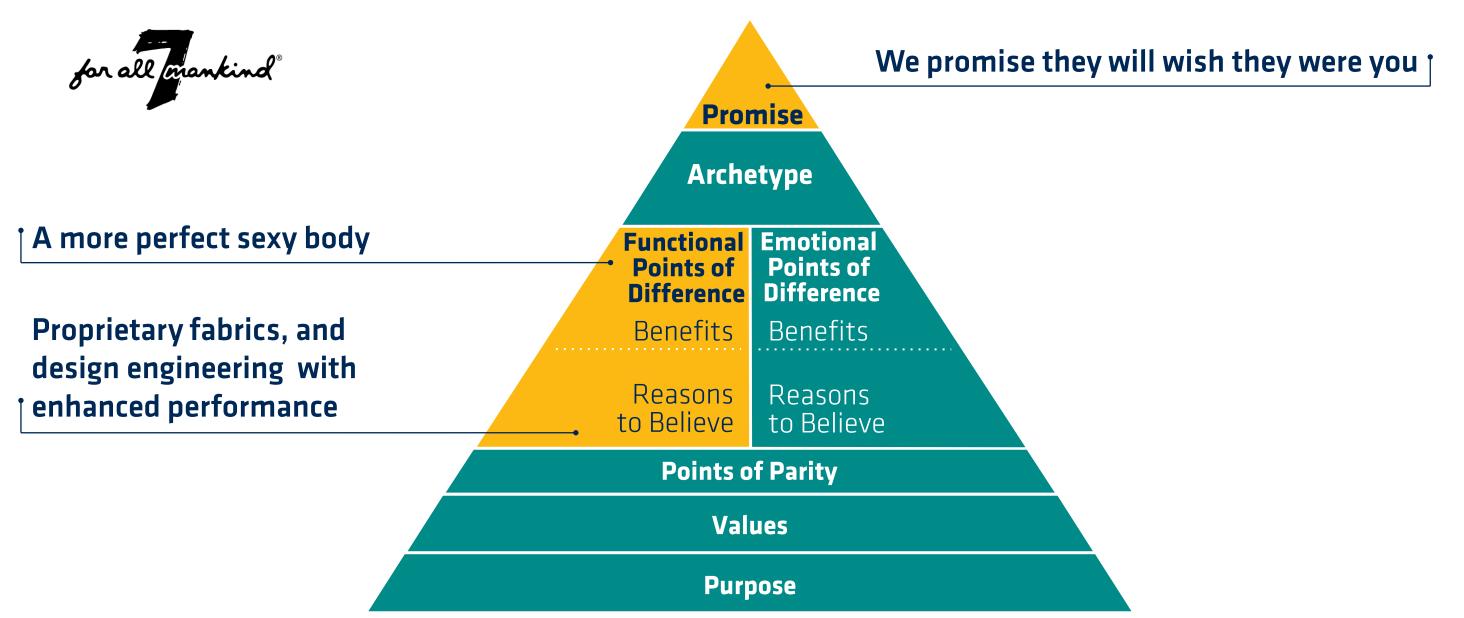


# Brand Management Applied Across Brands, from the Most Technical...





### ... to the Most Fashionable



### Brand Management

### How Does this Approach Add Value?



Ensure we offer something different and better that is relevant to our target consumers



All VF supporting functions have a clear, consistent picture of what a brand is trying to do



Guide the hundreds of decisions the brand organization makes to deliver the right experience - product, advertising, in-store, web



Clarify where we need to improve, especially to not fail on parity benefits

### Brand Management

### **Advanced Analytics Driving Marketing ROI**

	USA	ASIA	EUROPE
NOTHE			
VANS			
® •			
Lee			
Wrangler			
√NAUTICA			
for all priankind			

### Brand Management Marketing ROI Optimization

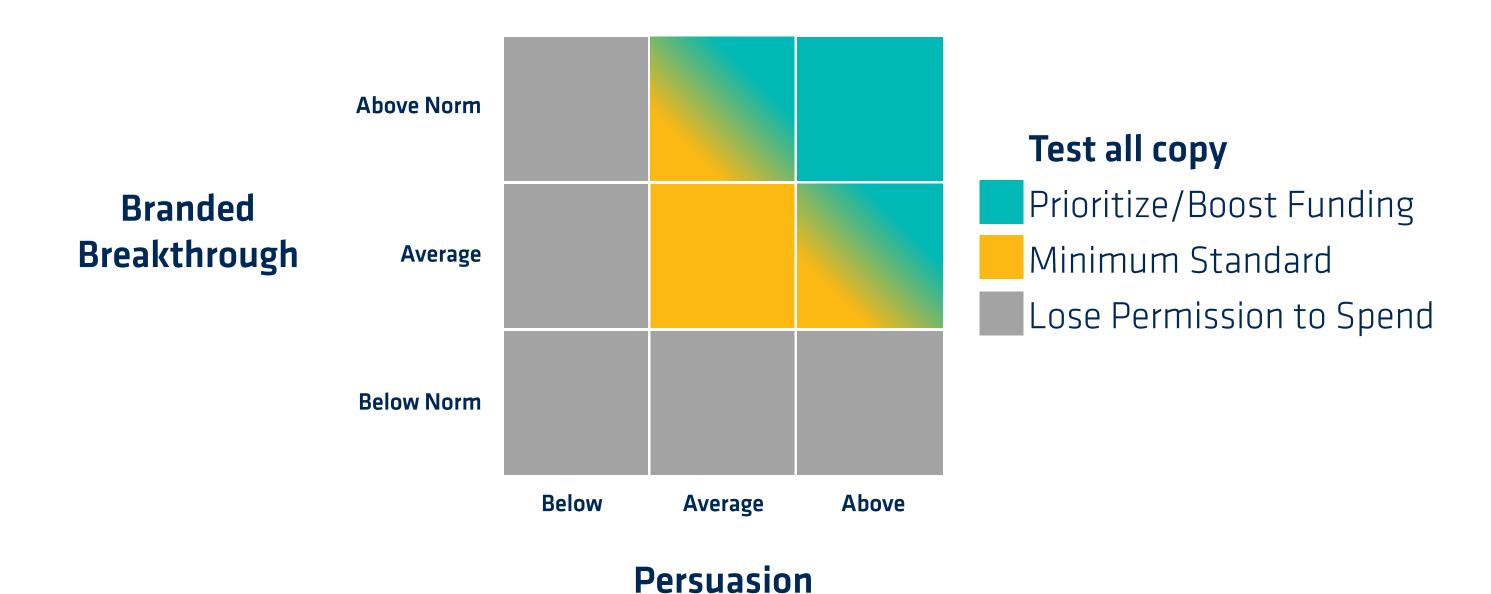
All Brands Now Return More Than \$1 in Gross Margin for Every Consumer Dollar Spent



# Brand Management Rigorous Ad Copy Testing

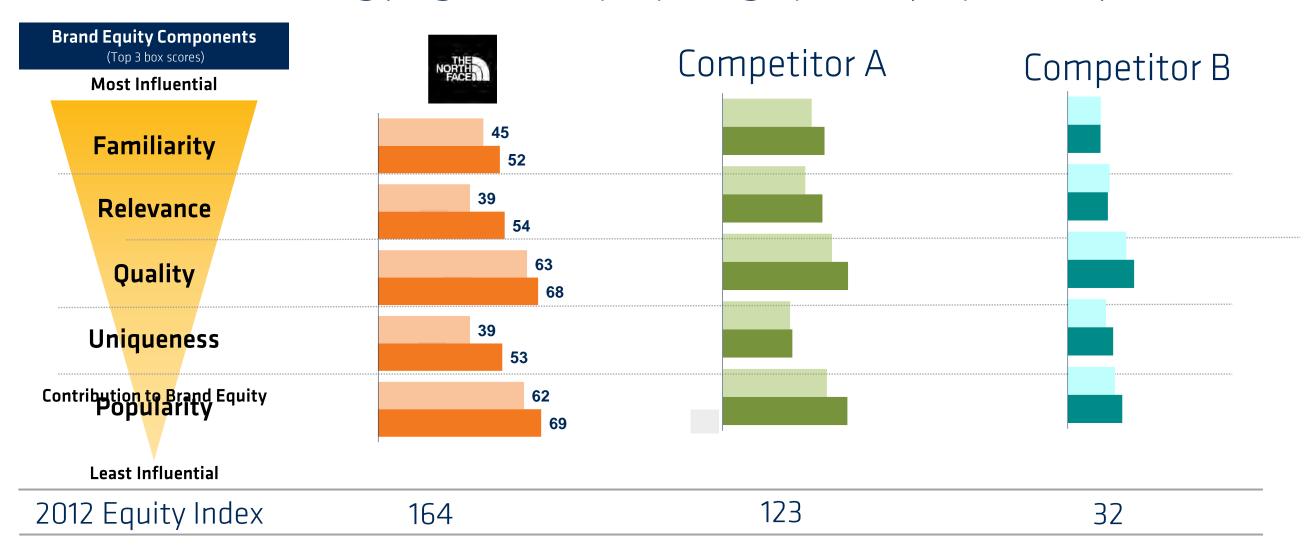
	USA	ASIA	EUROPE
NORTH			
VANS			
® ®			
Lee			
Wrangler			
√NAUTICA			
for all mankind			

### Brand Management New Standards Are Driving Copy Effectiveness



# Consumer Insight Brand Equity Measurement

The science of measuring progress on loyalty, imagery and equity vs. competitors



#### Innovation

### Key "How We Win" Driver for VF and Our Brands

Strategy

Consumer Insight

Brand Management

**Innovation** 

### Innovation

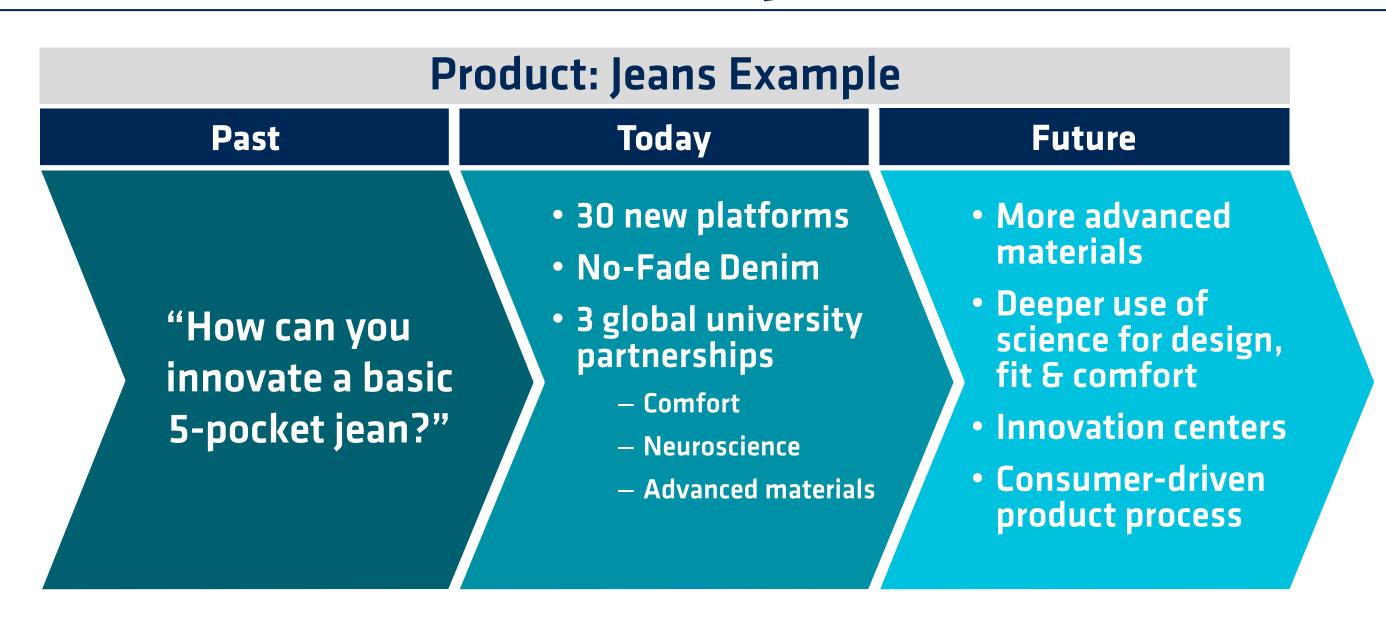
### \$1.6B New Revenues in Pipeline

Year 3
Revenue Potential

	New Materials & Technology	Fit & Comfort	Retail Experience	Cost	
Design	kipling AT Bulwark FR	Wrangler REDKAP 1923 1923 1923	NAUTICA	Timberland <b>*</b> Wrangler Lee	\$1B
Qualify	for all grankind VANS.  Wrangler Lee	Majestic Majestic	kipling	VANS	\$200M
Launch	THE NORTH FACE	Wrangler RIDERS Lee*  Lee*  Lee*  LUCY.	VANS. Wrangler	VANS	\$400M
	\$500M	\$500M	\$400M	\$200M	\$1.6B

