KONTOOR

Kenan–Flagler Business School
ALPHA CHALLENGE
The University of North Carolina

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Team Number: 9

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Investment summary

- **Buy KTB 4.125% 2029 Senior Unsecured Notes (BB-/Ba3) trading at $95.35; ~5.44% yield to maturity and ~172bps OAS (as of 11/14/2025)**
- **Base case target spread: 160bps, Total return in 18 months: ~8.5%, MOIC: 1.06x**

Thesis Summary

Helly Hansen acquisition driving value and synergies

Helly Hansen's acquisition powers Kontoor's market diversification and steady growth, as resilient workwear and outdoor segments drive robust sales expansion and margin potential, supported by proven management expertise and global category reach

Strong diversified brand and global growth

Wrangler and Lee are gaining momentum as timeless, durable denim icons, boosted by rising demand for vintage-inspired barrel and wide-leg jeans, outperforming competitors like Levi's and American Eagle with stronger market share gains and faster inventory turnover

Strong FCF supports consistent deleveraging

Project Jeanius efficiencies and strong FCF conversion support durable cash generation that more than covers interest and enables steady, visible deleveraging back toward pre-acquisition leverage levels within the note's maturity window

KTB's moderate leverage and low LTV provide attractive upside potential from deleveraging and spread tightening

Key highlights:

- **Moderate leverage but deleveraging potential**: Gross and net leverage of **~3.0x / 2.9x; Low LTV of 26%**
- **Conservative maturity profile**: With only ~$400mm of unsecured debt and minimal near-term maturities, KTB faces limited near-term refinancing needs
- **Healthy credit sentiment**: Debt trades with mid-single-digit YTM, reflecting stable credit quality and investor confidence in the durability of earnings

Capital Structure:

Facility	Debt Outstanding	LTM EBITDAx	Price	Coupon	Maturity	Market Value	YTM	OAS Adj. Spread	Current YTW	Call Price	Next Call Date	S&P	Moody's
1L TL A2-DD	249		n.a.	5.57	4/7/2028	249	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1L TL A1-DD	360		n.a.	5.69	4/8/2030	360	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1L TL A1	340		n.a.	5.70	4/8/2030	340	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
First Lien Facilities	**949**	**2.1x**				**609**							
Sr Unsec. Notes Due 2029	400		95.35	4.13	11/15/2029	381	5.44	172	5.44	101.0	12/14/2025	BB-	Ba3
Total Unsecured Debt	**400**	**3.0x**				**381**							
Total Debt	**1,349**	**3.0x**				**990**							
Cash	82												
Net Debt	**1,267**	**2.9x**											
Equity	3,998												
EV	**5,264**	**11.9x**											
LTM Adj. EBITDA	**443**												
LTV	**26%**												

Source: Bloomberg

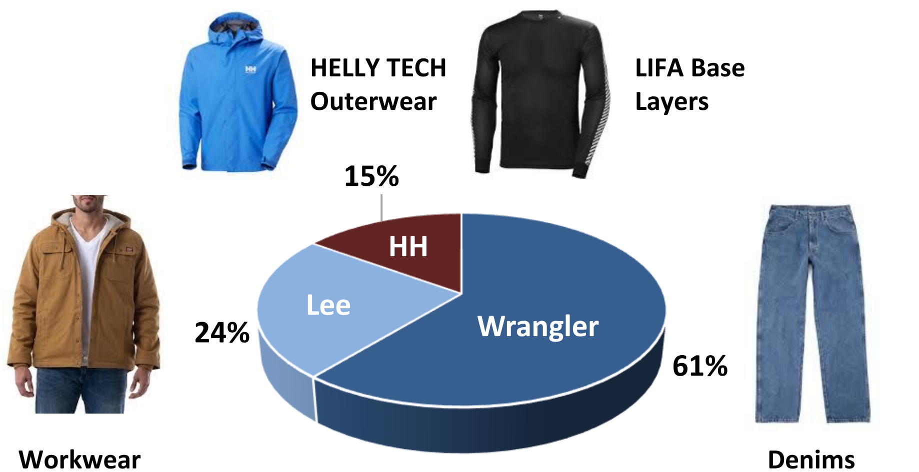
1. Company Overview

Kontoor Brands is a leading global lifestyle apparel company recognized for its iconic denim, workwear, and outdoor brands, for everyday wearers and professionals

Business Overview

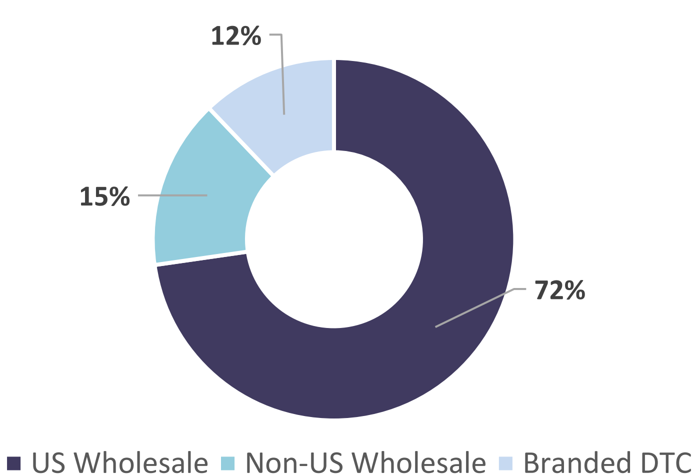
- Kontoor Brands is a global lifestyle apparel company known for its portfolio of iconic brands:
  - **Wrangler:** Recognized for classic denim and western-inspired apparel; Wrangler is a leading driver of growth and market share in the U.S. denim and workwear segments
  - **Lee:** Known for versatile, modern denim and casual apparel
  - **Helly Hanson (acquired in 2025)**: A global leader in technical outerwear, performance workwear, and adventure gear, providing advanced waterproof, insulated, and safety apparel to outdoor professionals
- KTB is one of the **leaders in the Global Denim market** and is generally **ranked #2 right after Levis**
- They generated **$2.6Bn in revenues as of 2024** (ex. Helly Hansen), with 80% of sales coming from the US and 20% from international locations

Key Products



FY25E Sales split

Channel Split in FY24 (ex. Helly Hanson)

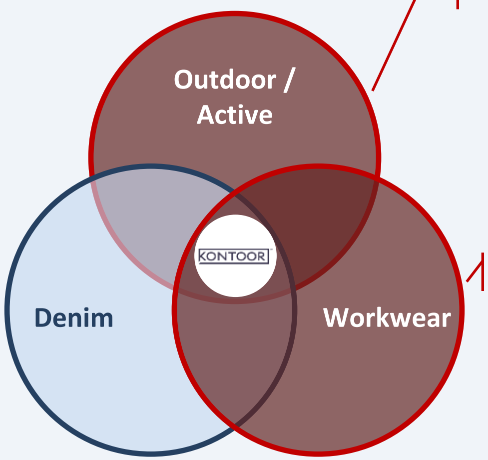


2. Investment Thesis

Thesis #1: Market is underestimating benefits of KTB's acquisition of legacy outdoor and workwear brand Helly Hansen

