

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 28, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-5256



V. F. CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-1180120

(I.R.S. employer identification number)

8505 E. Orchard Road  
Greenwood Village, Colorado 80111  
(Address of principal executive offices)

(720) 778-4000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Trading Symbol(s))	(Name of each exchange on which registered)
Common Stock, without par value, stated capital, \$0.25 per share	VFC	New York Stock Exchange
0.625% Senior Notes due 2023	VFC23	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

On October 26, 2019, there were 399,373,631 shares of the registrant's common stock outstanding.

	<b>Page No.</b>
<b><u>Part I — Financial Information</u></b>	
<u>Item 1 — Financial Statements (Unaudited)</u>	3
<u>Consolidated Balance Sheets: September 2019, March 2019 and September 2018</u>	3
<u>Consolidated Statements of Income: Three and six months ended September 2019 and September 2018</u>	4
<u>Consolidated Statements of Comprehensive Income: Three and six months ended September 2019 and September 2018</u>	5
<u>Consolidated Statements of Cash Flows: Six months ended September 2019 and September 2018</u>	6
<u>Consolidated Statements of Stockholders' Equity: Three and six months ended September 2019 and September 2018</u>	8
<u>Notes to Consolidated Financial Statements</u>	10
<u>Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
<u>Item 3 — Quantitative and Qualitative Disclosures about Market Risk</u>	43
<u>Item 4 — Controls and Procedures</u>	43
<b><u>Part II — Other Information</u></b>	
<u>Item 1 — Legal Proceedings</u>	44
<u>Item 1A — Risk Factors</u>	44
<u>Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
<u>Item 6 — Exhibits</u>	45
<b><u>Signatures</u></b>	46

---

PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED).

VF CORPORATION  
Consolidated Balance Sheets  
(Unaudited)

(In thousands, except share amounts)

	September 2019	March 2019	September 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equivalents	\$ 507,605	\$ 445,119	\$ 266,788
Accounts receivable, less allowance for doubtful accounts of: September 2019 - \$20,742; March 2019 - \$19,638; September 2018 - \$19,743	1,976,154	1,465,855	1,961,274
Inventories	1,890,716	1,432,660	1,723,057
Other current assets	400,732	433,793	422,287
Current assets held-for-sale	—	—	159,852
Current assets of discontinued operations	—	896,030	884,696
<b>Total current assets</b>	<b>4,775,207</b>	<b>4,673,457</b>	<b>5,417,954</b>
Property, plant and equipment, net	871,601	915,177	893,811
Intangible assets, net	1,919,770	1,972,364	2,029,901
Goodwill	1,529,385	1,541,314	1,543,143
Operating lease right-of-use assets	1,263,903	—	—
Other assets	910,489	772,755	763,762
Other assets of discontinued operations	—	481,718	481,854
<b>TOTAL ASSETS</b>	<b>\$ 11,270,355</b>	<b>\$ 10,356,785</b>	<b>\$ 11,130,425</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	\$ 484,321	\$ 659,060	\$ 1,564,899
Current portion of long-term debt	4,986	5,263	5,885
Accounts payable	550,700	580,867	603,575
Accrued liabilities	1,364,331	1,154,932	1,064,555
Current liabilities held-for-sale	—	—	11,358
Current liabilities of discontinued operations	—	261,482	258,424
<b>Total current liabilities</b>	<b>2,404,338</b>	<b>2,661,604</b>	<b>3,508,696</b>
Long-term debt	2,090,922	2,115,884	2,150,595
Operating lease liabilities	1,028,363	—	—
Other liabilities	1,099,113	1,232,200	1,246,962
Other liabilities of discontinued operations	—	48,581	44,616
Commitments and contingencies	—	—	—
<b>Total liabilities</b>	<b>6,622,736</b>	<b>6,058,269</b>	<b>6,950,869</b>
<b>Stockholders' equity</b>			
Preferred Stock, par value \$1; shares authorized, 25,000,000; no shares outstanding at September 2019, March 2019 or September 2018	—	—	—
Common Stock, stated value \$0.25; shares authorized, 1,200,000,000; shares outstanding at September 2019 – 398,865,790; March 2019 – 396,824,662; September 2018 – 397,161,808	99,716	99,206	99,290
Additional paid-in capital	4,072,640	3,921,784	3,795,395
Accumulated other comprehensive income (loss)	(930,725)	(902,075)	(862,916)
Retained earnings	1,405,988	1,179,601	1,147,787
<b>Total stockholders' equity</b>	<b>4,647,619</b>	<b>4,298,516</b>	<b>4,179,556</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 11,270,355</b>	<b>\$ 10,356,785</b>	<b>\$ 11,130,425</b>

See notes to consolidated financial statements.

VF CORPORATION  
Consolidated Statements of Income  
(Unaudited)

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
<small>(In thousands, except per share amounts)</small>				
<b>Net revenues</b>	<b>\$ 3,393,268</b>	<b>\$ 3,219,390</b>	<b>\$ 5,664,747</b>	<b>\$ 5,356,525</b>
<b>Costs and operating expenses</b>				
Cost of goods sold	1,597,307	1,545,391	2,633,421	2,550,680
Selling, general and administrative expenses	1,216,896	1,129,013	2,318,969	2,147,760
<b>Total costs and operating expenses</b>	<b>2,814,203</b>	<b>2,674,404</b>	<b>4,952,390</b>	<b>4,698,440</b>
<b>Operating income</b>	<b>579,065</b>	<b>544,986</b>	<b>712,357</b>	<b>658,085</b>
Interest income	4,983	1,484	12,112	3,630
Interest expense	(20,810)	(28,305)	(42,937)	(55,304)
Other income (expense), net	(1,813)	(31,970)	3,785	(51,395)
<b>Income from continuing operations before income taxes</b>	<b>561,425</b>	<b>486,195</b>	<b>685,317</b>	<b>555,016</b>
Income tax expense (benefit)	(87,576)	70,071	(60,933)	77,528
<b>Income from continuing operations</b>	<b>649,001</b>	<b>416,124</b>	<b>746,250</b>	<b>477,488</b>
Income (loss) from discontinued operations, net of tax	—	90,997	(48,028)	189,991
<b>Net income</b>	<b>\$ 649,001</b>	<b>\$ 507,121</b>	<b>\$ 698,222</b>	<b>\$ 667,479</b>
<b>Earnings (loss) per common share - basic</b>				
Continuing operations	\$ 1.63	\$ 1.05	\$ 1.88	\$ 1.21
Discontinued operations	—	0.23	(0.12)	0.48
<b>Total earnings per common share - basic</b>	<b>\$ 1.63</b>	<b>\$ 1.28</b>	<b>\$ 1.76</b>	<b>\$ 1.69</b>
<b>Earnings (loss) per common share - diluted</b>				
Continuing operations	\$ 1.61	\$ 1.04	\$ 1.86	\$ 1.19
Discontinued operations	—	0.23	(0.12)	0.47
<b>Total earnings per common share - diluted</b>	<b>\$ 1.61</b>	<b>\$ 1.26</b>	<b>\$ 1.74</b>	<b>\$ 1.67</b>
<b>Weighted average shares outstanding</b>				
Basic	397,751	395,892	397,239	395,029
Diluted	402,261	401,939	402,088	400,744

See notes to consolidated financial statements.

VF CORPORATION  
Consolidated Statements of Comprehensive Income  
(Unaudited)

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
(In thousands)				
<b>Net income</b>	<b>\$ 649,001</b>	<b>\$ 507,121</b>	<b>\$ 698,222</b>	<b>\$ 667,479</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation and other				
Losses arising during the period	(70,473)	(12,600)	(57,644)	(173,758)
Income tax effect	(8,912)	(1,623)	(5,969)	(15,335)
Defined benefit pension plans				
Current period actuarial gains (losses)	(14,610)	(1,898)	(14,610)	52,042
Amortization of net deferred actuarial losses	4,014	6,655	8,033	15,477
Amortization of deferred prior service costs (credits)	12	(59)	25	610
Reclassification of net actuarial loss from settlement charge	519	1,342	519	8,184
Reclassification of deferred prior service cost due to curtailments	—	—	—	9,483
Income tax effect	2,207	(1,562)	499	(22,217)
Derivative financial instruments				
Gains arising during the period	51,396	15,240	66,170	109,869
Income tax effect	(7,048)	(89)	(10,922)	(11,447)
Reclassification to net income for (gains) losses realized	(23,688)	13,846	(34,183)	30,163
Income tax effect	3,244	(90)	6,000	(1,957)
<b>Other comprehensive income (loss)</b>	<b>(63,339)</b>	<b>19,162</b>	<b>(42,082)</b>	<b>1,114</b>
<b>Comprehensive income</b>	<b>\$ 585,662</b>	<b>\$ 526,283</b>	<b>\$ 656,140</b>	<b>\$ 668,593</b>

See notes to consolidated financial statements.

VF CORPORATION  
Consolidated Statements of Cash Flows  
(Unaudited)

Six Months Ended September

(In thousands)	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 698,222	\$ 667,479
Income (loss) from discontinued operations, net of tax	(48,028)	189,991
Income from continuing operations, net of tax	746,250	477,488
Adjustments to reconcile net income to cash used by operating activities:		
Depreciation and amortization, including operating lease right-of-use assets	321,129	129,259
Stock-based compensation	71,419	46,669
Provision for doubtful accounts	6,234	6,714
Pension expense in excess of (less than) contributions	(6,125)	1,595
Loss on sale of businesses, net of tax	—	29,791
Other, net	(99,762)	21,604
Changes in operating assets and liabilities:		
Accounts receivable	(544,133)	(806,080)
Inventories	(474,417)	(384,093)
Accounts payable	(23,959)	124,101
Income taxes	(47,082)	(91,183)
Accrued liabilities	(125,950)	333,511
Operating lease right-of-use assets and liabilities	(227,609)	—
Other assets and liabilities	25,314	14,939
Cash used by operating activities - continuing operations	(378,691)	(95,685)
Cash provided by operating activities - discontinued operations	13,213	198,636
<b>Cash provided (used) by operating activities</b>	<b>(365,478)</b>	<b>102,951</b>
<b>INVESTING ACTIVITIES</b>		
Business acquisitions, net of cash received	—	(320,405)
Proceeds from sale of businesses, net of cash sold	—	288,273
Capital expenditures	(108,596)	(129,582)
Software purchases	(25,576)	(32,710)
Other, net	59,087	(9,979)
Cash used by investing activities - continuing operations	(75,085)	(204,403)
Cash used by investing activities - discontinued operations	(2,327)	(13,924)
<b>Cash used by investing activities</b>	<b>(77,412)</b>	<b>(218,327)</b>
<b>FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term borrowings	(168,421)	40,219
Payments on long-term debt	(2,868)	(3,107)
Purchases of treasury stock	—	(480)
Cash dividends paid	(373,604)	(363,851)
Cash received from Kontoor Brands, net of cash transferred of \$126.8 million	906,148	—
Proceeds from issuance of Common Stock, net of shares withheld for taxes	50,659	130,114
<b>Cash provided (used) by financing activities</b>	<b>411,914</b>	<b>(197,105)</b>
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(5,385)	(17,270)
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(36,361)</b>	<b>(329,751)</b>
<b>Cash, cash equivalents and restricted cash – beginning of year</b>	<b>556,587</b>	<b>689,190</b>
<b>Cash, cash equivalents and restricted cash – end of period</b>	<b>\$ 520,226</b>	<b>\$ 359,439</b>

Continued on next page.  
See notes to consolidated financial statements.

VF CORPORATION  
 Consolidated Statements of Cash Flows  
 (Unaudited)

Six Months Ended September

(In thousands)

**Balances per Consolidated Balance Sheets:**

	2019	2018
Cash and cash equivalents	\$ 507,605	\$ 266,788
Other current assets	2,748	3,919
Current assets held-for-sale	—	2,059
Current and other assets of discontinued operations	—	86,009
Other assets	9,873	664
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 520,226</b>	<b>\$ 359,439</b>

See notes to consolidated financial statements.

VF CORPORATION  
Consolidated Statements of Stockholders' Equity  
(Unaudited)

**Three Months Ended September 2019**

(In thousands, except share amounts)	Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amounts				
<b>Balance, June 2019</b>	397,922,120	\$ 99,481	\$ 3,988,385	\$ (867,386)	\$ 931,134	\$ 4,151,614
Net income	—	—	—	—	649,001	649,001
Dividends on Common Stock (\$0.43 per share)	—	—	—	—	(171,066)	(171,066)
Stock-based compensation, net	943,670	235	84,255	—	(3,081)	81,409
Foreign currency translation and other	—	—	—	(79,385)	—	(79,385)
Defined benefit pension plans	—	—	—	(7,858)	—	(7,858)
Derivative financial instruments	—	—	—	23,904	—	23,904
<b>Balance, September 2019</b>	<b>398,865,790</b>	<b>\$ 99,716</b>	<b>\$ 4,072,640</b>	<b>\$ (930,725)</b>	<b>\$ 1,405,988</b>	<b>\$ 4,647,619</b>

**Three Months Ended September 2018**

(In thousands, except share amounts)	Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amounts				
<b>Balance, June 2018</b>	395,509,138	\$ 98,877	\$ 3,688,529	\$ (882,078)	\$ 825,788	\$ 3,731,116
Net income	—	—	—	—	507,121	507,121
Dividends on Common Stock (\$0.46 per share)	—	—	—	—	(182,334)	(182,334)
Purchase of treasury stock	(5,210)	(1)	—	—	(479)	(480)
Stock-based compensation, net	1,657,880	414	106,866	—	(2,309)	104,971
Foreign currency translation and other	—	—	—	(14,223)	—	(14,223)
Defined benefit pension plans	—	—	—	4,478	—	4,478
Derivative financial instruments	—	—	—	28,907	—	28,907
<b>Balance, September 2018</b>	<b>397,161,808</b>	<b>\$ 99,290</b>	<b>\$ 3,795,395</b>	<b>\$ (862,916)</b>	<b>\$ 1,147,787</b>	<b>\$ 4,179,556</b>

Continued on next page.

See notes to consolidated financial statements.



VF CORPORATION  
Consolidated Statements of Stockholders' Equity  
(Unaudited)

**Six Months Ended September 2019**

(In thousands, except share amounts)	Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amounts				
<b>Balance, March 2019</b>	396,824,662	\$ 99,206	\$ 3,921,784	\$ (902,075)	\$ 1,179,601	\$ 4,298,516
Adoption of new accounting standard, ASU 2016-02	—	—	—	—	(2,491)	(2,491)
Adoption of new accounting standard, ASU 2018-02	—	—	—	(61,861)	61,861	—
Net income	—	—	—	—	698,222	698,222
Dividends on Common Stock (\$0.94 per share)	—	—	—	—	(373,604)	(373,604)
Stock-based compensation, net	2,041,128	510	150,856	—	(27,393)	123,973
Foreign currency translation and other	—	—	—	(63,613)	—	(63,613)
Defined benefit pension plans	—	—	—	(5,534)	—	(5,534)
Derivative financial instruments	—	—	—	27,065	—	27,065
Spin-off of Jeans Business	—	—	—	75,293	(130,208)	(54,915)
<b>Balance, September 2019</b>	<b>398,865,790</b>	<b>\$ 99,716</b>	<b>\$ 4,072,640</b>	<b>\$ (930,725)</b>	<b>\$ 1,405,988</b>	<b>\$ 4,647,619</b>

**Six Months Ended September 2018**

(In thousands, except share amounts)	Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amounts				
<b>Balance, March 2018</b>	394,313,070	\$ 98,578	\$ 3,607,424	\$ (864,030)	\$ 846,124	\$ 3,688,096
Adoption of new accounting standard, ASU 2014-09	—	—	—	—	1,956	1,956
Net income	—	—	—	—	667,479	667,479
Dividends on Common Stock (\$0.92 per share)	—	—	—	—	(363,851)	(363,851)
Purchase of treasury stock	(5,210)	(1)	—	—	(479)	(480)
Stock-based compensation, net	2,853,948	713	187,971	—	(3,442)	185,242
Foreign currency translation and other	—	—	—	(189,093)	—	(189,093)
Defined benefit pension plans	—	—	—	63,579	—	63,579
Derivative financial instruments	—	—	—	126,628	—	126,628
<b>Balance, September 2018</b>	<b>397,161,808</b>	<b>\$ 99,290</b>	<b>\$ 3,795,395</b>	<b>\$ (862,916)</b>	<b>\$ 1,147,787</b>	<b>\$ 4,179,556</b>

See notes to consolidated financial statements.

