

APPAREL AND ACCESSORIES

Michael Kors misses expectations in sales

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Michael Kors Mens depicted in holiday 2019 campaign. Image credit: Michael Kors

By STAFF REPORTS

Luxury lifestyle brand Michael Kors is experiencing a morning drop in shares, as it announces sales growth that missed analysts' expectations.

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Michael Kors has been fighting to reclaim its status as luxury brand and has pulled back excess inventory in Europe, which the CEO has claimed held back some of its sales. While Kering and LVMH dominate Europe, Michael Kors sees a significant portion of its business in the region come from its logo products and its pullback on production meant less inventory supply than demand.

Expectations and sales

According to Bloomberg, analysts expected Michael Kors to see \$1.26 billion in sales, but only saw \$1.25 billion for the second quarter of fiscal 2019.

The company does not seem discouraged by the missed expectations, but investors seemed concerned with a significant drop in shares before the market even opened on Nov. 7.

"We are pleased to report results that have again exceeded our expectations, and are raising our fiscal 2019 EPS guidance to a range of \$4.95 to \$5.05, reflecting double digit earnings growth for the year," said John D. Idol, chairman and CEO of Michael Kors, in a statement. "As we enter the second half of fiscal 2019 we look forward to welcoming Versace into our group.

"With the acquisition of Versace we have built one of the world's leading fashion luxury groups in just one year, setting the stage for accelerated revenue and earnings growth," he said. "This is a truly remarkable and historic moment for our company and we look forward to completing this transformational acquisition in the coming months."



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

Michael Kors Holdings Limited is moving further into European luxury with its recent acquisition of Italian fashion label Versace.

Michael Kors Holdings has been in a race with Tapestry Inc. to create the next luxury conglomerate, as both groups have recently shifted from mono-brand companies to portfolios of like-minded labels. With Versace joining Jimmy Choo in Michael Kors' stable of brands, the group sees its revenues reaching \$8 billion in the long-term, aided by the ability to leverage synergies across its businesses ([see story](#)).

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