1 Helly Hansen's acquisition strengthens KTB's presence in attractive markets and achieves significant diversification

KTB Existing Categories



HH Unlocks Market Opportunity

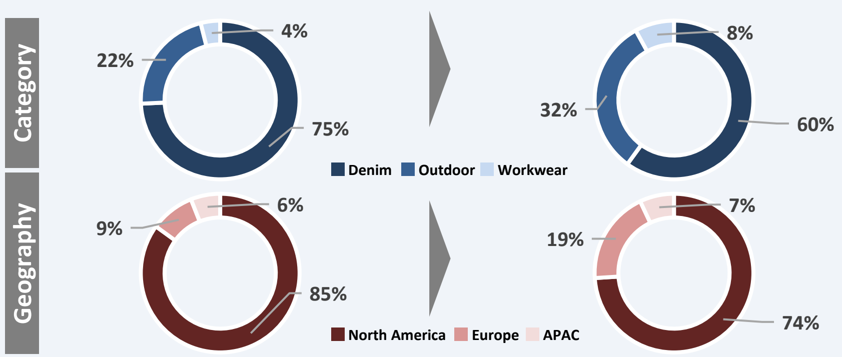
Global Market Size ~$300Bn

- **Functional category insulated from discretionary volatility**
- **High loyalty with broad consumer base worldwide**

Global Market Size ~$30Bn

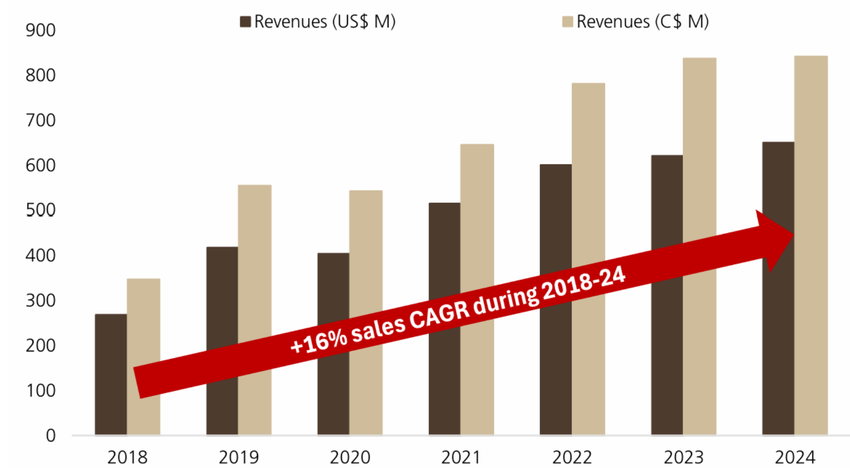
- **Steady replenishment business year round**
- **High loyalty with B2B customers**

Category diversification across channels



2 Standalone Helly Hansen revenues increased at a 16% CAGR in C$ during 2018-24, driven by solid category growth

Helly Hansen revenues (US$ million) and growth



Source: Company data, UBS Equities

3 Strong management expertise to execute successful transaction and grow outdoor business

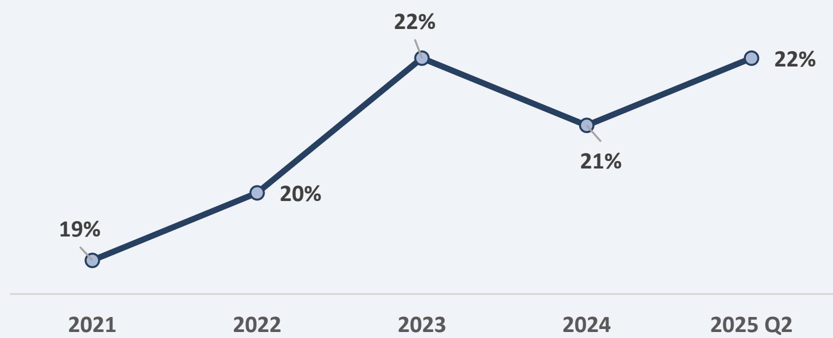
KTB President, CEO, and Chairman of the Board

- **Part of VF Corp. outdoor business from 2007-2018**, and lead spin-off for KTB
- **Directly oversaw The North Face business** from 2016-2018

Thesis #2: Strong Wrangler and Lee brands gaining market share and outshining denim rivals, driven by growing DTC support

1 Strong Wrangler and Lee brands are winning market share against its main competitors – Levi's and American Eagle

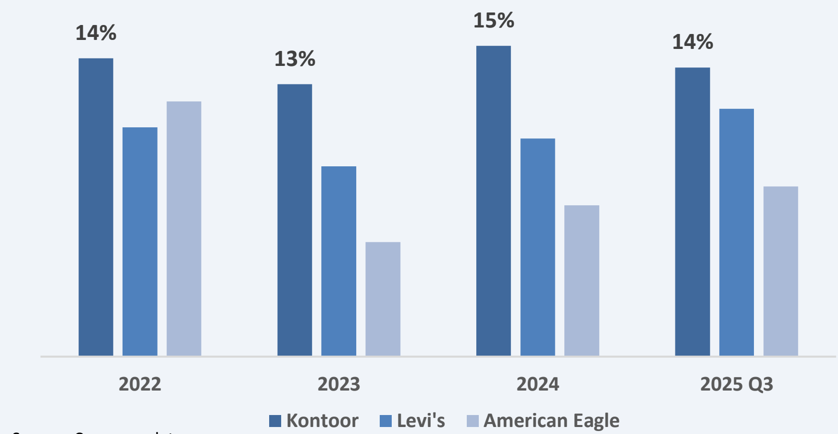
Relative sales share of KTB against Levi's and American Eagle



- **Wrangler and Lee are gaining market share** from key competitors, including Levi's and American Eagle
- **Wrangler and Lee continue to stand** out as classic, reliable denim brands known for durability and authenticity
- **While Lee undergoes a reset**, current fashion trends reveal a **strong resurgence in barrel-leg and wide-leg jeans**.
- Their **inventory turnover remains stronger than that of competitors**, indicating healthy consumer demand

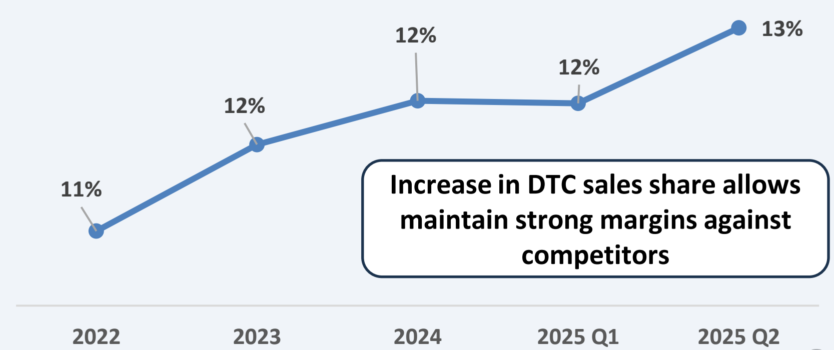
2 Wrangler and Lee's profit margins outshine their denim competitors, fueled by growing DTC Support

