

Krause Fund Research
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Consumer Discretionary

Stock Rating BUY

April 17, 2023

VF Corporation (NYSE: VFC)



Company Overview

VF Corporation designs, produces, procures, markets, and distributes lifestyle apparel, footwear, and related products. It operates through the following segments: Outdoor, Active, and Work. The Outdoor segment refers to authentic outdoor-based lifestyle brands including performance-based apparel, footwear, equipment, backpacks, luggage, and accessories. The Active segment is a group of activity-based lifestyle brands, which offer active apparel, footwear, and accessories. The Work segment consists of work and work-inspired lifestyle apparel and footwear and occupational apparel sold through direct-to-consumer, wholesale, and business-to-business channels. The firm's brands include The North Face, Vans, Timberland, Icebreaker, Dickies, Napapijri, Supreme, and Kipling. The company was founded by John Barbey in October 1899 and headquartered in Denver, CO.

Source 9: FactSet

Investment Thesis

We recommend a **BUY** rating for VF Corporation with an upside of 33.9% and target price of \$30. We believe this upside is driven by re-facing the management team of Vans, investment into the modern consumer, and expansion into the athleisure market.

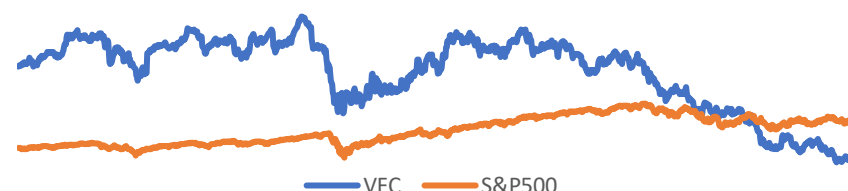
Thesis Drivers

- **Vans:** VF's second highest grossing label, Vans, has re-faced their management team along with other new members across the executive team. Kevin Bailey was reinstated as Vans Global President after a stint from 2009-2016 where he was responsible for doubling Vans revenue during his tenure. His brand vision includes reimagining product innovation and optimizing wholesale distribution. Long-term, Kevin looks toward organic growth for the brand and the company.
- **Investment into the Modern Consumer:** VF has had a history of being one step ahead of its competitors when it comes to investments to grow its market share. This is an invaluable advantage to have in this industry as consumer trends change rapidly. VF has committed to sustainability and growing its labels digitally, they have profited through this model above their competitors and have investments in place to continue growth.
- **Athleisure Expansion:** The global athleisure market was roughly \$330.97 billion in 2022²⁴. Management has eyed the growth of private labels in the space and has looked towards North Face, as well as some of their non-core brands: Altra, Icebreaker, and Smartwool, to gain market share²⁵.

Risks to Thesis

- **Competitive Atmosphere:** A significant risk to VF and its growth is the lack of differentiation between labels and their products, and the low barriers to entry into the apparel manufacturing industry. It is difficult for VF to revolutionize a straightforward industry and build loyalty across its labels when a new brand or trend is popping up on social media every day.
- **Leverage:** VF currently has a lot of debt in comparison to competitors in the industry. They are focused on paying off this debt soon while taking a pause on acquisitions, which could lead to VF lagging competitors. To fight this, VF has instilled an organic growth strategy in its current portfolio.

5 Year Stock Performance Relative to S&P 500



Pricing

Current Price:	\$22.44
52-Week Range:	\$20.03 – \$58.88
Current P/E:	\$21.25

DCF/EP:	\$26.44
DDM:	\$46.93
Relative Valuation:	\$25 - \$29
Target Valuation:	\$30

Key Statistics

MKT Cap:	\$8.836B
Shares Outstanding:	388.66M
Beta:	1.60
WACC:	8.45%

Financial Metrics

2022 Revenue:	\$11,841.8
2023E Revenue:	\$11,887.7
2022 Net Income:	\$1,386.9
2023E Net Income:	\$895.2
2022 Profit Margin:	11.71%
2023E Profit Margin:	7.53%

Financial Ratios

2022 ROE:	45.38%
2022 ROA:	10.40%
2022 EBITDA Margin:	14.41%

Earnings Estimates

2023	2024	2025	2026	2027
\$2.35	\$2.46	\$2.51	\$2.53	\$2.66

Executive Summary

VF Corporation (NYSE: VF) is a modern American apparel, footwear, and accessories manufacturer in the consumer discretionary sector. VF caters to the active consumer, with its family of brands operating under the Outdoor, Active, and Work branches.

We recommend a **BUY** rating for VF as they exit a battle with economic headwinds. VF's investment track record, its long-term growth strategy meshing with the digital age, and its ability to operate efficiently across labels enable growth. Our financial model projects a \$30.00 share price, yielding a 33.9% upside to the current stock price of \$22.44. VF's diversified portfolio of brands shows expertise across consumer bases, and recent investments for sustainability satisfy consumer preferences and evolution.

Economic Analysis

Outlook for Consumer Discretionary: *Neutral-to-Positive*

Many economic factors determine if VF will succeed or fail along with the consumer discretionary sector. As inflation increases consumers tend to buy fewer discretionary products. A decrease in the unemployment rate correlates to an increase in consumer spending and consumer sentiment. Along with many other variables economic downturns can have long-term effects on businesses.

As interest rates remain high, consumer sentiment rises, unemployment is historically low, and the consumer price index is falling allowing consumers to spend their income on discretionary goods throughout 2023 and into 2024.

Real Gross Domestic Product (GDP)

The real gross domestic product is an inflation-adjusted measure of the value of all goods and services produced by an economy in each given year¹. Real GDP is an important measure because it allows tracking of the overall growth of an economy. GDP and the consumer discretionary sector follow similar trends, as consumers make up 70.0% of spending in the US¹³. Real GDP is a

preferable measure to nominal GDP, which does not account for inflation, especially in an economic environment with elevated inflation. The US real GDP increased at an annual rate of 2.6% in the fourth quarter of 2022. This is an important indication that the US economy is growing.

GDP numbers are important as two consecutive quarters of negative GDP growth is often a leading indicator of a recession. We do not forecast the GDP to drop into the negative level and predict that it will continue to grow at a 2.0-3.0% year-over-year level into 2024. We believe that this GDP growth will be driven by consumer spending, with apparel spending making up a decent portion of the spending. The GDP growth we forecast is a positive sign for clothing and apparel companies.

University of Michigan Consumer Sentiment Index

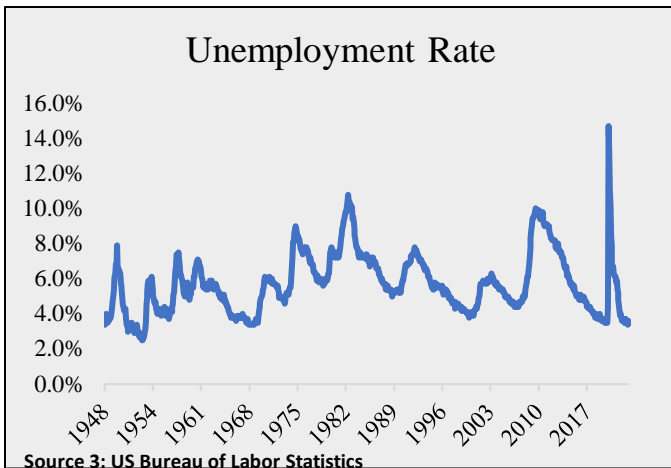
The University of Michigan Consumer Sentiment Index measures how individuals feel about their expected household finances. Consumer sentiment is similar to Consumer Confidence, which is a measure of the consumer's assessment of the overall health of the economy. With higher confidence and the feeling of a healthy economy, individuals will be more likely to spend their income. These indicators are important for economic health as 70.0% of US GDP activity is driven by the consumer²⁸.



Consumer sentiment is 17.0% below its historical average, with a 20.0% jump off its low in the middle of 2022. As the Federal Reserve gets inflation under control and down to the 2.0% level, consumers will grow more confident in their finances and the conditions of the economy. We believe consumer sentiment will reach a level of seventy-five by the beginning of 2024. We forecast this with the belief that the variable that affects the average consumer's sentiment most is inflation, which the Federal Reserve is bringing down and will continue to lower. As consumer

sentiment rises, individuals will be more willing to spend on discretionary goods. This will be a catalyst for revenue growth within the apparel industry and an optimistic sign for VF.

U.S. Unemployment Rate



Source 3: US Bureau of Labor Statistics

The US Unemployment Rate measures the percentage of Americans in the labor force that are jobless. The US Unemployment Rate is a good indicator of US economic well-being because unemployment claims are easy to track and regularly reported on. Simply put, when more people have jobs, the broader economy is in better shape and consumers are spending money.

The current US Unemployment Rate is at 3.5%, the lowest historic level since 1969. Although layoffs have begun to affect the tech sector, we believe that unemployment will remain low across all industries in the United States hovering around the 3.5% level for the next 1-2 years.

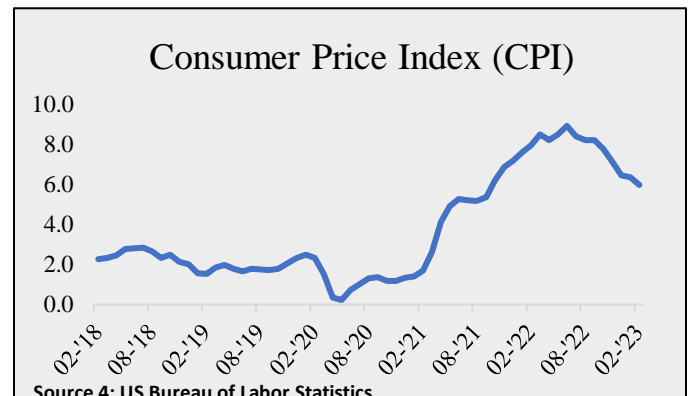
A low Unemployment Rate is crucial to consumer spending, if many Americans are without jobs, then they are less likely to spend money on discretionary goods and services. As many Americans have a stable flow of income, they will be more likely to spend on discretionary and non-essential goods. These goods can range from apparel to eating out. We believe that with the sustained low unemployment levels, consumers will spend more on discretionary goods. This will drive growth within the consumer discretionary sector.

Consumer Price Index (CPI)

The Consumer Price Index (CPI) is an important economic indicator that measures the average change in the prices of goods and services that consumers buy. A higher CPI can cause consumers to shift the types of products they purchase from premium to cheaper

versions. CPI data can often become a self-fulfilling prophecy, as prices increase consumers rush to purchase goods; further driving up prices. According to common economic theory, CPI should stay at the 2.0% level to promote economic growth.

CPI reached an unprecedented level of 9.0% in June 2022 and has since fallen to 5.0% in March 2023. We believe that as the Federal Reserve continues to raise interest rates, CPI will fall back down to its 2.0% level by June 2024. We believe that CPI is one of the leading economic indicators currently tracked by consumers. As CPI continues to fall and inflation eases, consumers will become more comfortable and confident about the overall economy and their household finances. This will lead to consumers becoming more comfortable spending money on discretionary goods. This will influence growth within the sector and be a positive sign for VF.



Source 4: US Bureau of Labor Statistics

We believe that inflation does not affect wealthier Americans nearly as much as other Americans. Because of this, we believe that demand for premium discretionary products will remain elevated even if inflation is stickier than we predict. These premium products include some of the “hype” and expensive clothing lines that VF sells. We believe VF’s diversified product lines give the company the ability to perform well, with elevated demand, even in an inflationary environment.

Interest Rates

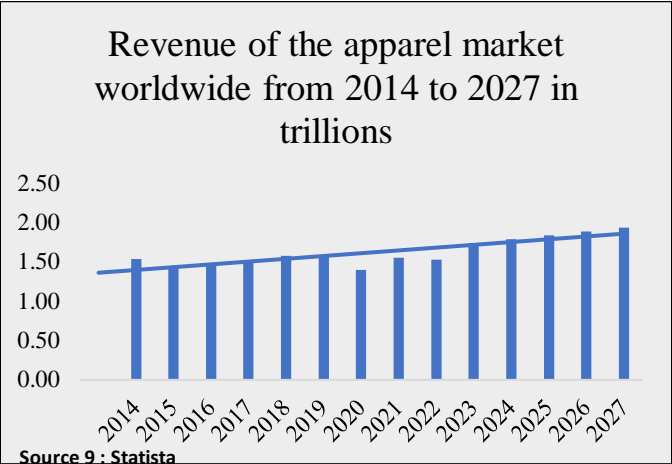
An interest rate is defined as the cost of borrowing money, expressed as a percentage of an outstanding loan balance⁵. Higher interest rates are extremely important for the entire economy. When interest rates are elevated, we believe that consumers are less likely to borrow money to purchase goods and services. Furthermore, consumers are even less likely to purchase non-essential goods and services. This includes eating out, new clothes, and more. A low-interest rate environment is optimal for the consumer discretionary sector.

