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VF Corp. (VFC)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Allegra Perry

Vice President-Investor Relations, VF Corp.

Good morning, everyone and welcome to Denver. We're thrilled to have you here with us today in our home in Colorado and appreciate the effort you have all gone through to be with us. And to those listening in via webcast, thank you for tuning in. We appreciate your continued interest in VF.

As you know, this is my first Investor Day with VF and the first time I'm meeting most of you in person. I'm excited to be here with all of you today and I'm proud to count myself as part of the VF family, a company which has truly exceeded my expectations with a strong, collaborative culture, talented and performance-focused leaders, an admirable set of values, an incredible passion and commitment for everything we do.

Over the next few hours, we will summarize our journey since our last Investor Day in 2019, a three-year period which has clearly been very busy both externally and within the company, of course. And within that, our objective really is to illustrate how our updated growth strategy is fueled by and will benefit from our VF competitive advantages and how we will enable our full portfolio of brands to win and create value. We will present our new financial commitments with clear building blocks for growth. And through our immersive brand experiences, both here at the Born Hotel and later at our VF global headquarters, we will showcase the power of our iconic brands and why they resonate so strongly with consumers around the world.

But before we get started, I have a few housekeeping items to cover. We will host a Q&A session at the end of today's presentation, so please hold your questions until that time. During the scheduled breaks, I encourage you to take the opportunity to immerse yourselves in our interactive brand galleries and to spend time with our leaders here today.

Finally, our presenters today will be making forward-looking statements, which are subject to risks and uncertainties. Actual results may differ materially from the statements made today. Additional information regarding the factors that could influence our results can be found in our Form 10-K filing with the SEC.

Again, thank you all for participating in the 2022 VF Investor Day. I look forward to spending time with you today, and we look forward to taking you through the next chapter in our journey. Thank you.

[Video Presentation] (00:02:40-00:03:52)

Unverified Participant

Ladies and gentlemen, please welcome to the stage, Chairman, President and Chief Executive Officer Steve Rendle.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Good morning, everybody. Welcome to Denver. We really appreciate you taking the time to come be with us today and I want to have a special thank you to everyone joining us on the global webcast. Before I want to get

going, I want to talk about something that's kind of difficult, difficult for me, for sure. But you may have read about this, but a dear friend of ours, a colleague at The North Face, our team captain for the athletes, had a tragic accident fall in Nepal this week. We woke Monday morning to our texts lighting up about the tragic fall. A rescue began the day after. And this morning, we woke to be informed that, in fact, Hilaree body was recovered and is now back in Kathmandu safely. But most importantly, with Jim Morrison, her partner, who was with her on this climb.

Hilaree is a dear friend to many of us. She's been an athlete for a very long time and recently assumed the role of Team Captain, which is an honor, because before that it was Conrad Anker, for any of you who know him, you know he was a force. It's a hard day. It's been a hard last couple days, but it will be a hard day. When you visit the building today and you run into any North Face employees, you'll feel it. Hilaree was really our super hero and she provided so much passion, so much energy that we drew from. And yes, we're sorry. We're sad and the grieving begins. But I think for those of us who know her well, we're going to really celebrate what she stood for, the energy that she brought and the passion that she gave each one of us. But I wanted to get that out. It's in the news. And it would have been incredibly, I think, disingenuous of me if I didn't, just based on how much – and how important she is to all of us.

So, with that behind me, I'm going to let you know I'm really excited to be here today. My team is excited to be here today. We have never been hitting on all cylinders as a team. We've never been more confident in our strategy. And most importantly, very confident about our ability to execute against our commitments. So, let's get going.

Throughout the day, you're going to hear a consistent message from each one of us that the key advantages that makes VF the successful company that it is, the center of all that we do is a deep commitment to connect with and engage with our brands' consumers. You'll hear from our top brand leaders about the strategies that they're executing today and the strategies that they intend to drive for the next five years that give us confidence about our ability to deliver consistent, sustainable, profitable growth. And our commitment to manage our portfolio, something you've seen us do aggressively over the last five years, remains unchanged and will continue to be a differentiating element of how we create value for our shareholders. And you'll hear how we're going to leverage and derive enhanced value from our enterprise platforms. And that unique combination of our brands really positions us in a very, very strong place.

But I think what really excites me is you're going to see firsthand the leaders, the leaders that drive the commercial aspects of this business, but the leaders that are responsible for developing the teams that execute the day-to-day actions and the teams that have made VF who it is for the last 123 years. And you're going to come away with a strong sense for our performance-driven culture that's grounded in purpose.

So, we have a lot to cover today. And there's a few things that I want to make sure that before I walk off the stage that I've landed in your minds. And first and foremost, I want you to understand that we are committed. We are committed as a team to continually build on those things that uniquely make us VF and to continually look for ways to expand and build North – VF for the future. We're committed to continually shape this company and you will see this commitment come to life through each of the presenters today as they walk you through their strategies and what gives them conviction about their ability to execute. This is a very exciting time for VF. While we have one of our key brands not achieving its potential, every one of our other brands, the other 11 brands are achieving at or greater than their commitments. And I think that's another point I really want you to take home today, and you'll hear that come out through the rest of our presentations.

So, we are deeply committed to growth. In the pre-COVID period, we dramatically changed the shape of our business, driven large part by our global brands business, certainly by China and our TNF international business. As we emerge from the pandemic with our largest brand not achieving what we know it's capable of, we have returned to growth. And there's broad-based momentum across our portfolio. You see it at North Face. You see it at Timberland. You see it at Dickies, our outdoor emerging brands, and Supreme.

Our Vans business is not where we know it can be. But you're going to hear from Kevin is a realization of the type of business, the type of leadership required to take a business that experienced rapid growth, growing from \$2 billion to \$4 billion between the years of 2017 and 2019, and what is required to manage a business at that scale after that kind of exceptional growth, today, to take it forward beyond \$4 billion. Kevin's going to give you a very clear and transparent assessment of where we are. But most importantly, the issues and the actions that we will be taking as a larger VF supporting our Vans team to reset and reaccelerate this important business.

But what also gives me great excitement is we're not just going to dwell on Vans. We're going to give you opportunity to talk to our other leaders. And it's this broad-based momentum that you'll hear Nicole, Susie, Lance, Martino, and Winnie talk about that gives us confidence that we will deliver against our commitments to deliver consistent, sustainable, profitable growth. We will continue to invest behind our strategic imperatives because those investments are what are giving our teams the ability to deliver against their commitments.

The strategy that we've been activating behind over the last few years and investing significantly behind, while more focused, remains largely unchanged. The purpose that is anchored in our performance-driven culture remains unchanged. What is new is a new commitment through a vision statement. In this vision – I want to read it to you a couple times because this really embodies what we, as a team and our teams across our brands, are focused on. But we are committed to be the most dynamic portfolio of deeply loved, iconic active lifestyle brands. And I want to say that one more time, we are committed to be the most dynamic portfolio of deeply loved, iconic active lifestyle brands. This vision has been borne by a commitment to provide absolute clarity and certainty to our teams on who we intend to be, but most importantly, the strategic investments that we're prepared to drive behind.

So, our performance-driven culture, you've heard me say it a few times, is what fuels our ability to advance our purpose. One of the defining values shared by all of us across VF is our deep commitment to focus on environmental and social responsibility. This has been something that's been deeply embedded in the VF culture well before our time. Everything we do, from the products we make to the actions we take, are really focused around providing people the opportunity to live sustainable and active lifestyles.

We don't just talk about our actions. We hold ourselves accountable for delivering measurable results and setting a very high bar for corporate responsibility and we publicly share our progress. We share this through reports focused around sustainability, inclusion and diversity, and the philanthropic efforts of The VF Foundation. We won't be spending time today going through this aspect of our commitments. But what I'd encourage you to do is to go to our website, download our most recent reports. If you don't, I'd encourage you to get the governance side of your house to do this. Because in there, you can take a – you'll get a deep understanding of the lens that we use to drive our actions, the lens around people, planet and product. And for all those of you who really want to dive into this, I see Jeannie, our Head of our sustainability platform, here in the audience and would – we'd love to talk to you about this important part of who we are.

So, the composition of our portfolio of brands is highly intentional. We've done a lot of work over the last five, six years to get ourselves to where we are. Every brand in this portfolio plays a very specific role, both strategically and financially, to help us achieve our results. Each brand has its own unique DNA, core consumer, unique

market position, and innovative product offering. We are singularly focused on engaging with outdoor, active, workwear and streetwear consumers. And the addition of our Supreme business positions us with the number one brand in that space. And when we have the right leaders, with the right vision and a commitment to drive consistent execution, this is where we win. And we're committed to always placing the best talent in those business leadership and business function roles. And we'll be uncompromising in our approach as we continue to grow and understand what is required to drive a business with the types of brands that we have operating at the scale that they do.

A hallmark of the VF winning formula is our distinctive business model. This model combines both our brands and our enterprise functions, and it's this powerful combination that brings us together to create this valuable VF formula. Our brands sit at the forefront of this model, and as I said earlier, they are responsible for knowing their consumer, understanding their differentiated positioning and how they come to market, their product engine, their marketing, the demand creation and the storytelling, the direct-to-consumer relationships, but most importantly, the strategic plans that give us as leaders confidence that we have the right ideas, the right actions to drive the results. All of this is underpinned by VF's global business functions and world-class enterprise platforms, which provide this critical infrastructure that enables our brands to focus on what they need to focus on, the number one priority, which is serving our consumers with excellence.

VF's four world-class platforms are a unique competitive moat, and you will hear me talk about this a little bit more, but this will come out through everyone's presentations today. Our commitment in the platform around consumer data and analytics and what that enables us to do, their deep understanding of who our consumers are and where they're going. Our digitally enabled D2C-centric supply chain, how we think about a seamless consumer experience using scalable omni-technologies, and then our powerful VF international platforms that enable our businesses to move into new markets and grow in a very profitable way. These platforms and the talent across our enterprise provide an integrated business backbone that delivers value to our brands, enabling our brands to focus on serving that consumer.

So shifting gears, I'd like to talk to you a little bit about our total addressable market. We are positioned to win in vast, strong and growing markets. A little bit has changed since we last connected with you in Beaver Creek. Our focus on activity lifestyle brands spans the segments that you can see here of outdoor, active & athleisure, work, and streetwear. And as I said earlier, with the acquisition of Supreme, we now have the number one brand in that streetwear category, giving us confidence that while our other brands have been engaged here, we now have a deeper understanding and knowledge of this consumer and what it takes to connect with them in a very authentic, longstanding way.

Beyond this, within these segments, we play in categories and those categories remain the same. You know us for our outerwear or apparel, our footwear commitment, our equipment and accessories commitment, and across these categories, we think about serving consumers through a lens of performance and performance-inspired products. Our brands complement each other and appeal to consumers with similar demographics. And this is an important point that goes back to our consumer data and analytics capability. It's because this consistency that we can now have a view of a very large segment of consumers that engage with our brands, allowing us to leverage this portfolio structure to drive and optimize our connections, our actions, as we have a deeper understanding of the needs and wants of this broad consumer base. These are large markets with strong fundamentals and a momentum and we have ample room to grow and take share.

As we look at this today, our brands have the opportunity to live, work and grow within a total addressable market of about \$600 billion. We have a highly intentional portfolio of brands. And we will continue to invest behind these brands because we understand the opportunity that when you have the number one brand in each one of these

spaces that have deep consumer connections and longstanding relationships, and you can leverage the VF model, the platforms, our regional teams, [ph] gives (00:19:38) great, great confidence that we will continue to grow and take share across these parts of the market segments.

So, the idea of consistent – providing understanding and, really, clarity around what we – where we're going. We have focused and sharpened our VF enterprise strategy. This looks different than what you've seen in the past, but it really does lay – kind of stay largely the same. And I'll unpack this a little bit, but I want you to know that we will remain intensely focused on enabling and driving the organic growth of our family of brands while remaining mindful of the need to look for new opportunities, look for new white spaces, to connect with these consumers, but assure that we continue to build these rich relationships with our existing consumers. We'll be mindful as well with looking for new consumers and engaging them in new journeys, journeys that allow our brands to understand where these consumers are going, but also to be able to create relationships and engagements that position us to continue to grow beyond where we are today.

We're not making big changes. The strategy remains largely the same. On the left side of the sheet here, you see how we'll create value. On the right side is how we will operate in a very effective, efficient, strategic and agile way. So, let me unpack these a little bit. We remain committed, as you heard me say, to playing and growing in consumer segments, the consumer segments that I outlined. But I think what's most important here is that we will grow as we move alongside and slightly ahead of our consumers. And using the rich consumer data that we have, looking for new ways to engage, new ways to push forward, to build larger communities for our brands to speak to. We'll continue to broaden the definition using the consumer lens to do so.

And a critical part of this really lies in our ability to amplify the tailwinds as we deepen our consumer relationships. The core of each of our brands is a deep commitment to create and provide innovative products, products that enable our consumers to pursue their passions. And we will gain share through this quality and innovative product as we continue to push the envelope, push our industry competitors through the innovative ideas that our product teams bring to market. We will continue to apply our tried-and-tested playbook. But I think most importantly is an understanding – is kind of the learning, that we will take on this idea of having a multi-horizon view to where the market's going, what our brands need to be thinking about, to assure long, consistent, sustainable growth.

Moving to the right side of the page. We'll focus on an intentional set of strategic platforms. And these platforms really give us a unique set of capabilities that I like to think about as our competitive moat. And yes, you hear these from other leaders, you hear this from other businesses, but it's how we're applying it and how we're leveraging the strength and power of our broad portfolio. Starting first with the area of consumer data and analytics, taking this into a centralized focus, being able to look at this data collectively and empower our teams to use this data to ask questions, to seek answers that help them drive their strategies forward.

We'll continue to evolve our world-class supply chain as we make it more digitally enabled and bring it to think about more of a D2C-centric, consumer-centric approach to serving our consumers. The seamless consumer journey that we create through our direct-to-consumer channels utilizing scalable omni-technologies that in a way that we're applying this, the power that we can do to create as a collective VF, and to be utilized within our large brands, medium brands, and our smaller brands to unlock value and unlock connections with our consumers.

You're going to hear directly from Velia and Cameron about our consumer data and analytics capability, our D2C-centric supply chain, and the seamless consumer journeys we're creating across our direct-to-consumer. And Martino and Winnie will walk you through the power of our international platforms and the unique capabilities that sit there for our brands to connect to and to move more quickly, more efficiently as we expand in new markets.

Today, we're managing a business with a very clarified operating model. We've spent a lot of time over the last five, six years in trying to simplify and focus how we operate, identifying those unique elements of VF as we've simplified and focused our portfolio. We dynamically allocate both our human and financial capital to where we see the greatest opportunities to drive growth as we drive our strategic ideas forward.

You may have recently seen an announcement, I'm sure you did, about the decision we made to reshape our population, terminating 300 roles while also putting on hold an additional 300 roles. This was very intentional. This was not something that we quickly pulled together an idea. This is something that we've been working on as we've refreshed, renewed, and focused this strategy. Because what sits at the center of this is our need to assure that our operating teams, our brand teams are organized around the most strategic, high-value actions.

And where we're not organized around those actions, those are the opportunities that we have to stop and put those on the side because everything we do, from the products we make to the stories that we create, to how we deliver and serve our consumers, must be done through a very clear set of actions tied to our strategy. And as we went through this move, yes, there's a financial benefit that comes from this, certainly not one we spent a lot of time on, these are people, and it sits in the center of who we are and there's a deep amount of empathy. But being able to move beyond, capture this financial benefit and know that we have the resources to continue to drive against our strategic actions gives us, again, confidence about the platforms, the strategy, the people that we have driving this strategy to assure consistent, sustainable long-term growth.

So, bringing you to what you read in our press release this morning, we are committed to deliver strong profitable growth and our growth that will be consistent, keyword, sustainable, across all aspects of our portfolio. Over the next five years we're committed – we're committing to deliver mid to high-single-digit revenue growth, high-single to low-double-digit earnings growth, and about \$5.5 billion in free cash flow. Matt will certainly unpack that in a tremendous amount of more detail as he gets into his presentation later today.

So, I'd like to leave you with five specific commitments, commitments that will drive consistent and sustainable profitable growth. So, we will continue to evolve our portfolio of brands to capture and amplify the consumer tailwind spaces that I talked about as we look for new areas, new whitespaces to evolve in the future. We will deepen our relationships with our existing consumers while attracting new consumers on new journeys, using our product engine and our storytelling to do so. We'll leverage our powerful business platforms to accelerate long-term sustainable growth for all of our brands in this key focus market segments. We will continue to dynamically allocate resources, both human and financial, towards our greatest opportunities with speed and agility. And we will deliver consistent profitable growth and return cash to our shareholders.

So, just going to get into the day. Here's the lineup of speakers that you're going to get the opportunity to speak to. Some of these leaders you know, you'll remember, and some of the leaders are new. I think you all know Matt. I'm sure you do. But you'll remember Velia, you'll remember Cameron, Martino, who runs our European platform. Kevin Bailey, who has had a broad set of commitments over his years with the effort back at our Vans business. You'll get to hear from them around their specific areas.

You get the opportunity to meet first time, Nicole Otto, our recently appointed President of The North Face. She's been with us now about four months. You get to meet Susie Mulder. Susie's been with us about a year and a half. She's responsible for our global Timberland business. She's also responsible for our Supreme business. She's the liaison between my leadership team and our Supreme business as we continue to integrate them into our fold. She's uniquely qualified, clearly has regional proximity, living in Boston, but a really deep understanding of that streetwear consumer, but most importantly, how to help dynamic brands like a Supreme think about their future potential. She's going to wear two hats, so you're going to see her come up on the stage once. She's going to

walk off the stage and then you're going to see her come up again. That's intentional. And we're really excited about the leadership she's bringing to Supreme.

And then Lance Meller. Lance Meller is the recently appointed President of our global Dickies business. Lance is the co-author of the strategy that's really accelerated and put this business into a new sphere of momentum. The leader -- you may remember Denny Bruce that you met in Beaver Creek, Denny made a very important decision to put his career on hold, maybe step out of his career for a long period of time to focus on his family. Something that we -- yeah, we miss him, but something we deeply support and just want to acknowledge that the work that he's done, the partnership that Lance has provided and most importantly, the succession planning that was taking place within that business, so when this decision came for, Lance was able to pick up that baton and move forward seamlessly and will continue to drive this team and the energy behind this brand that you'll get to see today.

And then Winnie Ma, Winnie is a leader of our Asia business. She lives in Shanghai. She's been with us two years. None of us have met her in person. We've interviewed her. We've hired her. We've onboarded her and we work with her through Zoom. This is the world we live in. But you're going to get to hear from Winnie. Not in person. She could not travel here due to the COVID restrictions that she lives with every day in China, but you're going to be able to hear how she thinks about the Chinese market, the Chinese consumer and the opportunity that we have there.

So the agenda, we've broken this agenda into four parts. The first bucket will be you getting the opportunity to hear about the four strategic platforms. We're then going to stop and move into the opportunity for you to meet and hear from our business leaders talking about our top five brands.

Third portion will be Matt coming up, giving you a really good understanding of where we are today and the financial commitments that we are making for the next five years. We'll end our session with a 30-minute open Q&A session where I'm excited for you to ask us questions about all of VF and the exciting things that you're going to hear about today. At the end of that Q&A session, we want to invite you to join us for lunch out here in the lobby area, continue to tour the brand galleries that you saw as you came in and meet with the teams that really drive the energy behind these brands. And when we're done with that, we'd like to invite those of you who can stay, and I know that some of you can't to come across the street to visit our new corporate headquarters to see where our outdoor brands sit. We have a reception planned for you, but there's also a museum space that we've installed in the lobby of the building that we will make sure this is how you'll enter the building.

We want you to be able to take some time and really absorb the view of the past through each of these brand installations, but also an understanding of the future of where these brands are going, the power of our product engines, the storytelling. It allows us the opportunity to engage with our consumers in the way that we do. So, I'm going to end as I started. I have never been more confident in this team. Our strategy and our ability to execute are -- against our commitments. Let's get this day going. Thank you.

Unverified Participant

Ladies and gentlemen, please welcome to the stage EVP, Chief Digital and Technology Officer, Velia Carboni.

[Break] (00:33:26 – 00:33:35)

Velia Carboni

Executive Vice President, Chief Digital and Technology Officer, VF Corp.

Well, good morning and welcome to Denver. We're super excited to have you all here and it's nice to see a lot of faces I met three years ago and many I haven't, so I hope I have the opportunity to do so today. So what have we been up to? Our commitments remain true to what I talked about three years ago to be a digitally-led, data-enabled company. Our progress to date, I'm going to share more details and I'm going to try and make this as digestible as possible, sometimes people say that I get a little too excited about what I do. I can get a little complex. We are at the epicenter of much of the change underway at VF. When you think about it, we're making changes throughout every aspect of our business.

Our time together -- what I really want you to take away from my time together today is that we've really cracked the code on how to build scalable platforms to support the entire portfolio, all of our brands and regions. So let's start where we last met. Three years ago, I talked about four focus areas that we were going to take our technology investments to focus against. The first, expanded enterprise capabilities, this is oftentimes the stuff that we don't always talk about. It's the behind-the-scenes stuff of how we modernize and move the right things to cloud, enhancing security and ensuring we've got the right architecture to support all the work that we want to do.

Second, how do we digitally enable the supply chain and really help them to modernize the way we create products to the way we fulfill those products. Third, thinking about the seamless consumer experience, how do we think about all those consumer touch points in a way that we really put a cohesive consumer journey together. Third (sic) [Fourth] (35:14) is around our data insights. You heard Steve talk a lot about that. We're like thrilled about the work that we're doing in this space. And when you really think about who VF is and the diversity of brands we have across three regions, it's a pretty remarkable asset that we have as a company. The other thing that I've mentioned is we have spent a lot of time the last three years of really building an industry-leading set of talent to really help us achieve the things that we've laid out and where we aspire to go tomorrow. The fundamentals of our transformation have not changed, and I'm really excited to share the progress that we've made to date.

