

24-Jul-2019

VF Corp. (VFC)

Q1 2020 Earnings Call

# **CORPORATE PARTICIPANTS**

Joe Alkire

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

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

## Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

# OTHER PARTICIPANTS

Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Erinn E. Murphy

Analyst, Piper Jaffray & Co.

Alexandra Walvis

Analyst, Goldman Sachs & Co. LLC

Robert Drbul

Analyst, Guggenheim Securities LLC

Laurent Vasilescu

Analyst, Macquarie Capital (USA), Inc.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Sam Poser

Analyst, Susquehanna Financial Group LLLP

James Vincent Duffy

Analyst, Stifel, Nicolaus & Co., Inc.

# MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings and welcome to VF Corporation's First Quarter Fiscal 2020 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session 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, Joe Alkire, Vice President of Investor Relations. Please go ahead.

## Joe Alkire

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

Good morning and welcome to VF Corporation's fiscal 2020 earnings 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 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 U.S. 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 first quarter of fiscal 2020, the company completed the spin-off of its Jeans business, which included the Wrangler, Lee and Rock & Republic brands as well as the VF Outlet business into an independent publicly traded company under the name Kontoor Brands. Accordingly, the company has removed the assets and liabilities of the Jeans business 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 Chief Financial Officer, Scott Roe. 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 from our new headquarters in Denver, Colorado. Following one of the most transformative years in VF's 120-year history, fiscal 2020 represents a new chapter for VF as we begin to build on our long track record of growth, success and value creation for all our stakeholders around the globe.

With the separation of Kontoor Brands now complete and our relocation into Denver well underway, we can now focus on driving our powerful brands to become even more consumer-minded and retail-centric. Our first quarter results stands as a powerful proof point that our transformation to be a more purpose-led, performance-driven, value-creating enterprise is yielding tangible results for our consumers, associates and shareholders. It's an exciting time at VF.

VF Corp. (VFC)
Q1 2020 Earnings Call



Let's take a look at some of the highlights from our first quarter. Revenue increased 9% or 11% on an adjusted organic basis. Growth was driven by our two largest brands, Vans and The North Face, which grew 23% and 12%, respectively as the strong momentum for both brands extends into this year.

Our Vans business continues to perform well above its long-term growth target. More importantly, the quality of the growth is strong and diverse as we are seeing the rapid acceleration of the Slip-On franchise complement the continued strength of the Old Skool. The Vans team remains intensely focused and disciplined as they continue to deliver consistent performance that is driven by not just one thing. When coupled with the investments we are making to drive and fuel the brand's explosive growth, we are confident in Vans' ability to sustain its trajectory above our long-term target, including 11% to 13% growth this year. The brand is well on its way to achieving its \$5 billion target by 2023.

Similarly, The North Face continues to exceed expectations with double-digit growth across all regions and strength in all channels and product territories. In light of the brand's strong first quarter performance, increased visibility to the full year and renewed energy in the brand's product pipeline and innovation engine, we're increasing our fiscal 2020 growth outlook for The North Face to 8% to 9%.

Speaking of products, we are just a few months away from the launch of FUTURELIGHT and the response from the marketplace has been very strong. Given the opportunity FUTURELIGHT has to significantly disrupt the outdoor industry, we've decided to invest even more aggressively behind the breakthrough technology. We look forward to sharing more with you over the coming months.

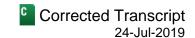
Now let me give you a few more highlights from the quarter's revenue performance. International increased 10%, including nearly 30% growth in China. Direct-to-consumer increased 16% with a 14% total comp and nearly 30% growth in digital. And Work increased 4% with consistent performance across our brand portfolio.

Our fundamentals remained strong as gross margin, a key driver of our value-creation model, reached 54.4%, providing us the fuel to continue to drive investment and the capabilities required to sustain our growth momentum. And lastly, adjusted EPS increased 67% to \$0.30, including a 10% increase in growth-focused investments tied to our long-term strategy.

As a result of our strong first quarter results and increased confidence in the full year, we're raising our fiscal 2020 outlook, including an additional \$20 million of incremental investments primarily focused on The North Face's FUTURELIGHT launch. Scott will cover the details of our updated fiscal 2020 outlook in a moment.

At the beginning of June, the move to Denver officially began, and in just a short time, we already have more than 500 associates living and working in the Denver community. The energy around our new headquarters is palpable, and further validation of the decision we made just over a year ago to co-locate our corporate leadership team and our Outdoor brands at the base of the Rockies.

By the end of the summer, we expect the relocation to be complete. [ph] To (06:29) one quarter into fiscal 2020, our business is performing ahead of expectations. We are thoughtfully investing in our brands and against our largest growth opportunities. We're confident in our ability to deliver our increased growth outlook in another year of top-quartile returns for our shareholders.



We look forward to our upcoming Investor Day scheduled for September 25 in Beaver Creek, Colorado where both our corporate and brand leaders will provide an update to our long-term strategy, financial model and TSR algorithm.

Now with that, I'll turn it over to Scott.

## Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Thanks, Steve. Fiscal 2020 is off to a strong start, yet another proof point that our consumer-centric transformation continues to result in accelerated growth. VF, post-Kontoor, is a stronger, better-aligned, growth-focused version of itself, and the performance and composition of our current portfolio give us a high degree of confidence as we look to the future.

Before diving into the results, it's important to note that Q1 is the smallest quarter of our year. So while performance is certainly encouraging, most of the year remains ahead of us. With that said, we are executing exceptionally well. The fundamentals of our business are strong and the demand signals we are seeing from both consumers and retail partners give us confidence in our full year outlook. We're tracking ahead of plan and are pleased with the quality and balance of the growth across the portfolio.

