

# CAPRI

HOLDINGS LIMITED



**VERSACE**



**JIMMY CHOO**



**MICHAEL KORS**

2Q Fiscal Year 2023 Earnings Presentation

November 9, 2022

# SECOND QUARTER FISCAL 2023 HIGHLIGHTS



- Revenue increased 9% (+18% Constant Currency)
- Increased customer database by 20% versus prior year
  - Representing the largest increase in history
- Adjusted operating margin of 19.8%, above expectations
- Delivered record adjusted EPS of \$1.79
- Authorized new \$1 billion share repurchase program

# VERSACE

## 2Q23 HIGHLIGHTS

- Revenue increased 9% (+28% Constant Currency)
- Global database increased over 40% year-over-year
- Women's accessories retail sales increased ~60%
- Operating margin of 20.1%, above expectations



# JIMMY CHOO

## 2Q23 HIGHLIGHTS

- Revenue increased 4% (+15% Constant Currency)
- Global database increased 30% year-over-year
- Women's accessories retail sales increased ~30%
- Operating margin of 5.6%, above expectations



# MICHAEL KORS

## 2Q23 HIGHLIGHTS

- Revenue increased 9% (+15% Constant Currency)
- Global database increased 17% year-over-year
- Women's accessories retail sales increased MSD
- Operating margin of 25.8%, above expectations



# FISCAL YEAR 2023 OUTLOOK

	3Q	4Q	FY23
Revenue	~\$1.53B	~\$1.4B	~\$5.7B
Versace	~\$240M		~\$1.15B
Jimmy Choo	~\$180M		~\$640M
Michael Kors	~\$1.11B		~\$3.91B
Adjusted Operating Margin	~20.5%	~14%	~18.3%
Versace	HSD		~16%
Jimmy Choo	HSD		~5%
Michael Kors	mid-to-high 20%		~25%
Adjusted EPS	~\$2.20	~\$1.35	~\$6.85

# NON-GAAP MEASURES

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This presentation includes certain non-GAAP financial measures that exclude certain costs associated with COVID-19 related charges, ERP implementation costs, Capri transformation costs, impairment charges, restructuring and other charges. The Company uses non-GAAP financial measures, among other things, to evaluate its operating performance and in order to represent the manner in which the Company conducts and views its business. The Company believes that excluding these items helps its management and investors compare operating performance based on its ongoing operations. While the Company considers the non-GAAP measures to be useful supplemental measures in analyzing its results, they are not intended to replace, nor act as a substitute for, any amounts presented in its consolidated financial statements prepared in conformity with U.S. GAAP and may be different from non-GAAP measures reported by other companies.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

	Three Months Ended October 1, 2022						
	As Reported	Impairment Charges	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation	Capri Transformation	As Adjusted
Gross profit	\$ 951	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ 948
Operating expenses	\$ 699	\$ (11)	\$ (3)	\$ —	\$ (7)	\$ (10)	\$ 668
Total income from operations	\$ 252	\$ 11	\$ 3	\$ (3)	\$ 7	\$ 10	\$ 280
Income before provision for income taxes	\$ 259	\$ 11	\$ 3	\$ (3)	\$ 7	\$ 10	\$ 287
Provision for income taxes	\$ 35	\$ 2	\$ 1	\$ (1)	\$ 2	\$ 3	\$ 42
Net income attributable to Capri	\$ 224	\$ 9	\$ 2	\$ (2)	\$ 5	\$ 7	\$ 245
Diluted net income per ordinary share – Capri	\$ 1.63	\$ 0.07	\$ 0.01	\$ (0.01)	\$ 0.04	\$ 0.05	\$ 1.79

<sup>(1)</sup> Primarily Includes other charges recorded in connection with the acquisition of Gianni Versace S.r.l.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

	Six Months Ended October 1, 2022							
	As Reported	Impairment Charges	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation	Capri Transformation	As Adjusted	
Gross profit	\$ 1,852	\$ —	\$ —	\$ (4)	\$ —	\$ —	\$ 1,848	
Operating expenses	\$ 1,369	\$ (11)	\$ (6)	\$ —	\$ (16)	\$ (19)	\$ 1,317	
Total income from operations	\$ 483	\$ 11	\$ 6	\$ (4)	\$ 16	\$ 19	\$ 531	
Income before provision for income taxes	\$ 490	\$ 11	\$ 6	\$ (4)	\$ 16	\$ 19	\$ 538	
Provision for income taxes	\$ 63	\$ 2	\$ 2	\$ (1)	\$ 4	\$ 6	\$ 76	
Net income attributable to Capri	\$ 425	\$ 9	\$ 4	\$ (3)	\$ 12	\$ 13	\$ 460	
Diluted net income per ordinary share – Capri	\$ 3.03	\$ 0.06	\$ 0.03	\$ (0.02)	\$ 0.09	\$ 0.09	\$ 3.28	