So, everyone always asks, how are we performing? And I think I like to look at this in two buckets. We can talk about consumer engagement, and you can see here that we've got really strong, compelling numbers. Loyalty number is up 34%. We've had almost 110 million consumers, 200,000 logins a day, significant progress that we can really be thrilled with our progress there. The second part of this, our financial results are strong. Digital will now be 20% of the total VF revenue. That is almost half of our direct-to-consumer revenue. So the KPIs are compelling and our strategy is working.

I'm going to move to a topic that I love talking about because I do fundamentally believe a lot of our success is based on the talent that we have. We're a 123-year-old company and we're trying to transform every aspect of this business. And as a technologist, machines alone can't do that for us, it really is about the people that we've asked to oversee significant investments and really help us drive new process changes in the organization. So over the last three years, I mentioned we've recruited amazing talent, world-class talent in key areas especially in the data and analytics and the digital space. We've also, equally important, retained a lot of our talent and we've offered opportunities of mobility and rescaling and at the end of the day, they get to work for these amazing brands. We've created a really strong culture and a shared vision which is really critical when you think about all the things coming out of technology and all the balls in the air that we have to maintain.

There are three areas that I talk about that have to be true to work in my world, agility and resiliency. I mean, every day there's a new technology, there's a new consumer need, there's something new that we have to do.

Our strategy doesn't change. But the way that we execute that work does have to change. So you have to have a good sense of being able to modify what we're working on.

I think the second thing that keeps our talent in is the access to these iconic brands. I mean, who wouldn't want to work for these brands? And they get to work for more than one, which is really interesting. And then when I think about the new technologies that we get to work on, it's really exciting for these practitioners that we have in our organization. But most important to transformation and everyone here as we preach this a lot is culture. We have to have a culture of openness and empowerment. When I think about the number of things on my to-do list, if I had to be the decision-maker for everything that we're working on, it'd be a very slow progress that I could report out on, and that empowerment has to happen at all levels. And I'm really excited to say that we've kind of – we've nailed that.

And one of the key things I want to point to is when we look outside VF and you look at the industry average of attrition, we're half the rate that others are seeing in that space. And our NPS score had a 49.5 for the digital and technology organization this year. And I want to call that out because the industry average is 32. And I say that knowing that I need the talent to deliver the things that we've committed to VF that we would deliver and I don't take this for granted. I will tell you, I spend a lot of my time every day focused on talent, ensuring we've got the right skills in place to deliver against the investments that we've been awarded.

So I just want to come back to Steve's slide from earlier and how do I -- running what I do, how do I participate in the new – the growth strategy that Steve talked about earlier? How do we plug into that? And I'm going to dive deeper on some of these skill -- leverage platforms that Steve alluded to. But really, it's the collaboration of those three things coming together that really drive the magic and the competitive advantage for VF, it's not one individually, it's a three together. So let's dive deep into some of these.

Everything that we do, we build for the VF advantage. We try and drive as much scale and efficiency and don't try and do things more than once. So we create a common, scalable technology stack. Now with that, we're not rigid because every brand or region is going to have some flexibility in what they need to do. I'll use Vans Customs as a great example. They wanted to build a customs engine. It was very Vans-centric at the time, but we plugged that back into the VF ecosystem so it doesn't [ph] set off (00:40:04) in space on its own. It's still part of the broader ecosystem that we have.

Everything that we do today is grounded in data. Doesn't matter if you work in the data organization, everyone's job has a tie-back in data, the seamless consumer journey that you see here, and I'm going to unpack that a little bit later, how do we ensure that we're thinking about that consumer in every step of that to purchase or to engagement journey? Same for the digitally-enabled value chain, how do we ensure that we're looking at the entire cycle of what it takes to create all the way down to fulfilling a product? And most importantly, on this slide, again, the stuff behind the scenes that I spend a lot of time focused on is how do I ensure that the container this all lives in, that we've modernized enough in cloud architecture and, obviously, security to be able to support all the things that we want to do.

And the other thing that I will leave you with is we've created a pretty compelling digital playbook that will support our brands and regions today, as well as the future of our portfolio. So let's dive deeply into the three scale platforms, and I'm going to start with one that I get overly excited about which is the – our consumer data and analytics. When you think about the diversity of brands that we have and the amount of data, the robustness of that data and the breadth of that data that we have, we've got a pretty big data warehouse here at VF that really gives us a lot of great insights on what's going on with our consumers. But this topic is complex and it's a journey. It doesn't happen overnight.

So I like to think about this in three buckets. First bucket and the journey we've been on and spent a lot of time on was ensuring that we could capture all the [ph] appropriate (00:41:41) data that we wanted in one secure repository, organized and assessable responsibly. Those are insights about who are our consumers, how are they engaging with us, and what are they doing? The second part of that is we brought -- we ingested a lot of third-party data. I mean, we always want to look outside also to understand what's going on, bringing that all into one cohesive platform.

And with that, I want to highlight, we like recently launched a brand health tracker which allows our brands to see very quickly how are we doing compared to other competitors in the marketplace, what is that consumer sentiment? So that was one of the great outcomes of some of this work that we did. The second category within data is really where I start to get really excited where we can action the data. So we've done a lot of the cleanse and we've organized it, and now we're getting into the real cool stuff of how do we empower the brands to actually use the data.

One great example, recently, we launched a new commerce platform for our two largest digital businesses. And in the old days, we used to hear people talk about tagging and it was like six weeks before you got to report out. We deployed a really sophisticated approach to tagging. And then with that, we call this report a control tower where real-time we can see how the consumer is engaging? Do we have opportunities to adjust things or how is it going and very quickly be able to triage that opportunity.

The second thing I'd mention that I'm really excited about is we work very closely with Steve and the brands to put together something we call consumer pulse. Think of us as dashboards by brand by region where they can very quickly come in and see a whole host of how's their business health doing, it's sales numbers, it's consumer data, it's loyalty versus non-loyal consumers in a very cohesive way for them to kind of gauge what's going on with the business aside from the financial metrics. So really exciting.

And then the third bucket I'd mention is real-time optimization of data. This is what I get to take my really brilliant, super smart data scientists, machine-learning experts, and really start to deploy them against business processes. As an example, in Europe, recently, we've got a very large partnership with one of the marketplaces there. We set up a very manual process on how you optimize pricing, and it would take weeks to do the job. We threw the scientists in there and they created a very automated model that allows us to, A, be more efficient in how we're doing it and most importantly, more competitive so we can do real-time pricing opportunities. So, just some really exciting work. I get very excited about the opportunities. This is a competitive differentiator for VF.

Second scale platform. I'm not the expert on supply chain, so I'm going to leave it out to Cameron Bailey who's up next to go deeper on the supply chain. But where my role does play is how do I support him with the right technology and processes to modernize the value chain? And think about this in two buckets. There's the foundational work that we have to do. Think about sourcing. I mean, when you think about the number of products we make, all the materials to create those products, planning tools, so we could do better demand planning, merchandise planning with the brands; and third, visibility in the inventory management space, all critical for us to run a more digital business today.

The second part of this is, what I get excited about the future with, is the digital product creation space where eventually we have the opportunity to bring more consumers in to the way we create products because we're leveraging digital tools. What's really exciting about this is you can create photorealistic detailed models. So the days of creating all the samples, you think about the time to ship to the manufacturing site, materials waste and all

that, it's a really exciting opportunity both to engage more consumers and to expedite the process of which we actually create products.

The key is how we build these interconnected systems all together to really power the value chain. Last scale platform that is near and dear to my heart is the seamless consumer experience. How do we build continuous, cohesive consumer journeys, paying attention to every aspect of where that consumer engages? They're not making purchases every time they come to us. They may be engaging with content. They may go to a store. How do we really capture that holistic consumer journey? I like to think about this world as two parts. And you'll notice I like to break things down so it keeps easier to keep everything in mind. It's part art and it's part science.

The art side, we built amazing design group that really spends a lot of times with our brands and regions and equally important out there in the field with consumers to understand how do they want to see these experiences come to life and how do we make it as easy as possible to engage with the brand that they choose to engage with?

It's really exciting to see what they're doing and we get a lot of scale here because what we do is we build everything into like these building blocks so then each brand or each region has an opportunity to create the experience they want and the flexibility with those building blocks. I mentioned the second part is the science side. These are our amazing developers that we've brought in-house, and I'm really proud of the work they're doing. They help us build fast, reliable, scalable solutions that we can deploy against a variety of brands and regions that we have.

Our consumer ecosystem and what ties all of this together is really the secret sauce. In the old days, a lot of people would build by channel. And today, everything that we do is built against that consumer journey. So a lot of shared integrations, a lot of shared data between the various touch points. So I'm excited if you can't tell by the changes underway. I'm very optimistic about the future. And looking ahead, we are committing to a digital revenue growth rate, five-year growth rate of low-double digits.

So in closing, I'd like to leave a few. I'd like to you hear this theme of our commitments. Our strategy is working. Our commitments remain unchanged. And, yes, we are on a multi-year journey to achieve what we've talked, what we've laid out here today.

Looking ahead, we will continue to modernize the enterprise infrastructure. It's a critical part of enabling the consumer-facing capabilities. We will continue to invest in our talents because without them, we really can't get the job done. And we will lean into the scaled platforms which will provide VF the competitive advantage that we deserve and, as a reminder, the consumer data and analytics, the digitally enabled value chain and refining our end-to-end consumer journey. We've had a lot of substantial change. And I'd like to say that we've had a lot of great accomplishments with the change. I'm super excited to see where we go next and the progress that we'll be able to share next time we meet up. Thank you all very much.

Unverified Participant

Ladies and gentlemen, please welcome to the Stage EVP, Global Supply Chain, Cameron Bailey.

Cameron Bailey

Executive Vice President-Global Supply Chain, VF Corp.

Good morning. It's a pleasure, a pleasure to be here today, for sure. Welcome, all of you all, to Denver. My name is Cameron Bailey, and I do have the privilege and honor of leading the supply chain here at VF. Currently, our supply chain manages 12 brands globally and it is built to serve the diverse needs of each one of those brands as we think about them by region as well. Today, I am going to walk you through a couple of things. I am going to start off with really the scale and complexity of what the supply chain looks like. A reminder what you saw in 2019, you'll see some familiar slides there. And then I'm going to transition into the supply chain strategies that we're focused on as we think about the capabilities that we're building to drive brand growth.

So, let's get into it. So, it's a fairly large scale, complex portfolio of products and categories as you might imagine. This past year, we produced about 410 million units globally across 87,000 styles and colors, and that was really performed by the hard work and effort of about 7,000 talented associates around the globe as well as our trusted partners. Their work over this past year in FY 2022 drove record revenue for many of our brands, and certainly that was led by The North Face. That product came in at a greater than \$5.3 billion as you think about our cost of goods, about 37 countries of origin, more than 300 vendors and in more than 700 factories.

I'm going to pause a little bit on this slide because, again, this is a slide that we talked about in 2019 as well as we think about diversification of our footprint when it comes to product supply. This is a key discipline as we think about managing and mitigating risk that we have today. And that's – it's never been more prevalent as well as thinking about the advantages that we can take with various free trade agreements for our brands in those regions where we operate. So, you can see on the slide the top five countries of origin today being Vietnam, China, Cambodia, Bangladesh and Indonesia. In 2019, Bangladesh and Indonesia were not even in the top five. And so you can see the complexion of that product supply footprint continuing to shift.

Another statistic that we talk about is the China piece here at 15% of our total global production. To be clear, less than 5% of what we produce globally is actually produced in China and exported to the US and this is another data point, another area that we keep a very close eye on as we think about our product supply footprint. And again, thinking about logistics and distribution networks, last two and a half years has never been more important to think about diversification in these spaces. As we think about logistics, whether it's ports, whether it's ocean and air carriers, whether it's the parcel rate -- parcel carriers, leveraging those long-term relationships with those key partners has really enabled us to continue to be flexible as we think about product flow.

So, on this chart, what you see is the 53 ports of entry that we use globally depicted by the green triangles, and you can see them spread out quite broadly. You can see the blue circles of the 44 distribution centers that we have on our global network, 23 of those which we operate in and/or own and 21 of those are with our 3PL partners. Over this past year or so, we've added an additional five to six ports of entry into each region. We basically doubled the number of ocean carriers and air carriers to 13 and 7 respectively. And again, the important thing to continue to think about is providing those options for the agile response is needed in the challenges that we have faced through these past two and a half, three years.

We continue to leverage that global distribution network that you see here to service our consumers where they are and as we think about the three channels of distribution being wholesale, owned retail and e-comm and that omnichannel service. And then here, so thinking about purpose, again, as Steve talked about, we are certainly focused on performance and execution, but really [indiscernible] (00:53:06) purpose comes to life within our supply chain based on the size and scale of that supply chain. We have a significant impact on people and planet as you see on this chart. So as you look at the left side of the chart, more than 6 million lives are impacted daily as people are producing our products and the families that they actually support. And we take that very seriously. That's a responsibility that we take very seriously.

You all met Sean Cady in 2019. Sean is our VP of Sustainability and Responsibility globally, and he has led programs that have impacted in a positive manner more than 650,000 lives across the last five years. And those programs have been run in clean water. So basically, how do we get clean water to where it is not there. Thinking about health and safety of where we operate and thinking about education and child care as well.

And then if you think -- look at the other side of the chart as we think about the impact of planet, nearly 80% of our carbon emission impact is supply chain-related and again, something that we take very seriously. So, we're focused on regenerative and recyclable materials, as well as thinking about renewable energy and the investments in that and renewable energy. And again, as Steve called out, Jeannie Renne-Malone is here today and she's the VP of Global Sustainability and she leads these efforts for us across the globe.

So, a couple of examples there. We have our two first ever regenerative material platforms. One of those is a rubber farm pilot in Thailand with a company called Terra Genesis International. And that's regenerative rubber. And that was a partnership between Terra Genesis, The North Face, Vans and Timberland to bring that first ever farm to fruition. And then we also did the same thing on a regenerative wool platform with New Zealand Merino, as well as our Smartwool and icebreaker brands partnering on that.

And then if you thought, well, we got to think about renewable energy. VF has just made a sizeable tax equity investment in four South Carolina solar projects. And as those South Carolina solar projects come back up or come online, they will generate renewable energy equal to approximately one quarter of our global consumption across the globe as it pertains to VF. So we are trending in the right direction as we think about our science-based targets. We continue to stay focused on technologies, innovation and partnerships as we move forward in this space.

So I'm going to transition now to the supply chain strategy and think about -- cover a couple of pieces here. And you heard Steve talk about this. So the supply chain, it is absolutely a strategic enterprise platform for VF. It's a competitive advantage and it has provided value and will continue to provide value for our brands globally. So alongside managing that complexities, we think about scale and efficiency, we have a steadfast focus on evolution to ensure that our supply chain is set up for success in the future. So the evolution to being a DTC-centric supply chain, as you see on this chart, there are four key strategic plans that we remain focused on. So again, my partner, Velia, covered the go-to-market transformation pieces as well as the digital platform pieces. I'm going to speak to you about the future fulfillment as well as the regional production that we talk about from a vertical supply capability.

So let's get into this. In regional production, this is not something that is new. This is something that we have been doing for a long time, it's been part of our global supply chain strategy as we think about producing in the EMEA region and certainly in the -- in this region, the Western Hemisphere. But we do have that ongoing need to elevate the in-region capabilities as it pertains to the specific products and brands within region. So in this fiscal year, it's just a kind of a benchmark, we will produce approximately 29% of the total volume for the North American region. We will produce that in this region. That same number for the EMEA region is about 24%.

Now, we've got to continue to, again, look for those product categories and look for what the brands are needing and continue to elevate those capabilities and region and so two examples on this page here. One is the Timberland example. So we partnered with someone, a producer in Portugal on Timberland footwear. This past year, we produced about 500,000 pairs of Timberland footwear with that partner. And in this fiscal year, we plan to produce more than 1 million. And in the example we look at, as we think about the Vans brand, partner with two suppliers in Mexico for Vans product. This past year, over 300,000 pairs. This year, we plan to do about 750,000 pairs and moving into more than 2 million pairs over the next two years. So the change in global dynamics as we

think about if it's a pandemic, if it is something that's climate change-related, if it's geopolitical tension coupled with the needs of our consumers and getting closer to our consumers, being DTC-centric in our approach and our strategies, again, very important for this plank of our strategy as we think about diversification.

So future fulfillment. So thinking about efficiency, speed and consumer proximity as well as risk mitigation, again, looking at across the globe and how we manage that. When we talk about multi-node fulfillment, again, Velia has discussed this, leveraging the digital platforms to unlock value in the existing network that we have today. So whether that's the ERP work with one view of inventory across all of the distribution centers, whether it's our [indiscernible] (00:58:39) planning work about how we allocate to certain distribution centers, all of that work is undergoing – it's underway right now.

But specifically, let me talk about the emphasis on omni-channel capabilities and something that we accelerated really through the pandemic. So right now, nearly 90% of our globally owned retail locations have the capability to ship from store, you can ship to store or you can buy online and pick up in store. And so that's very important because, again, looking at how we leverage the inventory where it is, we leverage the assets that we have closer to those consumers to please and delight them with that speed.

In automation, we're looking at retrofitting our existing DCs with automation solutions. So you see in the picture here these are Locus robots and these robots actually assist in the picking and the movement of products across those DCs, literally taking the place of people as you think about some of that movement and the walking that occurs in a traditional distribution center layout. This helps mitigate risk associated with labor, and that's associated with the availability of labor or even the cost of labor, certainly. At the same time, we're looking on how we focus on improving the environment in those distribution centers for our associates as it pertains to safety and the installation of automated solutions.

The consumer-oriented experience. So a specific example here, we think about e-comm delivery speed and something I'm very proud of is what we call click to deliver data. So literally the moment you click to purchase something to the day that it hits your front doorstep, we capture that time. And I'm proud to say that over the past two holiday peak seasons, VF has outperformed most of our competitors with 2.5 to 3 business days through those peak holiday shipping periods on click to deliver. And that's due to the hard work of the logistics team, the distribution team, customer service and certainly the technology that allows us to do that.

And then as we look at our actual facilities, so again, incredibly excited about this. It's really, really impressive to see two highly automated DCs that we now have in our network. One has already gone live in Barton, England, and you can see that on the left side of the chart. That's about a 750,000-square foot DC. It will service – it's servicing right now three brands at the same time across all three channels of distribution and it allows us to reach 90% of our consumers and customers in the United Kingdom in two days or less, just an incredible facility and running quite well.

New facility in Ontario, California. That will come online in spring of this upcoming year, 2023, 1.2 million square feet and this DC will have the capability to produce two time – or process, I'm sorry – process two times the volume of a traditional distribution center with one-third the labor. Again, multiple brands, multiple channels of distribution, significant investments as we think about efficiency, agility and flexibility.

So, our commitments from a DTC-centric supply chain and certainly to our brands. We will continue to leverage the diversified footprint we've had for a number of years. When we think about mitigating risk, when we think about taking advantage of scale, we will continue to look at that as we think about our diversified footprint. As Steve talked about the VF strategy for the supply chain, the strategy we have in place for the DTC-centric supply

chain was the strategy we had in place prior to the pandemic. There were pieces that we accelerated through the pandemic, and we are accelerating out of the pandemic with those same strategic approaches because they are the right things to do to get us to that DT-centric supply chain.

And through all of this was grounded in purpose. It's something that we've been doing for a long time, and we will continue to look at our impact on people and planet and our responsibility where that is concerned as well as our partners' responsibility.

And so, finally, for many years, the supply chain has been a competitive advantage for VF. As we look ahead, we'll continue building on those foundational pieces that have been in place for all these years. We'll continue to deliver efficiency and value to our brands. At the same time, as you can see, we will continue to evolve and transform in the right areas to ensure that we are positioned to fuel growth for our brands as we go into the future. Thank you all very much.

Unverified Participant

Please welcome to the stage, EVP and President, EMEA region and Emerging Brands, Martino Scabbia Guerrini.

Martino Scabbia Guerrini

Executive Vice President & President-EMEA & Emerging Brands, VF Corp.

Good day, everyone. Nice to see some familiar face and meet as well some new people. So I'm here to introduce our strategic international platforms and it's really a pleasure because I believe it's a distinctive VF advantage in the marketplace. I'll speak about the success story in Europe and then we'll have Winnie Ma, as Steve said, connecting on video and speak about the Asia.

These two regions today represent more than 40% of our total VF business and they're really planning to increase in the coming years. And I think what is important to highlight as an introduction is really our brands are loved and highly respected outside of North America. And these two regions, I believe they represent an excellent way on how we really unlock and enable growth across the portfolio and really maximize the consumer connection, right, in the region through proximity with the consumers, agility and excellence in how we drive the business execution.

So I think it's not only an aspiration. It's really truly competitive advantage and let me go into the EMEA region now and really introduce a little bit what this platform means and how we've been established in this business over the years.

We managed complexity, for sure, as you see in these numbers. So it's more than 50 years that we operate in the European, Middle East, Africa region. Of course, we did establish across many markets, 28 markets. We bring to life 12 brands in the region and we've been developing above all in the last few years a lot of new capabilities, beginning with fulfillment centers. Cameron just spoke about one. And also the models that we constantly innovate includes not only the fulfillment side, but really how we go to market and how we partner with a lot of retailers out there. So you see we own several stores, 330-plus. We have a large network of partner stores, so in total, more than 1,200 stores, mono-branded stores out there.

One thing that I'm really proud about talking is about people and talent. I believe we have fantastic, diverse, and well-assorted dynamic, young with different skills and backgrounds group of associates in Europe. And as you see, all in our headquarter in Switzerland, we have people from more than 50 nationalities will speak, I think, to the diversity and how we really bring richness to the business contribution and brand execution.

And one thing maybe you may not remember, but I would like to highlight is that when we met in Beaver Creek, the number of associates in Europe was approximately 8,000. Our store retail footprint didn't change much. We grew more or less in constant dollar \$800 million and now we're still more or less the same number of people. And that, I think, speaks to the intensity of how we look at the organization. We shift the skills. We go after the priorities, and we're also capable to basically edit and stop things that are not a priority anymore.

