Sector Update
Sportswear

Robust growth prospects amid intensifying competition

S&P Global
Ratings

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This report does not constitute a rating action

Contents

Industry Overview And Key Takeaways

Key Takeaways

The sportswear industry has solid growth prospects. Demand is underpinned by the increasing number of women in sports, the casualization of dress codes, and continued penetration in APAC.

Short-term challenges in 2024 relate to how quickly consumer confidence recovers. Competitive pressures will remain high; from local brands such as Anta in China, newer brands such as OnRunning and Hoka, and well-performing brands like lululemon and New Balance.

We expect volumes and product innovation will drive growth in 2024, with a moderate price contribution as inflation eases. A step up in marketing expenses to support previous price hikes and promote new products could weigh on profitability expansion. As inventory levels gradually normalize, we expect a more subdued promotional environment.

The sportswear industry has a global and complex supply chain with more than 80% of suppliers located in APAC. Geopolitical tensions and conflicts pose risks to the efficient functioning of the supply chain. Disruptions in the Red Sea created temporary product availability issues, caused delays in shipments, and increased freight costs, but most large brands have been able to navigate these challenges.

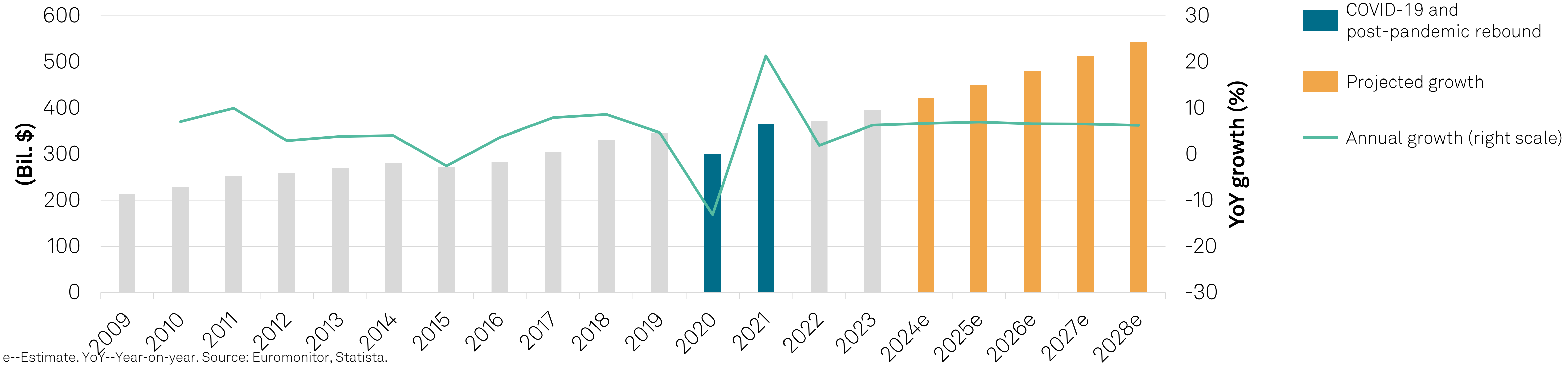
The direct-to-consumer channel (including e-commerce) remains a key focus, ensuring brand visibility and proximity to consumers, however wholesale partners have a critical role in attracting a more diverse consumer base and managing high volumes.

Sportswear companies' strategies around environmental and social topics are central to preserving their license to operate and protecting brand reputation. We expect an increasing focus on sustainable products, led by eco-friendly materials, while maintaining core competencies based on the performance benefits of sports apparel and footwear.

Industry Growth Prospects | Solid Growth Projected To Continue

- As of 2023, the value of the global sportswear industry is close to US$395 billion at retail value selling price, growing with a CAGR of about 4.5% over 2009-2023. Sportswear has recovered quickly following the pandemic; retail value in 2021 had already exceeded 2019 levels.
- Sportswear should expand by about 6%-7% compound annual growth rate (CAGR) over 2024-2028, by retail value at current prices (Euromonitor). But we estimate rated entities such as Nike, Adidas, and VF will grow by the low-to-mid single digits in 2024-2025, due to high competition and soft demand as consumers focus spending on staples, services, and travel instead of discretionary apparel and footwear.

Historical and projected development of total global sportswear sales by retail value



e--Estimate. YoY--Year-on-year. Source: Euromonitor, Statista.

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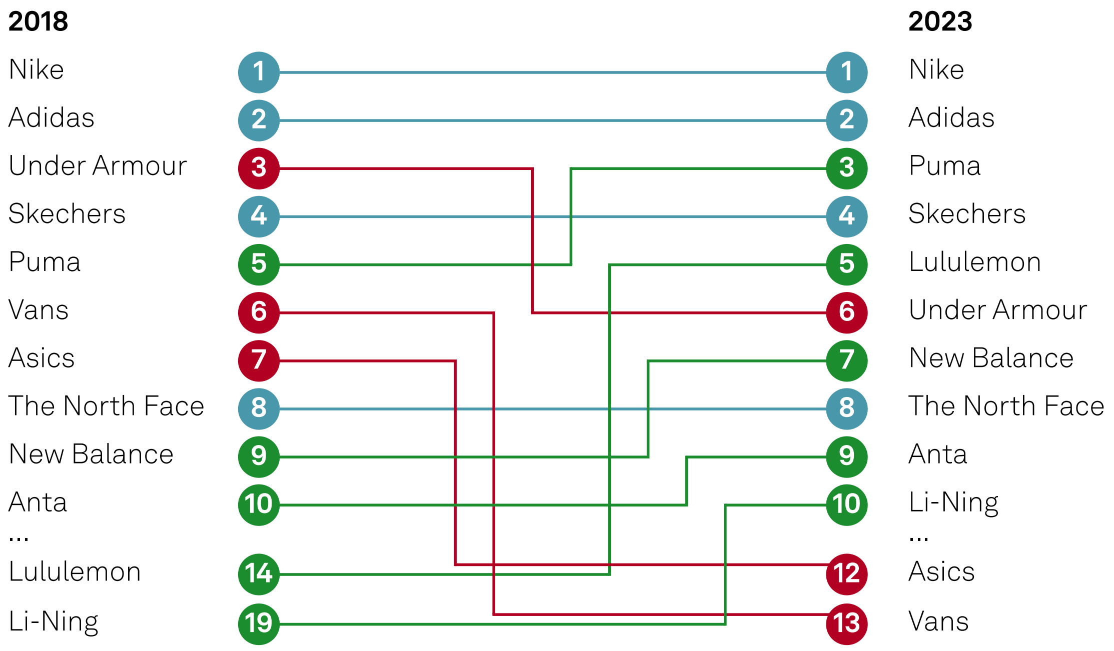
Competitive Landscape | Local And Niche Brands Are Gaining Market Shares

