

# MICHAEL KORS: THE GROWTH OF LUXURY

JOHN IDOL, CHAIRMAN & CEO  
JOE PARSONS, CFO / COO / TREASURER



## DISCLAIMER

### FORWARD LOOKING STATEMENTS

Certain information contained in this presentation, particularly information regarding future economic performance, finances, and expectations and objectives of management, constitutes forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement. For discussion of some of the important factors that could cause these variations, please read the “Risk Factors” section and elsewhere in the Company’s Annual Report on Form 10-K (File No. 001-35368), filed on May 27, 2015 with the U.S. Securities and Exchange Commission.

Forward-looking statements contained in this presentation are based on assumptions that we have made in light of our management’s experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We do not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

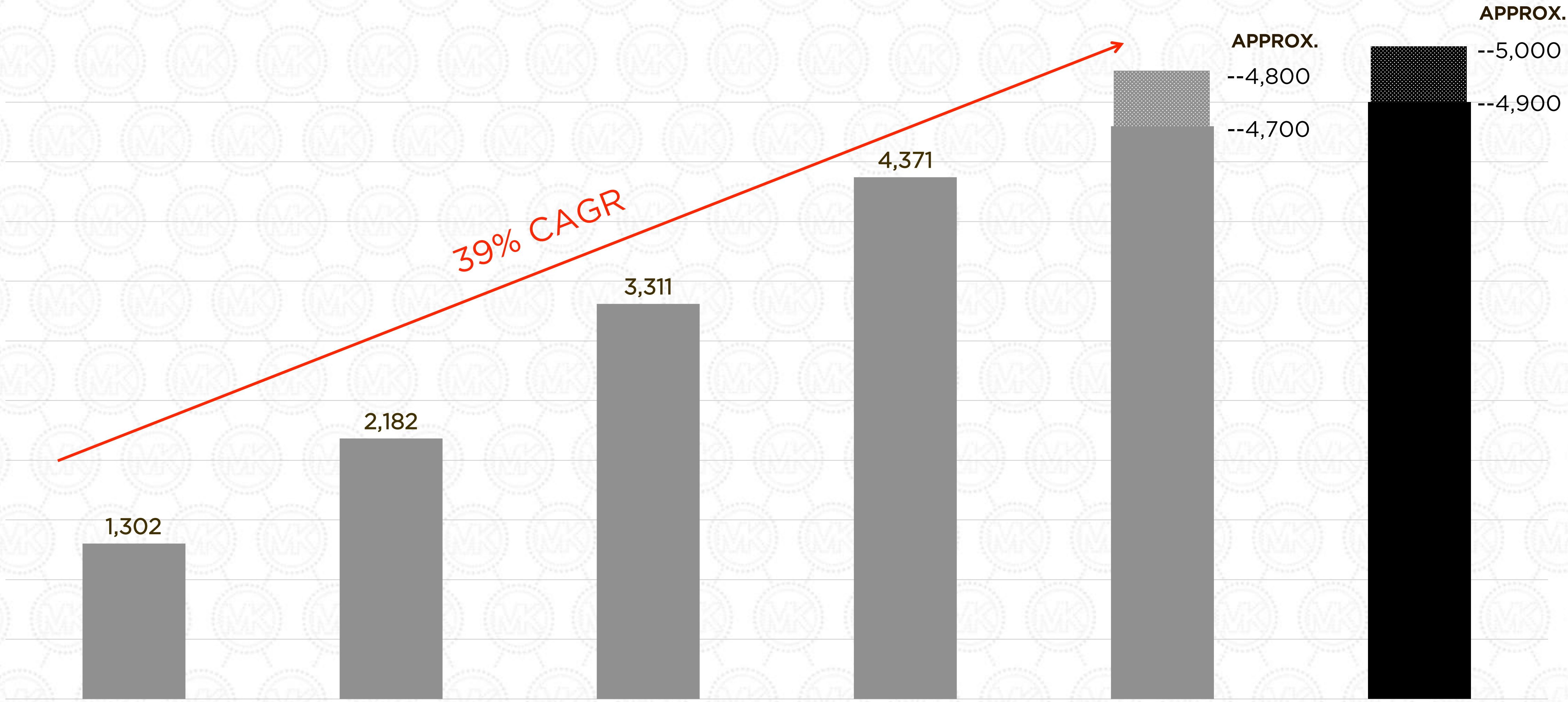
### USE OF NON-GAAP FINANCIAL MEASURES

This presentation may include certain measures presented on a basis other than in accordance with generally accepted accounting principles (GAAP). These amounts are not an alternative to GAAP. Management believes that these measures provide investors with transparency by helping to illustrate the underlying financial and business trends relating to the Company’s results of operations and financial condition and comparability between current and prior periods. Investors are encouraged to review the reconciliation of such measures to the most directly comparable GAAP term.