Now let's review the first quarter. Revenue increased 9%, or 11% on an organic basis, driven by continued momentum in our core growth engines. Our Big 3 brands grew 16%, led by 23% growth at Vans, and 12% growth at The North Face.

The consistency of Vans' growth across all regions, channels and product categories remains impressive. Equally exciting is the continued momentum of The North Face, which delivered double-digit growth across all three regions with strength in all channels and product territories.

Revenue increased 16% in our D2C business, highlighted by a 14% total comp and 29% growth in digital. Our wholesale business increased 8%, driven by 17% growth with our digital wholesale partners and strong sell-through across key accounts.

From a geographic standpoint, we saw double-digit growth in both the U.S. and internationally in the first quarter, highlighted by 29% growth in China. The performance of our Work segment also remains solid despite a somewhat more tempered economic environment in the more cyclical parts of the brand portfolio.

Revenue in the Work segment increased 4% which was in line with our expectations. Dickies revenue increased 2% in the quarter, which was impacted by a strategic repositioning of the brand in Japan, and timing of shipments which will impact growth during the first half of the year. We remain confident in the full year outlook of 5% to 7% growth for the Dickies brand.

Gross margin expanded 120 basis points to 54.4%, driven mainly by our ongoing mix shift towards higher-margin businesses and the timing of FX transaction hedge gains.

SG&A grew slightly faster than revenue, as strong operating leverage was offset by 11% growth in the investments tied to our long-term strategy. These investments continue to translate into strong tangible results.



Now pulling it all together, operating margin expanded 100 basis points to 7.2%, representing 37% organic growth in operating profit compared to the prior year. EPS increased 67%, or 86% on an organic basis, to \$0.30, reflecting strong growth in operating income as well as the benefit of lower interest and pension expense.

Moving to the balance sheet, inventory increased 9% which is relatively in line with our full year revenue growth outlook. We ended the quarter with adjusted gross leverage, slightly below 2 times as we used the proceeds from the Kontoor spend to repay short-term borrowings. Our balance sheet position is strong. And we have a lot of dry powder to pursue our M&A agenda as well as other capital allocation priorities.

As you saw in our release, our board has approved a \$0.43 per share dividend payable in September 2019 to VFC shareholders of record. Consistent with our prior communication and disclosure, VF's dividend adjustment represents a recalibration of our dividend following the spin-off of Kontoor Brands. And as Kontoor announced yesterday, they intend to pay an initial quarterly dividend of \$0.56 per share.

When considering the Kontoor dividend combined with our dividend of \$0.43 per share, shareholders who hold both companies will receive a total distribution that is equal to the dividend they have with VF prior to the spin-off. The dividend remains a key component of our long-term TSR algorithm. And we intend to grow our dividend consistent with earnings as we move forward. These actions should result in a market average dividend yield.

Now turning to our updated outlook for fiscal year 2020, based on the strength of our first quarter performance, the broad-based growth across the portfolio and increased visibility and confidence in our full year plan, we are raising our fiscal 2020 growth outlook.

We now expect revenue to approximate \$11.8 billion, representing 8% growth on an organic constant dollar basis. Gross margin is now expected to be 54.1%, representing an 80 basis point increase compared to the prior year. Operating margin is now expected to be 13.8%, representing a 90 basis point increase over the prior year. We now expect EPS of \$3.32 to \$3.37, representing 18% to 20% growth on an adjusted organic constant dollar basis, including \$0.04 per share of incremental investment relative to our prior outlook.

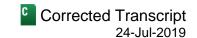
The incremental investment is focused on the launch of The North Face FUTURELIGHT technology. The ability to opportunistically invest demonstrates the power of our model. Strong revenue growth and gross margin expansion coupled with operating leverage across enterprise-wide platforms give us the fuel to invest and sustain momentum while at the same time over-delivering on our commitments to shareholders.

Moving now to our segment outlook. We are raising our growth outlook for Active to 10% to 11%, reflecting continued strength at Vans. We're also raising our outlook for Outdoor to 6% based on the strength of The North Face. We still expect the Work segment to grow between 4% and 6%.

By brand, we're raising both our Vans outlook to 11% to 13% and our North Face outlook to 8% to 9%. We still expect Timberland to grow at a low single-digit rate and Dickies to grow between 5% and 7%.

By region, we continue to expect high single-digit growth internationally and we're raising our U.S. outlook to 6% to 7% growth. And finally by channel, we're raising our D2C outlook to 11% to 13% and maintaining our growth outlook for wholesale of 4% to 5%.

So one quarter into fiscal 2020, we're pleased with the balanced growth across the portfolio and our momentum heading into back-to-school and the key fall holiday season. Our fundamentals are strong and we are purposefully investing to sustain and accelerate our growth momentum. And the balance sheet is well-positioned to pursue



M&A as well as other capital-allocation priorities to further enhance what we believe to be a top-quartile TSR outlook.

We look forward to updating you on the evolution of our strategy, financial model and TSR algorithm in more detail at our Investor Day this September.

Now we'll open the line and take your questions.

# QUESTION AND ANSWER SECTION

**Operator**: At this time, we'll be conducting a question-and-answer session. [Operator Instructions] Our first question today comes from Michael Binetti of Credit Suisse. Please go ahead.

Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Hey, guys. Good morning. Let me start with congrats on a great quarter out of the gate here in VF 2.0. I just want to ask one...