### Innovation

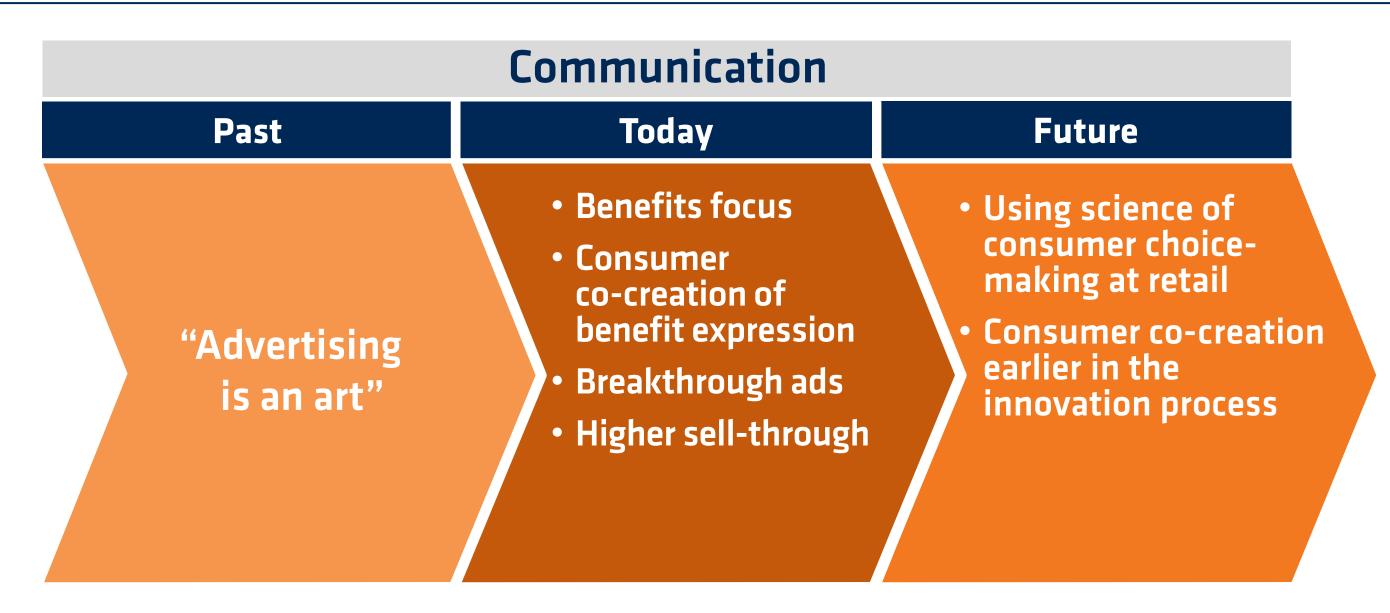
### **Across the Consumer Experience**



### Innovation Across the Consumer Experience



# Innovation Across the Consumer Experience



# Case Study How Does it All Come Together?



#### Strategy

#### **More Aggressive Goal**

- Country focus
- Channel choices
- Go to market changes

### Consumer Insight

#### **Clear Target Answer**

- The "Imaginista"
- Multi-billion dollar segment

#### Brand Management

#### **Crystallized Brand DNA**

"Lighten the load of your day"

#### **Innovation**

#### **Focused Strategy**

- •Consumer co-creation of new retail format 40%+ comps
- Innovation within "crinkled nylon"; search for new material

### \$400M+

in additional growth over the next 5 years High confidence in specific plans to get there





# Mike Gannaway Vice President,

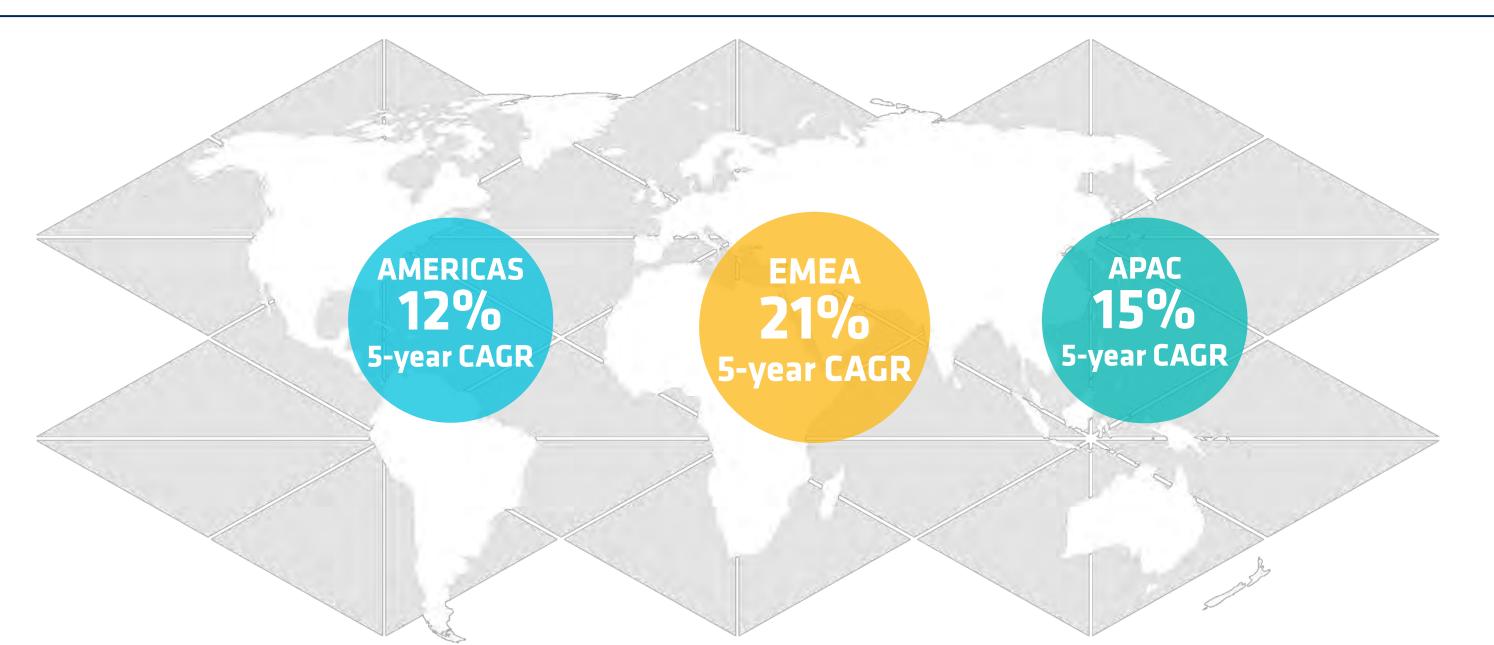
Direct and Customer Teams

### Revenue Growth: 2012-2017

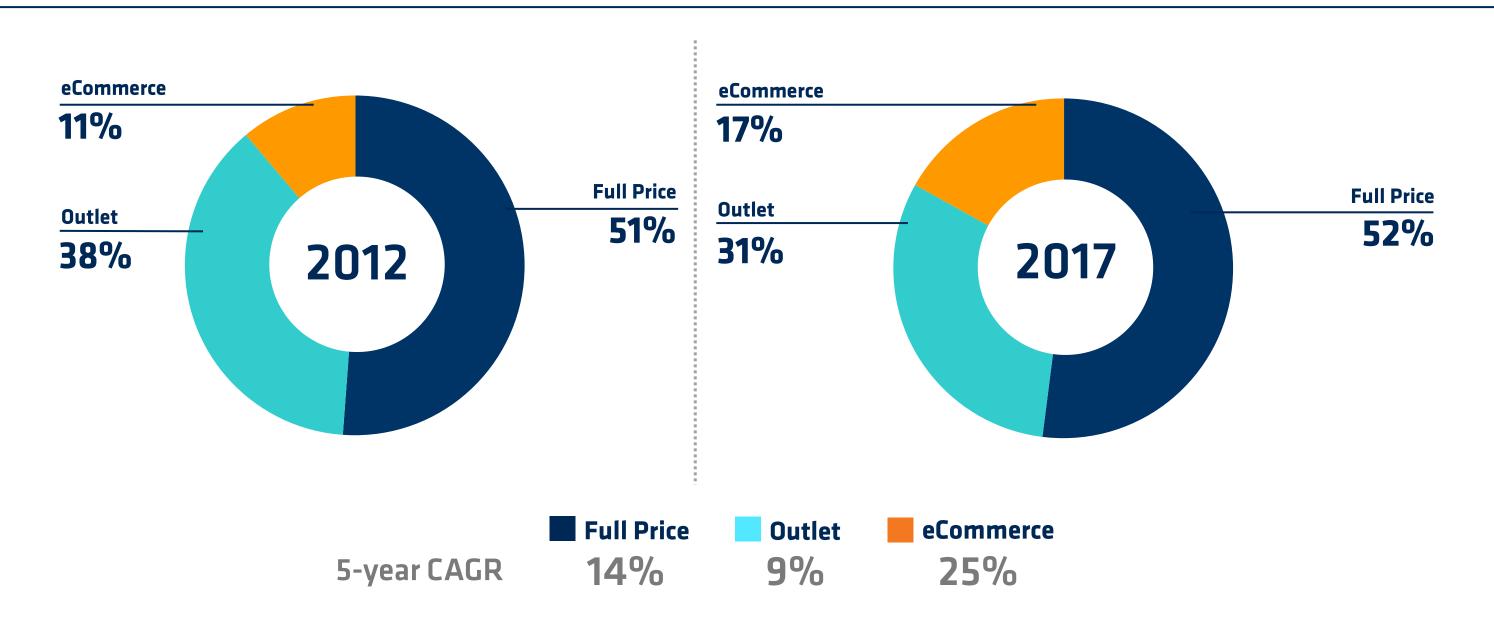
5-year CAGR +14%



### Revenue CAGR by Region: 2012-2017



### Revenue by Channel: 2012 vs. 2017



### Revenue Growth: 2012-2017 eCommerce

5-year CAGR +25%



### **Connecting Directly with Consumers**

As brand builders, we use retail stores, eCommerce sites and digital tools to connect directly with consumers



