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VF Corp. (VFC)

Q4 2021 Earnings Call

CORPORATE PARTICIPANTS

Joe Alkire

Vice President-Corporate Development, Treasury & Investor Relations, VF Corp.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

OTHER PARTICIPANTS

Erinn E. Murphy

Analyst, Piper Sandler & Co.

Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Adrienne Yih

Analyst, Barclays Capital, Inc.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Camilo Lyon

Analyst, BTIG LLC

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Robert Drbul

Analyst, Guggenheim Securities LLC

Ike Boruchow

Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the VF Corporation Fourth Quarter and Full Fiscal Year 2021 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

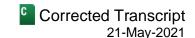
I would now like to turn the conference over to your host, Mr. Joe Alkire, Vice President of Investor Relations, Corporate Development and Treasury for VF Corporation. Thank you. You may begin.

Joe Alkire

Vice President-Corporate Development, Treasury & Investor Relations, VF Corp.

Good morning and welcome to VF Corporation's fourth quarter fiscal 2021 conference call. Participants on today's call will make forward-looking statements. These statements are based on current expectations and are subject to uncertainties that could cause actual results to differ materially. These uncertainties are detailed in documents filed regularly with the SEC.

Unless otherwise noted, amounts referred to on today's call will be on an adjusted constant dollar basis, which we've defined in the press release that was issued this morning. We use adjusted constant dollar amounts as lead numbers in our discussion because we believe they more accurately represent the true operational performance and underlying results of our business. You may also hear us refer to reported amounts which are in accordance with US GAAP. Reconciliations of GAAP measures to adjusted amounts can be found in the supplemental



financial tables included in the press release which identify and quantify all excluded items and provide management's view of why this information is useful to investors.

During the fourth quarter of 2020, the company determined that the Occupational Workwear business met the held-for-sale and discontinued operations accounting criteria. Accordingly, the company has reported the related assets and liabilities of the Occupational Workwear business in discontinued operations as of the date noted above and included the operating results of this business in discontinued operations for all periods presented. Unless otherwise noted, results presented on today's call are based on continuing operations.

Joining me on today's call will be VF's Chairman, President and Chief Executive Officer, Steve Rendle; and recently appointed Chief Financial Officer, Matt Puckett. Following our prepared remarks, we'll open the call for questions. Steve?

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Thank you, Joe, and good morning, everyone. Welcome to our fourth quarter call. As always, I hope our comments today find you and your loved ones healthy and safe. As we conclude our fiscal 2021 year, I'm proud of the way both VF and our people navigated what turned out to be one of the most disruptive years in our company's 122-year history. We didn't know how the pandemic would unfold and we didn't know how long it would last. But we did know one thing; we were determined not just to survive the situation but to capitalize on the moment, emerge even stronger, and position VF and our brands for the next chapter of growth and value creation.

Thanks to the incredible resilience and agility of our people, combined with our early actions to preserve liquidity and protect our balance sheet, today, I can say with confidence that VF is indeed emerging from this crisis as a stronger, smarter, and more focused enterprise. Throughout fiscal 2021, our teams remain sharply focused on executing their plans, and we continue to invest in our brands' greatest opportunities to drive growth. As you all know, our organic portfolio had strong momentum heading into this crisis, delivering 9% revenue and 19% earnings growth through the first nine months of fiscal 2020. All of the actions we've taken throughout fiscal 2021 have been squarely focused on regaining the strong organic momentum as we exit the pandemic.

We also remain focused on driving inorganic growth by evolving our portfolio to align with near and long-term market opportunities. This is exactly what we did by acquiring Supreme in late 2020 which we believe will deliver significant value creation for VF shareholders in the years to come. In addition, we announced late last month that we've entered into a definitive agreement to sell our Occupational Workwear businesses. The sale of this business will provide greater financial flexibility to fuel the long-term strategic growth initiatives for our remaining portfolio.

The continued effects of the pandemic forced an ongoing reaffirmation of our priorities. We've been actively working to accelerate our hyper digital journey in fiscal 2021 with continued focus on a central consumer data platform that's accessible to our brands and that enables them to understand consumers more deeply and to engage them in more meaningful and personal ways. And we leveraged new technologies and processes to further digitize our go-to-market approach with advancements in 3D design and development, virtual product reviews, and digital printing capabilities that shorten production calendars and accelerate our ability to flow newness and innovation.

We also kicked off Project Enable, a multi-year initiative to evolve our organizational design to ensure we have the right capabilities, resources, and talent in place to propel us forward. This work includes upskilling and



reskilling parts of our workforce to equip them with the know-how to thrive in a digital-first world. Project Enable will help us accelerate our business model transformation and reduce our global cost structure by about \$125 million over three years.

Along with our focus on business performance and advancing our strategy, we've remained determined to continue building our reputation as a purpose-led company that leads by example. We continue to activate our people-first approach through fiscal 2021. We prioritized the health and safety of our people worldwide and went to great lengths to support their financial wellbeing. I'm extremely proud to say that even during the darkest days of the crisis, when nearly all our stores around the world were closed for months on end, not one of our retail associates was laid off or furloughed because of the pandemic.

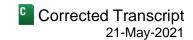
We also continue to meet our commitments to the communities we serve and the planet we all share. Last year was a year of tremendous progress in our efforts around the world to advance environmental sustainability. We allocated the net proceeds from our €500 million green bond, the first in the apparel footwear industry, toward VF's eligible sustainable projects worldwide. Collectively, these projects are helping to deliver meaningful environmental benefits. In addition, we announced our goal to eliminate all single-use plastic packaging, including poly bags, by 2025. Going forward, all remaining non-plastic packaging used by VF and our brands will originate from sustainable sources and be designed for reuse or recyclability.

We also published our first human rights report in alignment with the United Nations Guiding Principles on Business and Human Rights. We're very proud of this work, and we aim to continuously improve as we uphold human rights in all our operations and across our global supply chain. Beyond the global pandemic, other events of last year laid bare the pervasive racial and social economic injustices that plague our world, especially as they impact people of color. In response, the F&R brands took action to build on our inclusion and diversity work by establishing the Counsel to Advance Racial Equity, CARE. Although CARE is still young, we believe it will be a galvanizing force for our entire company as we take collective actions in the years ahead to fight for racial equity and social justice.