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

[ph] Thank you. (15:23)

Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

...brand question on North Face. Congrats on really getting momentum back there on a sustainable basis. And I'm just curious, it's July, so it's obviously very hot out and it's an awkward time to talk about North Face. But if you look at the backlogs there, how would you describe how the retail customers are ordering for the back half of the calendar year?

I know for a few years you mentioned, I guess, shipping windows have slipped back but retailers wanting [ph] bids a little closer to need. (15:47) Is that continuing? And do you get the sense that the retailers are ordering more or less conservatively than they were if you look back a year? Whatever you think what the prevailing mindset is in the calendar for the back half.

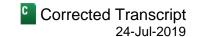
Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Sure Michael. This is Steve. I'll start. North Face backlogs are good. They're in line with our guide for the year, our outlook. I would tell you the retailers over the past two or three years – and we talked about this in the past -have absolutely modified their approach to how they place their orders, how they flow their product. And that's very consistent with how we are modifying the way we approach, being much more retail-centric thinking about increased flow, better merchandises assortments consistent with the time of year, but also helping raise the level of experience that we're able to help our wholesale partners [ph] drive. (16:44)

So, North Face finds itself in a really good place. A lot of hard work's been done over the last three years to put themselves in this position. The relocation to Denver. They've handled that extremely well. And we're confident.

VF Corp. (VFC)
Q1 2020 Earnings Call



Looking forward, frankly, to the launch of FUTURELIGHT and what that will mean to the brand as it moves into this important fall/winter season.

#### Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Great. Thanks for that. And then, I just want to ask something a little bit longer term and I know we'll get into the nitty-gritty of it at the Analyst Day. But on the last call, Scott, you were asked about the 16% operating margin target from the 2017 Analyst Day. And I think you said it was still the right framework to think about for this business longer term. And again I know we'll get into the details, but now that we've seen some of the restatements, at that time that you guided to 16% before, you were working off of a baseline of 14.5% operating margin. Now we're working off fiscal 2019 restated at 12.9% and I guess 13.8% this year. So, a lot of margin improvement this year. But I guess it's a bit of a steeper climb to get to 16% for here, if that's still the right general range. Can you just help us think at a high level about what's some of the components from the margin that will be bigger drivers in this algorithm versus oldco algorithm to keep that kind of level intact, if that's right?

#### Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Sure. Michael I think you set the right context, right. Because VF 2.0 or whether it's 10.0, after 120 years, this company has reinvented itself many times. But sure, the base matters, right. And I would just point you to the algorithm, the earnings growth algorithm that we talked about for so long. And we'll give you an update on what that looks like this fall.

But in general, you shouldn't expect a massive change from what we said before, right, the gross margin expansion, the leverage in the enterprise-wide platforms and investing in those key growth drivers to get us a midteens kind of earnings pace on a go-forward basis. That's the ballpark you should [ph] be seeing (18:52) going forward. We'll clean that up.

Again, it's a different portfolio than we had in Boston. It's a different baseline. So all those factors need to adjust. So that's a long way of saying, I wouldn't get too isolated on the absolute nominal number. Think more about the growth algorithm on a go-forward basis.

## Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Got it. [ph] Read you there. (19:13) Thanks again for all the help and congrats again.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Thanks, Michael.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

[indiscernible] (19:16)

Operator: The next question is from Matthew Boss of JPMorgan. Please go ahead.



Matthew R. Boss  Analyst, JPMorgan Securities LLC  Thanks, and congrats on a nice print, guys.	Q
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A
Thank you.	
Scott A. Roe Chief Financial Officer & Executive Vice President, VF Corp.	A
Thanks, Matt.	
Matthew R. Boss Analyst, JPMorgan Securities LLC	Q

I guess first on the revenue front. Steve, maybe how best to broadly characterize the consumer as you see it today as we think about North America, Europe and China. And what drove your raised forecast for the Vans and North Face if you broke down the trends by geography?

Steven E. Rendle
Chairman, President & Chief Executive Officer, VF Corp.

Sure. So the consumer that we're focused on, we see remaining quite healthy. And if you were to break that down by region, here in the U.S., we've done quite a bit of work over the last two years to really realign where our products are sold. The move – some of the divestitures that we've executed, it moved us away from some of those more pressured distribution channels, like department store and mid-tier. And we find ourselves really well aligned with the more specialty side of the business, and a very strong fast-growing D2C and digital business.

So we're able to really connect with that consumer in a much more effective way, in a much more experiential way. And my comment earlier, how we're really aligning our merchandising strategy and our ability to flow products and the proper amount of marketing to connect with that consumer and pull them in.

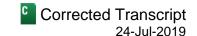
So, U.S. consumer seems healthy. Clear there's a lot of noise around us from a macroeconomic and political point of view. But we really think our brands provide that place where you can pause. And really focus on you, as an individual, align yourself with a like-minded community, and separate yourself from the noise in the marketplace.

And we see the same true in Europe. Some challenging – certain indicators across the marketplace there, but it's really our diverse strategy, from a country standpoint, that we're able to really navigate and connect with the consumers in the European marketplace and feel confident with where we sit there.

And then in China, continue to see just tremendous opportunity ahead of us. Our brands, very tight portfolio of brands that we're working with there have so much upside from an awareness standpoint. And ability to connect with our consumers, we continue to feel very, very confident. And the results that we just posted, in that near 30% growth rate this quarter, I think, is just validation of our brands' ability to connect.