So having said that, given you a sense on really how we operate and what is the complexity, I would like to really give you a little bit of a history of the latest trajectory of our performance. And also remind, as the headlines say, it's really about two things: consistent accretive growth and to a certain extent, performance through disruption. So let me comment these two things.

Number one, you see here over the year, so our fiscal 2017 is really about calendar 2016 out there in the world. As you may remember, in Europe, we had a pretty long sequence of terrorism events, more than hundreds over 2015, 2016, 2017. Then we got yellow vest in France. Then we got the Brexit decision. Then we – of course, we entered the pandemic like across the world and now recently, we're facing as we exit, we find a little normality through the pandemic, we're facing some crisis situation in the Eastern Europe.

So I will say disruption has been there. The macroeconomic factors were not fantastic. We've been growing at a rate that really speaks about how we were able to drive intensity consistency to a certain extent, simplicity and effectiveness through a lot of noise and really gaining market share across the portfolio. This performance is also really coming from a very well-balanced performance across our brands, all brands, our markets, all countries in our channels. And this is important because it puts us always in a place where we can balance without depending on one thing where there is a country, where there is a brand.

So as we execute this, I think also intense P&L execution, and I think that's why we want to highlight the three key metrics. We've been growing revenue at pretty high speed, yes, but we've been also trying to execute the brands at our best which, as you know, speaks about brand equity reflected in gross margin. And we were able to leverage SG&A and try to be effective on where to put investments because we never want to short investment behind the brands, but we want to leverage what is not really [ph] there anymore (01:08:25) so important. And I made the example of, to a certain extent, the associate number as a good example to increase intensity in how we organize around the business.

So this accretive performance is coming from a pretty integrated way of executing. Believe me, intensity is always there the way we work every day. But it's also about transparency, simplicity, how the brands, the leaders, the functions really come together into one way to go in a pretty consistent and simple, I will say, strategic frame.

So when we look at that, it's really about two things: it's the power of the platform and it's the power of the brands inside the region. So I want to start highlighting three key pillars of the way the platform, the regional organization, really comes to life in an innovative way. The way we partner with our key platforms or retailers in the marketplace and this is across the portfolio. We're not afraid to look at innovation when it comes from outside or when consumers are telling us that they're switching their consumer journey.

And definitely in the last 10 years, what we call the digital titans were a key play into the European markets. Zalando, ASOS, [indiscernible] (01:09:37) many new digital platform and several innovation on the way consumers shop and look at brands and engage comes from this wave. And this wave is just 10- year-old. So we were not afraid as we were developing our D2C centricity and really going after our stores, our brand best execution in our own digital platform. But we were not afraid to partner the best with these people. Personally, I

established very strong relationship with their CEOs, their founder from the beginning, probably some of you actually met, I spoke at their investor days. And the way we brought it to life, I think, is always pushing innovation and consumer engagement before anything else.

This is a good example, how we partner with Zalando not only in transaction, not only in expanding our business through a partner program which is something that we own, from [ph] 0 to 100 million (01:10:26) a couple of years but how we bring brands to life and engage consumers. So secondhand [indiscernible] (01:10:32) iconic North Face jackets turned into a backpack, panda lookalike by a responsible designer in his London studio, Christopher Raeburn, and then sold in a few minutes as an auction for charity, a €600, in less than, I said, a few minutes.

So it's about this. It's about the asset proposition, the storytelling and how we engage consumers in partnership. We do this with all our strategic key accounts. That's an important thing for our portfolio. So the access to very, I will say, privilege relationship with those key accounts is something that our portfolio can have versus maybe other competitors. So our emerging brands, our core brands, they all come together in the way we strategically plan the business and innovate the model with those accounts.

And last but not least, I think it's very important, continue to experiment the retail of the future, so how we bring to life this new omnichannel journey, how we also commit ourself to innovate and test, and how we integrate physical and digital. This picture in Orefici 11, Milano, some of you were there also with me, is a good, I think, example on how we basically bring our four core brands together in a very innovative big retail space. We host other brands according to their seasonality, product launch, consumer moments, and we create moments and, I will say, a plan of engagement for consumers that is a little bit different and bring also digital into that connection.

So these are thing they speak to how we look at the marketplace and we try to constantly innovate the way we bring that consumer journey together across all possible levers, what we own and what we can partner with. And this speaks to the power of the brands. By doing so, we've put the brands, let's say, in their possibly best situation to deliver their proposition. And I think there are – again, here are three key themes that I would like to highlight, one is really about how we stay strong and relevant in the region.

As you know, today, trading optimization is daily, is weekly. And it's not only about trading and selling. It's about how you engage with the consumers. How you engage with consumers in a relevant way, unfortunately, may be very different from country to country, and I would love to have the same to a certain extent, need in France and Germany. Spain is not like that and the way we bring to life our assets and proposition in different markets, in different moments, has to be constantly monitored in sites, updated.

So, an example of Dickies creating a content studio in order to constantly adapt the – to a certain extent, their asset propositions to the trading and consumers feedback and this is going to go now across the portfolio. And it's important because as we develop more and more our digital side of the business, which is not only our e-commerce, but as I said before, it's anything happen in digi land, in our digital platforms, this will be a key contributor to two things: sell-through and better quality business. So, the contents will drive transactions with better results.

The second is design. As you may know, I'm very passionate for design, [indiscernible] (01:13:32) design of VF. We truly believe innovation and product, responsible design, great aesthetics are driving the consumers into the engagement and into the future brand love. And I think having design hubs in Europe that are sometimes representing the globa organizational settings like Timberland apparel, the design hub is sitting in Europe, in Switzerland and is designing Timberland apparel for globally.

But at the same time, we have global – sorry, regional relevance turning to global and North Face is a great example. A lot of the sales that we generate in Europe for The North Face is coming from products that are designed in Europe. But that engine, which is a fantastic team of designers, merchandisers and innovators, is also contributing to the global strategy and their design and aesthetics are made available globally. And the same for other brands like Dickies and, of course, the European-based brands that all have their headquarter and design in Europe.

So, this is important because creative regional excellence contributing to global vision and strategy through the lens of creative vision and aesthetics has always been a powerful tool for brands to grow. And that's also reflected in really the elevation of the brands. As we develop our business with clear segmentation and diversification so we really stretch our brand but then expand them also into premium execution, into elevation, this is important because the collaborations the brands create with designers, the [ph] pinnacle expressions (01:14:56) did not link to their headquarters. They're linked to the consumer worth. They're linked to design talents. They can be anywhere, in Japan, in Milan, and Paris, but then they become globally relevant.

And when you do that well together with [indiscernible] (01:15:08) proposition, you create really what we called strategic pricing power. So you're capable to sell your products, your brands, your propositions not only more at a full price, but also at higher price points. So this is really, I think, a great example on how we try to stretch the performance through the lens of the brand execution. As you know, it's reflected in our gross margin somehow. So, I think this is a very good reference for championing brand elevation within the global vision of our brands.

Our commitment, so we made it. It's about the achievement in the last five years. We had a pretty good fiscal 2022, as you saw in the numbers. We had a good Q1. In Europe, we grew 24% in constant dollar. We see the momentum continuing through the noise, as I said. So we're committing to be above the long range plan that we declared at Beaver Creek, was 6%, 7%. Now, we see that being high single-digit into low double-digit and this is really witnessing the way we've been achieving that. And we believe we can continue to achieve that very balanced growth across all the brands of the portfolio, the channels, and of course, the countries.

We're not afraid of wholesale. Wholesale is something that keeps evolving with our D2C focus and together, they can create an even stronger synergy. It's the way we innovate the models, as I said, through wholesale business and also reflected back in our own channels.

So with that in mind, I hope I gave you a sense of what are the key success pillars and really the commitments that we want to continue to deliver. In this recap, it's really about three things. It's been delivering growth, which is accretive to VF. It's about proven, continue to prove that we can do that but also expanding market shares and expanding the brand execution, elevating the brand execution. And last but not least, really continue to be an innovative platforms in Europe and Asia to really make brands capable to deliver the best version and engage consumers as they continue to innovate in their consumer journey.

I will pass it to Winnie Ma about Asia. So thank you very much for listening these few minutes. Hope to see you soon.

Unverified Participant

Ladies and gentlemen, please welcome President, Asia Pacific region, Winnie Ma.

Winnie Ma

President-Asia Pacific, VF Corp.

Thank you, Martino. Hi, everybody. Welcome to Asia. It's a pleasure to meet all of you virtually today. I'm Winnie Ma, President of VF, Asia Pacific region. I'm based in Shanghai, China where I joined the VF family two years ago. Prior to that, I have worked for more than 20 years with a number of other global brands in the consumer goods industry in Asia with great learnings and experiences of building them into leading brands in China. My last role prior to VF was leading the beauty and personal care division for Unilever North Asia.

China is the world's biggest apparel and footwear market, and together with the rest of Asia, is well-positioned to resume strong growth, particularly in the nascent but fast-growing outdoor and active lifestyle consumer segment after emerging from this period of major disruption. I'm excited about VF's growth opportunities across Asia, and I'm confident that our unique platform infrastructure and capabilities enable our brands to fulfill their significant potential in this critical region. Today, I will share what makes this region attractive, our growth drivers, and how that translates to long-term revenue growth.

To start, I'd like to ground us in VF's current presence in the APAC region and our historical growth. VF Asia currently operates in nine markets with seven brands and a nearly 4,000-store footprint across owned and mono-branded partner doors. Despite disruption from COVID and geopolitical tensions, we still delivered our consistent growth with 7% CAGR from fiscal year 2019 to 2022 and we have built our strong foundation to accelerate. As we look to future growth, we'll see strong market dynamics and consumer tailwinds that underscore the attractive positioning of VF's portfolio in APAC.

First, the outdoor and active markets are nascent and fast-growing, with more and more people participating in outdoor activities each year. This is especially encouraging as VF is very experienced in building brands within these sectors and other regions.

Secondly, white space remains our portfolio within the region. Our current brands are still underpenetrated with the opportunity for a broader footprint. In addition, consumers do have appetite for broad offerings in adjacent categories that our current portfolio of brands can serve. Lastly, there's a great expectation for speed, convenience, and relevance powered by digital and data relative to other regions.

To capitalize on these trends and accelerate our business growth, we will focus on three key growth drivers over the [ph] next two (01:21:04) five years: build our brands' penetration in the region, expand into new categories and new markets, leverage and enhance consumer engagement through the APAC data platform. And I will double-click each of the drivers.

To deepen our core brands' penetration in the region, we will focus on three key areas. First, through our local for local approach, enabled by our regional hub of excellence. We're building deep and meaningful connections with Asian consumers through our powerful brands that touch and support hundreds of millions of people every day as they enjoy outdoor exploration, active leisure activities, and pursue healthy and happy lives.

Using The North Face as an example, we have consistently demonstrated the ability to build brand power with recent proof points through The North Face 100 and Tmall membership day activations. Secondly, we're also enhancing our product relevance and agility through a digitalized local product creation powered by data and local design capabilities. Our Dickies [ph] reimagined icon co- (01:22:29) design and activation with Donghua University, which is the top fashion design university in China, and Tmall Innovation Center [indiscernible] (01:22:39) what we can do across the portfolio.

Lastly, we will accelerate digital engagement and commerce with end-to-end consumer journey management and our strategic partnership with the digital titans. In addition to deepening our penetration with current portfolio, we also have the opportunity to expand our portfolio to adjacent products and markets as well as leveraging a broader set of the global VF portfolio. First, we will [indiscernible] (01:23:15) Japan and Korea business and leverage their influence to broader Asia markets. We will also [indiscernible] (01:23:23) Southeast Asian markets as our next growth engine. To do this, we begin with our local design capability building with the launch of Tokyo Design Collective end of last year. If we can get product right for Japan and Korea, the product can be deployed in the rest of the region.

Secondly, expanding to adjacent categories gives our current brands another avenue for growth. [indiscernible] (01:23:56) brands' expansion to [ph] youths (01:23:58) will allow us to halo the current brand efforts. Currently, [ph] youths (01:24:04) makes up less than 5% of our total portfolio. Expanding to [indiscernible] (01:24:10) adjacency of training and athleisure will allow us to further take advantage of consumer tailwinds.

Lastly, in terms of regional portfolio expansion, we also plan to expand Supreme beyond its current footprint in Japan while launching Altra in the region for the first time. To best serve the most digitally savvy consumers in the world, we are building our world-class advantaged platform capabilities to enable brands to deliver elevated and localized consumer connections at scale.

These can be exemplified in three areas. First, drive deep local consumer insights and foresights, so forward-looking market intelligence, product and content testing, and social listening.

Secondly, leveraging our unique access to more than 700 million consumer behavior data on Tmall. We're able to deliver end-to-end digitalization from data-driven insights to product creation to precision reach and engagement of consumers all the way to digital [ph] fueled (01:25:27) supply and channel management.

Thirdly, lead in integrated omni experiences, [ph] bridging (01:25:36) the physical and online worlds. This includes store format upgrade with retail digitalization, omnichannel fulfillment, customization offering and community activation. And none of these initiatives will be possible without the power of our people, our local talents with deep market and consumer understanding and strong management depth and experiences of operating throughout Asia gave us a clear competitive advantage. With the strength of our portfolio, our strategy and our strong platform capabilities, we aim to deliver high single-digit to low double-digit CAGR in the coming five years.

To recap, this is our commitment going forward. VF will accelerate our growth in Asia where our brands are still underpenetrated today, so riding on the tailwinds of the fast-growing outdoor and active markets. We will capture incremental growth opportunities through expanding into new geographies and entering relevant new adjacent categories. Our APAC platform with advantage the capabilities will enable our brands to deliver differentiated localized and omnichannel experiences to consumers via scale and expertise. I hope that by now you are as confident as I am about VF accelerated growth in Asia.

I'm sorry I couldn't be here in person for the Investor Day and I look forward to meeting you someday in person. Thank you.

Unverified Participant

Ladies and gentlemen, please welcome to the stage Global Brand President, Vans, Kevin Bailey.

Kevin D. Bailey

Global Brand President-Vans, VF Corp.

Good morning, everyone. Time to turn on and switch to the brands. I'm having a little bit of déjà vu because it was about 10 years ago that I stood on a stage at the House of Vans in Brooklyn, New York and shared with you the growth story when I ran the brand back then and where we saw the opportunities to grow. Since then, things have changed and I've been back at the brand now six months.

So what I want to share with you today is some of what I've learned about our recent business disappointments and the challenges that we faced and the causes underlying that as well as the work we're doing and the path forward. I'll tell you a story about Refresh, Refocus, and Reaccelerate; the work we're doing to refresh our strategies, refocus on how we operate and how we plan to reaccelerate with the global consumer. So let's get into that but I think it's always important to talk about the future by starting on the past.

So I joined Vans in 2002 and we were acquired in 2004. In that period, we were a little over \$300 million as a brand and we weren't making anything. So things were very different then. We got acquired and in the 18 years since our acquisition, we've averaged a 15% compound annual growth rate. We've become VF's largest brand and our most profitable one.

We've emerged as the sole leader from the birth of action sports brands and become a dominant global lifestyle brand serving youth culture. Our product is iconic. We have very loyal consumers. Our consumer TAM is large and growing. We've moved beyond skateboarding, which is where we started. We've launched new product categories to serve consumers in different ways, and we've leaned into digital, both with our custom shoe creator that Velia referenced, as well as stepping into the metaverse with our really highly successful robotics platform. But we've been clear that VF and Vans are both disappointed with our recent performance. However, I want to reassure you that Vans is far from done in our growth potential, and I plan to share that with you today. I want to unpack the reasons to believe and tell you about the actions to reaccelerate.

So let's talk about what's happened in recent years. I shared this slide in our Q4 earnings release,

and this was only about a month into me being back at the brand. These all still hold true. Our recent business challenges are result of both external and internal factors. But I want to set the record straight today because that's really important to do as we refresh our strategy. We, at the brand, failed to adequately monitor and swiftly and effectively adapt to the changes we had to make and the changes that were going on in our environment. That's unacceptable for a youth culture brand.

We missed some market and consumer signals. And with our significant growth, we became complacent to the changes we needed to make. First, we became over reliant on our Core Canvas Classics styles and needed to innovate more than we did. Next, we overlooked some of the early signs that were telling us that we needed to evolve. And we had bigger consumer opportunities that we really weren't paying attention to and taking advantage of. That affected our product. That affected our marketing. That affected our brand heat. And ultimately led to impacting the traffic in our own brick-and-mortar DTC fleet.

One thing we didn't talk about is that we continue to use an operating model at \$4 billion that really wasn't fit for future for a brand of this size, and that's something that's really important to think about. And I'm going to talk about that because it all worked fine until we [ph] stretched (01:31:53) the model beyond its limits. But I want to be clear as well that most of the recent challenges of the brand are executional and at the brand. So I'll share some of why I believe that to be true as we get into this.

There are four key areas that I really want to focus on because I do believe and I remain confident that Vans is a growth brand, but driving that in the mid-term is going to be challenging. First, of course, we all know the current macro market challenges that we all face. Second, we're doing the work we're doing to reset all the missteps we've made in our operating work. So I want to unpack that as we do see the path forward and we're moving quickly to accelerate against that, but there are four key areas: the consumer, our products, the marketplace, and our operating model.

So let's start on the consumer. We just completed about nine months ago a major study to really understand the consumer in a big way. But more importantly than that major study is that we're leveraging consumer data and analytics as value referenced, and our consumer insights team to be less reliant on those large scale studies, and moving to be more agile and responsive to a constantly changing consumer landscape.

Vans does remain highly relevant though, value rent and reference to our brand health tracker. When we look at January to June, we do see a decline in brand heat, but we are ahead of our major competitors in both 13 to 24 and 13 to 39 in many of the attributes we look at. Our brand perception scores remain high and our advocacy is up. We have our spontaneous and our aided awareness is up slightly, both globally and here in North America. So, we have high awareness and our perceptions remain stable over time. But there are some underlying facts in that, the signals we have to find in all that research to really understand what this brand needs to do to restore our growth trajectory.

First, it became very clear in the research that we are rooted in youth and skateboarding. All right. Well, that seems obvious and makes total sense, right? Check that box. But you have to click a little deeper because there are challenges in that as well and I'm going to talk about those as we get into this. So we are refreshing our strategy now to grow and expand beyond those perceptions.

When we think about our consumer today, our pillars that we always talk about, action sports, music, art and design remain incredibly important. But in the world in the last several years, consumers have changed dramatically. Their lives have impacted in new and meaningful ways. What matters to them has become this interesting mix of individuality and community. They've also leaned more towards a more purposeful approach to their thinking around environmental and social issues. COVID has created these two digital nomads, they have sprinter van, a surfboard on the side, a gravel bike on the back, they have a work-from-anywhere attitude and they are ever more digital. This is an opportunity for us across product, marketing, and experiences to meet them wherever they are.

I can't talk about the consumer, though, without talking about our Vans Family, which is our loyalty program that we've spoken about in the past. We are now over 24 million members in that program, a 40% increase over prior year. Our Family members in both Europe and China have doubled in the last 12 months. When you look at our Americas DTC, over 50% of the sales in our Americas DTC fleet come from our loyalty members. They spend almost 40% more than a non-loyalty member and have over 50% more items in their basket. We have an opportunity to expand to that and get deeper engagement with those loyalty members. But I can't talk about our consumer without talking about our core sports because these are places where we retain our heritage, our relevance and our authenticity as we grow.

Research tells us we derive our credibility from here, especially our roots in skateboarding. We are seeing a rapid rise in skateboarding in China, as Winnie just presented to you, and China has launched a learn to skateboard program on Douyin. Douyin is the primary shopping site for consumer influence in China, and they have now over 20 million members in less than one month of this learn to skateboard launching in China. It's also important to

remember that skate, surf and snow are now Olympic sports, that's going to drive greater expansion in awareness of these sports on a global level as especially skate and surf just entered Olympics in the last Olympics season.

I also want to talk about North America and some of the events. Two weeks ago, we held an event in Montreal with one of our skate shop partners, it's called the Dime Glory Challenge. It had an incredible activation as the best skaters in the world flew in from around the world, it poured rain on this outside course. It had an audience reach of 68 million people. It had over 1 million engagements and 235 pieces of media coverage, including ESPN in complex coverage. This is a skate event in Montreal on a rainy day. So you can imagine what the potential is as our consumers get reactivated, particularly around our events. Our grassroots events where have always been one of our competitive advantages and COVID prevented us from having those direct interactions with our consumers. We're getting back to that because we believe it helps us build brand heat.

I also want to talk about how these sports lead us to the greater opportunity. And this is why I believe in our growth brand potential. These sports all lead us to the larger and faster growing TAMs that they sit inside of, skate fuel streetwear, a large and rapidly growing TAM. Skate is one of the key influencers in streetwear. And you'll see that as you see our Supreme brand later. We have had prior success here with some of our product in both our vault and syndicate lines. But what you'll hear from me about our Pinnacle line is going to help elevate this as well.

Surf provides us access to a broader, healthy and active lifestyle consumer. And our product here heavily leans into sustainability. Again, in our brand showcase outside, you'll see some of that product.

And finally in snow, snow provides us entry into a new space for us, which I would call light outdoor. We have an opportunity here because we create some of the best snowboard boots in the industry. And this has informed us on technical weatherized product. Our consumers informed us that we have opportunities with them. They want to talk to us about versatility, versatility to extend with them beyond their teen years, versatility to extend with them into seasonal wear, and versatility in terms of our opportunities around progression. What the key takeaway I'd tell you on terms of the consumer is, the consumer has evolved and invited us to evolve with them.

So what does this mean though when we then turn and talk about product and how we're doing the refocus product? In footwear, we've talked in the past about heritage and progression, right? Heritage is essentially our Core Canvas product that you're familiar with, progression is everything else. I left the brand in 2017; and in 2018 and 2019, we definitely rode a wave a bit around our Core Canvas Classics product, no doubt to that. But in recent years, product is one of the key attributes affecting our performance because in many ways, I believe we overextended our reliance on those Core Canvas products and we didn't evolve enough inside of those products. And I'm going to talk about that.

