

COMMERCE

Tapestry acquires Capri Holdings, enhancing roster with core luxury contenders

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Capri Holdings owns Versace, Jimmy Choo and Michael Kors. Image credit: Image credit: Tapestry Inc.

By AMIRAH KEATON

U.S. fashion group Tapestry has reached a deal to acquire Capri Holdings.

The founder-led multinational conglomerate's properties, which include Italian fashion house Versace, British footwear brand Jimmy Choo and U.S. fashion label Michael Kors, are set to slot in beside U.S. fashion brands Coach, Kate Spade and Stuart Weitzman by way of an agreement valued at \$8.5 billion. Merging the two American entities, the sale is poised to create a global powerhouse of iconic apparel and accessory brands, underscoring the evolving dynamics of the luxury market and the capital required to navigate its complexities.

"We are excited to announce the acquisition of Capri Holdings uniting six iconic brands and exceptional global teams," said Joanne Crevoiserat, CEO of [Tapestry, Inc.](#), in a statement.

"Tapestry is an organization with a passion for building enduring brands through superior design and craftsmanship and an unwavering focus on our customers," Ms. Crevoiserat said. "Importantly, we've created a dynamic, data-driven consumer engagement platform that has fueled our success, fostering innovation, agility and strong financial results.

"From this position of strength, we are ready to leverage our competitive advantages across a broader portfolio of brands."

Deal in detail

Following a string of high-profile purchases completed in the last few weeks alone ([see story](#)), Tapestry's acquisition is evidence of a seismic shift in the luxury fashion industry, which continues to consolidate, splitting its companies between a limited number of players at the top.

Uniting six distinctive brands under one umbrella, the historic arrangement, announced on Aug. 10, expands Tapestry's reach across diverse consumer segments, geographies and product categories.

"Today's announcement marks a major milestone for Capri," said John D. Idol, chairman and CEO of Capri Holdings Limited, in a statement.

"It is a testament to all that our teams have achieved in building Versace, Jimmy Choo, and Michael Kors into the iconic and powerful luxury fashion houses they are today," Mr. Idol said. "We are confident this combination will deliver immediate value to

our shareholders.

“By joining with Tapestry, we will have greater resources and capabilities to accelerate the expansion of our global reach while preserving the unique DNA of our brands.”

The acquisition not only bolsters Tapestry’s presence in the high-end space but also addresses the evolving landscape of luxury consumer behavior. Adding three brands to its portfolio as a post-pandemic luxury spending slowdown impacts the sector’s most lucrative regional market is no mistake.

Given Capri Holdings’ complementary standing amid Asia and Europe, the deal additionally lends Tapestry access to the geographic diversification necessary to survive a new set of fiscal conditions.

Tapestry’s effort now equips the conglomerate to pivot toward international markets for sustained growth.



Capri Holdings owns Versace, Jimmy Choo and Michael Kors. Image credit: Capri Holdings

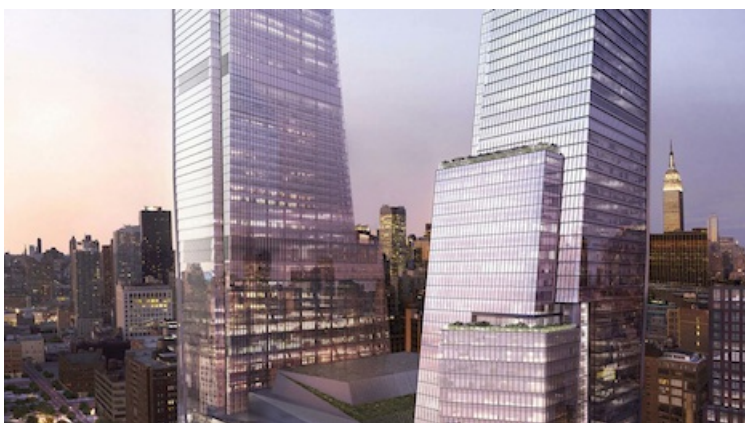
With a combined revenue of over \$12 billion achieved in the prior fiscal year, the acquisition seeks to drive leaner operations, upping efficiencies across the board.

“The acquisition of Capri Holdings accelerates our strategic agenda and represents a significant value creation opportunity,” said Scott Roe, chief financial officer and chief operating officer at Tapestry, in a statement.

“Importantly, this combination is immediately accretive on an adjusted basis and enhances Tapestry’s total shareholder return,” Mr. Roe said. “This includes more than \$200 million in expected run-rate cost synergies within three years of the deal closing.”

“Further, our diversified, strong, and consistent cash flows will allow us to continue to invest in our business and rapidly pay down debt aligned with our commitment to maintaining an investment grade rating while returning capital to shareholders, including today’s announced 17 percent increase in our dividend per share.”

The deal also eyes the buyer’s modern technology infrastructure. An emphasis on tapping Tapestry’s customer engagement platform and data analytics capabilities is poised to drive deeper consumer connections and strengthen direct-to-consumer operations, further enhancing the luxury brands’ global presence.



Tapestry headquarters in New York City. Image credit: Tapestry

By combining the prowess of Tapestry’s brands with Capri’s iconic labels, the partnership could also lessen the gap between

leading European luxury houses and others.

Companies like French luxury conglomerates LVMH and Kering have long held dominance in the global luxury arena. Now, Tapestry takes a step toward strategic competition at a similar scale.

Both companies have a history of achieving growth through strategic acquisitions.

In 2017, Tapestry, then Coach Inc., paid \$2.4 billion for Kate Spade. Capri Holdings itself expanded its portfolio by adding Jimmy Choo in the same year, subsequently acquiring Versace in 2018.

This time around, the amalgamation of buzzworthy brands, coupled with a focus on international expansion, positions the combined entity to navigate an evolving luxury market, guided by the ultimate goal of delivering enhanced value to consumers, employees, communities and shareholders worldwide.

The acquisition is anticipated to close in calendar year 2024.

“The combination of Coach, Kate Spade, and Stuart Weitzman together with Versace, Jimmy Choo, and Michael Kors creates a new powerful global luxury house, unlocking a unique opportunity to drive enhanced value for our consumers, employees, communities, and shareholders around the world,” said Ms. Crevoiserat, in a statement.

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