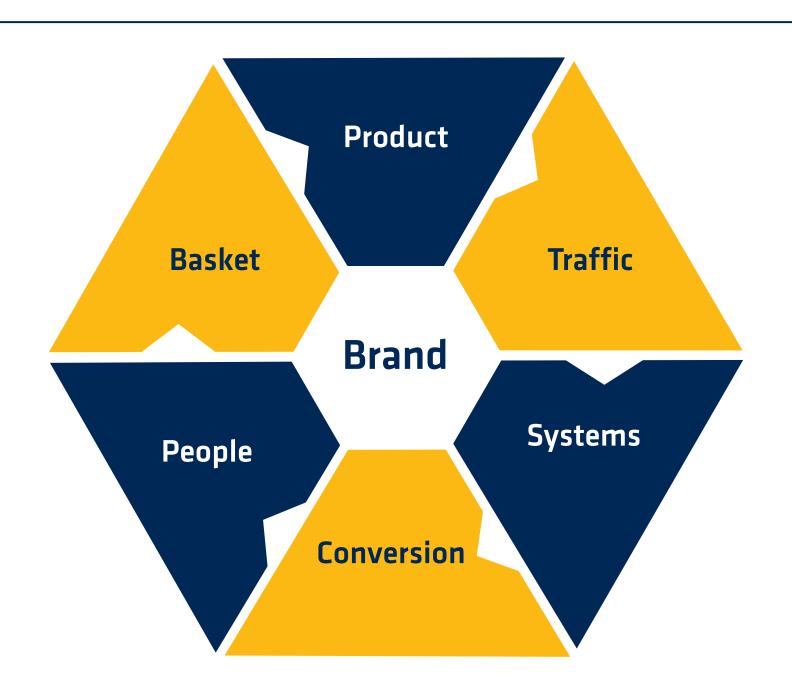
### **Key DTC Growth Strategies**

Open New Stores

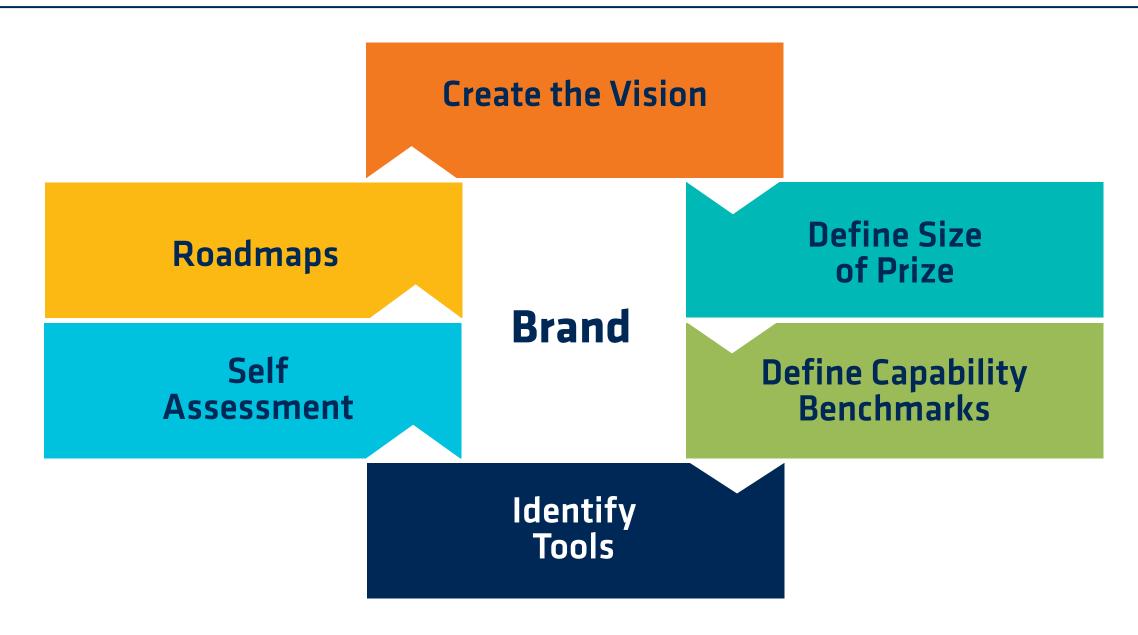
**Accelerate eCommerce** 

**Continuous Comp Store Growth** 

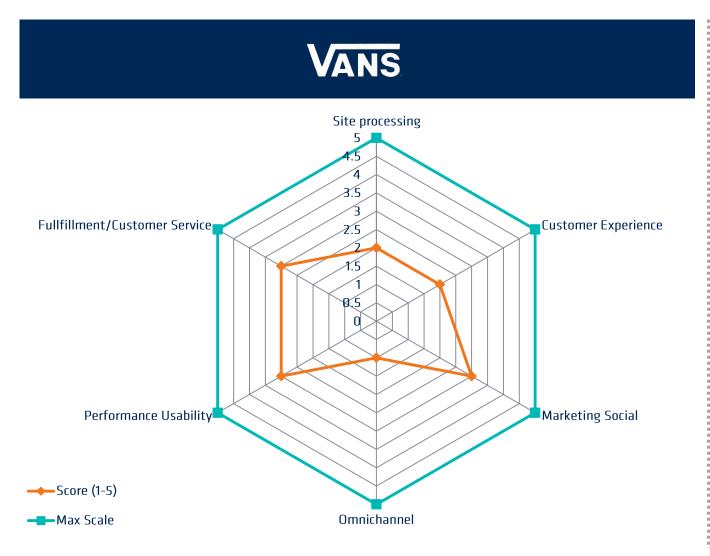
### Continuous Comp Store Growth Relentless Focus

