

APPAREL AND ACCESSORIES

## Tapestry sales up 1pc in Q3

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Stuart Weitzman's parent company Tapestry is looking for a new chief financial officer. Image credit: Stuart Weitzman

By STAFF REPORTS

New York-based fashion group Tapestry's revenues rose 1 percent in the third quarter of the 2019 fiscal year, driven by growth at its Kate Spade and Stuart Weitzman brands.

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While Coach saw its sales fall slightly from the previous year, Kate Spade reported 4 percent increase and Stuart Weitzman's sales grew 2 percent. The group's revenues for the quarter ended March 30 were \$1.33 billion, up from \$1.32 billion in the same period of 2018.

"We are pleased with our third quarter performance, highlighted by increases in sales and gross margin on a constant currency basis in each of our three brands," said Victor Luis, CEO of Tapestry, in a statement. "Most notably, we again drove positive comps at Coach and generated a significant sequential comp improvement at Kate Spade with Nicola Glass's new collection resonating with consumers globally.

"Further, we continued to make key investments across our portfolio and to realize meaningful synergies from the successful integration of Kate Spade as we harness the power of our multi-brand model," he said. "Taken together, adjusted EPS was in-line with our expectations for the quarter."

### Group strategy

Coach's sales were \$965 million for the quarter, down from \$969 million in 2018. While the brand's sales fell on a reported basis, they grew on a constant currency basis.

Kate Spade saw its sales grow 4 percent to \$281 million. The brand's comparable store sales were down 3 percent, partly due to the impact of ecommerce.

Stuart Weitzman's sales grew 2 percent to \$85 million. Tapestry expects the profitability at the brand to improve in the fourth quarter.

Tapestry is issuing a repurchasing program for \$1 billion of its outstanding common stock. Following the purchases, the shares will become authorized but unissued shares.



*Actor Michael B. Jordan for Coach. Image credit: Coach*

"We are confident in the clarity of our vision, the strength of our team and the benefits of our global, multi-brand platform," Mr. Luis said. "Our model is distinctive we are brand-led and consumer-centric with a culture built upon the values of optimism, innovation and inclusivity.

"Each of our brands have differentiated attitudes, bringing diversification to our portfolio," he said. "At the same time, each can leverage Tapestry's core capabilities and infrastructure to drive meaningful synergies.

"Taken together, we are uniquely positioned to capture the vast opportunities within the attractive and growing global accessories, footwear and outerwear markets."

Tapestry's multi-brand strategy is paying off, as the company's sales for the 2018 fiscal year were up 31 percent.

Along with revenue increases thanks to the addition of Kate Spade to its portfolio, the group also saw organic growth in the period ended on June 30. This past fiscal year marked a turning point for the company, as what was formerly Coach Inc. rebranded itself into a trio of distinct yet united labels ([see story](#)).

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