A fashion advertisement for Michael Kors. The scene is set on the deck of a white yacht, with a man and a woman walking from left to right. The woman is wearing a red and white striped long-sleeved shirt, white pants, and sunglasses, and is talking on a yellow phone. The man is wearing a black polo shirt, white pants, and sunglasses, and is carrying two brown leather bags. The background shows a bright, sunny day on the water. The text "MICHAEL KORS" is overlaid in the center-left of the image.

**MICHAEL KORS**

# TOTAL REVENUE



39% CAGR

IN MILLIONS OF DOLLARS

GUIDANCE RANGE\*

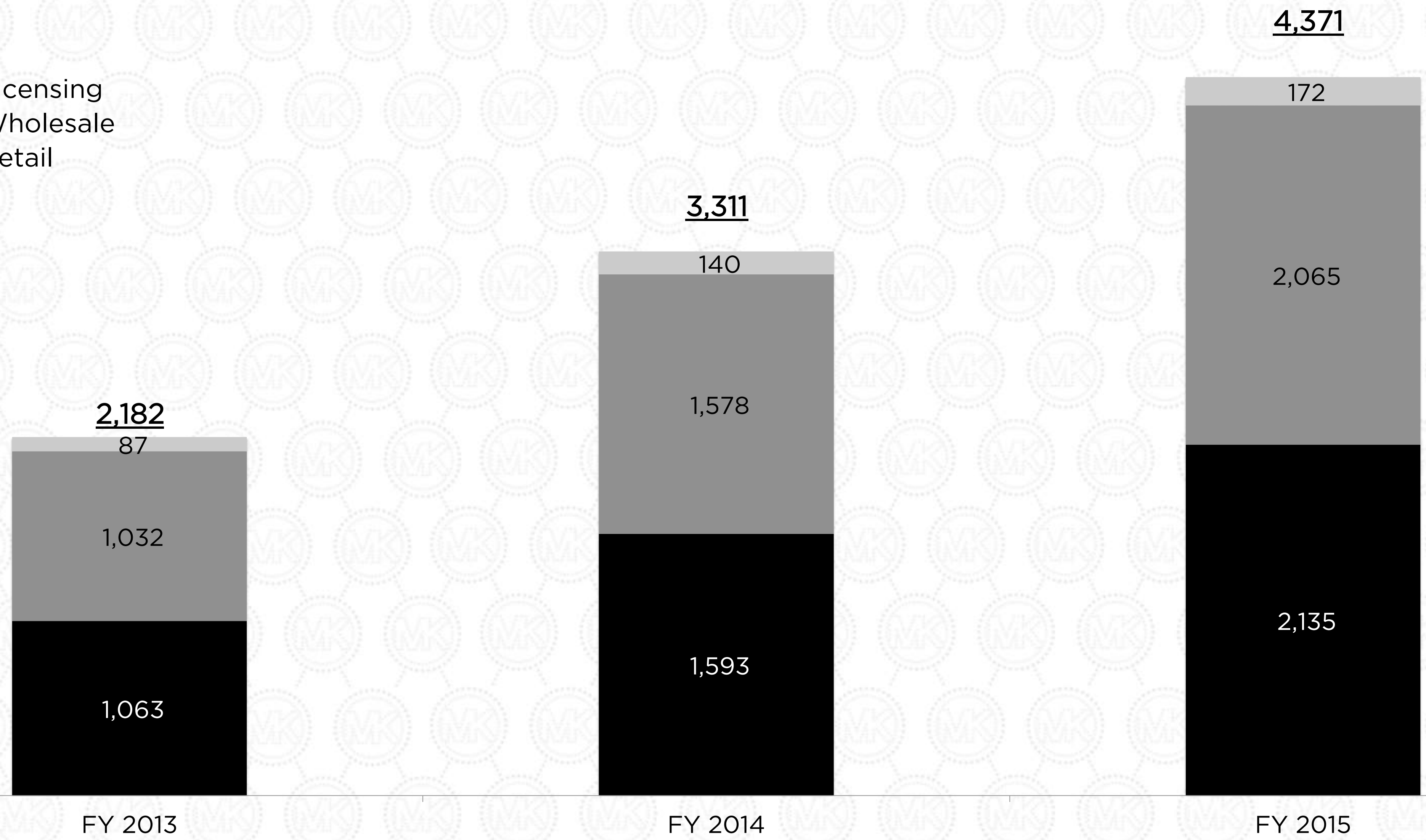
GUIDANCE RANGE\*

Constant currency

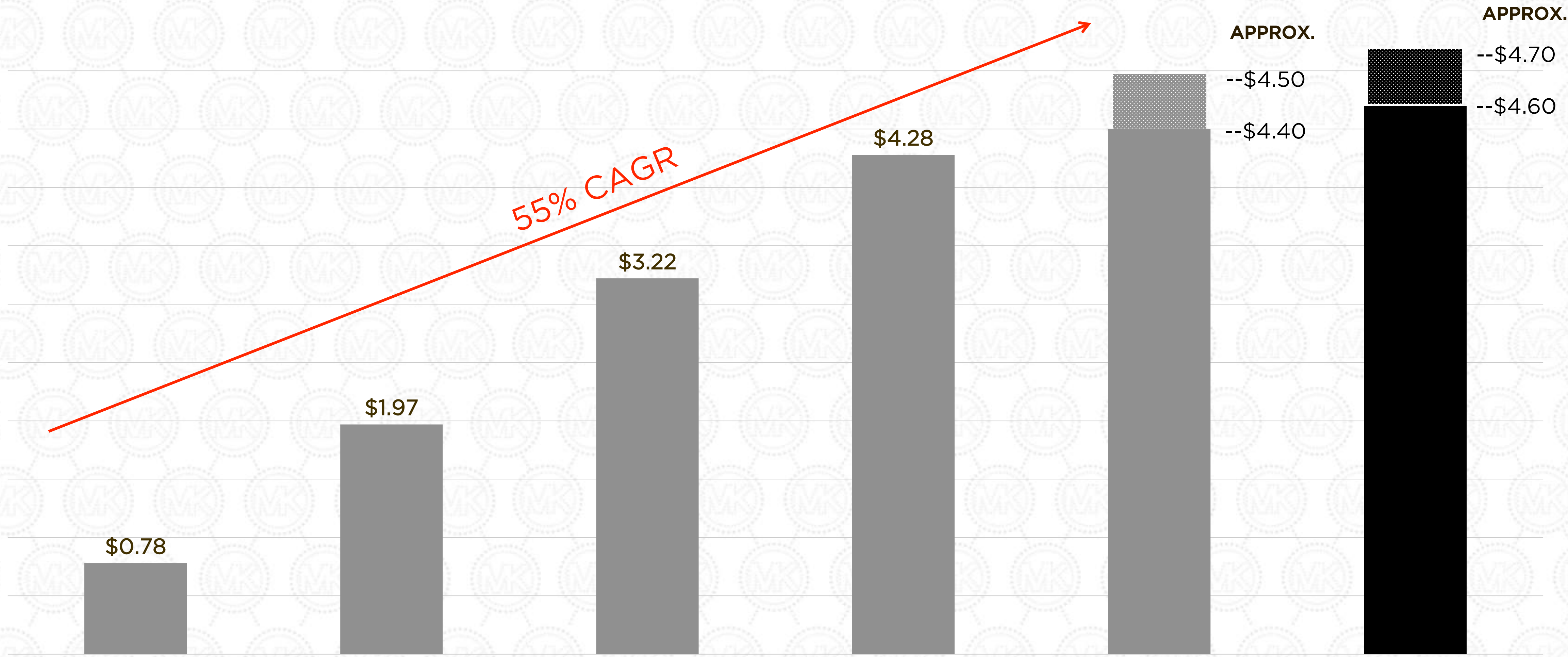
\*AS REPORTED IN THE COMPANY'S MAY 27, 2015 EARNINGS RELEASE