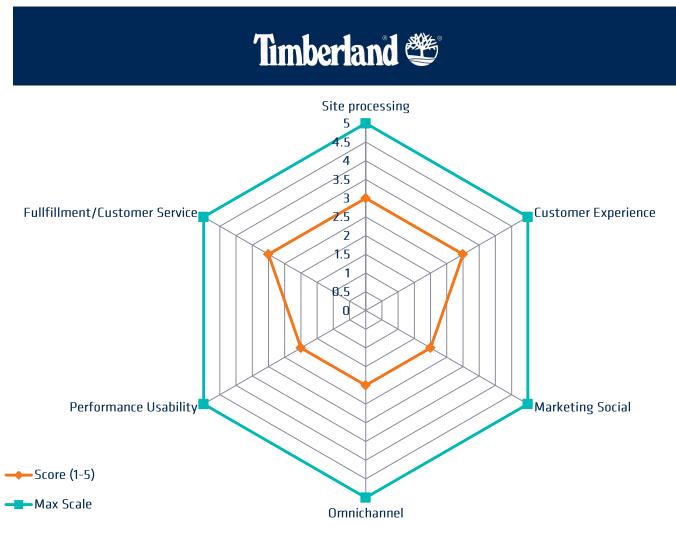


# Accelerate eCommerce Winning in the Digital Space

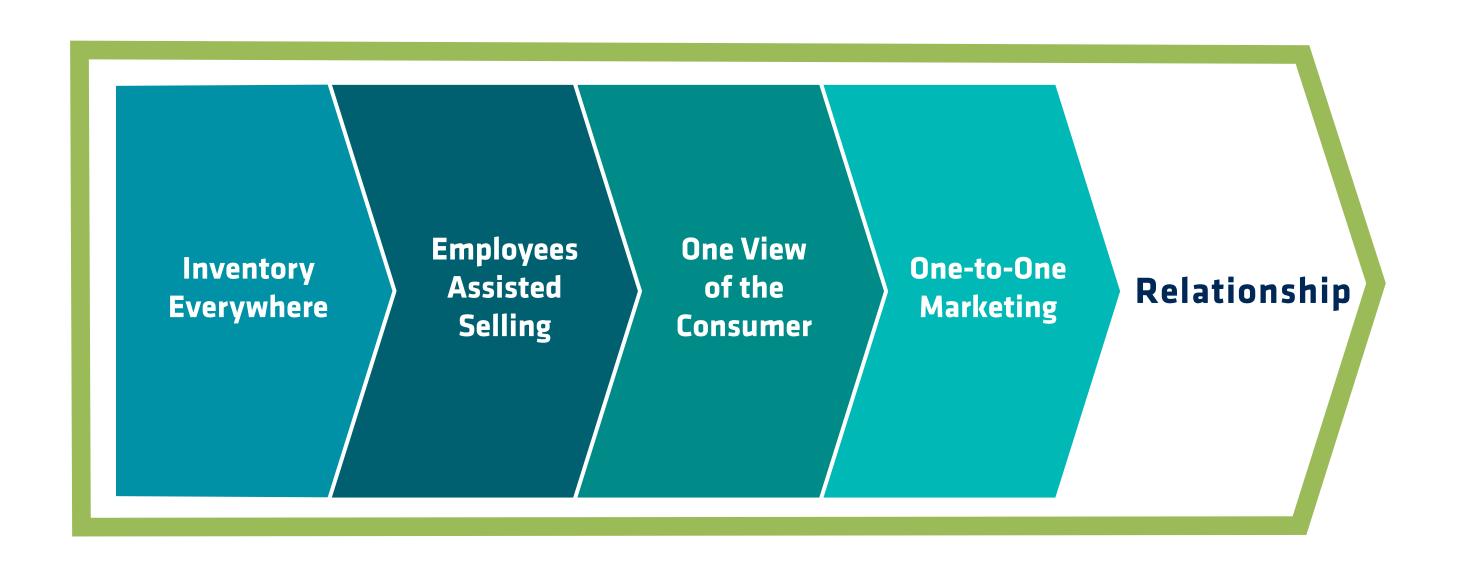


# Accelerate eCommerce Roadmap to Excellence





### Accelerate eCommerce Consumer Centric Omnichannel



# Open New Stores **Disciplined Process**

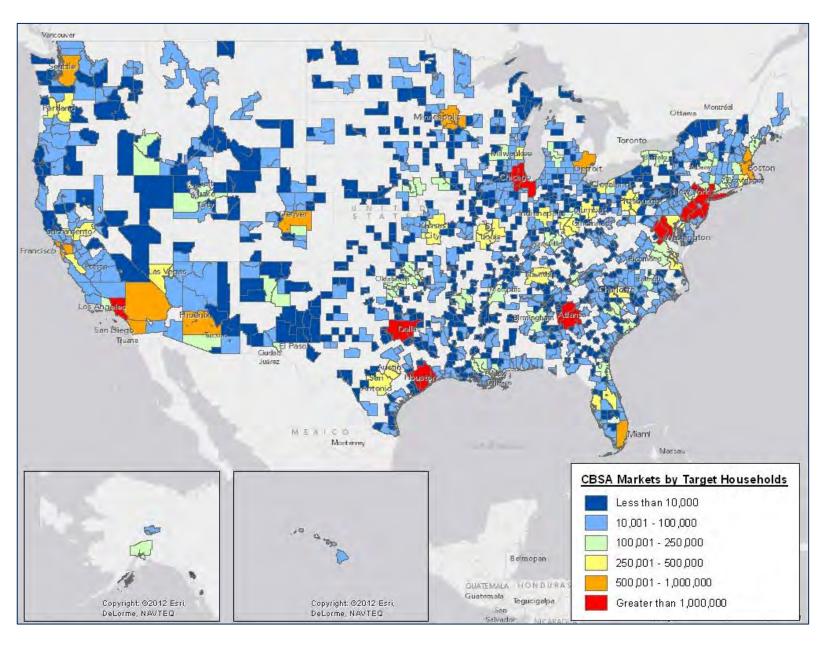


# Open New Stores **Disciplined Process**

**Target Target** Informed Households Consumer Site **Selection eCommerce** Geographic **Segmentation** History

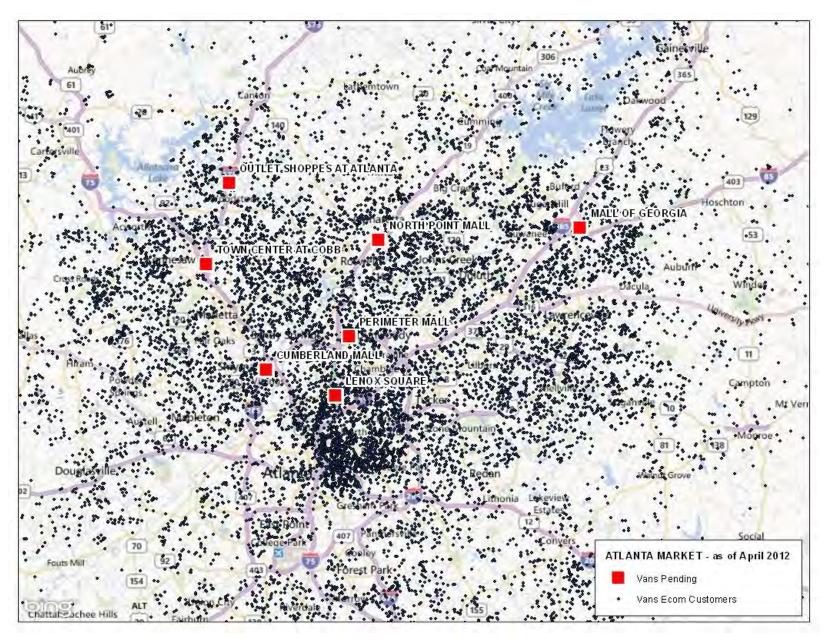


Markets Identified for Vans by Top Performing Customer Segments



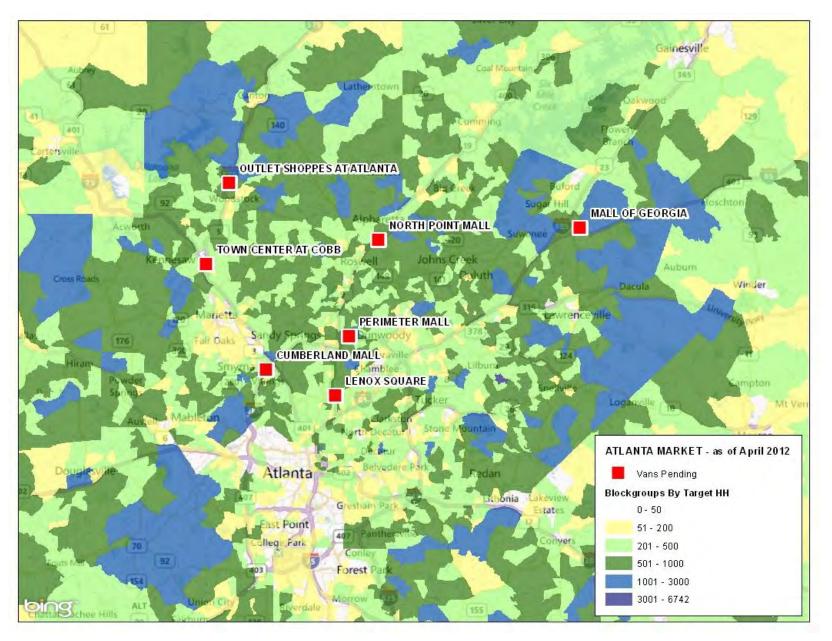


Vans has Brand Awareness in Atlanta



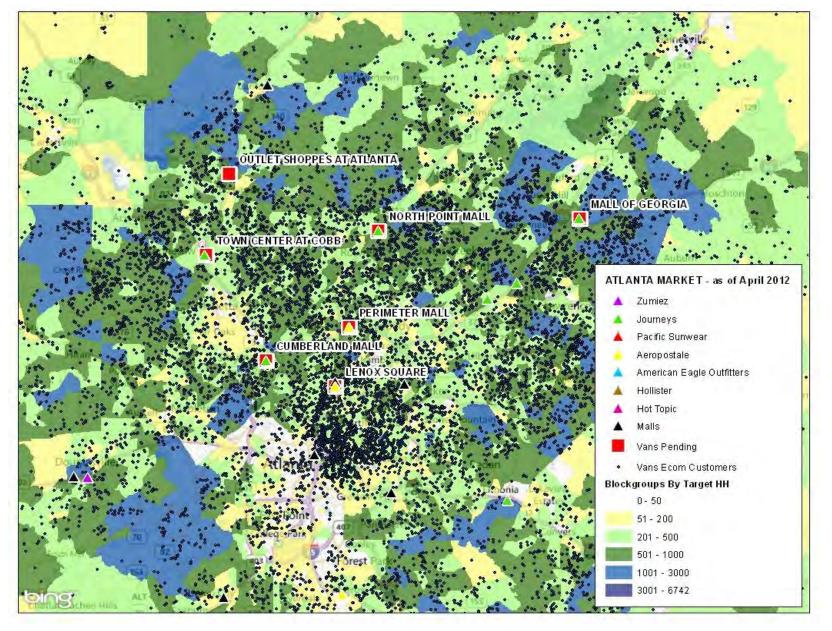


Block Groups Identified by Top Performing Customer Segments





Block Groups Identified by Top Performing Customer Segments, eCommerce Customers and Co-Tenants



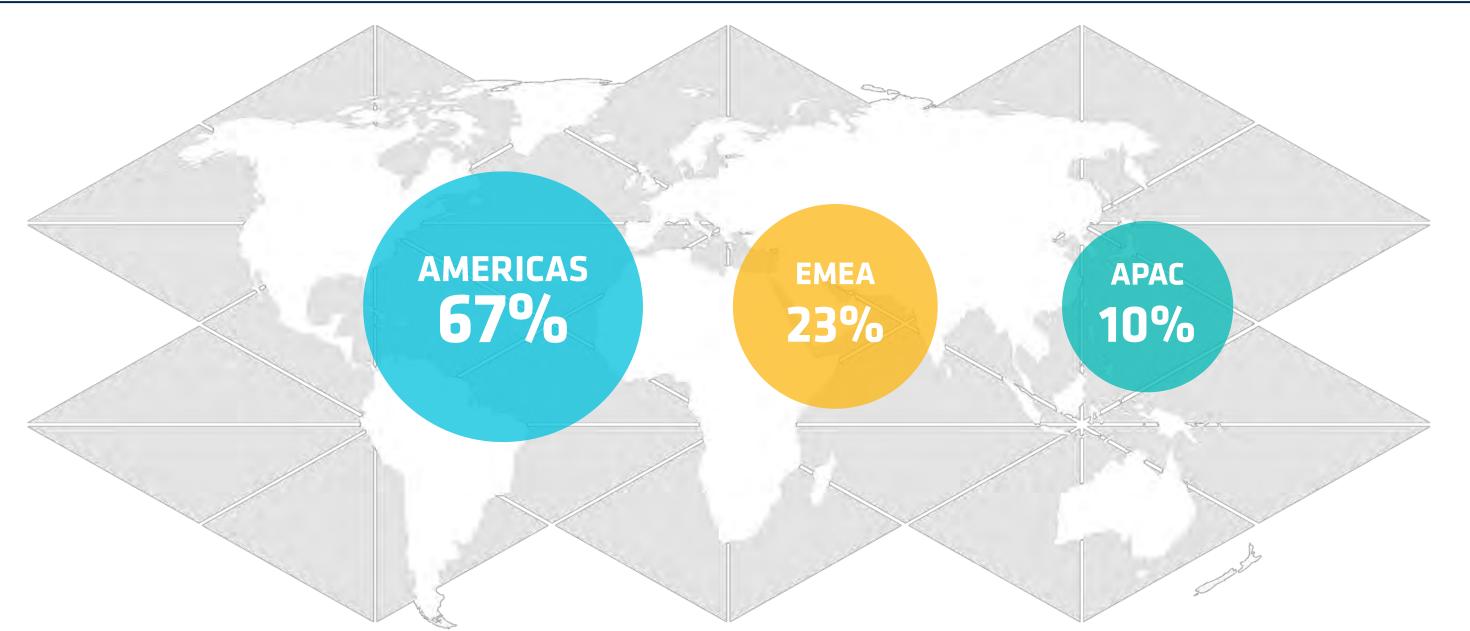
# Open New Stores Stores by Brand - 2012

VANS	354	for all mankind°	68	
Timberland 🍣	209	lucy <sub>®</sub>	<b>57</b>	
NORTH FACE	101	kipling	55	Total:
√NAUTICA	88	NAPAPIJRI	22	1,129
O U T L E T	80	Splendid ella moss	18	
Lee Wrangler	75	EASTRAK	2	

# Open New Stores Lots of Runway for New Stores



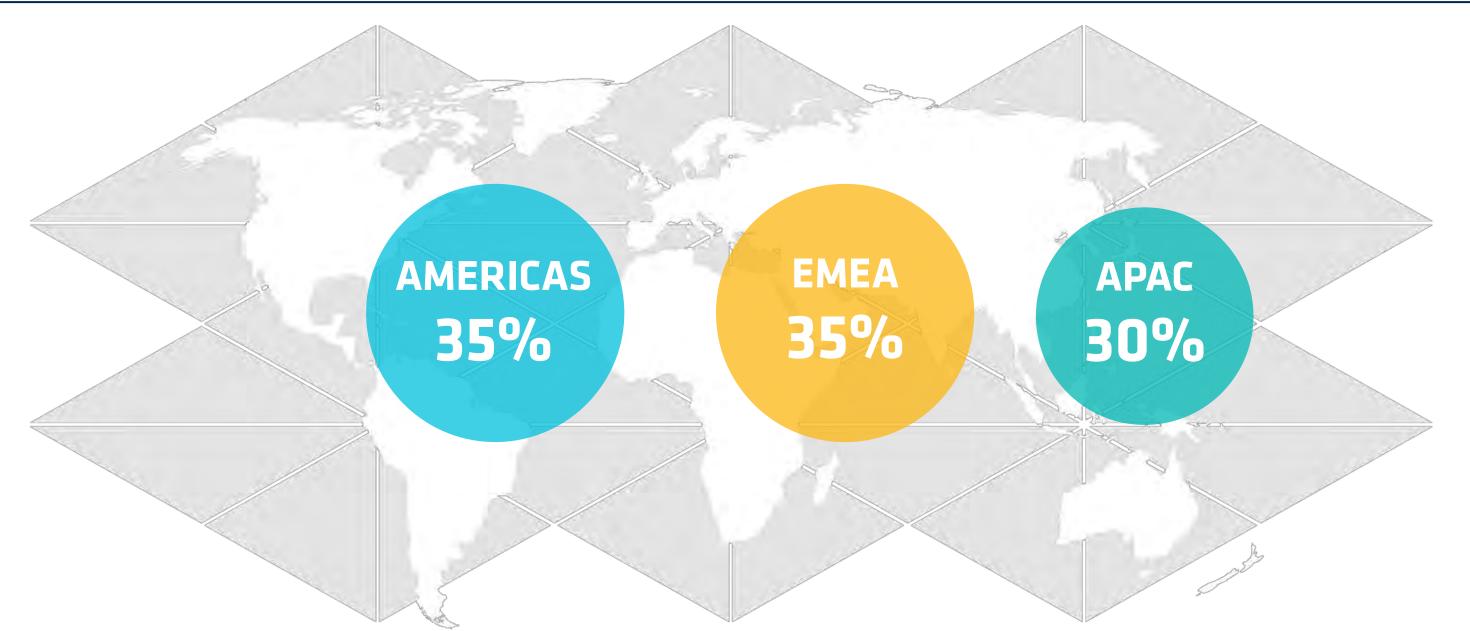
## Open New Stores Owned Stores by Region - 2012



