

After Q4 2017 loss, Michael Kors sees fiscal year ahead as transitional

May 31, 2017



Michael Kors acknowledges that it must innovative its accessories offering; Image credit: Michael Kors

By STAFF REPORTS

U.S. apparel and accessories brand Michael Kors has seen total revenue decrease by 11.2 percent for the fourth quarter of fiscal 2017.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Michael Kors' Q4 2017 decrease brings the brand's total revenue to \$1.06 billion from \$1.20 billion in the same quarter during the fiscal year-ago. The brand notes that fiscal 2016 ended on April 2, rather than April 1 in fiscal 2017, which provided Michael Kors with approximately \$34 million in retail sales in that extra week's time.

Further steps needed

During Q4 2017, Michael Kors saw its retail net sales increase by 0.5 percent for a total of \$575.3 million. The brand's retail net sales were driven by 159 new stores that Michael Kors has opened between the end of fiscal 2016 and Q4 2017.

This also includes the 111 stores Michael Kors acquired by its previously licensed operation in Mainland China.

As of April 1, 2017, Michael Kors operates 827 retail stores compared to 668 during fiscal 2016 and another 133 are licensed locations, bringing the grand total up to 960 Michael Kors boutiques worldwide.

Michael Kors' gross profit decreased by 11.1 percent to \$619.7 million. Total revenue percentage was 58.2 percent.

By market, Michael Kors' revenue in the Americas declined by 18 percent to \$721.0 million. In Europe, Michael Kors also saw declines of 15.3 percent to \$215.2 million.

The Asia market continues to perform well for the brand. Revenue in Asia increased by 96.3 percent to \$128.6 million.



Michael Kors continues to perform well in Mainland China; Image credit: Michael Kors

"Fiscal 2017 was a challenging year, as we continued to operate in a difficult retail environment with elevated promotional levels," said John D. Idol, chairman and CEO of Michael Kors, in a statement. "In addition, our product and store experience did not sufficiently engage and excite consumers.

"We acknowledge that we need to take further steps to elevate the level of fashion innovation to our accessories assortment and enhance our store experience to deepen consumer desire and demand for our products," he said. "Looking ahead, as we expand the fashion innovation in our assortments, right-size our store fleet and elevate our store experience, fiscal 2018 will be a transition year in which we establish a new baseline before returning to long-term growth.

"We have a strong brand, led by Michael Kors, with a history of fashion innovation and leadership, a global footprint with stores positioned in the best locations around the world and the marketing expertise to effectively convey our fashion stories."

Similar to the same quarter last fiscal year, Michael Kors announced it would repurchase shares of its company ([see story](#)).

During Q4 2017, Michael Kors repurchased more than 6 million of its ordinary shares for approximately \$250 million in open market transactions. On May 25, 2017, Michael Kors authorized a new \$1 billion share purchase program.

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.