VF Corporation First Quarter Fiscal 2027 Scripted Remarks
July 28, 2026

Allegra Perry, Vice President of Investor Relations

Hello everyone!

Thank you for joining us on VF Corporation's first quarter fiscal 2027 conference call. On our call today, we 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 we say otherwise, amounts that are referred to on today's call are all on an adjusted, constant dollar, continuing operations and excluding Dickies basis, which we've defined in the presentation that was posted this morning on our Investor Relations website. We use those as lead numbers in our discussion as we believe they more accurately represent the true operational performance and underlying results of our business. We may also refer to reported amounts which are in accordance with US GAAP. Reconciliations of GAAP measures to adjusted amounts are found in the supplemental financial tables included in the presentation where we identify and qualify all excluded items and provide management's view of why this information is useful to investors.

Before we proceed, I want to highlight scripted remarks have been posted at the start of the earnings call for ease of reference during the call. The scripted remarks will be removed after the earnings transcript is made available on our Investor Relations website.

Joining me on today's call are VF's President and Chief Executive Officer, Bracken Darrell, EVP and Chief Financial Officer, Paul Vogel, and EVP and Chief Operating Officer, Abhishek Dalmia.

Following our prepared remarks, we'll open the call for your questions.

I'll now hand it over to Bracken.

Bracken Darrell, President & Chief Executive Officer

Thank you, Allegra.

Hello everyone. Thank you for joining us!

Before we get into our call for the quarter, let me talk about our CFO transition.

As you know, if you read our release this morning, Paul Vogel will be stepping down and Abhishek Dalmia will be taking on the newly combined role of Chief Financial Officer and Chief Operating Officer.

Let me start with Paul. I am so thankful to Paul for being my partner these past two years. He's played a key role in dramatically improving our balance sheet, lowering our cost base and returning us to growth. Paul should be very proud of his accomplishments (and I know he is). He's also been a good friend and partner to me and the entire team, and we will all miss him.

Paul, I know you'd like to say a few words.

Paul Vogel, Chief Financial Officer

Thanks, Bracken.

As Bracken shared, after a lot of reflection over the past several months, we've decided it's the right time to transition my role.

Over the past two years, I've become very passionate about the brands within VF and I've been driven to execute on the transformation work underway across the company. That work has required a significant amount of time away from my family who have remained on the East Coast. As I looked ahead, and discussed with Bracken the ongoing expectations, we decided now would be the right time for VF to transition to a new CFO.

I remain confident in the company, the strategy and the progress we are making. In fact, I leave this role with great confidence in where VF is headed. Over the past two years, we have made meaningful progress – stronger financial discipline, improved execution, a significant reduction in debt and a sharpened portfolio. We returned to growth for the full year in fiscal 26 for the first time in three years, expanded margins materially and reduced the leverage ratio by two full turns in 2 years. And I am confident we will hit our previously provided guidance for the medium-term.

I am also very pleased that Abhishek will be stepping into the CFO role, combining it with his current remit as COO. He understands the transformation agenda, he understands the operating model, and he brings a powerful combination of strategic, operational and financial perspective. I believe he is the right leader for this role and the right partner for Bracken and the leadership team in this next phase. On a personal note, Abhishek has been a true partner to me and we've had a lot of fun working together.

Over the next quarter, I will work with Abhishek to help ensure a smooth, thoughtful transition and I am committed to doing everything I can to support the team during this period.

Last, I want to say thank you. First, thank you to Bracken for his partnership, trust and leadership. It has been a privilege to work alongside him during such an important period for VF. Thank you to the Board and the broader leadership team for their support and collaboration. Thank you to our shareholders and analysts. Most of all, thank you to the finance organization and to the teams across VF.

Serving as CFO of VF has been an honor. I am proud of the progress we have made and am confident in the company's future.

I'll turn it back to Bracken.

Bracken Darrell, President & Chief Executive Officer

Thank you, Paul.

Now for Abhishek. We are fortunate to have one of the most knowledgeable and impactful people in our industry as our COO. After stints at Dell and Lululemon, Abhishek spent seven years at BCG working with almost every major company in our industry on a wide range of projects. And that has already paid big dividends at VF, as he has reengineered first our technology organization, then supply chain, and soon Finance.

He's also been a partner for me in our strategy and execution. He's a particularly good fit for the CFO role as an expansion of his current role.