But also I believe we missed an opportunity to accelerate in terms of product evolution. Where do we go from here? How do we extend beyond that? Now, for us, footwear is about an 18-month creation cycle, so it takes a little time to get that engine [ph] wearing (01:39:34) again. But we're taking steps to accelerate this where possible, leveraging our strong supply chain base that Cameron referenced and even some speed lanes that they've helped us create so that we can try and move a little faster to get product faster to the market.

Click the clicker. There we go. So, as I said earlier, we did become too dependent on our Classics. This is important because we also made some strategic missteps inside of Classics and we left opportunities on the table. Consumers choose Classics for specific reasons, because they're casual, they're stylistically versatile and trendy. That's really important to what this consumer wants, but they have gaps. The gaps are around comfort

and functional versatility. Also Classics tend to age younger. We haven't done enough in product creation and communication about what Classics can mean in your life.

Second issue I saw here, our icon management strategy. You may have heard us talk about this in the past. It was too restrictive. In an effort to mitigate becoming too reliant on any one of our five core icons, we intentionally curbed growth in that icon and inhibited trending styles from growing further. And we've refocused that strategy. I do believe it was [ph] to Americas led (01:40:53). So, if the slip-on style that we all know was trending in North America, we tended to try and make that a global trending style. That doesn't work. If our high top SK8-Hi is trending in Europe, we have to let Europe run with that and see that opportunity to see what can come next. So that's a key attribute of what we need to do. That strategy failed us in terms of optimizing the trends regionally. So we're looking at that very differently.

And now, each region owns that opportunity to optimize the trends across the five icons as they take off. And those regions also have the responsibility to make sure that they don't become overly reliant. And they'll work closely with the global product engine. As Martino referenced, we work very closely with the regional creation engines and the global product engine to make sure that we balance this correctly. So that's a key attribute in terms of the second issue, I believe, affected Core Classics.

Finally on Classics, and a key insight as I said, was around style and versatility. We are refocusing some of our innovation on greater style adaptation to the Classics. So let me explain that a little bit. Let's just say that shoe that we all know, the low top shoe with the side stripe on the side, which is we call the Vans Old Skool is trending. We're trying to optimize that trend and make sure that we meet all the opportunities consumers want as that trend takes shape. So how can we extend that trend? Because that consumer clearly bought into the cues, the design cues of that product. So what if then, as that shoe has been trending, we then offer them a shoe that has a platform bottom? What if we offer them one as well that is a different option on a top rather than laces? Maybe it's an elastic gore. Maybe it's Velcro. Maybe it's a zipper.

And the third option is, something we've been highly successful within the past, our collaborations. How do we think about leveraging collaborations? So, the goal there is to say, allow the regions to optimize the trend and grow that style as effectively as possible, and then provide offshoots to that trend that become relevant and understood by the consumer in terms of the design cues to give them options to be stylistically versatile, which is what they've asked for. Vans Core Classics are fashion icons and we must leverage them as such and remain agile to be relevant. So this is key to how we think about our Classics.

Next, I want to move beyond Classics. So our roots come from our action sports, right? And we've worked with the best athletes in the world to build pro skateboarding shoes. We actually build surf shoes, believe it or not. And then also snowboard boots. So, in terms of the way this works, our pro skaters have informed us in terms of the technical needs around skateboarding shoes in the areas of board feel and cushioning. And we've worked very closely with them to have the best shoes in the market.

Our surfers, a sport not known for footwear, sometimes have to wear wetsuits when the weather is not the best, and they've asked us to help them with a model. And we've created the Surf Boot Hi to serve those needs when they wear a wetsuit. And what you see here on the far side is our Verse Range Edition. This is a premium snowboard and split-boarding boot that has some of the best moisture management in the industry. We make snowboard boots from beginner to top of the mountain pro, and snowboard boots inform us in the areas of weather protection.

So, our consumers earlier told us we need to deliver certain things. We had opportunities in comfort. We learned about cushioning from skateboarding. How do we think about how that cushioning applies to comfort? Our consumers told us they wanted more versatility in the range. Snowboard Boots provides [ph] us weather (01:44:16) of protection which allows us to extend into geographies and four seasons so we have a real opportunity here to think about what we can do next. But what these products also help us do is extend into those broader TAMs I referenced earlier.

In fiscal 2022 progression footwear and apparel grew by over 30% and nearly 40% respectively. That says we have a bigger opportunity and we haven't been articulating to the consumer how we're going to do that. So we're refocusing our efforts now on how to be more strategic as we think about progression. We think there's an opportunity to grow through style and design, extending both to consumers for versatility. So, I've said it before what skateboarding leads to which is streetwear, and this reaches those sneakerhead tastemakers that are so important in terms of influencing the marketplace.

Our surf group – our surfers actually asked us to help them with a shoe to get them over the parking lots, over the trails, over the rocks, to get to the beach. Sandals just simply weren't cutting it. So from there came the VR3 UltraRange (sic) [UltraRange VR3] (01:45:15), which is the shoe you see in the middle. This is a shoe with a really high sustainability story and you can learn more about this in the brand showcase space outside. But if you think about the shoe, when you look at it, it's a very active style reference. So, this has a lot more versatility to it than just a shoe to get you from the parking lot to the beach for a surfer.

And then, finally on the right side, our snowboarding boot. Our snowboarding boots have led us to the idea of what we call MTE, which is the expanded consumer space of light outdoor, and this will serve us across geographies and seasons.

Finally, the thing I haven't spoken about is apparel, and we haven't talked a lot about that in the past of this brand. This brand has a much greater opportunity to think about the consumers in terms of usage occasions, in terms of lifestyles, and serve the consumer in a much broader head-to-toe perspective. So, we're making some changes in how we operate, and I'm going to unpack that in a minute, they'll help you understand better why I believe there's also a bigger opportunity in apparel.

And finally, something I referenced in that Q4 earnings call again, I told you about the start of a new group inside of Vans, an SBU that we called Pinnacle. And Pinnacle is a new business unit really focused on the top tier distribution and how they're focused right now is on the positioning, the product, and our launch plan to help drive exclusivity and higher price points.

Pinnacle will elevate product through design and focus on experiences to increase brand heat globally. This will also allow us to reach an older consumer and extend beyond that teen consumer because when we did this well in the past, it helped elevate the aspiration for the brand with [ph] an older more (01:46:52) influential consumer. The team recently began seeding at New York Fashion Week. And what we've done now is work to move the initial launch of this up by nearly a year to the second half of 2023. So you're going to see a lot coming from us. We're working on some bridge programs that will help us bridge to that point. But the real big launch will come as we get in the second half of 2023.

So the takeaways I'd give you on product are: we are listening to the consumer and responding to the opportunities, we want to address both the fashion trend opportunities and clearly address those adjacent opportunities in those larger and growing TAMs that I mentioned.

So let's then take us and talk about the marketplace. We have a great opportunity to refresh our strategies here because, as you know, the marketplace has shifted quite dramatically. In our VF pursuit of being consumer minded, retail centric and hyper digital, you heard Velia and Cameron both talk. We are very focused on working closely with those teams and focused on how we get work with our new commerce stack that Velia referenced, as well as the retail merchandising tools she brought us. And our supply chain go-to-market transformation is well underway and working on digital product creation is a top priority for us. And then Cameron shared with you our new state-of-the-art distribution center getting ready to open in Ontario, California. And we're very excited about that.

While we talk about the marketplace, let's talk about the commercial space for a minute. Overall, we've made – we have some real opportunities here. We know the marketplace was impacted by the pandemic, but we needed to execute more effectively in this time. We're making several strategic shifts here to really optimize how we focus on providing the best, clearest, and most resonant experience to our consumers wherever we meet them and wherever they choose to shop.

First things first, we're going to operate from a digital-first perspective. This is really critical that we engage with them across social, across experiential, across gaming, and across commerce. We have to stay very close to our heavily digital consumer. So, as Velia mentioned, we're the first branded VF to launch on our new commerce stack. We're working to build the muscles there quite quickly. Additionally, we've focused on being digital first in terms of the work we do with product launches. So we recently launched our Stranger Things collaboration on our custom shoe creator before it got to market. And it was incredibly successful, sold through really quickly, faster than we were ready for.

Third, just yesterday on our Vans Family loyalty app, we launched commerce with the help of Velia's team. So now you can shop on our mobile application, which I think is going to be a big win for our heavily digital consumers. So that's our real focus because digital will be the leading indicator of consumer trends and behavior, and we have to lean in there more heavily.

Second, our brick-and-mortar fleet. So this is part of the heritage of Vans and where all of the roots of my career come from as I grew up in the brick-and-mortar retail space before digital ever existed. This is our best opportunity in terms of presentation and experience for our brand to connect with our consumers. Our store associates are certainly our superpower when it comes to this, and we missed an opportunity during the pandemic to have that hand-to-hand and face-to-face engagement. So we're look – we're really happy now that stores are back open, including China, and we're seeing that start to improve.

We're also elevating the stored work in-store, merchandising changes and store design changes are underway. We've been doing some tests and you're going to continue to see us do that as we evolve our product line architecture and focus on those consumer experiences.

And then, finally, I want to talk about wholesale, because since the pandemic here in North America alone, we've closed nearly 1,500 doors. That's very intentional. We've been very focused on really sharpening our marketplace opportunities to think about that where we can best serve the consumers in the places they choose to shop. So that's an ongoing strategy we have here in North America.

Now, I can't talk about the marketplace without talking about the regional opportunities that you just heard from Martino and Winnie. We have been doing incredibly well in our marketplace in Europe. Martino's team has done an incredible job of helping us grow our brand. It's our best performing region right now. However, we're also underpenetrated relative to our peers and our competitors. In terms of our peers here at VF, we're almost 10

points underpenetrated relative to their size of the business in Europe. So that speaks to an opportunity. We are very heavily focused on how we can grow more quickly in both Europe and Asia as Asia recovers from the pandemic and skateboarding takes roots as you heard me speak to earlier.

To do that, we need to focus on the localization that Martino and Winnie both referenced. So Winnie referenced the Tokyo Design Collective, we're very excited about being able to leverage that both to serve the Asian consumer needs as well as influence the global product engine. In the top right side of this, you also see the work we're doing with Douyin and Dewu. Douyin is the number one social commerce platform in Asia – in China, and Dewu is the number one platform for sneakers and streetwear. These two both serve to reduce our reliance on Tmall, and we're seeing rapid growth here at this point.

And then finally on the bottom, you see images of our new Milan brand showcase store. This is an incredible store experience, it even has a space that turns into a skate space that during the – during hours when we want to have events, we can have a little skate area in there, but we can also then cover it and merchandize it during normal shopping hours. It's a great store experience and helping us inform how we think about our consumers in the future. So the takeaway I'd give you on marketplace is we will be DTC led and digital first, and focus on the significant opportunity we have in both channels and geographies.

So let's shift to a place I'd like to spend a minute, which is on our operating model, and this is one that I've gotten more time at the back of the brand. I've uncovered some real opportunities. As I said it, over \$4 billion in revenue, the operating model we have has been [ph] stretched (01:52:35) beyond its ability to both serve the brand today and meet our potential for the future. So what specifically are we changing?

First, I've repurposed the – one of the leadership roles in product. I've created a new role called Chief Product and Merchandising Officer. Prior to this, the head of footwear and the head of apparel reported to me separately. Today, under this role, footwear, apparel, design and development become united under one leader who has really strong merchandizing skills.

The goal here is to focus on how do we better serve the head to toe needs and the consumer types, and think more specifically about the merchandising of the marketplace. So that's a very critical change. That person joins our Chief Marketing Officer who joined just over a year ago. Our new Pinnacle leader, who stepped in at the same time as I did about six months ago, and new leaders in supply chain operations and human resources where we leverage top talent in VF to come in who have been there less than a month now. We're turning the corner on a higher level of leadership, urgency and execution, and we are changing how we organize now to also think about how do we adapt to that changing marketplace. And that model I mentioned before where footwear, apparel, everyone stood separately reporting to me, were evolving. We're evolving to really think about the consumer in a different way. And we're launching strategic consumer category teams.

So, again, in the past, footwear and apparel operate independently. Now, we're doing is putting that consumer focus at the center and bringing together marketing, product, strategy, data and insights, and our support functions to think about the consumer in a more holistic way. This is an approach we targeted initially with Pinnacle, and we've pulled this unique cross-functional team together around Pinnacle and had them focus on that consumer end-to-end, head to toe, and the marketplace they serve. We've seen early results of how well that team is working together. We're about to deploy this to both the action sports side of the business and the lifestyle side of the business.

Similarly, we've evolved our go-to-market model and really overhauled it completely. That model had a very fragmented approach as footwear, apparel, and marketing [ph] is just (01:54:39) separately. Now, we move the

consumer to the front of that. So consumer data and analytics, that Velia's team helps us with, as well as our consumer insights team, helps pull all the information we need to have about the consumer. They then brief both product and marketing, who then focus on the opportunities together inside of these pods, inside of these strategic consumer category teams, to think about how best to serve that consumer. And then, they brief their teams on the work need to be done. So it's a much more integrated and cohesive manner of working.

These changes will serve a couple of purposes. First, they will sharpen [ph] and line (01:55:12) our focus. Second, they will improve our cross-functional collaboration and ultimately improve accountability as we address the consumer. We will deliver from this a stronger consumer right product and more impactful marketing stories. So the takeaway on this is we are evolving to be fit for future.

So, in summary, we know who we are, we know who our consumers are, and we know where our market opportunities lie. But we've made some executional missteps in recent years. We have a strong and beloved brand, and our consumers have informed us of the opportunities we have to grow with them. So we're operating with a higher sense of urgency to really change the way we work, to refresh our strategies, refocus how we organize and operate, and ultimately become more consumer-centric and hyper digital to reaccelerate the brand.

So, as we've said our plan for the five-year period ahead and we're committed to evolving and getting into this reacceleration as I mentioned. Vans is a growth brand. I can't repeat that enough. We've begun to reset the model and expect increasing growth as we build traction to deliver mid-single-digit growth and profitable growth over the five-year plan ahead.

So, in closing, I really want to repeat myself. This is a strong brand with a deep and authentic history and a tremendous track record of delivering results. We'll do four key things to restore Vans' growth story. First will be consumer led. We will monitor and evolve with the consumer to remain always relevant. Second, we'll obsess over product to meet the consumer's needs from both a trend style and a performance style and in a head-to-toe fashion to make sure that we're also driving aspiration to our Pinnacle at the same time. Third, we will reshape the marketplace to be DTC led, digital first and specifically sharpened assortments for each of our wholesale accounts. And then finally, we'll evolve the operating model to be fit for future and better meet the needs of the ever-evolving consumer and marketplace. The Vans brand is committed to the work ahead to restore our growth trajectory.

Thank you.

Unverified Participant

Ladies and gentlemen, we will now take a 20 minute break. Please enjoy food and beverage in the foyer. And also, please take this time to visit our brand gallery down the hall. We'll resume the presentation in 20 minutes. Thank you.

Ladies and gentlemen, please welcome to the stage Global Brand President, The North Face, Nicole Otto.

Nicole Otto

Global Brand President-The North Face, VF Corp.

Welcome back from break. Hello, everyone. My name is Nicole Otto and I recently joined four months ago as the Global Brand President of The North Face. And even though our organization has a heavy heart these days after

the loss of Hilaree, we're super excited to share our path forward. But before we do that, I wanted to take a look back. Here we go.

So, The North Face has a long history of growth. Under the VF umbrella when acquired in 2000, we experienced hypergrowth and years of connecting with consumers and expanding our product offering. During that time, we grew 22%. And then in 2014 through 2017, we needed to do a brand reset and a product focus. And we refocused ourselves back on our purpose, our value, our connection to consumers, and our product innovation. Beginning in FY 2019, we returned to sustainable growth and managed through the pandemic in an agile way both innovating on our products and thinking about our marketplace and our consumer connections in new ways.

A couple key highlights from that time is our product innovation. We continued to advance and received over 100 awards in 2019 for our innovative product on both VECTIV and FUTURELIGHT. And our Nuptse Jacket was named the number one product of 2021. As we think about how we connect with consumers and inspire them to the outdoors, we want all people, no matter their gender, sexuality or race, to get out and explore. And we intend that to be part of the inspiration and our stories for everyone. An example of this is we sponsored the first all-black expedition to the summit of Mount Everest. This nearly doubled the number of black climbers to the summit, and this story was viewed around the world and received over 5.4 billion impressions.

We continued our engagement with consumers and we relaunched an improved loyalty program. And under our new banner of XPLR Pass, we won America's Best Loyalty Program in 2022 from Newsweek. Last year we reached our annual member growth before the end of the third quarter and all of this is grounded and our purpose and vision and our connection to consumers. A better way to share what we have been up to is to not just tell you about it, but show you some of it. And so with that, I'd love to queue the video.

[Video Presentation] (02:01:01-02:02:25)

So where we're heading? In the first 90 days, we gathered the team and we have a lot of statements at The North Face and we wanted to be sure that we were connected as much as possible to our purpose and we refocused ourselves on our path forward. We gathered a cross-functional team and we ask ourselves some hard questions about are we inviting and energizing our consumer in the way that we want to.

And we focused in on our mission, our vision, our positioning, and our call to action. And for us our mission is our reason for being. And this was a great opportunity to open our aperture and bring more joy of the outdoors to all that we do. And so we restated our mission, and it is as follows: to share the wonder and joy of the outdoors through exploration.

And then we narrowed in on our vision for the next five years and we were clear on how we were going to define success. And we want to be the world's leading outdoor brand anchored in pinnacle performance, iconic style, and authenticity adopted by explorers everywhere.

And then we took a look around at some of those statements that we live by at The North Face. And we really wanted to double down. We take our positioning very seriously and we bring this to life and all that we do. We've been saying athlete-tested and expedition-proven, but I want you to know that this is something we live every day and take seriously in our product innovation and our consumer connection. And then unchanged is our commitment to remain curious and connected and never stop exploring.

As we think about the growth pillars going forward, very similar to the other brands that you'll see today, we're really focused through four lenses. First, the consumer, then our products and our marketplace. And then

because our brand is in different states of maturity, I'll share with you some nuances by region and how we're going to grow specifically.

So let's start with the consumer. The consumer is the core of how we operate. We are hyper focused on welcoming consumers to the outdoors. And as Velia shared, we obsess this through data and insights and our connection points. But specifically, we know who we serve, and our consumer is the progressive explorer. The progressive explorers have the curiosity to wonder what's beyond the horizon and courage to find out. Some explorers climb the tallest summits, while others explore by immersing in cultural experiences. As I mentioned, each region is in a different stage in recruiting and engaging this target consumer based on market maturity. So consumer activations vary by region, but we're connected to our core.

Globally we plan to triple our loyalty base by FY 2027 through serving this progressive explorer and leveraging the explorer past connections as a key tool. We also know that the progressive explorer expects a lot from The North Face, and we have three great examples of how we serve them. The first is to engage and invite them outdoors. 48% of consumers say they intend to do more hiking and walking post-pandemic. As our definition of outdoor expands with the consumers, we have opportunities to serve new moments and activities. Our consumer also expects from The North Face versatility and style year-round. You will see us extend our offering to 365 and be more engaged and all activities that our consumers are pursuing outdoors.

Our consumer also expects us to make an impact both on society and the planet. 90% of Gen-X said that they would be willing to spend an extra 10% on sustainable products. We will scale our renewed program and our circularity efforts and continue to enhance, explore fund in our council, in our conservation efforts.

Products. Our product innovation enables consumers to enjoy and explore the outdoors and our commitment to innovation is unwavering. Let's take a look at how we'll win in our products basis over the next five years.

We will continue to win in snow. But the change here is that we will elevate our Summit series and explore more pinnacle expressions of our brand. We have great examples of where we've taken our insights from our pinnacle expressions like our Advanced Mountain Kit, and took those insights and then cascaded them to the rest of the product line. The next thing we will do is we'll extend our business in hike and trail and open up a new segment for us called outdoor active. We expect to triple our revenue in this category and use the opening of the outdoor lens to offer more to consumers year-round.

Next, we will distort footwear. This is, as we've entered into the trail market and our VECTIV technology has won awards, we know we have a great opportunity to serve the consumer head to toe, and we will distort our footwear growth over the next five years.

Finally, we'll continue to amplify our icons in our franchise story, our franchise strategies. TNF is known for its icons: the Nuptse, the Denali fleece, and other great products. We're focusing on how these franchises can expand and how we can continue to drive energy and excitement in the marketplace.

Next step is our marketplace itself. What I'm going to share with you is kind of our global strategies, and then I'll double click into the regions in a minute. But we are committed to giving our consumers the best possible experience regardless of channel. Let's click into that. Over the next few years, we will continue to deliver best-in-class digital experiences, and we expect to double-digitally grow in our digital environments. Key drivers will be our connection to the consumer through extended journey and growing lifetime value. Value alluded to some of our platform upgrades that we've already put in place in the Americas and will extend that to both Europe and

APAC. We continue to invest in mobile experiences and are doubling down on our marketing technologies and our ability to connect personally one-on-one.

We will also take that advantage on digital and breakdown the walls between our digital and physical experiences and we're proud to share that we'll open up 300 new mono brand experiences around the world. This will allow us to expand both our connection to the consumer and our offering and take advantage of the omni-channel capabilities that were discussed earlier.

And just like the other brands, we continue to refine our marketplace. In the US as an example, we've closed over 1,100 doors and are partnering closely with our key accounts to elevate our experiences around the world. Martino gave some great examples of what it means to be a strategic account with The North Face and the level of collaboration that we enjoy with our partners. We expect to grow in double-digits in our key accounts around the world.

As I mentioned, our regions are at different levels of maturity, but we drive a global strategy and then pursue local relevance around the world. Specifically in the Americas, Americas is our largest and most mature market. To continue to win in Americas, we will look to take share. We're focused on driving marketplace through digital and then deploying that capabilities to other regions as I've mentioned. We will deliver in-person and omni-channel experiences and we'll continue to sort key players.

In EMEA, we know we have more outdoor oriented consumers and we continue to cultivate specific offerings for the region. Some key examples of new nuances within the outdoor world: eskimo and Backcountry upheld consumers. We are developing key products for that offering and expect as Martino outlined, and we'll take that insight and expand it around the world. We will distort our growth in Germany and continue our leadership in the UK and like other regions in the world, we'll grow DTC and drive those personal consumer experiences in EMEA.