## NOTE 1 — BASIS OF PRESENTATION

VF Corporation (together with its subsidiaries, collectively known as “VF” or the “Company”) uses a 52/53 week fiscal year ending on the Saturday closest to March 31 of each year. The Company's current fiscal year runs from March 31, 2019 through March 28, 2020 (“Fiscal 2020”). Accordingly, this Form 10-Q presents our second quarter of Fiscal 2020. For presentation purposes herein, all references to periods ended September 2019 and September 2018 relate to the fiscal periods ended on September 28, 2019 and September 29, 2018, respectively. References to March 2019 relate to information as of March 30, 2019.

On May 22, 2019, VF completed the spin-off of its Jeans business, which included the *Wrangler*®, *Lee*® and *Rock & Republic*® brands, as well as the *VF Outlet*™ business, into an independent, publicly traded company. As a result, VF reported the operating results for the Jeans business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income and the related cash flows have been reported as discontinued operations in the Consolidated Statements of Cash Flows, for all periods presented. In addition, the related assets and liabilities have been reported as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the date the spin-off was completed.

Additionally, the *Nautica*® brand business has been reported as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows, and the related held-for-sale assets and liabilities have been presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the April 30, 2018 date of sale. These changes have been applied to all periods presented.

Unless otherwise noted, discussion within these notes to the consolidated financial statements relates to continuing operations. Refer to Note 5 for additional information on discontinued operations.

## NOTE 2 — RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS

### *Recently Adopted Accounting Standards*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, “*Leases (Topic 842)*”, a new accounting standard on leasing. The FASB subsequently issued updates to the standard to provide additional clarification on specific topics, including permitted transition methods. Collectively, the guidance is referred to as FASB Accounting Standards Codification (“ASC”) 842. This standard requires companies to record most leased assets and liabilities on the balance sheet, and also retains a dual model approach for assessing lease classification and recognizing expense. The Company adopted this standard on March 31, 2019, utilizing the modified retrospective method and has recognized the cumulative effect of initially applying the new standard in retained earnings. The effective date of the adoption has been used as the date of initial application, and thus comparative prior period financial information has not been restated and continues to be reported under accounting standards in effect for those periods.

During the three months ended September 2018, the Company reached the decision to sell its *Reef*® brand and Van Moer businesses. The Company determined that the associated assets and liabilities met the held-for-sale accounting criteria and they were classified accordingly in the September 2018 Consolidated Balance Sheet. Refer to Note 5 for additional information on divestitures.

Certain prior year amounts have been reclassified to conform to the Fiscal 2020 presentation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all of the information and notes required by generally accepted accounting principles in the United States of America (“GAAP”) for complete financial statements. Similarly, the March 2019 condensed consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by GAAP. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly state the consolidated financial position, results of operations and cash flows of VF for the interim periods presented. Operating results for the three and six months ended September 2019 are not necessarily indicative of results that may be expected for any other interim period or for Fiscal 2020. For further information, refer to the consolidated financial statements and notes included in VF’s Annual Report on Form 10-K for the year ended March 30, 2019 (“Fiscal 2019 Form 10-K”).

The standard provides certain optional practical expedients for transition. The Company elected the transition relief package of practical expedients by applying previous accounting conclusions under ASC Topic 840, *Leases* (“ASC 840”), to all leases that existed prior to the transition date. As a result, VF did not reassess (i) whether existing or expired contracts contain leases, (ii) lease classification for any existing or expired leases, or (iii) whether lease origination costs qualified as initial direct costs. The Company also elected the land easement practical expedient, which allows the Company to apply ASC 842 prospectively to land easements after the adoption date if they were not previously accounted for under ASC 840. Certain leases contain both lease and non-lease components. For leases associated with specific asset classes, including certain real estate, vehicles, manufacturing machinery and IT equipment, VF has elected the practical expedient which permits entities to account for separate lease and non-lease components as a single component. For all other lease contracts, the Company has elected to account for each

lease component separately from the non-lease components of the contract. When applicable, VF will measure the consideration to be paid pursuant to the agreement and allocate this consideration to the lease and non-lease components based on relative stand-alone prices. Further, the Company made an accounting policy election to not recognize right-of-use assets and lease liabilities for leases with terms of 12 months or less.

The adoption of ASC 842 resulted in a net decrease of \$2.5 million in the retained earnings line item of the Consolidated Balance Sheet as of March 31, 2019. The adoption of ASC 842 also resulted in the recognition of operating lease right-of-use assets and operating lease liabilities within the Consolidated Balance Sheet. Refer to Note 10 for additional lease disclosures.

In August 2017, the FASB issued ASU No. 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*", an update that amends and simplifies certain aspects of hedge accounting rules to better portray the economic results of risk management activities in the financial statements. The FASB subsequently issued updates to the standard to provide additional guidance on specific topics. This guidance became effective for VF in the first quarter of Fiscal 2020, but did not impact VF's consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "*Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*", an update that addresses the effect of the change in the U.S. federal corporate income tax rate due to the enactment of the Tax Cuts and Jobs Act ("U.S. Tax Act") on items within accumulated other comprehensive income (loss). The guidance became effective for VF in the first quarter of Fiscal 2020. The Company elected to reclassify the income tax effects of the U.S. Tax Act on items within accumulated other comprehensive income (loss) of \$61.9 million to retained earnings, which primarily related to deferred taxes previously recorded for pension benefits. The adoption of this guidance did not have an impact on VF's consolidated results of operations or cash flows.

In June 2018, the FASB issued ASU No. 2018-07, "*Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*", an update that expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. This guidance became effective for VF in the first quarter of Fiscal 2020, but did not impact VF's consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-09, "*Codification Improvements*", an update that provides technical corrections, clarifications and other improvements across a variety of accounting topics. The transition and effective date guidance is based on the facts and circumstances of each update; however, many of them became effective for VF in the first quarter of Fiscal 2020. The guidance did not impact VF's consolidated financial statements.

#### **Recently Issued Accounting Standards**

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*", which requires entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics. This guidance will be effective for VF in the first quarter of the year ending April 3, 2021 ("Fiscal 2021") with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*", an update that modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The guidance will be effective for VF in the first quarter of Fiscal 2021 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's disclosures.

In August 2018, the FASB issued ASU No. 2018-14, "*Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*", an update that modifies the disclosure requirements for employers who sponsor defined benefit pension or other postretirement plans. The guidance will be effective for VF in Fiscal 2021 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's disclosures.

In August 2018, the FASB issued ASU No. 2018-15, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*", an update that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for VF in the first quarter of Fiscal 2021 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on VF's consolidated financial statements.

### NOTE 3 — REVENUES

The following table provides information about accounts receivable, contract assets and contract liabilities:

(In thousands)	September 2019	March 2019	September 2018
Accounts receivable, net	\$ 1,976,154	\$ 1,465,855	\$ 1,961,274
Contract assets (a)	2,433	2,569	999
Contract liabilities (b)	41,228	30,181	29,559

(a) Included in the other current assets line item in the Consolidated Balance Sheets.

(b) Included in the accrued liabilities and other liabilities line items in the Consolidated Balance Sheets.

For the three and six months ended September 2019, the Company recognized \$20.3 million and \$45.0 million, respectively, of revenue that was included in the contract liability balance during the periods. The change in the contract asset and contract liability balances primarily results from the timing differences between the Company's satisfaction of performance obligations and the customer's payment.

For the three and six months ended September 2019, revenue recognized from performance obligations satisfied, or partially satisfied, in prior periods was not material.

As of September 2019, the Company expects to recognize \$60.7 million of fixed consideration related to the future minimum guarantees in effect under its licensing agreements and expects

such amounts to be recognized over time through December 2024. The variable consideration related to licensing arrangements is not disclosed as a remaining performance obligation as it qualifies for the sales-based royalty exemption. VF has also elected the practical expedient to not disclose the transaction price allocated to remaining performance obligations for contracts with an original expected duration of one year or less.

As of September 2019, there were no arrangements with transaction price allocated to remaining performance obligations other than contracts for which the Company has applied the practical expedients and the fixed consideration related to future minimum guarantees discussed above.

#### Disaggregation of Revenue

The following tables disaggregate our revenues by channel and geography, which provides a meaningful depiction of how the nature, timing and uncertainty of revenues are affected by economic factors. The wholesale channel includes fees generated from sourcing activities as the customers and point-in-time revenue recognition are similar to other wholesale arrangements.

Three Months Ended September 2019					
(In thousands)	Outdoor	Active	Work	Other	Total
<b>Channel revenues</b>					
Wholesale	\$ 1,175,422	\$ 709,770	\$ 392,906	\$ 15,172	\$ 2,293,270
Direct-to-consumer	347,684	697,627	37,115	2,898	1,085,324
Royalty	2,831	6,237	5,606	—	14,674
<b>Total</b>	<b>\$ 1,525,937</b>	<b>\$ 1,413,634</b>	<b>\$ 435,627</b>	<b>\$ 18,070</b>	<b>\$ 3,393,268</b>
<b>Geographic revenues</b>					
United States	\$ 737,255	\$ 711,541	\$ 345,548	\$ —	\$ 1,794,344
International	788,682	702,093	90,079	18,070	1,598,924
<b>Total</b>	<b>\$ 1,525,937</b>	<b>\$ 1,413,634</b>	<b>\$ 435,627</b>	<b>\$ 18,070</b>	<b>\$ 3,393,268</b>

Three Months Ended September 2018

(In thousands)	Outdoor	Active	Work	Other	Total
<b>Channel revenues</b>					
Wholesale	\$ 1,130,716	\$ 684,028	\$ 413,453	\$ 1,265	\$ 2,229,462
Direct-to-consumer	332,548	610,672	33,357	—	976,577
Royalty	3,239	5,261	4,851	—	13,351
<b>Total</b>	<b>\$ 1,466,503</b>	<b>\$ 1,299,961</b>	<b>\$ 451,661</b>	<b>\$ 1,265</b>	<b>\$ 3,219,390</b>

<b>Geographic revenues</b>					
United States	\$ 674,076	\$ 652,494	\$ 355,438	\$ 1,265	\$ 1,683,273
International	792,427	647,467	96,223	—	1,536,117
<b>Total</b>	<b>\$ 1,466,503</b>	<b>\$ 1,299,961</b>	<b>\$ 451,661</b>	<b>\$ 1,265</b>	<b>\$ 3,219,390</b>

Six Months Ended September 2019

(In thousands)	Outdoor	Active	Work	Other	Total
<b>Channel revenues</b>					
Wholesale	\$ 1,517,178	\$ 1,369,912	\$ 770,454	\$ 17,980	\$ 3,675,524
Direct-to-consumer	614,026	1,263,514	77,967	6,352	1,961,859
Royalty	5,353	12,334	9,677	—	27,364
<b>Total</b>	<b>\$ 2,136,557</b>	<b>\$ 2,645,760</b>	<b>\$ 858,098</b>	<b>\$ 24,332</b>	<b>\$ 5,664,747</b>
<b>Geographic revenues</b>					
United States	\$ 1,040,307	\$ 1,422,746	\$ 691,708	\$ —	\$ 3,154,761
International	1,096,250	1,223,014	166,390	24,332	2,509,986
<b>Total</b>	<b>\$ 2,136,557</b>	<b>\$ 2,645,760</b>	<b>\$ 858,098</b>	<b>\$ 24,332</b>	<b>\$ 5,664,747</b>

Six Months Ended September 2018

(In thousands)	Outdoor	Active	Work	Other	Total
<b>Channel revenues</b>					
Wholesale	\$ 1,440,492	\$ 1,338,876	\$ 794,817	\$ 9,570	\$ 3,583,755
Direct-to-consumer	588,512	1,086,208	70,195	—	1,744,915
Royalty	6,099	11,814	9,942	—	27,855
<b>Total</b>	<b>\$ 2,035,103</b>	<b>\$ 2,436,898</b>	<b>\$ 874,954</b>	<b>\$ 9,570</b>	<b>\$ 5,356,525</b>
<b>Geographic revenues</b>					
United States	\$ 936,932	\$ 1,296,599	\$ 686,537	\$ 9,570	\$ 2,929,638
International	1,098,171	1,140,299	188,417	—	2,426,887
<b>Total</b>	<b>\$ 2,035,103</b>	<b>\$ 2,436,898</b>	<b>\$ 874,954</b>	<b>\$ 9,570</b>	<b>\$ 5,356,525</b>

## NOTE 4 — ACQUISITIONS

### Icebreaker

On April 3, 2018, VF acquired 100% of the stock of Icebreaker Holdings Limited ("Icebreaker") for NZ\$274.4 million (\$198.5 million) in cash, subject to working capital and other adjustments. The purchase price was primarily funded with short-term borrowings. The purchase price decreased NZ\$1.4 million (\$0.9 million) for the year ended March 2019, related to working capital adjustments, resulting in a revised purchase price of NZ\$273.0 million (\$197.6 million). The purchase price allocation was finalized during the three months ended March 2019.

Icebreaker was a privately held company based in Auckland, New Zealand. *Icebreaker*®, the primary brand, specializes in high-performance apparel based on natural fibers, including Merino wool, plant-based fibers and recycled fibers. It is an ideal complement to VF's *Smartwool*® brand, which also features Merino wool in its clothing and accessories. Together, the *Smartwool*® and *Icebreaker*® brands position VF as a global leader in the Merino wool and natural fiber categories.

The following table summarizes the estimated fair values of the Icebreaker assets acquired and liabilities assumed at the date of acquisition:

(In thousands)	April 3, 2018
Cash and equivalents	\$ 6,444
Accounts receivable	16,781
Inventories	31,728
Other current assets	3,931
Property, plant and equipment	3,858
Intangible assets	98,041
Other assets	4,758
<b>Total assets acquired</b>	<b>165,541</b>
Short-term borrowings	7,235
Accounts payable	2,075
Other current liabilities	21,262
Deferred income tax liabilities	26,870
Other noncurrent liabilities	433
<b>Total liabilities assumed</b>	<b>57,875</b>
Net assets acquired	107,666
Goodwill	89,943
<b>Purchase price</b>	<b>\$ 197,609</b>

The goodwill is attributable to the acquired workforce of Icebreaker and the significant synergies expected to arise as a result of the acquisition. All of the goodwill has been assigned to the Outdoor segment and none is expected to be deductible for tax purposes.

The *Icebreaker*® trademark, which management determined to have an indefinite life, has been valued at \$70.1 million. Amortizable intangible assets have been assigned values of \$27.8 million for customer relationships and \$0.2 million for distribution agreements. Customer relationships are being amortized using an accelerated method over 11.5 years. Distribution agreements are being amortized on a straight-line basis over four years.

Total transaction expenses for the Icebreaker acquisition of \$7.4 million were recognized in the selling, general and administrative expenses line item in the Consolidated Statements of Income, of which \$4.1 million was recognized during the six months ended September 2018 and the remainder was recognized prior to Fiscal 2019. In addition, the Company recognized a \$9.9 million gain on derivatives used to hedge the purchase price of Icebreaker in the other income (expense), net line item in the Consolidated Statements of Income, of which \$0.3 million was recognized during the six months ended September 2018 and the remainder was recognized prior to Fiscal 2019.

Pro forma results of operations of the Company would not be materially different as a result of the Icebreaker acquisition and therefore are not presented.

## Altra

On June 1, 2018, VF acquired 100% of the stock of Icon-Altra LLC, plus certain assets in Europe ("Altra"). The purchase price was \$131.7 million in cash, subject to working capital and other adjustments and was primarily funded with short-term borrowings. The purchase price decreased \$0.1 million during the year ended March 2019, related to working capital adjustments, resulting in a revised purchase price of \$131.6 million. The allocation of the purchase price was finalized during the three months ended December 2018, resulting in a decrease of goodwill

by \$1.5 million related to a final adjustment to working capital balances.

*Altra*®, the primary brand, is an athletic and performance-based lifestyle footwear brand. Altra provides VF with a unique and differentiated technical footwear brand and a capability that, when applied across VF's footwear platforms, will serve as a catalyst for growth.

The following table summarizes the estimated fair values of the Altra assets acquired and liabilities assumed at the date of acquisition:

(In thousands)	June 1, 2018
Accounts receivable	\$ 11,629
Inventories	9,310
Other current assets	575
Property, plant and equipment	1,107
Intangible assets	59,700
<b>Total assets acquired</b>	<b>82,321</b>
Accounts payable	5,068
Other current liabilities	7,415
<b>Total liabilities assumed</b>	<b>12,483</b>
Net assets acquired	69,838
Goodwill	61,719
<b>Purchase price</b>	<b>\$ 131,557</b>

The goodwill is attributable to the significant growth and synergies expected to arise as a result of the acquisition. All of the goodwill was assigned to the Outdoor segment and is expected to be deductible for tax purposes.