You'll soon see he's NOT going to be a COO 'who just adds Finance.' He will be a CFO who really understands at a practical level how to create total shareholder value. He deeply understands brand value creation. And the combination of these roles will drive sustainable and profitable growth, agility, and cost efficiency. As the business evolves into the next phase of growth, his ability to blend financial acumen with change management and transformative thinking will be just the right cocktail for VF's ongoing transformation as we continue on our way to becoming a high-performing, high-growth business.

Abhishek, I know you'd also like to say a few words.

Abhishek Dalmia, Chief Operating Officer

Thank you, Bracken, for your confidence and for the opportunity to take on this expanded role. I am honored by the trust you and the Board have placed in me. I also want to thank Paul for his partnership and friendship. He has helped guide VF through an important period of transformation and has developed strong finance leaders. I look forward to partnering with this talented team as we enter our next phase. I chose to join VF a few years ago because I love our brands and believe in the long-term potential and success of this company.

Going forward, my commitment is to ensure that every dollar of capital is deployed where it creates the greatest long-term value. That means maintaining discipline in how we invest, strengthening returns across our portfolio and balancing growth, profitability, and cash generation to deliver sustainable TSR. I am energized by what lies ahead in this next phase as I continue to work closely with Bracken and key leaders in Brands and Commercial to make VF a high-performing and highly profitable growth business.

Now back to you, Bracken.

Bracken Darrell, President & Chief Executive Officer

Thank you, Abhishek.

Now let's talk about the quarter just ended.

The first quarter was a solid start to the year. As a result of this start, and better visibility into the rest of the year, we are raising our full year fiscal 27 outlook from 1 to 2% growth to 2% or better. When we guided last quarter, we said you could expect another year of growth … Now you can expect a year of acceleration, albeit modest so far. But this is just the beginning of that.

First quarter revenue was flat to last year, ahead of our guide. Q1 is typically a negative operating income quarter. Q1 operating income was also slightly better than we expected, even though we invested in growth across multiple dimensions.

Turning to the brands…

The North Face grew 4% in Q1. That was stronger than our expectations of a flat quarter that we shared with you. You might recall that the primary driver of our flat quarter expectation was orders that would normally occur in Q1 actually shipped in Q4'26. So we expected the stronger Q4 would result in lighter Q1. As in the past, this year we have timing shifts across the quarters. In that vein, we expect Q2 to be flattish vs. last year. However, we expect the full year to be roughly in line with last year's growth rate. Let me repeat that. We expect the full year to be roughly in line with last year's growth rate.

From a product standpoint, The North Face growth was led by transitional outerwear, shells and equipment. And we barely tapped the many opportunities to bring in strong spring and summer categories in the years ahead that we don't do much in today, which makes a solid quarter like this even more satisfying: imagine what it will be when our assortment in stores and online is much broader and appropriate for warmer seasons. In footwear, the Altamesa v2 … and actually, right now I'm wearing the new Altamesa 500 which is amazing … launched during the quarter with a strong debut across all regions.

Let me give you a little taste of what's coming for The North Face in Q3 and Q4. As we mentioned last quarter, The North Face is the exclusive performance apparel sponsor for the US Ski and Snowboard team. The athletes will wear our product across all major events, including World Cups and of course the Olympic Winter Games, and official training camps between now and through 2034. The first drop of US Ski and Snowboard apparel is this winter. I am wearing one of the T-shirts. We will be upgrading our largest single icon, the Nuptse, from Summit Series all the way down through lifestyle. This one has an innovation twist I'll share a little later! From a marketing standpoint, there is also something exciting coming out – we can't tell you much but you may want to search out your local IMAX theater. Keep watching; we have exciting developments ahead for The North Face.

Timberland revenue was up 3% in the quarter. Both DTC and Wholesale grew on a global basis, while regional performance was driven by continued strong growth in the Americas, up 10%.

As expected at this stage, the 6-inch premium boot is the growth engine, while "behind the scenes" our initiatives to build and diversify around this strength are taking hold. Outside of the boot, shoes continue to perform strongly in all regions, led by the boat shoe. As we get into the Fall 26 season and beyond, you'll begin to see more of the new product line-ups being developed, from below the ankle to sneakers in footwear and across apparel.

Alongside these product initiatives, we continue to develop the brand distribution network, and in the first quarter, we opened 3 new full-price DTC stores in the Americas, taking the total number of full-price stores to 14 in the region and there are more to come.