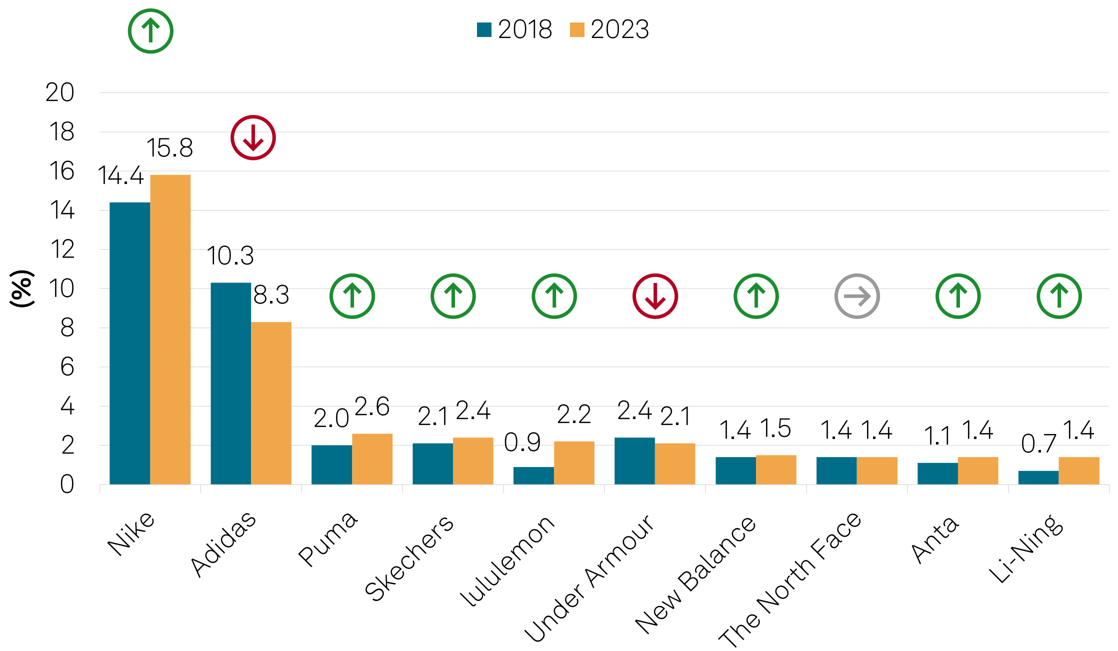
- Despite increasing competition from more agile, local players or brands with a focus on niche sports such as lululemon, Hoka, and On Running, Nike continues to increase its market share thanks to its established position, marketing, and innovation capabilities.
- The decline in Adidas and Under Armour's market shares is due to increased competition in North America, which the groups intend to face by resetting their product portfolios.
- China has seen an increasing preference for domestic brands after the controversy around Xinjiang cotton in March 2021, which saw a backlash from Chinese consumers against foreign sportswear companies such as Nike, Adidas, and Puma.

Ranking comparison of top 10 sportswear brands



Retail selling price value. Source: Euromonitor.

Top 10 sportswear brands' market share comparison 2018-2023



Source: Euromonitor.

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Industry Growth Drivers | Sportswear Brands Set To Benefit From Supportive Trends

APAC market will continue to grow fast

- APAC accounted for 26% of the global sportwear industry in 2023 with China representing about half of it.
- Sportswear in APAC saw a strong rebound in 2023, driven by local brands such as Anta. This follows a decline in 2022 due to zero-COVID policy restrictions and supply-chain disruptions. We forecast APAC will be the fastest growing region over 2024-2028, with CAGR close to 10%.
- Growth in China is backed by government initiatives to encourage active participation in sports such as the "Health China 2030" program.

Athleisure fashion trends

- The surge in popularity of athleisure and the casualization of fashion will continue.
- Ongoing working-from-home and hybrid-working trends are supportive, with consumers looking for more comfortable attire.
- Health and wellness-focused lifestyles will promote sales of sportswear, with consumers focused on balancing functionality, comfort, and style.

Women and children's sportswear is gaining momentum

- Sportwear companies are increasingly focusing on women's footwear and apparel, leveraging the increasing participation of women in sport. Female athletes will account for 50% at the Olympic Games Paris 2024 (Athens 2004 was about 40%).
- Children's sportswear accounts for 10%-15% of the market, but we expect growth will be driven by more awareness of the importance of an active lifestyle for wellbeing, the influence of social media, and the increasing popularity of athleisure fashion trends.

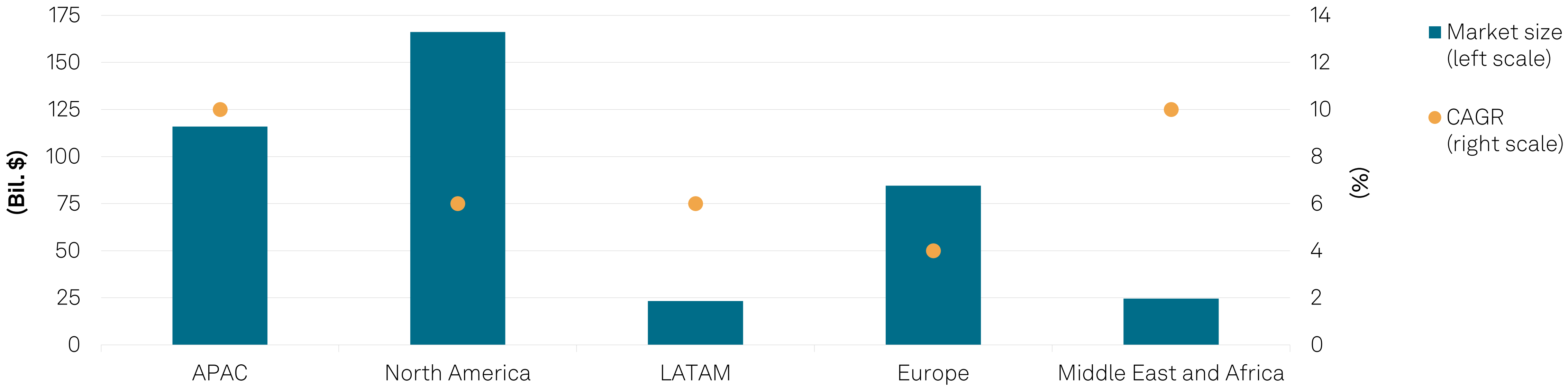
Balancing e-commerce with physical stores

- As of today, E-commerce penetration accounts for about 30% of the sportswear market, broadly the same since 2020 when we saw a strong acceleration from about 20% in 2019, driven by pandemic lockdowns.
- Physical stores remain important for sportswear companies to maintain consumer relationships and retain/establish brand awareness.
- Investments in digital capabilities will continue due to the convenience and accessibility of e-commerce, further boosted by social media.

Emerging Markets | Will Drive Growth In The Medium Term

- APAC has been the fastest growing region in recent years and will likely remain one of the main growth drivers in the next five years, supported by a growing middle-class embracing global trends such as streetwear and athleisure.
- North America and Europe will continue to grow (CAGR in 2024-2028 of about 6% and 4%) given the popularity of athleisure, the increasing participation of women in sport, and the expansion of the luxury segment as designers include sports elements in designs.

Market size by retail value and projected CAGR in 2024-2028 by region, at current prices



CAGR--Compound annual growth rate. Source: Euromonitor, Statista.

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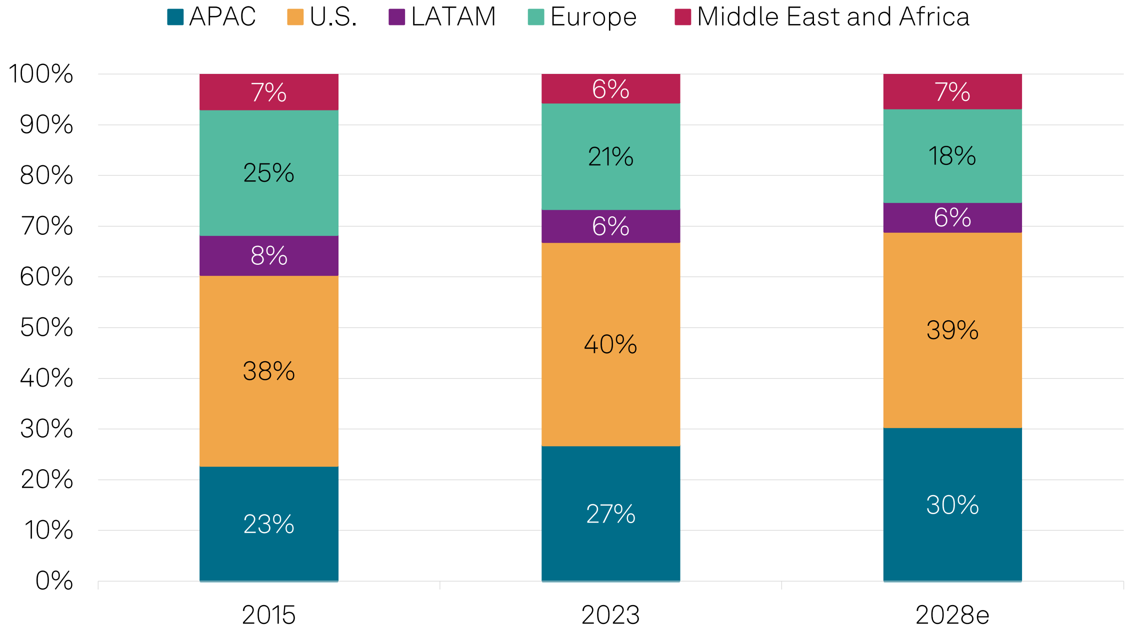
Expanding Consumer Base | Focus On APAC And Women