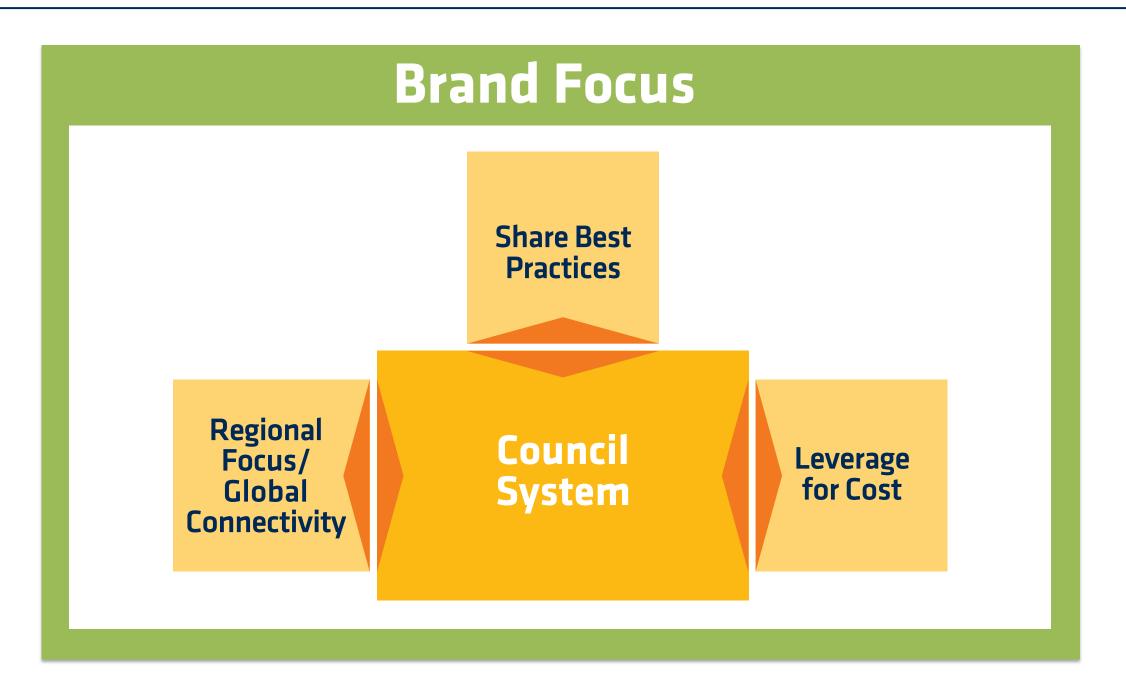
#### Open New Stores Net Door Growth: 2012-2017



## Open New Stores Door Growth by Region 2012-2017



#### Summary Brand Focus and Leverage VF



#### 2017 Revenues





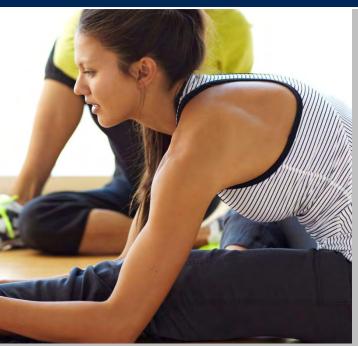
Powerful Brands / Powerful Platforms





# Tom Glaser President, Supply Chain















#### Units

486,000,000 per year 1,332,000 per day 55,500 per hour 925 per minute 15 per second













#### 760,000 Style/Color Items

**Kids Apparel** leans **Woven Shirts** Sandals **Baseball Uniforms** Fleece **TSA Uniforms** Belts **Hand Bags Polo Shirts** Shoes Bras Outerwear Caps **Sweaters** Rainwear Socks Totes Gloves

Flame Retardant

Base Layers

**Apparel** 

**Work Boots** 

Logo Tees Backpacks

Rugged Wear

Yoga Wear

Industrial Uniforms Wallets

Skiwear

Luggage

Totes
Scarves
Aprons
Vests
Hoodies
Skate Shoes
Slippers
Chef Apparel
Sleeping Bags
Dresses
ms Wallets
Boat Shoes
Shorts



#### 29,300

Supply Chain Associates



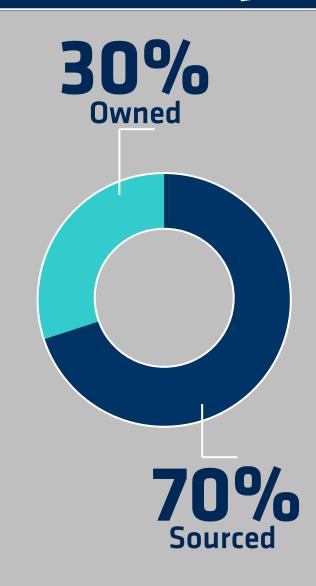








Internal **Manufacturing Facilities** 







40+ 2,000+

**Contractor Facilities** 





World's largest jeans producer



Largest garment producer Mexico/ Central America

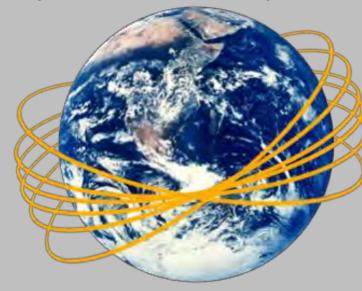


Largest footwear producer in the Caribbean



600,000,000

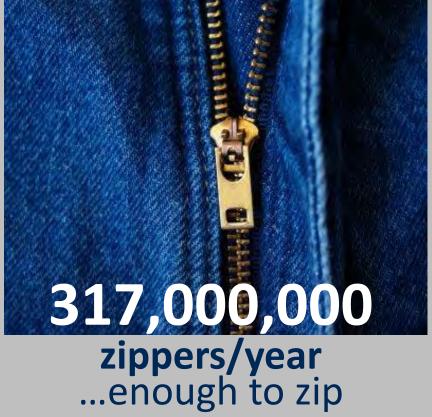
yards of fabric/year



Enough to wrap around the Earth

Over 13X











#### Logistics

32

Distribution Centers

68+

Containers are shipped with VF goods everyday





Replenishment Orders:

14,000,000/year 38,000/day





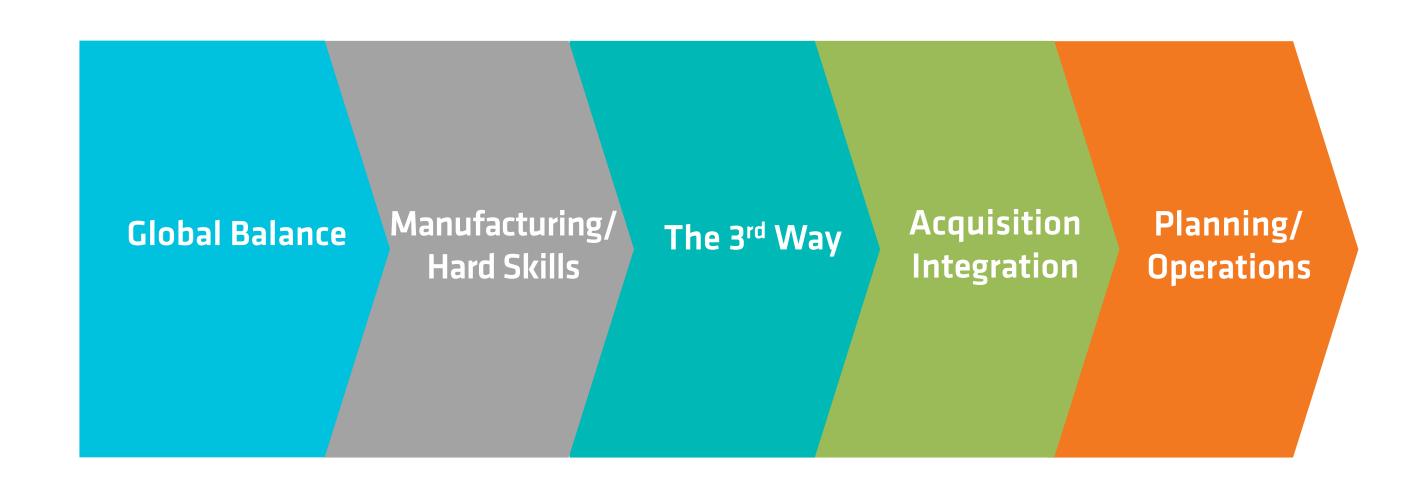
Data Managed:

750TB at any point in time

**95X** printed material in Library of Congress

## Competitive Advantage The VF Playbook



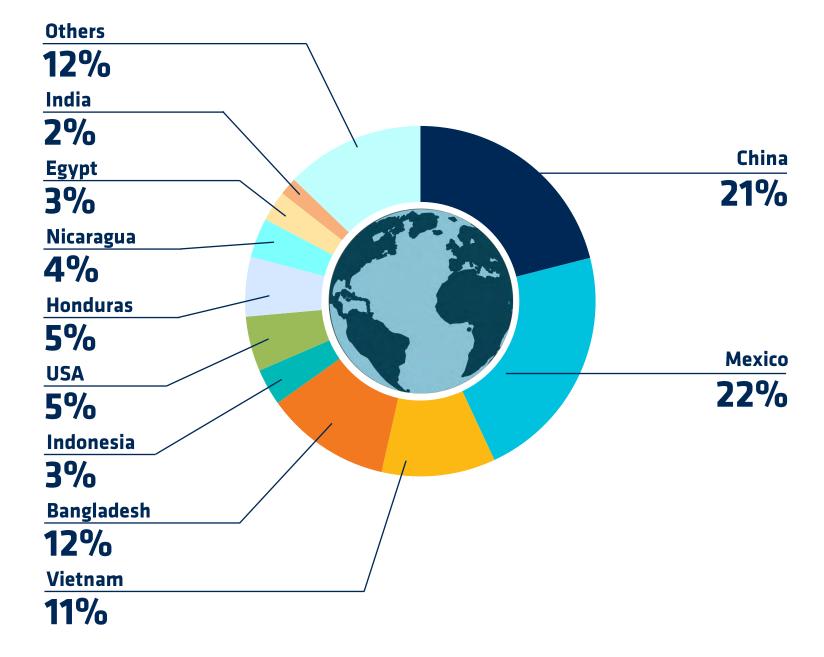


#### Global Balance Reduced Exposure to Any One Single Market



2013:

Percentage of Products (Units) Sourced by Country



#### Hard Skills for Lifestyle Brands







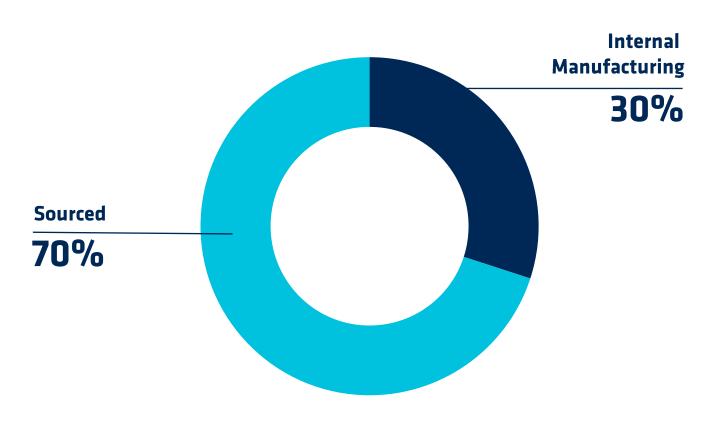


Timberland® Brand Manufacturing - Dominican Republic



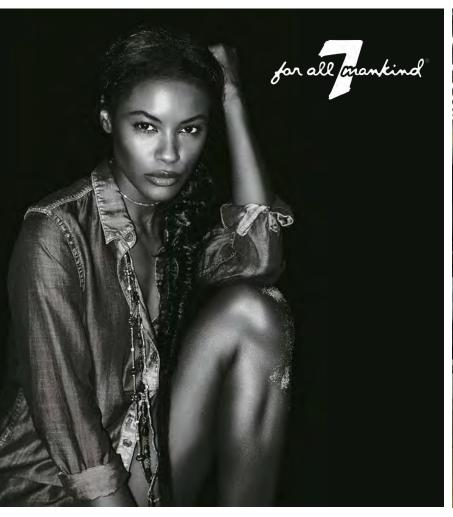


#### 145 Million Units Internally Manufactured



#### Hard Skills for Lifestyle Brands Case Study





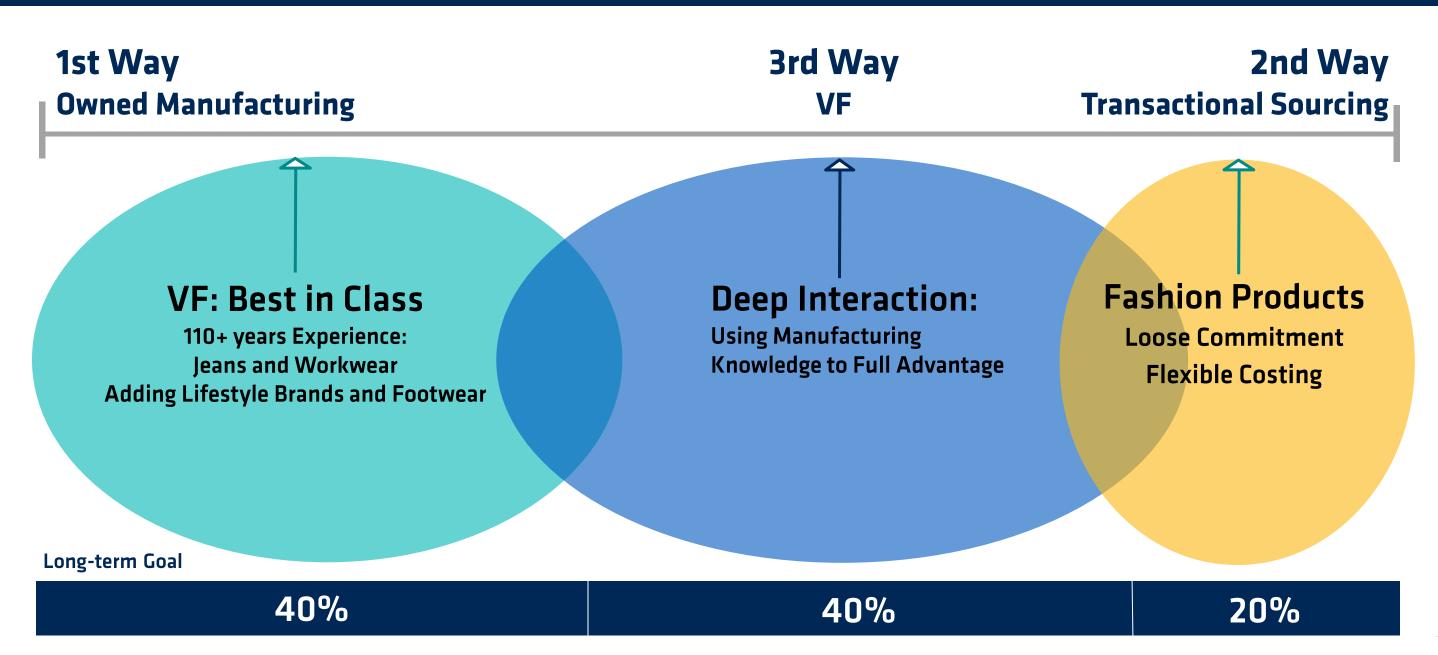


#### **Los Angeles Manufacturing**

- Since 2011
  - 95% of cutting
  - 40% of embroidery
  - 30% of sewing
  - 60% of finishing
- Saved: \$11 million since 2009
  - Total visibility to cost with contract factories
- Improved Quality/Fit
- Fast Track Process: 35 days PO to shelf (was 70 days)

#### The 3<sup>rd</sup> Way





## The 3<sup>rd</sup> Way "Heavy" Case Study: Asia





In collaboration with VF facilities engineering and sustainability teams

#### **Acquisition Integration**Case Study



- Embedded key VF leadership
  - Operations
  - Manufacturing
- Connected global teams
- Set common goals
- "Reverse integrated" on Footwear platform
- Executed operations playbook



#### **Significant Leverage**Case Study



- Apparel moved into VF Asia, lowered cost by 10%; higher quality and service.
- Inventory reduced 30%, improved service levels, \$7M reduction in air freight.
- Significant leverage through 2013
  - \$30M+ for Timberland
  - \$10M+ from other footwear brands
- Expanding Dominican Republic factory from 2.4M units in 2010 to 5M units by 2015. Now making plans for Vans.





#### **Driving Operational Excellence**Case Study: EMEA



#### **Demand and Supply Planning**



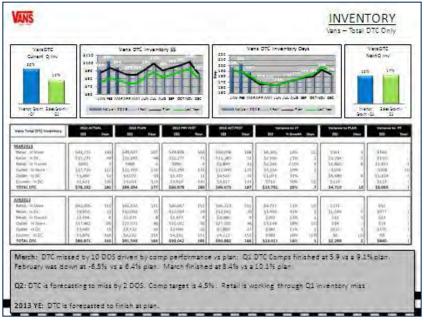
- Sales/Revenue/Profit
- Inventory/Distressed Inventory
- Days Sales Outstanding

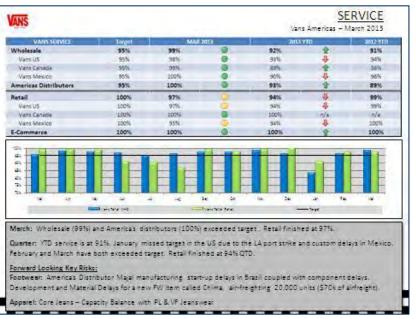
Cost

- Operational Costs
- Material Costs
- Cost of Complexity (SKUs)

Service

- Customer Service
- Production Adherence
- On Time Delivery





#### **Driving Operational Excellence**Case Study: EMEA



#### **Demand and Supply Planning**

Cash

- Sales/Revenue/Profit
- Inventory/Distressed Inventory
- Days Sales Outstanding

Cost

- Operational Costs
- Material Costs
- Cost of Complexity (SKUs)

Service

- Customer Service
- Production Adherence
- On Time Delivery



#### VF Supply Chain Unparalleled Competitive Advantage



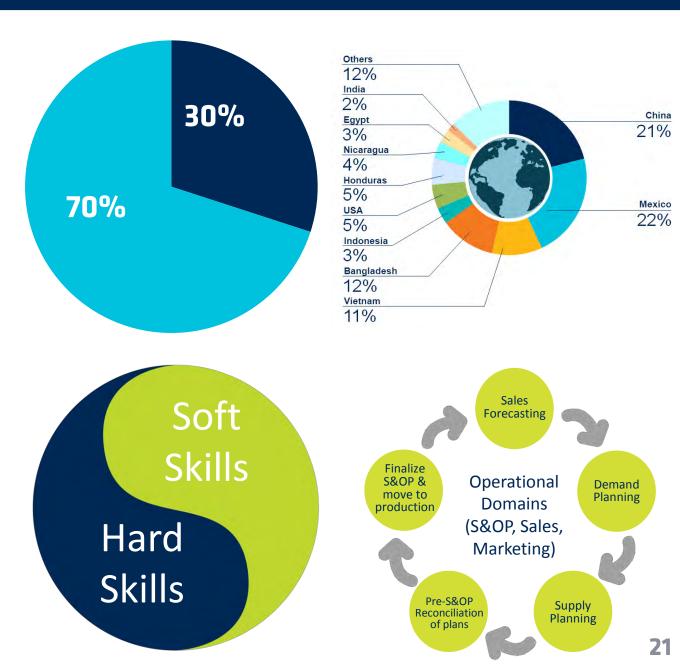
- Managing complexity
- Globally balanced
  - Reduced exposure
  - Limits our China risk
- Hard skills across all brands
  - Lower costs
  - Faster speed to market
- Focused on operational excellence
  - Lower inventory
  - Higher level of service
- 29,000 talented associates



#### VF Supply Chain Unparalleled Competitive Advantage



- Managing complexity
- Globally balanced
  - Reduced exposure
  - Limits our China risk
- Hard skills across all brands
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Powerful Brands / Powerful Platforms





# Bob Shearer Senior Vice President and Chief Financial Officer



# Powerful Brands Powerful Platforms

#### 5 Year Plan - 2007-2012

January 8, 2008



#### **Revenues** 2007-2017

\$17.3B

\$10.9B

5-year CAGR: 10%

\$7.2B

5-year CAGR: 9%

Organic: 8%

**Acquisition: 2%** 

2007

2012

2017

#### Organic Growth Drivers 2012-2017

- Powerful brands and coalitions
- Outdoor & Action Sports
- International
- Direct-to-Consumer

#### **Powerful Brands**

Top 5 Brands	2012	2017	5-year CAGR
NORTH FACE	\$1.9B	\$3.3B	12%
VANS	\$1.5B	\$2.9B	15%
Timberland &	\$1.5B	\$2.3B	10%
Wrangler	\$1.6B	\$1.8B	3%
Lee	\$1.1B	\$1.4B	5%

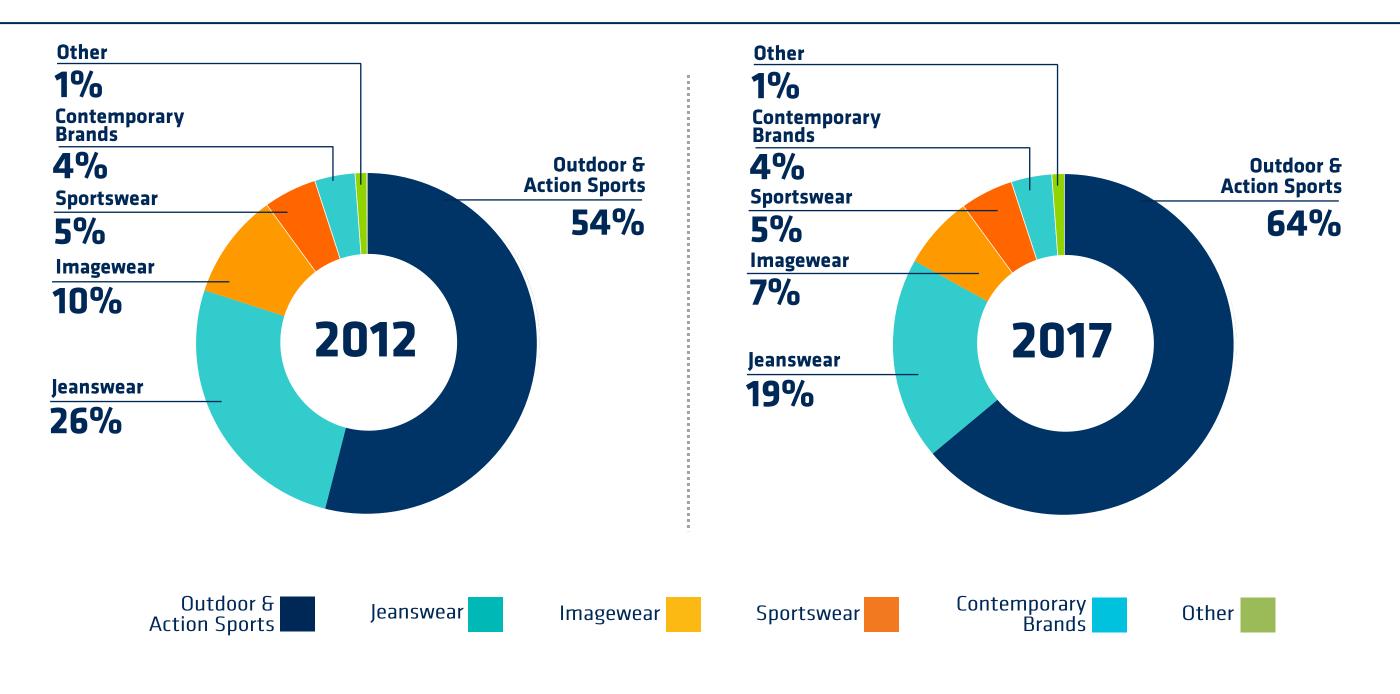
#### **Powerful Coalitions**

2012-2017 Revenue CAGR **14%** Total **Outdoor & Action Sports** 11% Organic **3%** Acquisition Jeanswear 4% **Imagewear** 4% 8% **Sportswear Contemporary Brands** 8%