Operating profit KTB vs Peers



Source: Company data

DTC share for KTB is climbing to support margins



Thesis #3: Creditor-friendly capital allocation supports steady deleveraging

Key Assumptions:

- **Revenue growth**: Combined revenue grows at a ~8.5% CAGR FY25-FY27, reflecting sustained momentum across Wrangler / Lee and outsized contribution from Helly Hansen integration
- **EBITDA margins**: Expands and stabilizes at ~16.4% by FY27, supported by operating leverage and Project Jeanius cost efficiencies
- **Leverage & capital allocation**: **Total debt paydown of ~$200mm FY26-27 driving leverage to total 1.9x / net 1.5x by 2027** while still returning capital through dividends and opportunistic buybacks

	2021A	2022A	2023A	2024A	2025E	2026E	2027E	3 yr CAGR
Wrangler	1,575	1,746	1,754	1,806	1,893	1,965	2,063	*4.5%*
yoy%	*16.7%*	*10.8%*	*0.5%*	*3.0%*	*4.8%*	*3.8%*	*5.0%*	
Lee	887	874	843	791	745	745	760	*(1.3%)*
yoy%			*(3.6%)*	*(6.2%)*	*(5.8%)*	*0.0%*	*2.0%*	
Helly Hansen					456	754	814	n.a.
yoy%						*65.4%*	*8.0%*	
Other	14	11	11	11	23	27	30	n.a.
Total Revenue	**2,476**	**2,631**	**2,607**	**2,608**	**3,117**	**3,491**	**3,667**	***12.0%***
yoy%	*18.0%*	*6.3%*	*(0.9%)*	*0.0%*	*19.5%*	*12.0%*	*5.1%*	
Gross Profit	**1,105**	**1,134**	**1,113**	**1,177**	**1,428**	**1,623**	**1,716**	
%margin	*44.6%*	*43.1%*	*42.7%*	*45.1%*	*45.8%*	*46.5%*	*46.8%*	
SG&A	(753)	(762)	(760)	(796)	(991)	(1,114)	(1,174)	
EBIT	**352**	**372**	**353**	**381**	**436**	**510**	**543**	
%margin	*14.2%*	*14.1%*	*13.5%*	*14.6%*	*14.0%*	*14.6%*	*14.8%*	
EBITDA	**389**	**409**	**391**	**423**	**487**	**567**	**603**	***12.5%***
%margin	*15.7%*	*15.6%*	*15.0%*	*16.2%*	*15.6%*	*16.2%*	*16.4%*	
CFO	**88**	**(162)**	**357**	**368**	**345**	**418**	**471**	
Capex	(11)	(18)	(27)	(19)	(22)	(24)	(26)	
% Sales	*0.4%*	*0.7%*	*1.0%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	
FCF	**78**	**(180)**	**329**	**349**	**323**	**393**	**445**	
% Sales	*3.1%*	*-6.9%*	*12.6%*	*13.4%*	*10.4%*	*11.3%*	*12.1%*	
Total Debt / EBITDA	**2.2x**	**2.1x**	**2.2x**	**1.9x**	**2.8x**	**2.2x**	**1.9x**	
Net Debt / EBITDA	**1.7x**	**1.9x**	**1.6x**	**1.1x**	**2.4x**	**2.1x**	**1.5x**	
EBITDA / Int Exp.	**11.7x**	**12.2x**	**10.7x**	**14.3x**	**12.2x**	**11.7x**	**13.5x**	

Attractive risk-reward: KTB 2029 Notes offer upside from deleveraging and spread tightening

	Spread	Price	Total Returns	MOIC
Bear (20%)	**240**	**95.5**	**6.6%**	**1.04x**
	220	96.0	7.1%	1.05x
	200	96.4	7.6%	1.05x
	180	96.9	8.1%	1.06x
Base (60%)	**160**	**97.4**	**8.5%**	**1.06x**
	140	97.8	9.0%	1.07x
Bull (20%)	**120**	**98.3**	**9.5%**	**1.07x**

	Rating Metrics	Rev / Liquidity	Debt/EBITDA	FFO / Net Debt
Upgrade	Moody's	Growth / good liquidity	> 3.25x	Mid to high-20%
	S&P	Synergies / cost savings	> 3x	
	Bull		Met	
	Base		Met	
Downgrade	Moody's	Lagging integration	< 4x	< 20%
	S&P	High Rx Costs	< 3x	
	Bear			Safe

Note: Mgmt. target pre-deal levels (~1.5x) in the next 18-24 months

Issuer	Security	Amt Out	Price	Coupon	Maturity	YTM	OAS	Net Leverage	S&P	Moody
Kontoor Brands	**KTB 4 1/8 11/15/29**	**400**	**95.4**	**4.13**	**11/15/2029**	**5.44**	**180.6**	**2.9x**	**BB-**	**Ba3**
Under Armour	UA 3 1/4 06/15/26	600	99.2	3.25	6/15/2026	4.75	98.9	5.8x	BB-	B1
Bath & Body Works	BBWI 6.694 01/15/27	284	102.1	6.69	1/15/2027	4.84	117.6	3.0x	BB+	Ba2
VF Corp	VFC 2.8 04/23/27	500	97.0	2.80	4/23/2027	5.00	137.5	5.1x	BB	Ba3
Bath & Body Works	BBWI 5 1/4 02/01/28	444	100.6	5.25	2/1/2028	4.98	136.5	3.0x	BB+	Ba2
GAP	GAP 3 5/8 10/01/29	750	94.0	3.63	10/1/2029	5.36	166.8	1.9x	BB	Ba3
VF Corp	VFC 2.95 04/23/30	750	88.3	2.95	4/23/2030	6.00	229.4	5.1x	BB	Ba3
PVH	PVH 5 1/2 06/13/30	500	101.5	5.50	6/13/2030	5.12	139.3	8.8x	BBB-	Baa3
Ralph Lauren	RL 2.95 06/15/30	750	94.4	2.95	6/15/2030	4.32	60.3	1.0x	A-	A3
Under Armour	UA 7 1/4 07/15/30	400	98.5	7.25	7/15/2030	7.62	382.5	5.8x	BB-	B1
Hanesbrands	HBI 9 02/15/31	600	105.5	9.00	2/15/2031	7.69	50.5	4.7x	B+ *+	B3
Levi Strauss	LEVI 3 1/2 03/01/31	500	92.5	3.50	3/1/2031	5.14	135.4	1.8x	BB+	Ba2