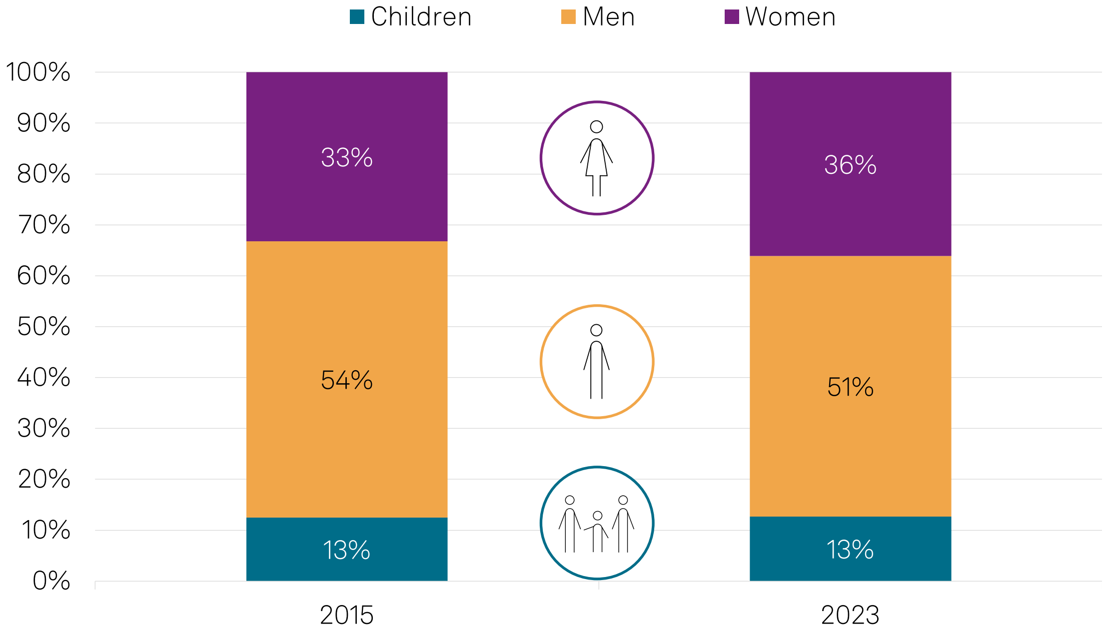
- China, forecast to expand at about 7%-8% CAGR in 2024-2028 at current prices, remains the largest sportswear market in APAC, but other countries such as India are expected to grow slightly faster.
- Sportswear brands' attention to women in sport and increasing media coverage will support further development of this segment. For example, the FIFA Women's World Cup in 2023 recorded 2 billion viewers (up 78% on the previous competition in 2019).

Sportswear – Diversification by region



e--Estimate. f--Forecast. Source: Euromonitor.

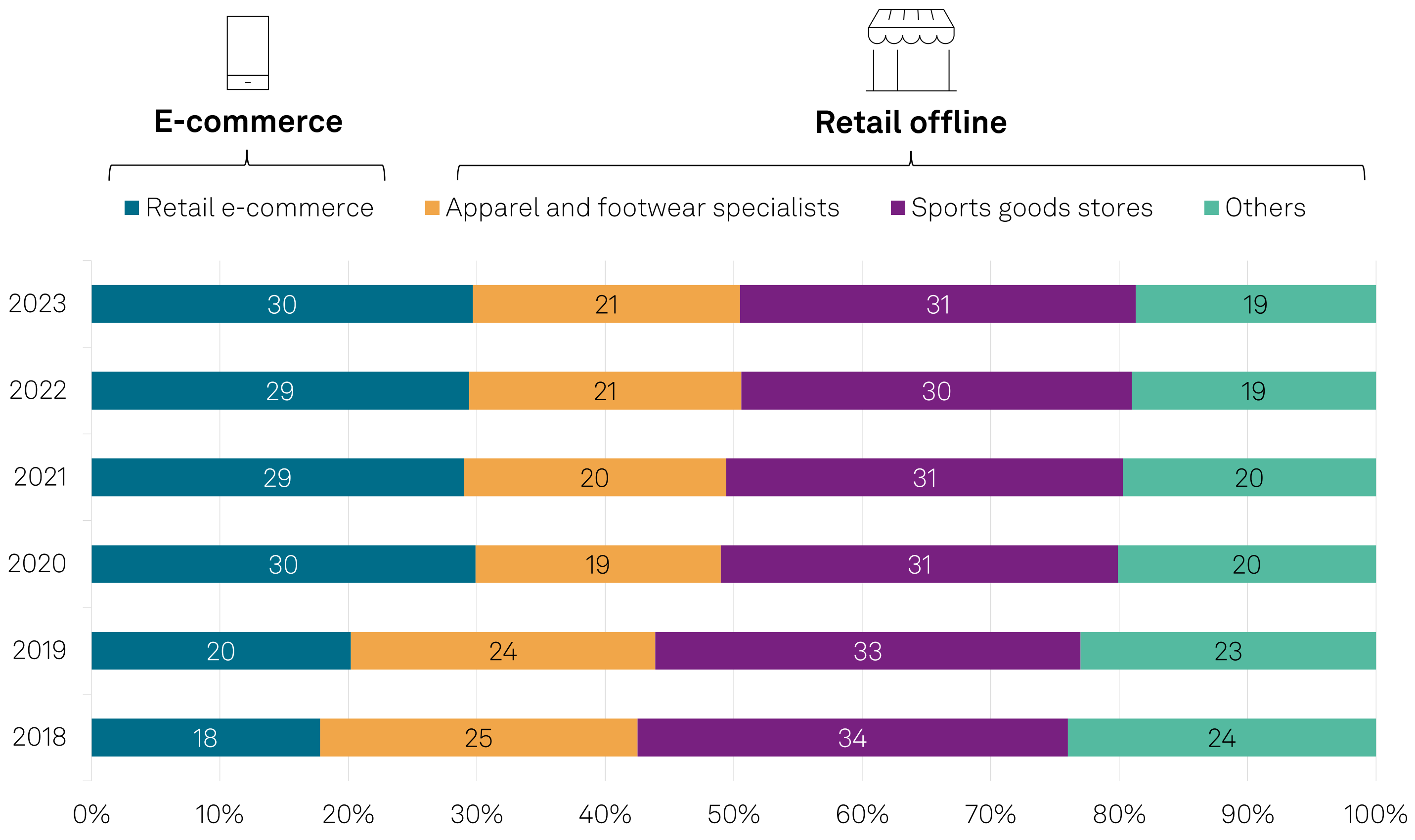
Sportswear – Diversification by demographics



Source: Euromonitor.