And then as Winnie shared, the outdoor market in APAC is nascent, but we believe that we have a great opportunity to invite consumers into the space. We will grow and invite and create new consumer demand through outdoor and the connection to sport leading with our Americas and EMEA story offense.

So in our financial summary, if we do all that we've laid out, which we will, we will continue to win and snow in the outdoors. And as I mentioned, we will triple our revenue and hike trail and active. We will triple our revenue in footwear, and we will double our revenue in model brand experiences. At the end of FY 2027, we'll have reshaped our portfolio and be 50% DTC and 50% wholesale and we will also be 50% in Americas and 50% international, resulting in high-single to low-double-digit growth across the five years.

Finally, our commitments, like all the brands, were very clear on our path forward. We will obsess our consumer and authentically welcome them to the outdoors. We'll create innovative product that serves the consumer year-round and head to toe. We will serve consumers with the best-in-class experiences in all channels leading with DTC and digital. And we will grow in a balanced way around the world through global energy and local relevance.

I would be remiss to come off the stage today and not mention Hilaree. She is in our minds across the brand. And if it's all right with you, I'd like to read a quote from her that has been shared and reposted. And I'm drawn to it as I think about our future. And so I'd like to read that to you, Hilaree said, I like to set goals beyond my skill set. I'm not afraid to fall. If I'd make a plan for an adventure, I want bang for my buck, an aesthetic line, a beautiful location, and great people to work with. And I'm reminded of this as we think about the path forward for The North Face. I believe that we have set an aesthetic line. We're in all the best locations, and we have a wonderful team to work with. Thank you.

Operator: Ladies and gentlemen, please welcome to the stage Global Brand President, Dickies, Lance Meller.

Lance Meller

Global Brand President, Dickies, VF Corp.

Good morning, everyone. My name is Lance Meller, as you know. Excited to chat to you about Dickies today because a lot's changed since we met three years ago at Beaver Creek. However, before I get started, I'd like to go back to our video. Dickies turned 100 years old this year, and it's just been an amazing time sharing the brand not only with our customers but our partners all the way around the world. And as you can imagine, there's just been tons and tons of stories flowing into the brand. And I could take all the 15 minutes they gave me to tell you about some of the stories.

But one that really jumps out for me today is the second photo. If you go back to World War 2, we made over 9 million uniforms during World War 2, which in itself is a significant thing. But really what happened was when everyone came back from the war and this is where they started to wear that same uniform to work. And that's where the Dickies workwear uniform was built.

Now if you fast forward to last year's Super Bowl, for those of you who watch football and watch the halftime show, everyone that was dancing in that halftime show was wearing that exact same uniform. That just speaks to the power of this brand over the course of its 100 years. But it's been great to share this with everyone around the world. But we're here to talk about the next 100 years, so I'm going to get started on that.

We have a great story, but we've been hard at work for the last three years, basically as when Denny spoke to you in Beaver Creek, we were under construction. And that construction is done and the numbers are reflecting there, couldn't be more excited about that the team has done a great job. But we've simplified our operating model. And we've moved away from business segments that were dilutive to our strategy, first of all, and Matt will touch on those at the end. We've aligned our brand globally. You've heard from Martino and Winnie and you can start to see the brand coming together globally. And we've focused on our consumer. We've put them at the front of everything we do. And by doing that, we've accelerated not only our top line growth but also our segment profit. We [ph] forexed (02:18:03) our profitability as well, and that's meaningful to be able to do both. So very excited about what the team is doing here. They've got a taste of it. It's going really, really well.

So what this has led to is us changing the shape of our business. We've changed our composition in a couple areas. First of all, in the regions, three years ago we were three independent business segments operating differently, and now we align globally, integrated into the platforms both in EMEA and in Asia, and that's having accelerated results for us as well. When we look at our channels, this is the heart and soul of our integrated marketing segmentation and distribution strategy, which is designed for accelerated growth. And I'll unpack that a little more in the – in the rest of the presentation. But that has helped us focus on our DTC business and accelerate that.

And then when we look at our categories, when we met with you three years ago, our work lifestyle balance was around 19% of our overall concentration. Today, it sits at 31%. We had set a target of getting to 24% by this meeting. So the formula is working. We're ahead of plan on balancing out our categories as well. So very excited to be able to deliver that today.

So as we start to talk about how are we going to continue to grow this brand, the three areas I'd like to focus on unlocking our new consumers, grounded in our icon strategy, also looking at how we connecting and attracting

and retaining all our consumers. This is very, very meaningful to Dickies. And number three is amplifying the brand around all our regions. The global opportunity that still sits with this brand for growth is very, very significant, and we're excited to share that with you today.

So let's start right here. Right at the center of everything we do is our historic workwear where this is our core identity of who we are. This is our DNA thread. And in this we've built our integrated marketing, segmentation and distribution strategy, and we've broken it up into workwear and into lifestyle for this presentation. And I'll unpack that a little bit for you.

Traditionally, over the long, long history, Dickies has been known as a value-driven consumer, and we know we need to elevate the brand into new products and new markets to grow Dickies. And we having great success and early success there as well.

On the Skilled Trades side, we've got a good, better, best strategy that has been built around making sure we solving the unmet needs for our consumers. But we're identified great design cues from Europe. We're bringing those design cues into America, meshing them with our American heritage and fabric stories. And it's very – it's resonating really, really well with our skilled trade consumer.

We've also started to look at all our workers as athletes. You could imagine the day they show up at a job site, they have a client-facing moment first thing in the morning or at the end of the day needs to look good. But as they progress through their day, they're no different to athletes. They're dealing with the elements, the wind, the weather, bug, odor protection also want to be able to present. And that's create a lot of growth opportunity for us in layering, outerwear, and other aspects of the outdoor workwear community. So very excited about our growth there.

On the other side of our IMS strategy sits our streetwear and historically we've just been naturally adopted and appropriated through our core icons on streetwear. But a great example of how we have evolved from that is our skate team. When they go skating and they wear Dickies, they're just going to work. But instead of just adopting and appropriating what we've designed, we're now completely aligned with our team and these communities and we're designing with intent to make sure we're applying that next generation of skate consumer for the Dickies brand. And it's really, really accelerated as shown in the previous slides, where we're at 31% growth already. So this IMS strategy sits at the front of everything we do around the world.

So our icons. We're lucky. We are 100 years old. We have five of them. I'm wearing two of them today. These were the 874 pants and our traditional work shirt. This collection was inspired by our skate team, but we also have our Eisenhower jacket, our bibs and our coveralls. And those are fantastic icons that everyone has adopted and appropriated but we know we can't stop there. It's all about innovating and developing new products for the next generation and building these new icons. But one thing that is critical and been part of our great success in the last year is how we've been able to leverage our icons through our collaborations.

On the work side, we're getting ready to do collaboration with Traeger wood pellet grills this thanksgiving called Thanksgrilling. And when you go through all these collaborations, you'll understand the bandwidth that Dickies has. It's a unique collaboration. It's going into one their key retailers. And it's going to be a fantastic activation. On the back side of that, we're doing a global collaboration with [ph] Jameson (22:54). This is going into over 60 countries around the world, all focused on the service worker, your bartender, waiter, waitress, valet, which is the heart and soul of the Dickies brand and identity. So, fantastic collaborations based on icons.

You jump over to the lifestyle and we've had the same success over there, partnering with our sister brand, Supreme, had a fantastic collaborations with them, Estevan Oriol, Brain Dead, and Lifestyle. But all these collaborations allow us to connect and activate in all these unique communities. And that's really Dickies' special sauce. It's absolutely fantastic.

So, that leads us into creating the flywheel. And I could have a huge montage of opportunity here because our brand is completely and organically being adopted by influencers all over the world. This is Pete Davidson at the Emmys. The Olivia Rodrigo tour we activated with [ph] Imran (02:23:52), who's actually in our booth right here on her Sour Tour where we customized Eisenhower jackets on tour. There was consistently a line of 200. We sold out. Her entire team wears Dickies. She wears Dickies. All the roadies wear Dickies. So great to be able to connect with that younger audience as well.

All the roadies wear Dickies. So great to be able to connect with that younger audience as well. You forgot Devin Booker in the NBA. And the middle one is a gentleman named Meat Church, Matt Pittman's his real name, probably the hottest celebrity in the barbecue business. If you're a football fan and you watched College GameDay two weeks ago, the Texas game, he was the guest host on ESPN College GameDay, cooked for everyone on set that entire game wearing his Dickies uniform. And he's been instrumental in helping us develop our community in the barbecue space. So once again, it just speaks to really the bandwidth of the Dickies brand. And our flywheel is definitely in motion. It's fantastic. So ultimately, all this content is creating a ton of moment for the brand. Combine that with our unique heritage with catering all this momentum. It's a special time at Dickies.

Sharing our brand history with this new audience has been very, very meaningful. But what's unique at Dickies is they're coming along with us to build this brand of the future. And it's fantastic. In the Americas, this number would be in the high-1990s. This is a global brand awareness number, once again, speaking to the growth and the opportunity that we have in front of us. So we couldn't be more excited about the momentum that we're capturing. And really, where does this land us? It speaks us – talk to us about our digital enablement and Velia's touched on that. At Dickies, we really believe that the connection exists between the communities and interactions, and our content is our currency moving forward.

And a great example of how we're going to move that currency forward is blank canvas. For those of you that haven't been in our booth yet, we have [ph] Imran (02:25:50) here. He's activating from a customization standpoint. We have a size run of Eisenhower jackets. You're welcome to try one on. Pick out how you'd like to have him customize it for yourself, a colleague, a family member. We are in the corner, so if the line gets long and you have to wait to try a jacket on, I'm okay, because then you can check out the Vans booth and The North Face booth, and the line gets long enough, you can check out Susie's booth at Timberland.

But it's really a critical element understanding how important blank canvas is. Blank canvas is going to be a digital marketplace that helps us engage with all our makers around the world that are really inspired by Dickies, connected to their communities and elevating our brand. This is a special moment in time for the brand that we're going to launch later this year. I'm looking forward to chatting to everyone about it a little later on. But please come by the booth, have an experience, meet [ph] Imran (02:26:40) and the crew, they would love to look after you. But ultimately what blank canvas going to do. We're early in our journey as a brand here and it's going to lead to us building our loyalty. We're fortunate we get to follow KB at Vans and Nicole at The North Face that have the best-in-class loyalty programs teams, and we're just getting started. So being able to learn from them, tap into Velia's team and elevate that is going to really accelerate our conversion, help us curate these consumers, and build our Dickies family for a long time. So we're really excited about getting this off the ground.

So the final leg that we wanted to chat about is amplifying our key markets. Starting with Europe, we have two reset Europe, and as Martina spoke about, we had to shutter a business in the UK, move it into his organization and get on the platform in the region, and that's been very, very meaningful in a very short amount of time, and we're really excited about that. Now we're amplifying our lifestyle business there and accelerating our growth into workwear with his team, and it's going very, very well.

In Asia, we definitely want to simplify our business in China and be consistent there. But as Winnie and Steve mentioned and KB mentioned, we're investing in Northern Asia with the Tokyo Design Center and that has great identity and cross-reference with American heritage brands. So we're very excited about this growth opportunity for us in Northern Asia as well.

When we chat about the Americas, compared to three years ago, we're an at-once item-based selling machine. Now with this integrated marketing, segmentation and distribution strategy, we're very thoughtful of making sure we're selling the right product to the right consumer at the right price. And this has been critical for helping us clean up our distribution and accelerate our biggest market, and it's been very, very successful.

But fundamentally, underneath all this is what's unique at Dickies is since we've globalized the brand, we are working towards having an 80% crossover in all our product globally, leaving 20% available for each region so they can go out and maximize their opportunity within region. This has a couple of benefits. It helps us leverage all the work that Cameron and his team are doing on the supply chain side of life, but it also helps our marketing team. Sarah will be in our booth, our CMO for Dickies, so make sure to say hi. This allows us to really build a true global go-to-market strategy that's rooted in a consistent product story.

So aligning our brand globally from a product sales and marketing standpoint is going to enable us to leverage our operating model, ultimately improve our margins, and that leads to what I'm really excited about. When we met three years ago, this was a low-single-digit number. We're excited to be in the high-single-digit numbers, and that's fantastic for Dickies. We're committed to executing on this and quite honestly my team shows up every day wanting just to become the next billion dollar branded VF and we're nearly there. So it's really, really exciting. But we're really looking – our formula is going to deliver on this high single-digit growth.

So our commitments in summary, and as I get to end down, is definitely realizing opportunities, but I want everyone to understand, we're early in our journey here and it's exciting, it's really fantastic. Aand we'll continue to increase our penetration and add new consumers, partly because we know more now. We couldn't be more excited about our consumers. We couldn't be more excited about our channels. We couldn't be more excited about our categories. And while we've been under construction, we've built a world-class team to go out and execute and deliver on this. And I know that when I'm standing here three years from now, this story, this presentation is going to be centered around how we take Dickies to \$2 billion and beyond.

So, look forward to seeing everyone in the brand rooms afterwards. And thanks for your time.

Unverified Participant

Ladies and gentlemen, please welcome to the stage, Global Brand President, Timberland, Susie Mulder.

Susie Mulder

Global Brand President-Timberland, VF Corp.

Life is a highway. This is a long day, but I'm thrilled to be with all of you. Hi, everyone. I'm Susie Mulder. And over the next 20 minutes or so, I'm going to share with you some highlights of what we've been up to in the year-and-a-half since I've joined; and more importantly, what we're doing next. And I think you're going to find there's a lot of really great stuff, and I hope it surprises you. I know you've heard from this brand before. I know you may not always have thought of us as a growing or a fast-growing brand, and I'm going to change your mind, or at least I'm going to work really hard to try. So, let's dive in.

Just to start in terms of since you last saw the brand and the presentation, I'm proud of what you see here in terms of our growth. But to be honest, what you don't see here is what I'm more proud of. In the last six quarters, we've had double-digit growth, and we've exceeded the plans that we've put in place in terms of our long-range target. This is what's important for this brand, is to continue to deliver consistently and profitably. And in fact, what you don't see here is that our profitability gains have actually outpaced our revenue gains, and we plan on continuing that trend.

Now, let me just give you a bit of context in terms of the shape of the business. As you can see, from a regional perspective, the Americas represents roughly half of our business with very, very strong growth right now in our AMEA region, as well as things we're really excited about in APAC.

From a category perspective, look, you all think of us as a footwear brand, and we are a footwear brand, but apparel is a growing part of our strategy, up from 14% when you last saw this. And again, this is an area where we're looking for really significant growth in the coming years.

From a channel perspective, wholesale remains the biggest part, but we've made real gains in DTC, particularly in our digital channels. And as I take you through this presentation, you'll see this is a huge area of focus as well.

And lastly, when you think of Timberland, you think about Timberland and you think about Timberland PRO. Two really powerful elements of this brand. PRO continues to grow, and we're excited about that growth and the fact that they now represent 16% of the overall business.

So, I know we want to jump in and really spend the most of our time today talking about the future, but let me just ground you, if I may, in what I've been up to and what the team's been up to in the last year-and-a-half since I joined.

First of all, I feel privileged to have come to such an incredible brand. And when I stand here right now, I stand as a representative of what I would argue is one of the best brand teams in the business. You actually – we were talking about the boots, you're all going to, I hope, be able to experience our boots. And we've got some phenomenal members of our team in there. So, please do take a minute and get to meet them, because it is a big team that did the work that's on this page.

So, what is the work on this page? First of all, we start with our consumer, right? I got the question a lot when I started Who is the Timberland consumer? Who do you think that is? Who should it be? Who is it? Very clearly, we know who it is. It's the adventurous doer. The adventurous doer is hard working, always on, relentless, connected to their communities, and, like Timberland, on a mission to move the world forward. I hope you know some of these people because they're amazing. I hope you are some of these people.

We are gaining traction with younger consumers. We recently ranked in the top five by Ad Age for brands getting attention from Gen Z. Again, that's not something maybe you would have heard from this brand before.

Now, let me just spend a minute on the middle of this, which is the brand triangle. I'm actually so excited about this that I'm going to take one more page to go into it. But what I hope you leave from this presentation is we have clarity and focus on who we are as a brand. No work, no outdoor, no story. I'll come back to that one in a sec.

From a product perspective, let's be clear. We're in the business of making and selling and marketing products to our consumers, and so this has been a huge focus since we started. We've streamlined our SKUs. Again, focus. When you know who you are, when you know who your consumer is, you can deliver against that.

Improved head-to-toe offering. I'm really proud of the heritage we have in footwear, but this brand will continue to grow when we can equally talk about our growth in apparel. And that's the trends we're starting to see and the trends we're continuing to focus on.

And lastly, we're really reinforced in everything we do; SPG, style, performance and green. This is a brand that was built on eco-innovation. Eco-innovation is critical and really important to what we do. Equally, though, people want to buy stylish, high-performing shoes, so everything we produce goes through that.

Lastly, from a marketplace perspective, this is where you're going to start to see and feel the energy of the Timberland brand. We have energized and optimized our processes internally, and you're seeing that reflected in the way we go to market externally. We've strengthened our DTC. We've reduced discounts as our brand has gained momentum, and we've focused on winning with key partners. Like you heard from others, we've done real cleanups in our businesses to really think about those players that we want to partner with going forward.

I just – I want you to see – I hope you feel the power of this triangle because those of us in the brand, we all walk in every day, today, focused on this. No work, no outdoor, no story. What does it mean? It means that work and outdoor are the pinnacle expressions of the Timberland brand. We've tested this with customers and with consumers. This is something unique. It started with our yellow boot, but it has progressed through all that we do. Work is the defining activity for what we do, but we're equipping people for versatility on and off the job site.

From an outdoor perspective, you're going to see us talk a lot about all-day hiking, and that is going to be the pinnacle expression of our outdoor. But this is an outdoor brand in many respects, and we're going to equip that adventurous doer both on and off the trail. And, of course, it's powerful when those two things come together, because, let's be honest, a lot of what consumers are looking for is lifestyle product. So think of those two things coming together into Timberland life, and that's where the everyday hustle hustle. That's what our consumers do. They work hard and they get things, I'm going to say, done.

At the bottom of all of that is style, performance and green. And again, that's the filter. So, everything we do, whether it's the way we're setting up the organization, whether it's the way we are messaging to our consumers or the way we are developing our products now goes through this triangle. And if it doesn't fit, it's out. Because we're about focus.

All right, that's enough about the past. Let's talk about where we're going. So, as others have emphasized, we have a number of growth drivers, and I want to take a minute to unpack some of these for you.

First of all, everything again starts with the consumer. We are getting better and better every day at understanding who our consumer is. The data and the insights that are coming out of [ph] Velia's (02:38:47) team are invaluable to helping us understand. In addition, we're supplementing that with consumer research to really double click into that adventurous doer worldwide and say, what do they want from us and what can we uniquely deliver to them? In addition to that, like you've heard from others, membership and loyalty will be critical. We already operate and

have a program in four key European markets. We're expanding that into the US. And, of course, this is a really critical year for us as we are in our 50th anniversary, which I'm going to talk about in a minute.

In terms of being a bold and focused brand, we are Built for the Bold. That – hold that thought. You're going to hear more from me on that in a minute. This is the 50th anniversary of the yellow boot. If you didn't know that, you're going to know that by the end of this presentation, and hopefully in the key markets where you live because we're really throwing a massive party right now in terms of energizing and celebrating our heritage.

In terms of product, I'm going to get into this in more detail. But it probably won't surprise you all that women's is a core focus area. And I'm just going to take a minute here to walk this way, and I apologize for those of you on webcast. This shoe on my foot is called the Gladiator. This is a boot sandal. And this is coming in spring 2023. This is not the Timberland women's product that you all probably know or that your kids know, your moms know, your relatives know. In fact, if you didn't notice what Velia had on earlier today, she was wearing the really unexpected [indiscernible] (02:40:34) collaboration that we've put on. And I think really just these two things together, hopefully, start to give you a sense of where we're going from a women's perspective.

Work and PRO, very, very important and I'll spend a minute to talking about that. An outdoor hike, I'm not going to get into this one as much today, but this is an area, and if you go into our booth, you'll hear more about it, but this is an area where we believe we have tremendous opportunity. And again, it's all-day hike, which is a little different than [indiscernible] (02:41:04) hiking. Think about a day hike versus maybe an expedition.

And finally, innovation and the shed. This is a game-changer. I have a picture of it. I'm going to take you through it and more, but hold on to this thought. And any of you that are coming to New Hampshire need to stop by because the shed is really where things are happening.

Lastly, from a marketplace perspective, we're laser-focused. And again, I'm going to just keep saying focus, because that's what we're all about. But the focus for us is going to be on key cities. We're going to win in those key cities. We know which cities matter and we know how that's going to translate more broadly for us. We're also highly phy-gital in the way we think about things. Phy-gital being creating really meaningful experiences in physical spaces and energizing that with digital experiences.

And finally, for those of you New Yorkers in the crowd, we are opening a brand new flagship at 550 Broadway. It's coming in the next few months. It's going to be a fantastic opportunity to showcase everything that's happening in the brand. And I'd love to again invite you all there when we open.

So, let me start with brand, because this really is where things began. So, it's our 50th anniversary, or the 50th anniversary of the yellow boot that really defines the Timberland brand. And I'm about to share with you our global campaign. Actually, I really hope you guys have seen it already. Because if you're following us on social or maybe those of you in New York who have gone to a Yankees game or just been outside, you may have seen some of this. Better yet, if for some reason you haven't seen it, when you're in the Denver airport, look up, look at the billboards as you are in the TSA line, which I hope is not too long for everyone, and let us know what you think, because we've got some of that campaign playing right here for you.

This campaign is a primer as we head into the 50th, and we're redefining what being bold and working hard means. We're working with an incredible set of global influencers, and you may recognize the voiceover in the campaign I'm about to show you as the Queen of Hip-Hop Soul herself, Mary J. Blige. She's a longtime fan of the brand and, from our vantage point, represented an incredible embodiment of what we mean by bold. This

campaign is about brand and it's about product. It's really, really global in the way we've designed it, and it's actually equally hyperlocal in terms of the influencers we're using, in terms of the messages.