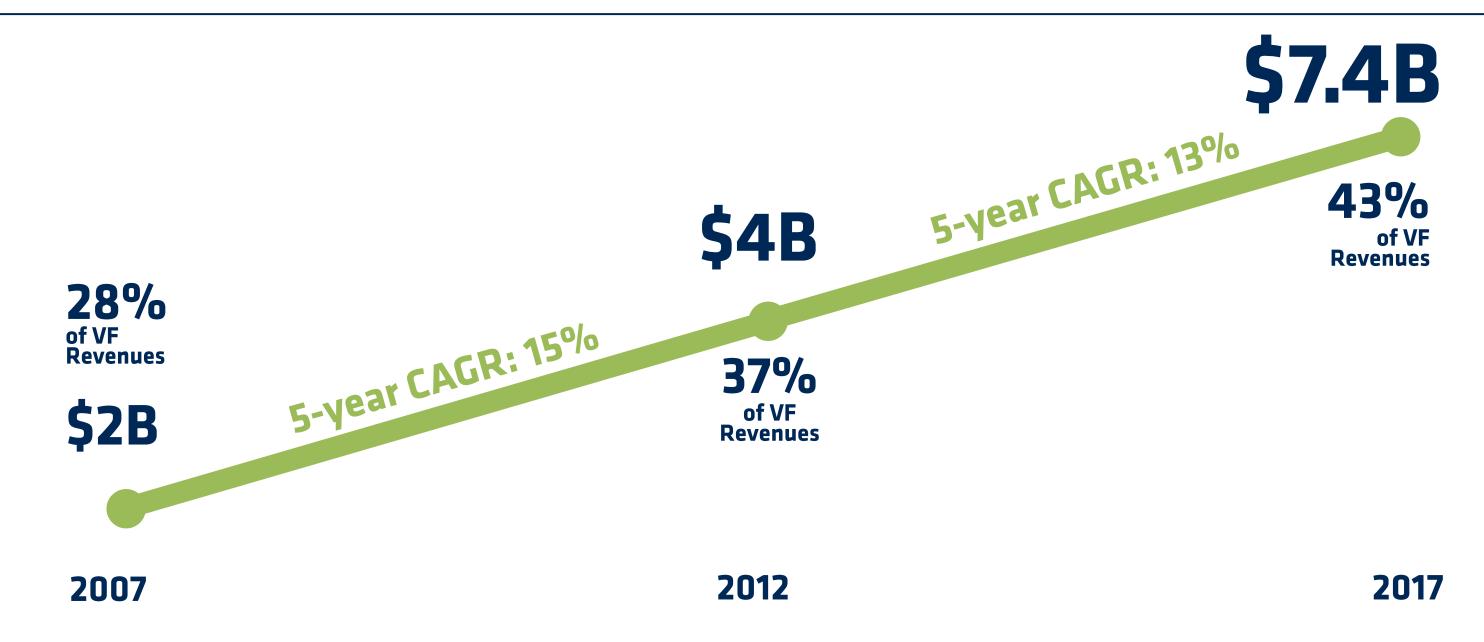
Highly Profitable Businesses

#### **Outdoor & Action Sports**

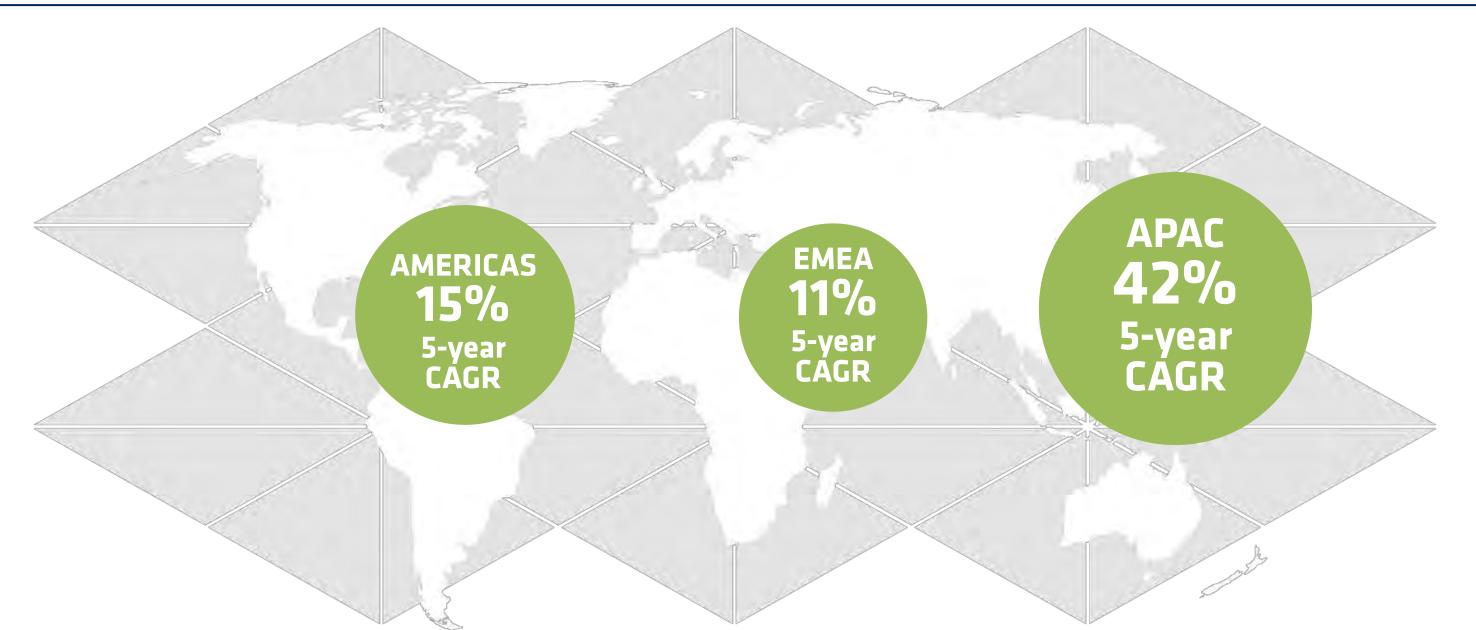
#### The Transformation Continues



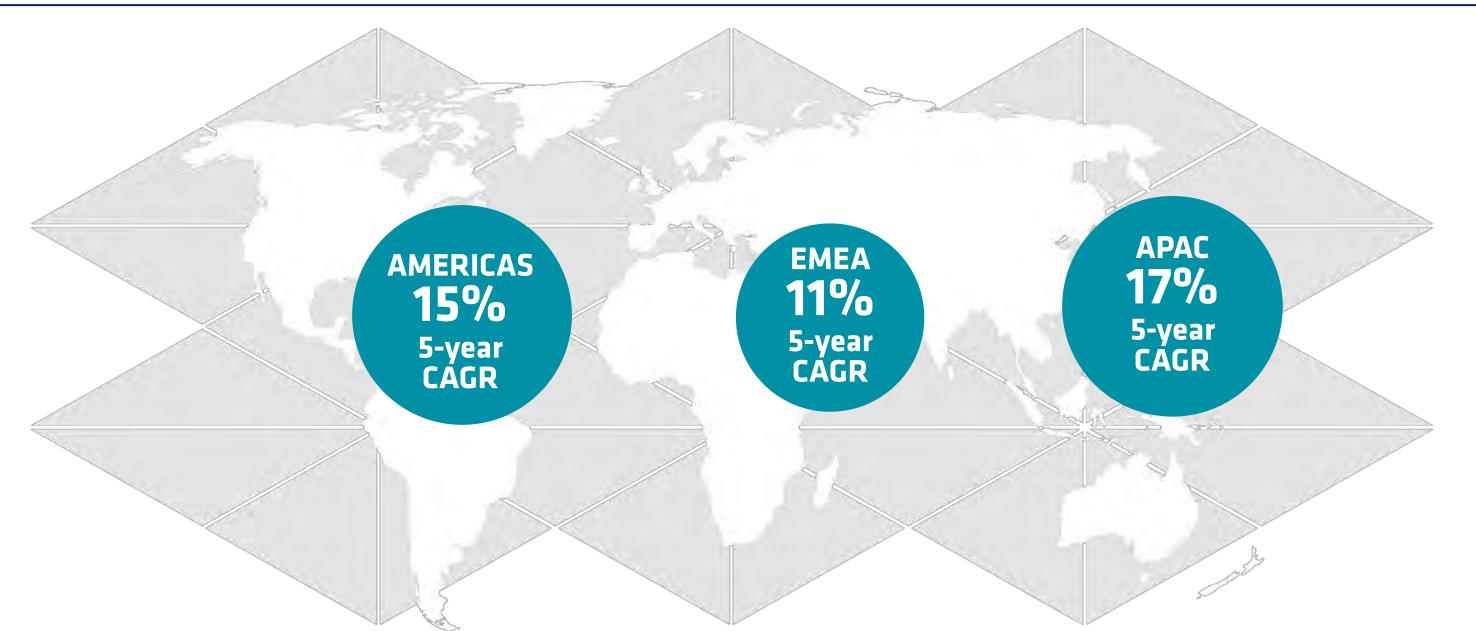
### International Revenues 2007-2017



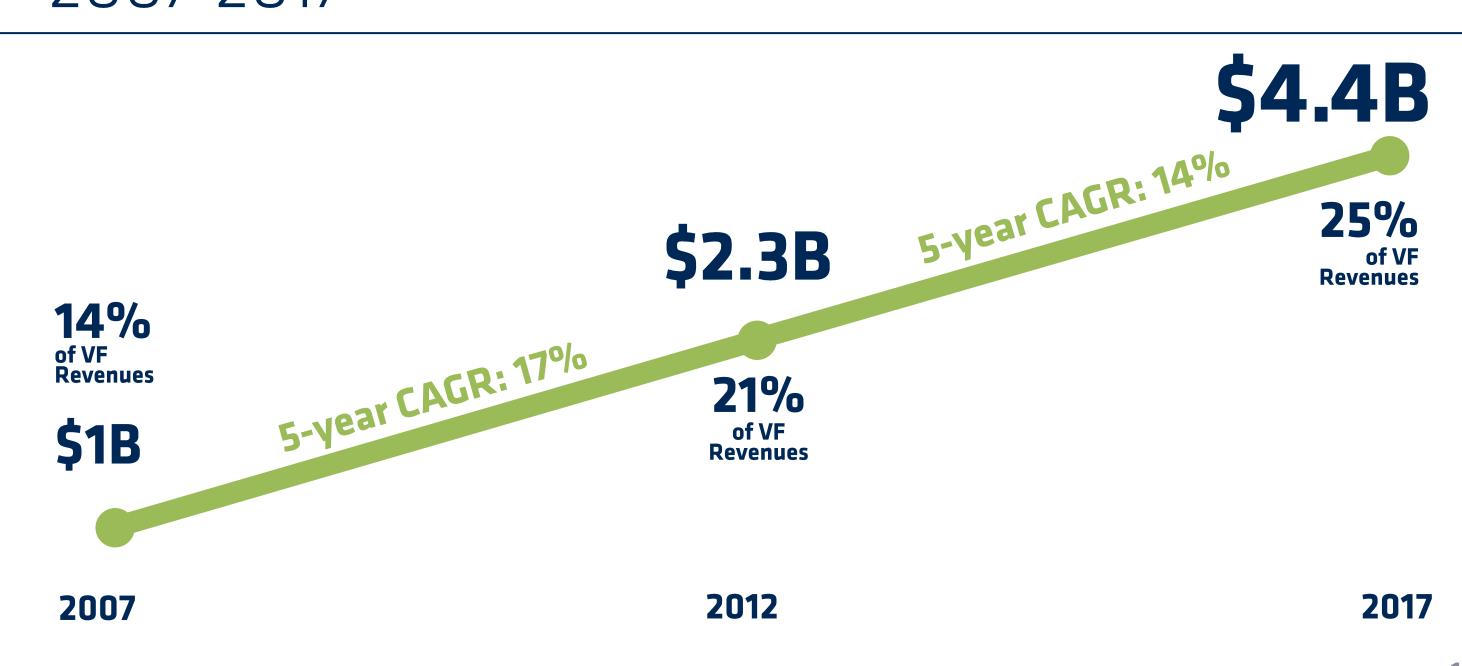
# **International Growth by Region** 2007-2012