Operating as a purpose-led company is not just the right thing to do; it is what our employees and our consumers expect. Brands are more than businesses which deliver product; they have the ability to influence positive movements within their communities. This builds deeper connectivity and engagement between our brand and our consumers, supporting long-term profitable relationships. We are a purpose-led and performance-driven organization.

Transitioning to our financial results. I want to start with a few highlights from this past year. By any measure, the collective work of our associates to navigate fiscal 2021 was nothing short of remarkable. Despite unprecedented challenges from rolling virus surges and lockdowns globally, we were able to deliver global revenues of \$9.2 billion and adjusted earnings per share of \$1.31, in line with our outlook shared in January.

Throughout the year, digital and China propelled our business forward. Our DTC digital business delivered 55% organic growth. And when combined with pure-play digital wholesale, our total digital business grew over 40% and accounted for nearly 30% of total revenue. These figures demonstrate how quickly the world turned online and how well our teams adapted to the new reality with incredible speed and agility. In fact, during the five-month period, our digital technology teams engineered homegrown solutions to enhance our e-commerce platform and stand up new omnichannel capabilities, including buy online, pick up in store; ship from store; and reserve online, buy in store programs. These new offerings further simplify the shopping experience for our consumers and enabled us to utilize retail inventory through our digital channels when stores were closed, all of which helped to generate around \$50 million of incremental revenue this year.



Our China business also remained consistently strong throughout fiscal 2021, growing 20% and surpassing \$1 billion in revenue and exceeding our long-term plan targets. We bolstered our China operations by appointing VF's first-ever President of Greater China, and we're in the process of restructuring our Asia Pacific operations by moving our brands' regional center from Hong Kong to Shanghai. This will enable our brands to strengthen their in-country presence and gain even deeper insights into our Chinese consumers.

VF generated approximately \$1 billion in free cash flow in fiscal 2021, a testament to the resiliency of our portfolio and strong execution from our global teams. While many of our peers were forced to pause their dividend commitments, our strong balance sheet and command over free cash flow supported our ability to modestly raise our dividend this year, returning \$760 million to shareholders. A key objective throughout this year was to exit fiscal 2021 in a clean inventory position. I'm pleased to say that we ended this year with owned inventories down 18%, and our disciplined brand and marketplace management approach globally has resulted in clean inventory positions across channels.

Turning to our outlook. As you saw in this morning's release, we expect fiscal 2022 revenue to be about \$11.8 billion, representing more than 25% growth. Excluding Supreme, this represents high single-digit organic revenue growth, above prior peak fiscal 2020 levels. Said differently, we expect our big four brands to not only fully recover revenue lost during the pandemic but to deliver strong growth relative to prior peak levels.

Before getting into our fiscal 2022 plan, I want to take a moment to address a specific question which always is top of mind with this audience. What gives me confidence in Vans' ability to reaccelerate and deliver on its forward growth commitments? Throughout the past year, the Vans conversation has been focused on the disruption caused by supply delays, the outsized impact of store closures, and the cumulative impact of inventory and marketing investment constraints. As we have consistently discussed, these issues are all short-term and episodic which have no impact on the long-term runway for this brand. As we enter fiscal 2022, there are several near-term catalysts which give me confidence in Vans' ability to regain momentum and return to the low double-digit growth path we laid out in 2019.

First, we know that the deep connectivity of Vans stores and associates are a distinct competitive advantage for the brand. Our stores drive higher loyalty member enrollment, greater purchase frequency, and higher average order value. A return to in-store shopping will restore this advantage, growing the Vans community, while driving a higher annual spend per consumer.

Second, a return to normal social usage occasions will accelerate purchases from depressed levels the brand experienced during the pandemic. This is not just a return to in-person schooling for younger consumers. This is a return to seeing family and friends, dining out, attending concerts and sporting events, and traveling. We know Vans has remained top of mind for its core consumers who are ready to re-engage with the brand as they return to a normal cadence of lifestyle activities.

And lastly, beginning next month, Vans will initiate a globally coordinated weekly drop cadence that marries both product and experiential demand creation to drive energy, excitement, and brand heat. A key learning from the past year has been the importance of flowing new product and associated storytelling to deepen engagement with existing consumers and attract new consumers to the brand. This will be accompanied by an elevated Vans.com experience to enhance the consumer journey around these exciting drops. While Vans is our largest brand, I don't want to lose sight of the momentum we're seeing across the remainder of our portfolio.



As Matt will unpack shortly, our recovery this quarter and the strength of our fiscal 2022 plan is broad-based. There is tremendous momentum at The North Face and Dickies which we expect to accelerate. We believe Timberland has reached an important inflection point. And Supreme is off to a strong start, and its path for sustainable long-term growth and value creation could not be more clear.

Taken together, I'm entering this year with a strong sense of optimism. We have a best-in-class portfolio of brands with momentum, a leadership team across our brands and enterprise that possesses the skills and capabilities to lead our teams and to deliver on our commitments. There are tailwinds from both the strengthening consumer across the globe and in the categories where we are most present, and inventory levels are in good shape. Each of our brands are uniquely positioned to thrive in the coming year and return to their respective long-range plans as we emerge from this crisis as a stronger company.

And now, I'll turn it over to Matt.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Good morning, everyone. And first, Steve, let me say how honored, excited, and appreciative I am to have the opportunity to serve as CFO of this amazing 122-year-old company. And to Scott, thank you for the many years of mentoring and encouraging and supporting my professional development. Rest assured, you've had an impact on VF that is immeasurable and you will be missed by all, but by none more than me. Best wishes, my friend.

So, let me start with an overview of the operating environment across geographic regions. Starting with the Americas, the US environment continues to improve with vaccine distribution, easing lockdown measures, and a strengthening consumer. We started Q4 with about 15% of our doors closed in the region, mostly in California. As we sit today, virtually all of these doors have reopened.

While store traffic remains depressed, conversion and AUR have been strong, and we have seen sequential improvement across the brick-and-mortar fleet, with a notable acceleration in March. Each of our largest brands returned to double-digit growth in the Americas, and our total DTC business increased 16%, led by 57% growth from digital. Wholesale channel inventories remained clean, particularly across outdoor categories, which will provide a strong backdrop to the US wholesale business as we progress through fiscal 2022.