And so, I'll let the video speak for itself, but let me just say, from a brand perspective, Timberland is back, and we're better than ever. Please enjoy this.

[Video Presentation] (02:43:58-02:44:57)

So, it's very early. We just launched this. But what I can tell you is it's already having impact. We're seeing traffic increases, we're seeing sellthrough of key styles, and we're seeing increased consumer engagement, all the things we would hope for from a brand like this. There's a lot we're doing. As I said, this is really – we've been working on this 50th for a long time now. There's a lot that I could and, if I had more time, I could literally take you through everything on the slide, and I'd actually love to do that. But let me focus on two specific areas.

The first here is what we are calling Future73. Future73 was an opportunity for us to pick six global influencers. Some of them are artists, some of them are designers. They come from different elements within our community. But what they all represent is those adventurous doers who are changing the world. We've asked them to take our icons and reinterpret them for themselves. And I can tell you, I've seen all the product, I plan to wear all the product. It's remarkable. And if you want some of it, you better act fast, because I can promise you it's going to sell out quickly.

The other major thing we're doing is, again, in this spirit of focus, we will have pop-up activations in New York, London, and Shanghai, three of our key cities. And you may have seen, again, those of you in New York, the stoop, some of you may have seen the TikTok of the big boot being driven around the city. That's actually the stoop, which is live right now and happening. And it's a mobile activation that – where we're actually selling product, but engaging with our communities, which is critical for what we do. So, we like to call certain times of the year, in fact, the fall, Timber time. So, I would argue, Timber time is now. And from a brand perspective, we're feeling really excited.

But as I said earlier, we are a product company, so I do want to spend a minute just talking through a few of the areas. And again, this is one of the areas I could talk about all day. But let me start with women, because as I mentioned earlier, not surprisingly, this is a big area of focus. Some of you may have heard Timberland say in the past that we're going to win with women. I wasn't around, but I suspect it's something that was said before. What I can tell you is we're approaching it really differently, and I feel really, really confident given the way we're going after it. And the five things on this chart really talk to that.

So, first of all, from an insights perspective, it all starts with the consumer. It doesn't matter what we want to produce, it matters what she wants to wear, and we're listening and we're learning from our consumer.

Secondly, from an organizational standpoint, we've actually realigned our product creation team to have specific and dedicated focus on women. And, as you would know, given how large our men's footwear business is, being part of a dedicated and focused team really allows us to dig in in ways we haven't been able to before.

Go-to-market, I mentioned that earlier. Part of the reason we have to streamline and expedite that is women expect trend-driven clothing. They want to be – not that men don't. Sorry, I don't mean to say that. But they do want to be closer to the trend. And so, the way we've shortened and approached our go-to-market actually allows us to improve on the way we're delivering from a women's product perspective.

I mentioned the shoes I'm wearing. I mentioned the collaboration that Velia was wearing. We are really energizing our icons and we're thinking through specific, and you'll see some women's-only collaborations coming out in Future73 because, at the end of the day, we really believe equally in growing both genders.

And finally, from an apparel perspective, as we know, women shop head-to-toe, and it's great to have the perfect boot, the perfect sandal, but we want her to be able to know what to pair that with. And so, you're going to see us continue to focus on that head-to-toe female consumer.

All right, PRO. PRO has been a favorite of mine since I got there, which I guess is true of just about everything I've presented, but really true here because it's such a powerful product and, I think, such a great piece of the story where we really have significant opportunity. And if you think about it, we are all about the authentic worker, and we want to capitalize on all of the infrastructure bills and other things that are coming through that allow us to take advantage of being a part of that. In addition, we do want to win with our worker off the job site, and we want to continue to engage powerfully. So, we've always been advocates for the skilled trade. You've heard about Generation T from us before. And we are thinking hard about the fact that by 2028 there's going to be as many as 3 million unfilled jobs in areas like construction. And so, part of being a great brand and thinking about our community is thinking about how to participate and help. And so, we're working really hard to re-crass – recast, sorry, the trades, refining the work uniform, and inspiring the next generation.

I'm about to show you our new campaign. Again, I hope you've seen it before, but if you haven't and even if you have, it's pretty good the second time. Our new campaign is about reimagining work and it allows a platform for real people to tell their stories. So, here is our latest PRO campaign, "Your calling is calling."

[Video Presentation] (02:50:46-02:51:45)

It's pretty powerful. I don't know about you. I spend a lot of time, like, I think, all of you in front of a computer. But I watched that video, and every time I wish I was doing – I have the courage to do some of the things these people do.

The last thing I want to talk about is the shed. The shed is our new maker space. And actually, Lance was talking about the booth and the lineup. The leader of all of the footwear innovation that's going on at Timberland right now is actually Chris McGrath who's standing right there in the back, who also was one of the leaders whose vision brought the shed to life. So I really encourage you to go and spend some time. I'm merely a representative here, but again if you have the opportunity to hear about it.

What is the shed? The shed is picture 61 machines, a lot of them look like things out of movies, but you have no idea what they look like, but our talented team knows how to use them. What it enables us to do is we can actually take a concept, take a sketch, and within three to five days have a full 3D prototype. In addition to that, you could actually walk into the shed and, within a span of about five hours, build your own yellow boot. You can pick your own fabrics. Again, I encourage you to come. It's an open innovation space. But what it's allowing us to do is we can go out into the marketplace, show them sketches, talk to customers, get reactions, and then actually go back and build things, and then bring them and get live feedback.

And in addition, as you would expect, we can then work with our partners overseas; and instead of going back and forth on two-dimensional sketches, we're actually sending them prototypes which enables them to quickly adapt and respond, and is clearly going to benefit us in terms of efficiencies in our supply chain. So, it's just a phenomenal test and learning experience right up the road in Stratham, New Hampshire.

The last part of our strategy and, certainly, a really critical one is the energized and global marketplace. And I hope I'm bringing the energy of the Timberland brand to life for all of you. But this is really what the team does every single day. The cities on the bottom of this chart, that represents the 11 core cities that we're focused on. And, in fact, the facade you're seeing here is the rendering for our 550 flagship. And back to that incredible team that we have, the woman who is helping us to drive that 550 vision, Amber, is also going to be in the booth, so if you want to go hear more about that story, she is available to talk through it.

We are really, really focused on energizing not just in our 50th anniversary, but ongoing, because we know that physical and digital spaces are critical. And you're going to see a lot of energy and a real launch culture coming out, and I hope you're already seeing it, but you're going to continue to see it from the brand.

So, where does that leave us? Firstly, I hope you got a sense of the passion and the energy that we, as a Timberland team, have right now. We've made really good strides. We're proud of the foundational work we've done, but we really do believe the best is yet to come. I'm super confident that we have the right team, we have the right strategies, and now we have the right solid foundation and focus to deliver on our target of mid single-digit growth, which represents an improvement from our prior LRP.

And so, with that, our commitments. I said this at the beginning, no work, no outdoor, no story. We're clear. We're focused. We know where we want to be. We know who we want to talk to, through which channels, and with which products. We're going to be bold. That's what is at the heart of this brand, and we're returning to that. And we're going to help to move the world forward one boot, one sandal, one piece of apparel, one piece of accessories at a time. We're going to expand our reach to deliver the best products and experiences in women's, apparel and PRO. And, of course, we're going to continue to build our strong men's footwear business.

And finally, we're going to bring energy to our global marketplace. We're going to be super innovative. Another part of our innovation, I hope you'll have the opportunity to go play Fortnite. We have our Fortnite games set up for you in the museum. I'd challenge you to a game, but I'm actually really bad at it. I tried again yesterday and I'm failing. But please come show me up in the booth. But again, we're super excited about all the innovation. And thank you very much.

Unverified Participant

Please, welcome back to the stage, Susie Mulder.

Susie Mulder

Global Brand President-Timberland, VF Corp.

Well, I'm excited now because I have the privilege of speaking with you on behalf of the Supreme leadership team and closing out our brand presentations before Matt comes up. It truly is an honor for me to do this because I really believe that the Supreme brand is an incredibly unique and powerful asset for the VF portfolio.

So, I wanted to start with the current shape of the business. Again, you may know this, maybe this is a refresher course, but just in case, as you know, Supreme operates 100% direct-to-consumer, serving consumers directly today in 40 countries. Our products are sold through 14 flagships listed here, as well as three owned web stores in the Americas, in Europe and in Japan; and complemented by four locations at Dover Street Market. These are highly curated, unique destinations where consumers can experience the full brand expression and really engage with the products, and they also serve as the hub for Supreme's global community.

In terms of products and key facts over there, Supreme creates two seasonal collections each year, each made up of 90% new products, 90% new products. We have roughly 20 releases per season, so about 40 per year. And these seasonal collections are led by apparel, which is about 70% of the assortment, but they're complemented by categories like footwear, bags and, everyone's favorite, accessories. This combination is constantly being fine-tuned to meet consumer desires and to tell a unique story season-after-season. So, we often get asked the question, what is the Supreme business model? What makes Supreme supreme? I'm going to try and explain that in one slide. We'll see how we do here.

Here it is. First off, Supreme is authentic. It's a product-led company with an agile, trend-driven approach. The products are fresh each season, and they're rarely repeated. We strive to make the most relevant products by listening intensely into culture, and interpreting the trends in new and innovative ways. We excel at this because we've been deeply committed to those consumers for the last almost 30 years, and we connect with them, using content and communities that they relate to versus necessarily traditional marketing tactics.

Secondly, we all know that Supreme products are both scarce and desirable. We've all tried to get on the Thursday drop and not gotten that thing for our kids that necessarily they wanted us to get. We have exacting standards on producing only the best products at the right time, and our consumers know that they can count on quality and uniqueness in each season. These are highly aspirational and sought-after products. We aim to sell through at a high rate of return, and we're confident that we can sell things at full price. This isn't a markdown business.

Finally, unlike many businesses, Supreme is global. Each season, we produce one product assortment globally, it's identical in every market, and it creates a shared experience across the worldwide community. We also do collaborations, many flavors and structures, we do them with brands, media, artists, and it's important that we do these things. But this isn't the business model itself. It's a tool that we use to enhance excitement and novelty. These three elements here at the top drive community, following, and collectability. They keep Supreme fans engaged week after week, month after month, year after year. This virtual cycle, with product at the center and a carefully positioned brand, allows us to leverage our resources and create a brand and exposure that is larger than the business itself.

Lastly, and most importantly, we're delivering this brand in a highly agile way. How? By exercising a tremendous amount of control in everything we do, this gives us the flexibility to make decisions as close to market as possible and remain tightly connected to our consumers.

So, now that you understand, I hope, the brand a little bit better, let me talk about our consumers. These are three images of – sorry, these images represent three generations of Supreme consumers. And what's perhaps most striking, it's global as well, as very little has changed in the 28 years these images span. And that's because Supreme finds, attracts, and authentically speaks to those kids in the key markets that are influencing culture. Some of these kids skate, some make music, some make art. Some of them are American or Japanese, Italian, French, but all of them are leaders and tastemakers, and they're relevant. Other kids are looking at them to learn. And regardless of where they are and what they do, they love what they find in the Supreme brand. It's a sense of community, it's authenticity, and it's style delivered to them in a unique and unexpected way, which allows both personal expression and a sense of belonging to the Supreme community.

Growth drivers, I know that's what we're here to talk about today. And hopefully, now that you understand more, let me focus on the future. I'll start at the bottom of the slide with the important elements underpinning the growth strategy. And part of this starts with the evolution and investment in people. Supreme has always been a focused and a nimble team. And to enable the expansion of the footprint and the offering, we're going to – we have been

highly focused on talent acquisition and development. The recent hiring of Tremaine Emory was a bold move in this direction. And we've also made key hires in areas like design, ops, buying, production, HR, and in the APAC region. In addition, and really importantly, is we're also taking advantage of VF resources and cross-pollinating in supply chain, finance, HR.

Now, let's move to the top of the slide. So firstly, as I said, this is a product-driven brand and as such important to growth is product/category and expansion. This includes deeper diversity and further exploration in apparel, in accessory, in bags and in footwear. We will be focused on surprising products and partners to ensure that the brand always stays ahead in terms of perception, engagement and business.

Secondly, brand investment. Historically, brand investment at Supreme has been limited, with very unique content and very minimal use of traditional vehicles. We see the world changing and we're going to invest in the brand through exciting new content and community building so that we can continue to authentically connect with our consumers. We will emphasize exciting new content and seasonal campaigns, leveraging strategic PR and continuing the really important brand community activities that happen around the Supreme stores. Some of the vehicles may be a little bit more traditional, but I can promise you the content never will be. And as we enter new markets, we will lay the groundwork for brand engagement through our stores and our communities. We are investing in the new generation and the next generation of consumers and key cities online as we open them up.

So, perhaps saving the best for last, I want to take you through our grow wide strategy, but first I want you to hear one statistic that I hope you keep in mind as I flip the slide here. Today, Supreme products are accessible to consumers in 20% of the globe. So, only 20% of the population can currently access Supreme products. It's a lot of opportunity. And I'm going to spell it out for you as we go here.

So, let's review the footprint. I mentioned earlier, 14 current stores. That's the stars that you see up there. Next, the light gray up here represents the e-comm sites that we're currently operating in North America, Japan and across Europe in over 40 countries. This shading on the map when I add that in, represents that 20% I just mentioned of global consumers who are currently able to shop Supreme directly. Think about that, directly. So, if there's no movement during a pandemic, this is what happens. You can only operate in the market that you're in.

This is where it starts to get exciting. Our plan is to double our footprint – double the 2020 footprint, I should say, over the next five years. So, as I shade in more, these black areas represents those areas that we believe have the right combination of consumers, of community, and of structures to allow us to continue to build out our model. In addition, we will have some strategic fill-ins in our current locations. This new map that you're looking at right now represents a doubling of our market coverage by 2027.

So here's how we do it. We build large, efficient, profitable flagship stores. They're in the markets that we know are right. They're actually on the streets that we know our consumer wants to find us, and we've never closed a store. As we know, like other brands, COVID slowed us down, but we are absolutely back on track. We've recently opened in Milan, in Berlin, and DSM London. We completed a refresh of our flagship in Harajuku, and the traffic that we have there today is above pre-pandemic levels.

And now, I'm going to give you some scoop. I'm not going to give you a lot of scoop on this brand, but I'm going to give you a little bit of scoop, which is, we are about to open in Chicago and DSM Beijing, which will be the first non-Japan-based APAC store and obviously very important in the region. When you think about that grow wide strategy, it really is about thoughtful, regional and channel sequencing. Remember what I said, this model is a lot about being agile, but a lot about focus. Take APAC, huge opportunity. We're already very strong in Japan, next will be DSM Beijing, and then we'll open stores in other leading fashion markets to influence and transpose the

global brand equity in the region. Once these stores are established, once they're established, community building is critical and we will ensure that the brand is positioned for lasting success. So, again, brick and mortar first, always preceding digital, to create spaces for new consumers to engage with the brand in a really authentic way and generate demand ahead of the e-comm launch.

Now, being part of VF is critical as we think about this grow wide strategy. Why? Because as we enter new markets and we open new stores, we're leveraging the existing VF infrastructure to stand up in-country operations quicker and to navigate bringing product to market faster than we could before. Think about the presentations you saw about EMEA and APAC earlier and the strength of those regional platforms that we're bringing to bear here.

As we – and finally, what I would say about it is remember what I said about Supreme being global. So, regardless of how big we get, how many markets we open, it's one global assortment. So, new regional assortments are identical to existing and they leverage the existing design work that's already been done. This allows us to maintain that consistency, which is core to the strategy, build scale on our existing expertise and seamlessly include new regions into the global experience and community.

So, just to summarize, three growth areas, product/category expansion, brand investment, and growing wide. And we believe that by doing that, we can and will deliver high-single to low-double-digit growth. And to close out here, as everyone else has, let me give you our commitments. First and foremost, Supreme will be Supreme. We will continue to protect the unique Supreme business model and brand DNA. You might ask some questions. We might not answer them. You don't want us to answer them. It's an important part of the model.

Secondly, we will always evolve and adapt. This is a brand that listens to culture, and as we all know, culture is moving. And this brand has the ability, it's highly agile to continue to make shifts and plan changes in order to deliver what consumers are looking for.

The third commitment is a pretty critical one. One plus one equals three. What does that mean here? It means that Supreme will benefit from VF's scale. But equally important, VF is benefiting by learning agility from this really important addition to the portfolio. And finally, we will deliver growth. You saw the plan. 20% going to 40% in the next five years. It's an incredibly important asset in the VF portfolio. It's a really unique and powerful brand, and I'm really grateful to have had the opportunity to share a little bit about it with you all today. Thank you so much.

Unverified Participant

Ladies and gentlemen, please welcome to the stage, EVP, Chief Financial Officer, Matt Puckett.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

So, you knew we had this podium up here for a reason, right? Welcome. I want to take my chance to welcome all of you to Denver, and also welcome those who are join us online via the webcast. It's an exciting day for us, a truly exciting day. We've been pointing toward this day for some time. I've probably talked to each and every one of you directly about the opportunity to do this. We're so excited that it's finally here. And for me personally, I'm kind of a flat line kind of guy. And probably most of you know that those that work with me know it. But I'm really, really excited. I'm really excited to be here.

And I have the opportunity to stand in front of you in this format, in this context, with this opportunity to share our updated financial commitments. It's the first time I've had the chance to do that in this kind of format, and I'm really

excited to do it. As you heard from Steve and the others today, we have a lot of exciting plans for the future. And it's my opportunity and, really, responsibility as the last presenter of the day to help you understand how all that's going to come together to allow us to continue to contribute to our long and historical track record of elevated shareholder returns.

So, let me start by reiterating that VF is and is committed to being a portfolio of growth brands. We actively manage our portfolio to our growth spaces and we ensure that we have the best brands in those spaces. We're a long-term winner. We build and sustain growth brands over the long-term. In fact, you heard a couple examples today. You saw a couple of charts today from The North Face and Vans. We've done that over a couple of decades.

And we leverage capabilities across our enterprise and across our platforms to sustain profitable growth. And that profitable growth – that profitable growth engine generates strong cash flow, consistently generating strong cash flow, which we reinvest in our business. It allows us to continue to build and maintain our portfolio, and certainly it allows us to return cash to shareholders. This has been and will continue to be VF's successful value-creating formula.

It's not easy out there, though. The times are pretty challenging. The macro environment is difficult. And certainly in the last two or three years, it's been elevated. But VF is strong. And importantly, VF is strong in uncertain times. Our advantaged business model enables us to successfully navigate really any environment, including we have to mitigate some of the challenges that we've all faced in the more recent times.

How are we able to do that? We think there's a few very specific reasons as to what makes our model so advantaged in this environment and really any environment. We've got active lifestyle brands. Our brands enable consumers to do the things they enjoy, enables consumers to be outside, to be active, to be in sport, to be with their families, to get away from some of the day-to-day challenges. That's really important. With that, we create really innovative and unique products to enable those experiences. And by the way, that gives us a lot of pricing power, strong brands, great products to support things consumers love to do. It's a pretty good formula for pricing power.

We worked really hard and in fact, we were working really hard in advance of the pandemic hitting around our digital transformation, becoming more omni-centric, really we talked about it being more consumer-led, D2C-centric and hyper-digital. And I think Steve and I have said [ph] through the (03:17:24) number of years we got into the pandemic, what the pandemic proved is we had the right strategy. What it also proved is we needed to go faster. We've been working really hard to advance those capabilities, you continue to hear about that today, as we continue to get closer and closer to the consumer and have the ability to meet them where they are and serve them how they want to be served.

We have a really strong supply chain. It's flexible. It's leverageable. It's scalable. Whatever more so it's becoming, it's – we're having the opportunity to have more speed and agility. You talked – you heard Cameron talked a lot of about that today. Speed and agility is becoming an increasingly important aspect of how you satisfy the demands of the marketplace and the expectations of the consumer.

Finally, we have an ever more – an ever-increasing diversified portfolio from a geographical standpoint. More diversified revenue streams and profit pools. This is a journey we've been on for 5 to 10 years at VF. It has continued. That gives us a lot of flexibility when the macro environment around the world is unstable and challenged. And certainly, we're proud of our strong balance sheet, which gives us a lot of flexibility.

So, let me talk a little bit about the next couple of slides. Some of the things that we've been – really, what are the results? What have we been up to? What does it look like? How does it come together? We continue to actively manage our portfolio and over the last three years, we've made some moves. We're very purposeful in how we build the portfolio. Everything we do is certainly timed very specifically and has a lot of meaning to it. And we do that, as I say, we're looking to have the best brands in the world in the spaces that we've targeted. Steve talked a lot about the TAM earlier today. That's kind of where we're hunting. We always use our three lens approach. I won't unpack that today, but I think everybody knows how we do that through ownership, strategic and financial.

So, the moves we've made, we brought Supreme into the portfolio and you heard Susie talk about where we are and the exciting opportunities we have in the future. And we took the opportunity fairly recently to divest to the occupational work business. These moves continue to evolve the shape of our business. We're more international. We're more direct-to-consumer and digital. And we're positioned in the higher growth parts of the – we're more positioned in the higher growth parts of the market. And in fact, kind of an interesting tidbit here, is today we're 12 brands and about \$12 billion in revenue. So, that average billion dollar per brand, and obviously it's not that, but that speaks to a kind of continued reduction of complexity in our business. It also speaks to the scale of which we're operating today on average across our brands.

Why are these changes important? Why do they – how do they benefit us? And from a model standpoint, all of the things being equal, this change added about a point of growth for us, Supreme and occupational [ph] workout (03:20:23). We got higher gross margins, right? CFO loves that, we got higher gross margins as a result of this. But I think really importantly, it continues to enable greater and more – and more frequent one-to-one connections with consumers.

So, we continue to deliver growth and significant cash generation over the last three years in obviously a pretty disrupted environment. Revenue grew 5%, Steve mentioned that earlier. That's certainly below our expectations, below the targets we've set for ourselves. Clearly, we know we were impacted by the pandemic. Over the last year, year and a half, we've seen slower growth in China, and certainly we've had a different outcome for Vans during the last three years. But we generated 5% compound annual growth rate, not insignificant, a meaningful amount of growth despite some pretty material headwinds, because there are really several – really important and significant bright spots in our business.