We are driving brand energy with our social-first marketing strategy while leveraging the brand's cultural relevance. Search interest was up in all key markets. The brand continues to play a central role in big cultural moments; during the quarter, the Yellow Boot became a symbol of New York during the NY Knicks championship run and an associated social media post generated the brand's highest engagement ever.

We expect another good year of growth for Timberland as we continue to take steps to unlock the true potential of Timberland over the next few years.

Now let's talk about Vans. Q1 revenue was down globally by 9% year over year. We expect a similar trend in Q2. We began signaling a few quarters ago that the business would turn around first in DTC, then Wholesale. And that's exactly what continues to happen. We expected to be a little bit better in Q1 than we were, but this quarter doesn't at all change our indication of what we will see for the full year.

To that end, let me start by giving you a little more data than you've had before on our DTC. I'm going to focus on the US where half our business is, but the same strategy applies globally. Remember we have more flexibility in introducing new products into our DTC channels than we do in Wholesale. Ecom is where we are starting to see accelerated growth. Now let me talk about our fleet of stores focused on the US where most are. Almost 60% of our comp stores are now flat to growing in Q1. There are stubborn stores we continue to work on, but you can see that our Ecom and the majority of our fleet is now positive in the US.

So what's going to change between first half of fiscal 27 into the second half of fiscal 27 at Vans? In addition to the improvement we've seen in Ecom and our stores, Wholesale is going to be a lot better around the world. We are confident because we have much better visibility into our Wholesale partners' plans. This is one of the things that gives me the confidence to commit to a better second half for Vans. In fact, for Vans as a whole, while the first half revenue will be down about 9% vs. last year, we expect the second half to be down 2% or better vs. last year.

Let me go further on Vans now. There have been many green shoots in the last few months. DTC in the Americas continues to grow.

We have more and more new products that are generating energy, excitement, engagement and sell out; the press and social media analysts have published many headlines like "Vans' Hot Streak Is Only Getting Hotter" and "Vans really might just grab footwear brand of the year"; the brand is even inspiring luxury brands like Louis Vuitton, Prada, Dior and Miu Miu as they see the energy move to Vans silhouettes. And speaking of brand energy, in just its second year, the Vans Warped Tour will have almost 600,000 attendees across its six venues, making the event one of the top ten largest North American music festivals. And when you go, you see two out of every three people wearing Vans!

Our focus on innovation is driving consumer demand. We continue to reinvigorate the original icons. Authentic had another double-digit quarter. Slip-ons grew. Old Skool continues to benefit from the Pearlized, distressed, and collabs like Travis Barker all resonating and achieving a very high sell-through. The latest example, the Souvenir Asphalt collection, sold out in 30 minutes.

The team is also putting out powerful new silhouettes, too (including loafers and more).

One of the things we are underleveraging is some of this incredible energy. We CAN do a better job having sufficient volumes of these hot new styles of icons and entirely new silhouettes so we can better capitalize on the demand. We're working on that. But overall, our energy strategy in our DTC channels is starting to work and we're going to keep going and build on this. Wholesalers will be bringing in more new product as we approach the holiday and spring seasons. We continue to be very optimistic on Vans.

Beyond the top three brands, we're fueling the engines that are showing strong potential among the smaller brands and there are a growing number – Altra is the most visible example. Altra continues to deliver, building on a strong performance last year, and progressing towards another year of powerful growth this year.

Franchise styles including Lone Peak, Torin, The Experience Flow and Wild continue to perform well. We are continuing to invest in brand awareness, which remains low but is growing. Altra plays in a very large addressable market. For perspective, we're a leader in trail running but road running is 10x as large of a market. Over the past few quarters, road running has become larger for Altra than trail running for the brand. As I've said before, we believe it will be a $1 billion-plus brand over time.

To conclude…

I am confident about the year, and we are raising our full year guidance as a result of our better visibility into the second half and our Q1 performance.

With that, I'll hand it to Paul for more financial depth on this quarter. And then to Abhishek for the forward-looking guidance discussion.

Paul Vogel, Chief Financial Officer

Thank you, Bracken.

Turning to our first quarter results…

Q1 revenue was approximately $1.7 billion, flat year over year and above our guidance of down low-single digits. And operating performance was slightly ahead of guidance.