What gives us confidence to raise our guidance is what we – the momentum we carried out of last year, the performance that we've seen in the Q1, and the broad-based nature of that growth across the categories, across

VF Corp. (VFC) Q1 2020 Earnings Call



the regions and across the channels. And then the forward outlook that we have against our order books and I think the confidence in the product and the marketing that we have in place to drive our outlook for the year keeps us confident. One quarter in, and it's the smallest quarter of our year, still gives us confidence that we're on path to deliver against our commitment.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

That's great. And then just to follow-up on gross margin. What was the breakdown of your 40 basis point rate expansion, if we were thinking about ASPs and full-price selling versus product costs this quarter? And then, what's the primary driver behind the moderating gross margin in the back half of the year?

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. So the first part of your question, in the first quarter, currency benefit from the hedge gains that we locked in a year or-so-plus ago was the largest driver. I think we said last quarter, you'll see that moderate as you move through the year. So there's still a benefit in the proceeding quarters. The amount of that benefit will subside. So, for the year, it's still one of the drivers of rate. But by the end of the year, it's relatively insignificant by the time you get to the fourth quarter.

The other issue is that our guidance implies Vans moderation, the soft landing through the second half. I think if you do the math it will say you're in that high single-digit range by the end of the year. Vans, with a large D2C format and the mix related to D2C, that will moderate somewhat by the end of the year, but we still see that 50 basis point mix for the full year. And that's implying that 80 basis point expansion that we talked about.

Matthew R. Boss
Analyst, JPMorgan Securities LLC
Great. Congrats again on a nice quarter.

Scott A. Roe
Chief Financial Officer & Executive Vice President, VF Corp.

Thanks, Matt.

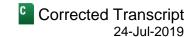
Steven E. Rendle
Chairman, President & Chief Executive Officer, VF Corp.

Thank you.

Operator: The next question is from Erinn Murphy of Piper Jaffray. Please go ahead.

Erinn E. Murphy
Analyst, Piper Jaffray & Co.

Great. Thanks. Good morning. I guess, Steve, for you. I was hoping to talk a little bit more about China. Could you just speak how the competitive landscape may be evolving there, both from a Chinese national brand perspective? And then are you seeing anything different in the outdoor space now that ANTA has bought Amer Sports?



### Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yes. So the competitive set in China really remains very, very similar. In the outdoor space specifically, it's a very crowded marketplace as you do your channel checks and walk the different retail environments. You see just a plethora of international as well as local brands. And as ANTA invests more heavily into this segment, it's early, we haven't really seen any significant change in what they're doing, but certainly respect them as a competitor.

What I think is most important is how we're looking at our North Face brand in that marketplace and the experiences that we're able to bring, and the focus that our brand, our teams there has on products [ph] that are (25:31) very relevant to that consumer and understanding that the outdoor consumers, China's very different than the outdoor consumer in Europe and Asia. It's less individualistic. It's less trying to bag the big outdoor peak. It's more about going with your friends into the outdoors.

And that outdoors could be really an adjacency to where they live versus going to the mountains like we might see here or in Europe. So I think it's the deep understanding of that consumer, how to connect with them both with the Outdoor Mountain Sports collection, what's the Outdoor lifestyle piece that our teams have and then how do we properly use the Urban Exploration component to connect with the more city aspect of this consumer's life.

Erinn E. Murphy

Analyst, Piper Jaffray & Co.

Got it. That's helpful. And then maybe just drilling down a little bit more to the first quarter for The North Face. I guess with FUTURELIGHT still forthcoming can you just talk about from a product perspective what drove the Q1 results? And then in terms of the incremental investment that \$0.04 it sounds like you're fueling behind the FUTURELIGHT launch, kind of what areas around that launch is that investment going to? Thank you.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. So I'll start, Erinn. So for Q1 what we saw was really broad-based growth across the regions, but also across the categories. We had really solid rainwear sales, strong Sportswear and Logowear, which is real validation of the work that the brand has been doing, taking the learnings from Europe and being able to apply that more holistically here and in Asia. And the results had been really good.

In fact the Logowear aspect is just great, validation that people are looking to the brand as a brand that they want to be part of in purchasing those Logowear products. But the core of the brand is the equipment category, and we saw really strong double-digit growth in our equipment. And that was certainly in the packs – daypacks, as we come in to this important back-to-school, but we also saw it in the bags and tents, which is proof points that people are using our products to get outdoors and really following what the brand's driving from a marketing standpoint.

On the FUTURELIGHT aspect, could you just repeat the question, Erinn?

Erinn E. Murphy

Analyst, Piper Jaffray & Co.

Yeah. Just curious, you talked about \$0.04 of incremental investment that's really going behind FUTURELIGHT. Kind of what are the areas that that incremental investment is now going to be fueling that maybe you hadn't had in the plan before around that launch?



### Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. Sure. It's really holistically around just building demand and awareness for this new technology [ph] now. (28:13) So there'll be quite an expanded media investment, both from a print and online social component, but also enhanced in-store tools to really help people understand it, because this is a different technology. It feels different. It performs differently. And our team has done a tremendous job in being able to articulate that story in a very experiential way. And we'll bring that to life both in print, online and in the in-store component.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

I'll just build on that, Erinn. Obviously, we had significant investment in the plan, so this is even more. As we see the reception from consumers from the trade, as we see the opportunity, we felt this was a great time to lean in even harder on what we believe can be and will be a very disruptive technology for the outdoor industry. If you think about it by region, it was pretty well distributed. The one area we [ph] did the store (29:17) was China as we see the opportunity and need to do a little more storytelling in the Chinese market.

Erinn E. Murphy

Analyst, Piper Jaffray & Co.

Great. Thank you both and all the best.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Thank you, Erinn.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Thanks, Erinn.