Omnichannel Distribution | Balancing E-Commerce And Physical Stores

Historical development of retail channel in the global sportswear industry



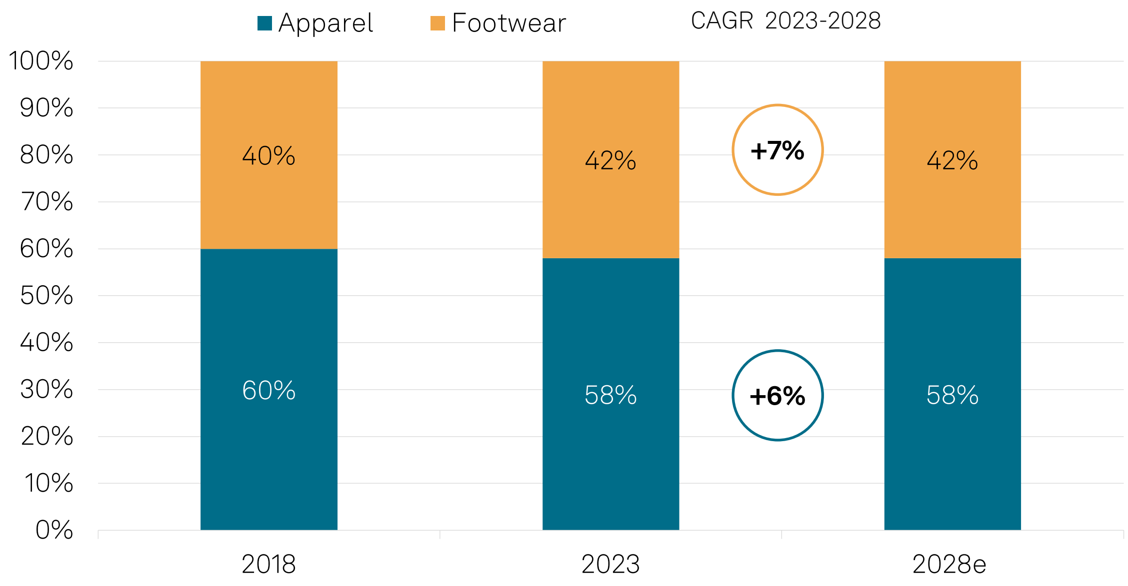
Source: Euromonitor.

- E-commerce sales have taken a share from traditional stores in the past five years, showing exceptional growth post-pandemic.
- We believe the current penetration of e-commerce sales, at around 30% of the market, is sustainable.
- Balancing online presence with physical stores will be key to maintaining a competitive advantage.
- E-commerce offers brands the ability to reach new customers easily, increase global reach, support new products, and save costs, while gaining consumer insights.
- Key players like Nike and Adidas have increased investments in digitalization, focusing on e-commerce while optimizing wholesale partners.
- A well-managed wholesale network supports high volumes and reaches a broad consumer base.
- Outlet and clearance stores are a strategic choice to clean up inventories and old collections.

Casualization | Growth In Footwear Will Continue To Outpace Apparel

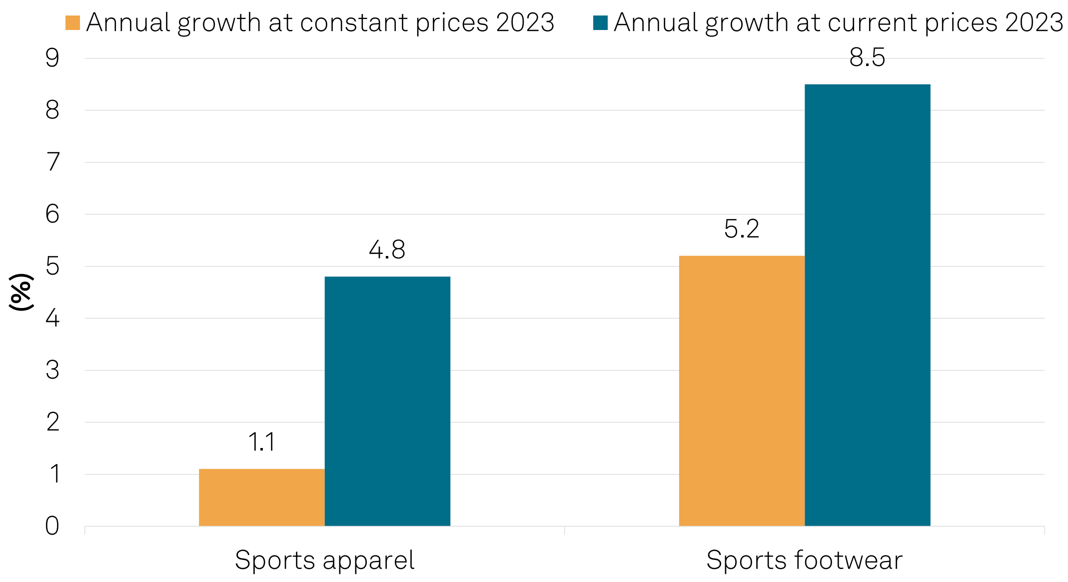
- Sports footwear is expected to grow slightly faster than sports apparel, but market segmentation should remain broadly unchanged. Growth in both categories is being driven by outdoor sportswear, which has seen strong gains since the pandemic.
- A major market shift in 2023 saw footwear outpace sports apparel. Both enjoyed higher sales prices, but apparel volumes suffered more from high inventories while footwear benefited the most from the casualization trend.
- Sports apparel faces wider competition intensity from fast-fashion, leisure, and general apparel retailers.

Sportswear – Diversification by product category



CAGR--Compound annual growth rate. e--Estimate. Source: Euromonitor.

Sports footwear and sports apparel growth in 2023



Source: Euromonitor.

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Sportswear | Key Risk Factors

Low risk High risk

Selected risk factor	Risk factor intensity	Risk factor description
Brand reputation and Marketing		Sponsoring top athletes and sports events, and collaborating with other brands and celebrities, are key to improving brand image and consumer base expansion. A negative development in the reputation of a brand ambassador could harm a company's sales and reputation. In 2024, we expect a step up in marketing costs to promote new products and support brand awareness amid major events including the Paris Olympics.
Competitive risk		Competition is intensifying as new and existing niche brands offer more single-sport-centric products (lululemon) and established non-sportswear players offer sportswear (fast-fashion retailers). Also, we see offerings from private labels (slightly under 4% of the market by retail value) and online pure-players as well as sport-equipment makers expanding into apparel (TaylorMade's partnership with Tiger Woods).
Macroeconomic		Uncertain macroeconomic landscapes in key regions as well as cautious consumer discretionary spending could weigh on growth in the sportswear market in 2024, primarily in the first half.
Innovation capabilities		Investments in research and development are key to introducing innovative products and enabling sportswear brands to reman relevant to their consumer base.
Supply chain risk		On average roughly 80% of sportswear products is manufactured in Asia Pacific. Tensions in the Red Sea at the start of 2024 delayed shipments by two-to-three weeks. However, companies secured alternative routes and transportation. The impact on costs has been limited as many players rely on existing agreements with carriers, mitigating increases in costs at least in the first half of 2024.
Inventory levels		The industry started 2023 with significant inventory across different channels and geographies, which has led to big markdowns. In 2024 inventory levels should normalize; we expect this happen quicker in Europe and China than in North America.
Inflation risk		S&P Global Ratings expects CPI inflation to moderate, globally. The eurozone should post CPI of 2.6% in 2024 from 5.5% in 2023 and the U.S. 2.8% in 2024 from 4.1% in 2023. This should lead to only moderate sales price increases in the sportswear market and fewer promotional activities as inventory levels normalize.

