

APPAREL AND ACCESSORIES

Michael Kors makes big changes as it acquires Versace

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Jonathan Akeroyd, Donatella Versace, John D. Idol. Image credit: Michael Kors/Rahi Rezvani

By STAFF REPORTS

After some speculation, Michael Kors Holdings Limited has announced that it will be acquiring the outstanding shares of Italian fashion label Gianni Versace in tandem with a name change for the U.S.-based group.

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Capri Holdings Limited, named for the island of Capri, will be the new moniker for the Michael Kors company upon the Versace acquisition. The group has signed an official agreement buying all of Versace's remaining shares for 1.83 billion euros, or \$2.12 billion at current exchange.

"The acquisition of Versace is an important milestone for our group," said John D. Idol, chairman and CEO of Michael Kors, in a statement. "Versace was founded in 1978. For over 40 years, Versace has represented the epitome of Italian fashion luxury, a testament to the brand's timeless heritage.

"We are excited to have Versace as part of our family of luxury brands, and we are committed to investing in its growth," he said. "With the full resources of our group, we believe that Versace will grow to over US\$2.0 billion in revenues.

"We believe that the strength of the Michael Kors and Jimmy Choo brands, and the acquisition of Versace, position us to deliver multiple years of revenue and earnings growth."

Taking over Versace

The Versace family, including Donatella Versace, will remain in important roles of the Versace label. In addition to her creative role, Ms. Versace along with her brother Santo and daughter Allegra will become shareholders in the new Capri Holdings Limited.

CEO of Versace, Jonathan Akeroyd, will remain head of the brand.

"This is a very exciting moment for Versace," said Donatella Versace in a statement. "It has been more than 20 years since I took over the company along with my brother Santo and daughter Allegra.

"I am proud that Versace remains very strong in both fashion and modern culture. Versace is not only synonymous

with its iconic and unmistakable style, but with being inclusive and embracing of diversity, as well as empowering people to express themselves," she said. "Santo, Allegra and I recognize that this next step will allow Versace to reach its full potential.

"We are all very excited to join a group led by John Idol, whom I have always admired as a visionary as well as a strong and passionate leader. We believe that being part of this group is essential to Versace's long-term success."



Versace's campaign contains the longest advertising image ever produced. Image credit: Versace

This is one of many strategic moves that Michael Kors has made to secure a spot in the luxury world.

Its revenues and profits saw double-digit growth in the first quarter of the 2019 fiscal year.

Michael Kors' revenues totaled \$1.2 billion, up 26 percent year-over-year. Both the Michael Kors and Jimmy Choo brands, which it also recently acquired, exceeded revenue estimates in the quarter, leading the company to raise its share earnings projections for the year ([see story](#)).