In EMEA, the region has been impacted by rolling store closures throughout the entirety of fiscal 2021, and our teams continued to navigate this disruption during Q4. We started the quarter with about half of our doors closed and finished the quarter with about 60% of doors closed. Key markets such as the UK and Germany were basically fully closed throughout the fourth quarter.

Lockdowns are expected to ease beginning in May for most countries, except Germany and France, although a slower start to vaccine rollouts will likely hinder the pace of recovery in the coming months. Despite this choppier brick-and-mortar recovery, our teams have continued to leverage digital, driving 99% growth in that channel during the period with broad-based strength across the portfolio. And digital increased 92%; The North Face, 118%; and Timberland, 122%. Our strong partnerships with digital partners such as ASOS and Zalando also delivered impressive growth, accelerating in the quarter. We expect strong underlying digital momentum to translate into accelerated growth in fiscal 2022.

The APAC region has demonstrated incredible resiliency throughout the past year, led by Greater China and a strong consumer. Our Greater China business surpassed the \$1 billion milestone in fiscal 2021, growing 20%, capped off by 70% growth in Q4. Congratulations to our teams in the region for this important milestone. This



represents nearly 25% growth over our fiscal 2019 Q4 revenue, the prior peak before the impact of COVID. All VF brands achieved growth in the region, led by 93% growth at The North Face and 107% growth at Dickies.

We continue to view China as the leading indicator of the broader recovery in our business. And as our largest growth opportunity, we remain focused on maintaining momentum and continuing with investments focused toward our Distort to Asia strategy. The transition of our brand leadership teams and commercial operations to Shanghai is on track, which includes standing up a digital hub and establishing a consumer-centric structure that will help us transform and advance our capability serving Greater China and the region.

Globally, our supply chain teams continue to navigate port congestion, capacity constraints, transitory cost pressures, and elevated volatility across the network. Our teams are working tirelessly to minimize the impact of these challenges. However, we expect volatility and certain headwinds to continue for the foreseeable future. Fortunately, we have one of the strongest supply chains in the industry and are prepared for this challenge, having successfully navigated the unprecedented disruption over the past year.

Now moving into our fourth quarter highlights. As you may have seen in this morning's release, our Q4 results benefited from a 53rd week in fiscal 2021. The impact of this was contemplated in our 2021 outlook shared in January. This benefit was magnified relative to Q4 due to the low base in the prior year and supply chain disruptions resulting from COVID-19. Importantly, this dynamic is reflected in the fiscal 2022 plan growth rates we will cover shortly.

VF delivered 19% growth in Q4 or 12% organic growth despite headwinds from supply chain disruptions and more extended lockdowns throughout Europe. The strength of our business was broad-based with 16% growth from the big four brands and acceleration from many of our emerging brands, highlighted by a 53% growth from Altra. In its first quarter with VF, the Supreme brand contributed over \$140 million of revenue, exceeding our expectations.

As expected, Vans inflected positively, delivering 10% global growth as strength in the Americas and APAC regions more than offset larger than expected headwinds from store closures in Europe. Globally, Vans is seeing balanced momentum and performance across heritage and progression footwear. During Q4, Sk8-Hi, authentic, and old-school heritage styles each grew double digits, while the Pro Skate and MTE progression lines each grew more than 30%. Apparel also performed well, including mid-teens growth in women's. Vans digital growth accelerated to 52%, including a growing contribution from omnichannel sales which represented over 10% of digital revenue in the Americas.

Vans stores also returned to growth globally after sequential quarterly improvement throughout fiscal 2021. Vans DTC consumers returned strongly during March, both in stores and online and across both existing and new consumers. The Vans Family loyalty program added 1.2 million members in the US in the last four months and now has nearly 15 million enrolled globally. With the reopening of Vans' store fleet, new membership growth has accelerated in March and April.

The North Face delivered 23% growth, led by 56% growth in digital. TNF achieved double-digit growth across all regions and channels as outdoor category tailwinds remain robust globally. From a product standpoint, the brand experienced relative strength from several on-mountain categories, including outerwear led by our FUTURELIGHT offering, and footwear led by our new VECTIV line. We see continued validation of the brand's innovation engine, recently highlighted in Outside Magazine's 2021 Summer Buyer's Guide which features six products from The North Face, including Gear of the Year awards for two VECTIV products, awarded the Best Trail Running and Hiking Shoes of 2021.



Momentum at The North Face also extends to the brand's off-mountain product portfolio with strength from logo wear and iconic franchises such as the Nuptse which increased more than 75%. The brand also wrapped up the Gucci collab with the largest earned media campaign in The North Face's history with more than 17 billion impressions, yielding worldwide 100% sell-through of all collaboration outerwear. And lastly, due partially to an exceptionally strong first-responder program throughout fiscal 2021, The North Face's digital business increased 63%, including 49% growth in new paid customers while adding 1.6 million in new loyalty members in the Americas.

Timberland increased 19% with continued momentum with continued momentum behind outdoor footwear, apparel, Timberland PRO, and an accelerating classics business. Digital increased 96% with additional strength from key digital retail partners. The brand successfully rolled out several new product stories, including GreenStride which has garnered strong early reads. Timberland delivered 54% global digital growth in fiscal 2021 and is entering this year with broad-based momentum across the product portfolio.

Finally, Dickies increased 19% with continued strength across regions, channels, and categories. The brand continued its strong performance in APAC, highlighted by more than 120% growth in Greater China. Workinspired lifestyle product increased at a double-digit rate across all regions and represented 40% of total revenue. Despite headwinds from the pandemic, the brand delivered 7% growth in fiscal 2021 through strong execution against its strategic pillars of digital, China, and work-inspired product categories.

Fourth quarter adjusted EPS was \$0.27, including a \$0.06 contribution from Supreme, representing 89% organic growth and a strong start to our earnings recovery. Our liquidity remains strong as we ended the year with approximately \$1.45 billion in cash and short-term investments and approximately \$2.2 billion remaining undrawn on our revolver. As Steve referenced earlier, we've entered into a definitive agreement to sell our Occupational Workwear business to Redwood Capital Investments which is expected to close in late Q1. This will provide an additional source of liquidity and further reduce our net leverage position.