Sportswear | Key Environmental And Social Credit Factors

Risk factors	Risk Factor Description	Major Impact	Risk Management
Environmental factors			
Physical	Most production happens in countries that are highly exposed to climate change and extreme weather events, such as India, Bangladesh, Pakistan, and Vietnam.	• Sales • Working capital • Opex	• Dual-sourcing strategies with suppliers in different countries. • Near-shoring would support agility, speed, and cost competitiveness. A near-shoring country has to have available raw materials and components as well as a skilled workforce.
Climate transition	Decarbonization is a key challenge for sportswear companies. While scope 1 and 2 emissions reduction seems more achievable, scope 3 emissions are harder to abate as they fall outside a company's direct management.	• Brand Reputation	• Policy makers, investors, and society more broadly are increasingly pressing for change, which could threaten companies' license to operate. • Most of the companies we rate have adopted the Science-Based Targets initiative and the Fashion Industry Charter for Climate Action (targeting net-zero emissions by 2050).
Waste and pollution	Polyester, acrylic, and nylon-based textiles are key contributors to microplastic pollution (UNEP estimates that they contribute to 9% of total microplastics in the ocean). Cotton has limited recycling potential due to its rapid quality deterioration.	• Sales • COGS • Capex	• Using «eco-friendly» materials such as recycled polyester and leather alternatives (natural corks, mylo, organic cotton) while maintaining high-performance benefits and product durability. • New business models including take-back and repair and rent (easier for sport equipment).
Social factors			
Customer engagement	Consumer demand is motivated by factors such as functionality, design, price, comfort, and brand. Sporting-goods companies strive to build strong and trusted brands, and leverage on collaboration with other brands.	• Brand Reputation • Sales • Profitability	• Purpose-led brands can effectively promote anti-racism and anti-discrimination, and power gender equality and sports inclusion. • Collaborations with luxury brands (Moncler x Adidas; Air Jordan Dior, Swarovski x Nike, Stella McCartney x Adidas, Gucci x The North Face, Puma x Karl Lagerfeld, Fendi x Fila).
Community	Supply chain disruptions, higher trade barriers, and geopolitical turmoil are putting pressure on supply chain security, leading to higher costs. Sportswear companies are tasked with closely monitoring suppliers' labor standards.	• Brand Reputation • Sales • Opex	• Long-lasting relationships with Tier 1 suppliers. • Regular audits and training for suppliers to ensure fair wages and safe working conditions. • Near-shoring.

Capex--Capital expenditure. COGS– Cost Of Goods Sold. Opex--Operational expenditure.

Selected Rated Entities in Sportswear

Peer Table | Selected Sportswear Rated Entities

	Nike	Adidas	VF Corp	Under Armour	Amer Sports
Country Risk	Low	Intermediate	Low	Low	Low
Industry Risk	Low	Low	Low	Low	Intermediate
Competitive Position	Strong	Strong	Satisfactory	Fair	Fair
Business Risk Profile	Strong	Strong	Satisfactory	Weak	Fair
Financial Risk Profile	Minimal	Intermediate	Significant	Intermediate	Aggressive
Anchor Score	aa-	bbb+	bbb-	bb-	bb-
Modifiers					
Diversification	Neutral	Neutral	Neutral	Neutral	Neutral
Capital Structure	Neutral	Neutral	Neutral	Neutral	Neutral
Financial Policy	Neutral	Neutral	Neutral	Neutral	Neutral
Liquidity	Exceptional	Strong	Adequate	Adequate	Adequate
Management and Governance	Positive	Positive	Neutral	Moderately Negative	Neutral
Comparable Rating Analysis	Neutral	Positive	Neutral	Neutral	Neutral
Issuer Credit Rating / Outlook	AA-/Stable/A-1+	A-/Negative/A-2	BBB-/Negative/A-3	BB-/Stable/--	BB/Stable

Selected Rated Entities | Credit Considerations

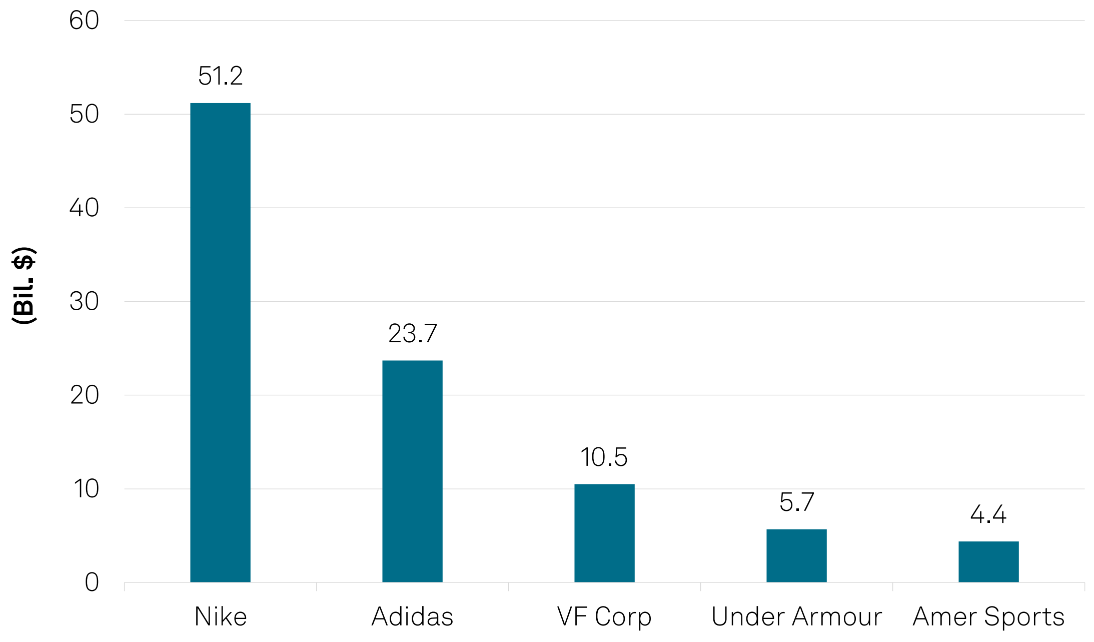
Company name	Issuer Credit Rating	Comments
Nike	AA-/Stable/A-1+	With about $51.6 billion sales in the last 12 months to Feb. 29, 2024, Nike is the world's largest seller of athletic footwear, apparel, equipment, and accessories. The Nike brand accounts for the majority of group sales, with some brand diversity mainly from the Jordan and Converse brands: 13% and 5% of sales, respectively. The group's announced $2 billion restructuring program will likely temporarily weigh on S&P Global Ratings-adjusted EBITDA margin, around 15% in fiscal 2025. However, Nike's financial risk profile is supported by its track record and expectations that S&P Global Ratings-adjusted debt to EBITDA will remain below 1.0x in the near term.
Adidas	A-/Negative/A-2	Adidas is the No. 2 global sportswear group behind Nike (8.3% market share in 2023 by retail value), with $23.7 billion in sales at end-2023. Brand awareness, sustainability credentials, and performance-featured products allow for premium prices. Adidas relies on a single global brand with well-diversified geographic sales. Our assessment of Adidas' financial risk profile reflects that S&P Global Ratings-adjusted debt to EBITDA will likely reduce toward 2.5x in 2024, from 3.1x in 2023. The rating is supported by the commitment to achieve net leverage of 2.0x or below in the medium term.
VF Corp.	BBB-/Negative/A-3	VF is one of the largest U.S. apparel companies, with sales of $10.5 billion in fiscal 2024 (ended March 31, 2024). The company operates in the active, outdoor, and work lifestyle segments with well-known brands including Vans, The North Face, and Timberland. Operating performance deterioration in the main brands led to leverage increasing nearly 5x in fiscal 2024. The negative outlook reflects that we could lower the rating if leverage does not improve to below 4x within the next 12-24 months through restored growth in its core brands and successful asset disposals.
Amer Sports	BB/Stable/--	Amer Sports is a global sporting goods company competing in the footwear, apparel, and sports equipment market. The group generated sales of about $4.4 billion at year-end 2023. Revenue is geographically diversified with a portfolio of well-known brands such as Salomon, Arc'teryx, Wilson, and Atomic. Our assessment of Amer Sports' financial risk profile reflects that S&P Global Ratings-adjusted debt to EBITDA will likely be close to 3.3x-3.5x in 2024, with negative FOCF due to higher working capital and capex requirements.
Under Armour	BB-/Stable/--	Under Armour (UA) develops, markets, and distributes branded performance apparel, footwear, and accessories. In the past few years UA has lost some market shares mainly in its core U.S. market and now ranks No. 6 in the global sports apparel industry, with around $5.7 billion in sales as of fiscal 2024 (ended March 31, 2024). Our assessment of UA's financial risk profile reflects that it will likely maintain adjusted debt to EBITDA close to 3.5x in fiscal 2025, while we expect reported FOCF of approximately $116 million in fiscal 2025, improving to about $130 million in fiscal 2026.

