Tapestry net sales reach $6.68 bn in 2022, up 16%

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New York-based multinational luxury fashion holding company Tapestry, Inc. has announced that its net sales totalled $6.68 billion for the full year as compared to $5.75 billion in the prior year, representing a year-over-year increase of 16 per cent on a reported basis. On a 52-week comparable basis and excluding a 50-basis point headwind from currency, revenue rose 19 per cent against last year. Compared to pre-pandemic FY19 levels, sales rose 11 per cent.
Tapestry is the parent company of luxury brands Coach, Kate Spade, and Stuart Weitzman. The company’s gross profit totalled $4.65 billion on both a reported and non-GAAP basis, while gross margin was 69.6 per cent, as per a press release. As anticipated, the company’s gross margin was negatively impacted by incremental freight expense, which totalled $178 million or 260 basis points. In the prior year, reported gross profit was $4.08 billion, while gross margin was 71.0 per cent. On a non-GAAP and 52-week comparable basis, gross profit in the prior year was $4.01 billion, while gross margin was 70.9 per cent.

The operating income of Tapestry was $1.18 billion on a reported basis, while operating margin was 17.6 per cent. This compared to prior year operating income of $968 million and an operating margin of 16.8 per cent. On a non-GAAP basis, operating income was $1.22 billion, while operating margin was 18.2 per cent, which compares to operating income of $1.07 billion and an operating margin of 18.8 per cent in the prior year on a 52-week comparable basis.

The net income was $856 million on a reported basis, with earnings per diluted share of $3.17. This compared to net income of $834 million and earnings per diluted share of $2.95 in the prior year. The reported tax rate for the year was 18.2 per cent compared to 7.0 per cent in the prior year. On a non-GAAP basis, net income for the year was $936 million with earnings per diluted share of $3.47. This compared to non-GAAP net income of $816 million with earnings per diluted share of $2.88 in the prior year on a 52-week comparable basis. The non-GAAP tax rate for the full year was 18.1 per cent compared to 17.9 per cent in the prior year.

SG&A (selling, general, and administrative) expenses totalled $3.47 billion on a reported basis and represented 52.0 per cent of sales compared to $3.11 billion and 54.2 per cent, respectively, in the prior year. On a non-GAAP and 52-week comparable basis, SG&A expenses were $3.43 billion and represented 51.3 per cent of sales as compared to $2.94 billion and 52.1 per cent, respectively, in the prior year.

Extinguishment of debt was a loss of $54 million on a reported basis, which related to the premiums, amortisation, and fees associated with the $500 million cash tender completed in the second quarter of fiscal 2022. Net interest expense was $59 million as compared to $71 million in the prior year. Moreover, other expenses were $16 million, which largely represented an FX loss associated with the strengthening of the US dollar. This compares to other income of $1 million in the prior year, added the release.

“Through an unwavering focus on the consumer, supported by our transformed and diversified business model, we increased AUR, reached $2 billion in global digital sales and acquired 7.7 million new customers in North America alone in FY22,” said Joanne Crevoiserat, chief executive officer of Tapestry, Inc. “Looking forward, we see significant runway for long-term growth as we harness our powerful combination of iconic brands amplified by a data-rich platform that enhances our ability to build lasting customer relationships.”