Industry Analysis

Industry Description

The apparel, footwear, textile, and luxury goods manufacturing industry have a broad range of targeted customers with a diverse line of products observing and predicting trends and needs for consumers. As manufacturers, many companies in the industry operate as both wholesalers and retailers, with large holding companies making up much of the market share through licensing agreements and acquisitions of other labels.

Industry Growth



The apparel manufacturing industry has had steady growth for the last 10 years and we predict these growth rates of roughly 2.7% to continue for the industry. Because of COVID-19, companies saw an influx of \$130 billion into the industry⁹, mainly stemming from increased online sales. Companies positioned for increased online spending should continue to see heightened brand loyalty and operating margins. We predict the apparel manufacturing industry to continue growing to roughly \$2.00 trillion by 2027.



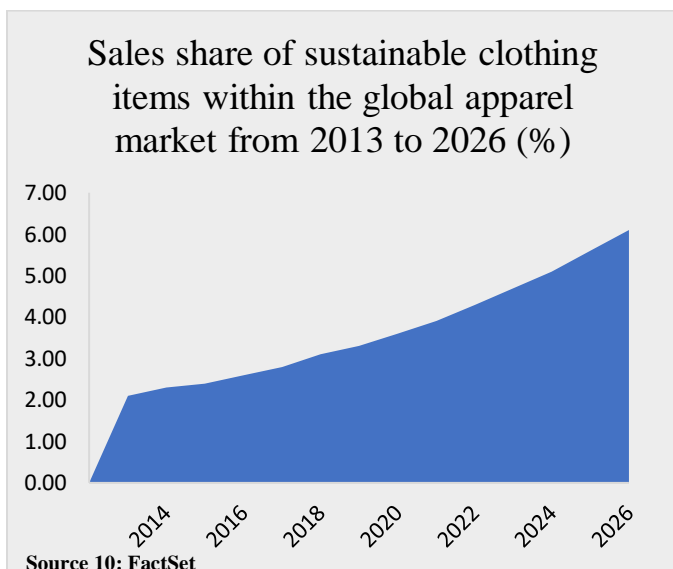
The 10-year US treasury yield is used as a proxy of health across the broader economy⁶. The yield signals US investors' confidence in the broader market. The US 10-year treasury yield currently is at 3.6%, which is the highest level since April 2011. The Federal Reserve has continued to raise interest rates to combat inflation, with the first in March of 2022. Since then, the federal reserve has had eight more rate hikes spanning from 25-bps to 75-bps with the last coming on March 17th, 2023, with a 25-bps rate hike. We believe that the federal reserve will hike rates one more time in March 2023 by 25-bps and keep interest rates high until the end of 2023, when they will begin lowering interest rates.

The increased cost of borrowing not only affects consumer behavior but also how businesses operate. Financing, and capital in general, becomes increasingly expensive, which for VF is not ideal as they have almost \$6.5 billion in total debt. \$5.5 billion as long-term debt and \$1.8 billion as short-term debt⁷. With a large amount of debt already in the company, it will be extremely expensive for VF to refinance or raise any additional capital. VF is also an M&A-driven business, buying popular brands such as North Face, Supreme, Smartwool, Vans, and Timberland. With increased financing costs, it will be more expensive for VF to purchase any more companies leading to slower expansion than in the past⁸.

Industry Trends

Sustainability in apparel manufacturing

Consumers are becoming more conscientious of the brands they are buying. Priorities are shifting from price and accessibility to knowledge of where and how the products are produced. On top of that, there are increasing priorities on labor treatment in factories and warehouses. This has created growing pressure for brands to shift towards an ESG focus and clean up their environmental footprints. Industry-wide, this shift is going to have a dramatic impact on operating margins. All cost inputs are going to increase, from fabric and labor wages to ad spending and research into sustainable inputs like orange peel fibers¹¹.



This graph shows the increase in sales for products produced with materials deemed sustainable for the global apparel market from 2013-2022 and then projections of roughly 9.0% year over year following. We believe this graph is in line with our cost assumptions for the industry.

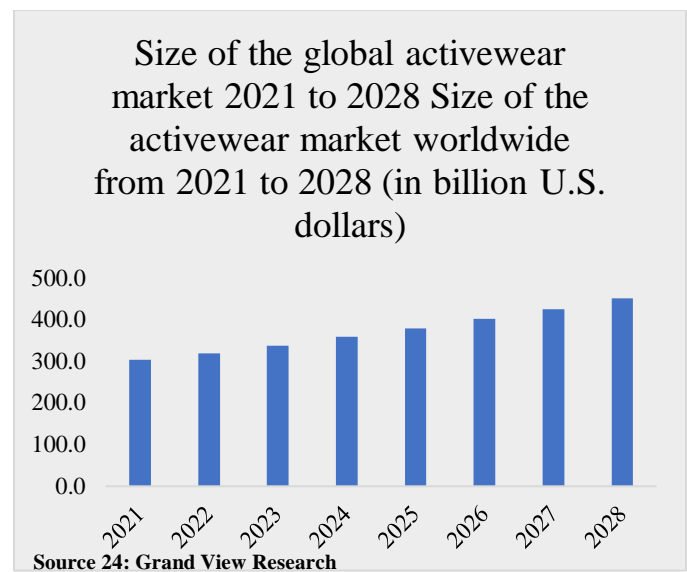
E-Commerce

COVID-19 became a blessing in disguise for the apparel industry. After manufacturers untangled supply chain issues and retailers enhanced their technology capabilities enough to handle traffic, all three factions of the industry benefitted from the increase in online sales. We do not believe this means the end of the brick-and-mortar retail store as we know it, retailers will embrace the omnichannel, knowing consumers desire a seamless

shopping experience. Another benefit from the pandemic is new hassle-free methods developed such as buy online, pick-up-in-store, and buy online return-in-store. This also allows retailers and manufacturers to save on logistical costs by managing inventory in the store. The new age is not online, the new age is options¹².

VF has built a reputation for maintaining a portfolio of companies with significant brand loyalty and has utilized more modern brands in its portfolio to adapt its holdings that are lagging on online revenue growth. With VF continuing to build its strategy and reputation as having go-to labels for the modern consumer, it will continue to be a major staple in the industry.

Athleisure



The trend of athleisure has been around for decades, recently expanding from “sport-centric” consumers into the market for the everyday consumer. Consumers have always trended towards being comfortable in their clothes, leading active lives, and having a sense of belonging through community. These three psychological factors of the industry were heightened through the course of the pandemic. Workers sat in meetings from home with sweatpants on their bottom halves and joined athleisure communities such as Peloton, Gymshark FAM, and Lululemon Mirror. These trends helped to explode a market that previously only tapped into the sports-centric consumer.

Considering VF's leverage compared to peers and strategies of organic growth, we do not foresee VF bringing in a new company to the portfolio but rather expanding already established lines at North Face, Altra, and Icebreaker to grow market share.

Porter's Five Forces

Porter's Five Forces is a model used to analyze the fundamentals of a company. We found the model useful to detect the five competitive forces that shape and determine the strengths and weaknesses. This yielded a better understanding of the industry, as well as VF's competitive landscape and long-term profitability.

Threat of New Entrants - Moderate

Although starting a new venture in the apparel manufacturing industry may be relatively easy, achieving economies of scale and brand recognition that are difficult to distinguish between competitors can be challenging.

Threat of Substitutes – Moderate

Although the threat of genuine substitutes to the fashion and apparel industries is low, counterfeits pose a threat. Billions of dollars of fake clothes and accessories enter the market every single year²³. This leads to billions in lost revenue for the apparel industry. Brands are forced to spend millions of dollars on litigations, promotions, and more.

Bargaining Power of Buyers – Moderate

Firms can reduce consumers' bargaining power by retaining a substantial customer base and consistently introducing new and innovative products. Due to the ease of switching to alternative options, consumers can frequently search for the best substitutes that offer the most competitive pricing. Nevertheless, brand loyalty may persuade them to remain committed to the same companies.

Bargaining Power of Suppliers – Low

Firms typically acquire their raw materials from a variety of suppliers and explore varied materials in product design to ensure flexibility in case raw material prices rise. However, suppliers of scarce materials for accessories

and luxury goods may possess more leverage in negotiations.

Degree of Rivalry – High

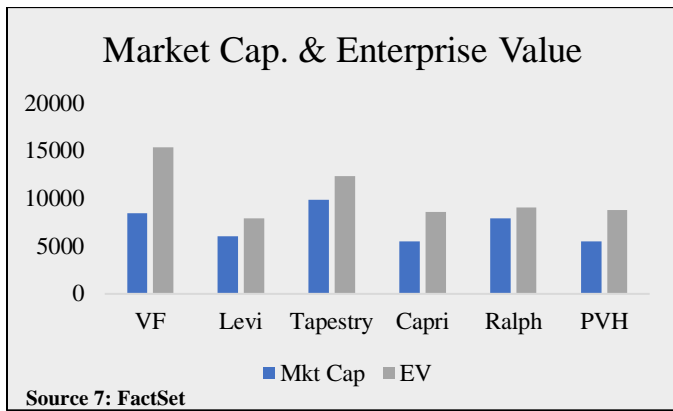
A firm in the industry is expected to establish and preserve its customer base, achieve efficient cost measures, and develop strategies for differentiation between products. More recently, industry players have also encountered intense competition amongst themselves due to the temporary shutdown of the economy, leading to a promotional environment as firms attempted to sell off surplus inventories.

Competition Analysis

Competitor Description

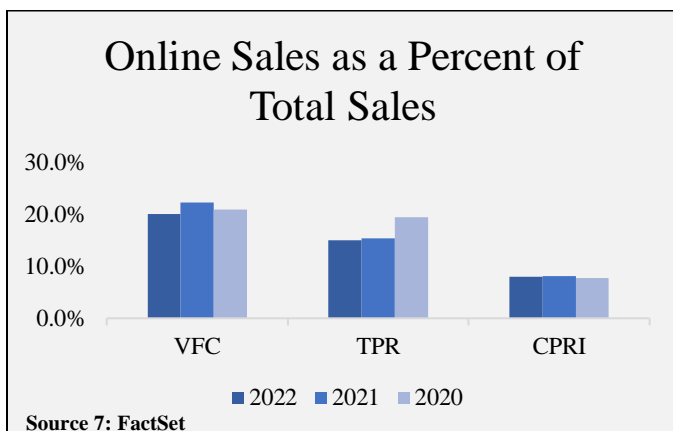
VF operates in the apparel, footwear, and luxury goods manufacturing industry. This industry is dominated by Nike which makes up roughly 68.0% of the market share. VF's primary competitors in the industry include Levi Strauss, Tapestry Holdings, Capri Holdings, Ralph Lauren, and PVH. Each one of these corporations operates multiple labels, with some putting more emphasis on different sub-sectors in the industry. For example, Nike operates mainly in the athletics space, Capri Holdings focuses on mid-to-high-priced luxury, and VF specializes in and owns the outdoor sector. Other competition for the industry is small private labels. For VF, Patagonia is a private pure-play competitor in the Outdoor market, and they also maintain royalty investment into Kontoor Brands which are the largest denim manufacturers. We believe differentiators for VF in the industry are their investments into the DTC market ahead of their competitors, their ability to market and sell products efficiently compared to industry standards, and their brand loyalty for each label is strong.

Market Capitalization by Corporation



The graph above describes VF's market cap and enterprise values compared to its top competitors. VF is the largest compared to its competitors and is ever-growing. Tapestry is the next closest pure competitor with an enterprise value of \$1.09 billion. We believe VF is positioned to continue to gather market share with its focus on the hyper-digital age of consumers.

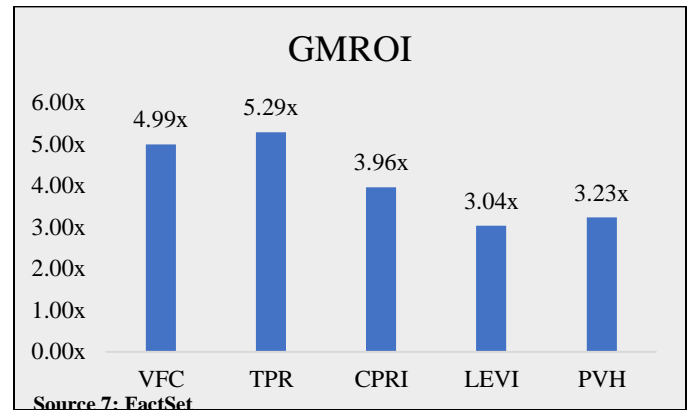
Online Sales



The pandemic in 2020 showed the industry that the digital age of spending is here. VF was perfectly positioned to capitalize off this new age and has outranked its highest-grossing competitors on a percentage basis since. VF's portfolio of labels with firm reputations, mixed with other holdings of 80.0% and up online sale counts gives them a unique and diversified range of investments allowing them to build out digital capabilities for some of their lagging labels while building out brick & mortar for their online stores. Other holding companies like Tapestry have relied on customer service in their stores to build the reputation of their labels, that factor has been lost since 2020 and has led to these corporations frantically investing in the means to keep up with VF.