The *Altra*® trademark, which management determined to have an indefinite life, has been valued at \$46.4 million. Amortizable intangible assets have been assigned values of \$13.0 million for customer relationships and \$0.3 million for distribution agreements. Customer relationships are being amortized using an accelerated method over 15 years. Distribution agreements are being amortized on a straight-line basis over four years.

Total transaction expenses for the Altra acquisition were \$2.3 million, all of which were recognized in the selling, general and administrative expenses line item in the Consolidated Statement of Income during the six months ended September 2018.

Pro forma results of operations of the Company would not be materially different as a result of the Altra acquisition and therefore are not presented.

## NOTE 5 — DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

The Company continuously assesses the composition of its portfolio to ensure it is aligned with its strategic objectives and positioned to maximize growth and return to shareholders.

### Discontinued Operations

#### Jeans Business

On May 22, 2019, VF completed the spin-off its Jeans business, which included the *Wrangler*®, *Lee*® and *Rock & Republic*® brands, as well as the *VF Outlet*™ business, into an independent, publicly traded company now operating under the name Kontoor Brands, Inc. ("Kontoor Brands") and trading under the symbol "KTB" on the New York Stock Exchange. The spin-off was effected through a distribution to VF shareholders of one share of Kontoor Brands common stock for every seven shares of VF common stock held on the record date of May 10, 2019. Accordingly, the Company has reported the results of the Jeans business and the related cash flows as discontinued operations in the Consolidated Statements of Income and Consolidated Statements of Cash Flows, respectively, and presented the related assets and liabilities as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the date the spin-off was completed.

In connection with the spin-off, Kontoor Brands entered into a credit agreement with respect to \$1.55 billion in senior secured credit facilities consisting of a senior secured five-year \$750.0 million term loan A facility, a senior secured seven-year \$300.0 million term loan B facility and a five-year \$500.0 million senior secured revolving credit facility (collectively, the "Kontoor Credit Facilities"). Prior to the effective date of the spin-off, Kontoor Brands incurred \$1.05 billion of indebtedness under the Kontoor Credit Facilities, which was primarily used to fund a transfer of \$906.1 million to VF and its subsidiaries, net of \$126.8 million of cash received from VF. As a result of the spin-off, VF divested net assets of \$54.9 million, including the indebtedness under the Kontoor Credit Facilities. Also included in the net assets divested was \$75.3 million of net accumulated other comprehensive losses attributable to the Jeans business, primarily related to foreign currency translation.

The results of the *Wrangler*®, *Lee*® and *Rock & Republic*® brands were previously reported in the Jeans segment, the results of the *Wrangler*® *RIGGS* brand were previously reported in the Work segment, and the results of the non-VF products sold in *VF Outlet*™ stores were previously reported in the Other category included in the reconciliation of segment revenues and segment profit. The results of the Jeans business recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income were a loss of \$48.0 million for the six months ended September 2019, and income of \$91.0 million and \$189.6 million for the three and six months ended September 2018, respectively.

Certain corporate overhead costs and segment costs previously allocated to the Jeans business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations. The results of the Jeans business reported as discontinued operations include \$59.5 million of separation and related expenses during the six months ended September 2019.

In connection with the spin-off of the Jeans business, the Company entered into several agreements with Kontoor Brands that govern the relationship of the parties following the spin-off including the Separation and Distribution Agreement, the Tax Matters Agreement, the Transition Services Agreement, the VF Intellectual Property License Agreement and the Employee Matters Agreement. Under the terms of the Transition Services Agreement, the Company and Kontoor Brands agreed to provide each other certain transitional services including information technology, information management, human resources, employee benefits administration, supply chain, facilities, and other limited finance and accounting related services for periods up to 24 months. Payments and operating expense reimbursements for transition services are recorded within the reportable segments or within the corporate and other expenses line item, in the reconciliation of segment profit in Note 15, based on the function providing the service.

#### Nautica® Brand Business

During the three months ended December 30, 2017, the Company reached the strategic decision to exit the *Nautica*® brand business, and determined that it met the held-for-sale and discontinued operations accounting criteria. Accordingly, the Company has reported the results of the *Nautica*® brand business and the related cash flows as discontinued operations in the Consolidated Statements of Income and Consolidated Statements of Cash Flows, respectively, and presented the related held-for-sale assets and liabilities as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the date of sale.

On April 30, 2018, VF completed the sale of the *Nautica*® brand business. The Company received proceeds of \$285.8 million, net of cash sold, resulting in a final after-tax loss on sale of \$38.2 million, including a \$5.0 million decrease in the estimated loss on sale that was recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statement of Income for the six months ended September 2018.

The results of the *Nautica*® brand business recorded in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statement of Income were income of \$0.4 million (including a \$5.0 million decrease in the estimated loss on sale) for the six months ended September 2018.

Under the terms of the transition services agreement, the Company provided certain services for periods up to 12 months from the closing date of the transaction. Revenue and related expense items associated with the transition services were recorded in the Other category, and operating expense reimbursements were recorded within the corporate and other expenses line item, in the reconciliation of segment revenues and segment profit in Note 15.



### Summarized Discontinued Operations Financial Information

The following table summarizes the major line items for the Jeans business and *Nautica*® brand business that are included in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income:

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
(In thousands)				
Net revenues	\$ —	\$ 687,996	\$ 335,203	\$ 1,360,920
Cost of goods sold	—	405,210	203,124	799,604
Selling, general and administrative expenses	—	169,103	152,798	335,034
Interest, net	—	1,308	(552)	2,277
Other income (expense), net	—	(2,085)	(667)	(3,054)
<b>Income (loss) from discontinued operations before income taxes</b>	<b>—</b>	<b>112,906</b>	<b>(21,938)</b>	<b>225,505</b>
Gain on the sale of discontinued operations before income taxes	—	—	—	4,206
<b>Total income (loss) from discontinued operations before income taxes</b>	<b>—</b>	<b>112,906</b>	<b>(21,938)</b>	<b>229,711</b>
Income tax expense (a)	—	(21,909)	(26,090)	(39,720)
<b>Income (loss) from discontinued operations, net of tax</b>	<b>\$ —</b>	<b>\$ 90,997</b>	<b>\$ (48,028)</b>	<b>\$ 189,991</b>

(a) Income tax expense for the six months ended September 2019 includes additional tax expense on nondeductible transaction costs and uncertain tax positions.

The following table summarizes the carrying amounts of major classes of assets and liabilities of discontinued operations for each of the periods presented:

	September 2019	March 2019	September 2018
	(In thousands)		
Cash and equivalents	\$ —	\$ 97,892	\$ 85,993
Accounts receivable, net	—	242,941	234,790
Inventories	—	510,370	524,851
Other current assets	—	44,827	39,062
Property, plant and equipment, net	—	142,091	141,860
Intangible assets	—	51,913	54,186
Goodwill	—	213,570	219,683
Other assets	—	74,144	66,125
<b>Total assets of discontinued operations</b>	<b>\$ —</b>	<b>\$ 1,377,748</b>	<b>\$ 1,366,550</b>
Short-term borrowings	\$ —	\$ 5,995	\$ 5,617
Accounts payable	—	113,866	128,878
Accrued liabilities	—	141,621	123,929
Other liabilities	—	48,581	44,616
<b>Total liabilities of discontinued operations</b>	<b>\$ —</b>	<b>\$ 310,063</b>	<b>\$ 303,040</b>

## Other Divestitures

### Reef® Brand Business

During the three months ended September 2018, the Company reached the decision to sell the Reef® brand business, which was included in the Active segment. The Company determined the associated assets and liabilities met the held-for-sale accounting criteria and were classified accordingly in the September 2018 Consolidated Balance Sheet.

VF signed a definitive agreement for the sale of the Reef® brand business on October 2, 2018, and completed the transaction on October 26, 2018. VF received cash proceeds of \$139.4 million, and recorded a \$14.4 million final loss on sale for the year ended March 2019, of which an estimated \$9.9 million loss was recorded in the three months ended September 2018 based on the anticipated terms of the sale. The loss was included in the other income (expense), net line item in the Consolidated Statement of Income.

### Van Moer Business

During the three months ended September 2018, the Company reached the decision to sell the Van Moer business, which was acquired in connection with the Williamson-Dickie business and included in the Work segment. The Company determined the associated assets and liabilities of the business met the held-for-sale accounting criteria and were classified accordingly in the September 2018 Consolidated Balance Sheet.

VF completed the sale of the Van Moer business on October 5, 2018, and received cash proceeds of €7.0 million (\$8.1 million). VF recorded a \$22.4 million final loss on sale, which was included in the other income (expense), net line item in the Consolidated Statement of Income for the three months ended September 2018.

### Summarized Held-for-Sale Financial Information

The following table presents the assets and liabilities of the Reef® brand and Van Moer businesses at September 2018:

(in thousands)	September 2018
Cash	\$ 2,059
Accounts receivable, net	19,013
Inventories	32,856
Other current assets	1,649
Property, plant and equipment, net	4,859
Intangible assets	83,332
Goodwill	48,381
Other assets	24
Allowance to reduce assets to estimated fair value, less costs to sell	(32,321)
<b>Total assets held-for-sale</b>	<b>\$ 159,852</b>
Accounts payable	\$ 4,030
Accrued liabilities	5,857
Other liabilities	1,471
<b>Total liabilities held-for-sale</b>	<b>\$ 11,358</b>

## NOTE 6 — SALE OF ACCOUNTS RECEIVABLE

In connection with the spin-off of its Jeans business, VF terminated its agreement with the financial institution to sell trade accounts receivable on a recurring, non-recourse basis. As of September 2019, the Company had no outstanding amounts related to accounts receivable previously sold to the financial institution and no other obligations or liabilities related to the agreement.

## NOTE 7 — INVENTORIES

(In thousands)	September 2019	March 2019	September 2018
Finished products	\$ 1,747,479	\$ 1,284,293	\$ 1,579,555
Work-in-process	78,123	73,968	73,363
Raw materials	65,114	74,399	70,139
<b>Total inventories</b>	<b>\$ 1,890,716</b>	<b>\$ 1,432,660</b>	<b>\$ 1,723,057</b>

## NOTE 8 — INTANGIBLE ASSETS

(In thousands)	Weighted Average Amortization Period	Amortization Method	September 2019			March 2019
			Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Amortizable intangible assets:						
Customer relationships	17 years	Accelerated	\$ 323,365	\$ 142,530	\$ 180,835	\$ 197,129
License agreements	19 years	Accelerated	7,378	4,752	2,626	2,807
Trademark	3 years	Straight-line	800	518	282	399
Other	8 years	Straight-line	8,028	4,584	3,444	4,032
Amortizable intangible assets, net					187,187	204,367
Indefinite-lived intangible assets:						
Trademarks and trade names					1,732,583	1,767,997
<b>Intangible assets, net</b>					<b>\$ 1,919,770</b>	<b>\$ 1,972,364</b>

Intangible assets decreased during the six months ended September 2019 due to the impact of foreign currency fluctuations.

Amortization expense for the three and six months ended September 2019 was \$6.2 million and \$12.5 million, respectively. Based on the carrying amounts of amortizable intangible assets noted above, estimated amortization expense for the next five years beginning in Fiscal 2020 is \$25.3 million, \$23.9 million, \$22.4 million, \$21.0 million and \$20.2 million, respectively.

## NOTE 9 — GOODWILL

Changes in goodwill are summarized by reportable segment as follows:

(In thousands)	Outdoor	Active	Work	Total
<b>Balance, March 2019</b>	<b>\$ 983,889</b>	<b>\$ 393,956</b>	<b>\$ 163,469</b>	<b>\$ 1,541,314</b>
Currency translation	(5,988)	(5,203)	(738)	(11,929)
<b>Balance, September 2019</b>	<b>\$ 977,901</b>	<b>\$ 388,753</b>	<b>\$ 162,731</b>	<b>\$ 1,529,385</b>

No impairment charges were recorded during the six months ended September 2019 and there are no remaining accumulated impairment charges.

## NOTE 10 — LEASES

VF determines if an arrangement is or contains a lease at contract inception and determines its classification as an operating or finance lease at lease commencement. The Company leases certain retail locations, office space, distribution facilities, machinery and equipment, and vehicles. While the substantial majority of these leases are operating leases, certain distribution centers and office spaces are finance leases.

Leases for real estate typically have initial terms ranging from 3 to 15 years, generally with renewal options. Leases for equipment typically have initial terms ranging from 2 to 5 years and vehicle leases typically have initial terms ranging from 1 to 8 years. In determining the lease term used in the lease right-of-use asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease right-of-use assets and lease liabilities.

Most leases have fixed rental payments. Many of the real estate leases also require additional variable payments for occupancy-related costs, real estate taxes and insurance, as well as other payments (i.e., contingent rent) owed when sales at individual retail store locations exceed a stated base amount. Variable lease payments are excluded from the measurement of the lease liability and are recognized in profit and loss in the period in which the event or conditions that triggers those payments occur.

VF estimates the amount it expects to pay to the lessor under a residual value guarantee and includes it in lease payments used to measure the lease liability only for amounts probable of being owed by VF at the commencement date.

VF calculates lease right-of-use assets and lease liabilities as the present value of lease payments over the lease term at

The assets and liabilities related to operating and finance leases were as follows:

(In thousands)	Location in Consolidated Balance Sheet	September 2019
<b>Assets:</b>		
Operating lease assets	Operating lease right-of-use assets	\$ 1,263,903
Finance lease assets	Property, plant and equipment	23,468
<b>Total lease assets</b>		<b>\$ 1,287,371</b>
<b>Liabilities:</b>		
<b>Current</b>		
Operating lease liabilities	Accrued liabilities	\$ 295,364
Finance lease liabilities	Current portion of long-term debt	4,986
<b>Noncurrent</b>		
Operating lease liabilities	Operating lease liabilities	1,028,363
Finance lease liabilities	Long-term debt	26,278
<b>Total lease liabilities</b>		<b>\$ 1,354,991</b>

commencement date. When readily determinable, the Company uses the implicit rate to determine the present value of lease payments, which generally does not happen in practice. As the rate implicit in the majority of the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date, including the lease term, currency, country specific risk premium and adjustments for collateralized debt.

Operating lease expense is recorded as a single lease cost on a straight-line basis over the lease term. For finance leases, right-of-use asset amortization and interest on lease liabilities are presented separately in the Consolidated Statements of Income.

The Company assesses whether a sale leaseback transaction qualifies as a sale when the transaction occurs. For transactions qualifying as a sale, VF derecognizes the underlying asset and recognizes the entire gain or loss at the time of the sale. The corresponding lease entered into with the buyer-lessor is accounted for as an operating lease. During the six months ended September 2019, the Company entered into a sale leaseback transaction for certain office real estate and related assets. The transaction qualified as a sale, and thus the Company recognized a gain of \$11.3 million resulting from the transaction during the six months ended September 2019.

As of September 2019, the Company has signed certain distribution center leases that have not yet commenced but will create significant rights and obligations. The leases will commence in Fiscal 2020 and Fiscal 2021 and have lease terms of 15 years. Other leases signed that have not yet commenced are not individually significant. The Company does not have material subleases.

The components of lease costs were as follows:

(In thousands)	Three Months Ended September 2019	Six Months Ended September 2019
Operating lease cost	\$ 108,969	\$ 210,428
Finance lease cost – amortization of right-of-use assets	1,063	2,032
Finance lease cost – interest on lease liabilities	270	554
Short-term lease cost	696	1,265
Variable lease cost	29,785	57,986
Gain recognized from sale-leaseback transactions	—	(11,329)
<b>Total lease cost</b>	<b>\$ 140,783</b>	<b>\$ 260,936</b>

Supplemental cash flow information related to leases was as follows:

(In thousands)	Six Months Ended September 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows – operating leases	\$ 213,368
Operating cash flows – finance leases	553
Financing cash flows – finance leases	2,462
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases (a)	225,851
Finance leases	—

(a) Excludes amounts recorded upon adoption of ASC 842.