Source: Moody's, S&P, Bloomberg

Risks and mitigants

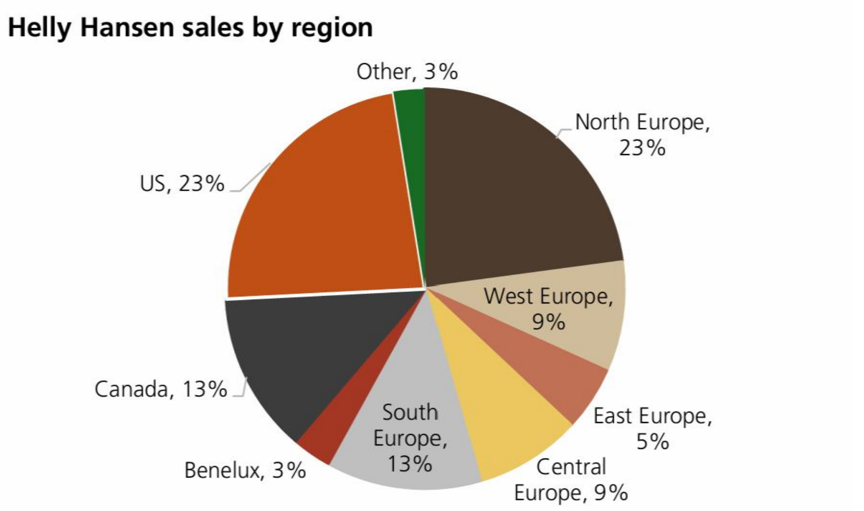
Risks	Mitigants
Helly Hansen integration risk — Execution challenges in inventory management, distribution optimization, or marketing could pressure margins and delay synergy realization	Management targeting $25M annual run-rate synergies by 2026 through supply chain efficiencies and technology integration. Proven track record with prior brand acquisitions and experienced HH leadership retained
US tariffs impact — Reliance on Asian manufacturing exposes margins to potential tariff escalation and geopolitical trade tensions	The majority of KTB's expected 2025 U.S. production volume originates from Bangladesh, Mexico, Egypt, Pakistan and Kenya. The company has undertaken measures to transfer production within the global supply chain and Project Jeanius has achieved additional cost savings partially mitigating tariff impacts
Category concentration — Heavy reliance on denim makes Kontoor vulnerable to shifting consumer preferences toward athleisure and performance wear	Helly Hansen acquisition delivers meaningful diversification into outdoor/workwear, reducing denim concentration. Strong DTC growth and collaboration pipeline sustain engagement across categories
Elevated leverage — Debt-funded $1.0B acquisition increased net leverage to 2.5x, exposing the company to refinancing risk and potential pressure if performance deteriorates	Strong cash generation and no revolver draws provides ample cushion and ability to manage leverage. Creditor-friendly capital allocation policy prioritizes debt paydown over aggressive shareholder returns by pausing share buybacks. Management is targeting pre-acquisition debt levels in the next 1-2 years

Appendix

Helly Hansen is a fundamentally strong outdoor wear brand with a robust US growth runway and retail sales outpacing global peers

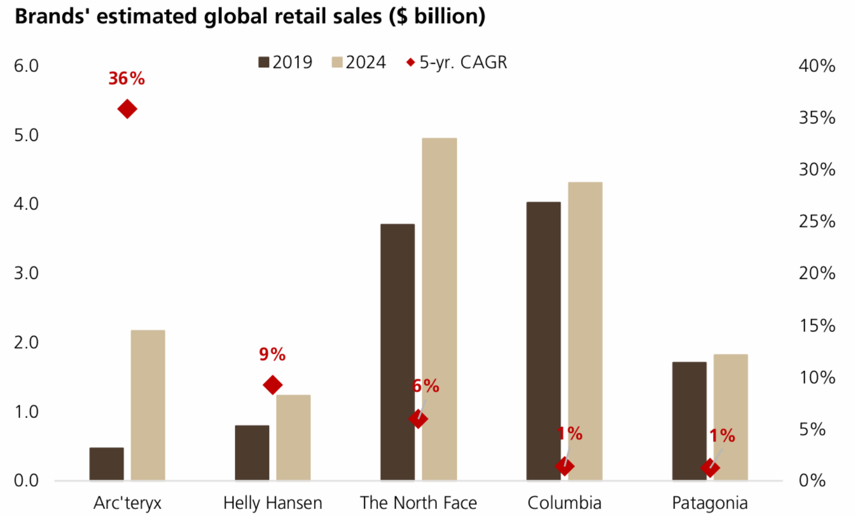
Helly Hansen is a Norwegian clothing manufacturer, headquartered in Oslo, that specializes in sports and workwear lines. While the brand has a rich history since forming in 1877, it was more recently acquired by Canadian Tire in 2018.

Helly Hansen is primarily a European business, which implies meaningful growth potential in the USv



Source: Company data (2024)

In retail sales for key outdoor players, Arc'teryx has led the way, while Columbia and Patagonia have underperformed



Source: UBS Research estimates, Euromonitor. Retail sales estimates considers a mark up of wholesale revenues + reported DTC revenues.

- Given its **strong track record in Europe and currently low penetration in the US market**, Helly Hansen can leverage KTB's established US presence to accelerate sales growth, overcoming an unoptimized supply chain under Canadian Tire
- **Global outdoor apparel demand has grown at a 6% CAGR during 2010-24**, with relatively similar growth rates in the decade prior to the pandemic and the last 5 years.
- **Helly Hansen's diverse innovations** (LIFA Stay Dry Tech®, Helly Tech®, etc.) **has positioned the brand as a more functional product** rather than fashion item, which in turn limits fashion risk

Project Jeanius: A strategic framework to unlock >$100M in value through operational transformation and reinvestment for growth