We predict that because VF has fully committed to digital advances for their labels and that they have already been industry trailblazers that they will continue to increase this gap over their competition and build out new means of digital advancements.

Gross Margin Return on Investment



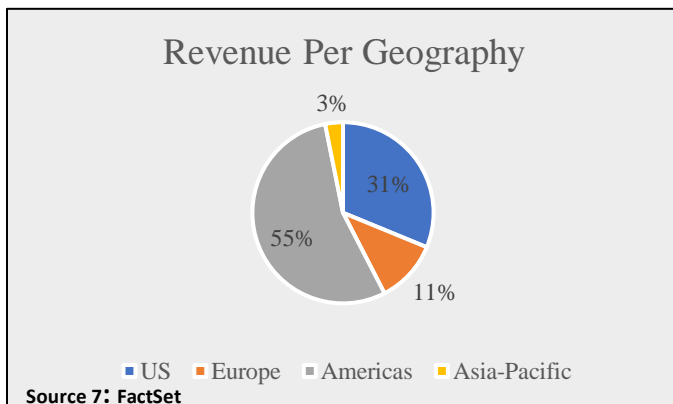
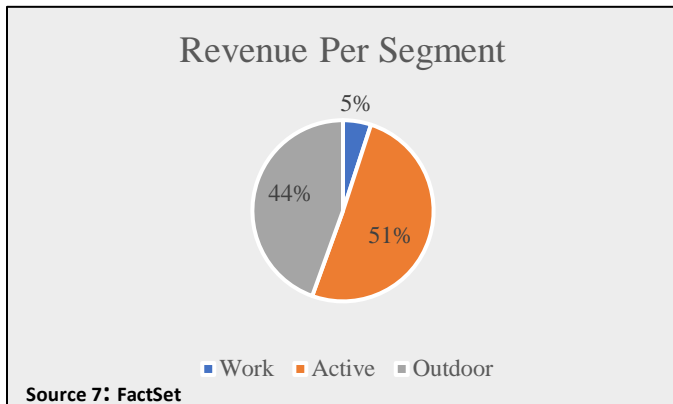
Gross margin return on investment is an operating metric meant to show how much a company returns in profits over its cost of inventory. VF operates at the pinnacle of the industry with only Tapestry Inc. leading them, indicating that VF has not only steady sales and costs but also better control over their supply chain versus their competitors. As VF continues to acquire more labels and expand its brand, this multiple will become more difficult to keep high. VF owns more brands than all their competitors but has been able to maintain a high metric through collaborations across their brands (ex. Supreme has collaborated with North Face, Timberland, and Dickies).

Company Analysis

Revenue Analysis

Overall, Vans and North Face are the main company drivers for VF. They operate globally but the United States dominates revenue based on geography, followed by Europe. The U.S. provides 52.0% of revenue followed by Europe with 27.4%. VF also splits its reporting up by segment, where "Active" and "Outdoor" segments lead the revenue share. North Face is the biggest brand for VF in Europe while Vans is the biggest in all the other countries, they do business in.

Growth within each reportable segment has been inconsistent in the past 5 years. Acquisitions and certain divestitures in that time frame along with the pandemic have skewed growth trends over time. VF's last acquisition was in 2021, which we predict will be their last one until they can pay off more of their debt on the balance sheet.



Expense Analysis

Cost of Goods Sold and Selling, General, and Administrative Expenses hold equal weight to VF. SG&A includes product development, selling, marketing, and advertising. Advertising makes up the bulk of the total SG&A year over year. COGS is mainly made up of overhead costs relating to both the production of goods and the purchase of finished goods. For the future, we see both the advertising and overhead costs continuing to be most important to VF as the competitive landscape of the industry ramps up and input costs continue to rise.

VF products are produced in 1,630 factories across the globe, of which 387 are Tier 1 factories producing and assembling final goods and 812 are Tier 2 facilities supplying Tier 1 facilities with

products. The remainder of the factories in VF's supply chain are licensed or subcontracted. VF states that the manufacturing implications in the Western Hemisphere are more expensive but the shorter shipping times and greater flexibility have led to less constraint on the supply chain of the company. Across all facilities, VF upholds a Global Compliance Standard, in which all Tier 1, licensee, and subcontractor facilities have roughly 100.0% compliance, and Tier 2 factories follow at 70.0%. No single supplier makes up more than 7.0% of COGS during FY22. In total, the company operates twenty-five owned or leased distribution centers and 1,322 retail stores primarily in the U.S., but also in the Czech Republic, the United Kingdom, the Netherlands, China, Canada, Mexico, Belgium, Israel, Japan, and France.

Profit Analysis

VF quarterly revenue was down 3.0% year over year, and quarterly net income was -\$118.43 million, down 125.5% year over year. VF had \$3.53 billion in quarterly revenue, beating an expected \$3.48B in expected revenue by 1.3%. Earnings per share were estimated at \$.99 and came out as \$1.12, beating expectations by 13.1%.

SWOT Analysis

A SWOT (strengths, weakness, opportunities, and threats) analysis is a fundamental model used to assess internal, external, current, and potential risks and opportunities. We found a SWOT analysis useful to determine the framework of VF's position relative to the competition.

Source 16: NonProfit Hub

Strengths

VF's diversified product lines are a quality that gives them a competitive edge. With numerous brands including Supreme, North Face, Dickies, Vans, Smartwool, Jansport, and more; VF can attract customers from all age ranges, backgrounds, and levels of wealth. This strong, variety of customers will give VF an edge and allow them to perform well with high demand in any market. VF just replaced the CEO of Vans with an experienced senior, Kevin Bailey as Global Brand

President. We think his new guidance will help Vans become more efficient and profitable.

Weaknesses

A weakness we see in VF is that various brands are subject to changes in trends and consumer preferences. VF purchased Supreme for \$2.1 billion and has since written down almost \$500 million of Supreme off its balance sheet in Q2 of 2022. This was due to Supreme losing its “hype” and demand within the fashion market. Although we believe VF can mitigate this weakness through its continued diversified product line, it is still a large weakness. Another weakness that VF faces is that they are very levered compared to their competitors. More debt is associated with more risk. VF is currently in efforts to de-lever and reduce risk²¹.

Opportunities

A large opportunity for VF and the apparel and clothing markets is within the growth of ESG efforts. Consumers have become more environmentally conscious, preferring sustainable and eco-friendly products. We believe that evolving with these changing preferences is crucial to long-term growth. Companies with reduced greenhouse gas emissions, sustainable materials, diverse employee pools, and ESG ratings will prevail in taking up market share and growing revenue. We believe that ESG efforts will continue to grow. We also believe that there is an untouched market in India that VF has an opportunity to expand into which will also aid their efforts in creating growth in the China market.

Threats

A large threat within the clothing and apparel markets is the increased market for counterfeit products. Fashion brands lose over \$30 billion a year due to fake products¹⁹. With such a hot-button issue, brands have begun hiring lawyers and teams to combat it. VF sued over eight hundred counterfeit websites for over \$300 million in 2018¹⁸. Fake products often appeal to low-income demographics or people who simply cannot tell the difference between real and fake. We believe that counterfeit markets will continue to grow, swallowing up market share and causing major losses for fashion brands around the world.

Situations to Watch

Vans

Vans has had a management team haul over as of recently. Kevin Bailey has been reinstated as Vans’ Global Brand President. We believe Bailey will bring new creative product lines and revamp the business in order to start growing revenues. Based on their recent slump, this is the exact plan that Vans needed²⁵.

Timberland Tax

In 2015, the IRS sued VF based on an outbound transfer of intangible property to a Timberland foreign holding company which was recognized as unordinary income. This suit is currently valued at \$505 million and has recently leaned in favor of VF. If VF wins this litigation, they will be able to recognize this \$505 million worth of income.

Valuation Analysis

Valuation Methodology

In valuing VF, we decided to use historical data from the past 10 years, the current economic landscape, and market data. We were able to use historical and other market and economic information to forecast 10 years ending in 2032. We forecasted the financial statements and then performed a Discounted Cash Flow, Economic Profit, Dividend Discount Model, and Relative Valuation Model. We found all valuation methods accurate, coming to a final valuation target of \$30.

Revenue Decomposition

To project revenue, we broke it down by each of the three segments and looked at historical growth rates for VF, industry pure plays, and short-term economic conditions. For clarity, we only looked at recent trends since 2019¹⁵, we felt this was necessary as VF divested its Jeanswear line before the 2019 fiscal year-end. Next, we looked at industry trends for VF’s revenue drivers, Active and Outdoor. We then looked at VF’s main revenue channels, Wholesale and Direct-to-Consumer.

Because VF has dedicated a long-term growth strategy towards DTC growth, we project greater revenue in the future, while wholesale growth stays

relatively steady. In conclusion, we project average steady-state revenue growth to be 2.3% combining all segments by 2027.

Expense Decomposition

We forecasted the major expenses such as Cost of Goods Sold and Selling General and Administrative as a percentage of revenue. Therefore, as revenue grows expenses will increase. Historically, we have seen the same trend which is why we know this will be accurate from an operating perspective.

We projected depreciation using our expected PPE and our implied depreciation rate calculated by Depreciation Expense divided by Beginning Net PPE.

Major Income Statement Items:

After our operating income and expenses, the main line items left on VF's income statement are interest income and interest expense.

Interest income is projected based on the current year's cash balance, making a return of 2.0%. We assumed that the overall average risk-free rate would be a 2.0% yield and projected the line item accordingly.

Interest expense is projected based on VF's after-tax cost of debt from our weighted average cost of capital calculation. We added all our debt from the previous year which included: short-term borrowings, the current portion of long-term debt, and long-term debt from our balance sheet and multiplied it by our after-tax cost of debt in our projections.

Major Balance Sheet Items:

For each time we project an account based on an average of previous years, we always take the year 2018 out as it is an outlier. In 2018, VF changed its fiscal year date which created outliers for each account when looking at the percentage of sales or percentage of asset numbers.

Besides cash, all our operating assets and liabilities are projected as an average percentage of sales from the years 2013 – 2022. Historically, these percentages have stayed relatively constant based on the fluctuation of VF's revenue.

Looking at our Property, Plant, and Equipment projections, we were able to project this out based on average revenue growth projections. We have seen historically that their CapEx has grown with their revenue, which means this number flows into the increases of our PPE account. This also goes for operating leases.

Debt is a huge aspect of our balance sheet. We projected short-term debt by a historical average of short-term debt percentage of non-cash current assets. We took an assumption of deteriorating long-term debt, projecting 10.0% of FCF would be used towards paying down this amount. When projecting this way, we saw steady growth and realistic numbers based on previous years of debt. This is a hard item to predict for our company because VF is dependent on making acquisitions over time. Because of this, it is unpredictable what could happen over the next 10 years.

Weighted Average Cost of Capital (WACC)

VF has a capital structure equated to 56.8% equity and 43.3% debt. When using the 10-year treasury rate, a beta of 1.60, and a market risk premium of 4.9%, we calculated a cost of equity of 11.3%. On the debt side, we used the same 10-year treasury rate and a 5.9% pre-tax cost of debt based on VF's 10-year corporate bond. We then end with a 4.8% cost of debt. With the mixture of these two variables, we end with a final weighted average cost of capital of 8.5%.

Discounted Cash Flow & Economic Profit Models

Share Price: \$26.44

To capture the intrinsic value of VF's stock, we used the discounted cash flow model (DCF) and the Economic Profit model (EP). We first projected our unlevered free cash flow to the firm (FCFF) from 2023 to 2033. Then we discounted the FCFF by our WACC estimation which was 8.5% to get the present value of the cash flows. We also found the CV and discounted that back to today as well. The sum of the present value gave us the VF's operating asset value. Then we adjusted for non-operating profits. The non-operating profits we adjusted for were excess cash, long-term debt, short-term borrowings, the current portion of long-term debt, and the present value of the operating leases. We then took the value of the equity and divided it by the shares outstanding to get the implied price as of today.

We will be putting moderate consideration into this valuation method. Historically, when VF acquires or divestiture of a portfolio company, its cash flows have been inconsistent, which theoretically means it would be hard to predict future cash flows. Because we do not think VF will be acquiring soon due to their goal of de-levering, we can trust the accuracy of our projections based on the current holding companies. We arrived at an implied share price of \$26.44.

Dividend Discount Model

Share Price: \$46.93

Our first step in building out the Dividend Discount Model was by forecasting the dividends for the next 10 years. Then we discounted each of the dividends by the cost of equity. For the CV we needed to calculate the future stock price and then used that number to discount back the CV and years prior. We then added the discount values up to get the intrinsic value.

We ended with a high implied share price because VF has one of the highest dividend yields in the entire consumer discretionary sector. We think this model gives us good insight into where VF sits in the industry regarding dividend payouts.

We are putting moderate consideration into our DDM analysis since we believe in the value that VF brings to the table when paying out its dividends. We arrived at the implied share price as of today of \$46.93.