Lease terms and discount rates were as follows:

	September 2019
Weighted average remaining lease term:	
Operating leases	5.59 years
Finance leases	13.51 years
Weighted average discount rate:	
Operating leases	2.50 %
Finance leases	3.17 %

Maturities of operating and finance lease liabilities for the next five fiscal years (including the remainder of Fiscal 2020) and thereafter as of September 2019 were as follows:

(In thousands)	Operating Leases	Finance Leases	Total
Remainder of 2020	\$ 137,614	\$ 2,512	\$ 140,126
2021	384,214	6,532	390,746
2022	271,311	1,911	273,222
2023	198,459	1,626	200,085
2024	129,100	1,550	130,650
Thereafter	305,434	23,496	328,930
<b>Total lease payments</b>	<b>1,426,132</b>	<b>37,627</b>	<b>1,463,759</b>
Less: present value adjustment	102,405	6,363	108,768
<b>Present value of lease liabilities</b>	<b>\$ 1,323,727</b>	<b>\$ 31,264</b>	<b>\$ 1,354,991</b>

The Company excluded approximately \$283.5 million of leases (undiscounted basis) that have not yet commenced. These leases will commence beginning in Fiscal 2020 with lease terms of 2 to 15 years.

Future minimum lease payments under operating leases with noncancelable lease terms in excess of one year from continuing operations as of March 2019, prior to the adoption of ASC 842, were as follows:

(In thousands)	Operating Leases	
2020	\$	320,224
2021		287,829
2022		212,918
2023		154,920
2024		100,789
Thereafter		251,228
<b>Total lease payments</b>	<b>\$</b>	<b>1,327,908</b>

#### NOTE 11 — PENSION PLANS

The components of pension cost (income) for VF's defined benefit plans were as follows:

(In thousands)	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
Service cost – benefits earned during the period	\$ 3,410	\$ 5,561	\$ 6,791	\$ 11,785
Interest cost on projected benefit obligations	14,743	15,818	29,504	31,831
Expected return on plan assets	(23,151)	(23,197)	(46,329)	(47,031)
Settlement charges	519	1,342	519	8,184
Curtailments	—	—	—	9,483
Amortization of deferred amounts:				
Net deferred actuarial losses	4,014	6,655	8,033	15,477
Deferred prior service costs (credits)	12	(59)	25	610
<b>Net periodic pension cost (income)</b>	<b>\$ (453)</b>	<b>\$ 6,120</b>	<b>\$ (1,457)</b>	<b>\$ 30,339</b>

The amounts reported in these disclosures for prior periods have not been segregated between continuing and discontinued operations.

VF has reported the service cost component of net periodic pension cost (income) in operating income and the other components (which include interest cost, expected return on plan assets, amortization of prior service costs (credits) and actuarial losses) in the other income (expense), net line item in the Consolidated Statements of Income.

VF contributed \$4.7 million to its defined benefit plans during the six months ended September 2019, and intends to make approximately \$21.5 million of contributions during the remainder of Fiscal 2020.

In the first quarter of Fiscal 2019, VF approved a freeze of all future benefit accruals under the U.S. qualified defined benefit pension

plan and the supplemental defined benefit pension plan, effective December 31, 2018. Accordingly, the Company recognized a \$9.5 million pension curtailment loss in the other income (expense), net line item in the Consolidated Statement of Income for the six months ended September 2018.

Additionally, VF reported \$0.5 million in settlement charges in the other income (expense), net line item in the Consolidated Statements of Income for the three and six months ended September 2019, as well as \$1.3 million and \$8.2 million for the three and six months ended September 2018, respectively. The settlement charges related to the recognition of deferred actuarial losses resulting from lump sum payments of retirement benefits in the supplemental defined benefit pension plan.

Actuarial assumptions used in the interim valuation were reviewed and revised as appropriate. The discount rate used to determine the pension obligation was as follows:

Supplemental defined benefit pension plan	<b>September 2019</b>	3.23 %
---	-----------------------	--------

## NOTE 12 — CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

### Common Stock

During the six months ended September 2019, the Company did not purchase shares of Common Stock in open market transactions under its share repurchase program authorized by VF's Board of Directors. These are treated as treasury stock transactions when shares are repurchased.

Common Stock outstanding is net of shares held in treasury which are, in substance, retired. There were no shares held in treasury at the end of September 2019, March 2019 or September 2018. The

excess of the cost of treasury shares acquired over the \$0.25 per share stated value of Common Stock is deducted from retained earnings.

Prior to March 2019, VF Common Stock was also held by the Company's deferred compensation plans and was treated as treasury shares for financial reporting purposes. As of September 2019, there were no shares held in the Company's deferred compensation plans.

Balances related to shares held for deferred compensation plans were as follows:

(In thousands, except share amounts)	September 2019	March 2019	September 2018
Shares held for deferred compensation plans	—	—	169,114
Cost of shares held for deferred compensation plans	\$ —	\$ —	\$ 2,561

### Accumulated Other Comprehensive Income (Loss)

Comprehensive income consists of net income and specified components of other comprehensive income ("OCI"), which relates to changes in assets and liabilities that are not included in net income under GAAP but are instead deferred and accumulated within a separate component of stockholders' equity in the balance sheet. VF's comprehensive income is presented in the Consolidated Statements of Comprehensive Income. The deferred components of OCI are reported, net of related income taxes, in accumulated OCI in stockholders' equity, as follows:

(In thousands)	September 2019	March 2019	September 2018
Foreign currency translation and other	\$ (715,286)	\$ (725,679)	\$ (665,962)
Defined benefit pension plans	(298,326)	(243,184)	(226,039)
Derivative financial instruments	82,887	66,788	29,085
<b>Accumulated other comprehensive income (loss)</b>	<b>\$ (930,725)</b>	<b>\$ (902,075)</b>	<b>\$ (862,916)</b>

The changes in accumulated OCI, net of related taxes, were as follows:

(In thousands)	Three Months Ended September 2019			
	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, June 2019</b>	\$ (635,901)	\$ (290,468)	\$ 58,983	\$ (867,386)
Other comprehensive income (loss) before reclassifications	(79,385)	(10,896)	44,348	(45,933)
Amounts reclassified from accumulated other comprehensive income (loss)	—	3,038	(20,444)	(17,406)
Net other comprehensive income (loss)	(79,385)	(7,858)	23,904	(63,339)
<b>Balance, September 2019</b>	<b>\$ (715,286)</b>	<b>\$ (298,326)</b>	<b>\$ 82,887</b>	<b>\$ (930,725)</b>

(In thousands)	Three Months Ended September 2018			
	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, June 2018</b>	\$ (651,739)	\$ (230,517)	\$ 178	\$ (882,078)
Other comprehensive income (loss) before reclassifications	(14,223)	(1,416)	15,151	(488)
Amounts reclassified from accumulated other comprehensive income (loss)	—	5,894	13,756	19,650
Net other comprehensive income (loss)	(14,223)	4,478	28,907	19,162
<b>Balance, September 2018</b>	<b>\$ (665,962)</b>	<b>\$ (226,039)</b>	<b>\$ 29,085</b>	<b>\$ (862,916)</b>

## Six Months Ended September 2019

In thousands	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, Balance, March 2019</b>	\$ (725,679)	\$ (243,184)	\$ 66,788	\$ (902,075)
Adoption of new accounting standard, ASU 2018-02	(9,088)	(50,402)	(2,371)	(61,861)
Other comprehensive income (loss) before reclassifications	(63,613)	(11,719)	55,248	(20,084)
Amounts reclassified from accumulated other comprehensive income (loss)	—	6,185	(28,183)	(21,998)
Spin-off of Jeans Business	83,094	794	(8,595)	75,293
Net other comprehensive income (loss)	10,393	(55,142)	16,099	(28,650)
<b>Balance, September 2019</b>	<b>\$ (715,286)</b>	<b>\$ (298,326)</b>	<b>\$ 82,887</b>	<b>\$ (930,725)</b>

## Six Months Ended September 2018

In thousands	Foreign Currency Translation and Other	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, March 2018</b>	\$ (476,869)	\$ (289,618)	\$ (97,543)	\$ (864,030)
Other comprehensive income (loss) before reclassifications	(189,093)	38,812	98,422	(51,859)
Amounts reclassified from accumulated other comprehensive income (loss)	—	24,767	28,206	52,973
Net other comprehensive income (loss)	(189,093)	63,579	126,628	1,114
<b>Balance, September 2018</b>	<b>\$ (665,962)</b>	<b>\$ (226,039)</b>	<b>\$ 29,085</b>	<b>\$ (862,916)</b>

Reclassifications out of accumulated OCI were as follows:

(In thousands) Details About Accumulated Other Comprehensive Income (Loss) Components		Affected Line Item in the Consolidated Statements of Income	Three Months Ended September		Six Months Ended September	
			2019	2018	2019	2018
Amortization of defined benefit pension plans:						
Net deferred actuarial losses	Other income (expense), net		\$ (4,014)	\$ (6,655)	\$ (8,033)	\$ (15,477)
Deferred prior service (costs) credits	Other income (expense), net		(12)	59	(25)	(610)
Pension curtailment losses and settlement charges	Other income (expense), net		(519)	(1,342)	(519)	(17,667)
Total before tax			(4,545)	(7,938)	(8,577)	(33,754)
Tax benefit			1,507	2,044	2,392	8,987
Net of tax			(3,038)	(5,894)	(6,185)	(24,767)
Gains (losses) on derivative financial instruments:						
Foreign exchange contracts	Net sales		(2,814)	4,527	(5,719)	5,472
Foreign exchange contracts	Cost of goods sold		22,727	(14,638)	33,832	(26,576)
Foreign exchange contracts	Selling, general and administrative expenses		1,382	(1,522)	2,098	(4,220)
Foreign exchange contracts	Other income (expense), net		3,696	(970)	6,568	(2,363)
Interest rate contracts	Interest expense		(1,303)	(1,243)	(2,596)	(2,476)
Total before tax			23,688	(13,846)	34,183	(30,163)
Tax (expense) benefit			(3,244)	90	(6,000)	1,957
Net of tax			20,444	(13,756)	28,183	(28,206)
<b>Total reclassifications for the period, net of tax</b>			<b>\$ 17,406</b>	<b>\$ (19,650)</b>	<b>\$ 21,998</b>	<b>\$ (52,973)</b>



## NOTE 13 — STOCK-BASED COMPENSATION

### Spin-Off of Jeans Business

In connection with the spin-off of the Jeans business on May 22, 2019, the Company adjusted its outstanding equity awards in accordance with the terms of the Employee Matters Agreement between the Company and Kontoor Brands. Adjustments to the underlying shares and terms of outstanding stock options, restricted stock units ("RSUs") and restricted stock were made to preserve the intrinsic value of the awards immediately before the separation. The adjustment of the underlying shares and exercise prices, as applicable, was determined using a ratio based on the relative values of the VF pre-distribution stock value and the VF post-distribution stock value as determined by the Company. The outstanding awards continue to vest over their original vesting

periods. The Company will recognize \$13.0 million of total incremental compensation cost related to the adjustment of the VF equity awards, of which \$0.3 million and \$12.3 million were recognized during the three and six months ended September 2019, respectively.

In connection with the spin-off, stock options to purchase 756,709 shares of VF Common Stock, 52,018 performance-based RSUs, 79,187 nonperformance-based RSUs and 112,763 restricted shares of VF Common Stock were converted into Kontoor Brands equity awards.

### Incentive Equity Awards Granted

During the six months ended September 2019, VF granted stock options to employees and nonemployee members of VF's Board of Directors to purchase 1,478,107 shares of its Common Stock at a weighted average exercise price of \$84.31 per share. The exercise price of each option granted was equal to the fair market value of VF Common Stock on the date of grant. Employee stock options vest in equal annual installments over three years. Stock options granted to nonemployee members of VF's Board of Directors vest upon grant and become exercisable one year from the date of grant.

The grant date fair value of each option award was calculated using a lattice option-pricing valuation model, which incorporated a range of assumptions for inputs as follows:

	Six Months Ended September 2019
Expected volatility	24% to 27%
Weighted average expected volatility	25%
Expected term (in years)	6.1 to 7.6
Weighted average dividend yield	2.5%
Risk-free interest rate	1.8% to 2.4%
Weighted average fair value at date of grant	\$17.22

Also during the six months ended September 2019, VF granted 272,277 performance-based RSUs to employees that enable them to receive shares of VF Common Stock at the end of a three-year performance cycle. Each performance-based RSU has a potential final payout ranging from zero to two shares of VF Common Stock. The number of shares earned by participants, if any, is based on achievement of three-year financial targets set by the Talent and Compensation Committee of the Board of Directors. Shares will be issued to participants in the year following the conclusion of the three-year performance period. The weighted average fair market value of VF Common Stock at the dates the units were granted was \$84.30 per share.

The actual number of performance-based RSUs earned may also be adjusted upward or downward by 25% of the target award, based on how VF's total shareholder return ("TSR") over the three-year period compares to the TSR for companies included in the Standard & Poor's 500 Consumer Discretionary Index. The grant date fair value of the TSR-based adjustment related to the performance-based RSU grants was determined using a Monte Carlo simulation technique that incorporates option-pricing model inputs, and was \$7.11 per share.

VF granted 10,780 nonperformance-based RSUs to nonemployee members of the Board of Directors during the six months ended September 2019. These units vest upon grant and will be settled

in shares of VF Common Stock one year from the date of grant. The fair market value of VF Common Stock at the date the units were granted was \$84.23 per share.

VF granted 7,500 nonperformance-based RSUs to certain key employees in international jurisdictions during the six months ended September 2019. These units vest 50% over a two-year period and 50% over a four-year period from the date of grant and each unit entitles the holder to one share of VF Common Stock. The fair market value of VF Common Stock at the date the units were granted was \$84.23 per share.

In addition, VF granted 163,559 nonperformance-based RSUs to employees during the six months ended September 2019. These awards vest 50% over a two-year period and 50% over a four-year period from the date of grant and entitle the holder to one share of VF Common Stock. The weighted average fair market value of VF Common Stock at the dates the units were granted was \$84.39 per share.

VF granted 63,621 restricted shares of VF Common Stock to certain members of management during the six months ended September 2019. These shares vest over periods of up to four years from the date of grant. The weighted average fair market value of VF Common Stock at the dates the shares were granted was \$86.03 per share.

## NOTE 14 — INCOME TAXES

On May 19, 2019, Switzerland voted to approve the Federal Act on Tax Reform and AHV Financing ("Swiss Tax Act"). Certain provisions of the Swiss Tax Act were enacted during the second quarter of Fiscal 2020, which resulted in adjustments to deferred tax assets and liabilities. A net tax benefit of \$164.4 million was recorded during the second quarter. It is expected that additional provisions may be enacted in subsequent periods resulting in further adjustments. We continue to monitor and assess the impact the Swiss Tax Act may have on the Company.

The effective income tax rate for the six months ended September 2019 was (8.9)% compared to 14.0% in the 2018 period. The six months ended September 2019 included a net discrete tax benefit of \$177.6 million, which included a \$6.9 million tax benefit related to stock compensation, a \$6.7 million net tax benefit related to unrecognized tax benefits and interest and a \$164.4 million tax benefit related to the Swiss Tax Act. The \$177.6 million net discrete tax benefit in the 2019 period reduced the effective income tax rate by 25.9%. The 2018 period included a net discrete tax benefit of \$1.9 million, which included a \$17.6 million tax benefit related to stock compensation, a \$1.0 million net tax expense related to unrecognized tax benefits and interest, a \$12.9 million net tax expense related to adjustments to provisional amounts recorded in 2017 under the U.S. Tax Act and a \$1.6 million tax expense related to adjustments to previously recognized state income tax credits. The \$1.9 million net discrete tax benefit in the 2018 period reduced the effective income tax rate by 0.3%. Without discrete items, the effective income tax rate for the six months ended September 2019 increased by 2.7% compared with the 2018 period primarily due to a lower percentage of income in lower tax rate jurisdictions.

VF files a consolidated U.S. federal income tax return, as well as separate and combined income tax returns in numerous state and international jurisdictions. In the U.S., the Internal Revenue Service ("IRS") examinations for tax years through 2015 have been effectively settled. The examination of Timberland's 2011 tax return is ongoing.

In addition, VF is currently subject to examination by various state and international tax authorities. Management regularly assesses the potential outcomes of both ongoing and future examinations for the current and prior years, and has concluded that VF's provision for income taxes is adequate. The outcome of any one examination is not expected to have a material impact on VF's consolidated financial statements. Management believes that some of these audits and negotiations will conclude during the next 12 months.

VF was granted a ruling which lowered the effective income tax rate on taxable earnings for years 2010 through 2014 under Belgium's excess profit tax regime. In February 2015, the European Union Commission ("EU") opened a state aid investigation into Belgium's rulings. On January 11, 2016, the EU announced its decision that these rulings were illegal and ordered that tax benefits granted under these rulings should be collected from the affected companies, including VF.

On March 22, 2016, the Belgium government filed an appeal seeking annulment of the EU decision. Additionally, on June 21, 2016, VF Europe BVBA filed its own application for annulment of the EU decision.