Background

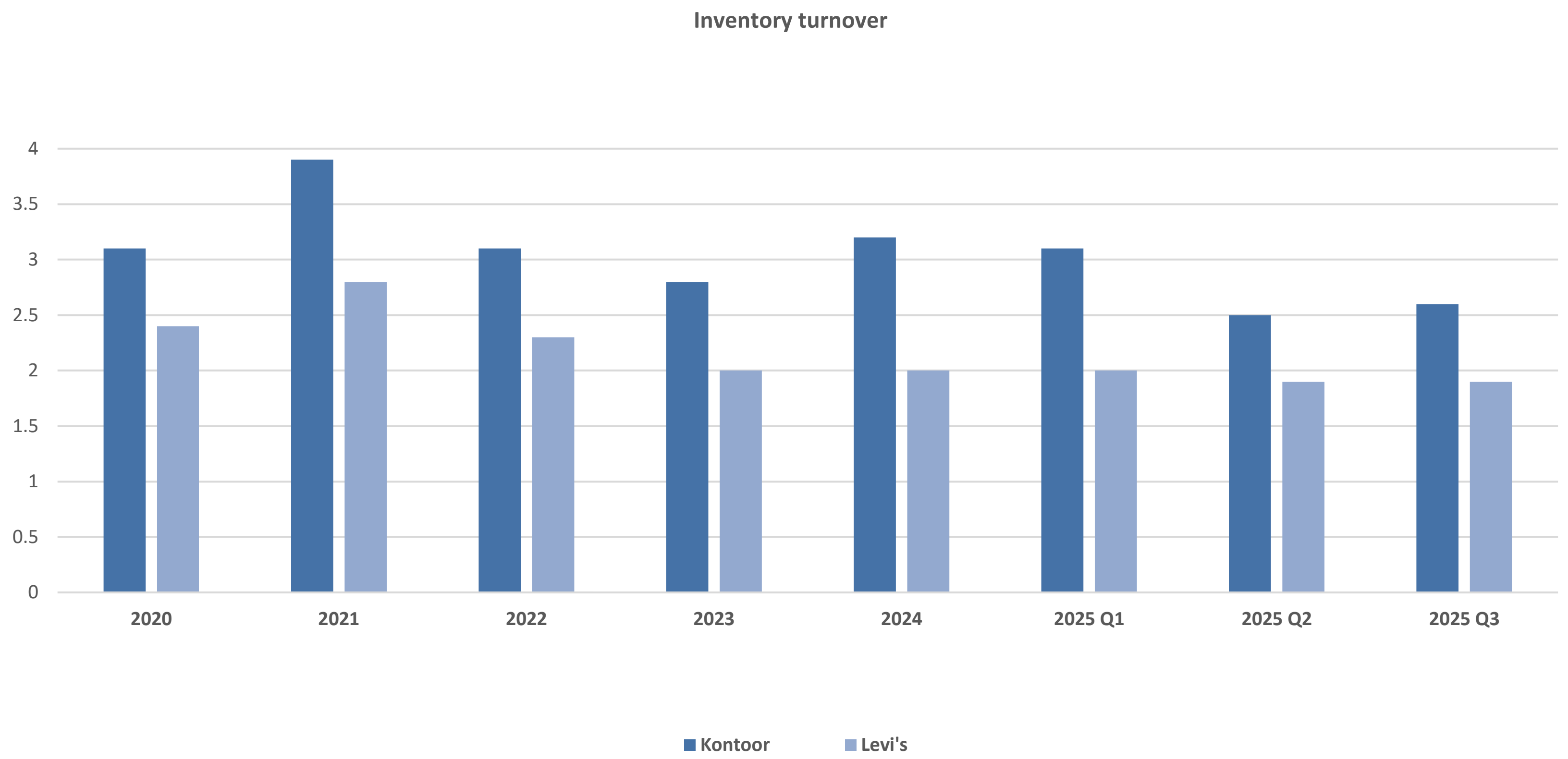
- **Kontoor Brands was spun off from VF Corporation in 2019** and, like Helly Hansen today, **faced under-investment** that hurt its brand and profitability
- **Kontoor initially retained VF's operational and supply chain structures**, but these proved suboptimal and delayed denim-focused improvements, especially due to COVID-19 disruptions
- **In 2024, with ERP upgrades and new teams in place, management launched Project Jeanius to drive operational efficiency,** not just cost cutting, and from a position of strength

Project Jeanius Goals

- **Transform global sourcing** to enable growth, boost supply chain efficiency, and strengthen planning capabilities
- **Drive back-end efficiencies** by upgrading the shared platform, supporting M&A scale-up, and building better data infrastructure
- **Optimize commercial operations** to improve product development, accelerate speed to market, and respond faster to changing customer needs

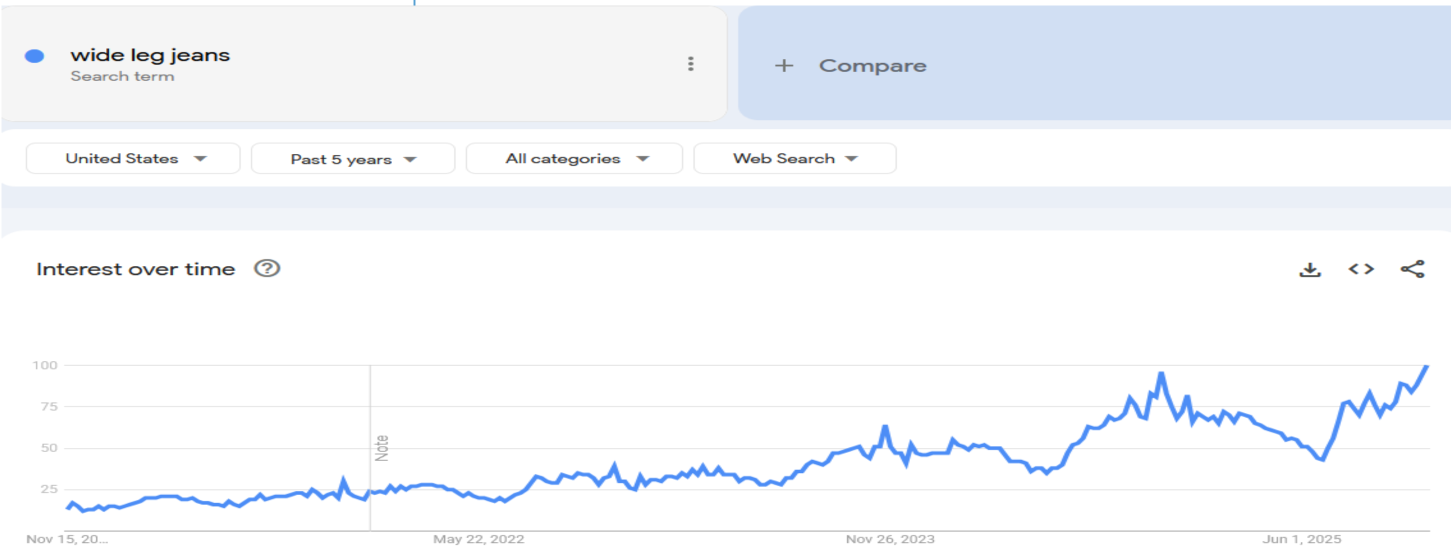
- **Project Jeanius was initially expected to result in $50 million to $100 million** of combined gross margin improvement and SG&A savings
- **Recently management has increased the outlook to >$100M in savings** and is expected to reinvest a portion of the savings for growth