Moving now to our outlook for fiscal 2022. We expect total VF revenue to approximate \$11.8 billion, representing about 28% growth from fiscal 2021 and a low double-digit increase relative to our prior peak revenue in fiscal 2020. This includes approximately \$600 million of Supreme revenue. Excluding the Supreme business, our fiscal 2022 outlook implies growth of about 23%, representing high single-digit growth relative to fiscal 2020.

By brand, we expect Vans to generate between 26% and 28% growth, representing a 7% to 9% increase relative to prior peak revenue. The North Face is expected to increase between 25% and 27%, representing 14% to 16% growth relative to fiscal 2020 and surpassing \$3 billion in global brand revenue. We expect Timberland to increase between 16% and 18%, which implies revenue in line with prior peak levels. Lastly, we expect continued strength from Dickies, with growth accelerating to between 10% and 12%, which implies revenue up about 20% from fiscal 2020.

By region, excluding Supreme, we expect Europe to increase about 30%, representing about 15% growth relative to prior peak revenue. We expect continued momentum in APAC with close to 20% organic growth, led by ongoing strength in China where we expect growth to exceed 20%. In the Americas, we expect organic revenue growth of greater than 20%.

By channel, again, excluding Supreme, we expect our DTC business to increase between 28% and 30%, including about 15% growth in digital. We expect approximately half of total VF revenue to come from DTC this year. And including pure-play digital wholesale, we expect our total digital penetration in fiscal 2022 to exceed



30%. Finally, our wholesale business is expected to grow at a high-teen rate, essentially recovering revenue lost over the past year and returning to prior peak levels.

Moving down the P&L, we expect gross margin in excess of 56%, representing organic margins above prior peak levels. We expect an operating margin of about 12.8%, which implies high single-digit organic growth in our SG&A spend relative to fiscal 2020 levels. Now, let me take a moment and unpack our expected SG&A growth relative to those prior peak levels. A large piece of the growth relates to continued investment against our growth-focused strategic priorities. Relative to fiscal 2020, our fiscal 2022 plan assumes over \$150 million of incremental investments in demand creation and our business model transformation to be more consumer-minded, retail-centric, and hyper-digital, which supports the strong growth commitments covered today.

Other large drivers within SG&A are episodic to this year. A large piece of the growth is simply from foreign currency. Foreign currency translation represents about 20% of the expected dollar growth in SG&A. Another episodic piece of our SG&A growth relates to elevated distribution and freight. We are confident in our ability to mitigate these cost pressures over time in addition to the strong pricing power our brands enjoy globally. However, higher costs will be a near-term headwind to profitability. Moving forward, we see a path to SG&A leverage as we exit fiscal 2022. And given the composition of our portfolio today, we see, at minimum, a return to our long-term earnings algorithm from our 2024 plan, with strong gross margin expansion and SG&A leverage supporting investment optionality.

To wrap up our fiscal 2022 P&L outlook, we expect our tax rate to approximate 15%, which brings us to earnings per share of about \$3.05, including an expected \$0.25 per share contribution from the Supreme brand. Finally, we expect to generate over \$1 billion in operating cash flow. Capital expenditures are planned to approximate \$350 million. This includes the impact of growth investments as well as deferred capital spending from fiscal 2021 as a result of COVID. There are no changes to our capital allocation priorities moving forward. Our strong balance sheet will continue to be a focus, and we expect to end fiscal 2022 with net leverage between 2.5 times and 3 times. We remain committed to growing our dividend. And as always, we will remain opportunistic with M&A and other capital allocation alternatives which we will explore as appropriate.

So in summary, we could not be more pleased with how VF has navigated fiscal 2021. We fully executed on our plans in a challenging environment, driving digital growth, managing free cash flow, and investing in our organic business while evolving our portfolio to best position us for long-term value creation. As a result of the hard work throughout fiscal 2021, we're exiting this year with broad-based momentum across the portfolio, and I'm very confident in VF's ability to drive accelerated growth into fiscal 2022 and beyond.

We will now turn the call over to the operator and take your questions.



QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Erinn Murphy with Piper Sandler. Please proceed with your question.

Erinn E. Murphy

Analyst, Piper Sandler & Co.

Great. Thanks. Good morning to you all. And Matt, congrats to your appointment as CFO. I guess my question, I guess, for Steve on Vans. You talked about in your prepared remarks on just some of the context of what gets you back to the long-term algo. Could you share a little bit more about this year specifically? I mean, you guided 7% to 9% versus fiscal 2020. What are some of the levers that you could see that could drive potential upside towards that long-term algo? And then my follow-up is just on the digital growth. As stores have reopened here in April and then into May, what have you seen in digital? Thanks so much.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Good morning, Erinn, and thank you. So Vans. Clearly, I hope through our – my remarks in my script, you all noted just the confidence that we have and the momentum that we see building coming out of March into this year. We talked a lot about last year of the outsized impact that Vans incurred from the store closures but also the disruption in inventory early and the impact on marketing and ability to really tell those stories. As we think about this year, as those stores reopen, the upside could be very significant. And we know that these are a very powerful part of their connection to their consumers. This is where we really have, I think, a distinct competitive advantage. We have a higher loyalty member engagement. We see higher purchase frequency and a higher order value when our stores are up and running, and that is paying off as we see the acceleration coming out of March and April.

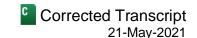
But you can't discount at all kind of this return to some normal usage occasions and the impact that that will have on consumers' desire to purchase. We see that today. And then this move to a 50-week drop, 52-week drop cadence. I think what's significant about that, Erinn, is it could be less about the products that we're putting on in front of you every week, because it could be just a story, but it's an engagement moment for us to reach out to our current consumers, attract new consumers, and really engage them in the brand's family and drive that long-term consumer loyalty.

The digital growth has been very, very important clearly in this last year, and it will continue to be. For us, it will moderate for sure. We're not sure where that will land. But I think the critical part for us is how we seamlessly connect our stores with our e-commerce environments and really create that engagement method, that we're able to connect with you, communicate with you wherever you are and however you choose to engage with us. And we have a new store in Milan. The Orefici store is a test environment for us on a VF standpoint, using greater digital connectivity, in-store opportunities to engage not only with content but how we're able to service the consumer with a single view of inventory. We think that, going forward, will be a big advantage as well as we're able to prove it and then roll it out across our fleet. And clearly, Vans would be a big user of that new concept.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

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Hey, Erinn. This is Matt, and thank you for the shout out and happy to be here, obviously. I'll add one thing to Steve's comment about Vans that I think the group probably understands. But if you think about the opportunity to see the business come back a little more quickly, especially in brick-and-mortar, we continue to remain disciplined as it relates to how we're supporting the business from an inventory standpoint. But the good news, certainly for Vans, is we've got the ability to get back in the inventory pretty quickly there.