First and foremost, broad-based strength and growth across kind of the rest of the portfolio. In particular, The North Face, Dickies, and our outdoor emerging brands have all strengthened and have all – and all have accelerated during this time period. And Timberland, too, has begun to inflect and you heard Susie talk about what we're seeing there, in particular over the last several quarters. All of these brands have improved profitability during this time as well.

We're proud of the fact that we were able to deliver a 13% operating margin last year despite some of these challenges, which enabled us to grow our earnings faster than revenue during the time period. And certainly we continue to generate healthy free cash flow. In fact, averaged about \$1 billion per year in free cash flow and return more than \$3.5 billion in cash to our shareholders in the form of dividend and share repurchases during this three-year period.

Kind of a interesting and I think quite informative way to look at the shape of our portfolio, and I recognize I haven't given you exactly all the data points on this slide, but I think visually it really helps you to see what we've been talking about in terms of the broad-based strength. Certainly overall, higher revenue, higher profit, and the more balanced nature of the revenue streams and profit pools, as I said. I think what this highlights is despite the fact that Vans has been more challenged and Vans has been growing but more challenged, and especially if you

look at the profit side of this chart on the right-hand side, the real, I think, eye opener for all of us and what's really, really important and I'll talk you through this as we move into kind of looking at the future as well, it's certainly more balanced. I mean, look visually at the stack bars for The North Face and for Timberland and for Dickies, in terms of the profit contribution from where they were pre-pandemic to where they are today. I think a really compelling way to kind of see the evolution of our portfolio. And the fact that given some of the challenges that we've had, in particular with Vans, how we've been able to consistently drive stronger profitability. Certainly kind of fun to see, too, the contribution of Supreme come into play here.

So I'm encouraged. We're encouraged. The leadership team's encouraged. Steve's encouraged. We're encouraged by what we've accomplished, for sure, particularly against the challenging macro backdrop. But I'll tell you, we are determined. We are determined to do better and we will do better.

So, as I transition and begin to talk about our long-range targets and the algorithm, I think it's important to acknowledge and explain the change that we announced this morning to our fiscal 2023 guidance and outlook. We are lowering our fiscal 2023 revenue and earnings guidance to reflect a few things. First, a weaker back-to-school season for Vans. And as a result, we're actually lowering – based on that trend, we're lowering our expectations in the back half of the year. At the same time, as we announced this overall change, we did update our Q2 results. And in fact, we expect Vans to be down about 10% in Q2.

China is improving. We are on track to hit our forecast in the second quarter for China, for Greater China, Mainland China as well. And we're going to see sequential and quite significant sequential change in terms of the result from Q1 to Q2. But we are expecting a bit of a slower recovery in half two than where we had modeled our business at the beginning of the year, given what's going on in the environment in China today.

We certainly continue to see building in elevated inventories across markets. That's kind of a global comment. And as a result of that, we expect a more impacting and impactful promotional environment impacting the marketplace in the back half of the year. The US dollar has continued to strengthen, I will tell you, versus our prior outlook, this is a little less significant, but certainly as you think about the compares to last year, pretty meaningful. That number has strengthened even further from a couple of months ago when we last talked to you. So, as a result of all this, we now expect VF to grow in the 5% to 6% constant dollar range on an annual basis and will deliver earnings per share of \$2.60 to \$2.70.

While these are different results than what we anticipated at the beginning of the year, we will still generate a meaningful amount of growth and we'll still have healthy overall margins and cash generation.

Now, truly turning to the future. So, super happy to be able to announce kind of the long-range outlook in the algorithm and I'll start with revenue. We're going to grow in the mid to high-single-digit range, compound annual growth rate over the next five years. In fact, the outlook for fiscal 2023, the revised outlook of 5% to 6% certainly sits squarely in that range. We're a company with a portfolio of growth brands. And even considering the current volatile and hard-to-predict marketplace, we're confident in our ability to drive consistent, sustainable, and profitable growth over the long-term.

So, I'd like to highlight a few important stories and elements of the plan when you look at it in terms of the brands and the building blocks here. All of our brands will contribute to growth. All the brands are growing during this time period. Most are growing at or above the VF average. Vans will be below the average in the early part of this plan. In fact, Vans will be below its own algorithm this year. We've assumed there's a gradual improvement in that business, but we've been very thoughtful about the timing and the magnitude of the inflection.

And discounting fiscal 2023 for Vans, which is proving to be more of a reset year than we had anticipated, we expect the brand will grow at least mid-single digits over the last four years of this plan and we would expect as we begin to move through the plan, kind of getting to the back half of the plan, we would see high-single-digit growth over the last couple years. So, an accelerating performance in Vans, as the action Kevin and the team are putting into place really begin to take hold in the market.

That said, one of things I think that's really important, and you probably you picked up on it today, all the other brands that we guided in Beaver Creek from an LRP, the outlook is higher today. The North Face, Dickies, our outdoor emerging brands, Timberland, certainly Supreme. It speaks to the broad-based strength of our portfolio. It speaks to the conviction that we have in the work underway and ongoing in those brands and the really strong growth opportunities that we have.

And in fact, I'd like to take a couple of minutes and unpack – or sum up, maybe better said, the growth drivers from the brands. You heard from Nicole, you heard from Kevin, you heard from Susie. So, for the big three, I'm going to take you through kind of the building blocks as I see them and why we have confidence in the growth that we're outlining today.

So, first for The North Face, which will grow in the high-single-digit to low-double-digit range. We'll certainly benefit from the big and growing TAM, the outdoor market. But leveraging our outdoor credentials and our authenticity, we will continue to take market share. On the product side, there's a lot of really exciting things happening, have been happening, will continue to happen. I think product is the theme that you will hear me hit on throughout all three of these.

We've got a really strong innovation pipeline that's humming at The North Face. That will impact all product categories, but certainly the all-important outerwear category. We're going to see faster growth in the underpenetrated and big categories of footwear and active/train. We'll certainly see higher growth in spring, summer products as consumers are asking us and telling us we have permission to play in a bigger way during that time of the year and help them participate in the activities that they enjoy during that time of the year. And you certainly heard Nicole reference that.

We're going to continue to amplify our icons. And by the way, our icons have increased kind of exponentially in popularity over the last few years. That's both on the mountain and off the mountain. But we'll continue to amplify our icons to drive both revenue and [ph] brand (03:30:15). Channel-wise, we will see higher growth in our direct-to-consumer channel. We're going to continue mono brand or expansion in this brand that's kind of a global comment. We're going to continue to add doors across regions. And we'll continue with the enhancement of digital capabilities that are already in play and those that continue to come with the work that Velia and team are doing in conjunction with the brand. These things continue to create unique and personalized experiences for our consumers. And as a result, our digital business will continue to be a faster growing part.

Geographically, really, Steve Murray started and Nicole has continued, it was a lot of work over the last couple of years as it relates to product and channel segmentation here in the US, a lot of work and it's positioned us to begin to accelerate. We've seen that over the last few quarters. We're going to continue to see it. That all will lead to more consistent and broad growth from a geographic standpoint in the future. We will see slightly faster growth, I think, internationally in The North Face but it's certainly going to be more broad-based where if you look back in the last five years, it's kind of been all driven internationally more or less.

So for Vans, right, mid-single-digit growth, we've talked a lot about it. I won't go deep here in terms of what Kevin covered, But rooted in our action is sports heritage, we'll continue to build on and serve against our already big

and loyal consumer base. We'll further elevate the brand through both innovation and products and experiences. And by the way, in the product pipeline, there's a lot of exciting stuff. I'm forced to be a little more patient and maybe I'd like to be sometime but there's a lot of really exciting stuff. We'll leverage the timeless design of our icons and we'll use style adaptations as a catalyst innovation in that space and thoughtfully continue to grow those icons.

We'll leverage the heritage in action sports to continue to move into more usage occasions in a bigger and greater way. The consumer is clearly giving us the opportunity and the permission to play in spaces like the outdoors, in street, in athletics in some capacity. We'll continue to do that. Our apparel business, which is still relatively underpenetrated versus the total, is a growth driver for us and will continue to be a growth driver.

And finally, the top of the distribution pyramid. And you talk -- and you heard Kevin talk a lot about the energy and the work that's going on there with the Pinnacle team. With collaborations in energy drops, we'll grow that part of the business for sure. That's important, but also what it will allow us to do is build [ph] brand T (03:32:49) throughout the business. We'll continue to see outsized growth in the brand digitally as we continue to build upon and grow those deep consumer connections that we have with our consumers in this brand, the loyalty that we have, that loyal consumer base continuing to grow. And we'll continue to expect modest productivity improvements in our highly profitable store base.

Internationally, we will see faster growth in this brand than we will domestically. I mean Kevin did a nice job of kind of kind of illustrating the opportunity there. We have opportunity with white spaces and underpenetrated markets internationally to grow faster, and that's our expectation. At the same time, while we do that, and importantly to do that well, we'll ensure the products, the stories and the marketing are always locally relevant.

And lastly for Timberland, well, quite a change, I think, in kind of the tone of Timberland from where the last time we were together. We'll continue to strengthen our connection, our engagement with that consumer and we're going to bring this brand a life in a new and exciting ways. And you saw examples of that today from Susie and you saw her excitement as well. I think it's kind of contagious in that brand, and really excited about what we're doing there. Product-wise, we will leverage our icons and there's many icons in that brand for consistent and predictable growth. We'll make sure that we're growing that part of the business in a consistent, predictable and managed way.

At the same time, we're going to drive larger growth in the outdoor segments and the outdoor products and the work part of the business with Timberland PRO leveraging our authenticity and heritage to do that. We're going to build a more meaningful women's business. I've got an incredible amount of confidence in what Susie is doing there in the way she's building this business in a very thoughtful way, but a more meaningful women women's business with products that are right for her.

As we think about channels, we will grow faster digitally in this brand. This brand is still relatively underpenetrated in digital both our own dot-com as well as with our key digital partners. We'll grow consistently in wholesale. And we're going to work really hard to continue to elevate the retail experience of our store base and then thoughtfully look for opportunities to add stores in Timberland.

So, we continue to leverage our platforms to diversify our revenue streams. Really great result. This is what we've wanted to see in terms of the balance of the business. It speaks to higher gross margins that come through this kind of evolution. As you look into fiscal 2027, we're going to be kind of evenly split between the US and the international business. We're going to see slightly faster growth in Europe and Asia than we will see in the total VF, and that will lead us to 50/50 approximately.

From a channel standpoint, again, kind of evenly split between wholesale and D2C and digital. The digital part of the business will be the fastest growing for VF. And as a result of that, as you get to kind of out in the back half of this plan, we'll actually see our digital business be slightly more than half of our total D2C business.

And when you consider the key account wholesale digital business, which by the way this is not necessarily everything that's done digitally, this is where we can clearly kind of identifying, quantify and calculate it correctly, but with those key accounts in our own digital, we're going to be more than a third. In fact, around 35% of our business will be done digitally by fiscal 2027.

So before I unpack the rest of the algorithm, I did want to circle back to the same view I shared earlier. This was the [ph] year (03:36:27) before. This is what it will look like in five years. We'll continue to see growth across the portfolio of brands. Every brand growing its revenue, every brand growing its profit. Now, the brand profit contribution will continue to evolve and become ever more diversified. This is for a couple of reasons, kind of the mix of the brand growth. And certainly, there's opportunity for improved profitability yet in a number of our brands. In our view, this is what a growth company with a set of growth brands will look like.

Now, I'll turn to the rest of the value-creating levers in the P&L and the balance sheet. We're committed to driving operating margin expansion. We will drive operating margin expansion, a couple of ways. Gross margin expansion will be the key catalyst to this and will drive – will be kind of two-thirds of the growth in – from 13% to 15% will come from gross margin. We'll continue to see some mix benefits from region and channel and this will be a little less than we were in the past where we talked about 40% to 50%, still a meaningful impact, maybe not quite to that degree considering the brand mix that we now have.

Our brands continue to have pricing power, supported by innovation, deep consumer insights and consumer connections and importantly thoughtful product and channel segmentation. We'll leverage our scale in the supply chain. We'll leverage our scale to offset and fight back against product cost increases. We'll leverage our scale to optimize and get the products that we need when we need them.

But at the same time and this is really important, as Cameron talked about, we're also focused on speed and agility. We recognize the highest margin is not always the lowest possible product cost. It oftentimes is. And you can bet that's what we're striving for day-in and day-out. But we also understand the importance of speed and agility and the right product in front of the consumer at the right time and understanding the net margin impact of accelerating sales volume at higher prices with lower discounts and lower markdowns when you're able to do that more consistently. That's a big part of our plan and that's a big part of our strategy in terms of being more D2C-centric and what we're doing in the supply chain.

SG&A leverage will also be a source of fuel. It'll be a source of fuel to allow us to continue to maintain our investments in D2C and digital, in product and demand creation, as well as in the strategies that you've heard outlined here today, both at the enterprise level and in the brands. Now, we're always going to be dynamically allocating capital against our biggest opportunities. You heard Steve mentioned in reference back to the actions that we announced recently, we eliminated over 600 roles. The real emphasis for this was to ensure that we had the right resources against our biggest priorities. And at the same time, we didn't have the wrong resources or too many resources against things that [ph] weren't (03:39:34) impactful or did not need as much energy against. Certainly, there's a cost benefit to doing that but, importantly, there's a focus and efficiency in being fit for performance.

We're always going to look to optimize our scale and efficiency in the SG&A space. We have a cost – in kind of cost control mindset where it makes sense. I think VF has a long history of doing that, and we'll continue to do that. We've got a large part of our SG&A or in particular our G&A base fixed cost nature that will not grow at the same rate as our revenue, creating leverage opportunity. So this revenue and earnings growth will continue to lead to strong cash from operations which will support both the investments in the organic portfolio and significant returns to shareholders. Our free cash flow will be about \$5.5 billion over the five-year period. And in fact, we'll have the opportunity to return as much as \$7 billion in cash to shareholders in the form of our dividend and share repurchases. That's more than half of our market cap today. Big commitment, a lot of confidence in that.

Our capital allocation priorities remain consistent. How we're going to deploy capital will not change. I will tell you though we are committed, first and foremost, to ensuring that our organic plans are well-supported. And the investments that are necessary to make to be made to support the ongoing delivery against our organic portfolio, it's something we're committed to doing. Now, fortunately, our businesses are not capital-intensive, but we are we are committed to that support.

We're committed to the dividend. I think we've shown that and I think we've increased our dividend for 50 years including the last few which were more challenged. Even during the early quarters of the pandemic, we increased our dividend when everybody was pretty focused on liquidity as we were. So we're committed to the dividend. We're targeting an approximately 50% payout ratio. We're certainly above that today but we will grow into that.

We'll continue to thoughtfully manage the portfolio. M&A remains a big part of how we think about building our business over the long term. Active portfolio management is a hallmark of VF and we'll continue to do that and, at the same time, will support the evolution of our holistic business development strategy. And share buybacks, repurchases has long been a part of VF's value-creating formula for shareholders and it will continue to be.

So to summarize, our financial commitments position us to achieve a really strong and compelling elevated total shareholder return. Revenue is going to give us mid to high-single digits. Operating margins are going to drive another few points to that. Certainly, I do need to acknowledge and recognize we have accounted for some non-operating impacts in our modeling. This is related to higher interest as a result of interest rates. And it's related to a tax rate assumption. Today, we're at 16%, that's what's implied in our fiscal 2023 outlook. We've assumed between 17% and 18% tax rate by fiscal 2027. And you need to remember, I think probably everybody is aware, but last year, the base year compare, our tax rate was a bit lower for some very specific reasons and so the circumstance is a little over 13%.

For modeling purposes, we've assumed cash available to return – is available to return to shareholders in the form of buybacks that has another 2 points, 3 points. That's definitely more back half weighted, but on average 2 points to 3 points. And the dividend of the yield itself will average between 3% and 4% over this period is our estimation which in aggregate leads us to annual organic total shareholder return in the range of low-double digits to low-teens, really compelling and strong result.

So before I close, I want to reiterate why I'm confident. I want to reiterate why the team is confident, why Steve is confident. I love this slide, by the way. I love this slide. I'm confident because of our brands. We have a long-standing track record of building and sustaining brands. We have a long-standing track record of ensuring that we're positioning our portfolio of brands in growth spaces. We have the right strategy at the right time.

And finally, not last, probably first, it's our people. They're the best people. Truly believe that we have the best people who've proven time and time again, no matter the circumstance and no matter the challenge, they're able to execute and deliver.

So I get to give my commitment as well. So I'll end where I started. We're committed to being a growth company consisting of growth brands. We'll always take the actions necessary to strengthen our business and strengthen our model. That's kind of -- regardless of the environment but we're committed to doing that. We're committed to delivering on our growth plan and at the same time driving higher margins. Our strong cash generation will equip us with the resources necessary to support the growth of our business, continue to develop our portfolio and return significant cash to shareholders. And finally, we're committed to maximizing our potential every single day, every single day, even today, everybody's back there working to maximize our potential. But at the same time, we're always committed to balancing the long term and the actions necessary to sustain growth, profitable growth over that long-term period.

Thank you.

QUESTION AND ANSWER SECTION

Allegra Perry

Vice President-Investor Relations, VF Corp.

A

Hello? If you wouldn't mind announcing your name and the bank you're from before you ask your Q&A.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Just remember the questions can be about all of our businesses and all of the strategies that you heard.

Laurent Vasilescu

Analyst, BNP Paribas Exane

Q

Laurent Vasilescu from BNP Paribas. Thank you very much for all the color today and it's great to be in person here. Two-part question here on Vans, I appreciate that Kevin gave all that detail, but can you give a little bit more detail about the confidence that you've identified the right issues, you're working on the right things, and that you have the right actions in place to turn the business to growth? And as a nice offset, on North Face, it's great to see Nicole here present, can you give us additional color and why you're confident you can grow this brand high-single, low-double? We've seen obviously real strong growth in the last couple of quarters, but was it really driven by just fashion or just replenishment post-pandemic? Any color on that that would be great. Thank you.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Thank you, Laurent. So, you all have the benefit of the leaders you've heard today, so I am going to pass questions around based on where you guys are all headed. So on the Vans question, Kevin, I think it would be great if you could reiterate and answer Laurent's question from a Vans standpoint. Nicole, you take The North Face one and, Matt, certainly on the financial piece.

Kevin D. Bailey

Global Brand President-Vans, VF Corp.

A

Sure. Thanks, Laurent. Good to see you again. I think again I've been back six months and it's not a brand I don't know as I spent, gosh, seven years there running the brand prior. So, it's a brand I have a very deep understanding of, was involved with a lot of the early consumer research. I think the big things I'd say is, one, we

have a much better understanding of the consumer. So, I think that was a big part. And I think where we failed and again as I was trying to be fairly clear on is we didn't pay enough attention that it didn't evolve enough. So, I think we have a much clearer understanding of that consumer and our research says they're inviting us to be able to go along with them on their journey. They want us to focus more on versatility. They want us to focus more on aging with them as they grow. And they want us to provide them a broader breadth of options for them for their usage occasions. So I think we've got that clear.

So the second thing is we've made a lot of changes in leadership. So having a new leader over our product engine is really, really important. I think having a relatively new leader just a year over our marketing side is critically important. And then I can't say enough about the pinnacle because, again, that addresses the age and it allows us to grow in the – beyond the teen years. That also addresses the aspirational side of the top tier distribution which raises price points, drives aspiration, and continues to help lift the brand. So I think we're pretty clear there from a growth, pure growth opportunity and I think Martino brought it up, Matt brought it up, but geographically we have a great opportunity. We know there's a lot more opportunity in Asia. Certainly, we've gotten stalled there because of the pandemic in China. We know that based on our peers, peers inside the brand or peers outside the brand or competitors outside the brand have a bigger opportunity in Europe. So again, I call that about a 10 basis points penetration opportunity relative specifically to Timberland and The North Face. So that's a big opportunity.

And I think as we sharpen the North American market and get much clearer and crisper on our segmentation, become less reliant on classics is another one. And to do that, we're going to extend what I believe we've done an innovation is we've created great new products, the ultra-range, the MTE, but we haven't turned them into new icons and new families of product. And that's where we'll really win as we reach those, the versatility they've asked for, we'll provide them a broader opportunity to shop with us because, again, all of the consumer attributes say they're still loyal to us. So hopefully, that helps but happy to talk to you more about it.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Yeah. I'll add a couple of things there, Kevin, that give me confidence and I'll try to be kind of some – I'll summarize. First and foremost, the growth opportunities are unchanged. How we execute against those, obviously, we have to get after that. But the growth opportunities that we've long had for this brand are unchanged. We've talked a lot about them, I won't enumerate them now. Secondly, I would say, the work that Kevin's done in a relatively short amount of time to really get to root causes, more than just outcomes but root causes, I think we're really well on our way now to knowing the actual things that need to be done to begin to turn. And then lastly, I think I'm just more confident because of how we honestly how we've kind of reset the bar in the short-term. Yeah. We've adjusted what we expect in the short-term, our long-range plans contemplate that. I did say that we expect a gradual or even beginning at some point an accelerating improvement and we would expect to see this business growing in the high-single-digit range as we move out two or three years from now.

Kevin D. Bailey

Global Brand President-Vans, VF Corp.

A

Yeah. Laurent, sorry, I just want to add one more thing because I wanted to – as I said on the stage, I want to be clear and really candid, there is nothing wrong at the brand that can't be fixed at the brand. This is an executional issue, that's our primary challenge. So I feel confident, the team and I have been talking a lot about that, Dave's manning the booth, he's the Head of our Americas business. So I want to be really clear that this is on us. We have the opportunity to solve this.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Yeah. Go ahead, Nicole.

A

Nicole Otto

Global Brand President-The North Face, VF Corp.

Maybe part two of the question.

A

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Part two.

A

Nicole Otto

Global Brand President-The North Face, VF Corp.