### MKHL REVENUE BY SEGMENT (IN MILLIONS)

- Licensing
- Wholesale
- Retail



# DILUTED EARNINGS PER SHARE



\*AS REPORTED IN THE COMPANY'S MAY 27, 2015 EARNINGS RELEASE

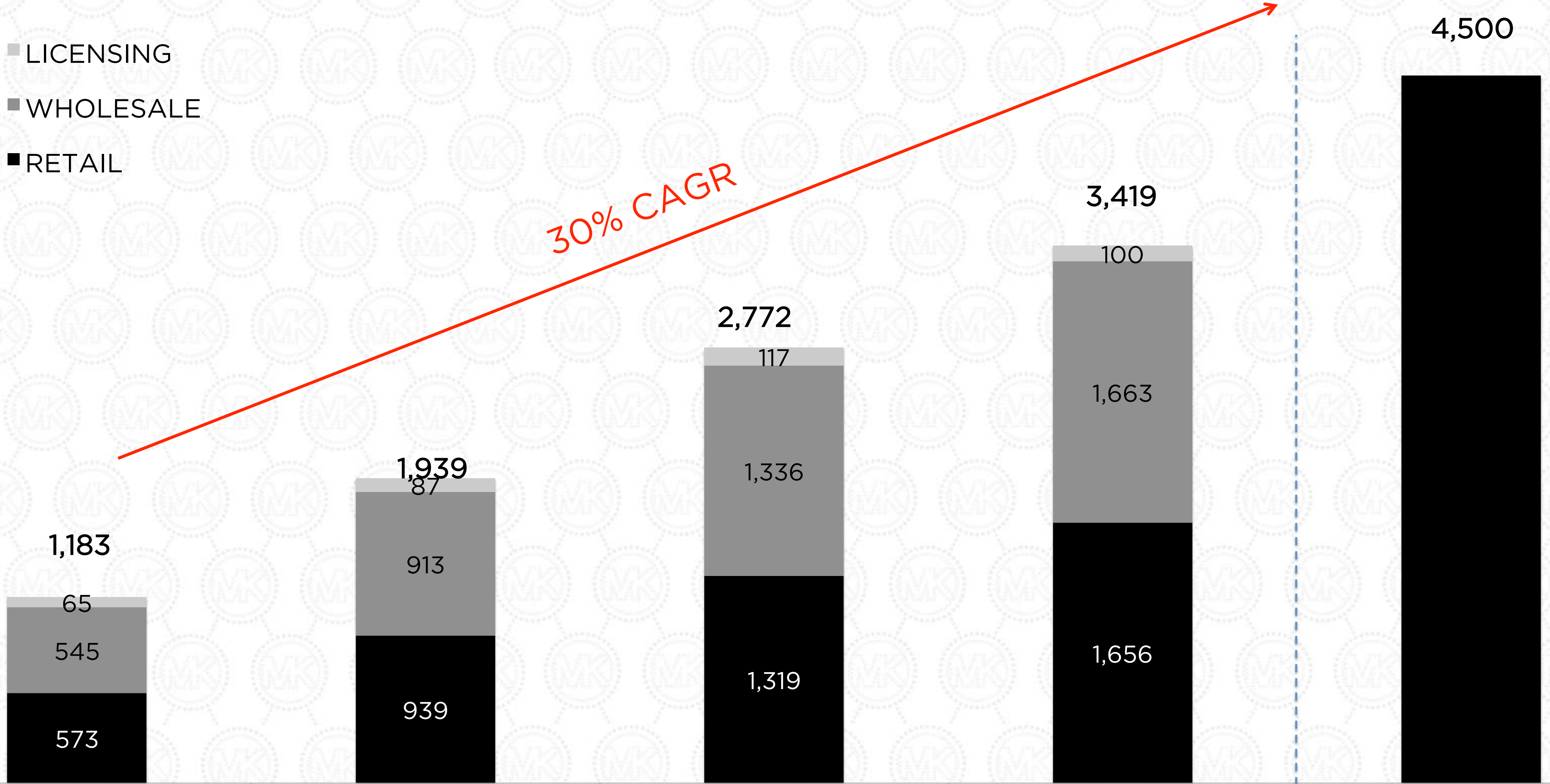
Constant currency

# REGIONAL GROWTH



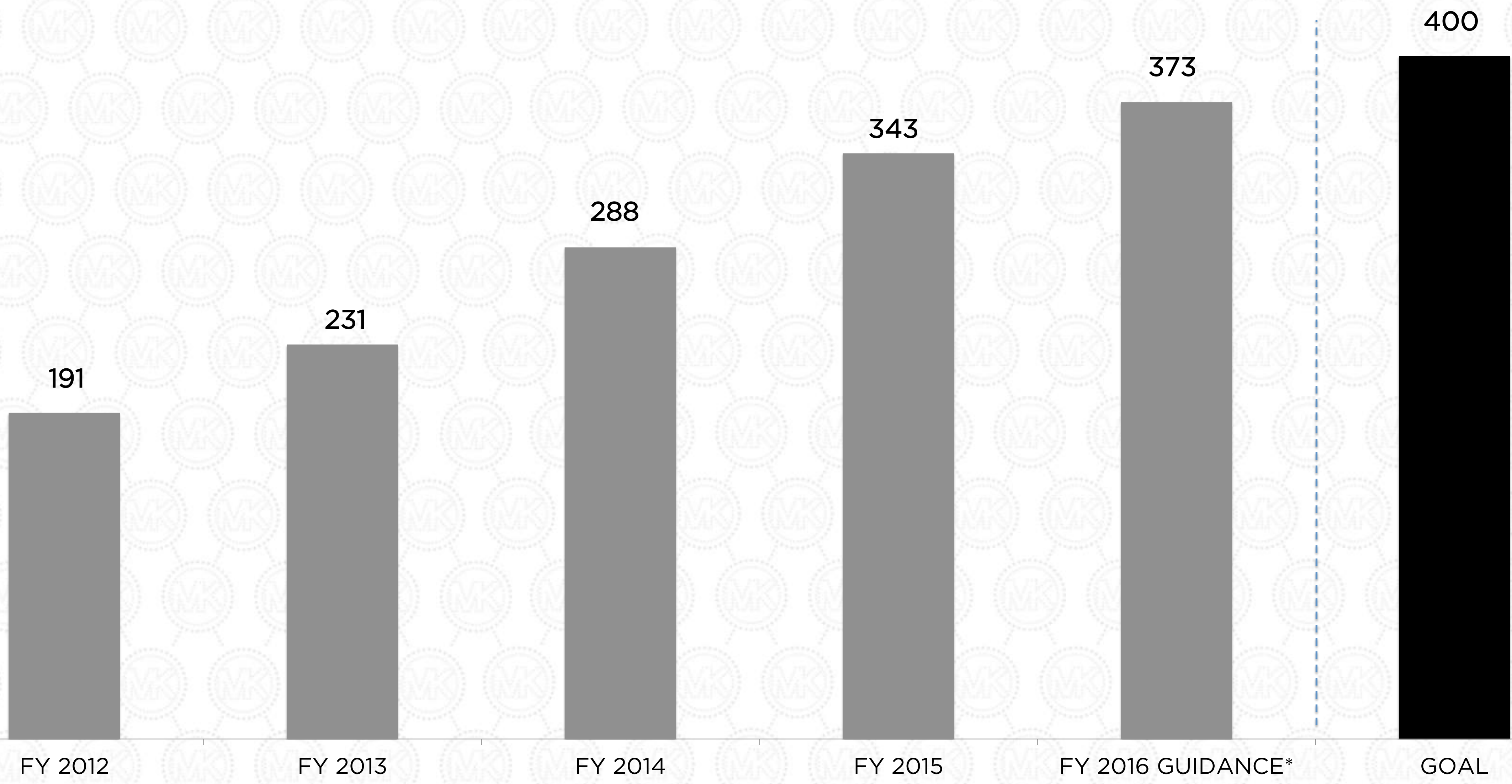
# NORTH AMERICA REVENUE

- LICENSING
- WHOLESALE
- RETAIL



IN MILLIONS OF DOLLARS

# NORTH AMERICA RETAIL STORE COUNT



\*AS REPORTED IN THE COMPANY'S MAY 27, 2015 EARNINGS RELEASE



## NORTH AMERICA GROWTH IN FY 2016

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DOUBLE DIGIT RETAIL SALES GROWTH DRIVEN BY OUR DIGITAL FLAGSHIP STRATEGY AND NEW STORE OPENINGS

SINGLE DIGIT WHOLESALE SALES GROWTH DRIVEN BY 500 SHOP-IN-SHOP CONVERSIONS AND CONTINUED DEVELOPMENT OF OUR ACCESSORIES, READY-TO-WEAR, FOOTWEAR AND MENS CATEGORIES

MID-SINGLE DIGIT LICENSING REVENUE GROWTH AS WE CONTINUE TO EXPAND JEWELRY, EYEWEAR AND FRAGRANCE AND INTRODUCE NEW LINES IN WATCHES