<sup>(1)</sup> Primarily Includes other charges recorded in connection with the acquisition of Gianni Versace S.r.l.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

Three Months Ended September 25, 2021								
	As Reported	Impairment Charges	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation	Capri Transformation	As Adjusted	
Gross profit	\$ 884	\$ —	\$ —	\$ (5)	\$ —	\$ —	\$	879
Operating expenses	\$ 689	\$ (33)	\$ (8)	\$ —	\$ (5)	\$ (5)	\$	638
Total income from operations	\$ 195	\$ 33	\$ 8	\$ (5)	\$ 5	\$ 5	\$	241
Income before provision for income taxes	\$ 198	\$ 33	\$ 8	\$ (5)	\$ 5	\$ 5	\$	244
(Benefit) provision for income taxes	\$ (2)	\$ 8	\$ —	\$ —	\$ 2	\$ 1	\$	9
Net income attributable to Capri	\$ 200	\$ 25	\$ 8	\$ (5)	\$ 3	\$ 4	\$	235
Diluted net income per ordinary share – Capri	\$ 1.30	\$ 0.16	\$ 0.05	\$ (0.03)	\$ 0.02	\$ 0.03	\$	1.53

<sup>(1)</sup> Includes store closure costs which have been incorporated into the Capri Retail Store Optimization Program and other charges recorded in connection with the acquisition of Gianni Versace S.r.l.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

	Six Months Ended September 25, 2021						
	As Reported	Impairment Charges	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation	Capri Transformation	As Adjusted
Gross profit	\$ 1,740	\$ —	\$ —	\$ (8)	\$ —	\$ —	\$ 1,732
Operating expenses	\$ 1,287	\$ (33)	\$ (11)	\$ —	\$ (8)	\$ (5)	\$ 1,230
Total income from operations	\$ 453	\$ 33	\$ 11	\$ (8)	\$ 8	\$ 5	\$ 502
Income before provision for income taxes	\$ 454	\$ 33	\$ 11	\$ (8)	\$ 8	\$ 5	\$ 503
Provision for income taxes	\$ 35	\$ 8	\$ 1	\$ (1)	\$ 3	\$ 1	\$ 47
Net income attributable to Capri	\$ 419	\$ 25	\$ 10	\$ (7)	\$ 5	\$ 4	\$ 456
Diluted net income per ordinary share – Capri	\$ 2.71	\$ 0.16	\$ 0.06	\$ (0.04)	\$ 0.03	\$ 0.03	\$ 2.95

<sup>(1)</sup> Includes store closure costs recorded in connection with the Capri Retail Store Optimization Program and other charges recorded in connection with the acquisition of Gianni Versace S.r.l.

# SAFE HARBOR STATEMENT

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This presentation contains statements which are, or may be deemed to be, “forward-looking statements.” Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Capri Holdings Limited (the “Company”) about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. All statements other than statements of historical facts included herein, may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “plans”, “believes”, “expects”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “might” or similar words or phrases, are forward-looking statements. These forward-looking statements are not guarantees of future financial performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions, which could cause actual results to differ materially from those projected or implied in any forward-looking statements. These risks, uncertainties and other factors include the impact of the COVID-19 pandemic; changes in consumer traffic and retail trends; high consumer debt levels, recession and inflationary pressures; levels of cash flow and future availability of credit; compliance with restrictive covenants under the Company’s credit agreement; the Company’s ability to integrate successfully and to achieve anticipated benefits of any acquisition and to successfully execute our growth strategies; the risk of disruptions to the Company’s businesses; risks associated with operating in international markets and our global sourcing activities, including disruptions or delays in manufacturing or shipments; the risk of cybersecurity threats and privacy of data security breaches; the negative effects of events on the market price of the Company’s ordinary shares and its operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the Company’s businesses; fluctuations in demand for the Company’s products; levels of indebtedness (including the indebtedness incurred in connection with acquisitions); the timing and scope of future share buybacks, which may be made in open market or privately negotiated transactions, and are subject to market conditions, applicable legal requirements, trading restrictions under the Company’s insider trading policy and other relevant factors, and which share repurchases may be suspended or discontinued at any time; the level of other investing activities and uses of cash; loss of market share and industry competition; fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen epidemics and pandemics, disasters or catastrophes; extreme weather conditions and natural disasters; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions including acts of war and other geopolitical conflicts; as well as those risks set forth in the Company’s filings with the U.S. Securities and Exchange Commission (the “SEC”), including the Company’s Annual Report on Form 10-K for the fiscal year ended April 2, 2022 (File No. 001-35368). Any forward-looking statement in this press release speaks only as of the date made and the Company disclaims any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with legal and regulatory obligations.