Relative Valuation

Share Price: \$24.86 - \$28.92

We used companies that operate within the same industry and have a similar size and product mix as VF. The comparable companies we included are Levi Strauss, Tapestry, Capri Holdings, Ralph Lauren, and PVH Corp.

Our relative valuation was based on P/E ratios. We took each competitor's current price and divided it by its EPS 2023 as well as also dividing it by EPS 2024. Then we averaged the P/E for 2023 and 2024. We used those averages and multiplied them by the actual EPS for 2023 and our forecast for 2024.

We ended up with a range from \$25.74 - \$28.92 which we think accurately describes where we think VF is headed.

Final Valuation

We came to a final target price of \$30 per share. We came to this conclusion after putting moderate consideration on the Dividend Discount Model, and more weight on the Discounted Cash Flow and Relative Valuation methods. This share price gives a 33.9% upside from the current share price of \$22.44.

Sensitivity Analysis

We put our model through a series of tests using a sensitivity table, which enabled us to observe the stock price generated by the model under two distinct assumptions that were altered simultaneously. The following assumptions were selected for testing and the corresponding outcomes are displayed below.

WACC and CV Growth of NOPLAT:

		WACC							
		26.44	6.45%	7.46%	8.00%	8.45%	9.00%	9.46%	10.45%
CV Growth of NOPLAT	0.50%	35.60	27.86	24.58	22.18	19.62	17.71	14.20	
	1.50%	40.26	30.70	26.80	24.00	21.07	18.91	15.02	
	2.00%	43.37	32.51	28.19	25.13	21.95	19.63	15.50	
	2.50%	47.28	34.68	29.83	26.44	22.96	20.46	16.04	
	3.00%	52.31	37.34	31.80	28.00	24.15	21.41	16.66	
	3.50%	59.05	40.68	34.21	29.87	25.55	22.53	17.36	
	4.50%	82.89	50.72	41.09	35.02	29.29	25.43	19.12	

We decided to look at the spread between WACC and CV NOPLAT Growth. Although WACC is a crucial factor in the DCF model, our model depicts that CV NOPLAT Growth has a greater effect on the intrinsic value of VF's stock. **For this analysis, a range between \$14 - \$83 is provided.**

Equity Risk Premium and Beta:

		Equity Risk Premium							
		26.44	4.28%	4.38%	4.68%	4.88%	5.08%	5.18%	5.48%
Beta	1.00	45.58	44.79	42.52	41.11	39.77	39.13	37.28	
	1.25	38.07	37.31	35.18	33.86	32.60	32.00	30.29	
	1.35	35.58	34.84	32.76	31.47	30.25	29.67	28.00	
	1.60	30.30	29.60	27.65	26.44	25.30	24.76	23.20	
	1.85	26.04	25.39	23.55	22.41	21.34	20.83	19.37	
	1.95	24.56	23.92	22.12	21.01	19.97	19.47	18.05	
	2.20	21.29	20.69	18.98	17.93	16.94	16.47	15.13	

Both the ERP and beta have a direct impact on the WACC of VF because they are inputs in the CAPM formula. An increase in VF's beta has a much more significant impact on the intrinsic value versus increasing equity risk premium. Because the apparel manufacturing industry is cyclical, the beta will trend higher due to accountability

for systematic risk and volatility, this means a higher beta will decrease the intrinsic value of the stock. **For this analysis, a range between \$16 - \$46 is provided.**

Cost of Equity and Risk-Free Rate:

		Cost of Equity							
		26.44	9.26%	10.26%	11.00%	11.26%	12.00%	12.26%	13.26%
Risk-Free Rate	1.45%	35.41	35.78	36.05	36.14	36.42	36.51	36.88	
	2.45%	30.16	30.47	30.71	30.79	31.02	31.10	31.41	
	3.00%	27.72	28.01	28.22	28.29	28.50	28.58	28.87	
	3.45%	25.91	26.18	26.37	26.44	26.64	26.71	26.98	
	4.00%	23.89	24.14	24.32	24.39	24.57	24.63	24.88	
	4.45%	22.39	22.62	22.79	22.85	23.02	23.08	23.31	
	5.45%	19.42	19.62	19.77	19.82	19.97	20.02	20.23	

Changes to the risk-free rate have a greater impact on the valuation of VF versus the cost of equity. Both variables move opposite of the other, as the risk-free rate increases the share price decline, but as the cost of equity increases share price increases. We attribute this to the fact that debt and equity are relatively evenly weighted in the calculation for WACC. **For this analysis, a range between \$19 - \$37 is provided.**

Pre-tax cost of debt and Marginal Tax Rate:

		Pre-tax cost of debt							
		26.44	0.98%	2.98%	4.98%	5.98%	6.98%	8.98%	10.98%
Marginal Tax Rate	15.2%	39.84	32.92	27.74	25.62	23.73	20.51	17.89	
	17.2%	39.94	33.15	28.04	25.94	24.07	20.88	18.26	
	19.2%	40.04	33.38	28.35	26.28	24.42	21.25	18.65	
	20.2%	40.09	33.50	28.51	26.44	24.59	21.44	18.84	
	21.2%	40.14	33.61	28.66	26.61	24.77	21.63	19.04	
	23.2%	40.23	33.85	28.98	26.95	25.14	22.02	19.45	
	25.2%	40.33	34.09	29.30	27.30	25.50	22.42	19.86	

The marginal tax rate has essentially no impact on the intrinsic value of VF, roughly \$0.45 cents. While the pre-tax cost of debt has a significant impact. We attribute this to debt's total weight in the WACC, management not being able to control tax rates, as well as the cost of debt being pre-tax. **For this analysis, a range between \$18 - \$40 is provided.**

COGS % of Sales and SG&A % of Sales:

		COGS as a % of Sales							
		26.44	42.23%	43.23%	43.75%	44.23%	44.75%	45.23%	46.23%
SG&A as a % of Sales	40.14%	40.07	36.74	34.99	33.35	31.58	29.92	26.44	
	41.14%	36.74	33.35	31.58	29.92	28.12	26.44	22.92	
	41.65%	35.02	31.61	29.82	28.15	26.34	24.65	21.11	
	42.14%	33.35	29.92	28.12	26.44	24.62	22.92	19.35	
	42.65%	31.61	28.15	26.34	24.65	22.81	21.11	17.52	
	43.14%	29.92	26.44	24.62	22.92	21.07	19.35	15.75	
	44.14%	26.44	22.92	21.07	19.35	17.49	15.75	12.11	

We decided to look at our two largest expenses for our next sensitivity table. Cost of Goods Sold and Selling, General, and Administrative expenses make up roughly 86.5% of VF's total expenses. If either account is adjusted,

both EBITDA and NOPLAT change, and therefore so does the intrinsic valuation. With rising input costs in the production of apparel, we feel that the range of this analysis is vital to a correct valuation range of VF. **For this analysis, a range between \$12 - \$40 is provided.**

Dividend Payout Ratio and Dividend Yield:

		Dividend Payout Ratio							
		26.44	50.32%	52.32%	53.00%	54.32%	55.00%	56.32%	58.32%
Dividend Yield	4.05%	27.24	27.38	27.42	27.52	27.56	27.66	27.80	
	6.05%	26.70	26.84	26.89	26.98	27.03	27.12	27.25	
	7.00%	26.45	26.59	26.63	26.72	26.77	26.86	27.00	
	8.05%	26.17	26.31	26.35	26.44	26.49	26.58	26.71	
	9.00%	25.92	26.05	26.10	26.19	26.23	26.32	26.45	
	10.05%	25.64	25.77	25.82	25.91	25.95	26.04	26.17	
	12.05%	25.11	25.24	25.29	25.37	25.41	25.50	25.63	

Our final sensitivity analysis revolves around VF's history as a dividend aristocrat. For the common investor, VF's history of increasing their dividend quarter after quarter provides a very intriguing insight into their valuation. If either variable increase, VF's valuation falls but a shareholder is still receiving profit. This makes for a balancing act by management to not slash the dividend and tank the share price, but also maintain cash on hand to grow the company. **For this analysis, a range between \$25 - \$28 is provided.**

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is a complete compilation of data, and its accuracy is guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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VF Corporation

Key Assumptions of Valuation Model

Ticker Symbol	VFC
Current Share Price	\$22.44
Current Model Date	4/17/2023
FY End (month/day)	Mar. 31
Last FYE Date	4/2/2022
Next FYE Date	3/31/2023
Pre-Tax Cost of Debt	5.98%
Beta	1.60
Risk-Free Rate	3.45%
Equity Risk Premium	4.88%
CV Growth of NOPLAT	2.50%
CV Growth of EPS	2.50%
Current Dividend Yield	8.05%
Forecasted Marginal Tax Rate	20.20%
Forecasted Effective Tax Rate	22.50%
Cost of Equity	11.26%
WACC	8.45%
Normal Cash Estimate (% sales)	2.00%
Outdoor Revenue Growth ST	1.25%
Outdoor Revenue Growth LT	3.15%
Active Revenue Growth ST	-0.50%
Active Revenue Growth LT	1.85%
Work Revenue Growth ST	-1.50%
Work Revenue Growth LT	0.25%
Average Revenue Growth ST	-0.25%
Average COGS	44.23%
Average D&A	23.01%
SGA Estimate	42.14%
Average Reduction of ROUs	30.91%
Average Reduction of ROU Liab.	37.71%
inflation growth rate:	3.31%
Allowance For Doubtful Accounts Avg.	2.12%
Apparel Industry Average Dividend Payout Ratio	54.32%
Average ST Debt %	14.64%
Average LT Debt%	25.0%
Predicted Average of Treasury Rate	2.0%
Average Revenue Growth LT	1.75%
Debt Pay-Off Assumption	10.0%

VF Corporation
Revenue Decomposition

Fiscal Years Ending Mar. 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
CHANNEL REVENUES																					
Outdoor																					
Wholesale								2865.6	2855.0	2363.6	3194.9	3234.8	3275.3	3316.2	3357.6	3399.6	3506.7	3617.2	3731.1	3848.6	3969.9
Direct-to-Consumer								1770.6	1775.1	1753.9	2115.1	2141.5	2168.3	2195.4	2222.8	2250.6	2321.5	2394.6	2470.0	2547.9	2628.1
Royalty								12.8	13.8	10.1	17.6	17.9	18.1	18.3	18.5	18.8	19.4	20.0	20.6	21.2	21.9
Total								4649.0	4644.0	4127.6	5327.6	5394.2	5461.6	5529.9	5599.0	5669.0	5847.5	6031.7	6221.7	6417.7	6619.9
									0%	-11%	29%	1.25%	1%	1%	1%	1%	3.15%	3%	3%	3%	3%
Active																					
Wholesale								2460.7	2480.0	1970.7	2256.4	2245.2	2233.9	2275.3	2317.4	2360.2	2403.9	2448.4	2493.7	2539.8	2586.8
Direct-to-Consumer								2234.1	2417.4	2167.9	3102.2	3086.7	3071.3	3128.1	3186.0	3244.9	3304.9	3366.1	3428.4	3491.8	3556.4
Royalty								27.0	22.1	22.2	21.7	21.6	21.4	21.8	22.2	22.7	23.1	23.5	23.9	24.4	24.8
Total								4721.8	4919.4	4160.9	5380.3	5353.4	5326.7	5300.0	5273.5	5247.2	5344.2	5443.1	5543.8	5646.4	5750.8
									4%	-15%	29%	0%	0%	0%	-1%	0%	2%	2%	2%	2%	2%
Work																					
Wholesale								1678.5	723.9	734.9	919.1	905.3	891.7	893.9	896.2	898.4	900.7	902.9	905.2	907.4	909.7
Direct-to-Consumer								161.0	140.9	191.4	186.8	184.0	181.2	181.7	182.1	182.6	183.0	183.5	184.0	184.4	184.9
Royalty								22.6	21.6	19.4	27.3	26.9	26.5	26.5	26.6	26.7	26.7	26.8	26.9	26.9	27.0
Total		1076.0	1066.0	1104.0	1082.6	1103.8	1484.2	1862.0	886.4	945.7	1133.1	1116.2	1099.4	1082.9	1066.7	1050.7	1053.3	1055.9	1058.6	1061.2	1063.9
									-52%	7%	20%	-2%	-1%	-2%	-2%	-2%	0%	0%	0%	0%	0%
Other																					
Wholesale								22.3	30.0	4.4	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Direct-to-Consumer								101.7	8.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
Royalty								0.0													
Total		126.0	124.0					11232.8	10449.8	9234.1	11841.1	11863.8	11887.7	11912.8	11939.2	11966.8	12245.1	12530.8	12824.1	13125.3	13434.6
									-7%	-12%	28%	0.192%	0.20%	0.21%	0.22%	0.23%	2.33%	2.33%	2.34%	2.35%	2.36%
JEANS																					
Wholesale								2169.1													
Direct-to-Consumer								289.2													
Royalty								33.5													
Total		2789.0	2811.0	2802.0	2792.0	2738.0	2558.0	2491.8													
CHANNEL REVENUE GRAND TOTAL																					
Wholesale								9196.2	6088.9	5073.6	6371.2	6385.3	6400.9	6485.4	6571.2	6658.3	6811.3	6968.4	7129.9	7295.9	7466.3
Direct-to-Consumer								4556.5	4342.2	4113.6	5404.1	5412.2	5420.8	5505.2	5590.9	5678.1	5809.5	5944.2	6082.4	6224.1	6369.4
Royalty								95.9	57.4	51.7	66.6	66.3	66.0	66.7	67.4	68.1	69.2	70.3	71.4	72.6	73.7
Total		10880.0	11420.0	12282.0	12377.0	12019.0	12182.0	13848.7	10488.6	9238.8	11841.8	11863.8	11887.7	12057.2	12229.5	12404.4	12689.9	12982.9	13283.7	13592.5	13909.5
									-24%	-12%	28%	0%	0%	1%	1%	1%	2%	2%	2%	2%	2%



