

# CAPRI

HOLDINGS LIMITED



**VERSACE**



**JIMMY CHOO**



**MICHAEL KORS**

4Q Fiscal Year 2023 Earnings Presentation

May 31, 2023

# FISCAL YEAR 2023 ACCOMPLISHMENTS



- Achieved record revenue at Versace and Jimmy Choo
- Generated MSD revenue growth at Michael Kors on a 52-week constant currency basis
- Accelerated growth of accessories and footwear across all houses
- Increased customer database by 12.6 million new names, representing the largest increase in history
- Returned \$1.35 billion to shareholders



# FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS

- Revenue of \$5.6B increased HSD on a 52-week constant currency basis, with growth across all luxury houses
- Record adjusted gross margin expanded 10 bps to 66.1%
- Adjusted operating margin of 16.2%
- Adjusted EPS of \$6.13 increased MSD on a 52-week constant currency basis

*For a reconciliation of GAAP to non-GAAP financial information, see appendix.*





# VERSACE

## FY 2023 HIGHLIGHTS

- Achieved record revenue of \$1.11 billion, increasing 14% in constant currency
- Retail sales increased mid-teens in constant currency
- Global database increased ~40% year-over-year
- Women's accessories retail sales increased ~40%
- Operating margin of 13.7%

# JIMMY CHOO

## FY 2023 HIGHLIGHTS

- Achieved record revenue of \$633 million, increasing 13% on a 52-week constant currency basis
- Retail sales increased LDD on a 52-week constant currency basis
- Global database increased 17% year-over-year
- Women's accessories retail sales increased ~20%
- Operating margin of 6.0%







# MICHAEL KORS

## FY 2023 HIGHLIGHTS

- Revenue increased 4% on a 52-week constant currency basis, impacted by decline in wholesale
- Retail sales increased MSD on a 52-week constant currency basis
- Global database increased 17% year-over-year
- Women's accessories retail sales increased LSD
- Operating margin of 22.4%

# FISCAL YEAR 2024 OUTLOOK

	First Half	Second Half	Fiscal Year 2024
Revenue	~\$2.6B	~\$3.1B	~\$5.7B
Adjusted Operating Margin	~13.0%	~19.5%	~16.5%
Adjusted EPS	~\$2.50	~\$3.90	~\$6.40

*The following guidance is provided on an adjusted, non-GAAP basis. Financial results could differ materially from the current outlook due to a number of external events which are not reflected in our guidance, including changes in global macroeconomic conditions, greater than anticipated inflationary pressures, further considerable fluctuations in foreign currency exchange rates, COVID-19 variants and other COVID related disruptions.*

# 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, the impact of the war in Ukraine, ERP implementation costs, Capri transformation costs, impairment charges, charitable donations, 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 April 1, 2023								
	As Reported	Impairment of Assets	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation <sup>(2)</sup>	Capri Transformation <sup>(3)</sup>	War in Ukraine	As Adjusted	
Gross profit	\$ 867	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ (1)	\$ 863	
Operating expenses	\$ 907	\$ (130)	\$ (5)	\$ —	\$ (5)	\$ (24)	\$ (1)	\$ 742	
Total (loss) income from operations	\$ (40)	\$ 130	\$ 5	\$ (3)	\$ 5	\$ 24	\$ —	\$ 121	
Foreign currency loss (gain)	\$ 20	\$ —	\$ (14)	\$ —	\$ —	\$ —	\$ —	\$ 6	
(Loss) income before provision for income taxes	\$ (70)	\$ 130	\$ 19	\$ (3)	\$ 5	\$ 24	\$ —	\$ 105	
(Benefit) for income taxes	\$ (37)	\$ 12	\$ 5	\$ (1)	\$ 1	\$ 3	\$ —	\$ (17)	
Net (loss) income attributable to Capri	\$ (34)	\$ 118	\$ 14	\$ (2)	\$ 4	\$ 21	\$ —	\$ 121	
Weighted average diluted ordinary shares outstanding	123,327,209								124,859,442
Diluted net (loss) income per ordinary share - Capri	\$ (0.28)	\$ 0.95	\$ 0.11	\$ (0.02)	\$ 0.04	\$ 0.17	\$ —	\$ 0.97	

- (1) Amounts impacting operating expenses primarily includes charges recorded in connection with the acquisition of Gianni Versace S.r.l. The foreign currency exchange loss represents a charge recognized in conjunction with restructuring activities to rationalize certain legal entities within our structure.
- (2) Represents a multi-year ERP implementation which includes accounting, finance and wholesale and retail inventory solutions in order to create standardized finance IT applications across our organization. This ERP implementation will continue through Fiscal 2026 and we expect expenditures up to \$170 million over the next three fiscal years.
- (3) The Capri transformation program represents a multi-year, multi-project initiative extending through Fiscal 2026 intended to improve the operating effectiveness and efficiency of our organization by creating best in class shared platforms across our brands and by expanding our digital capabilities. These initiatives cover multiple aspects of our operations including supply chain, marketing, omni-channel customer experience, e-commerce, data analytics and IT infrastructure. Over the next three fiscal years, we expect expenditures up to \$220 million related to these efforts.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