So, if we see that begin to move a little faster, especially the recovery of the brick-and-mortar side of the business, we'll be able to support that. We'll be able to support some level of upside there given the capabilities that we have relative to lead times and some of the quick turn things that we could do in Vans. So I think we're really confident in the plan we've laid out. But also, if that looks – if we see a little bit more momentum than maybe what we've initially called, then we'll have the opportunity to get after that as well.

Erinn E. Murphy Analyst, Piper Sandler & Co.	C
Great. Thank you both.	
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	Α
Thank you, Erinn.	
Operator: Thank you. Our next question comes from the line of Michael Binetti with Credit Suisse. Please proceed with your question.	!
Michael Binetti Analyst, Credit Suisse Securities (USA) LLC	C

Hey, guys. I just wanted to ask you a quick one on the gross margin. I guess, in the quarter, just looking at your slides here, 170 basis points of a headwind from rate, with 70 basis points coming from FX. So I think the math there is about 100 basis points from markdowns in the quarter. I think your inventories are clean and we've seen pretty good full-price selling in the market. So, maybe you could just help us orient to where – if that's right, where you were seeing the markdowns in the quarter. Which of the brands are – maybe how to think through that?

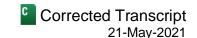
And then just as we look ahead, to get a little bit of sense of the confidence you have in the gross margin that you guided to for 2022, maybe you could just give us a couple thoughts on the components that build to it, geography, channel, which I think would be headwinds. And then, just a quick one on the SG&A. You said there's opportunity for leverage as you get back on your algorithm. I think the September 2019 plan embedded no SG&A leverage. That did sound like a bit of a change to me. If so, maybe just any thoughts on what changed there?

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah, Michael. Good morning. In terms of gross margin, I think first off, I'll take you back to where we started this year. We went into the year and we said we were going to be really aggressive to end the year in a clean position and end the year in a position of strength, and we've done that. We've executed on our plan really, really well in that regard.

What we saw play out in the fourth quarter from a rate perspective as well, honestly, as we've seen play out through the year has been right in line with our expectations. You have to remember, some of the choices that we made even last summer to emerge clean are impacting what you saw play out in the fourth quarter, and we



certainly expected that. So, no one brand, no one channel driving that. But, certainly, the aggressive approach that we took to ending the year clean is a big element of that.

The piece that has been more difficult for us to call through the year, honestly, has been the mix. We did end the year with our sort of normal kind of 50-basis-point impact on a full-year basis from mix. But we've seen some puts and takes there across the year because this has been obviously a really unique year in terms of trying to project and predict the mix of the business, in particular the brick-and-mortar component of our business as we've seen that be continually disrupted by store closures throughout the year.

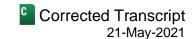
So I think what you can take away from that is we executed on our plan just as we intended to. And certainly, there's been some variability because of the mix side. But in the end, we ended the year with inventories really clean, both our own inventories but also with our retail partners, back down about 20% organically inventory for us. And that's really the thing that gives us the most confidence about gross margins next year.

When we look at the mix of the business next year returning back to a more typical and normal type of mix, a little more consistency in the business in terms of how that will play out sort of quarter-over-quarter through the year, we're confident in the mix benefit that we've seen historically will be there. It'll be there more consistently as we move through the year. And then so what you're going to see is a really nice snapback in terms of the rate side of the equation as we're really going to be really, really clean and really, really lean in terms of managing the business, really starting right out of the gate here in the first quarter. We do expect actually gross margin expansion in Q1. And as we said in our prepared comments, we expect gross margins on a full-year basis organically to be slightly above prior peak levels.

In terms of SG&A, I think what we wanted to indicate there with the forward look is that, yeah, we have the ability to see some leverage coming out of fiscal 2022. You may remember at Beaver Creek, we talked a lot about optionality, and that's really still the point. We'll have – that leverage will give us the optionality to continue to invest to support our biggest growth opportunities, whether it be demand creation or continue driving our transformation. So I think that's really the – I don't think there's really any difference. It's just sort of maybe a nuance in terms of how you think about leverage opportunity in parts of the SG&A model and creating optionality to invest if we see opportunity to do so.

Michael Binetti Analyst, Credit Suisse Securities (USA) LLC	Q
Thanks a lot.	
Operator: Thank you. Our next question comes from the line of Ac your question.	rienne Yih with Barclays. Please proceed with
Adrienne Yih Analyst, Barclays Capital, Inc.	Q
Yes. Good morning. Thank you for all the details. As always, it's nice to Matt as well. I guess one of my questions is in terms of wholesale holiday shipment. Given where the inventory is, how do the booking	bookings and what you're seeing for the fall

some cushion in weeks of supply? What's the strategy on chase given that everything we're hearing seems like the supply chain is likely to remain tight through year-end? And then I'll have a follow-up. Thank you very much.



Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Hi, Adrienne. Thank you and good morning. Yeah, in terms of order books, I think – yeah, first of all, maybe just stepping back a little bit. The environment, I think, is becoming more typical. And certainly, the retailers are buying to support a recovery. In our view, the approach has been prudent. We think the assumptions are realistic and logical, and we're buying right in line with that; we're buying to support the order book.

Certainly, there'll be some opportunity to do a little bit more business there if the business is a little bit stronger. We continue to remain disciplined in our posture. As we talked to you last year, we talked about looking at order books and then cutting that a little bit in terms of our buy. That's not what we're doing now. We're back to a more typical approach; disciplined as you would expect, but buying to support the overall business.

There will be some supply chain disruption. Certainly, in the near-term, there's some headwinds there. However, we've got comforted by the fact that we've got the best supply chain in the industry, and they're working incredibly hard to mitigate and navigate some of the challenges, as they have been, honestly, for the last 12 months. It's been really an interesting time in the supply chain as we all understand.