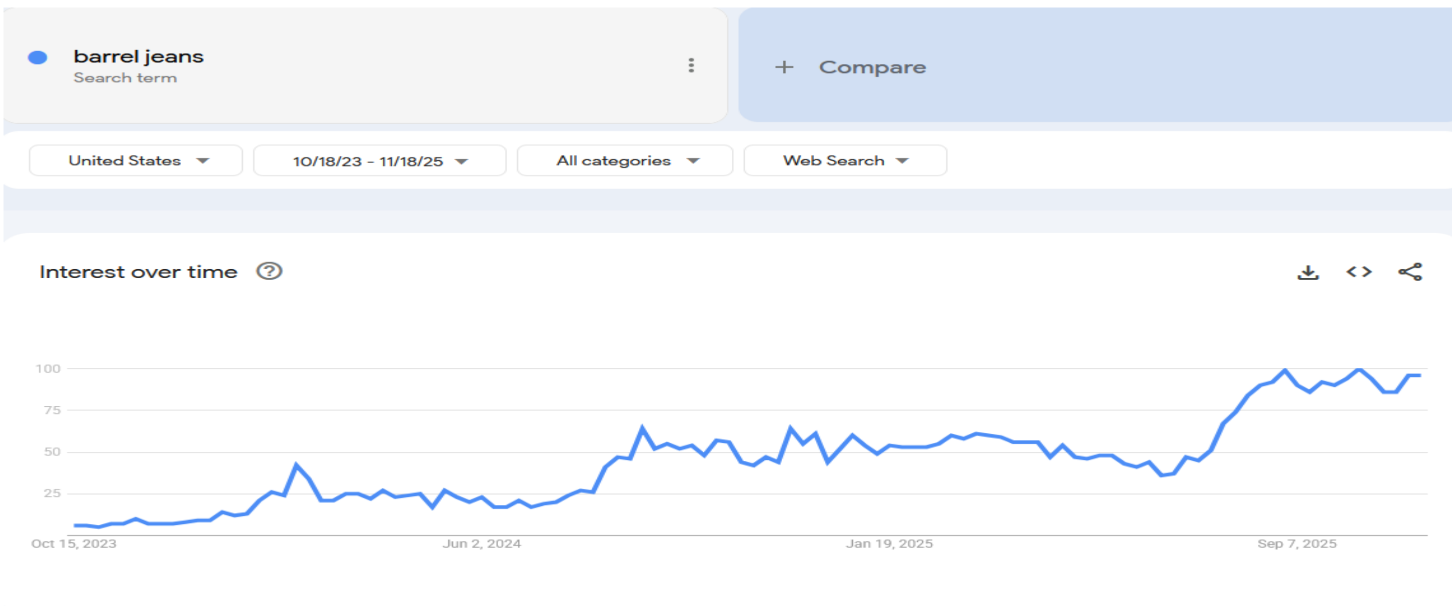
Inventory turnover outpaces Levi's, highlighting strong demand and operational efficiency



Source: 10-Q

Resurgence in vintage denim: Google Trends reveal strong uptick in searches for barrel-leg and wide-leg jeans





Source: 10-Q

Bull Case Financials

Key Assumptions:

- **Revenue growth**: Combined revenue grows at a ~10.3% CAGR FY25-FY27, reflecting strong momentum across Wrangler / Lee and outsized contribution from Helly Hansen integration and international growth
- **EBITDA margins**: Expands and stabilizes at ~16.6% by FY27, supported by operating leverage, a richer DTC/higher-margin mix, and incremental Project Jeanius cost efficiencies
- **Leverage & capital allocation**: Robust FCF supports **total debt paydown of ~$300mm FY26-27 driving leverage to total 1.6x / net 1.3x by 2027** while still returning capital through dividends and opportunistic buybacks

	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2 yr CAGR
Wrangler	1,575	1,746	1,754	1,806	1,896	2,029	2,130	*6.0%*
yoy%	*16.7%*	*10.8%*	*0.5%*	*3.0%*	*5.0%*	*7.0%*	*5.0%*	
Lee	887	874	843	791	751	774	789	*2.5%*
yoy%			*(3.6%)*	*(6.2%)*	*(5.0%)*	*3.0%*	*2.0%*	
Helly Hansen					456	775	852	*36.7%*
yoy%						*70.0%*	*10.0%*	
Other	14	11	11	11	23	27	30	n.a.
Total Revenue	**2,476**	**2,631**	**2,607**	**2,608**	**3,126**	**3,604**	**3,802**	***10.3%***
yoy%	*18.0%*	*6.3%*	*(0.9%)*	*0.0%*	*19.9%*	*15.3%*	*5.5%*	
COGS	(1,371)	(1,497)	(1,495)	(1,431)	(1,688)	(1,918)	(2,015)	
Gross Profit	**1,105**	**1,134**	**1,113**	**1,177**	**1,438**	**1,687**	**1,787**	
%margin	*44.6%*	*43.1%*	*42.7%*	*45.1%*	*46.0%*	*46.8%*	*47.0%*	
SG&A	(753)	(762)	(760)	(796)	(988)	(1,153)	(1,217)	
EBIT	**352**	**372**	**353**	**381**	**450**	**533**	**570**	
%margin	*14.2%*	*14.1%*	*13.5%*	*14.6%*	*14.4%*	*14.8%*	*15.0%*	
EBITDA	**389**	**409**	**391**	**423**	**501**	**592**	**632**	***12.3%***
%margin	*15.7%*	*15.6%*	*15.0%*	*16.2%*	*16.0%*	*16.4%*	*16.6%*	
CFO	**88**	**(162)**	**357**	**368**	**355**	**431**	**496**	
Capex	(11)	(18)	(27)	(19)	(22)	(25)	(27)	
% Sales	*0.4%*	*0.7%*	*1.0%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	
FCF	**78**	**(180)**	**329**	**349**	**333**	**406**	**469**	
% Sales	*3.1%*	*-6.9%*	*12.6%*	*13.4%*	*10.6%*	*11.3%*	*12.3%*	
Total Debt / EBITDA	**2.2x**	**2.1x**	**2.2x**	**1.9x**	**2.7x**	**2.0x**	**1.6x**	
Net Debt / EBITDA	**1.7x**	**1.9x**	**1.6x**	**1.1x**	**2.3x**	**1.9x**	**1.3x**	
EBITDA / Int Exp.	**11.7x**	**12.2x**	**10.7x**	**14.3x**	**12.5x**	**12.5x**	**15.1x**	

Bear Case Financials

Key Assumptions:

- **Revenue growth**: Combined revenue grows at a ~0.8% CAGR FY25-FY27, reflecting softer wholesale demand, slower Lee recovery, and moderate contribution from Helly Hansen integration
- **EBITDA margins**: Moderates towards ~15.3% by FY27, reflecting lower operating leverage, a more promotional environment, and slower capture of Project Jeanius cost efficiencies
- **Leverage & capital allocation**: **Gradual debt paydown of ~$50mm FY26-27 bringing leverage to total 2.7x / net 2.2x by 2027** with reduced capacity for discretionary buybacks and dividends