By brand: As Bracken said, The North Face grew 4%, Vans was down 9% and Timberland was up 3%. In Q1, Timberland's growth was impacted by the ongoing conflict in the Middle East as well as ongoing work with one of our distributors. This was roughly 3 points impact to Timberland in Q1.

From a regional perspective, growth in the Americas, was up 4%, while EMEA was down 7% and APAC was down 1%.

And lastly, by channel, DTC led us, up 5%, while Wholesale was down year over year at minus 4%.

Adjusted gross margin for the quarter was 54.9%, up slightly over last year. Our core underlying gross margin is actually stronger than it appears as this quarter's margin was impacted by 140 basis points as a result of unfavorable FX. As a reminder, there is roughly no incremental advantage or disadvantage of tariffs in Q1 this year vs. Q1 last year.

SG&A stepped up year over year as we deliberately invested in the business to drive growth. As we signaled in May, we are making first-half investments in brand-building initiatives. The $225 million of structural SG&A savings since fiscal 2024 remain in the run rate. This has been a choice to reinvest on a lower fixed base to drive growth.

Our Q1 adjusted operating loss for the quarter was ($95 million), slightly ahead of guidance as a result of the higher-than-expected topline. Finally, adjusted loss per share was ($0.27) vs. ($0.25) in Q1 of last year. The tax rate was approximately 11% in Q1 and there is no change to our full year outlook for the tax rate in the low 30s.

On the balance sheet, we continued to strengthen our position.

Inventories, excluding Dickies and FX, were down 4%. And net debt was down $1.1 billion or down 20% vs. last year.

Free cash flow was up approximately $75 million in Q1 year over year; this includes approximately $50 million benefit from tariff refunds.

I will now turn the call over to Abhishek who will walk you through our guidance for Q2 and the full year.

Abhishek Dalmia, Chief Operating Officer

Thank you, Paul.

For full year fiscal 27, let me start with the key metrics. First, on revenue, we had guided to up 1% to 2% and now expect to be up 2% or better versus last year. Second, we continue to expect our operating margin to be approximately 8%. Third, we expect free cash flow to be flat to up vs last year with operating cash flow up year over year. As a quick reminder, this excludes any potential net benefit from tariff refunds during fiscal 27. This also excludes the $100 million net impact of the pension termination that we received in fiscal 26. And finally, we continue to expect our year-end leverage ratio to be between 2.6 and 2.9x.

As you know, it's not our standard practice to give you detailed brand guidance. But given we just raised our revenue guidance, we want to give you some directional color on the top three brands for the full year. For The North Face and Timberland, we expect the full year to be in line with their respective growth rates from last year, plus or minus a point or two on either side. For Vans, we continue to expect revenue trends to improve relative to last fiscal year, down mid-single digits. As you heard from Bracken, we expect better trends in the second half and expect revenue to be minus 2% or better for Q3 and Q4 combined. Let me share some details on the second quarter now.

Revenue growth will be approximately in line with Q1, and operating income will be broadly in line with last year. Let me break down the key components for you.

For our two largest brands…

The North Face will be flat to slightly up year over year in Q2 and as mentioned before, this is primarily driven by Wholesale timing.

Vans Q2 performance will be similar to Q1 of down 9%. Within this number, Americas DTC will continue to grow as we indicated in May with continued improvement in DTC for other regions. As you heard from Bracken, we expect the Wholesale business to improve in the second half, resulting in the brand delivering a mid-single digit decline for the full year.

We expect gross margin to be up vs. last year. On SG&A, as you heard from Paul, we continue to make brand building investments, specifically in DTC and marketing that will impact the overall SG&A in Q2 year over year. These Q2 gross margin and SG&A movements are contemplated within our full year operating margin guidance of approximately 8%.

Finally, Bracken, Paul and I have been working very closely over the last few years on VF's transformation. We are on track to achieve our medium-term targets: First, an operating margin exit run rate of at least 10% in fiscal 2028. As we clarified on our last call, it really means that we will be 10% or better for full year 29 and Second, a leverage ratio of 2.5 times or better by fiscal 28.

So, to conclude.

We beat our first quarter expectations and raised our full year revenue guidance. We gave you a little more of the runway on Vans for the rest of the fiscal year and also additional color for The North Face and Timberland for the full year. We confirmed our guidance on operating margin, free cash flow and leverage and have clear line of sight to our medium-term targets. We are well on our way to becoming a high performing, high growth business. With that, I'll hand it back to the operator for your questions.