Operator: The next question is from Alexandra Walvis of Goldman Sachs. Please go ahead.

Alexandra Walvis

Analyst, Goldman Sachs & Co. LLC

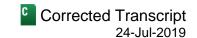
Hey, there. Thanks so much for taking the question. I had a question about the Americas wholesale. It was strong for both Vans and The North Face. I was wondering if there was any discrepancy between sell-in and sell-through trends at your key partners. And then going on from that, which partners are you seeing particular strength in in the wholesale channel, perhaps even thinking about those digital partners versus brick-and-mortar partners, and any other color you can give, that would be helpful.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. A couple of comments. What may be behind your comment is the trend is a little different than some of the other things you're hearing out in the market. I'd just reiterate Steve's earlier comments that the distribution channels we're selling and our product categories are pretty healthy. Inventories are in good shape at retail from what we can see. Certainly our inventories are in good shape, and we're seeing strong receptivity to the product that's out there.

Chairman, President & Chief Executive Officer, VF Corp.



I would also reiterate another thing Steve said that we're seeing that retailers in particular are going closer to demand with their buy. So you're not seeing a big push of inventory into the channel. You're seeing more buy later closer to demand. And we're keeping an eye on that as well. So, I would characterize, at least in our categories for our business, that the inventory and health and balance of the situation is good from what we can see.

Steven E. Rendle
Chairman, President & Chief Executive Officer, VF Corp.

And then from a partner standpoint...

Alexandra Walvis
Analyst, Goldman Sachs & Co. LLC

[indiscernible] (31:21)

Steven E. Rendle

From a partner standpoint, I wouldn't break out any one particular partner doing an outstanding job. We have aligned our portfolio to now be more focused on the specialty channels, the sporting good channels, where our brand portfolio really comes to life. Each one of our partners is performing well.

And where we don't see strength, our teams are able to really break down the business, understand what are the issues within the assortment that we need to work with them on, to make sure that we're delivering against our commitment to be that top provider of product sell-through and margin for them.

Digital wholesale continues to be an important aspect. We're seeing nice growth there, and that's with our national partners that have both brick-and-mortar and digital in their toolkit. But also the stand-alone digital partners continue to be really strong performers for us.

Alexandra Walvis

Analyst, Goldman Sachs & Co. LLC

Great. And then in the deck you mentioned, within that North Face direct-to-consumer performance that outlets were dragging on the performance of all that. I wonder if you could elaborate on that comment a little bit. And then perhaps more broadly across the business, if you could comment on trends at outlet versus the full price direct-to-consumer business, that would be very helpful.

Scott A. Roe
Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. I'll start on that. So, the comment was pretty simple. I guess good news, bad news, our outlets suffered a bit from lack of inventory, which is a good thing overall. But we just simply didn't have the broad assortment in our outlets. And remember, we don't look at outlets as a growth driver. We look at it as a way to dispose of excess in a brand-appropriate way. So, we're not too upset when we see outlets suffer a bit.

It's notable that our brick-and-mortar did grow as well as our digital, right. So we see growth in full price, both channels in our full price, and the drag was in our Outlet business.

Analyst, Guggenheim Securities LLC

Alexandra Walvis Analyst, Goldman Sachs & Co. LLC	Q
Thanks so much, guys. All the best.	
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A
Great, all right. Thank you.	
Scott A. Roe Chief Financial Officer & Executive Vice President, VF Corp.	A
Thank you.	
Operator: The next question is from Bob Drbul from Guggenheim Securities	es. Please go ahead.
Robert Drbul  Analyst Guggenheim Securities LLC	Q

Hi, guys. Good morning. I was wondering on the Timberland business, the variation between the plus 7% in the U.S. and the other regions, what's working in the U.S.? And can you talk about Europe and Asia a little bit more in terms of where that brand is and given your outlook?

And then, just was wondering if you could spend a few minutes just on the Dickies business in terms of the current quarter versus the outlook. And what do you guys expect to drive the rest of the year on the 4% to 6% increase? Thanks.

Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.

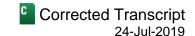
Great. Well, why don't Scott and I take - I'll take Timberland and Scott can fill in on Dickies. So Bob, where we are with Timberland is really interesting. Our recent actions are in full motion. We've talked about this for a number of quarters.

And I think first and foremost behind that is our desire to elevate the brand, from a creative standpoint, how that then impacts products from a merchandising, design and development standpoint, but also the marketing, and really raising the experiential aspects of this brand.

We're tracking on plan. We're a little bit behind where we would like to be from a results standpoint. And what's interesting is you look at the results for this quarter coming off of even last quarter, is our U.S. business is doing better. It's doing better because of a lot of the efforts to realign their go-to-market disciplines, how they've segmented the product into specific dealers. And we're seeing improved sell-through on our Classics products. But at the same time we're seeing really good sell-through on our non-Classics and that's the part of the diversification strategy that we've been working very, very hard on. And you've seen that start to pay off here in the U.S. marketplace.

When you look at Asia, we see strong sell-through on the Classics and good sell-throughs on the non-Classics and that's the continued work around rightsizing the assortment to make sure that we're relevant across the broad-based offer that we bring into the Asia and, specifically, China market.

VF Corp. (VFC) Q1 2020 Earnings Call



In Europe, we're still on a recovery mode from the warm winter where we saw an impact on our Classics business, and that has carried through into spring and spring sell-throughs. We continue to see our non-Classics sell well in that marketplace, really it was the impact of our Classics that drove the European results.

