

APPAREL AND ACCESSORIES

## Jimmy Choo supports Michael Kors' revenue growth in Q3 2018

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*Image from Jimmy Choo's spring/summer 2018 campaign. Image credit: Jimmy Choo*

By STAFF REPORTS

U.S. fashion label Michael Kors saw a total revenue increase of 6.5 percent after it successfully navigated the acquisition of footwear brand Jimmy Choo.

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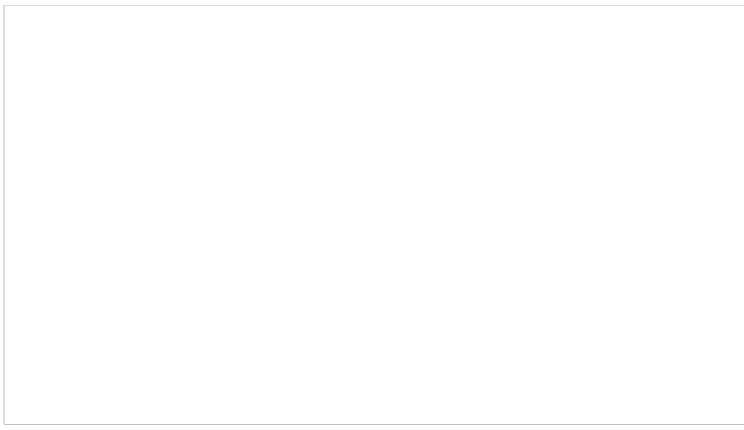
In the third quarter of 2018, ending on Dec. 31, Jimmy Choo contributed \$114.7 million to Michael Kors Holding's \$1.44 billion, after only being a part of the company for two months. Earnings per diluted share on an adjusted basis saw a 7.9 percent jump to \$1.77 a share, exceeding Michael Kors expectations.

"We are pleased with our third quarter performance, which delivered better than expected results and saw the successful integration of Jimmy Choo into our luxury group," said John D. Idol, chairman and chief executive officer at Michael Kors, in a statement. "The Michael Kors brand continued to make progress on Runway 2020 initiatives across product innovation, brand engagement and customer experience.

"Our innovative fashion luxury product offerings for the holiday season created excitement among consumers," he said. "At Jimmy Choo, we continued to deliver glamorous luxury product and engaging brand communications, which helped drive revenue during the quarter."

Growth and decline

Michael Kors' new store openings toward the end of 2017 supported its retail revenue increase by 1.1 percent to \$846.3 million.



*New Michael Kors stores have supported its retail revenue. Image credit: Michael Kors.*

The company's licensing revenue rose to \$48.4 million by 12.3 percent.

However, its wholesale revenue saw a loss of 8.9 percent, down to \$430.8 million likely due to its inventory reduction levels.

Gross profit made up 61.4 percent of total revenue and saw a 9.7 percent increase to \$884.0 million.

Michael Kors attributes its year-over-year growth of gross profit to its retail gross margin and Jimmy Choo's inclusion. The footwear label provided 20 basis points and helped to offset the loss in wholesale.



*Jimmy Choo has been acquired by Michael Kors. Image credit: Jimmy Choo.*

The company expects \$1.11 billion to \$1.13 billion for the upcoming fiscal 2018 fourth quarter, of which Jimmy Choo will make up \$110 million to \$115 million.

Michael Kors completed its acquisition of footwear label Jimmy Choo at the very beginning of November 2017.

The transaction, which was approximately \$1.35 billion, turned Michael Kors into a multibrand group. As the two companies come together, Michael Kors has ambitions for its new asset, including raising its sales to \$1 billion ([see story](#)).