Part two. So, yes, so the question was around, are we confident in our sales projections and that this is sustainable growth and I'll just start with our product innovation pipeline. We are super excited about our product innovation pipeline across our apparel and footwear businesses. And as we've introduce things like hike and climb, the consumer is responding and as we diversify our portfolio. With that being said, you also see us have really balanced growth across our regions and so we are leveraging our regional product creation engines and really creating a network effect of that product innovation and elevating those insights regionally to the global level. So our confidence is super high. And then finally our brand health tracker [indiscernible] (03:52:10) at value for that. Also indicates we keep talking about the consumer inviting us to do more and our brand health tracker really shows us that data that consumer is holding The North Face in consideration really long through their purchase journey and they expect more from us to support them and we're happy to fill in those gaps. So our confidence is extremely high.

A

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Great. Matt Boss, JPMorgan. So, Steve, how are you thinking about the long range plan that you provided today just given the dynamic macro backdrop and the revisions that you made today in the 2023 baseline? And then as a follow-up from Matt, could you just maybe speak to the linearity of the plan and how best to model the embedded operating margin expansion maybe over the five-year horizon?

Q

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

I'm going to start. So, Matt, in macroeconomic environment we all understand it. It's real. And I think what you see as a business here at VF that's responding to it and how we reset the year based on the impacts that have really hit us broadly, certainly here in the Americas, but we're seeing them in Europe and Asia as well. But I think importantly, as we think about the LRP that we've just laid out for you, it's the confidence starting first with the parts of the market, the total addressable markets where our brands are positioned and the intentional reshaping of our portfolio with leading brands in outdoor, in the active athleisure in the workwear. If you don't have passion for workwear now after listening to Lance and Susie talk about our two workwear businesses, I'd love to refresh that opportunity at the end of this meeting. But then you think about streetwear. First time you've ever been able to see a little bit of a snapshot into Supreme and what makes that brand special and what motivated us to bring them in as part of our portfolio.

A

So TAMs, where we're focused, the power of the brands that we're focused within those TAMs and then the strategies that you heard each of our leaders speak about and just the clarity around what we will be focusing on brand-by-brand, the strategic platforms, the competitive moat that I spoke about that we will be able to leverage to drive value to help us connect with their consumers and really drive long-term, lasting relationships. It's really that holistic view that comes together. And I think Matt said it really well. We know our Vans business is a place where we know what to do and we have confidence in leaders that will be doing it. But the rest of the brands in our portfolio are actually improving on the long-range plans we've put in front of you in Beaver Creek. And they're doing it with confidence and they're doing it with real clarity around what will be required to do that.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Yeah. And, Matt, in terms of kind of the sequentiality of the margin, I mean this year impacted some by some of the events. I would expect next year to be a little bit higher in terms of kind of the improvement versus where this year will land and then after that kind of sequentially consistent.

Michael Binetti

Analyst, Credit Suisse Securities (USA) LLC

Q

Thanks. Michael Binetti with Credit Suisse. Thanks for all the detail today. I guess in the near term, maybe I don't know if this is a Matt or a Kevin question, in the near term I think you've mentioned Vans down 10% in the second quarter. Back to school, some chop there. I think the back half would imply pretty meaningful acceleration. So just a little bit of help on how to build to that in our models with some of the drivers are there. And then I think, Matt, on the slide, you showed us of the revenue and EBIT contribution by brand, shows North Face margins are already up quite a bit if I do a little mental math on your slides there. Vans down a bit. Can you put some context to that? I know what's left at North Face on opportunity versus history there. Or is it more of an EBIT dollar growth story at this point. And then Vans I think at the Analyst Day in 2018 you told us 23%. Where does it reside today? How do you see it evolving?

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

That was a lot. [indiscernible] (03:56:31) I can get all that. So in terms of the outlook itself and Vans in particular, yeah, I said down around 10% in Q2. A lot of that was a D2C performance. We continue to have China be a bit of a drag. It sequentially will be meaningfully better in Q2 than Q1 by the way but a meaningful drag in China. That will change in the back half of the year. There's also a little bit of timing from a wholesale timing standpoint. Modest amount I think we'll nail those numbers and help everyone understand them as we close our quarter. But there's a little bit of an impact there. So I think the biggest changes in the back half of the year in our assumptions are kind of around the China business where we do expect to see the business return to growth in particular as we get into Q4. So that's quite a bit different. And then there's a little bit of timing as well.

As it relates to EBIT margins, yeah, I thought some of you might get your rulers out and try to kind of carve that up. And if you haven't already, I know you're going to, Michael. You're right. TNF is really strong. It's not quite as high, maybe it was historically. We are assuming significant EBIT expansion beyond where we are today a little bit. So, it is kind of an EBIT dollar growth story. And I will tell you we are very purposeful about ensuring that we're thoughtful around investments. We would actually expect our demand creation investment in The North Face to increase during this five-year plan. From a Vans standpoint, you're right, kind of low-20s is what we've run historically. Today, we're sitting at little below [ph] 20% (03:58:00).

Brooke Roach

Analyst, Goldman Sachs & Co. LLC

Q

Hi. Brooke Roach from Goldman. Thank you so much for taking the question. Several of the brand presentations today mentioned partner door reshaping with the wholesale portfolio. And you mentioned that a lot of the store count work has been completed in this in the rear view mirror. Can you give an update on how you're thinking about your wholesale partner opportunity for each of your brands going forward and how much of the growth within the mid-single digit wholesale target looking forward is in with key accounts versus non-strategic accounts? Thank you.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

[indiscernible] (03:58:45)

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Yeah. I'll take the last after that for sure if you want to add [indiscernible] (03:58:48). From a wholesale growth standpoint, it is predominantly driven by key accounts both brick-and-mortar key accounts and digital key accounts. So that's where all the growth is coming from in terms of the wholesale growth that we outlined today. I think as you think about -- we talked about the evolution of our footprint with our wholesale partners and closing some doors in some cases. I think we also referenced the opportunity to continue strengthen and grow our partner doors which [indiscernible] (03:59:16) a wholesale model for us. We've got a really strong partner kind of franchise partner business internationally, and there's opportunity for growth there. And you'll see us -- The North Face referenced that very specifically, I think significant number of new mono brand partner door growth which will be wholesale business for us but mono brand for our consumer and really important for the brand.

Sam Poser

Analyst, Williams Trading LLC

Q

Hi. I'll pass it over to Mitch afterwards. Thank you for taking my questions, just housekeeping stuff. Thank you for doing this today. It was very informative. On the guidance both for this year and the long-term, can you talk to us about how -- can you give us more specifics on sort of how you're thinking about the actual dollars, the reported growth instead of this currency neutral? So because the currency is moving around, you're coming up with a firm margin numbers. You're coming up with all the pieces. Can you give us the revenue numbers that are like sort of embedded? You gave it to us a few years ago. Can you give it to us now for this year from a reported percent expectation and sort of what that actual revenue target that's built-in with all the moving pieces today on a revenue number in the total and the big, big picture, please? Thank you.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Okay. Yes. Let's see if I can answer this in a way that hopefully will be satisfying. If not, we can try to follow-up, for sure. As it relates to this year, Sam, I would say it's between 5 and 6 points of growth from a currency standpoint. So you got to take 5 to 6 points off of our constant dollar number, which would imply about flat, right, about flat from a reported number this year.

As it relates to the long range and we built our long range plan the last -- kind of finalized that over the last 60 days or so, we were using current spot rates and using current spot rates, I would tell you, versus our base year compared about a 0.5 point of compound annual growth is kind of the headwind from a currency standpoint.

Sam Poser

Analyst, Williams Trading LLC

Q

One quick follow-up. On Vans and the number that you gave for this quarter, that 10% drop, is that a reported number or a currency neutral number?

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Currency neutral.

Sam Poser

Analyst, Williams Trading LLC

Q

So it will be you add about 5 points to that on a reported basis?

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

We'd have to confirm by brand if I've got that right. What I'm looking at, the 5 to 6 points I'm giving you is total. The mix may be a little different. You're in the ballpark [ph] sure (04:02:03) and we can – Allegra can follow-up.

Sam Poser

Analyst, Williams Trading LLC

Q

All right. Thank you very much.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Yeah, absolutely.

Mitch Kummetz

Analyst, Seaport Research Partners

Q

Yeah. Thank you. Mitch Kummetz, Seaport Research. So there was a slide for outdoor emerging brands. I think it's 5% of 2022. My math gets me to about \$600 million. It's growing mid to high-teens. That's like \$700 million of additional revenue. That's more than Timberland. That's more than Supreme. That's more than Dickies. It wasn't part of your presentation today but Steve, do you want to talk about it and talk about some of the growth opportunities there? Because it is a meaningful part of the gross strategy over the next five years.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

[indiscernible] (04:02:41).

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Can I say – let me say one thing because thank you for asking that question...

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

[indiscernible] (04:02:44).

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

...because I forgot to say that in my remarks. Actually wanted to make a point about the magnitude of growth coming from the outdoor emerging brands. Mid to high-teens is our commitment there and the numbers that you quoted, you're certainly in the ballpark, I think, in terms of the calculations there.

A

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Yeah. And Mitch, I really appreciate you asking this question because as you think about our portfolio construct, you have the core brands which you heard about today. But we have a subset of our portfolio we like to refer to as our emerging outdoor brands. And you can meet the leaders. We've got Todd. We've got [ph] Jen. (04:03:17) You've got our head of Smartwool here.

A

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

Jan is here.

A

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Jan, my head was swimming...

A

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

icebreaker, icebreaker, and Jan. Yeah.

A

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Yeah. Sorry, Jan. I do know who you are. These are really important parts of our portfolio and you'll be able to meet the leaders. You'll be able to immerse yourself into their brand presentations.

A

Let's talk about Altra really quick. I mean this is our – the number – it's positioned in the trail running marketplace. It's the number one brand and it's leveraging that strength and it's leveraging that consumer knowledge and listening to its consumers, asking it to come into the road running space as it begins to innovate new styles into road running. And I happened to put a new pair of shoes on that our team got me but this is one of the new road running shoes that you can see in the booth via [ph] Olympus (04:04:09) that really gets into that more of the max cushioning, great stability. I'll do it a lot of injustice. We'll let Todd walk you through that.

But here's a brand that's innovating, listening to its consumer and growing at the highest rate of any of the brands in our portfolio. You've got Smartwool who, four years ago, began to listen to its consumer, asking it to give it more wearing occasions, moved beyond socks. And at that point, we had about 25% of our business was apparel. The balance was our socks and accessories. Today, after a tremendous amount of effort, innovation and investment in the apparel engine, we now have a business that's balanced: 50% apparel, 50% socks and accessories, serving our consumers now with multiple products, multiple wearing occasions and opening up its lens for that high teen growth.

The same is true for our icebreaker business and together with Smartwool, really leveraging that natural performance fiber. Merino focused potential of changing the conversation around sustainable apparel, comfort through natural fiber. These are really interesting. Very powerful, fast-growing brands equal to the investments we're making behind our core brands. We are putting dollars behind product. We're putting dollars behind storytelling to elevate and push these brands to recognize that significant growth that we think is absolutely possible here.

We talk about billion-dollar brands. North Face and Vans, when they joined VF, were \$200 million and \$300 million, respectively. You see where they've grown today. These three brands will move past the \$1 billion mark with absolute opportunities to continue to scale well into the future. Sorry, [ph] Jan (04:06:05).

Adrienne Yih

Analyst, Barclays Capital, Inc.

Q

Hey. Thank you, Adrienne Yih, Barclays. I guess this is for Kevin. On one of the charts, 2022 versus 2019, looks like sales actually are up and then the margins actually compressed. Can you talk about some of the margin drivers within that that are specifically within your control and maybe just rank order the top two or three?

Also for you, there is this notion that coming out of COVID we're in sort of an athletic performance footwear cycle. You're clearly innovating in the categories within skate more from than performance oriented. Is there some innovation that's a little bit more broad in terms of targeting a broader audience there?

And then for Matt, really quickly, can you talk about kind of China, what you're seeing in the market? Audi talked about taking back \$400 million of product. Just wondering how you're thinking about kind of excess inventory in the Chinese market. Thank you.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Yeah. I'll start, Kevin.

Kevin D. Bailey

Global Brand President-Vans, VF Corp.

A

Yeah, you start.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

So I'll answer the China question. For us, I would say China is, through the first half of the year, is kind of right where we thought it would be. We're kind of right on track in Q1. We're kind of right on track here in Q2. We've adjusted our back half of the year outlook a little bit as a result of kind of what we're seeing in the marketplace.

We took actions pretty early on, pretty aggressive. You remember, our business was down dramatically in Q1. So we took some pretty aggressive actions around inventory early on. Now, is it in a perfect place? No way, for sure, and I think we're relatively well-positioned to capitalize when the market does begin to recover, which we fully expect it will and we're seeing that. And as that sequentially improves over time, we think we're well-positioned.

So overall, I would tell you, there's not a significant concern today from an inventory overhang standpoint in that market for our brands, but something obviously we're watching and monitoring. As it relates to Vans, I'll start that question and let Kevin finish it maybe. From a profitability standpoint, kind of the margin overhangs, I think a few

things that we mentioned before but certainly still hold true. We were seeing lower levels of profitability in our brick and mortar business given kind of the nature of the recovery that we've seen there, which is getting better but still not back all the way to pre-pandemic levels. And the traffic challenges are not the pandemic anymore, right? There are the other issues that Kevin talked about but certainly there's a bit of an overhang there as well.

You think about kind of the mix of business. We talked about growth coming from the Progression footwear and from the apparel versus the classics. That's been a little more distorted than we would have expected and that's had some kind of mix challenges as well a little bit in that regard, kind of the geographic mix as well when you think about China has been one of the biggest overhang.

So, there's a few things there in terms of the big margin drivers. And probably the last, which is the overall volume, we continue to invest in the business. We haven't pulled back on our investments in domain creation now. Have they been as effective as we would have liked to have been? Not always, for sure, but we continue to invest.

So Kevin, I don't know if you want to talk about kind of what you see in terms of improving those things [indiscernible] (04:09:10).

Kevin D. Bailey

Global Brand President-Vans, VF Corp.

A

Yeah. No, I think Matt hit them pretty well. I think mix plays a big role and from a standpoint on mix, I would say it's two. It's both the product mix because newer innovations like some of the Progression product initially have a lower margin than our classics, right, where we've got leverage over time. The other one is channel mix. So, we've got a significant D2C business model and so with some of the COVID effect, we saw some wobble in that. But certainly as we lean more into digital and our opportunities there, that adds to the D2C part of our mix. That will again benefit us from a margin perspective.

I think the second thing Matt brought up which is cost rate, so certainly such cost challenges during the pandemic, not just product creation and suppliers, but also from a freight standpoint. I'm sure Cameron could talk better about it than I could. And then the last one, I'd say, is price. So we did take some price changes as well to try and offset some of that.

So a number of factors in play but I think particularly as we're hitting the Progression and we built families around it, we'll get greater leverage to our suppliers which will help us improve margins on that side as well. We're doing a lot of cost engineering on product right now. So we believe there's opportunities to continue to tweak that a bit and improve margins, especially on Progression product.

On your point on athletic, completely agree. We definitely saw that trend. Health and wellness definitely came up during pandemic as people were stuck at home. One of the things I would tell you, though, as group is that we're performing very well in SSI accounts since [ph] sporting (04:10:33) channels. So we're really pleased with that and the work we're doing there. I brought up that VR3 UltraRange that was created with our surfers and that has a very aesthetic appeal that appeals to that athletic person.

My belief on that is you've got someone that goes to school wearing Vans Classics, but may not want to wear one of those big athletic brands because he skates. He rides a BMX bike, whatever that might be. We're providing now some alternative product that they can wear as more of that casual. Again, crossover allowed them to move into trendable product that – or move them into more versatile product that allows them to perform in other opportunities.

So we see that as a big opportunity. What I was saying earlier about, though, we've created a product. We haven't created a family yet and that's where we build a new family of icons that allow us to grow. I see that UltraRange product as a crossover product as well that allows us to also transition into what we're doing with as well, that allows us to also transition into what we're doing with MTE. So I think overall, you're going to see us continue to lean in there as we grow those TAMs because streetwear is heavily influenced by athletic as well, right? So as we have a reference in streetwear, we can expand there. As we have a reference in that active lifestyle apart from the surf lifestyle, I'll call it, that we come from, that's another opportunity. So hopefully, that helps.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Let me add one more thing. I just thought of as Kevin was answering. I think it's really important for the modeling as well. We have not assumed in this plan that our Vans margins return all the way back to where they were at historical levels. We've been very thoughtful about the investments needed in both demand and product creation, in particular, to do the things that Kevin is doing and to be able to execute on those things.

We would expect to be back a little above 20%, but not back to where we were historical. That's how we built this plan. I think it's important for everyone to kind of understand that.

Allegra Perry

Vice President-Investor Relations, VF Corp.

A

All right. This will be our last question.

Jonathan R. Komp

Analyst, Robert W. Baird & Co., Inc.

Q

Hi. Thanks. It's Jon Komp from Baird. Couple of questions. First, just maybe a clarification, Matt, when you think about sort of the gross margin versus SG&A that's embedded in the outlook. I think you're sort of pointing around 56% gross margin but if you could maybe just clarify so we're on the same page there, and sort of the confidence relative to the fiscal 2022 gross margin, how you get above those levels.

And then maybe a broader question just on the M&A strategy, thoughts about how we should think in the near-term. You're clearly active and looking for targets, but whether or not the balance sheet would support that in the near-term. And then is your view of M&A targets changing over time or do you consider brands with different capabilities or different ownership structures versus maybe what you might think about historically?

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

I'll take margin.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Yeah.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

You can start on M&A and I'll come in there, too. On margin, you're right, Jon. I think that's kind of a good place to kind of land in what you described. In terms of the drivers and the confidence, I think certainly mix is going to be a driver based on geographies and channels. And we've talked about [ph] 40 to 50 (04:13:47) in the past per year. I would tell you, in this plan, I would count on somewhere between [ph] 100 and 125 (04:13:52) cumulatively from a mix standpoint. It's kind of the way to think about that. So a little bit less than we have, but a meaningful amount of improvement over a five-year period.

I think the other thing I would say is there's a few – there's a couple of our brands where kind of their own mix is going to drive higher margins for their business as they continue to, one, scale, right? We're going to see higher margins. Some of the brands that are getting more and more scale, some of the outdoor emerging brands as an example there. And there are other parts of the portfolio where we see a little bit of kind of organic opportunity.

And then clearly there's – in the short-term here and even in last year's base compare there was a lot of headwind in terms of calls, but also in terms of just moat, right, the air freight situation which continues today. I mean we're spending a lot less than we had last year, but still more than we have historically and we expect that over time will moderate. A couple things on margin. Hopefully, that's helpful.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Yeah. So the M&A part of your question, M&A and how we think about our portfolio and how we continuously look to evolve and position VF to stay in these total parts of the addressable market where there's tailwinds and where we see consumers moving. M&A continues to be a very important part of our model and certainly, as Matt explained to you, one of our key capital allocation priorities.

But I would leave you with hopefully, what you'll walk away with is that we see VF as an organic brand builder and we have very thoughtfully reshaped this portfolio. And the presentations you heard today from the leaders that guide these businesses, there's a deep commitment to organically build these brands to achieve the LRP we put in front of you today.

The inorganic part of our thesis remains the same and you can think about that as us seeing an opportunity, could be in one of the new TAMs. It could be into a new close in adjacency as we really use the consumer data that we have to understand future consumer behavior. But we'll use the M&A tool to move our way in through acquisitions of a new asset. We could look at structures we always do to how do we advantage ourselves into that move. But there's also a really important part as we think about capabilities and you've heard us talk about this in calls, but it is an important part that Matt and his team, working with our functional leaders.

Are there things that we can do, partnerships we can form, maybe small companies that we could acquire that will speed our time to value to bringing these capabilities up to a higher level of performance. So that M&A muscle remains very strong. Our business development team very active and it's certainly an important part that we didn't drive a lot of energy around today. That should give you confidence about our ability to grow long-term.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

A

Thank you for your questions.

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

A

Yeah. Yeah.

Matt Puckett

Chief Financial Officer & Executive Vice President, VF Corp.

Thank you.

A

Steven E. Rendle

Chairman, President and Chief Executive Officer, VF Corp.

Just a real quick close before I let the music go. First, I want to apologize to everyone on the webcast. I was the person that stood in front of that camera and blocked your view for a few seconds until a hook pulled me out. But I do want to acknowledge that, my mistake there. But I'd love to end with how I started. I have tremendous confidence in this team, in our strategy and our ability to execute against the commitments you heard today.

From a team standpoint, you had the opportunity to see the leaders that lead these big brands, that drive the regions, that really enable our brands to move into new areas of profitable growth. That is exactly why I said what I said at the beginning. The strategy, you heard me talk about how we focus it and how we'll create value, two very specific choices and how we will operate two very specific choices.

That clarity, that certainty, and that focus drives through everything we do, every aspect of our company and we'll remain that clear, so we can drive the capital that we have to advance these capabilities, to enable our brands to drive that organic growth, for us to stay connected with consumers, to understand where they're going, but most importantly to help our brands have the tools to create long-lasting profitable relationships.

And then when you think about the brand portfolio, the thoughtful move that we've taken over the last five years to position ourselves with these strong 12 brands in these strong growing parts of the market, we're very well-positioned in our commitment to drive consistent, sustainable, profitable growth across all of our brands is something I really want to have you take away.

And yes, we were very clear today about Vans and how Kevin is taking the understanding of what it takes to reaccelerate a brand after the exceptional growth that it saw between 2017 to 2019. We own that. But there's 11 other brands, this broad-based momentum that's taking place across the rest of our portfolio and every one of those brands increasing its long range plan based on the confidence of the leadership, confidence of the strategy, and their confidence as these strategic platforms will be there to help them advance the work that they do.

So, again, I want to thank you for coming. Thank you for joining us here in Denver. Thank you for joining us on the webcast. We now would love to invite you outside. We're a little late. Food is outside the door. We'd love to have lunch with you. We'd love to have you visit the brand galleries. And then Allegra's going to let us know when it's time to move across [indiscernible] (04:20:07) for those who can join us. So thank you very, very much.

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