We remain very confident in our ability to manage this reset and drive ourselves to that mid single-digit commitment. We're a little bit behind where we'd like to be. That doesn't exactly make us happy, but the good news is we have the playbook. We understand how to execute it as we continue to add to that leadership team on a global basis, the skill sets, the capabilities required to drive these actions are in place. And now it's just in our court to get the work done, to get the results to where we've committed to be.

#### Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Α

Yeah. So Bob, I'll take Dickies. So first of all, you got to look by region. So in Americas, we grew mid single-digits, which is in line with our long-range growth aspirations. Really, International, that put a drag on the quarter. Speaking first to Europe, we expect mid single-digit growth for Europe for the year and really we just see timing from a quarter-by-quarter basis where we don't see a change in trajectory there, just a little noise in the quarter.

As it relates to Asia, the unfortunate thing is we had high-teen growth in China, and that's really been masked by some of the actions that we've taken. We call it a repositioning of Japan in the prepared remarks. So obviously, that has a beginning and an end. It's episodic. As we look at both a few – some categories and collaborations, which in our judgment have been done historically that are not appropriate with the long-term health of the brand, as well as some distribution choices, that would fall on that same category.

So as our teams have gotten in, we've really torn apart the marketplace. We've looked at segmentation. We have decided that, really, this is a case of shrink to grow, pull back to a solid foundation in Japan so that we can then have a brand appropriate growth on a go-forward basis. I say it's unfortunate because we see China as a really big opportunity for this Dickies lifestyle brand. The consumer interest in the brand, in the category, this workinspired apparel, we think, is a real growth factor for the coming years and we're pretty excited about the opportunity there.

#### Robert Drbul

Analyst, Guggenheim Securities LLC

All right.

#### Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.



Bob [indiscernible] (38:59) on the brand side, you saw us announce recently the appointment of a new brand president at Dickies. We brought on Denny Bruce, who has a history with VF. He was part of Vans when we acquired the business, went on to be involved with some really good consumer brands. And we're very fortunate to be able to bring him back.

Because as we look at our Dickies business in our Work business, and we've talked about this, is the opportunity to elevate the authenticity and the stories behind these really important brands, and take them beyond the occupational side of the work marketplace and move them into a work lifestyle application as well.

And Philip Williamson has put the brand in a really strong place. He remains a partner in helping us really drive the brand from a core authentic standpoint, but bringing in Denny and his brand-building skills, his business management and international understanding, we feel we've got the right person at the right time to really elevate and drive this brand forward.

Robert Drbul

Analyst, Guggenheim Securities LLC

Thanks, Steve. Thanks, guys.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. See you, Bob.

Operator: The next question is from Laurent Vasilescu of Macquarie Group. Please go ahead.

Laurent Vasilescu

Analyst, Macquarie Capital (USA), Inc.

Good morning and thanks for taking my question. I wanted to follow up on the brick-and-mortar performance this quarter. It looks like it actually – the revenues grew about mid-teen rate versus the 3% increase in the number of stores year-over-year. Can you parse out how your store comps performed overall for the quarter, what your expectations are for the year, and how many stores you plan to end the year with?

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. So, I'll start at the end. From a store count, we're at 1,450-ish. I think we put it out – 1,427. We have about 50 net store openings for the year. Obviously, more than that from a growth standpoint as we're [ph] continually (41:05) updating that portfolio. So that's in line with what we've talked about over the last several years.

From a comp standpoint, our comp and our overall growth is obviously fairly comparable, so we're looking at a double-digit comp on an overall basis, really led by our 29 – or high 20s percent growth from a digital standpoint. So, another way of saying it, Laurent, what I think you're trying to get at is how much of the D2C guidance is led by store openings. It's very consistent with what we've seen over the last couple years with that 50-ish net store openings, most of that is being driven by comp. And our e-com is the largest contributor to that.

Laurent Vasilescu

Analyst, Macquarie Capital (USA), Inc.

That's great. Thank you very much for that. And I wanted to follow up on some modeling questions with you, Scott. The \$75 million in dis-synergies called out last quarter, in today's press release, it looks like it's \$13 million for the quarter, which included Icebreaker and Altra. How much of the \$13 million was tied to the spin? How should we think about the cadence for the next quarter? And then lastly, the tax rate looked a little bit high on an adjusted basis for this quarter. Anything we should think about in terms of the tax rate by quarter?

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. So I'll start at the end. So, it's a small quarter and there's some – when you get small quarters, you get strange percentages. Overall, you're going to see that tax rate in our guidance, 15% to 15.5%. Again, it's the law of small numbers which kind of distorts that. Remind me of the first part of your question, Laurent.

#### Laurent Vasilescu

Analyst, Macquarie Capital (USA), Inc.

Sure. It was about the dis-synergy, the \$75 million called out last quarter and then the \$13 million, yeah.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. So the dis-synergies and – so we put out the 8-K and you can now – we were estimating those numbers. It's about \$85 million for the full year. And you can actually see that we broke it out by quarter. So, the short answer is no new news from what we just put out – what was that, a week and a half ago or so – in the 8-K. And the \$85 million, about half of that we expect to be covered by TSAs. And that's pretty consistent with what we've been saying.

So, you'll see that evolve relatively evenly through the quarters, although there's a little noise in the TSAs as they're slightly more back half loaded, as the first quarter, we only have one month of TSAs in the first quarter. So you'll see a full three months per quarter as you move through the year.

Laurent Vasilescu

Analyst, Macquarie Capital (USA), Inc.

Very helpful. Thanks so much and best of luck.

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Thank you, Laurent.