# **International Growth by Region** 2012-2017



### **Direct-to-Consumer Revenues** 2007-2017



# Gross Margin 2007-2017

49.5%

46.5%

+300 bps

43.5%

+300 bps

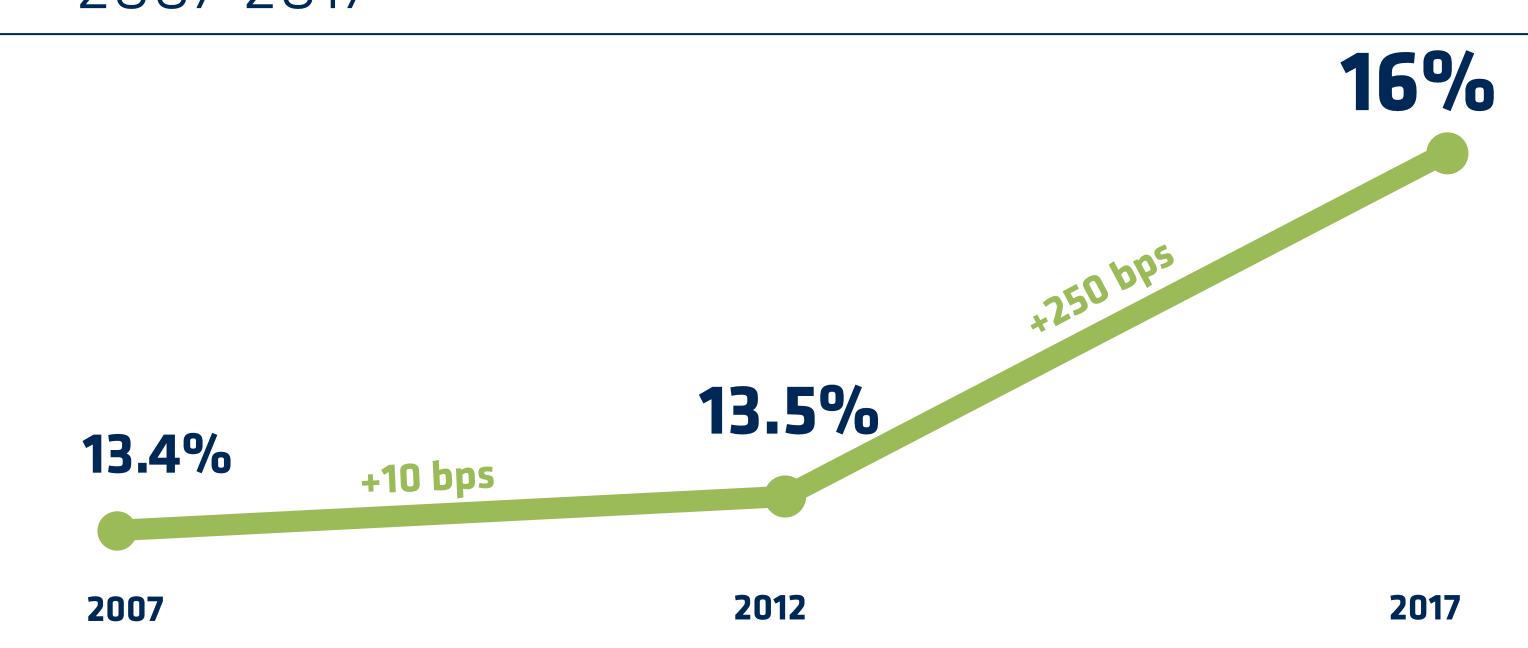
2007

2012

# **Gross Margin Drivers** 2012-2017

	% Pts. Above Overall VF Gross Margin
Outdoor & Action Sports	+4%
International	+7%
Direct-to-Consumer	+20%

# Operating Margin 2007-2017



# Earnings Per Share 2007-2017

\$18.00

\$9.63

5-year CAGR: 13%

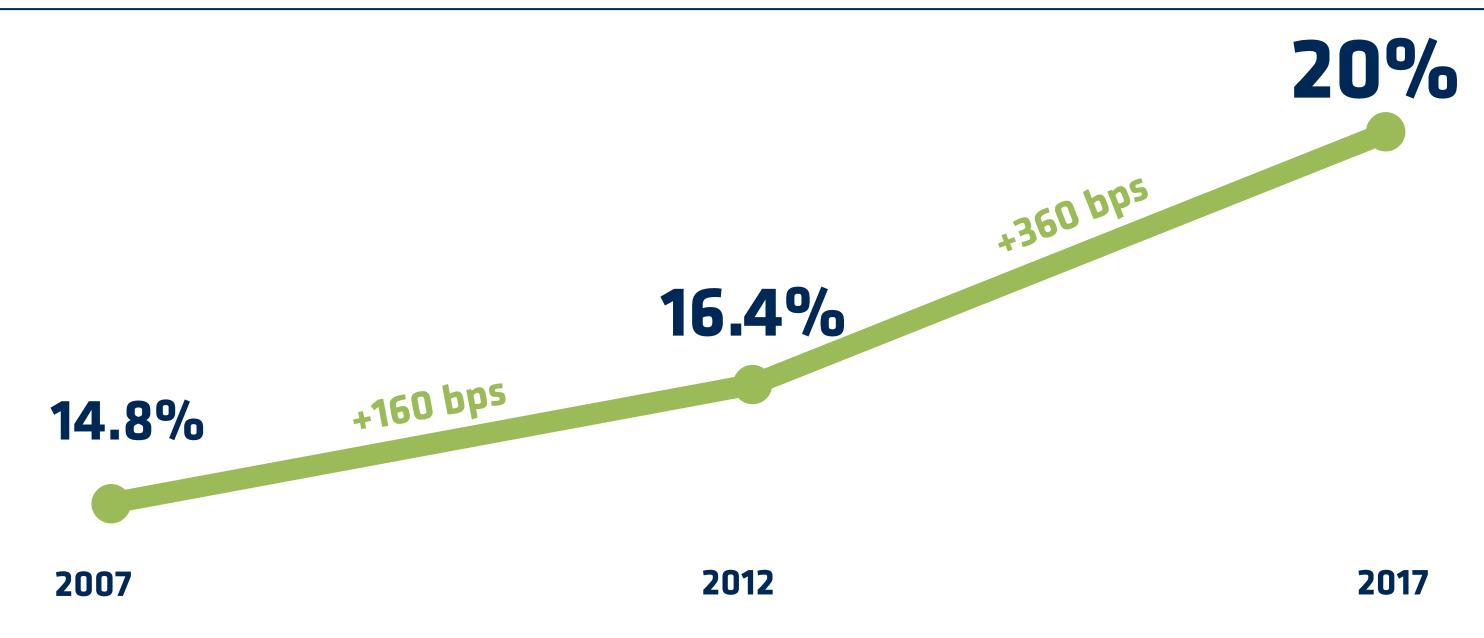
\$5.41

5-year CAGR: 13%

2007

2012

# Return on Invested Capital 2007-2017



#### **Cash Flow From Operations** 2007-2017

\$9.5B \$5.0B 5-year Cumulative Total

\$2.4B

**5-year Cumulative Total** 

\$1.3B

\$880M



2007

2012

# **Priorities for Cash** 2012-2017

- 1. Acquisitions: Outdoor & Action Sports
- 2. Dividend: 40% Payout Ratio
- 3. Share Repurchases

#### **Acquisition Strategy**

#### **Acquisition Imperatives**

- Lifestyle brands
- New platforms
- New geographies
- New capabilities

#### Criteria

- Strong brand equity
- Sustainable, long-term growth
- Operating margin target: 15% within 5 years
- Healthy TSR potential

#### Dividend Overview / Payout Ratio

2007-2017

\$7.20

40%

\$3.03

31%

\$2.23

41%

2007

2012

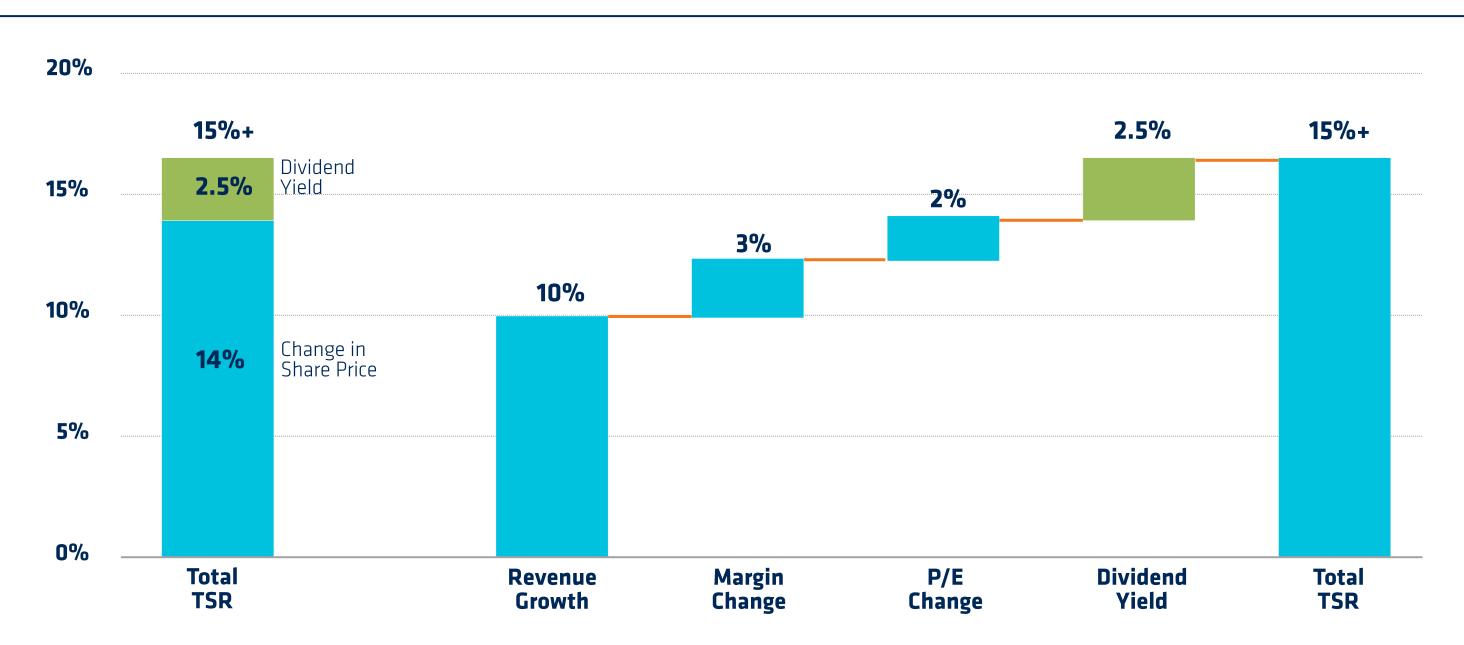
#### **Total Shareholder Return** 2007-2012

It's important to our shareholders.

20%

It's important to us.

#### **Total Shareholder Return Target**





Powerful Brands / Powerful Platforms