Selected Rated Entities' Business And Financial Considerations

Business Considerations | Well Diversified Global Presence

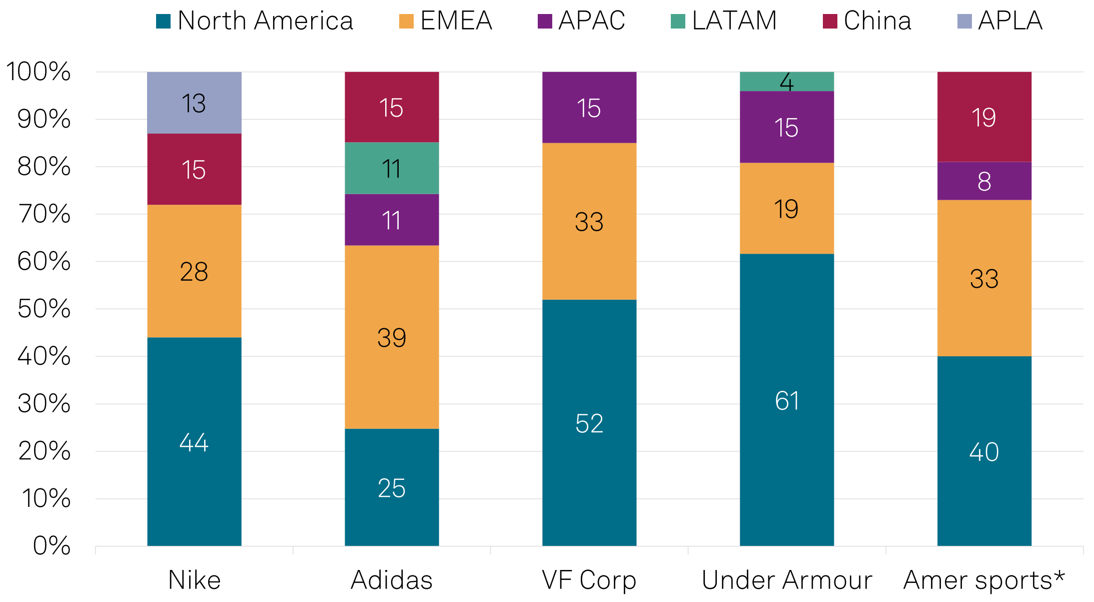
- Nike remains the largest global player (about double the size of Adidas) with a global market share of 18% at group level, leveraging the Nike brand as well as Converse and Jordan. Nike has solid brand awareness, supporting its above average EBITDA margin.
- Nike's revenue is slowing amid a weak macroeconomic environment and competitive landscape. It has announced a restructuring program to gain $2 billion in cost savings over the next three years.
- Overall, sportswear companies are well diversified globally, leveraging awareness of their global brands. Some players such as VF and Under Armour remain underpenetrated in Asia Pacific, the fastest growing market.

Revenues for latest available fiscal year



Revenues calculated over calendar year, fiscal year end: Adidas, Amer Sports (Dec. 31, 2023), Nike (May 31, 2023), VF Corp, Under Armour (March 31, 2024). Source: CapIQ.

Revenues by geographic area for latest available fiscal year

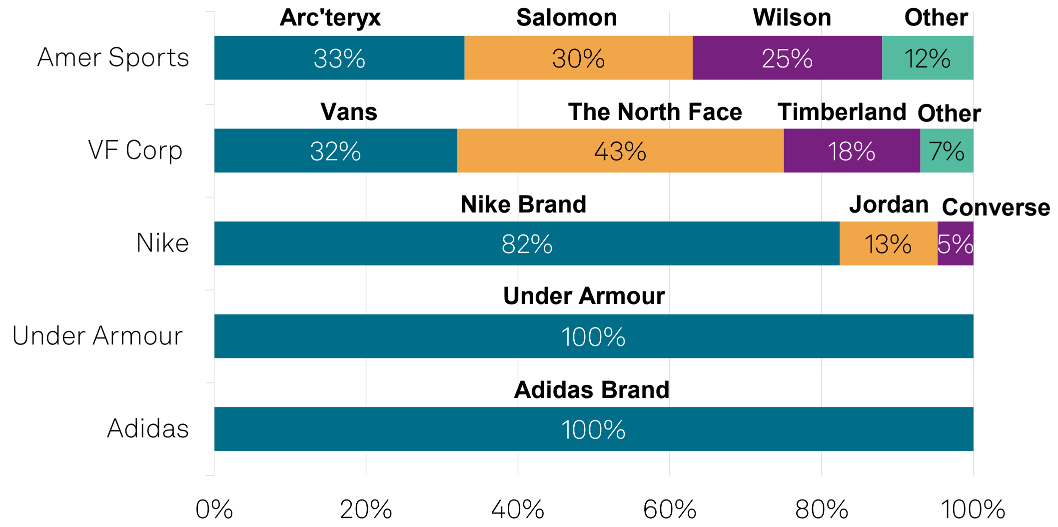


Note: When China is not specifically mentioned in the breakdown it is included in Asia Pacific (APAC). *We assume that the majority of Amer Sports' sales in Americas are generated in U.S. and Canada. Source: CapIQ.

Business Considerations | Focus On Key Brands and Direct To Consumer

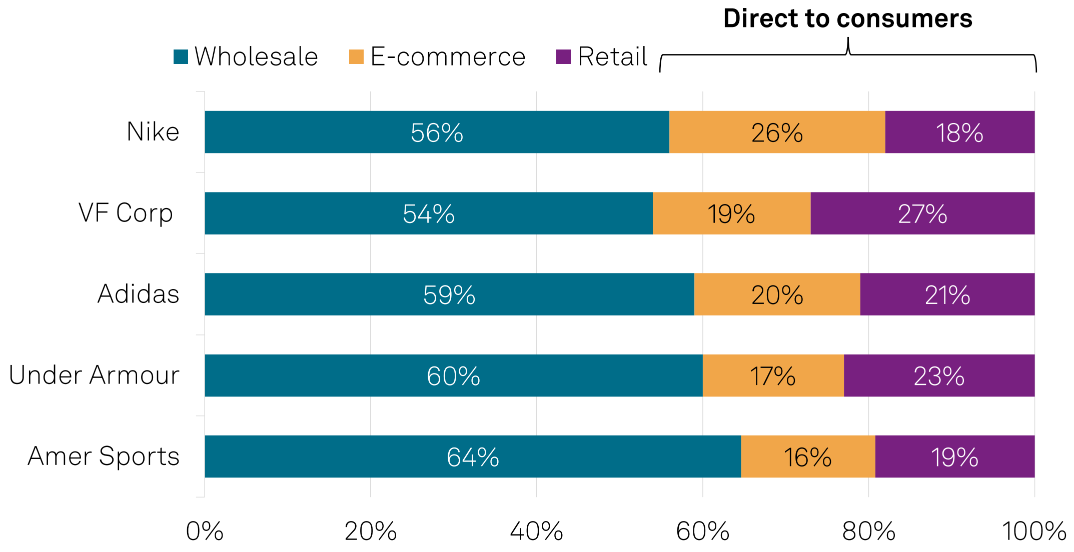
- A larger single-brand focus frees up resources for innovation, while enabling penetration of different sports and product categories. Niche brands tend to focus more on specific sports (Lululemon, Salomon).
- Recent brand disposals include Reebok and TaylorMade (Adidas) and Suunto and Precor (Amer Sports), while VF Corporation recently announced a brand portfolio review. In 2018, Kering disposed of its majority stake in Puma.
- Wholesale accounts for about 60% of sales on average. Nike's brand awareness and consumer base allow for above-average e-commerce penetration, while Amer Sports is investing in strengthening its direct-to-consumers operations.

