Capri Holdings Ltd on Wednesday forecast annual revenue and profit above analysts’ expectations, as shoppers return to stores in the United States following speedy vaccinations.
The company said it would raise prices this fall and spring next year for Michael Kors, its biggest brand by sales that it planned to transform into a “smaller, more profitable business.”

The emphasis comes as the brand’s about 4% sales decline in the fourth quarter was in contrast to that at its Versace and Jimmy Choo businesses which grew 10% and 16%, respectively.

Chief Executive Officer John Idol said the company plans to further Michael Kors’s appeal as a more luxurious brand in North America with fewer promotional merchandise on shelves by curtailing the amount of supply.

Idol said the company expanded its database for the brand by 18% in the fourth quarter, adding “it also means that the price increases are not stopping that customer from crossing the line and purchasing products.”

Capri expects total revenue of about $5.1 billion for its fiscal 2022, higher than Wall Street projections of $4.99 billion, according to IBES data from Refinitiv.

Gross margin is expected to increase about 50 basis points, even as transportation costs increase.

The company has kept a tight control over inventory during the pandemic that has bolstered its gross margin. Capri said e-commerce sales rose 80% in the fourth quarter, with retail sales rising 13%.

Bigger rivals LVMH, Hermes and Gucci-owner Kering have also benefited as traditionally reluctant luxury products sellers invest heavily to take advantage of the shift to selling online.

Fourth-quarter revenue of $1.20 billion beat estimates of $1.02 billion. On an adjusted basis, the company earned 38 cents per share, handily topping the estimate of 2 cents.