	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2 yr CAGR
Wrangler	1,575	1,746	1,754	1,806	1,887	1,850	1,859	*(0.8%)*
yoy%	*16.7%*	*10.8%*	*0.5%*	*3.0%*	*4.5%*	*(2.0%)*	*0.5%*	
Lee	887	874	843	791	735	706	709	*(1.8%)*
yoy%			*(3.6%)*	*(6.2%)*	*(7.0%)*	*(4.0%)*	*0.5%*	
Helly Hansen					456	524	550	*9.9%*
yoy%						*15.0%*	*5.0%*	
Other	14	11	11	11	23	27	30	n.a.
Total Revenue	**2,476**	**2,631**	**2,607**	**2,608**	**3,101**	**3,106**	**3,148**	***0.8%***
yoy%	*18.0%*	*6.3%*	*(0.9%)*	*0.0%*	*18.9%*	*0.2%*	*1.4%*	
COGS	(1,371)	(1,497)	(1,495)	(1,431)	(1,690)	(1,709)	(1,725)	
Gross Profit	**1,105**	**1,134**	**1,113**	**1,177**	**1,411**	**1,398**	**1,423**	
%margin	*44.6%*	*43.1%*	*42.7%*	*45.1%*	*45.5%*	*45.0%*	*45.2%*	
SG&A	(753)	(762)	(760)	(796)	(983)	(979)	(992)	
EBIT	**352**	**372**	**353**	**381**	**428**	**419**	**431**	
%margin	*14.2%*	*14.1%*	*13.5%*	*14.6%*	*13.8%*	*13.5%*	*13.7%*	
EBITDA	**389**	**409**	**391**	**423**	**479**	**470**	**483**	***0.4%***
%margin	*15.7%*	*15.6%*	*15.0%*	*16.2%*	*15.4%*	*15.1%*	*15.3%*	
CFO	**88**	**(162)**	**357**	**368**	**338**	**367**	**376**	
Capex	(11)	(18)	(27)	(19)	(25)	(25)	(25)	
% Sales	*0.4%*	*0.7%*	*1.0%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	
FCF	**78**	**(180)**	**329**	**349**	**313**	**342**	**351**	
% Sales	*3.1%*	*-6.9%*	*12.6%*	*13.4%*	*10.1%*	*11.0%*	*11.2%*	
Total Debt / EBITDA	**2.2x**	**2.1x**	**2.2x**	**1.9x**	**2.8x**	**2.9x**	**2.7x**	
Net Debt / EBITDA	**1.7x**	**1.9x**	**1.6x**	**1.1x**	**2.4x**	**2.7x**	**2.2x**	
EBITDA / Int Exp.	**11.7x**	**12.2x**	**10.7x**	**14.3x**	**12.0x**	**9.4x**	**9.8x**	

Modeled Income Statement

	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Wrangler	1,575	1,746	1,754	1,806	1,893	1,965	2,063
yoy%	*16.7%*	*10.8%*	*0.5%*	*3.0%*	*4.8%*	*3.8%*	*5.0%*
Lee	887	874	843	791	745	745	760
yoy%			*(3.6%)*	*(6.2%)*	*(5.8%)*	*0.0%*	*2.0%*
Helly Hansen					456	754	814
yoy%						*65.4%*	*8.0%*
Other	14	11	11	11	23	27	30
Total Revenue	**2,476**	**2,631**	**2,607**	**2,608**	**3,117**	**3,491**	**3,667**
yoy%	*18.0%*	*6.3%*	*(0.9%)*	*0.0%*	*19.5%*	*12.0%*	*5.1%*
COGS	(1,371)	(1,497)	(1,495)	(1,431)	(1,689)	(1,868)	(1,951)
Gross Profit	**1,105**	**1,134**	**1,113**	**1,177**	**1,428**	**1,623**	**1,716**
%margin	*44.6%*	*43.1%*	*42.7%*	*45.1%*	*45.8%*	*46.5%*	*46.8%*
SG&A	(753)	(762)	(760)	(796)	(991)	(1,114)	(1,174)
EBIT	**352**	**372**	**353**	**381**	**436**	**510**	**543**
%margin	*14.2%*	*14.1%*	*13.5%*	*14.6%*	*14.0%*	*14.6%*	*14.8%*
Interest expense	(33)	(34)	(37)	(30)	(40)	(48)	(45)
Other	1	(7)	(11)	(11)	(11)	(11)	(11)
EBT	**320**	**332**	**305**	**340**	**385**	**450**	**487**
Taxes	(66)	(76)	(49)	(65)	(77)	(90)	(97)
% tax	*20.7%*	*23.0%*	*16.1%*	*19.0%*	*20.0%*	*20.0%*	*20.0%*
Net Income	**254**	**256**	**256**	**275**	**308**	**360**	**390**
%margin	254	256	*9.8%*	*10.6%*	*9.9%*	*10.3%*	*10.6%*
One-time Adj.	(58)	(10)	(25)	(29)	-	-	-
Net Income	0	0	231	246	308	360	390

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Modeled Balance Sheet

	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Cash and Cash Equivalents	185	59	215	334	243	388	562
Accounts receivable, net	290	226	218	244	291	326	343
Inventories	363	597	500	390	461	509	532
Other	73	100	111	96	96	96	96
Total Current Assets	**911**	**982**	**1,044**	**1,064**	**1,091**	**1,320**	**1,533**
Property and equipment, net	105	104	112	103	973	944	912
Other intangible assets, net	15	13	12	11	11	11	11
Goodwill	212	210	210	209	209	209	209
Other	235	222	212	216	216	216	216
Operating Lease Assets	55	51	55	47	47	47	47
Total Non Current Assets	**622**	**600**	**602**	**586**	**1,456**	**1,426**	**1,395**
Total Assets	**1,533**	**1,582**	**1,645**	**1,651**	**2,547**	**2,747**	**2,928**
Short term borrowing	0	7	0	0	0	0	0
Accounts payable	214	206	180	180	212	235	245
Accrued Liability	217	197	171	193	233	259	271
Current portion of LT Debt	0	10	20	0	0	0	0
Current operating lease liabilities	24	20	21	21	21	21	21
Total Current Liabilities	**456**	**440**	**393**	**394**	**466**	**514**	**537**
Deferred income tax	6	7	6	6	6	6	6
LT Debt	791	783	764	740	1,340	1,240	1,140
Other long-term liabilities	99	70	75	81	81	81	81
Operating lease liabilities, noncurrent	33	32	37	30	30	30	30
Total Non Current Liabilities	**929**	**891**	**881**	**857**	**1,457**	**1,357**	**1,257**
Total Liabilities	**1,385**	**1,332**	**1,274**	**1,250**	**1,922**	**1,871**	**1,794**
Total Shareholder Equity	**148**	**251**	**372**	**400**	**625**	**876**	**1,135**
Total Liabilities & SE	**1,533**	**1,582**	**1,645**	**1,651**	**2,547**	**2,747**	**2,928**