On December 22, 2016, Belgium adopted a law which entitled the Belgium tax authorities to issue tax assessments, and demand timely payments from companies which benefited from the excess profits regime. On January 10, 2017, VF Europe BVBA received an assessment for €31.9 million tax and interest related to excess profits benefits received in prior years. VF Europe BVBA remitted €31.9 million (\$33.9 million) on January 13, 2017, which was recorded as an income tax receivable based on the expected success of the aforementioned requests for annulment. An additional assessment of €3.1 million (\$3.8 million) was received and paid in January 2018. On February 14, 2019 the General Court annulled the EU decision and on April 26, 2019 the EU appealed the General Court's annulment. Both listed requests for annulment remain open and unresolved. Additionally, the EU has initiated proceedings related to individual rulings granted by Belgium, including the ruling granted to VF. If this matter is adversely resolved, these amounts will not be collected by VF.

During the six months ended September 2019, the amount of net unrecognized tax benefits and associated interest decreased by \$25.5 million to \$148.4 million. Management believes that it is reasonably possible that the amount of unrecognized income tax benefits and interest may decrease during the next 12 months by approximately \$14.9 million related to the completion of examinations and other settlements with tax authorities and the expiration of statutes of limitations, of which \$9.7 million would reduce income tax expense.

## NOTE 15 — REPORTABLE SEGMENT INFORMATION

The chief operating decision maker allocates resources and assesses performance based on a global brand view which represents VF's operating segments. The operating segments have been evaluated and combined into reportable segments because they meet the similar economic characteristics and qualitative aggregation criteria set forth in the relevant accounting guidance. The Company's reportable segments have been identified as:

Outdoor, Active and Work. We have included an Other category in the table below for purposes of reconciliation of revenues and profit, but it is not considered a reportable segment. Other includes results related to the sale of non-VF products and transition services primarily related to the sale of the *Nautica*® brand business.

Financial information for VF's reportable segments was as follows:

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
(In thousands)				
Segment revenues:				
Outdoor	\$ 1,525,937	\$ 1,466,503	\$ 2,136,557	\$ 2,035,103
Active	1,413,634	1,299,961	2,645,760	2,436,898
Work	435,627	451,661	858,098	874,954
Other	18,070	1,265	24,332	9,570
<b>Total segment revenues</b>	<b>\$ 3,393,268</b>	<b>\$ 3,219,390</b>	<b>\$ 5,664,747</b>	<b>\$ 5,356,525</b>
Segment profit:				
Outdoor	\$ 256,382	\$ 258,121	\$ 176,112	\$ 174,626
Active	388,200	351,051	695,766	620,248
Work	39,210	51,320	86,235	100,247
Other	2,381	717	765	2,950
<b>Total segment profit</b>	<b>686,173</b>	<b>661,209</b>	<b>958,878</b>	<b>898,071</b>
Corporate and other expenses(a)	(108,921)	(148,193)	(242,736)	(291,381)
Interest expense, net	(15,827)	(26,821)	(30,825)	(51,674)
<b>Income from continuing operations before income taxes</b>	<b>\$ 561,425</b>	<b>\$ 486,195</b>	<b>\$ 685,317</b>	<b>\$ 555,016</b>

(a) Certain corporate overhead and other costs of \$21.0 million and \$45.6 million for the three and six-month periods ended September 2018, respectively, previously allocated to the former Jeans segment and Other category for segment reporting purposes, have been reallocated to continuing operations.

## NOTE 16 — EARNINGS PER SHARE

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
(In thousands, except per share amounts)				
Earnings per share – basic:				
Income from continuing operations	\$ 649,001	\$ 416,124	\$ 746,250	\$ 477,488
Weighted average common shares outstanding	397,751	395,892	397,239	395,029
<b>Earnings per share from continuing operations</b>	<b>\$ 1.63</b>	<b>\$ 1.05</b>	<b>\$ 1.88</b>	<b>\$ 1.21</b>
Earnings per share – diluted:				
Income from continuing operations	\$ 649,001	\$ 416,124	\$ 746,250	\$ 477,488
Weighted average common shares outstanding	397,751	395,892	397,239	395,029
Incremental shares from stock options and other dilutive securities	4,510	6,047	4,849	5,715
Adjusted weighted average common shares outstanding	402,261	401,939	402,088	400,744
<b>Earnings per share from continuing operations</b>	<b>\$ 1.61</b>	<b>\$ 1.04</b>	<b>\$ 1.86</b>	<b>\$ 1.19</b>

Outstanding options to purchase approximately 1.5 million shares were excluded from the calculations of diluted earnings per share for both the three and six-month periods ended September 2019, and outstanding options to purchase approximately 20,000 and 0.9 million shares were excluded from the calculations of diluted earnings per share for the three and six-month periods ended September 2018, respectively, because the effect of their inclusion would have been anti-dilutive.

In addition, 0.8 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and six-month periods ended September 2019, and 0.9 million shares of performance-based RSUs were excluded from the calculations of diluted earnings per share for both the three and six-month periods ended September 2018, because these units were not considered to be contingent outstanding shares in those periods.

## NOTE 17 — FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities measured and reported at fair value are classified in a three-level hierarchy that prioritizes the inputs used in the valuation process. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy is based on the observability and objectivity of the pricing inputs, as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable

data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities, or (iii) information derived from or corroborated by observable market data.

- Level 3 — Prices or valuation techniques that require significant unobservable data inputs. These inputs would normally be VF's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

### Recurring Fair Value Measurements

The following table summarizes financial assets and financial liabilities that are measured and recorded in the consolidated financial statements at fair value on a recurring basis:

(In thousands)	Total Fair Value	Fair Value Measurement Using (a)		
		Level 1	Level 2	Level 3
<b>September 2019</b>				
Financial assets:				
Cash equivalents:				
Money market funds	\$ 294,095	\$ 294,095	\$ —	\$ —
Time deposits	5,335	5,335	—	—
Derivative financial instruments	90,462	—	90,462	—
Investment securities	126,367	119,443	6,924	—
Financial liabilities:				
Derivative financial instruments	12,352	—	12,352	—
Deferred compensation	135,313	—	135,313	—

(In thousands)	Total Fair Value	Fair Value Measurement Using (a)		
		Level 1	Level 2	Level 3
<b>March 2019</b>				
Financial assets:				
Cash equivalents:				
Money market funds	\$ 248,560	\$ 248,560	\$ —	\$ —
Time deposits	8,257	8,257	—	—
Derivative financial instruments	92,771	—	92,771	—
Investment securities	186,698	176,209	10,489	—
Financial liabilities:				
Derivative financial instruments	22,337	—	22,337	—
Deferred compensation	199,336	—	199,336	—

The amounts reported in the table above for prior periods have not been segregated between continuing and discontinued operations. The March 2019 balances include \$50.8 million of deferred compensation liabilities and associated assets related to the Jeans business, which were transferred in connection with the spin-off.

(a) There were no transfers among the levels within the fair value hierarchy during the six months ended September 2019 or the year ended March 2019.

VF's cash equivalents include money market funds and short-term time deposits that approximate fair value based on Level 1 measurements. The fair value of derivative financial instruments, which consist of foreign exchange forward contracts, is determined based on observable market inputs (Level 2), including spot and forward exchange rates for foreign currencies, and considers the credit risk of the Company and its counterparties. Investment securities are held in VF's deferred compensation plans as an economic hedge of the related deferred compensation liabilities. These investments primarily include mutual funds (Level 1) that are valued based on quoted prices in active markets and a separately managed fixed-income fund (Level 2) with underlying investments that are valued based on quoted prices for similar assets in active markets or quoted prices in inactive markets for identical assets. Liabilities related to VF's deferred compensation plans are recorded at amounts due to participants, based on the fair value of the participants' selection of hypothetical investments.

All other financial assets and financial liabilities are recorded in the consolidated financial statements at cost, except life insurance contracts which are recorded at cash surrender value. These other financial assets and financial liabilities include cash held as demand deposits, accounts receivable, short-term borrowings, accounts payable and accrued liabilities. At September 2019 and March 2019, their carrying values approximated fair value. Additionally, at September 2019 and March 2019, the carrying

values of VF's long-term debt, including the current portion, were \$2,095.9 million and \$2,121.1 million, respectively, compared with fair values of \$2,388.4 million and \$2,318.6 million at those respective dates. Fair value for long-term debt is a Level 2 estimate based on quoted market prices or values of comparable borrowings.

### Nonrecurring Fair Value Measurements

Certain non-financial assets, primarily property, plant and equipment, goodwill and intangible assets, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, these assets are required to be assessed for impairment whenever events or circumstances indicate that their carrying value may not be fully recoverable, and at least annually for goodwill and indefinite-lived intangible assets. In the event an impairment is required, the asset is adjusted to estimated fair value, using market-based assumptions.

During the three months ended September 2019, management performed a quantitative impairment analysis of the Timberland reporting unit goodwill and indefinite-lived trademark intangible asset. Based on the analysis, management concluded both the goodwill and indefinite-lived trademark intangible asset were not impaired. See Critical Accounting Policies and Estimates within Management's Discussion and Analysis for additional discussion.

## NOTE 18 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

### Summary of Derivative Financial Instruments

All of VF's outstanding derivative financial instruments are foreign exchange forward contracts. Although derivatives meet the criteria for hedge accounting at the inception of the hedging relationship, a limited number of derivative contracts intended to hedge assets and liabilities are not designated as hedges for accounting purposes. The notional amounts of all outstanding derivative

contracts were \$2.8 billion at both September 2019 and March 2019 and \$2.7 billion at September 2018, consisting primarily of contracts hedging exposures to the euro, British pound, Canadian dollar, Mexican peso, Swiss franc, South Korean won, Swedish krona, Japanese yen, New Zealand dollar and Polish zloty. Derivative contracts have maturities up to 20 months.

The following table presents outstanding derivatives on an individual contract basis:

	Fair Value of Derivatives with Unrealized Gains			Fair Value of Derivatives with Unrealized Losses		
	September 2019	March 2019	September 2018	September 2019	March 2019	September 2018
(In thousands)						
Foreign currency exchange contracts designated as hedging instruments	\$ 82,756	\$ 92,356	\$ 58,646	\$ (10,944)	\$ (21,798)	\$ (15,218)
Foreign currency exchange contracts not designated as hedging instruments	7,706	415	—	(1,408)	(539)	(146)
<b>Total derivatives</b>	<b>\$ 90,462</b>	<b>\$ 92,771</b>	<b>\$ 58,646</b>	<b>\$ (12,352)</b>	<b>\$ (22,337)</b>	<b>\$ (15,364)</b>

VF records and presents the fair values of all of its derivative assets and liabilities in the Consolidated Balance Sheets on a gross basis, even though they are subject to master netting agreements. If VF were to offset and record the asset and liability balances of its foreign exchange forward contracts on a net basis in accordance with the terms of its master netting agreements, the amounts presented in the Consolidated Balance Sheets would be adjusted from the current gross presentation to the net amounts as detailed in the following table:

	September 2019		March 2019		September 2018	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
(In thousands)						
Gross amounts presented in the Consolidated Balance Sheets	\$ 90,462	\$ (12,352)	\$ 92,771	\$ (22,337)	\$ 58,646	\$ (15,364)
Gross amounts not offset in the Consolidated Balance Sheets	(12,283)	12,283	(22,274)	22,274	(15,281)	15,281
<b>Net amounts</b>	<b>\$ 78,179</b>	<b>\$ (69)</b>	<b>\$ 70,497</b>	<b>\$ (63)</b>	<b>\$ 43,365</b>	<b>\$ (83)</b>

Derivatives are classified as current or non-current based on maturity dates, as follows:

	September 2019	March 2019	September 2018
(In thousands)			
Other current assets	\$ 81,279	\$ 83,582	\$ 48,957
Accrued liabilities	(10,106)	(18,590)	(12,349)
Other assets	9,183	9,189	9,689
Other liabilities	(2,246)	(3,747)	(3,015)

### Cash Flow Hedges

VF uses derivative contracts primarily to hedge a portion of the exchange risk for its forecasted sales, purchases, production costs, operating costs and intercompany royalties. The effects of cash flow hedging included in VF's Consolidated Statements of Income and Consolidated Statements of Comprehensive Income are summarized as follows:

	Gain (Loss) on Derivatives Recognized in OCI Three Months Ended September		Gain (Loss) on Derivatives Recognized in OCI Six Months Ended September	
	2019	2018	2019	2018
(In thousands)				
<b>Cash Flow Hedging Relationships</b>				
Foreign currency exchange	\$ 51,396	\$ 15,240	\$ 66,170	\$ 109,869

**Gain (Loss) Reclassified from  
Accumulated OCI into Income Three Months Ended  
September**

**Gain (Loss) Reclassified from  
Accumulated OCI into Income  
Six Months Ended September**

(In thousands)

<b>Location of Gain (Loss)</b>	<b>2019</b>		<b>2018</b>	
Net sales	\$	(2,814)	\$	4,527
Cost of goods sold		22,727		(14,638)
Selling, general and administrative expenses		1,382		(1,522)
Other income (expense), net		3,696		(970)
Interest expense		(1,303)		(1,243)
<b>Total</b>	<b>\$</b>	<b>23,688</b>	<b>\$</b>	<b>(13,846)</b>

  

<b>Location of Gain (Loss)</b>	<b>2019</b>		<b>2018</b>	
Net sales	\$	(5,719)	\$	5,472
Cost of goods sold		33,832		(26,576)
Selling, general and administrative expenses		2,098		(4,220)
Other income (expense), net		6,568		(2,363)
Interest expense		(2,596)		(2,476)
<b>Total</b>	<b>\$</b>	<b>34,183</b>	<b>\$</b>	<b>(30,163)</b>

**Derivative Contracts Not Designated as Hedges**

VF uses derivative contracts to manage foreign currency exchange risk on third-party accounts receivable and payable, as well as intercompany borrowings. These contracts are not designated as hedges, and are recorded at fair value in the Consolidated Balance Sheets. Changes in the fair values of these instruments are recognized directly in earnings. Gains or losses on these contracts largely offset the net transaction losses or gains on the related assets and liabilities. In the case of derivative contracts executed on foreign currency exposures that are no longer probable of occurring, VF de-designates these hedges and the fair value changes of these instruments are also recognized directly in earnings.

Foreign currency exchange contracts not designated as hedges as of September 2019 also include contracts still owned by VF that are related to the former Jeans business. In connection with the spin-off, VF transferred the value of the unrecognized gain on these contracts to Kontoor Brands.

The changes in fair value of derivative contracts not designated as hedges that have been recognized as gains or losses in VF's Consolidated Statements of Income were not material for the three and six months ended September 2019 and September 2018.

**Other Derivative Information**

At September 2019, accumulated OCI included \$82.3 million of pre-tax net deferred gains for foreign currency exchange contracts that are expected to be reclassified to earnings during the next 12 months. The amounts ultimately reclassified to earnings will depend on exchange rates in effect when outstanding derivative contracts are settled.

VF entered into interest rate swap derivative contracts in 2011 and 2003 to hedge the interest rate risk for issuance of long-term debt due in 2021 and 2033, respectively. In each case, the contracts were terminated concurrent with the issuance of the debt, and the realized gain or loss was deferred in accumulated OCI. The remaining pre-tax net deferred loss in accumulated OCI was \$9.1 million at September 2019, which will be reclassified into interest expense in the Consolidated Statements of Income over the remaining terms of the associated debt instruments. VF reclassified \$1.3 million and \$2.6 million of net deferred losses from accumulated OCI into interest expense for the three and six-month periods ended September 2019, respectively, and \$1.3 million and \$2.5 million for the three and six-month periods ended September 2018, respectively. VF expects to reclassify \$5.4 million to interest expense during the next 12 months.

**Net Investment Hedge**

The Company has designated its €850.0 million of euro-denominated fixed-rate notes as a net investment hedge of VF's investment in certain foreign operations. Because this debt qualified as a nonderivative hedging instrument, foreign currency transaction gains or losses of the debt are deferred in the foreign currency translation and other component of accumulated OCI as an offset to the foreign currency translation adjustments on the hedged investments. During the three and six-month periods ended September 2019, the Company recognized an after-tax gain of \$26.3 million and \$17.6 million, respectively, in OCI related to the net investment hedge, and an after-tax gain of \$3.9 million and \$44.9 million for the three and six-month periods ended September 2018, respectively. Any amounts deferred in accumulated OCI will remain until the hedged investment is sold or substantially liquidated.