VF Corp. (NYS: VFC)

As Reported Annual Income Statement

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net revenues	11,419.6	12,282.2	12,376.7	12,019.0	11,811.2	3,045.4	13,848.7	10,488.6	9,238.8	11,841.8	11,863.8	11,887.7	11,912.8	11,939.2	11,966.8	12,245.1	12,530.8	12,824.1	13,125.3	13,434.6
Costs and operating expenses																				
Cost of goods sold	5,724.0	6,055.4	6,121.7	5,914.8	5,554.4	1,434.8	6,526.5	4,422.9	4,101.7	5,119.5	5,247.3	5,257.9	5,269.0	5,280.7	5,292.9	5,416.0	5,542.4	5,672.1	5,805.3	5,942.1
Depreciation & Amortization	207.5	232.8	272.1	281.6	290.5	71.5	301.0	267.6	269.1	266.9	239.7	235.8	231.9	228.2	224.7	221.4	217.6	213.9	210.3	206.7
Selling, general & administrative expenses	3,841.0	4,159.9	4,178.4	4,243.8	4,463.1	1,227.8	5,345.3	4,547.0	4,240.1	4,823.2	4,999.4	5,009.5	5,020.1	5,031.2	5,042.8	5,160.1	5,280.5	5,404.1	5,531.0	5,661.3
Impairment of goodwill & intangible assets	0.0	396.4	143.6	79.6	0.0	0.0	0.0	323.2	20.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total costs & operating expenses	9,772.5	10,844.4	10,715.7	10,519.8	10,308.1	2,734.1	12,172.8	9,560.8	8,631.2	10,209.6	10,486.4	10,503.1	10,521.0	10,540.1	10,560.4	10,797.4	11,040.4	11,290.1	11,546.6	11,810.1
Operating income (loss)	1,647.1	1,437.7	1,661.0	1,499.2	1,503.1	311.4	1,675.8	927.8	607.6	1,632.2	1,377.3	1,384.5	1,391.8	1,399.1	1,406.4	1,447.6	1,490.3	1,534.0	1,578.7	1,624.4
Interest income	4.1	6.9	7.2	9.1	16.1	3.2	22.6	19.9	9.2	5.0	25.5	32.4	21.2	24.9	2.3	12.5	0.5	19.4	186.1	253.4
Interest expense	84.8	86.7	89.4	94.7	102.0	24.4	108.1	92.0	135.7	136.5	258.6	258.3	258.5	275.4	226.1	258.8	221.1	240.3	234.9	287.7
Loss on debt extinguishment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(59.8)	0.0	(3.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income (expense), net	(4.0)	(5.5)	1.7	2.0	(0.7)	3.9	(63.0)	(68.7)	(24.7)	26.2	(22.4)	(7.0)	(1.1)	(10.1)	(6.1)	(5.8)	(7.3)	(6.4)	(6.5)	(6.7)
Income from continuing operations before income taxes	1,562.5	1,352.4	1,580.4	1,415.6	1,416.5	294.1	1,527.4	727.2	456.5	1,523.3	1,121.9	1,151.6	1,153.4	1,138.5	1,176.6	1,195.5	1,262.4	1,306.8	1,523.4	1,583.5
Income taxes expense (benefit)	352.4	304.9	348.8	243.1	695.3	33.0	268.4	98.1	101.6	307.0	226.6	232.6	233.0	230.0	237.7	241.5	255.0	264.0	307.7	319.9
Income (loss) from continuing operations	-	-	-	1,172.5	721.2	261.2	1,259.0	629.1	354.9	1,216.3	895.2	919.0	920.4	908.5	938.9	954.0	1,007.4	1,042.8	1,215.7	1,263.6
Income (loss) from discontinued operations, net of tax	-	-	-	-	-	-	0.8	50.3	53.0	170.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	1,210.1	1,047.5	1,231.6	1,074.1	614.9	252.8	1,259.8	679.4	407.9	1,386.9	895.2	919.0	920.4	908.5	938.9	954.0	1,007.4	1,042.8	1,215.7	1,263.6
Total earnings (loss) per common share - basic	2.76	2.42	2.90	2.58	1.54	0.64	3.19	1.72	1.05	3.55	2.35	2.46	2.51	2.53	2.66	2.71	2.86	2.96	3.45	3.58
Weighted average shares outstanding																				
Basic	438.66	432.61	425.41	416.10	399.22	395.25	395.19	395.41	389.66	390.29	380.67	373.29	366.14	359.21	352.51	352.63	352.67	352.67	352.65	352.62
Year end common shares outstanding	440.31	432.86	426.614	414.013	395.822	394.313	396.825	388.812	391.941	388.298	376.98	369.71	362.67	355.86	352.57	352.65	352.67	352.66	352.63	352.60
Cash dividends per common share	0.915	1.108	1.33	1.53	1.72	0.46	1.94	1.9	1.94	1.98	1.28	1.34	1.37	1.37	1.45	1.47	1.55	1.61	1.87	1.95

**VF Corp. (NYS: VFC)**

As Reported Annual Balance Sheet

ASSETS**Current Assets**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash & equivalents	776.4	971.9	945.6	1,227.9	566.1	680.8	543.0	1,369.0	815.8	1,275.9	1,617.8	1,059.5	1,244.5	116.9	622.8	27.3	970.3	1,361.5	1,842.6	2,287.3
Accounts receivable	1,360.4	1,276.2	1,319.6	1,197.7	1,422.1	1,408.6	1,708.8	1,308.1	1,298.0	1,467.8	1,400.3	1,849.6	1,920.1	1,975.8	2,090.0	2,220.4	1,834.3	1,911.9	2,001.6	2,075.0
Inventories	1,399.1	1,482.8	1,612.0	1,569.3	1,705.2	1,861.4	1,943.0	1,293.9	1,061.8	1,418.7	1,520.2	1,507.3	1,602.5	1,667.8	1,795.9	2,011.0	2,151.8	2,176.8	2,209.1	2,236.4
Short-term investments	-	-	-	-	-	-	-	-	598.8	-	-	-	-	-	-	-	-	-	-	-
Other current assets	347.1	454.9	286.0	298.2	296.7	359.0	478.6	444.9	423.9	425.6	394.5	509.1	507.4	529.8	570.3	617.9	526.7	552.9	568.8	579.7
Current assets of discontinued operations	-	-	-	-	402.1	373.6	-	611.1	587.6	-	-	-	-	-	-	-	-	-	-	-

Total current assets	3,883.0	4,185.9	4,163.1	4,293.1	4,392.1	4,683.3	4,673.5	5,027.0	4,785.9	4,588.1	4,932.7	4,925.5	5,274.6	4,290.4	5,078.9	4,876.6	5,483.1	6,003.0	6,622.1	7,178.5
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Property, plant & equipment, net	932.8	942.2	988.2	939.7	1,002.7	1,011.6	1,057.3	954.4	975.9	1,041.8	1,024.6	1,007.9	991.7	976.6	962.0	945.7	929.7	913.9	898.3	882.8
Intangible assets, net	2,960.2	2,433.6	2,112.6	1,839.7	2,089.8	2,120.1	2,024.3	1,854.5	3,029.5	3,000.4	2,985.8	2,971.7	2,958.1	2,945.6	2,933.6	2,919.8	2,906.4	2,893.2	2,880.1	2,867.1
Goodwill	2,021.8	1,825.0	1,788.4	1,737.0	1,692.6	1,693.2	1,754.9	1,156.0	2,425.4	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8	2,393.8
Operating lease right-of-use assets	-	-	-	-	-	-	-	1,273.5	1,474.4	1,247.1	1,226.5	1,206.5	1,187.1	1,169.0	1,151.6	1,132.1	1,112.9	1,094.0	1,075.3	1,056.7
Deferred income taxes	16.5	20.3	39.2	42.2	103.6	105.5	109.6	183.3	201.2	201.2	201.4	201.5	201.7	201.8	202.0	202.1	202.3	202.4	202.6	202.7
Other assets	517.7	593.6	587.2	929.9	781.3	803.0	846.9	867.8	1,062.9	1,071.1	877.5	897.2	908.0	916.4	890.6	896.6	905.3	906.2	908.9	909.1

TOTAL ASSETS	10,315.4	9,980.1	9,639.5	9,739.3	9,958.5	10,311.3	10,356.8	11,133.3	13,754.0	13,342.2	13,440.9	13,402.5	13,713.3	12,691.7	13,410.5	13,164.6	13,731.2	14,204.1	14,778.5	15,288.0
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LIABILITIES AND STOCKHOLDERS' EQUITY**Current liabilities**

Short-term borrowings	18.8	21.8	449.6	26.0	729.4	1,525.1	665.1	1,228.8	11.1	335.5	485.3	566.0	590.0	611.0	652.4	709.9	660.7	679.5	699.7	716.1
Current portion of long-term debt	5.2	4.0	13.3	253.7	6.2	6.3	5.3	1.0	1.0	501.1	507.3	501.0	939.0	2.0	752.0	2.0	586.4	586.4	586.4	586.4
Accounts payable	638.7	690.8	689.6	664.6	755.6	583.0	694.7	407.0	463.2	563.0	789.2	803.4	818.6	836.0	855.5	884.6	758.0	792.6	847.3	895.0
Accrued liabilities	905.3	903.6	789.3	841.0	1,143.3	938.4	1,296.6	1,260.3	1,609.9	1,915.9	1,472.7	1,529.0	1,597.8	1,685.4	1,774.5	1,878.8	1,733.2	1,839.4	1,926.7	1,954.3
Current liabilities of discontinued operation	-	-	-	-	110.8	86.0	-	126.8	125.3	-	-	-	-	-	-	-	-	-	-	-

Total current liabilities	1,568.0	1,620.2	1,941.7	1,785.4	2,745.2	3,138.8	2,661.6	3,023.9	2,210.5	3,315.4	3,254.5	3,399.4	3,945.5	3,134.3	4,034.3	3,475.3	3,738.3	3,898.0	4,060.1	4,151.7
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Long-term debt	1,426.8	1,423.6	1,401.8	2,039.2	2,187.8	2,212.6	2,115.9	2,608.3	5,709.1	4,584.3	4,422.5	4,352.4	4,243.0	4,125.6	4,020.9	3,923.8	3,789.7	3,658.7	3,526.1	3,397.3
Operating lease liabilities	-	-	-	-	-	-	-	1,020.7	1,236.5	1,023.8	1,006.9	990.4	974.5	959.7	945.4	929.4	913.6	898.1	882.8	867.5
Other liabilities	1,243.6	1,305.4	911.2	973.8	1,305.6	1,271.8	1,280.8	1,123.1	1,541.8	888.4	1,309.2	1,284.3	1,245.4	1,243.7	1,244.2	1,226.2	1,217.0	1,200.5	1,207.3	1,194.9

Total liabilities	4,238.4	4,349.3	4,254.7	4,798.4	6,238.6	6,623.2	6,058.3	7,775.9	10,697.9	9,811.9	9,993.1	10,026.6	10,408.4	9,463.4	10,244.9	9,554.7	9,658.6	9,655.4	9,676.2	9,611.4
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Commitments and contingencies

Stockholders' equity

Total common equity (APIC + CS)	2,856.668	3,101.401	3,299.329	3,436.9	3,622.3	3,706.0	4,021.0	4,281.0	3,875.6	4,013.5	4,021.9	4,030.3	4,038.8	4,047.2	4,055.6	4,064.1	4,066.6	4,067.4	4,067.6	4,067.7
Accumulated other comprehensive income (loss)	(211.7)	(702.3)	(1,043.2)	(1,041.5)	(926.1)	(864.0)	(902.1)	(931.0)	(1,009.0)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)	(926.6)
Retained earnings	3,432.1	3,231.8	3,128.7	2,545.5	1,023.7	846.1	1,179.6	7.3	189.5	443.5	352.4	272.2	192.7	107.7	36.6	472.4	932.6	1,407.9	1,961.2	2,535.5