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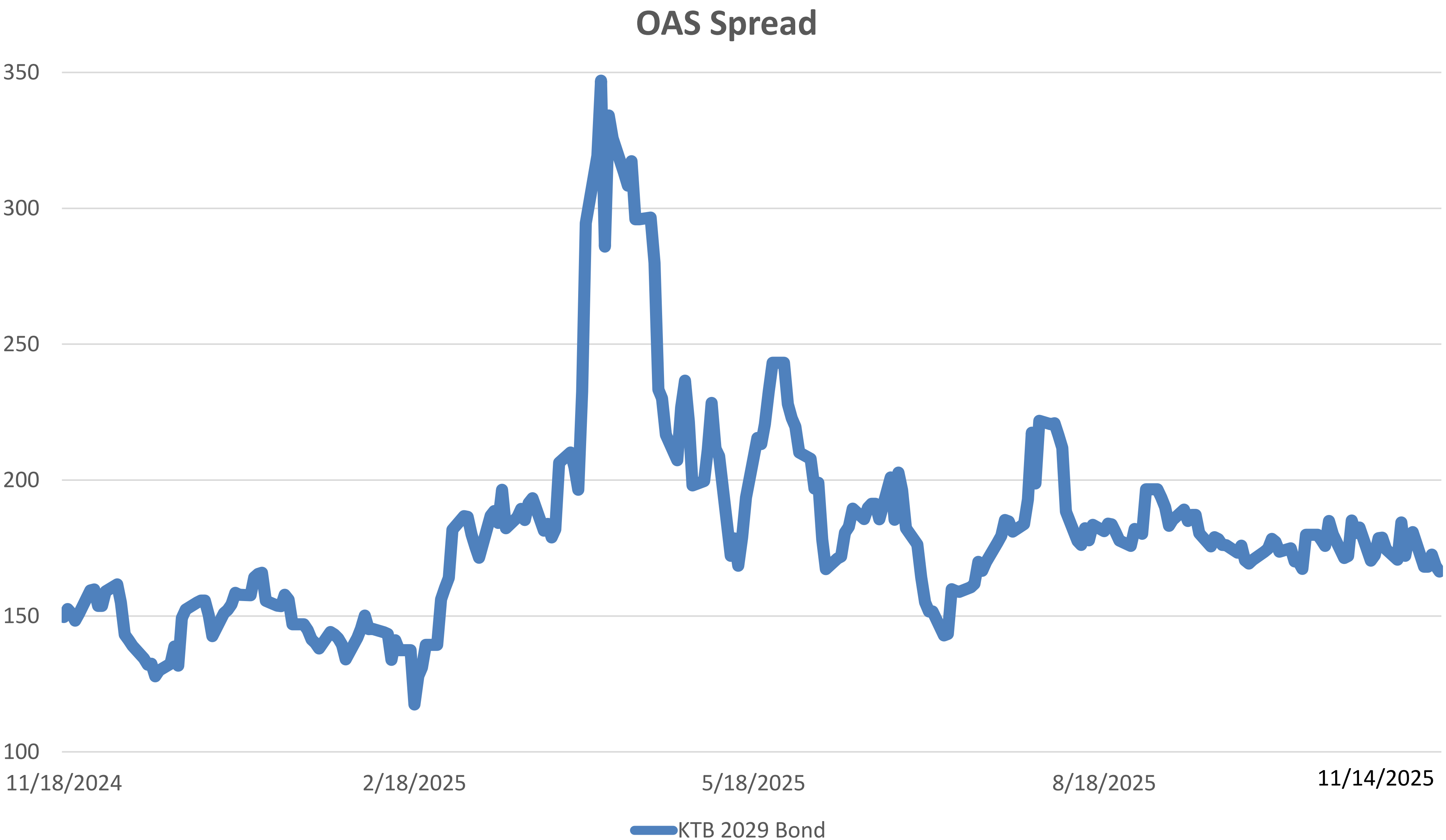
Modeled Cash Flow / Credit Metrics

	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Net Income	**0**	**0**	**231**	**246**	**308**	**360**	**390**
D&A	37	37	38	43	51	57	60
SBC	39	22	17	27	32	36	37
Change in WC	0	(220)	70	59	(46)	(35)	(16)
Other	13	(1)	1	(6)	-	-	-
Cash from Ops.	**88**	**(162)**	**357**	**368**	**345**	**418**	**471**
Capex	(11)	(18)	(27)	(19)	(22)	(24)	(26)
Acquisitions and software purchases	(26)	(10)	(10)	(3)	(899)	(3)	(3)
Divestitures	1	-	-	-	-	-	-
Other Investments	(3)	(2)	(2)	(0)	-	-	-
Cash from Investing	**(39)**	**(30)**	**(39)**	**(22)**	**(921)**	**(27)**	**(29)**
Short Term Borrowings	-	-	-	(45)	-	-	-
Long Term Borrowings	(123)	-	(10)	-	600	(100)	(100)
Payment of issuance costs	(8)	(0)	-	-	-	-	-
Buyback	(75)	(62)	(30)	(86)	-	(30)	(50)
Other Equity	-	-	0	2	-	-	-
Dividends Paid	(95)	(104)	(109)	(112)	(115)	(115)	(118)
Other	(3)	(4)	(7)	-	-	-	-
Cash from Financing	**(304)**	**(171)**	**(156)**	**(240)**	**485**	**(245)**	**(268)**
FX	(3)	(9)	(6)	13	-	-	-
Net change in cash	**(258)**	**(372)**	**156**	**119**	**(91)**	**145**	**174**
Beginning Cash	248	185	59	215	334	243	388
Ending Cash	185	59	215	334	243	388	562
FCF	**78**	**(180)**	**329**	**349**	**323**	**393**	**445**

KTB OAS Spread Over Time



Source: Bloomberg

Limited recovery value of about ~4% for the KTB 2031 Notes under the assumed liquidation scenario

	Q3 25'	Recovery %	Recovery $	Note
Cash and cash equivalents	82	100%	82	Fully realizable
Accounts receivables	366	80%	293	Mix of wholesale and DTC; normal bad-debt levels
Inventories	765	50%	382	Discounted resale value (fashion risk, seasonal styles, markdowns)
Prepaid expenses / other current assets	125	20%	25	Minimal resale value, typically written off
Current Assets	**1,338**		**783**	
Property and equipment, net	132	50%	66	Light manufacturing
Other intangible assets, net	455	25%	114	Brand/IP may retain partial value to a strategic buyer but impaired under forced sale
Goodwill	519	0%	0	Fully written off in liquidation
Operating Lease Right of use assets	153	0%	0	Non-transferable
Other assets	267	20%	53	
Total Non-current Assets	**1,525**		**233**	
Total Assets	**2,863**		**1,016**	

Total Recovery	**1,016**
Liquidation Cost 5%	51
Proceeds Available	965
1L Secured Debt	949
Proceeds Available for Unsecured	16
Senior unsecured	400
Senior Unsecured Recovery %	**4%**

Source: 10-Q

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Experienced Leadership with proven track record in M&A integration, outdoor wear scaling, and profitable growth

Scott Baxter, President, CEO and Chairman of the Board

- Was named CEO of Kontoor Brands in August 2018, after the spin off from VF Corp
- Has more than 30 years of experience in retail, operations, merchandising, manufacturing , including extensive executive leadership experience.
- Before this role, was Group President, Americas West, at VF Corporation, overseeing brands like The North Face and Vans

Jenni Broyles, EVP, Chief Commercial Officer & Global Head of Brands

- Served as SVP, Wrangler from 2022 and Global Brands President, Wrangler & Lee since 2024, with expanded role from July 2025
- Over 20 years experience in brand management, merchandising, and marketing
- Previously held brand/marketing roles at VF and earlier at RJ Reynolds and Sony Music

Joe Alkire, EVP, Chief Financial Officer & Global Head of Operations

- Appointed Executive VP & CFO since August 2023, Global Head of Operations since July 2025
- Over 20 years of experience in corporate finance, strategy, and operations
- Before KTB, was COO & CFO at BrüMate, and prior to that held treasury, investor relations, and corporate development roles at VF Corporation

Management compensation is set up by short term and long-term goals which are tied to:
- Short-term: **revenue**, **gross margin**, and **operating income**
- Long-term: 3-year **revenue growth**, **adjusted EPS**, and **total shareholder return** relative to peers