## NOTE 19 — RESTRUCTURING

The Company typically incurs restructuring charges related to strategic initiatives and cost optimization of business activities, primarily related to severance and employee-related benefits. During the three and six months ended September 2019, VF leadership approved \$1.0 million and \$5.8 million, respectively, of restructuring charges. VF recognized \$3.4 million in selling, general and administrative expenses for the six months ended September 2019, and \$1.0 million and \$2.4 million in cost of goods sold for the three and six months ended September 2019,

respectively. The Company has not recognized significant incremental costs related to the actions for the year ended March 2019 or prior periods.

Of the \$40.5 million total restructuring accrual at September 2019, \$39.4 million is expected to be paid out within the next 12 months and is classified within accrued liabilities. The remaining \$1.1 million will be paid out beyond the next 12 months and thus is classified within other liabilities.

The activity in the restructuring accrual for the six-month period ended September 2019 was as follows:

(In thousands)	Severance	Other	Total
<b>Accrual at March 2019</b>	<b>\$ 58,106</b>	<b>\$ 11,035</b>	<b>\$ 69,141</b>
Charges	3,257	2,564	5,821
Cash payments	(23,186)	(10,711)	(33,897)
Adjustments to accruals	1,721	724	2,445
Currency translation	(2,289)	(693)	(2,982)
<b>Accrual at September 2019</b>	<b>\$ 37,609</b>	<b>\$ 2,919</b>	<b>\$ 40,528</b>

Restructuring charges were incurred as follows:

(In thousands)	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
Outdoor	\$ 515	\$ 9,997	\$ 4,730	\$ 12,895
Active	447	493	467	3,052
Work	71	1,111	624	3,939
Corporate and other	—	995	—	2,501
<b>Total</b>	<b>\$ 1,033</b>	<b>\$ 12,596</b>	<b>\$ 5,821</b>	<b>\$ 22,387</b>

## NOTE 20 — CONTINGENCIES

The Company petitioned the U.S. Tax Court to resolve an IRS dispute regarding the timing of income inclusion associated with the 2011 Timberland acquisition. The Company remains confident in our timing and treatment of the income inclusion, and therefore this matter is not reflected in our financial statements. We are vigorously defending our position, and do not expect the resolution to have a material adverse impact on the Company's financial position, results of operations or cash flows. While the IRS argues immediate income inclusion, the Company's position is to include the income over a period of years. As the matter relates to 2011, nearly half of the timing at dispute has passed with the Company including the income, and paying the related tax, on our income

tax returns. The Company notes that should the IRS prevail in this timing matter, the net interest expense would be up to \$145 million. Further, this timing matter is impacted by the U.S. Tax Act that reduced the U.S. corporate income tax rate from 35% to 21%. If the IRS is successful, this rate differential would increase tax expense by approximately \$136 million.

The Company is currently involved in other legal proceedings that are ordinary, routine litigation incidental to the business. The resolution of any particular proceeding is not currently expected to have a material adverse impact on the Company's financial position, results of operations or cash flows.

## NOTE 21 — SUBSEQUENT EVENT

On October 15, 2019, VF's Board of Directors declared a quarterly cash dividend of \$0.48 per share, payable on December 20, 2019 to stockholders of record on December 10, 2019.



## ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

VF Corporation (together with its subsidiaries, collectively known as "VF" or the "Company") uses a 52/53 week fiscal year ending on the Saturday closest to March 31 of each year. The Company's current fiscal year runs from March 31, 2019 through March 28, 2020 ("Fiscal 2020"). Accordingly, this Form 10-Q presents our second quarter of Fiscal 2020. For presentation purposes herein, all references to periods ended September 2019 and September 2018 relate to the fiscal periods ended on September 28, 2019 and September 29, 2018, respectively. References to March 2019 relate to information as of March 30, 2019.

All per share amounts are presented on a diluted basis and all percentages shown in the tables below and the following discussion have been calculated using unrounded numbers. All references to foreign currency amounts below reflect the changes in foreign currency exchange rates from the same period in 2018 and their impact on translating foreign currencies into U.S. dollars. All references to foreign currency amounts also reflect the impact of foreign currency-denominated transactions in countries with highly inflationary economies. VF's most significant foreign currency exposure relates to business conducted in euro-based countries. Additionally, VF conducts business in other developed and emerging markets around the world with exposure to foreign currencies other than the euro, such as Argentina, which is a highly inflationary economy.

On June 1, 2018, VF acquired 100% of the stock of Icon-Altra LLC, plus certain assets in Europe ("Altra"). The business results for Altra have been included in the Outdoor segment. All references to contributions from acquisition below represent the operating results of Altra for the two months ended May 2019, which reflects the one-year anniversary of the acquisition. Refer to Note 4 to VF's consolidated financial statements for additional information on acquisitions.

On October 5, 2018, VF completed the sale of the Van Moer business, which was included in the Work segment. On October 26,

2018, VF completed the sale of the *Reef*® brand business, which was included in the Active segment. All references to dispositions below represent the impact of operating results of the *Reef*® brand and Van Moer businesses for the three and six months ended September 2018. The Company determined that the associated assets and liabilities met the held-for-sale accounting criteria and they were classified accordingly in the September 2018 Consolidated Balance Sheet.

On May 22, 2019, VF completed the spin-off of its Jeans business, which included the *Wrangler*®, *Lee*® and *Rock & Republic*® brands, as well as the *VF Outlet*™ business, into an independent, publicly traded company now operating under the name Kontoor Brands, Inc. ("Kontoor Brands"). As a result, VF reported the operating results for the Jeans business in the income (loss) from discontinued operations, net of tax line item in the Consolidated Statements of Income and the related cash flows have been reported as discontinued operations in the Consolidated Statements of Cash Flows, for all periods presented. In addition, the related assets and liabilities have been reported as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the date the spin-off was completed.

Additionally, the *Nautica*® brand business has been reported as discontinued operations in our Consolidated Statements of Income and Consolidated Statements of Cash Flows, and the related held-for-sale assets and liabilities have been presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets, through the April 30, 2018 date of sale.

Unless otherwise noted, amounts, percentages and discussion for all periods included below reflect the results of operations and financial condition from VF's continuing operations.

Refer to Note 5 to VF's consolidated financial statements for additional information on discontinued operations and other divestitures.

### HIGHLIGHTS OF THE SECOND QUARTER OF FISCAL 2020

- Revenues were up 5% to \$3.4 billion compared to the three months ended September 2018, primarily due to the \$263.3 million contribution from organic growth, partially offset by a 2% unfavorable impact from foreign currency.
- Active segment revenues increased 9% to \$1.4 billion compared to the three months ended September 2018, including a 2% unfavorable impact from foreign currency.
- Outdoor segment revenues increased 4% to \$1.5 billion compared to the three months ended September 2018, including a 2% unfavorable impact from foreign currency.
- Direct-to-consumer revenues were up 11% over the 2018 period, including a 2% unfavorable impact from foreign currency. E-commerce revenues increased 15% in the current period, including a 2% unfavorable impact from foreign currency. Direct-to-consumer revenues accounted for 32% of net revenues for the three months ended September 2019.
- International revenues increased 4% compared to the three months ended September 2018, including a 4% unfavorable impact from foreign currency. International revenues represented 47% of net revenues in the current period.
- Gross margin increased 90 basis points to 52.9% compared to the three months ended September 2018 primarily driven by a mix-shift to higher margin businesses.
- Earnings per share increased 56% to \$1.61 from \$1.04 in the 2018 period. The three months ended September 2019 included a \$0.41 benefit from the enactment of Switzerland's Federal Act on Tax Reform and AHV Financing ("Swiss Tax Act"). The increase was also driven by organic growth in the Active and Outdoor segments, and continued strength in our direct-to-consumer and international businesses. These improvements were partially offset by costs related to the relocation of our global headquarters and certain brands to Denver, Colorado, specified strategic business decisions, continued investments in our key strategic growth initiatives and the unfavorable impacts from foreign currency.

## ANALYSIS OF RESULTS OF OPERATIONS

### Consolidated Statements of Income

The following table presents a summary of the changes in net revenues for the three and six months ended September 2019 from the comparable periods in 2018:

(In millions)	Three Months Ended September		Six Months Ended September	
<b>Net revenues — 2018</b>	<b>\$</b>	<b>3,219.4</b>	<b>\$</b>	<b>5,356.5</b>
Organic growth		263.3		497.8
Acquisition		—		11.8
Dispositions		(30.6)		(91.9)
Impact of foreign currency		(58.8)		(109.5)
<b>Net revenues — 2019</b>	<b>\$</b>	<b>3,393.3</b>	<b>\$</b>	<b>5,664.7</b>

VF reported a 5% and 6% increase in revenues for the three and six months ended September 2019, respectively, compared to the 2018 periods. The revenue increase in both periods was attributable to organic growth in the Active and Outdoor segments and continued strength in our direct-to-consumer and international businesses. The six months ended September 2019 also benefited from organic growth in the Work segment. The increases in both periods were partially offset by lower revenues due to the Reef® brand and Van Moer business dispositions and an unfavorable impact from foreign currency. Excluding the impact of foreign currency, international sales grew in every region in both the three and six months ended September 2019.

Additional details on revenues are provided in the section titled “Information by Reportable Segment.”

The following table presents the percentage relationships to net revenues for components of the Consolidated Statements of Income:

	Three Months Ended September		Six Months Ended September	
	2019	2018	2019	2018
Gross margin (net revenues less cost of goods sold)	52.9%	52.0%	53.5%	52.4%
Selling, general and administrative expenses	35.9	35.1	40.9	40.1
<b>Operating margin</b>	<b>17.1%</b>	<b>16.9%</b>	<b>12.6%</b>	<b>12.3%</b>

Gross margin increased 90 and 110 basis points in the three and six months ended September 2019, respectively, compared to the 2018 periods. Gross margin in both the three and six months ended September 2019 was positively impacted by a mix-shift to higher margin businesses, partially offset by certain increases in product costs.

Selling, general and administrative expenses as a percentage of total revenues increased 80 basis points during both the three and six months ended September 2019, compared to the 2018 periods. The increase in both periods was primarily due to costs related to the relocation of our global headquarters and certain brands to Denver, Colorado and specified strategic business decisions in South America. The increase in both periods was also due to continued investments in our key strategic growth initiatives. These costs were partially offset by leverage of operating expenses on higher revenues in both the three and six months ended September 2019, and a gain of approximately \$11 million in the six months ended September 2019 on the sale of office real estate and related assets in connection with the relocation of VF's global headquarters and certain brands to Denver, Colorado.

Net interest expense decreased \$11.0 million and \$20.8 million during the three and six months ended September 2019, respectively, compared to the 2018 periods. The decrease in net interest expense in both the three and six months ended September 2019 was primarily due to lower borrowings on short-term debt, partially due to repayment activity funded by the cash received from Kontoor Brands, and higher international cash balances in higher

yielding currencies. Total outstanding debt averaged \$2.4 billion in the six months ended September 2019 and \$3.6 billion in the same period in 2018, with weighted average interest rates of 3.9% and 3.0%, respectively.

Other income (expense), net decreased \$30.2 million and \$55.2 million during the three and six months ended September 2019, respectively, compared to the 2018 periods. The decrease in both periods was due to estimated losses on sale of \$32.3 million recorded in the three months ended September 2018, related to the divestitures of the Reef® brand and Van Moer businesses. The decrease in the six months ended September 2019 was also driven by lower pension cost in the six months ended September 2019. The decrease in pension cost was due to higher settlement charges and curtailments recorded in the six months ended September 2018 than in the six months ended September 2019.

The effective income tax rate for the six months ended September 2019 was (8.9)% compared to 14.0% in the 2018 period. The six months ended September 2019 included a net discrete tax benefit of \$177.6 million, which included a \$6.9 million tax benefit related to stock compensation, a \$6.7 million net tax benefit related to unrecognized tax benefits and interest and a \$164.4 million tax benefit related to the Swiss Tax Act. The \$177.6 million net discrete tax benefit in the 2019 period reduced the effective income tax rate by 25.9%. The 2018 period included a net discrete tax benefit of \$1.9 million, which included a \$17.6 million tax benefit related to stock compensation, a \$1.0 million net tax expense related to unrecognized tax benefits and interest, a \$12.9 million net tax

expense related to adjustments to provisional amounts recorded in 2017 under the U.S. Tax Cuts and Jobs Act and a \$1.6 million tax expense related to adjustments to previously recognized state income tax credits. The \$1.9 million net discrete tax benefit in the 2018 period reduced the effective income tax rate by 0.3%. Without discrete items, the effective income tax rate for the six months ended September 2019 increased by 2.7% compared with the 2018 period primarily due to a lower percentage of income in lower tax rate jurisdictions.

As a result of the above, income from continuing operations in the three months ended September 2019 was \$649.0 million (\$1.61 per diluted share) compared to \$416.1 million (\$1.04 per diluted share) in the 2018 period, and income from continuing operations in the six months ended September 2019 was \$746.3 million (\$1.86 per diluted share) compared to \$477.5 million (\$1.19 per diluted share) in the 2018 period. Refer to additional discussion in the "Information by Reportable Segment" section below.

## Information by Reportable Segment

VF's reportable segments are: Outdoor, Active and Work. We have included an Other category in the tables below for purposes of reconciliation of revenues and profit, but it is not considered a reportable segment. Included in this Other category are results related to the sale of non-VF products and transition services primarily related to the sale of the *Nautica*® brand business.

Refer to Note 15 to the consolidated financial statements for a summary of results of operations by segment, along with a reconciliation of segment profit to income before income taxes.

The following tables present a summary of the changes in segment revenues and profit in the three and six months ended September 2019 from the comparable periods in 2018:

### Segment Revenues:

(In millions)	Three Months Ended September				
	Outdoor	Active	Work	Other (a)	Total
<b>Segment revenues — 2018</b>	\$ 1,466.5	\$ 1,300.0	\$ 451.7	\$ 1.2	\$ 3,219.4
Organic growth	88.7	159.2	(3.4)	18.8	263.3
Dispositions	—	(20.3)	(10.3)	—	(30.6)
Impact of foreign currency	(29.3)	(25.3)	(2.4)	(1.8)	(58.8)
<b>Segment revenues — 2019</b>	\$ 1,525.9	\$ 1,413.6	\$ 435.6	\$ 18.2	\$ 3,393.3

(In millions)	Six Months Ended September				
	Outdoor	Active	Work	Other (a)	Total
<b>Segment revenues — 2018</b>	\$ 2,035.1	\$ 2,436.9	\$ 875.0	\$ 9.5	\$ 5,356.5
Organic growth	136.9	329.3	12.7	18.9	497.8
Acquisition	11.8	—	—	—	11.8
Dispositions	—	(68.2)	(23.7)	—	(91.9)
Impact of foreign currency	(47.2)	(52.2)	(5.9)	(4.2)	(109.5)
<b>Segment revenues — 2019</b>	\$ 2,136.6	\$ 2,645.8	\$ 858.1	\$ 24.2	\$ 5,664.7

### Segment Profit:

(In millions)	Three Months Ended September				
	Outdoor	Active	Work	Other (a)	Total
<b>Segment profit — 2018</b>	\$ 258.1	\$ 351.1	\$ 51.3	\$ 0.7	\$ 661.2
Organic growth	4.7	43.1	(11.4)	1.1	37.5
Dispositions	—	1.3	(0.6)	—	0.7
Impact of foreign currency	(6.4)	(7.3)	(0.1)	0.6	(13.2)
<b>Segment profit — 2019</b>	\$ 256.4	\$ 388.2	\$ 39.2	\$ 2.4	\$ 686.2

**Six Months Ended September**

(In millions)	Outdoor	Active	Work	Other (a)	Total
<b>Segment profit — 2018</b>	\$ 174.6	\$ 620.2	\$ 100.2	\$ 3.1	\$ 898.1
Organic growth	6.6	97.6	(12.5)	(2.8)	88.9
Acquisition	(0.2)	—	—	—	(0.2)
Dispositions	—	(7.5)	(1.1)	—	(8.6)
Impact of foreign currency	(4.9)	(14.5)	(0.4)	0.5	(19.3)
<b>Segment profit — 2019</b>	\$ 176.1	\$ 695.8	\$ 86.2	\$ 0.8	\$ 958.9

(a) Included in the Other category for the three and six months ended September 2019 are results primarily related to the sale of non-VF products. The three and six months ended September 2018 reflect results primarily from transition services related to the sale of the *Nautica*® brand business. Differences in the results as compared to the prior year, other than the impact of foreign currency, are reflected within the "organic growth" activity.

The following sections discuss the changes in revenues and profitability by segment. For purposes of this analysis, royalty revenues have been included in the wholesale channel for all periods.