But we've got a lot of confidence in what we're doing. And right now, as we sit here today, not without some challenges for sure and some headwinds and even some cost pressures as I mentioned, but our ability to support back-to-school and ultimately the holiday selling season, we're really confident in what we're doing and we feel that we'll be well-positioned there from a marketplace perspective.

Adrienne Yih

Analyst, Barclays Capital, Inc.

Okay. That's great to hear. And then, Matt, my follow-up is on the fiscal 2022, the 50% DTC target. What will be the retail-to-digital mix on that? And how much of the op margin comes from that sort of structural shift from wholesale to DTC? Thank you very much.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Adrienne, can you say the first part of that question again?

Adrienne Yih

Analyst, Barclays Capital, Inc.

If I got the numbers correctly, I thought fiscal 2022 was going to be penetration of 50% DTC. Is that – and so my question was what would be the mix of brick-and-mortar to the digital aspect of DTC within that.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. Yeah, okay. Yeah, yeah. So we said – yeah, I got you. So the total DTC business, roughly half, and digital overall will be right around – I think our total owned dotcom will be in the low 20s.

Adrienne Yih

Analyst, Barclays Capital, Inc.

Great

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

And when you look at our total digital business, including our wholesale partners, our total digital business would be a little over 30%.

Adrienne Yih

Analyst, Barclays Capital, Inc.

Yeah. Okay. Thank you very much and best of luck.

Operator: Thank you. Our next question comes from the line of Laurent Vasilescu with Exane BNP Paribas. Please proceed with your question.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Good morning and thanks for having me on the call. And congrats, Matt, with your new responsibilities. I wanted to ask about Supreme. Supreme up to \$600 million. Can you maybe parse out how you're expecting that to grow on a year-over-year basis or a two-year stacked basis? How do we think about seasonality for that \$600 million number because I think the brand goes dark twice a year? And Steve, any key learnings that you want to share as you have the name under your fold for the last few months?

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

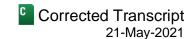
Hey, Laurent, it's Matt. I'll start with a couple things here on the numbers side, and thank you by the way. Yeah, I mean, I would say, first of all, we're really happy with the early performance of Supreme. We mentioned the strong number in our fiscal fourth quarter which was a little bit ahead of expectations. And we're not going to disclose the pro forma growth rate of Supreme. What I'll tell you, the \$600 million is a little bit ahead of our expectations. And again, we're really confident in what we're seeing in the early days, both on the top line but also really through the P&L as well.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

And then, Laurent, real quick; this is Steve. On what we've learned, clearly, we're just a little over 100 days into the integration which is going quite well. I think what we knew going in, and it's just been reaffirmed as we get to know the team better and better is just the rigor that they apply to managing the Supreme brand, the ability and just the approach they take to connecting with their consumers, the weekly drop model, how they mix the different products. Just the rigor and deep, deep experience behind the management of the brand and the coordinated effort across the globe which is what gives us confidence as they begin to understand the VF model and the VF capabilities, that international component that they'll now be able to reach into and leverage against their international growth strategies.

We recently opened the Milan store and saw just great response from consumers. Despite limited tourist traffic, they're meeting the normal expected volumes on a weekly basis. It's everything that we thought it would be and what we learned through diligence, and we continue to be very confident in the long-term value creation opportunity that Supreme brings to VF and our shareholders.



Laurent Vasilescu

Analyst, Exane BNP Paribas

That's great to hear. And as a follow-up, Timberland. I know it's guided to be comparable to FY 2020. I understand the brand is undergoing a transition, but you recently brought in Susie Mulder to lead the brand. Can you talk about her vision and strategy for the brand? Are you seeing a boot trend emerging around the fall season? Is that a fair assessment and can Timberland benefit?

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. So Susie is, I think, day 33 or 34 and just hit the ground running despite having to do that through a Zoom environment. It's interesting to watch new leaders join teams and wrap their arms around the business, but she's coming up to speed very, very quickly. And I would tell you, we don't anticipate any meaningful change to the direction. The strategic reset and the marketplace actions are largely behind us. And I think what you'll see is she will put her mark on how she looks to engage the team and drive the strategy, but I think we're really positioned with her leadership for the next phase of growth.

The boot trend, I think there is a boot trend, for sure. But I think more importantly, there's an outdoor trend, and we're seeing that represented in our sell-through. But the nice thing, Laurent, is our growth has been very balanced and we are not planning to see our classics business have outsized growth. And I think, in fact, between fiscal 2020 and fiscal 2022, we're planning it to be about flat. But what we are seeing is nice uptick in our outdoor business, in apparel, and even more importantly in PRO. PRO came through this last year posting low single-digit growth and is poised to move to greater growth in fiscal 2022. But you're also seeing us evolve our more lifestyle offering; the Bradstreet, TrueCloud, Solar Wave built on the GreenStride platform. These are the things that we've been doing in the background to evolve and balance out our product offer, and it's coming with a greater capability and consumer engagement with our marketing as our new marketing leader comes up to speed and is able to partner with the product team on really telling the stories against that monthly flow of product.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Very helpful. Thank you very much.

Operator: Thank you. Our next question comes from the line of Camilo Lyon with BTIG. Please proceed with your question.

Camilo Lyon

Analyst, BTIG LLC

Thank you. And Matt, I'll add my welcome to the hot seat. I wanted to first ask about guidance. If you could – there's still a lot of moving parts to the year. It seems like there's more of a replenishment happening at wholesale that could be happening faster than on a typical cadence; supply chain disruptions continuing to mount; European doors are still closed. Could you give us some shape into how you think the year will unfold maybe front half versus back half? I think that would be very helpful. And then I have a follow-up.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah, sure, and thank you, Camilo. I think you said it well. It's a really difficult environment to project. Certainly, I think we're in a better place than we've been as the business is coming back up and consumers are coming back



into stores. But certainly, all the things you mentioned are top of mind for us. We expect continued sequential improvement really across the business, in particular in those parts of the business that – where consumers are back shopping in a physical environment, and that's both our own stores as well as our wholesale partners. And we're going to see that continue through the year; I think every quarter, we expect that number to continue to improve. And at the same time, we expect the strength in our digital business to continue given all the progress that we've seen there and the good work that our teams have done.

