

APPAREL AND ACCESSORIES

Michael Kors' Q1 results beat expectations

August 8, 2018



Michael Kors' smartwatch sales are growing. Image credit: Michael Kors

By STAFF REPORTS

U.S. fashion company Michael Kors Holdings' revenues and profits saw double-digit growth in the first quarter of the 2019 fiscal year.

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

Michael Kors' revenues totaled \$1.2 billion, up 26 percent year-over-year. Both the Michael Kors and Jimmy Choo brands exceeded revenue estimates in the quarter, leading the company to raise its share earnings projections for the year.

Positive projections

While Michael Kors' comparable sales were largely flat, the opening of new stores helped to boost the company's retail revenues by 3 percent to \$639.5 million. Wholesale revenue was also up 19 percent, totaling \$362.8 million.

Revenue from licensing activities fell 4.8 percent in the quarter to \$27.5 million. Michael Kors notes that while sales of its Access smartwatches are up, fashion timepieces have fallen.

Jimmy Choo's revenues contributed \$172.7 million to Michael Kors' revenues. The brand joined the Michael Kors company in November ([see story](#)).

Michael Kors' profits grew 30.6 percent year-over-year, bolstered by higher margins from both businesses. Recently, Michael Kors has made moves to make its retail presence less promotional, looking to sell more full-price, elevated merchandise.



Jimmy Choo has helped Michael Kors boost its margins. Image credit: Jimmy Choo

The brand has also shifted its boutique concepts to its new vision of luxury. These renovated stores are doing better than those that have not yet been updated.

"We are encouraged by our first quarter performance, with growth in revenues, gross margin, operating margin as well as earnings per share all exceeding our expectations," said John D. Idol, chairman and CEO of Michael Kors Holdings. "Our fashion leadership remains strong, which drove consumers to respond favorably to both new fashion introductions and core products.

"Our global fashion luxury group continues to see the benefits of our long-term growth strategy, which is driven by both the Michael Kors and Jimmy Choo brands," he said. "Looking ahead we remain optimistic about our business for the remainder of fiscal 2019 and beyond."

For the full fiscal year, Michael Kors expects revenues to total \$5.125 billion. It has also raised its earnings per share estimates by \$0.25, anticipating a growth between \$4.90 and \$5.

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.