Total stockholders' equity	6,077.0	5,630.9	5,384.8	4,940.9	3,719.9	3,688.1	4,298.5	3,357.3	3,056.2	3,530.4	3,447.7	3,376.0	3,304.8	3,228.3	3,165.6	3,609.9	4,072.6	4,548.7	5,102.3	5,676.5
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	10,315.4	9,980.1	9,639.5	9,739.3	9,958.5	10,311.3	10,356.8	11,133.3	13,754.0	13,342.2	13,440.8	13,402.5	13,713.2	12,691.7	13,410.5	13,164.6	13,731.2	14,204.1	14,778.5	15,287.9
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VF Corporation
Forecasted Cash Flow Statement
Fiscal Years Ending Mar. 31

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
OPERATING ACTIVITIES										
Net income (loss)	895.2	919.0	920.4	908.5	938.9	954.0	1007.4	1042.8	1215.7	1263.6
Adjustments to reconcile net income to cash provided by operating activities:										
Depreciation & amortization	239.7	235.8	231.9	228.2	224.7	221.4	217.6	213.9	210.3	206.7
Changes in operating assets and liabilities:										
Accounts receivable	67.6	-449.3	-70.6	-55.7	-114.1	-130.5	386.1	-77.6	-89.7	-73.5
Inventories	-101.5	12.9	-95.1	-65.3	-128.1	-215.1	-140.8	-25.0	-32.3	-27.3
Other current assets	31.1	-114.6	1.7	-22.4	-40.5	-47.6	91.1	-26.1	-15.9	-11.0
Accounts payable	226.2	14.2	15.2	17.3	19.5	29.1	-126.6	34.6	54.6	47.7
Operating lease right-of-use assets & liabilities	3.7	3.6	3.5	3.2	3.1	3.5	3.4	3.4	3.4	3.3
Other Assets										
Accrued liabilities	-443.2	56.3	68.8	87.5	89.1	104.3	-145.6	106.2	87.2	27.6
Cash provided by operating activities	918.9	677.7	1075.8	1101.5	992.7	919.2	1292.8	1272.3	1433.2	1437.3
INVESTING ACTIVITIES										
Change in short-term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditures	-222.5	-219.1	-215.7	-213.1	-210.1	-205.1	-201.6	-198.1	-194.7	-191.2
Capitalization of Intangible Assets	14.6	14.1	13.6	12.5	12.0	13.7	13.4	13.2	13.1	13.0
Other, net	614.4	-44.6	-49.7	-10.0	26.2	-24.0	-17.9	-17.3	4.0	-12.6
Cash provided (used) by investing activities	406.5	-249.6	-251.9	-210.6	-171.9	-215.3	-206.1	-202.2	-177.6	-190.8
FINANCING ACTIVITIES										
Net increase (decrease) in short-term borrowings										
Change in ST debt	156.1	74.4	462.0	-916.0	791.4	-692.4	535.1	18.8	20.2	16.3
Payment of debt issuance costs										
Proceeds from long-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in LT Debt	-161.8	-70.1	-109.3	-117.4	-104.7	-97.1	-134.1	-131.1	-132.6	-128.8
Share repurchases	-500.0	-500.0	-500.0	-500.0	-500.0	0.0	0.0	-1.0	-2.0	-3.0
Cash dividends paid	-486.3	-499.2	-500.0	-493.5	-510.0	-518.2	-547.2	-566.4	-660.4	-686.4
Cash received from Kontoor Brands										
Proceeds from issuance of common stock, net of shares withheld for taxes	8.4	8.4	8.4	8.4	8.4	8.4	2.5	0.8	0.2	0.1
Tax benefits of stock-based compensation										
Cash provided (used) by financing activities	-983.5	-986.5	-638.9	-2018.5	-314.9	-1299.4	-143.6	-678.9	-774.5	-801.8
Net change in cash, cash equivalents & restricted cash	341.8	-558.3	185.0	-1127.6	505.9	-595.5	943.0	391.1	481.1	444.7
Cash, cash equivalents & restricted cash - beginning of period	1275.9	1617.8	1059.5	1244.5	116.9	622.8	27.3	970.3	1361.5	1842.6
Cash, cash equivalents & restricted cash - end of period	1617.8	1059.5	1244.5	116.9	622.8	27.3	970.3	1361.5	1842.6	2287.3



VF Corp. (NYS: VFC)

As Reported Annual Cash Flow

OPERATING ACTIVITIES

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net income (loss)	1,210.1	1,047.5	1,231.6	1,074.1	614.9	252.8	1,259.8	679.4	407.9	1,386.9
Income from discontinued operations, net of tax	-	-	-	-	-	-	-	(50.3)	(53.0)	(170.7)
Income from continuing operations	-	-	-	-	-	-	-	629.1	354.9	1,216.3
Adjustments to reconcile net income to cash provided by operating activities:										
Impairment of goodwill & intangible assets	-	396.4	143.6	79.6	104.7	-	-	323.2	20.4	-
Depreciation & amortization	253.3	274.9	272.1	281.6	290.5	71.5	301.0	267.6	269.1	266.9
Reduction in the carrying amount of right-of-use assets	-	-	-	-	-	-	-	392.7	427.6	410.1
Stock-based compensation	87.1	104.3	73.4	67.8	81.6	25.4	105.2	68.2	70.8	91.4
Provision for doubtful accounts	15.8	(2.2)	12.0	17.3	21.2	2.7	22.6	32.9	20.7	(0.7)
Pension expense less than contributions	(28.1)	(9.9)	(208.7)	89.0	25.0	1.4	(1.9)	(2.8)	(23.4)	(41.3)
Deferred income taxes	(12.4)	(78.1)	7.1	(71.6)	(79.8)	-	(62.9)	(74.5)	(39.8)	(157.5)
Loss on extinguishment of debt	-	-	-	-	-	-	-	59.8	-	3.6
Loss on sale of businesses, net of tax	-	-	-	104.4	29.8	18.1	28.3	-	-	-
Other, net	14.3	4.1	(34.8)	(15.2)	(2.0)	(6.8)	(31.6)	89.6	12.4	(12.0)
Changes in operating assets and liabilities:										
Accounts receivable	(155.1)	0.9	(124.2)	47.1	(107.1)	38.7	(373.0)	(5.9)	70.5	(202.5)
Inventories	(47.2)	(130.5)	(175.1)	(37.2)	17.0	(156.3)	(135.1)	(140.7)	314.3	(380.9)
Other current assets	(9.2)	-	-	-	-	-	-	-	-	-
Accounts payable	75.1	69.8	14.2	(9.6)	21.5	(187.6)	111.7	(73.7)	20.1	105.4
Accrued compensation	(1.1)	-	-	-	-	-	-	-	-	-
Income taxes	16.6	(44.1)	(52.7)	(129.6)	460.4	(65.2)	(20.0)	(61.7)	(35.6)	201.4
Accrued liabilities	85.6	42.0	(14.5)	28.9	31.9	(172.4)	484.9	(327.5)	101.1	88.2
Operating lease right-of-use assets & liabilities	-	-	-	-	-	-	-	(388.2)	(375.3)	(444.1)
Other assets & liabilities	1.3	22.6	2.6	(48.6)	(34.9)	(65.5)	(24.6)	12.4	25.5	(286.1)
Cash provided by operating activities - continuing operations	-	-	-	-	-	-	-	800.4	1,233.3	858.2
Cash provided by operating activities - discontinued operations	-	-	-	-	-	-	-	74.1	80.0	6.1
Cash provided by operating activities	1,506.0	1,697.6	1,146.5	1,477.9	1,474.7	(243.2)	1,664.2	874.5	1,313.2	864.3

INVESTING ACTIVITIES

Business acquisitions, net of cash acquired	-	-	-	-	(740.5)	-	(320.4)	-	(2,009.2)	3.8
Proceeds from sale of businesses, net of cash sold	-	-	-	116.0	215.0	-	430.3	-	-	616.9
Purchases of short-term investments	-	-	-	-	-	-	-	-	(800.0)	-
Proceeds from sale & maturities of short-term investments	-	-	-	-	-	-	-	-	200.0	598.8
Capital expenditures	(271.2)	(234.1)	(254.5)	(175.8)	(169.6)	(54.4)	(250.6)	(288.2)	(198.7)	(245.4)
Software purchases	(54.0)	(67.9)	(63.3)	(44.2)	(65.2)	(19.3)	(56.2)	(45.6)	(75.5)	(82.9)
Other, net	(25.1)	(27.2)	(5.0)	(8.3)	(15.9)	17.7	(23.7)	48.5	(8.6)	13.1
Cash provided (used) by investing activities - continuing operations	-	-	-	-	-	-	-	(285.3)	(2,892.0)	904.3
Cash used by investing activities - discontinued operations	-	-	-	-	-	-	-	(16.7)	(3.6)	(0.5)
Cash provided (used) by investing activities	(350.3)	(329.3)	(322.8)	(112.4)	(776.3)	(56.0)	(220.6)	(302.0)	(2,895.6)	903.7

FINANCING ACTIVITIES

Net increase (decrease) in short-term borrowings	9.0	4.8	432.3	(421.1)	686.5	795.9	(864.2)	576.6	(1,217.8)	324.4
Payments on long-term debt	(404.9)	(4.8)	(4.0)	(13.3)	(254.3)	(1.5)	(6.3)	(649.1)	(1.7)	(504.2)
Payment of debt issuance costs	-	-	(1.5)	(6.8)	-	-	(2.1)	(7.3)	(21.4)	(2.5)
Proceeds from long-term debt	-	-	-	951.8	-	-	-	1,076.6	2,996.1	-
Share repurchases	(282.0)	(727.8)	(732.6)	(1,000.5)	(1,200.4)	(250.3)	(150.7)	(1,000.0)	-	(350.0)
Cash dividends paid	(402.1)	(478.9)	(565.3)	(636.0)	(684.7)	(181.4)	(767.1)	(748.7)	(756.8)	(773.2)
Cash received from Kontoor Brands	-	-	-	-	-	-	-	906.1	-	-
Proceeds from issuance of common stock, net of shares withheld for taxes	48.0	34.9	30.9	48.9	89.9	44.0	199.3	155.4	54.4	36.7
Tax benefits of stock-based compensation	48.1	64.4	56.9	-	-	-	-	-	-	-
Cash provided (used) by financing activities	(983.8)	(1,107.4)	(783.3)	(1,076.9)	(1,363.0)	406.8	(1,591.0)	309.7	1,052.9	(1,268.8)
Effect of foreign currency rate changes on cash, cash equivalents & restricted cash	7.0	(65.5)	(66.7)	(6.4)	3.0	12.2	14.8	(27.5)	(30.6)	(73.3)
Net change in cash, cash equivalents & restricted cash	178.9	195.5	(26.3)	282.3	(661.6)	119.8	(132.6)	854.7	(560.1)	425.9
Cash, cash equivalents & restricted cash - beginning of period	597.5	776.4	971.9	945.6	1,231.0	569.4	689.2	556.6	1,411.3	851.2
Cash, cash equivalents & restricted cash - end of period	776.4	971.9	945.6	1,227.9	569.4	689.2	556.6	1,411.3	851.2	1,277.1



VF Corp. (NYS: VFC)

Common Size Income Statement

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Costs and operating expenses																				
Cost of goods sold	50.12%	49.30%	49.46%	49.21%	47.03%	47.11%	47.13%	42.17%	44.40%	43.23%	44.23%	44.23%	44.23%	44.23%	44.23%	45.26%	46.31%	47.40%	48.51%	49.65%
Depreciation & Amortization	1.82%	2.04%	2.38%	2.47%	2.54%	0.63%	2.64%	2.34%	2.36%	2.34%	2.02%	1.98%	1.95%	1.91%	1.88%	1.85%	1.82%	1.79%	1.76%	1.73%
Selling, general & administrative expenses	33.64%	33.87%	33.76%	35.31%	37.79%	40.31%	38.60%	43.35%	45.89%	40.73%	42.14%	42.14%	42.14%	42.14%	42.14%	43.12%	44.13%	45.16%	46.22%	47.31%
Impairment of goodwill & intangible assets	0.00%	3.23%	1.16%	0.66%	0.00%	0.00%	0.00%	3.08%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total costs & operating expenses	85.58%	88.29%	86.58%	87.53%	87.27%	89.78%	87.90%	91.15%	93.42%	86.22%	88.39%	88.35%	88.32%	88.28%	88.25%	90.23%	92.26%	94.35%	96.49%	98.69%
Operating income (loss)	14.42%	11.71%	13.42%	12.47%	12.73%	10.22%	12.10%	8.85%	6.58%	13.78%	11.61%	11.65%	11.68%	11.72%	11.75%	12.10%	12.45%	12.82%	13.19%	13.57%
Interest income	0.04%	0.06%	0.06%	0.08%	0.14%	0.11%	0.16%	0.19%	0.10%	0.04%	0.22%	0.27%	0.18%	0.21%	0.02%	0.10%	0.00%	0.16%	1.56%	2.12%
Interest expense	0.74%	0.71%	0.72%	0.79%	0.86%	0.80%	0.78%	0.88%	1.47%	1.15%	2.18%	2.17%	2.17%	2.31%	1.89%	2.16%	1.85%	2.01%	1.96%	2.40%
Loss on debt extinguishment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.57%	0.00%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense), net	-0.04%	-0.05%	0.01%	0.02%	-0.01%	0.13%	-0.45%	-0.65%	-0.27%	0.22%	-0.19%	-0.06%	-0.01%	-0.08%	-0.05%	-0.05%	-0.06%	-0.05%	-0.05%	-0.06%
Income from continuing operations before income taxes	13.68%	11.01%	12.77%	11.78%	11.99%	9.66%	11.03%	6.93%	4.94%	12.86%	9.46%	9.69%	9.68%	9.54%	9.83%	9.99%	10.55%	10.92%	12.73%	13.23%
Income taxes expense (benefit)	3.09%	2.48%	2.82%	2.02%	5.89%	1.08%	1.94%	0.93%	1.10%	2.59%	1.91%	1.96%	1.96%	1.93%	1.99%	2.02%	2.13%	2.21%	2.57%	2.67%
Income (loss) from continuing operations	0.00%	0.00%	0.00%	9.76%	6.11%	8.58%	9.09%	6.00%	3.84%	10.27%	7.55%	7.73%	7.73%	7.61%	7.85%	7.97%	8.42%	8.71%	10.16%	10.56%
Income (loss) from discontinued operations, net of tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.48%	0.57%	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income (loss)	10.60%	8.53%	9.95%	8.94%	5.21%	8.30%	9.10%	6.48%	4.41%	11.71%	7.55%	7.73%	7.73%	7.61%	7.85%	7.97%	8.42%	8.71%	10.16%	10.56%