As it relates to just the numbers themselves, I think we – I'll tell you, we expect our first half revenue growth to be about 50% and EPS about \$1.20. So obviously, we're lapping COVID lockdowns and have a bit of an inorganic contribution from Supreme as part of that. I'll remind you that our first quarter is always seasonally our smallest quarter of the year, so obviously that continues. But we do expect Q1 to be about double what it was last year, and we do expect to return to profitability in Q1.

Camilo Lyon

Analyst, BTIG LLC

That's great color. Thank you for that, Matt. And then, Steve, I wanted to ask on China. If you could just give us some perspective on where the Vans business is today from a size perspective. You talked about it being a \$1 billion brand. But maybe just from a market penetration perspective and how you see the growth path unfolding there, whether it's on a distribution of doors basis or on a tiers of cities basis. Anything that could help us understand the runway that you have in front of you, and then any thoughts you could share on Supreme entry in China and when that could happen. Thank you.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Great. So our Vans business, in case – I think it's true for all of our Vans businesses. This is – it's where we have the largest runway. That's why we really pegged China as one of our strategic growth pillars. Our Vans business there is just around \$500 million?

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah, a little over \$500 million, yeah.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

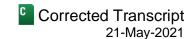
And it's – what we see is just tremendous opportunity to grow beyond Tier 1 cities into Tier 2, 3, and 4, but also clearly the importance of the digital piece. I think the exciting opportunities in China for us is as our new leader, Winnie, is getting more and more engaged, is bringing the consumer engagement skillset that she has from prior roles in CPG and the partnership she has with the titans, just strengthening what was already a very important part of our go-to-market strategy. She brings the skill and the rigor to make that an even more important part of our strategy and how we use our stores to engage and tell those in-person stories supported by the online component. But I think there's – this is a very important market, not just for Vans but for every one of our businesses, and showed very good growth last year and positioned to continue to have strong double-digit growth as we go into fiscal 2022.

Camilo Lyon

Analyst, BTIG LLC

And then on Supreme in China?





Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

On Supreme, yeah. So Supreme, as we get the team engaged with our Asia platform, quite a bit of work is going on in just understanding the model and how can we leverage our skills in region, but more importantly in China. You won't see anything this year. It will come in – probably next year and the year after is where that work will be done. I think the key here, Camilo, is the Supreme team's ability to travel to the marketplace. They spend a tremendous amount of time understanding the consumer, finding their specific consumer, and then the store location which is how we enter markets. It's such a critical part of how they think about new market penetration. They need to be able to get in market, they need to be able to partner with our teams to begin to understand those key consumer markets and where best to put that first store. And that is one of the big drivers of why it won't be this year, but it'll be the years to come.

Camilo Lyon

Analyst, BTIG LLC

That's really great to hear. Thank you and congrats on the role.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. Great. Thank you.

Operator: Thank you. Our next question comes from the line of Matthew Boss with JPMorgan. Please proceed with your question.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

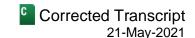
Great. Thanks. So Steve, a key storyline that you've talked about pretty consistently during the pandemic was market share acceleration at North Face. So maybe could you just help unpack drivers of the 14% to 16% forecast for this year and just overall confidence in growth prospects for North Face as you see moving forward?

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. So North Face is really gaining momentum. They're certainly benefiting here from the outdoor trend, but they're also benefiting from the work being done over the last few years to strengthen our product pipeline, strengthen our ability to engage consumers with stronger demand creation. And I think what you see here is really a strong momentum globally, and it's really not just one thing. On-mountain is really setting the tone, and the performance product has seen really good sell-through, and that's driving that off-mountain lifestyle franchise growth that we see building. It has been growing nicely in Europe. We've seen that now really move its way into Asia, really significant growth in China as that consumer becomes more engaged with the outdoors and the Winter Olympics becomes a big part of the China focus, and we're right in the middle on being able to benefit from that.

But we're seeing really strong return to growth here in the US market and really witnessed with the strong holiday sell-through we saw here not only in our own channels but in wholesale. The disciplined market management as we clean up distribution, strengthen key wholesale partner relationships and balance the use of our own stores, our own digital platform to drive that on-mountain/off-mountain story. But I would tell you, we're setup really well



for fiscal 2022 and we're expecting mid-teen growth in fiscal 2022 versus prior peak revenue. But even more importantly, we're seeing mid-teen profitability opportunity.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. I'll just add, this is exactly the way we planned it. As we came through this year, our international business remained incredibly strong, very impressive work that our teams are doing across the globe. And what we saw in the Americas as we pulled way back on inventory, and we talked about creating probably some scarcity in some cases and maybe even some missed revenue, and we really knew that would probably happen. And in The North Face's case, it absolutely did. And that positions us really, really well just from a math standpoint as we think about coming back into fall/winter next year, leaving this year really clean and really low, in some cases too low in inventories as we build back and continue that strong sell-through that we've been enjoying. So, yeah, it's set up nicely.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Great. And then just multi-year, could you just elaborate a little on drivers of the increased confidence to now, at a minimum, return to the long-term algorithm? So, would this be greater revenue growth, higher gross margin mix accretion, or is this the sustained SG&A leverage? And feel free to say all of the above if it's applicable.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. You said it pretty well, maybe. But I think probably the thing that we're looking at is the confidence that we've had but the broad-based strength of all the brands. We're coming into the year feeling good about all the big brands, and we're seeing some really nice, albeit smaller basis, really nice numbers in some of the emerging brands as well. So I think we're confident in that regard.

I think just in terms of, again, some of the other pieces, you think about – I think we all recognize and acknowledge that bringing Supreme into the equation and taking Occupational Work out of the equation is a benefit. We also know that outsized growth in digital, outsized growth in China in the back end are going to be a benefit to us.

We're in the midst of a COVID recovery. Everything is – not everything is equal in that regard. We'll see a continual improvement in our brick-and-mortar business over time, and probably even extending into fiscal 2023. So there are puts and takes in there. But when you stack it all up, we feel really good about – as we begin to emerge fully over the next several quarters and looking beyond 2022 into 2023 and 2024, we're really confident in the overall algorithm and comfortable saying that we're committed to that at a minimum. And I will say we recognize that there's a need to update our LRP, our long-range plan, and we'll do that in the context of a full Investor Day at some point in next calendar year.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Great. Best of luck.