Operator: The next question is from Ike Boruchow of Wells Fargo. Please go ahead.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Hey, good morning, everyone. Let me add my congrats, good way to start the year. Two questions, one Vans, one North Face. I guess first on Vans. There's something like – kind of looking at it, it's the first quarter in over a year where the global growth constant currency has actually accelerated, which is pretty impressive given the strong numbers.

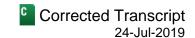
I guess I'm just curious, Steve or Scott, is there something product launch-specific that occurred in the quarter or anything that made 1Q abnormally strong, for lack of a better word?

Scott A. Roe

Chief Financial Officer & Executive Vice President, VF Corp.

Yeah. Ike I'll start on that. One thing I would say is if you think about this soft landing that we talked about, I would encourage you to zoom out and click and look at the overall trend and not isolate too much on one particular quarter. Last quarter, the bears were saying, oh, here we go. And the bulls may come out this quarter and say, we're in the new world. We see this is an orchestrated soft landing over a long period of time. It's hard to predict the exact shape of that curve. But we don't fundamentally see ourselves in a different place.

I think it is very encouraging though in the quarter to see the strength of the Slip-On franchise. Remember, that business is not just one thing, the way they manage their icons. And so while the Old Skool remains strong, we



saw the resurgence or the acceleration of Slip-On. That didn't happen by accident. That's been a very managed and orchestrated series of events, whether it's in-store from a demand creation, online communication, the loyalty communication, which is at 8.5 million people at this point.

So, again, I would say, what this quarter says to us is we have – it's just another proof point in our ability to manage this franchise over a long period of time and gives us more confidence on that long-term growth. That's how we view it.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah. I would just add something real quickly. It really is validation of the team's intense focus on their consumer, the commitment to driving the product, both from a heritage standpoint, you see that in the Slip-On and the Old Skool, but really strong results coming from the progressive portion of their product line as well as apparel, so executing against their product group.

But it's really – it's how they create the excitement around the brand. I don't know if you saw the Waffleheads campaign, and really celebrating creative self-expression in the artists and Makers out there who are tailoring their Vans shoes to be very personal and individualistic.

Just how the brand is able to bring those stories to life to elevate those individuals and drive their vision around creative self-expression keeps this brand at the forefront of their very specific consumer base. And Scott mentioned, the loyalty programs continues to grow. And their ability to shape one-to-one conversations with a very high percentage of that loyalty base really helps them manage that conversation and keep those consumers growing in loyalty and interest.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

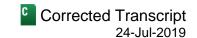
Got it. That's helpful. And then just a quick one on North Face. So the global growth has been strong double-digit for almost a year now. Trends have been strong. You've got – Steve, you talked about FUTURELIGHT coming in a few months. You have the ability to put another \$20 million in investment behind it to drive up some demand creation. I guess, Steve, can you kind of frame maybe FUTURELIGHT just to help us out how does this rank maybe internally? Are there some examples of product launches either for North Face or another brand in the portfolio that gave you this level of excitement? I'm just trying to understand just how excited internally you guys are and what this could actually be to the brand, because all the regions do seem to be very, very bullish so far.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Yeah, great. Happy to talk to you about that. So FUTURELIGHT, when it hit the marketplace last year, it really is – it's a breakthrough idea in a very important category of the outdoor apparel marketplace. And there's not been a breakthrough in waterproof breathable technology to this level in many, many years. And I think what gives us such confidence and validation to put even more resources behind this launch is it's such a breakthrough idea.

We want to make sure that we're able to tell this story in the most clear powerful way in those channels of distribution, be it our own, and in the specialty channels where this product will be placed. It's able to break through and draw the consumers in to experience it. Because once you experience it, you understand just how different it is from some of the historical waterproof breathables that we've all become accustomed to using.



It's important to remember that the way The North Face has positioned the product in its assortment this fall is at the very high end of their outdoor or mountain – mountaineer mountain products in the Summit Series and in the Steep Series. So it does not have a broad assortment. It's very targeted in those most technical pieces. That's the absolute right place to start it. And then over time, it will start to cascade through the broader rainwear assortment, and it will then be followed with gen 2, gen 3 iterations that the brand has line of sight to.

So it is a breakthrough idea. It's a validation that the innovation focus is very clear at The North Face and they're starting to line these ideas up to bring new exciting ideas to draw consumers to the brand not just in the outdoor technical side, but also how this comes across the lifestyle and the Urban Exploration piece to talk to that broader-based outdoor lifestyle consumer.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Got it. Thanks, guys.

Operator: The next question is from Sam Poser of Susquehanna. Please go ahead.

Sam Poser

Analyst, Susquehanna Financial Group LLLP

Good morning. Thank you for taking my questions. A couple of things. Can you talk about how the marketplace is relative, let's say, to last year coming into the fall season at North Face? What you're seeing in the retailers and your own stores. You talked about what was going in your outlets already.

Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Sure. I don't know if that's an inventory question, Sam. I guess what we see in the Outdoor segment is that's a set of retailers that are doing well. I think everybody has learned their lesson over the years. No one is, I think, coming at this season in a really robust and overt way. I think there's very – a lot of thought goes into the assortments to manage inventory properly.

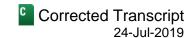
We've talked in the past about how our teams continue to evolve our practices around interacting with individual retailers, not only on the sell-in based on the prior year sell-through, but really staying in contact and in step through the season, watching sell-through and making sure that we've got the right products in place to deliver against our sales and margin commitment to those individual retailers. So we see a healthy marketplace. We see a marketplace that's thoughtful and sitting in a much more healthy place from an inventory standpoint.