Brand concentration for latest available fiscal year



Source: Companies' Annual Reports, S&P Global Ratings.

Distribution channel for latest available fiscal year

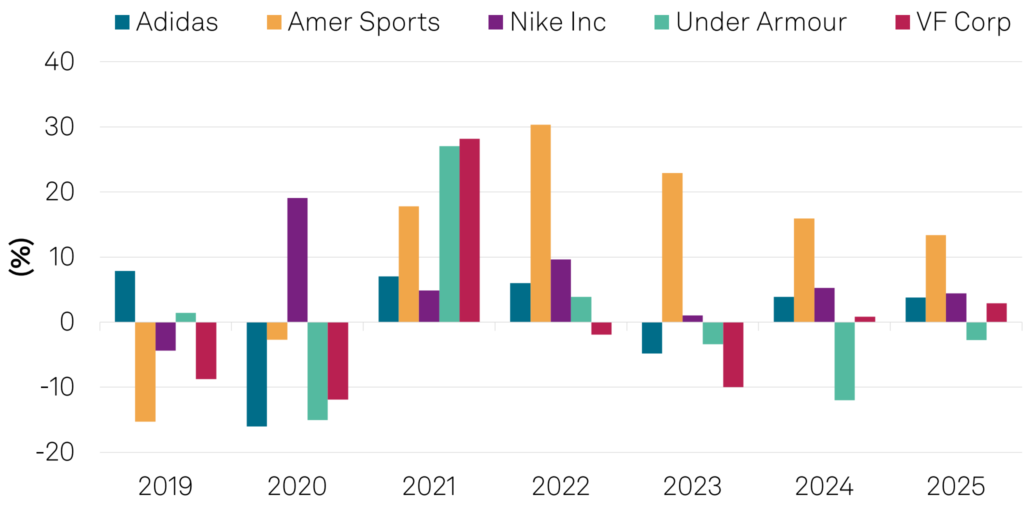


Source: Companies' Annual Reports, S&P Global Ratings.

S&P Global Estimates | Gradual Improvement In Revenues and Profitability

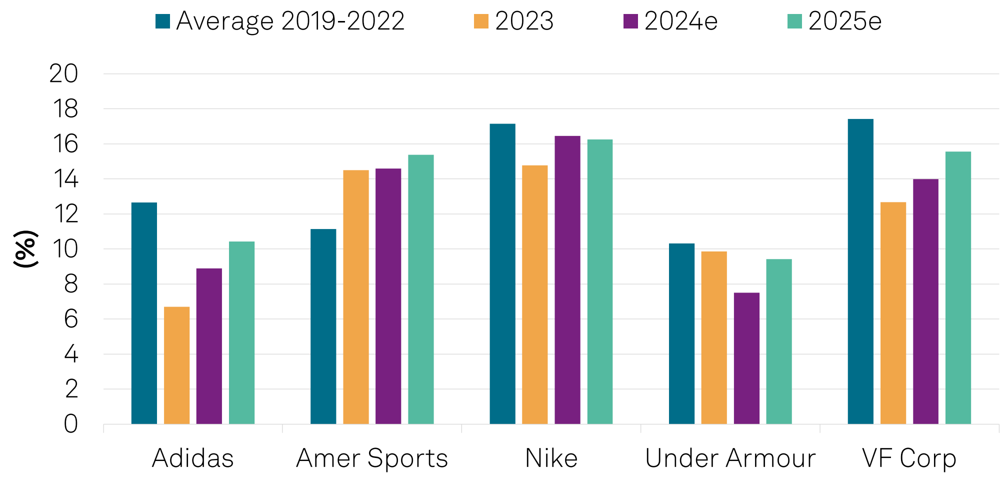
- After subdued consumer demand in 2023, we expect Amer Sports will outgrow the market and some other rated entities will show moderate revenue growth in 2024-2025 mainly driven by volumes and mix, while price effects should reduce.
- S&P Global Ratings-adjusted EBITDA margins should improve in 2024 (on average by about 60-80 bps) but will remain below historical averages for many. Profitability expansion will stem from improved product portfolio mixes, ongoing wholesale rationalization, cost savings, and lower discounts, partly offset by an increase in staff costs and higher marketing expenses.

Historical and projected revenue growth



Note: Nike's fiscal year ended May 2020 and Under Armour, VF's fiscal year ended March 2020 reported as calendar year 2019 Source: Companies' Annual Reports, S&P Global Ratings. Revenue growth rate calculated over calendar year. Adidas' annual revenue growth in 2021 was about 15% excluding Reebok (divested in 2021) contribution both in 2020 and 2021.

Historical and projected EBITDA margin

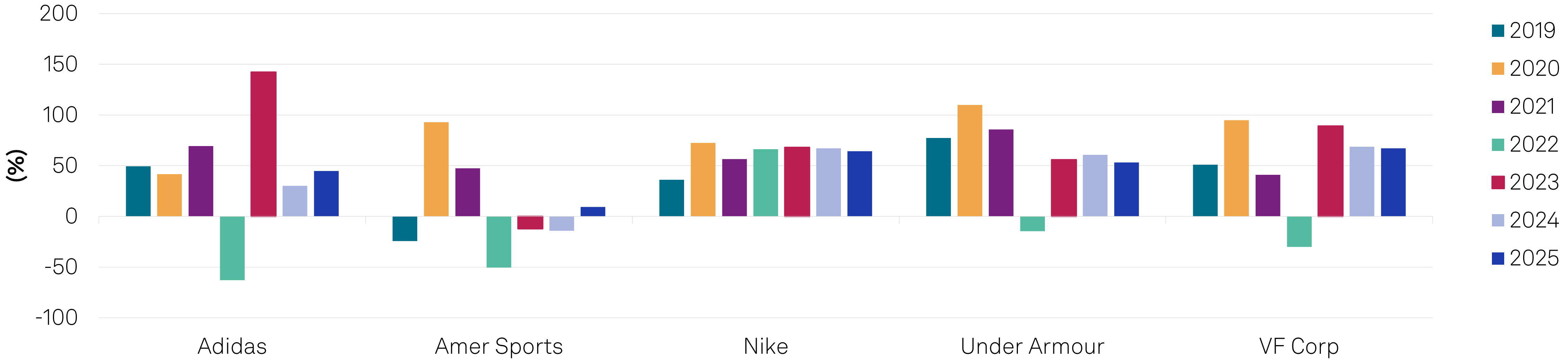


Note: Nike's fiscal year ended May 2020 and Under Armour, VF's fiscal year ended March 2020 reported as calendar year 2019. e--Estimate. Source: Companies' Annual Reports, S&P Global Ratings, EBITDA Margin calculated over calendar year.

Cash Flow Analysis | FOCF To Normalize After Inventory Peak in 2022

- Free operating cash flow (FOCF; before leases) should normalize from 2024 after inventories peaked in 2022 and reversed in 2023.
- Nike has maintained consistent FOCF conversion as a percentage of EBITDA over the past few years at 60%-70% on average.
- Amer Sports' FOCF conversion remains depressed by investments in the retail channel leading to high inventories and capex requirements.