Operator: Thank you. Our next question comes from the line of Bob Drbul with Guggenheim Securities. Please proceed with your question.

Robert Drbul

Analyst, Guggenheim Securities LLC

Hi. Good morning. Two questions for you. I think the first one is, as you go to the weekly drop on Vans, can you talk a little bit about the marketing plans in terms of how you're going to communicate that? And I guess, I think the second question, just off of the marketing overall, where do you see the levels of your marketing spend?

Where did they end up this year? And what sort of investments do you foresee in 2022? Thanks.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Good morning, Bob. I'll take the first half and I'll let Matt pay off the second half of your question. So I think the weekly drop, this is something Vans has been very well-prepared for. And what you see here is an opportunity for them to take a very deliberate and coordinated effort to pull those stories together. And I think that there's just a learning we've taken from this last year is the need for that more frequent touch to the consumer.

And how we'll do that, Bob, often times, it'll be a weekly new product story; could be a new style; could be a collab; could be a color of an existing franchise, but there will be very coordinated global launches of these product stories. But there will also be important moments just to engage the consumer. Things like we've done with Foot the Bill-type engagements where revenue is supporting specialty stores and enforcing the local community connections that Vans has with their consumers.

I think how we'll really drive that marketing will certainly be heavily focused towards online, through our own direct engagement through social channels, through e-mail marketing, the power of the loyalty program that now is above 15 million people and really engaging on opportunities that are unique to that particular consumer that they're able to access due to their loyalty membership will be a very important part.

But I think the in-store piece as well, both our stores and our key wholesale partners, that coordinated in-store element of the demand creation and the experience linked to that online piece is that, really, a seamless integration that you hear us talk about and our teams are working diligently on being able to really sequence that appropriately.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. Bob, good morning. In terms of the numbers, certainly in fiscal 2021, our marketing levels have come down both in absolute terms as well as percent of revenue. And it's in a pretty significant way in the first half of the year as we pulled way back and then began to build back in Q3 and in fact in Q4 we're back above prior-year levels and pretty much in line with historical ratios.

We talked about the SG&A increase from 2020 to 2022 and the investments that we're making, \$150 million. Cumulatively, a big piece of that is demand creation. And we're actually returning to levels that are in line and actually probably modestly slightly higher from a ratio standpoint than what we ran in fiscal 2020.

We remain focused on the highest ROI activities, very disciplined in our management of the marketing. As we've shifted more towards digital, the good news there is you get really quick reads in terms of the effectiveness of that marketing and the returns that it's driving and the ability to be much more dynamic in your ability to move and move those dollars around against things that are really driving returns, and you can see that certainly much quicker than maybe you could previously. So we're confident that the marketing we spend is going to drive



returns. But certainly, we're leaning back in to support the strong revenue recovery assumptions we have in our outlook.

Robert Drbul

Analyst, Guggenheim Securities LLC

Got it. And a follow-up question is with the digestion of Supreme and the disposal of the Workwear business, where do you feel like you are on the ability to potentially do another acquisition or get back on that trail? And how would you envision that maybe in terms of the timing in the future? Thanks.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. So we've got a lot we're dealing with Supreme in terms of the integration there. We're past the 100-day mark or even well past the 100-day mark, so there's work to be done. But I think if you look at the sort of the balance sheet side as we're seeing – as we've returned to sort of more normal EBITDA levels for this year and look at our leverage position, and the – we're focused on leverage, first and foremost, to bring that leverage back in line, and we've got the ability to do that. We think we're going to exit this year, taking into consideration some debt paydown opportunities, that leverage back – net leverage at 2.5 to 3 times. And so I think pretty quickly, we'll have the ability to do that, Bob. And certainly, M&A remains our number one capital allocation priority. We're committed to our dividend, certainly, but nothing's changed in that regard from capital allocation. And we'll be in a position as we move through the back half of this year to begin to be able to think more meaningfully about that.

Robert Drbul

Analyst, Guggenheim Securities LLC

Thank you.

Operator: Thank you. Ladies and gentlemen, our final question this morning comes from the line of Ike Boruchow with Wells Fargo. Please proceed with your question.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Hey. Good morning, everyone, and welcome, Matt. Just two quick ones. Is there any more details on the Occupational Work sale price? I'm just kind of curious on that. And then just understanding the markdown component to gross margin this year. On the rate side, clearly, you're planning to capture back a lot of lost margin from last year. But are you planning to get that rate line back above fiscal 2020 levels fully? I'm trying to understand how much you're expecting in that 56% to kind of gain back this year? Thanks.

Matt Puckett

Executive Vice President & Chief Financial Officer, VF Corp.

Yeah. Sure, Ike. Let me start with the second part of that question. Yeah, we expect most of that back. I think there's probably – there's still maybe a little bit of overhang in the way we model the business going forward. But generally speaking, we're pretty much back to normal levels from a rate perspective in our assumptions at the moment. As it relates to the Occupational Work sale, I'm not going to tell you the number. I'll tell you the proceeds will be pretty significant. I think we did get some shaping in the presentation. And we expect to end fiscal 2022 with about \$2 billion in cash, inclusive of these proceeds. So – and other than the dividend, we've not assumed any share repo or debt repayment in our outlook for the fiscal.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Got it. Thanks, Matt.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Thanks, Ike.

Operator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Rendle for any final comments.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Great. Well thank you, everybody, for joining us. Enjoy the opportunity to walk you through how we navigated last year, and I hope you understand where we're headed next year. I would just tell you that the efforts we put in place, the now and next framework that we've talked about throughout the year has really positioned us well. And the acceleration we see coming through March into fiscal 2022 and the broad-based momentum across our four big brands; the addition of Supreme; the strength of our international platform, specifically the strength of our China business; and the investments that we've made around really connecting those the stronger consumer, loyal relationships with the enhanced digital capabilities is positioning us extremely well to accelerate and return to our pre-COVID growth rates.

And I would just leave you with this. As we work to complete the Occupational Work divestiture and the integration of Supreme and the investments across our portfolio, we now have an organic portfolio that's capable of delivering the high single-digit revenue and low teens earnings growth on a sustainable basis that we spoke to you about in Beaver Creek, and we look forward to being able to pay that off quarter-by-quarter through the next fiscal year. So thank you and we look forward to talking to you all in July.

Operator: Thank you. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.



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