I would tell you Europe had a – we mentioned the warm winter as it impacted Timberland. The Outdoor segment in Europe is healthy despite a warm winter last year, and I think this comes back to just thoughtful management of sell-in based on sell-through and staying in step with our retailers to assure that our portion of their retail store is operating at the best level.

Sam Poser

Analyst, Susquehanna Financial Group LLLP

Thank you. And then you mentioned Urban Exploration. Are we going to see more of that? Is that going to come more into the States and expand on a more global basis? Are we going to start seeing that this year? And then lastly, where are you in sort of taking, I'll use the word, the pull model that you've created with Vans and really I would say forcefully putting that in place if it's with North Face, with Timberland and your other brands as well?



### Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Sure. So on Urban Exploration, I mean it's an important part of The North Face expression. And will you see it grow? Certainly, but in a very thoughtful and I think methodical way. Urban Exploration, oftentimes, is thought about things that we see happening in Asia, specifically Japan. And that is an important element of the design and the inspiration. But sitting within Urban Exploration are some very key icons from 40, 50 years ago within The North [audio gap] (53:47) team manages those icons within that portion of the line just helps build that pull and that interest to the more urban consumer.

I think, Sam, you've probably been to the store in Brooklyn where The North Face has an Urban Exploration retail store, and we were able to really understand what parts of our line, both driven from the global offer, but we also offer some of our Japanese partners' products there and have seen really nice sell-through and connection. So, it will continue for sure, but it's a small percent of the total North Face offer and they'll manage it accordingly.

Your question on the Vans pull, I mean there's a lot of cross-brand sharing. One of the reasons that we've asked our Outdoor brands to come to Denver and co-locate is to be able to get an accelerated and even more intimate cross-brand selling opportunity through co-location. We see that work really well in our Swiss and Hong Kong offices. By moving to the center of the country, we've already seen our Vans team here in Denver more often than we would have in North Carolina. And I think that is exactly one of the other reasons.

So the sharing and the ability to really speak about best practices across these key areas of brand experience, digital investments, how we're driving loyalty, using that data to speak to consumers, that sharing is going on, on a day-to-day basis. And the investments that we're making behind the platforms that enable that kind of work to be done are central and have been a big part of that enhanced investment that you've seen over the last two years. So we absolutely see that as a key part of each of our brand's growth not just The North Face.

Sam Poser Analyst, Susquehanna Financial Group LLLP	Q
Thank you very much and continued success.	
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A
Thank you, Sam.	
Scott A. Roe Chief Financial Officer & Executive Vice President, VF Corp.	Α
Thanks, Sam.	
Operator: The next question is from Jim Duffy of Stifel. Please go ahea	ad.
James Vincent Duffy Analyst, Stifel, Nicolaus & Co., Inc.	Q

Thanks and good morning. I wanted to ask about Vans loyalty program, pretty impressive growth in membership in a pretty fairly short period of time. Can you guys speak about some of the behavioral patterns you're seeing from these consumers, any data on frequency of purchase, assortment range, channel shopping behavior, that type of thing?

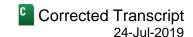
## Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Well, that's a good question, Jim. I don't have that specific data in front of me. We do know that this consumer has a much higher rate of frequency. Their much enhanced element of loyalty. The assortment that they're drawing from I think is represented in the results. We see the heritage product scaling through Slip-On and Old Skool, but we're seeing really nice growth in a lot of the progressive styles. So I think the assortment would be well represented within that loyalty base consistent with what we're seeing from a sell-through.

The key here is to drive greater loyalty and it's to drive a much more personalized conversation. My comment around the one-to-one messaging and the data and data science capabilities being built at Vans is to really drive that one-to-one relationship. So that we're talking to you about relevant products at a relevant time of year, and that we're able to introduce to you new ideas consistent with your purchase patterns, but also the events and the in-store interactions that we've had with you is making that much more of an intimate, relevant one-to-one interaction. And that really sits at the core of the work that the Vans team is doing.

·	-	
James Vincent Duffy Analyst, Stifel, Nicolaus & Co., Inc.	Q	
Point of clarification on the membership program. In the presentation, 8.5 million members is listed under the Americas commentary. Is that just an Americas number? Are there plans to expand the program globally?		
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A	
That is a global number.		
James Vincent Duffy Analyst, Stifel, Nicolaus & Co., Inc.	Q	
Okay.		
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A	
And it is live in Europe today. It went live last fall. And the loyalty program we that we're able to do in the Asia marketplace. But it's predominantly the Amebut we did bring loyalty live last year in Europe.		
James Vincent Duffy Analyst, Stifel, Nicolaus & Co., Inc.	Q	
Great. Thanks.		
Scott A. Roe Chief Financial Officer & Executive Vice President, VF Corp.	A	
Thanks, Jim.		
Steven E. Rendle Chairman, President & Chief Executive Officer, VF Corp.	A	
Thanks neighbor		



**Operator**: That's all the time we have for questions today. I would like to turn the call back over to the Steve Rendle for closing remarks.

## Steven E. Rendle

Chairman, President & Chief Executive Officer, VF Corp.

Okay. Well, thank you everybody for joining us today. We're excited with where we are. The moves that we took last year and the position we find ourselves in at this time of year just gives us confidence to deliver against our commitments for the year. And we look forward to seeing you here in September.

We know we owe you an update to our five-year strategy. There's been a lot of change and evolution since we launched that in Boston in 2017, and we look forward to being able to share that with you here in the Rocky Mountains in September. So thank you again for joining us today.

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

#### Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2019 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.