	Fiscal Year Ended April 1, 2023							
	As Reported	Impairment of Assets	Restructuring and Other Charges <sup>(1)</sup>	COVID-19 Related Charges	ERP Implementation <sup>(2)</sup>	Capri Transformation <sup>(3)</sup>	War in Ukraine	As Adjusted
Gross profit	\$ 3,724	\$ —	\$ —	\$ (9)	\$ —	\$ —	\$ (1)	\$ 3,714
Operating expenses	\$ 3,045	\$ (142)	\$ (16)	\$ —	\$ (25)	\$ (58)	\$ 2	\$ 2,806
Total income from operations	\$ 679	\$ 142	\$ 16	\$ (9)	\$ 25	\$ 58	\$ (3)	\$ 908
Foreign currency loss (gain)	\$ 10	\$ —	\$ (14)	\$ —	\$ —	\$ —	\$ —	\$ (4)
Income before provision for income taxes	\$ 648	\$ 142	\$ 30	\$ (9)	\$ 25	\$ 58	\$ (3)	\$ 891
Provision for income taxes	\$ 29	\$ 14	\$ 8	\$ (2)	\$ 6	\$ 13	\$ (1)	\$ 67
Net income attributable to Capri	\$ 616	\$ 128	\$ 22	\$ (7)	\$ 19	\$ 45	\$ (2)	\$ 821
Diluted net income per ordinary share - Capri	\$ 4.60	\$ 0.96	\$ 0.16	\$ (0.05)	\$ 0.13	\$ 0.34	\$ (0.01)	\$ 6.13

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# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

Three Months Ended April 2, 2022

	As Reported	Impairment of Assets	Restructuring and Other Charges <sup>(1)</sup>	Charitable Donations	COVID-19 Related Charges	ERP Implementation	Capri Transformation	War in Ukraine	As Adjusted
Gross profit	\$ 956	\$ —	\$ —	\$ —	\$ (7)	\$ —	\$ —	\$ 2	\$ 951
Operating expenses	\$ 837	\$ (40)	\$ (17)	\$ (10)	\$ —	\$ (8)	\$ (16)	\$ (7)	\$ 739
Total income from operations	\$ 119	\$ 40	\$ 17	\$ 10	\$ (7)	\$ 8	\$ 16	\$ 9	\$ 212
Income before provision for income taxes	\$ 119	\$ 40	\$ 17	\$ 10	\$ (7)	\$ 8	\$ 16	\$ 9	\$ 212
Provision for income taxes	\$ 38	\$ 8	\$ 6	\$ —	\$ 6	\$ 2	\$ —	\$ —	\$ 60
Net income attributable to Capri	\$ 81	\$ 32	\$ 11	\$ 10	\$ (13)	\$ 6	\$ 16	\$ 9	\$ 152
Diluted net income per ordinary share - Capri	\$ 0.54	\$ 0.22	\$ 0.07	\$ 0.07	\$ (0.09)	\$ 0.04	\$ 0.11	\$ 0.06	\$ 1.02

(1) Includes store closure costs which have been incorporated into the Capri Retail Store Optimization Program, other restructuring initiatives and other costs 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)

Fiscal Year Ended April 2, 2022

	As Reported	Impairment of Assets	Restructuring and Other Charges <sup>(1)</sup>	Charitable Donations	COVID-19 Related Charges	ERP Implementation	Capri Transformation	War in Ukraine	As Adjusted
Gross profit	\$ 3,744	\$ —	\$ —	\$ —	\$ (16)	\$ —	\$ —	\$ 2	\$ 3,730
Operating expenses	\$ 2,841	\$ (73)	\$ (42)	\$ (10)	\$ (2)	\$ (19)	\$ (31)	\$ (7)	\$ 2,657
Total income from operations	\$ 903	\$ 73	\$ 42	\$ 10	\$ (14)	\$ 19	\$ 31	\$ 9	\$ 1,073
Income before provision for income taxes	\$ 915	\$ 73	\$ 42	\$ 10	\$ (14)	\$ 19	\$ 31	\$ 9	\$ 1,085
Provision for income taxes	\$ 92	\$ 16	\$ 8	\$ —	\$ 6	\$ 6	\$ 9	\$ —	\$ 137
Net income attributable to Capri	\$ 822	\$ 57	\$ 34	\$ 10	\$ (20)	\$ 13	\$ 22	\$ 9	\$ 947
Diluted net income per ordinary share - Capri	\$ 5.39	\$ 0.37	\$ 0.22	\$ 0.07	\$ (0.13)	\$ 0.09	\$ 0.14	\$ 0.06	\$ 6.21

(1) Includes store closure costs which have been incorporated into the Capri Retail Store Optimization Program, other restructuring initiatives and other costs 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 changes in consumer traffic and retail trends; high consumer debt levels, recession and inflationary pressures; loss of market share and industry competition; 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; 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 presentation 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.