Reported free operating cash flow to EBITDA

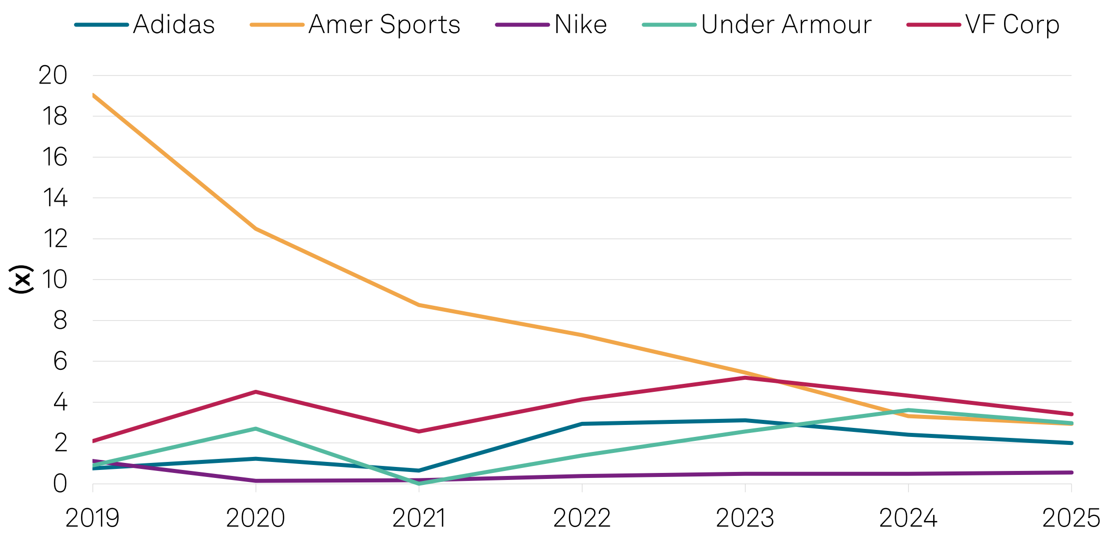


Source: S&P Global Ratings.

Financial Profile | Adjusted Leverage To Reduce, Lease Liabilities Are Relevant

- Overall, we expect S&P Global Ratings-adjusted leverage to gradually reduce over 2024-2025, mainly on EBITDA improvements.
- Lease liabilities account for a significant portion of rated entities' debt. As many aim to reduce their financial indebtedness in 2024-2025, the proportion of lease liabilities should slightly increase. Amer Sports' relative weight of lease liabilities will increase the most because of lower financial liabilities post-IPO and ongoing retail network expansion.

Historical and projected leverage



Source: Companies' Annual Reports, S&P Global Ratings. Leverage calculated over calendar year.

Average lease liabilities and financial debt

Source: Companies' Annual Reports, S&P Global Ratings.

S&P Global Ratings

Rating Overview | Rated Players In the Global Apparel Market

STRONGER — FINANCIAL RISK PROFILE — WEAKER

Luxury
Sportswear
General apparel and footwear

BUSINESS RISK PROFILE (STRONGER → WEAKER)

	Minimal	Modest	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	LVMH Moet Hennessy Louis Vuitton S.E.: AA-/Stable/A-1+					
Strong	Compagnie Financiere Richemont S.A.: A+/Stable/(A-1); NIKE Inc.: AA-/Stable/A-1+		Adidas AG: A-/Negative/A-2; Kering S.A.: A-/Stable/A-2			
Satisfactory	Fast Retailing Co. Ltd A+/Stable Associated British Foods PLC: A/Stable/--; Ralph Lauren Corporation: A-/Stable/A-2	Dick's Sporting Goods Inc.: BBB/Stable/--; H & M Hennes & Mauritz AB: BBB/Stable/A-2; Next PLC: BBB/Stable/A-2	Capri Holdings Limited: BBB-/WatchPos/--; PVH Corp.: BBB-/Positive/A-3	VF Corp.: BBB-/Negative/A-3		
Fair	HUGO BOSS AG: BBB/Negative/--	Levi Strauss & Co.: BB+/Stable/--	Academy Sports and Outdoor Inc.: BB/Positive/--; Foot Locker Inc.: BB/Negative/--; Gap Inc. (The): BB/Stable/--; Kontoor Brands, Inc.: BB/Stable/--; Vista Outdoor Inc.: BB/Stable/--		Amer Sports Inc.: BB/Stable/--	Authentic Brands Group LLC: B+/Stable/--
Weak		Abercrombie & Fitch Co.: BB/Stable/--; Crocs, Inc.: BB/Stable/--	G-III Apparel Group, Ltd.: BB-/Stable/--	Birkenstock Financing S.a.r.l.: BB-/Stable/--; Under Armour, Inc.: BB-/Stable/--	CBR Service GmbH: B+/Stable/--; Canada Goose Holdings Inc.: BB-/Stable/--; Fanatics Holdings, Inc.: BB-/Negative/--; Golden Goose SpA: B+/WatchPos/--; Tailored Brands, Inc.: B/Stable/--	TaylorMade Holdings Inc.: B/Stable/--; Wolverine World Wide Inc.: B/Negative/--
Vulnerable						

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Recent Rating Actions and Publications

S&P Global Ratings Publications | Recent Rating Actions

Under Armour	Amer Sports	VF Corp	Adidas
Under Armour Inc. Downgraded To 'BB-' On Brand Strength Challenges; Outlook Stable; Debt Ratings Lowered, March 30, 2024	Amer Sports Inc. Assigned 'BB Issuer Credit Rating Following IPO Closing; Outlook Stable, Feb. 7, 2024	VF Corp. Downgraded To 'BBB-' From 'BBB' On Weak Forecast; Outlook Negative, Feb. 15, 2024	Adidas Downgraded To 'A-/A-2' From 'A+/A-1' On Deteriorating Credit Metrics; Outlook Negative, Feb. 21, 2023
The downgrade reflects our less favorable view of Under Armour's business risk and our expectation of a low double-digit revenue decline in fiscal 2025 stemming from ongoing brand strength concerns.	We raised our issuer credit ratings on Amer Sports to 'BB/Stable' from 'B+/Stable' and assigned an issue rating of 'BB' with a recovery rating of '3' to the $600 million senior secured notes.	We lowered our rating on VF Corp to 'BBB-' from 'BBB', with a negative outlook, due to its weak operating performance and ongoing deterioration of credit metrics, with Debt/EBITDA nearly 5x in fiscal 2024. We could lower the rating further if leverage metrics do not fall below 4x in the next 12-24 months.	We lowered our long-term rating on Adidas to 'A-' from 'A+' and our short-term rating to 'A-2' from 'A-1'. We expect S&P Global Ratings-adjusted Debt/EBITDA to remain above 2x for 2024.
The stable outlook reflects Under Armour's continued strong balance sheet, which shows relatively low debt and a high cash balance, and our forecast for gross leverage to remain close to 3.5x over the next 12 months.	The upgrade reflects the completion of Amer Sports' IPO on the NYSE. Under our base case, we expect leverage to decrease to around 3.5x-3.8x from around 5.7x at year-end 2023.	VF remains committed to a conservative financial policy, but meaningfully reducing leverage in the near term will depend on it selling off brands.	The negative outlook reflects the volatility around our base case due to uncertainties related to the execution of initiatives to mitigate termination of the Yeezy collection.

S&P Global Ratings Publications | Recent Publications 2023/2024

Headline	Date	Type of publication
Adidas' First Quarter Performance And Revised Guidance For 2024 Support Deleveraging Prospects	May 2, 2024	Bulletin
Under Armour Inc. Downgraded To 'BB-' On Brand Strength Challenges; Outlook Stable; Debt Ratings Lowered	March 30, 2024	Research Update
Credit FAQ: Will VF Corp. Turn Itself Around?	March 13, 2024	Commentary
Consumer Goods 2024 Outlook	March 11, 2024	Sector Presentation
Amer Sports Inc. Ratings Unaffected By Greenshoe Option Exercise	March 7, 2024	Bulletin
VF Corp. Downgraded To 'BBB-' From 'BBB' On Weak Forecast; Outlook Negative	Feb. 15, 2024	Research Update
Amer Sports Inc. Assigned 'BB' Issuer Credit Rating Following IPO Closing; Outlook Stable	Feb. 2, 2024	Research Update
Industry Credit Outlook 2024	Jan. 31, 2024	Industry Research
Nike Inc.	Jan. 22 , 2024	Tear Sheet
Adidas AG	Dec. 12, 2023	Full Analysis
VF Corp. Outlook Revised To Negative From Stable Due To Elevated Leverage; Ratings Affirmed	Nov. 2, 2023	Research Update

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