**Outdoor**

(Dollars in millions)	Three Months Ended September			Six Months Ended September		
	2019	2018	Percent Change	2019	2018	Percent Change
Segment revenues	\$ 1,525.9	\$ 1,466.5	4.1 %	\$ 2,136.6	\$ 2,035.1	5.0 %
Segment profit	256.4	258.1	(0.7)%	176.1	174.6	0.9%
Operating margin	16.8%	17.6%		8.2%	8.6%	

The Outdoor segment includes the following brands: *The North Face*®, *Timberland*® (excluding *Timberland PRO*®), *Icebreaker*®, *Smartwool*® and *Altra*®.

Global revenues for Outdoor increased 4% in the three months ended September 2019 compared to 2018, including a 2% unfavorable impact due to foreign currency. Revenues in the Americas region increased 8%, including a 1% unfavorable impact due to foreign currency. Revenues in the Europe region decreased 3%, including a 5% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 7%, including a 2% unfavorable impact from foreign currency.

Global revenues for Outdoor increased 5% in the six months ended September 2019 compared to the 2018 period, including a 2% unfavorable impact due to foreign currency. Revenues in the Americas region increased 10%. Revenues in the Europe region decreased 3%, including a 5% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 6%, including a 3% unfavorable impact from foreign currency.

Global revenues for *The North Face*® brand increased 8% in both the three and six months ended September 2019 compared to the 2018 periods. This includes a 2% unfavorable impact from foreign currency in both the three and six months ended September 2019. The increase in both periods was due to strong operational growth across all channels and regions, including strong wholesale performance and growth in the direct-to-consumer channel driven by an expanding e-commerce business and comparable store growth.

Global revenues for the *Timberland*® brand (excluding *Timberland PRO*®) decreased 3% and 2% in the three and six months ended September 2019, respectively, compared to the 2018 periods, as slight increases in the direct-to-consumer channel were more than

offset by an overall 3% unfavorable impact from foreign currency in both the three and six months ended September 2019. Increases in the wholesale channel in the Americas and the Asia-Pacific regions for both periods were more than offset by declines in the Europe region driven by weakness in the men's footwear category.

Global direct-to-consumer revenues for Outdoor increased 5% and 4% in the three and six months ended September 2019, respectively, compared to the 2018 periods. This includes a 1% and a 2% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively. The increase in both periods was primarily due to a growing e-commerce business across all regions. Global wholesale revenues increased 4% and 5% in the three and six months ended September 2019, respectively, compared to the 2018 periods, driven by global growth in *The North Face*® brand in both periods. The change included a 2% and a 3% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively.

Operating margin decreased 80 and 40 basis points in the three and six months ended September 2019, respectively, compared to the 2018 periods due to relocation costs, higher product costs and increased investments in direct-to-consumer, product innovation, demand creation and technology. The declines in both periods were partially offset by leverage of operating expenses on higher revenues and increased pricing. The decrease in the six months ended September 2019 was also partially offset by a gain of approximately \$11 million on the sale of office real estate and related assets in connection with the relocation of VF's global headquarters and certain brands to Denver, Colorado during the first quarter.

Active

	Three Months Ended September			Six Months Ended September		
	2019	2018	Percent Change	2019	2018	Percent Change
(Dollars in millions)						
Segment revenues	\$ 1,413.6	\$ 1,300.0	8.7%	\$ 2,645.8	\$ 2,436.9	8.6%
Segment profit	388.2	351.1	10.6%	695.8	620.2	12.2%
Operating margin	27.5%	27.0%		26.3%	25.5%	

The Active segment includes the following brands: *Vans*®, *Kipling*®, *Napapijri*®, *Eastpak*®, *JanSport*®, *Reef*® (through the date of sale) and *Eagle Creek*®.

Global revenues for Active increased 9% in the three months ended September 2019, compared to the 2018 period, driven by growth across all channels and regions. The overall increase includes a 2% unfavorable impact from foreign currency. Revenues in the Americas region increased 10%. Revenues in the Europe region increased 3%, including a 5% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 20%, with a 3% unfavorable impact from foreign currency. The three months ended September 2019 were negatively impacted by the sale of the *Reef*® brand business in October 2018, which resulted in lower revenues of \$20.3 million. Excluding the impact of the disposition, revenues in the three months ended September 2019 increased 10% compared to the 2018 period, including a 2% unfavorable impact from foreign currency.

Global revenues for Active increased 9% in the six months ended September 2019, compared to the 2018 period, driven by growth across all channels and regions. The overall increase includes a 2% unfavorable impact from foreign currency. Revenues in the Americas region increased 10%. Revenues in the Europe region increased 1%, including a 5% unfavorable impact from foreign currency. Revenues in the Asia-Pacific region increased 20%, with a 5% unfavorable impact from foreign currency. The six months ended September 2019 were negatively impacted by the sale of the *Reef*® brand business in October 2018, which resulted in lower revenues of \$68.2 million. Excluding the impact of the disposition, revenues in these six months ended September 2019 increased 12% compared to the 2018 period, including a 2% unfavorable impact from foreign currency.

*Vans*® brand global revenues increased 14% and 17% in the three and six months ended September 2019, respectively, compared to the 2018 periods. This includes a 2% unfavorable impact from

foreign currency in both the three and six months ended September 2019. The increase in both periods was due to strong operational growth across all channels and regions, including strong wholesale performance and direct-to-consumer growth driven by an expanding e-commerce business, comparable store growth and new store openings.

Global direct-to-consumer revenues for Active grew 14% and 16% in the three and six months ended September 2019, respectively, compared to the 2018 periods, including a 1% and a 2% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively. Growth in the direct-to-consumer channel was driven by a growing e-commerce business, comparable store growth and new store openings. Wholesale revenues increased 4% and 2% in the three and six months ended September 2019, respectively, driven by global growth in the *Vans*® brand in both periods, and included a 3% unfavorable impact from foreign currency in both the three and six months ended September 2019. Excluding the impact of the *Reef*® brand disposition, wholesale revenues increased 7% in both the three and six months ended September 2019, compared to the 2018 periods. This includes a 2% and a 3% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively.

Operating margin increased 50 and 80 basis points in the three and six months ended September 2019, respectively, compared to the 2018 periods, reflecting gross margin expansion driven by a mix-shift to higher margin businesses and products, and leverage of operating expenses on higher revenues in both periods. These increases were partially offset by increased investments in direct-to-consumer, product innovation and demand creation in both periods.

## Work

	Three Months Ended September			Six Months Ended September		
	2019	2018	Percent Change	2019	2018	Percent Change
(Dollars in millions)						
Segment revenues	\$ 435.6	\$ 451.7	(3.6)%	\$ 858.1	\$ 875.0	(1.9)%
Segment profit	39.2	51.3	(23.6)%	86.2	100.2	(14.0)%
Operating margin	9.0%	11.4%		10.0%	11.5%	

The Work segment includes the following brands: *Dickies*®, *Red Kap*®, *Bulwark*®, *Timberland PRO*®, *VF Solutions*®, *Walls*®, *Terra*®, *Workrite*®, *Kodiak*® and *Horace Small*®.

Global Work revenues decreased 4% in the three months ended September 2019, compared to the 2018 period. The three months ended September 2019 included a 1% unfavorable impact from foreign currency. The three months ended September 2019 were negatively impacted by the sale of the Van Moer business in October 2018, which resulted in lower revenues of \$10.3 million. Excluding the impact of the disposition, revenues in the three months ended September 2019 decreased 1%, compared to the 2018 period. The revenue decrease was primarily due to declines in the *Dickies*® brand, which was partially offset by growth in *Timberland PRO*® and *VF Solutions*®.

Global Work revenues decreased 2% in the six months ended September 2019, including a 1% unfavorable impact from foreign currency, compared to the 2018 period. The six months ended September 2019 were negatively impacted by the sale of the Van Moer business in October 2018, which resulted in lower revenues of \$23.7 million. Excluding the impact of the disposition, revenues in the six months ended September 2019 increased 1%, compared to the 2018 period. The revenue increase was due to growth in *Timberland PRO*® and *VF Solutions*®, partially offset by declines in the *Dickies*® brand.

*Dickies*® brand global revenues decreased 4% and 2% in the three and six months ended September 2019, respectively, compared to the 2018 periods, including a 1% and 2% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively. The decrease in both periods was due to declines in the Americas and Europe regions, partially offset by strength in China and the direct-to-consumer channel. The decline in the Americas region was due to the timing of shipments in the U.S. wholesale channel.

Operating margin decreased 240 and 150 basis points in the three and six months ended September 2019, respectively, compared to the 2018 periods. The decrease in both periods reflects higher product costs, lower leverage of operating expenses due to decreased revenues and increased investments in direct-to-consumer, product innovation and demand creation. These decreases were partially offset by increased pricing and lower transaction and deal-related costs from the acquisition of the Williamson-Dickie business.

### Reconciliation of Segment Profit to Income Before Income Taxes

There are two types of costs necessary to reconcile total segment profit, as discussed in the preceding paragraphs, to consolidated income from continuing operations before income taxes. These costs are (i) corporate and other expenses, discussed below, and (ii) interest expense, net, which was discussed in the "Consolidated Statements of Income" section.

	Three Months Ended September			Six Months Ended September		
	2019	2018	Percent Change	2019	2018	Percent Change
(Dollars in millions)						
Corporate and other expenses	\$ 108.9	\$ 148.2	(26.5)%	\$ 242.7	\$ 291.4	(16.7)%
Interest expense, net	15.8	26.8	(41.0)%	30.8	51.7	(40.3)%

Corporate and other expenses are those that have not been allocated to the segments for internal management reporting, including (i) information systems and shared service costs, (ii) corporate headquarters costs, and (iii) certain other income and expenses. The decrease in both periods was driven by estimated losses on sale of \$9.9 million and \$22.4 million related to the divestitures of the *Reef*® brand and Van Moer businesses, respectively, that were recorded in the three months ended September 2018, that did not recur in the 2019 period. The decrease in both periods was also attributed to corporate overhead and other costs previously allocated to the former Jeans segment that have been reallocated to "Corporate and other expenses" in the three

and six-month periods ended September 2018. Certain of these costs in the three and six-month periods ended September 2019 have been offset by reimbursements from Kontoor Brands related to transition services. The decrease in the six months ended September 2019 was also attributed to lower pension cost, primarily attributed to significantly lower curtailments and settlement charges recorded in the six months ended September 2019 compared to the six months ended September 2018. The decrease was partially offset by increased costs related to the relocation of our global headquarters and certain brands to Denver, Colorado in the three and six months ended September 2019.

## International Operations

International revenues increased 4% and 3% in the three and six months ended September 2019, respectively, compared to the 2018 periods. Foreign currency negatively impacted international revenue growth by 4% and 5% in the three and six months ended September 2019, respectively. Revenues in Europe decreased 1% and 2% in the three and six months ended September 2019, respectively, including a 5% unfavorable impact from foreign currency in both periods. In the Asia-Pacific region, revenues increased 14% and 13% in the three and six months ended September 2019, respectively, driven by growth in China. Foreign currency negatively impacted revenues in the Asia-Pacific region by 2% and 4% in the three and six months ended September 2019,

respectively. Revenues in the Americas (non-U.S.) region increased 11% and 9% in the three and six months ended September 2019, respectively, partially offset by a 3% unfavorable impact from foreign currencies in both periods. Excluding the impact of dispositions, international revenues increased 5% in both the three and six months ended September 2019, including a 4% and a 5% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively. International revenues were 47% and 48% of total revenues in the three-month periods ended September 2019 and 2018, respectively, and 44% and 45% of total revenues in the six-month periods ended September 2019 and 2018, respectively.

## Direct-to-Consumer Operations

Direct-to-consumer revenues increased 11% and 12% in the three and six months ended September 2019, respectively, reflecting growth in all regions. Foreign currency negatively impacted direct-to-consumer revenue growth by 2% in both the three and six months ended September 2019. The increase in direct-to-consumer revenues for both periods was due to comparable store growth for locations open at least twelve months at each reporting date, new store openings and an expanding e-commerce business, which grew 15% and 19% in the three and six months ended September 2019, respectively. The e-commerce growth includes a

2% and a 3% unfavorable impact from foreign currency in the three and six months ended September 2019, respectively. There were 1,413 VF-owned retail stores at September 2019 compared to 1,389 at September 2018. Direct-to-consumer revenues were 32% and 30% of total revenues in the three-month periods ended September 2019 and 2018, respectively. Direct-to-consumer revenues were 35% and 33% of total revenues in the six-month periods ended September 2019 and 2018, respectively.

## ANALYSIS OF FINANCIAL CONDITION

### Consolidated Balance Sheets

The following discussion refers to significant changes in balances at September 2019 compared to March 2019:

- *Increase in accounts receivable* — primarily due to the seasonality of the business and increased wholesale shipments.
- *Increase in inventories* — due to the seasonality of the business.
- *Increase in operating lease right-of-use assets* — due to amounts recorded in connection with the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* ("ASC 842").
- *Increase in other assets* — primarily due to an increase in deferred tax assets due to the enactment of certain provisions of the Swiss Tax Act.
- *Decrease in short-term borrowings* — due to net repayment of commercial paper borrowings primarily funded by the cash received from Kontoor Brands.
- *Increase in accrued liabilities* — primarily due to amounts recorded for operating lease liabilities in connection with the adoption of ASC 842.
- *Increase in operating lease liabilities* — due to amounts recorded for operating lease liabilities in connection with the adoption of ASC 842.
- *Decrease in other liabilities* — primarily due to the reclassification of deferred rent credits from other liabilities to operating lease right-of-use assets in connection with the adoption of ASC 842.

The following discussion refers to significant changes in balances at September 2019 compared to September 2018:

- *Increase in inventories* — driven by growth in the business.
- *Decrease in intangible assets* — due to the divestiture of the Reef® brand business and the impact of foreign currency fluctuations.
- *Increase in operating lease right-of-use assets* — due to amounts recorded in connection with the adoption of ASC 842.
- *Increase in other assets* — primarily due to an increase in deferred tax assets due to the enactment of certain provisions of the Swiss Tax Act.
- *Decrease in short-term borrowings* — due to net repayment of commercial paper borrowings primarily funded by the cash received from Kontoor Brands and higher September 2018 balances due to the timing of acquisitions.
- *Decrease in accounts payable* — driven by the timing of payments to vendors.
- *Increase in accrued liabilities* — primarily due to amounts recorded for the current portion of operating lease liabilities in connection with the adoption of ASC 842.
- *Increase in operating lease liabilities* — due to amounts recorded for operating lease liabilities in connection with the adoption of ASC 842.
- *Decrease in other liabilities* — primarily due to the reclassification of deferred rent credits from other liabilities to operating lease right-of-use assets in connection with the adoption of ASC 842.

## Liquidity and Capital Resources

The financial condition of VF is reflected in the following:

	September 2019	March 2019	September 2018
(Dollars in millions)			
Working capital	\$2,370.9	\$1,377.3	\$1,283.0
Current ratio	2.0 to 1	1.6 to 1	1.4 to 1
Debt to total capital	45.7%	39.3%	47.1%

The increase in the current ratio at September 2019 compared to March 2019 was primarily due to a net increase in current assets driven by higher accounts receivable and inventory balances, as discussed in the "Consolidated Balance Sheets" section above. The increase in the current ratio at September 2019 compared to September 2018 was primarily due to a net decrease in current liabilities driven by lower short-term borrowings, and a net increase in current assets driven by higher cash balances due to cash received from Kontoor Brands, as discussed in the "Cash Provided (Used) by Financing Activities" section below, and higher inventory balances, as discussed in the "Consolidated Balance Sheets" section above. Both comparisons are negatively impacted by the recording of the current portion of operating lease liabilities in accrued liabilities in the September 2019 period in connection with the adoption of ASC 842.

For the ratio of debt to total capital, debt is defined as short-term and long-term borrowings, in addition to operating lease liabilities, beginning in the Fiscal 2020 periods. Total capital is defined as debt plus stockholders' equity. The increase in the debt to total capital ratio at September 2019 compared to March 2019 was attributed to the increase in operating lease liabilities, partially offset by the

increase in stockholders' equity. The increase in stockholders' equity was driven by net income and stock-based compensation activity, partially offset by payments of dividends. The decrease in the debt to total capital ratio at September 2019 compared to September 2018 was driven by the decrease in short-term borrowings, as discussed in the "Consolidated Balance Sheets" section above and the increase in stockholders' equity which was driven by net income and stock-based compensation activity, partially offset by payments of dividends and purchases of treasury stock. The decrease was partially offset by the increase in operating lease liabilities, as discussed in the "Consolidated Balance Sheets" section above. Excluding the operating lease liabilities, the debt to total capital ratio was 35.7% as of September 2019.