VF Corp. (NYS: VFC)

Common Size Balance Sheet

ASSETS

Current Assets

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash & equivalents	6.80%	7.91%	7.64%	10.22%	4.79%	22.35%	3.92%	13.05%	8.83%	10.77%	13.64%	8.91%	10.45%	0.98%	5.20%	0.23%	8.11%	11.38%	15.40%	19.11%
Accounts receivable	11.91%	10.39%	10.66%	9.96%	12.04%	46.25%	12.34%	12.47%	14.05%	12.40%	11.80%	15.56%	16.12%	16.55%	17.46%	18.55%	15.33%	15.98%	16.73%	17.34%
Inventories	12.25%	12.07%	13.02%	13.06%	14.44%	61.12%	14.03%	12.34%	11.49%	11.98%	12.81%	12.68%	13.45%	13.97%	15.01%	16.80%	17.98%	18.19%	18.46%	18.69%
Short-term investments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other current assets	3.04%	3.70%	2.31%	2.48%	2.51%	11.79%	3.46%	4.24%	4.59%	3.59%	3.33%	4.28%	4.26%	4.44%	4.77%	5.16%	4.40%	4.62%	4.75%	4.84%
Current assets of discontinued operations	0.00%	0.00%	0.00%	0.00%	3.40%	12.27%	0.00%	5.83%	6.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	34.00%	34.08%	33.64%	35.72%	37.19%	153.78%	33.75%	47.93%	51.80%	38.74%	41.58%	41.43%	44.28%	35.94%	42.44%	40.75%	45.82%	50.16%	55.34%	59.99%
Property, plant & equipment, net	8.17%	7.67%	7.98%	7.82%	8.49%	33.22%	7.63%	9.10%	10.56%	8.80%	8.64%	8.48%	8.32%	8.18%	8.04%	7.90%	7.77%	7.64%	7.51%	7.38%
Intangible assets, net	25.92%	19.81%	17.07%	15.31%	17.69%	69.62%	14.62%	17.68%	32.79%	25.34%	25.17%	25.00%	24.83%	24.67%	24.51%	24.40%	24.29%	24.18%	24.07%	23.96%
Goodwill	17.70%	14.86%	14.45%	14.45%	14.33%	55.60%	12.67%	11.02%	26.25%	20.21%	20.18%	20.14%	20.09%	20.05%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Operating lease right-of-use assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.14%	15.96%	10.53%	10.34%	10.15%	9.96%	9.79%	9.62%	9.46%	9.30%	9.14%	8.99%	8.83%
Other assets	4.53%	4.83%	4.74%	7.74%	6.61%	26.37%	6.12%	8.27%	11.50%	9.05%	7.40%	7.55%	7.62%	7.68%	7.44%	7.49%	7.56%	7.57%	7.59%	7.60%
TOTAL ASSETS	90.33%	81.26%	77.88%	81.03%	84.31%	338.58%	74.79%	106.15%	148.87%	112.67%	113.29%	112.74%	115.11%	106.30%	112.06%	110.01%	114.74%	118.70%	123.50%	127.75%

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Short-term borrowings	0.16%	0.18%	3.63%	0.22%	6.18%	50.08%	4.80%	11.72%	0.12%	2.83%	4.09%	4.76%	4.95%	5.12%	5.45%	5.93%	5.52%	5.68%	5.85%	5.98%
Current portion of long-term debt	0.05%	0.03%	0.11%	2.11%	0.05%	0.21%	0.04%	0.01%	0.01%	4.23%	4.28%	4.21%	7.88%	0.02%	6.28%	0.02%	4.90%	4.90%	4.90%	4.90%
Accounts payable	5.59%	5.62%	5.57%	5.53%	6.40%	19.14%	5.02%	3.88%	5.01%	4.75%	6.65%	6.76%	6.87%	7.00%	7.15%	7.39%	6.33%	6.62%	7.08%	7.48%
Accrued liabilities	7.93%	7.36%	6.38%	7.00%	9.68%	30.81%	9.36%	12.02%	17.43%	16.18%	12.41%	12.86%	13.41%	14.12%	14.83%	15.70%	14.48%	15.37%	16.10%	16.33%
Current liabilities of discontinued operation	0.00%	0.00%	0.00%	0.00%	0.94%	2.82%	0.00%	1.21%	1.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	13.73%	13.19%	15.69%	14.85%	23.24%	103.07%	19.22%	28.83%	23.93%	28.00%	27.43%	28.60%	33.12%	26.25%	33.71%	29.04%	31.24%	32.57%	33.93%	34.69%
Long-term debt	12.49%	11.59%	11.33%	16.97%	18.52%	72.65%	15.28%	24.87%	61.80%	38.71%	37.28%	36.61%	35.62%	34.56%	33.60%	32.79%	31.67%	30.57%	29.47%	28.39%
Operating lease liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.73%	13.38%	8.65%	8.49%	8.33%	8.18%	8.04%	7.90%	7.77%	7.63%	7.51%	7.38%	7.25%
Other liabilities	10.89%	10.63%	7.36%	8.10%	11.05%	41.76%	9.25%	10.71%	16.69%	7.50%	11.04%	10.80%	10.45%	10.42%	10.40%	10.25%	10.17%	10.03%	10.09%	9.98%
Total liabilities	37.12%	35.41%	34.38%	39.92%	52.82%	217.48%	43.75%	74.14%	115.79%	82.86%	84.23%	84.34%	87.37%	79.26%	85.61%	79.84%	80.71%	80.68%	80.86%	80.32%
Commitments and contingencies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Stockholders' equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total common equity (APIC + CS)	25.02%	25.25%	26.66%	28.60%	30.67%	121.69%	29.04%	40.82%	41.95%	33.89%	33.90%	33.90%	33.90%	33.90%	33.89%	33.96%	33.98%	33.99%	33.99%	33.99%
Accumulated other comprehensive income (loss)	-1.85%	-5.72%	-8.43%	-8.67%	-7.84%	-28.37%	-6.51%	-8.88%	-10.92%	-7.82%	-7.81%	-7.79%	-7.78%	-7.76%	-7.74%	-7.74%	-7.74%	-7.74%	-7.74%	-7.74%
Retained earnings	30.05%	26.31%	25.28%	21.18%	8.67%	27.78%	8.52%	0.07%	2.05%	3.74%	2.97%	2.29%	1.62%	0.90%	0.31%	3.95%	7.79%	11.77%	16.39%	21.19%
Total stockholders' equity	53.22%	45.85%	43.51%	41.11%	31.49%	121.10%	31.04%	32.01%	33.08%	29.81%	29.06%	28.40%	27.74%	27.04%	26.45%	30.17%	34.03%	38.01%	42.64%	47.44%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	90.33%	81.26%	77.88%	81.03%	84.31%	338.58%	74.79%	106.15%	148.87%	112.67%	113.29%	112.74%	115.11%	106.30%	112.06%	110.01%	114.74%	118.70%	123.50%	127.75%

VF Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	3.45%
Beta	1.60
Equity Risk Premium	4.88%
Cost of Equity	11.26%

ASSUMPTIONS:

10-year treasury bond
3 year monthly Historical
April Damodoran estimate from NYU Stern

Cost of Debt:

Risk-Free Rate	3.45%
Implied Default Premium	2.53%
Pre-Tax Cost of Debt	5.98%
Marginal Tax Rate	20.2%
After-Tax Cost of Debt	4.77%

10-year treasury bond

YTM on 10-year corporate bond

Market Value of Common Equity:

Total Shares Outstanding	390.29
Current Stock Price	\$22.42
MV of Equity	8,750.32

MV Weights

56.75%

Market Value of Debt:

Short-Term Debt	335.45
Current Portion of LTD	501.051
Long-Term Debt	4584.261
PV of Operating Leases	1247.056
MV of Total Debt	6,667.82

43.25%

Market Value of the Firm

15,418.14

100.00%

Estimated WACC

8.45%

VF Corporation

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

<i>Fiscal Years Ending Mar. 31</i>	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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EPS	\$ 2.35	\$ 2.46	\$ 2.51	\$ 2.53	\$ 2.66	\$ 2.71	\$ 2.86	\$ 2.96	\$ 3.45	\$ 3.58
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	24.77%
Cost of Equity	11.26%

Future Cash Flows

P/E Multiple (CV Year)										10.3x
EPS (CV Year)										\$ 3.58
Future Stock Price										\$ 36.79
Dividends Per Share	1.28	1.34	1.37	1.37	1.45	1.47	1.55	1.61	1.87	1.95
Discounted Cash Flows	1.15	1.08	0.99	0.90	0.85	0.77	0.74	0.68	0.72	0.75

Intrinsic Value as of Last FYE	\$ 45.41
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Implied Price as of Today	\$ 46.93
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VF Corporation

Relative Valuation Models

Ticker	Company	Price	EPS 2023E	EPS 2024E	P/E 23	P/E 24
LEVI-US	Levi Strauss	\$22.91	\$1.29	\$1.49	17.76	15.38
TPR-US	Tapestry	\$43.11	\$3.96	\$4.48	10.89	9.62
CPRI-US	Capri Holdings	\$47.00	\$6.22	\$7.01	7.56	6.70
RL-US	Ralph Lauren A	\$116.67	\$8.98	\$10.56	12.99	11.05
PVH	PVH Corp	\$88.91	\$9.49	\$11.49	9.37	7.74
Average					12.30	10.10
VFC	VF Corporation	\$22.42	\$2.35	\$2.46	9.5	9.1

Implied Relative Value:

P/E (EPS23) \$ 28.92

P/E (EPS24) \$ 24.86

VF Corporation
Key Management Ratios

<i>Fiscal Years Ending Mar. 31</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:																				
Working Capital Ratio (CA/CL)	2.48x	2.58x	2.14x	2.40x	1.60x	1.49x	1.76x	1.66x	2.17x	1.38x	1.52x	1.45x	1.34x	1.37x	1.26x	1.41x	1.47x	1.55x	1.64x	1.74x
NWC/Revenues	20.27%	20.89%	17.95%	20.86%	13.94%	50.71%	14.53%	19.10%	27.88%	10.75%	14.15%	12.84%	11.11%	9.67%	8.82%	11.57%	14.09%	16.62%	19.76%	22.82%
Operating Cash Flow Ratio (OCF/Current Liabilities)	1.04x	1.17x	0.61x	0.64x	0.50x	-0.06x	0.60x	0.23x	0.23x	0.16x	0.17x	0.13x	0.19x	0.23x	0.19x	0.21x	0.27x	0.27x	0.31x	0.32x
Cash Ratio (Cash/CL)	49.52%	59.98%	48.70%	68.77%	20.62%	21.69%	20.40%	45.27%	36.90%	38.49%	49.71%	31.17%	31.20%	3.68%	15.16%	1.24%	26.11%	35.26%	45.92%	55.86%
Asset-Management Ratios:																				
Degree of Operating Leverage (% change in Ebit/ % change in sales)		-2.07x	17.59x	3.63x	-0.15x	1.33x	1.04x	2.52x	3.90x	2.86x	-100.20x	2.59x	1.36x	1.34x	1.32x	1.25x	1.25x	1.24x	1.23x	1.22x
Stock Turnover Ratio (COGS/ Avg. Inv)		4.20x	3.96x	3.72x	3.39x	0.80x	3.43x	2.73x	3.48x	4.13x	3.57x	3.47x	3.41x	3.25x	3.07x	2.85x	2.66x	2.62x	2.65x	2.67x
DSO Ratio (days) (Avg. Ar/Rev.)*365	43.48	37.93	38.91	36.37	43.95	168.82	45.04	45.52	51.28	45.24	43.08	56.79	58.83	60.40	63.75	66.19	53.43	54.41	55.65	56.36
Financial Leverage Ratios:																				
Interest Coverage Ratio (Ebit/Interest Expense)	19.43x	16.58x	18.58x	15.83x	14.74x	12.76x	15.51x	10.08x	4.48x	11.96x	5.33x	5.36x	5.46x	5.22x	6.47x	5.81x	7.00x	6.64x	6.99x	5.87x
Debt Ratio (Total Debts/Total Assets)	41.09%	43.58%	44.14%	49.27%	62.65%	64.23%	58.50%	69.84%	77.78%	73.54%	74.35%	74.81%	75.95%	74.65%	76.43%	72.57%	70.22%	67.79%	65.23%	62.57%
Debt to Equity Ratio (Debt/Equity)	38.52%	24.32%	25.45%	39.50%	50.52%	59.73%	52.99%	101.41%	224.01%	177.07%	161.91%	162.93%	162.36%	161.28%	159.97%	146.58%	124.74%	107.30%	92.44%	79.82%
Debt to Capital Ratio (Debt/Capital)	19.27%	20.47%	25.72%	31.94%	44.00%	50.38%	39.33%	53.34%	65.18%	60.56%	61.10%	61.62%	63.57%	59.38%	62.91%	55.86%	54.80%	51.40%	47.87%	44.55%
Profitability Ratios:																				
Return on Equity (NI/Beg TSE)	23.61%	17.24%	21.87%	19.95%	12.45%	6.80%	34.16%	15.81%	12.15%	45.38%	25.36%	26.65%	27.73%	28.38%	30.34%	31.22%	28.74%	26.28%	27.33%	25.29%
Operating Margin (Operating Income/Revenue)	14.42%	11.71%	13.42%	12.47%	12.73%	10.22%	12.10%	8.85%	6.58%	13.78%	11.61%	11.65%	11.71%	11.76%	11.82%	11.89%	11.95%	12.02%	12.08%	12.14%
Basic Earnings Power Ratio (Operating Income/Total Ass	15.97%	14.41%	17.23%	15.39%	15.09%	3.02%	16.18%	8.33%	4.42%	12.23%	10.25%	10.33%	10.25%	11.22%	10.77%	11.26%	11.11%	11.04%	10.90%	10.82%
ROI(NI/Cost of Investment)	16.85%	13.26%	15.50%	14.25%	14.58%	11.39%	13.77%	9.70%	7.04%	15.99%	13.13%	13.18%	13.26%	13.33%	13.40%	13.49%	13.58%	13.66%	13.74%	13.82%
Payout Policy Ratios:																				
Dividend Payout Ratio (Dividend/EPS)	33%	46%	46%	59%	112%	72%	61%	110%	185%	56%	54.32%	54%	54%	54%	54%	54%	54%	54%	54%	54%
ROE		17.24%	21.87%	19.95%	12.45%	6.80%	34.16%	15.81%	12.15%	45.38%	25.36%	26.65%	27.73%	28.38%	30.34%	31.22%	28.74%	26.28%	27.33%	25.29%
LT Debt %	22.18%	24.57%	25.60%	37.44%	39.30%	39.31%	37.23%	53.97%	76.19%	61.07%	60.73%	59.86%	58.41%	56.82%	55.64%	54.40%	52.60%	50.88%	49.12%	47.41%
ROA	11.73%	10.50%	12.78%	11.03%	6.17%	2.45%	12.16%	6.10%	2.97%	10.40%	6.66%	6.86%	6.80%	7.33%	7.24%	7.48%	7.56%	7.56%	8.45%	8.49%
EBITDA Margin	14.94%	15.47%	15.13%	13.80%	13.25%	12.17%	12.62%	12.65%	7.75%	14.41%	12.23%	12.25%	12.30%	12.34%	12.37%	12.42%	12.47%	12.51%	12.56%	12.60%

VF Corporation
Present Value of Operating Lease Obligations

Fiscal Years Ending Mar. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Year 1	180.0	188.0	275.0	298.0	314.0	363.0	344.0	346.0	366.0	378.0
Year 2	159.0	157.0	220.0	256.0	259.0	306.0	273.0	272.0	315.0	320.0
Year 3	131.0	131.0	182.0	214.0	211.0	251.0	205.0	207.0	229.0	244.0
Year 4	107.0	109.0	154.0	164.0	164.0	192.0	150.0	138.0	164.0	167.0
Year 5	95.0	95.0	116.0	136.0	123.0	171.0	96.0	86.0	107.0	109.0
Thereafter	226.0	215.0	254.0	278.0	299.0	332.0	151.0	107.0	253.0	252.0
Total Minimum Payments	898.0	895.0	1201.0	1346.0	1370.0	1615.0	1219.0	1156.0	1434.0	1470.0
Less: Cumulative Interest	167.3	163.9	210.6	234.9	241.2	280.9	183.5	164.7	234.0	238.2
PV of Minimum Payments	730.7	731.1	990.4	1111.1	1128.8	1334.1	1035.5	991.3	1200.0	1231.8
Implied Interest in Year 1 Payment		43.7	43.7	59.2	66.4	67.5	79.8	61.9	59.3	71.7
Pre-Tax Cost of Debt	5.98%	5.98%	5.98%	5.98%	5.98%	5.98%	5.98%	5.98%	5.98%	5.98%
Years Implied by Year 6 Payment	2.4	2.3	2.2	2.0	2.4	1.9	1.6	1.2	2.4	2.3
Expected Obligation in Year 6 & Beyond	95	95	116	136	123	171	96	86	107	109
Present Value of Lease Payments										
PV of Year 1	169.8	177.4	259.5	281.2	296.3	342.5	324.6	326.5	345.4	356.7
PV of Year 2	141.6	139.8	195.9	227.9	230.6	272.5	243.1	242.2	280.5	284.9
PV of Year 3	110.1	110.1	152.9	179.8	177.3	210.9	172.2	173.9	192.4	205.0
PV of Year 4	84.8	86.4	122.1	130.0	130.0	152.2	118.9	109.4	130.0	132.4
PV of Year 5	71.1	71.1	86.8	101.7	92.0	127.9	71.8	64.3	80.0	81.5
PV of 6 & beyond	153.4	146.4	173.3	190.4	202.6	228.1	104.8	75.0	171.8	171.3
Capitalized PV of Payments	730.7	731.1	990.4	1111.1	1128.8	1334.1	1035.5	991.3	1200.0	1231.8

VF Corporation*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares):	0.8047
Average Time to Maturity (years):	<u>6.30</u>
Expected Annual Number of Options Exercised:	0.12773

Current Average Strike Price:	\$ 66.04
Cost of Equity:	11.26%
Current Stock Price:	\$22.42

Fiscal Years Ending Mar. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Increase in Shares Outstanding:	0.1277	0.1277	0.1277	0.1277	0.1277	0.1277	0.0383	0.0003	0.0001	0.0000
Average Strike Price:	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04	\$ 66.04
Increase in Common Stock Account:	8.44	8.44	8.44	8.44	8.44	8.44	2.53	0.02	0.01	0.00
Share Repurchases (\$)	500	500	500	500	500	0	0	4	5	6
Expected Price of Repurchased Shares:	\$ 64.49	\$ 66.56	\$ 68.69	\$ 70.90	\$ 73.17	\$ 75.52	\$ 77.94	\$ 88.44	\$ 91.27	\$ 94.20
Number of Shares Repurchased:	8	8	7	7	7	-	-	0.05	0.05	0.06
Shares Outstanding (beginning of the year)	388.30	380.67	373.29	366.14	359.21	352.51	352.63	352.62	352.57	352.52
Plus: Shares Issued Through ESOP	0.1277	0.1277	0.1277	0.1277	0.1277	0.1277	0.0383	0.0003	0.0001	0.0000
Less: Shares Repurchased in Treasury	8	8	7	7	7	-	-	0	0	0
Shares Outstanding (end of the year)	380.67	373.29	366.14	359.21	352.51	352.63	352.67	352.57	352.52	352.45

VF Corporation

Valuation of Options Granted under ESOP

Current Stock Price	\$22.42
Risk Free Rate	3.45%
Current Dividend Yield	8.05%
Annualized St. Dev. of Stock Returns	42.56%

Range of Outstanding Options	thousands Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	0.8047	66.04	6.30	\$ 1.23	\$ 1
Total	0.8047	\$ 66.04	6.30	\$ 3.25	\$ 1

VF Corporation
Sensitivity Tables

WACC

	26.44	6.45%	7.46%	8.00%	8.45%	9.00%	9.46%	10.45%
CV Growth of NOPLAT	0.50%	35.60	27.86	24.58	22.18	19.62	17.71	14.20
	1.50%	40.26	30.70	26.80	24.00	21.07	18.91	15.02
	2.00%	43.37	32.51	28.19	25.13	21.95	19.63	15.50
	2.50%	47.28	34.68	29.83	26.44	22.96	20.46	16.04
	3.00%	52.31	37.34	31.80	28.00	24.15	21.41	16.66
	3.50%	59.05	40.68	34.21	29.87	25.55	22.53	17.36
	4.50%	82.89	50.72	41.09	35.02	29.29	25.43	19.12

Equity Risk Premium

	26.44	4.28%	4.38%	4.68%	4.88%	5.08%	5.18%	5.48%
Beta	1.00	45.58	44.79	42.52	41.11	39.77	39.13	37.28
	1.25	38.07	37.31	35.18	33.86	32.60	32.00	30.29
	1.35	35.58	34.84	32.76	31.47	30.25	29.67	28.00
	1.60	30.30	29.60	27.65	26.44	25.30	24.76	23.20
	1.85	26.04	25.39	23.55	22.41	21.34	20.83	19.37
	1.95	24.56	23.92	22.12	21.01	19.97	19.47	18.05
	2.20	21.29	20.69	18.98	17.93	16.94	16.47	15.13

Cost of Equity

	26.44	9.26%	10.26%	11.00%	11.26%	12.00%	12.26%	13.26%
Risk-Free Rate	1.45%	35.41	35.78	36.05	36.14	36.42	36.51	36.88
	2.45%	30.16	30.47	30.71	30.79	31.02	31.10	31.41
	3.00%	27.72	28.01	28.22	28.29	28.50	28.58	28.87
	3.45%	25.91	26.18	26.37	26.44	26.64	26.71	26.98
	4.00%	23.89	24.14	24.32	24.39	24.57	24.63	24.88
	4.45%	22.39	22.62	22.79	22.85	23.02	23.08	23.31
	5.45%	19.42	19.62	19.77	19.82	19.97	20.02	20.23

Pre-tax cost of debt

	26.44	0.98%	2.98%	4.98%	5.98%	6.98%	8.98%	10.98%
Marginal Tax Rate	15.2%	39.84	32.92	27.74	25.62	23.73	20.51	17.89
	17.2%	39.94	33.15	28.04	25.94	24.07	20.88	18.26
	19.2%	40.04	33.38	28.35	26.28	24.42	21.25	18.65
	20.2%	40.09	33.50	28.51	26.44	24.59	21.44	18.84
	21.2%	40.14	33.61	28.66	26.61	24.77	21.63	19.04
	23.2%	40.23	33.85	28.98	26.95	25.14	22.02	19.45
	25.2%	40.33	34.09	29.30	27.30	25.50	22.42	19.86

COGS as a % of Sales

	26.44	42.23%	43.23%	43.75%	44.23%	44.75%	45.23%	46.23%
SG&A as a % of Sales	40.14%	40.07	36.74	34.99	33.35	31.58	29.92	26.44
	41.14%	36.74	33.35	31.58	29.92	28.12	26.44	22.92
	41.65%	35.02	31.61	29.82	28.15	26.34	24.65	21.11
	42.14%	33.35	29.92	28.12	26.44	24.62	22.92	19.35
	42.65%	31.61	28.15	26.34	24.65	22.81	21.11	17.52
	43.14%	29.92	26.44	24.62	22.92	21.07	19.35	15.75
	44.14%	26.44	22.92	21.07	19.35	17.49	15.75	12.11

Dividend Payout Ratio

	26.44	50.32%	52.32%	53.00%	54.32%	55.00%	56.32%	58.32%
Dividend Yield	4.05%	27.24	27.38	27.42	27.52	27.56	27.66	27.80
	6.05%	26.70	26.84	26.89	26.98	27.03	27.12	27.25
	7.00%	26.45	26.59	26.63	26.72	26.77	26.86	27.00
	8.05%	26.17	26.31	26.35	26.44	26.49	26.58	26.71
	9.00%	25.92	26.05	26.10	26.19	26.23	26.32	26.45
	10.05%	25.64	25.77	25.82	25.91	25.95	26.04	26.17
	12.05%	25.11	25.24	25.29	25.37	25.41	25.50	25.63