Capri raises revenue forecast as demand for luxury fashion booms

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Michael Kors owner Capri Holdings Ltd on Wednesday reported a 24% jump in holiday-quarter sales and raised its full-year outlook, extending a string of strong performances from luxury goods companies as demand for high fashion soars.
Shares of the company, which also owns Versace and Jimmy Choo, jumped 11% in premarket trading, as it also forecast revenue and profit for the next fiscal year above estimates.

Capri’s better-than-expected sales follows similar reports from European peers LVMH, Burberry and Prada which have shown a strong rebound from the worst troughs of the COVID-19 pandemic, thanks to a desire among cooped-up consumers to spoil themselves with designer handbags and apparel.

The company’s total revenue rose to $1.61 billion in the third quarter ended Dec. 25, ticking back up above pre-pandemic levels with help from higher prices and fewer promotions. On an adjusted basis, the company earned $2.22 per share in the quarter, above analysts’ estimate of $1.69 per share.

The higher prices helped expand the company's profit margins amid soaring shipping and manufacturing expenses.

"Capri continues to impress on revenues and margins as they used the pandemic to re-fashion their business," BMO Capital Markets analyst Simeon Siegel said.

The company now forecasts fiscal 2022 revenue of $5.56 billion, compared with its prior estimate of about $5.4 billion. It lifted its full-year profit per share forecast to $6, from its prior estimate of about $5.30 per share.

"We believe they are one of the few brands that are emerging healthier from the pandemic," Siegel said.

Capri also projected fiscal 2023 revenue of about $6.1 billion, above analysts estimates of $5.97 billion, while it forecast fiscal 2023 profit of $6.60 per share — above expectations of $6.05 per share.