VF's primary source of liquidity is the strong annual cash flow from operating activities. Cash from operations is typically lower in the first half of the calendar year as inventory builds to support peak sales periods in the second half of the calendar year. Cash provided by operating activities in the second half of the calendar year is substantially higher as inventories are sold and accounts receivable are collected. Additionally, direct-to-consumer sales are highest in the fourth quarter of the calendar year.

In summary, our cash flows from continuing operations were as follows:

	Six Months Ended September	
	2019	2018
(In thousands)		
Cash used by operating activities	\$ (378,691)	\$ (95,685)
Cash used by investing activities	(75,085)	(204,403)
Cash provided (used) by financing activities	411,914	(197,105)

### Cash Used by Operating Activities

Cash flow related to operating activities is dependent on net income, adjustments to net income and changes in working capital. The increase in cash used by operating activities in the six months ended September 2019 compared to September 2018 is primarily due to an increase in net cash usage for working capital, partially offset by higher net income in the six months ended September 2019.

### Cash Used by Investing Activities

The decrease in cash used by investing activities in these six months ended September 2019 related primarily to \$320.4 million of net cash paid for acquisitions in the six months ended September 2018 and \$63.7 million from the sale of office real estate and related assets in connection with the relocation of VF's global headquarters and certain brands to Denver, Colorado in the six months ended September 2019, partially offset by \$288.3 million of proceeds from the sale of businesses, net of cash sold in the six months ended September 2018. Capital expenditures decreased \$21.0 million compared to the 2018 period.

### Cash Provided (Used) by Financing Activities

The increase in cash provided by financing activities during these six months ended September 2019 was primarily due to \$906.1 million of cash received from Kontoor Brands, net of cash transferred. This increase was partially offset by a \$208.6 million net decrease in short-term borrowings driven by higher net repayments of commercial paper borrowings during the six months ended September 2019 compared to the same period in 2018, and a \$79.5 million decrease in proceeds from the issuance of Common Stock during the six months ended September 2019.

VF did not purchase shares of its Common Stock in the open market during the six months ended September 2019 under the share repurchase program authorized by VF's Board of Directors. During the six months ended September 2018, VF purchased \$0.5 million of Common Stock in open market transactions related to its deferred compensation plans.

As of the end of September 2019, the Company had \$3.8 billion remaining for future repurchases under its share repurchase program. VF will continue to evaluate its use of capital, giving first



priority to business acquisitions and then to direct shareholder return in the form of dividends and share repurchases.

VF relies on continued strong cash generation to finance its ongoing operations. In addition, VF has significant liquidity from its available cash balances and credit facilities. VF maintains a \$2.25 billion senior unsecured revolving line of credit (the "Global Credit Facility") that expires December 2023. VF may request an unlimited number of one year extensions so long as each extension does not cause the remaining life of the Global Credit Facility to exceed five years, subject to stated terms and conditions. The Global Credit Facility may be used to borrow funds in both U.S. dollar and certain non-U.S. dollar currencies, and has a \$50.0 million letter of credit sublimit. In addition, the Global Credit Facility supports VF's U.S. commercial paper program for short-term, seasonal working capital requirements and general corporate purposes, including share repurchases and acquisitions. Outstanding short-term balances may vary from period to period depending on the level of corporate requirements.

VF has a commercial paper program that allows for borrowings of up to \$2.25 billion to the extent that it has borrowing capacity under the Global Credit Facility. Commercial paper borrowings and standby letters of credit issued as of September 2019 were \$470.0 million and \$14.6 million, respectively, leaving approximately \$1.8 billion available for borrowing against the Global Credit Facility at September 2019.

VF has \$171.9 million of international lines of credit with various banks, which are uncommitted and may be terminated at any time by either VF or the banks. Total outstanding balances under these arrangements were \$14.3 million at September 2019.

VF's credit agency ratings allow for access to additional liquidity at competitive rates. At the end of September 2019, VF's long-term debt ratings were 'A' by Standard & Poor's Ratings Services and 'A3' by Moody's Investors Service, and commercial paper ratings by those rating agencies were 'A-1' and 'Prime-2', respectively.

None of VF's long-term debt agreements contain acceleration of maturity clauses based solely on changes in credit ratings. However, if there were a change in control of VF and, as a result of the change in control, the 2021, 2023 and 2037 notes were rated below investment grade by recognized rating agencies, VF would be obligated to repurchase the notes at 101% of the aggregate principal amount, plus any accrued and unpaid interest.

Management's Discussion and Analysis in the Fiscal 2019 Form 10-K provided a table summarizing VF's contractual obligations and commercial commitments at the end of Fiscal 2019 that would require the use of funds. As of September 2019, there have been no material changes in the amounts disclosed in the Fiscal 2019 Form 10-K, except as noted below:

- Contractual obligations and commercial commitments at the end of Fiscal 2019 included approximately \$349 million of inventory obligations related to the Jeans business, which is now classified as discontinued operations.
- Inventory purchase obligations decreased by approximately \$600 million at the end of September 2019 primarily due to the timing of sourcing activities.
- In addition to operating lease liabilities recorded in VF's Consolidated Balance Sheet, the Company has entered into approximately \$284 million of leases that have not yet commenced, primarily related to certain distribution center facilities.

Management believes that VF's cash balances and funds provided by operating activities, as well as its Global Credit Facility, additional borrowing capacity and access to capital markets, taken as a whole, provide (i) adequate liquidity to meet all of its current and long-term obligations when due, (ii) adequate liquidity to fund capital expenditures and to maintain the planned dividend payout rate, and (iii) flexibility to meet investment opportunities, including acquisitions, that may arise.

## Recent Accounting Pronouncements

Refer to Note 2 to VF's consolidated financial statements for information on recently issued and adopted accounting standards.

## Critical Accounting Policies and Estimates

Management has chosen accounting policies it considers to be appropriate to accurately and fairly report VF's operating results and financial position in conformity with generally accepted accounting principles in the United States of America. Our critical accounting policies are applied in a consistent manner. Significant accounting policies are summarized in Note 1 to the consolidated financial statements included in the Fiscal 2019 Form 10-K.

The application of these accounting policies requires management to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, contingent assets and liabilities, and related disclosures. These estimates, assumptions and judgments are based on historical experience, current trends and other factors believed to be reasonable under the circumstances. Management evaluates these estimates and assumptions, and may retain outside consultants to assist in the evaluation. If actual results ultimately differ from previous estimates, the revisions are

included in results of operations in the period in which the actual amounts become known.

The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the consolidated financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion and Analysis in the Fiscal 2019 Form 10-K.

Except as it relates to VF's adoption of ASC 842 as disclosed in Note 2 and Note 10 to VF's consolidated financial statements, there have been no material changes in VF's accounting policies.

The following discussion provides additional detail of critical accounting estimates during the three months ended September 2019.

### **Timberland Reporting Unit and Indefinite-Lived Intangible Asset Impairment Analysis**

During the three months ended September 2019, management determined that the recent downturn in the historical financial results, combined with a downward revision to the forecast included in VF's updated strategic growth plan, was a triggering event that required management to perform a quantitative impairment analysis of both the Timberland reporting unit goodwill, which includes the *Timberland*® brand, and the Timberland indefinite-lived trademark intangible asset, which includes both the *Timberland*® and *Timberland PRO*® brands. Based on the analysis, management concluded both the goodwill and indefinite-lived intangible asset were not impaired. For goodwill, the estimated fair value of the reporting unit exceeded the carrying value by 27%. The estimated fair value of the indefinite-lived trademark intangible asset exceeded its carrying value by a significant amount. The carrying values of the goodwill and indefinite-lived trademark intangible asset at the August 24, 2019 testing date were \$733.5 million and \$1,010.1 million, respectively. The Timberland reporting unit is included in the Outdoor reportable segment.

The fair values of the Timberland reporting unit and indefinite-lived trademark intangible asset were estimated using valuation techniques consistent with those discussed in the Critical Accounting Policies and Estimates included in Management's Discussion and Analysis in the Fiscal 2019 Form 10-K.

Management's revenue and profitability forecasts used in the Timberland reporting unit and indefinite-lived trademark intangible asset valuations considered historical performance, strategic initiatives and industry trends. Assumptions used in the valuations were similar to those that would be used by market participants performing independent valuations of the business.

Key assumptions developed by management and used in the quantitative analysis of the Timberland reporting unit and indefinite-lived trademark intangible asset include:

- Financial projections and future cash flows, including terminal growth rates based on the expected long-term growth rate of the brand;
- Royalty rates based on market data as well as active license agreements of the brand; and,
- Market-based discount rates.

The valuation model used by management in the impairment testing assumes recovery from the recent downturn in the brand's

### **Cautionary Statement on Forward-looking Statements**

From time to time, VF may make oral or written statements, including statements in this quarterly report that constitute "forward-looking statements" within the meaning of the federal securities laws. These include statements concerning plans, objectives, projections and expectations relating to VF's operations or economic performance and assumptions related thereto. Forward-looking statements are made based on management's expectations and beliefs concerning future events impacting VF and therefore involve a number of risks and uncertainties. Forward-looking statements are not guarantees, and actual results could differ materially from those expressed or implied in the forward-looking statements.

Potential risks and uncertainties that could cause the actual results of operations or financial condition of VF to differ materially

operating results and the return to growth rates and profitability more in-line with historical operating trends. If the brand is unable to achieve the financial projections, an impairment could occur in the future.

Management's estimates were based on information available as of the date of our assessment. Although management believes the estimates and assumptions used in the impairment testing are reasonable and appropriate, it is possible that VF's assumptions and conclusions regarding impairment of the Timberland reporting unit goodwill or indefinite-lived trademark intangible asset could change in future periods. There can be no assurance the estimates and assumptions, particularly our long-term financial projections, used in our impairment testing during the three months ended September 2019 will prove to be accurate predictions of the future. For example, variations in our assumptions related to brand performance and execution of planned growth strategies, discount rates, or comparable company market approach inputs could impact future conclusions. A future impairment charge of the Timberland reporting unit goodwill or indefinite-lived trademark intangible asset could have a material effect on VF's consolidated financial position and results of operations.

Management performed a sensitivity analysis on the impairment model used to test the Timberland reporting unit goodwill. In doing so, management determined that individual changes of a 100 basis point decrease in the compound annual growth rate for revenues, a 100 basis point decrease in the compound annual growth rate for earnings before interest, tax, depreciation and amortization ("EBITDA"), or a 100 basis point increase in the discount rate used in the discounted cash flow model did not cause the estimated fair value of the reporting unit to decline below its carrying value.

The Company owns a broad, diverse portfolio of brands and businesses for which material amounts of goodwill and intangible assets have been recorded in the Consolidated Balance Sheets. Management continuously evaluates the performance of VF's brands and businesses, as well as other relevant factors, in assessing whether potential triggering events have occurred. Although no other triggering events for impairment testing were identified during the three or six months ended September 2019, it is possible that VF's conclusions regarding impairment or recoverability of goodwill or intangible assets could change in future periods. A future impairment charge of goodwill or intangible assets could have a material effect on VF's consolidated financial position and results of operations.

from those expressed or implied by forward-looking statements in this release include, but are not limited to: risks associated with the spin-off of our Jeanswear business completed on May 22, 2019, including the risk that VF will not realize all of the expected benefits of the spin-off; the risk that the spin-off will not be tax-free for U.S. federal income tax purposes; and the risk that there will be a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of VF. There are also risks associated with the relocation of our global headquarters and a number of brands to the metro Denver area, including the risk of significant disruption to our operations, the temporary diversion of management resources and loss of key employees who have substantial experience and expertise in our business, the risk that we may encounter difficulties retaining

employees who elect to transfer and attracting new talent in the Denver area to replace our employees who are unwilling to relocate, the risk that the relocation may involve significant additional costs to us and that the expected benefits of the move may not be fully realized. Other risks include foreign currency fluctuations; the level of consumer demand for apparel, footwear and accessories; disruption to VF's distribution system; the financial strength of VF's customers; fluctuations in the price, availability and quality of raw materials and contracted products; disruption and volatility in the global capital and credit markets; VF's response to changing fashion trends, evolving consumer preferences and changing patterns of consumer behavior, intense competition from online retailers, manufacturing and product innovation; increasing pressure on margins; VF's ability to implement its business strategy; VF's ability to grow its international and direct-to-consumer businesses; VF's and its vendors' ability to maintain the strength and security of information technology systems; the risk that VF's facilities and systems and those of our third-party service providers may be vulnerable to and unable to anticipate or detect data security breaches and data or

financial loss; VF's ability to properly collect, use, manage and secure consumer and employee data; stability of VF's manufacturing facilities and foreign suppliers; continued use by VF's suppliers of ethical business practices; VF's ability to accurately forecast demand for products; continuity of members of VF's management; VF's ability to protect trademarks and other intellectual property rights; possible goodwill and other asset impairment; maintenance by VF's licensees and distributors of the value of VF's brands; VF's ability to execute and integrate acquisitions; changes in tax laws and liabilities; legal, regulatory, political and economic risks; the risk of economic uncertainty associated with the pending exit of the United Kingdom from the European Union ("Brexit") or any other similar referendums that may be held; and adverse or unexpected weather conditions. More information on potential factors that could affect VF's financial results is included from time to time in VF's public reports filed with the Securities and Exchange Commission, including VF's Annual Report on Form 10-K.

### **ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

---

There have been no significant changes in VF's market risk exposures from what was disclosed in Item 7A in the Fiscal 2019 Form 10-K.

### **ITEM 4 — CONTROLS AND PROCEDURES.**

---

Disclosure controls and procedures:

Under the supervision of the Chief Executive Officer and Chief Financial Officer, a Disclosure Committee comprising various members of management has evaluated the effectiveness of the disclosure controls and procedures at VF and its subsidiaries as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded as of the Evaluation Date that such controls and procedures were effective.

Changes in internal control over financial reporting:

There have been no changes during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, VF's internal control over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1 — LEGAL PROCEEDINGS.

Information on VF's legal proceedings is set forth under Part I, Item 3, "Legal Proceedings," in the Fiscal 2019 Form 10-K. There have been no material changes to the legal proceedings from those described in the Fiscal 2019 Form 10-K.

### ITEM 1A — RISK FACTORS.

You should carefully consider the risk factors set forth under Part I, Item 1A, "Risk Factors," in the Fiscal 2019 Form 10-K. There have been no material changes to the risk factors from those disclosed in the Fiscal 2019 Form 10-K.

### ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

- (c) Issuer purchases of equity securities:

The following table sets forth VF's repurchases of our Common Stock during the fiscal quarter ended September 28, 2019 under the share repurchase program authorized by VF's Board of Directors in 2017.

Second Quarter Fiscal 2020	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Dollar Value of Shares that May Yet be Purchased Under the Program
June 30 - July 27, 2019	—	\$ —	—	\$ 3,836,982,574
July 28 - August 24, 2019	—	—	—	3,836,982,574
August 25 - September 28, 2019	—	—	—	3,836,982,574
<b>Total</b>	—	—	—	—

VF will continue to evaluate future share repurchases, considering funding required for business acquisitions, VF's Common Stock price and levels of stock option exercises.

## ITEM 6 — EXHIBITS.

---

<a href="#">31.1</a>	Certification of Steven E. Rendle, Chairman, President and Chief Executive Officer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2</a>	Certification of Scott A. Roe, Executive Vice President and Chief Financial Officer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1</a>	Certification of Steven E. Rendle, Chairman, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#">32.2</a>	Certification of Scott A. Roe, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

V.F. CORPORATION

(Registrant)

By: /s/ Scott A. Roe  
Scott A. Roe  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Bryan H. McNeill  
Bryan H. McNeill  
Vice President, Controller and Chief Accounting Officer  
(Principal Accounting Officer)

Date: October 31, 2019

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven E. Rendle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2019

/s/ Steven E. Rendle

\_\_\_\_\_  
Steven E. Rendle

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott A. Roe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V.F. Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2019

/s/ Scott A. Roe

\_\_\_\_\_  
Scott A. Roe

Executive Vice President and Chief Financial Officer



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of V.F. Corporation (the "Company") on Form 10-Q for the period ending September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven E. Rendle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 31, 2019

/s/ Steven E. Rendle

Steven E. Rendle

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of V.F. Corporation (the "Company") on Form 10-Q for the period ending September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott A. Roe, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 31, 2019

/s/ Scott A. Roe

Scott A. Roe

Executive Vice President and Chief Financial Officer