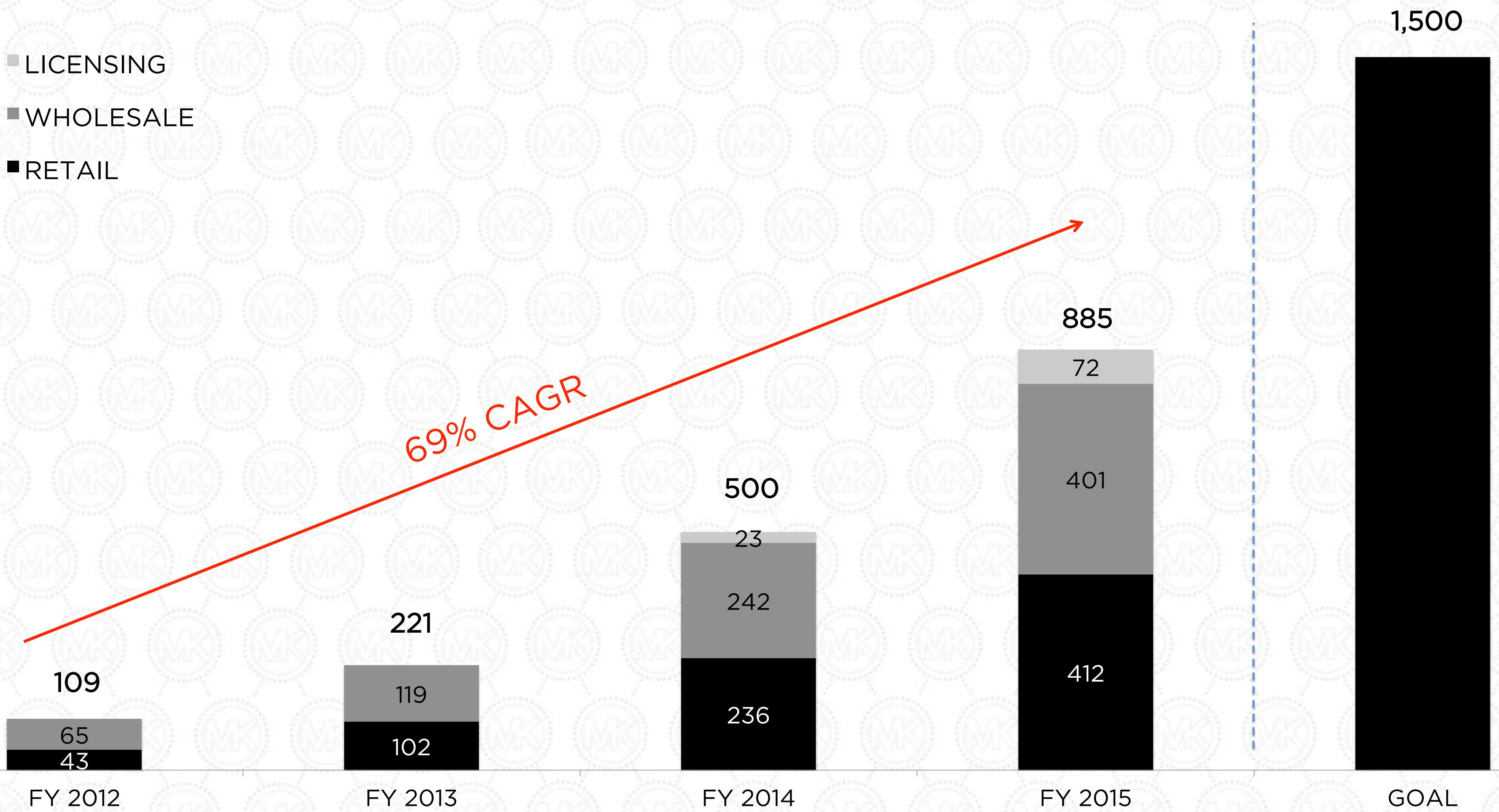






# EUROPE REVENUE

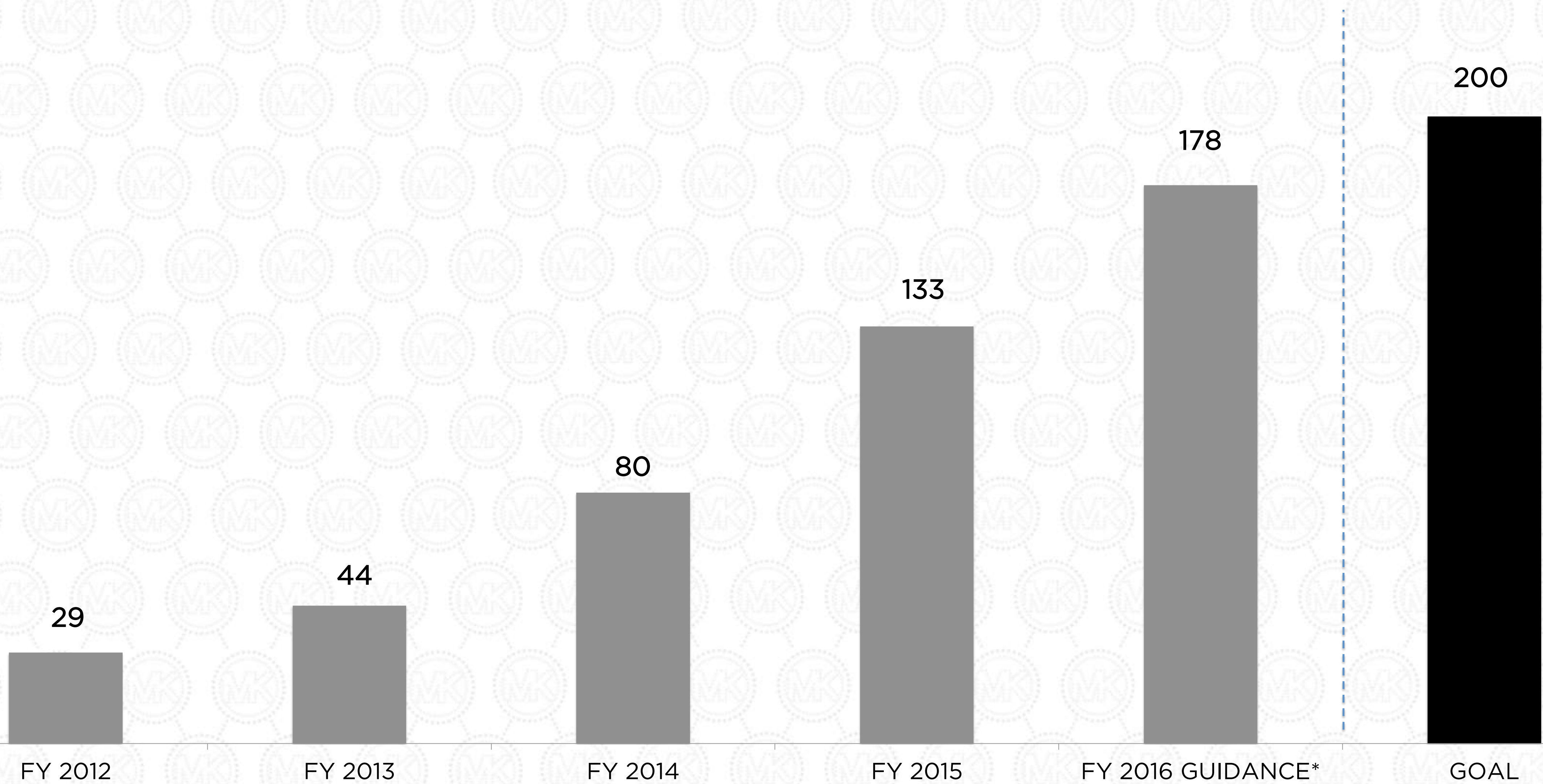
- LICENSING
- WHOLESALE
- RETAIL



69% CAGR

IN MILLIONS OF DOLLARS

# EUROPE RETAIL STORE COUNT



\*AS REPORTED IN THE COMPANY'S MAY 27, 2015 EARNINGS RELEASE



## EUROPE GROWTH IN FY 2016

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RETAIL GROWTH DRIVEN BY COMPARABLE STORE SALES AND  
NEW STORE OPENINGS

WHOLESALE GROWTH DRIVEN BY ~100 SHOP-IN-SHOP  
CONVERSIONS

CONTINUED DEVELOPMENT OF OUR ACCESSORIES, READY-TO-  
WEAR, FOOTWEAR AND MENS CATEGORIES

LICENSING REVENUE GROWTH DRIVEN BY CONTINUED GAINS  
IN WATCHES, JEWELRY, EYEWEAR AND FRAGRANCE



MICHAEL KORS





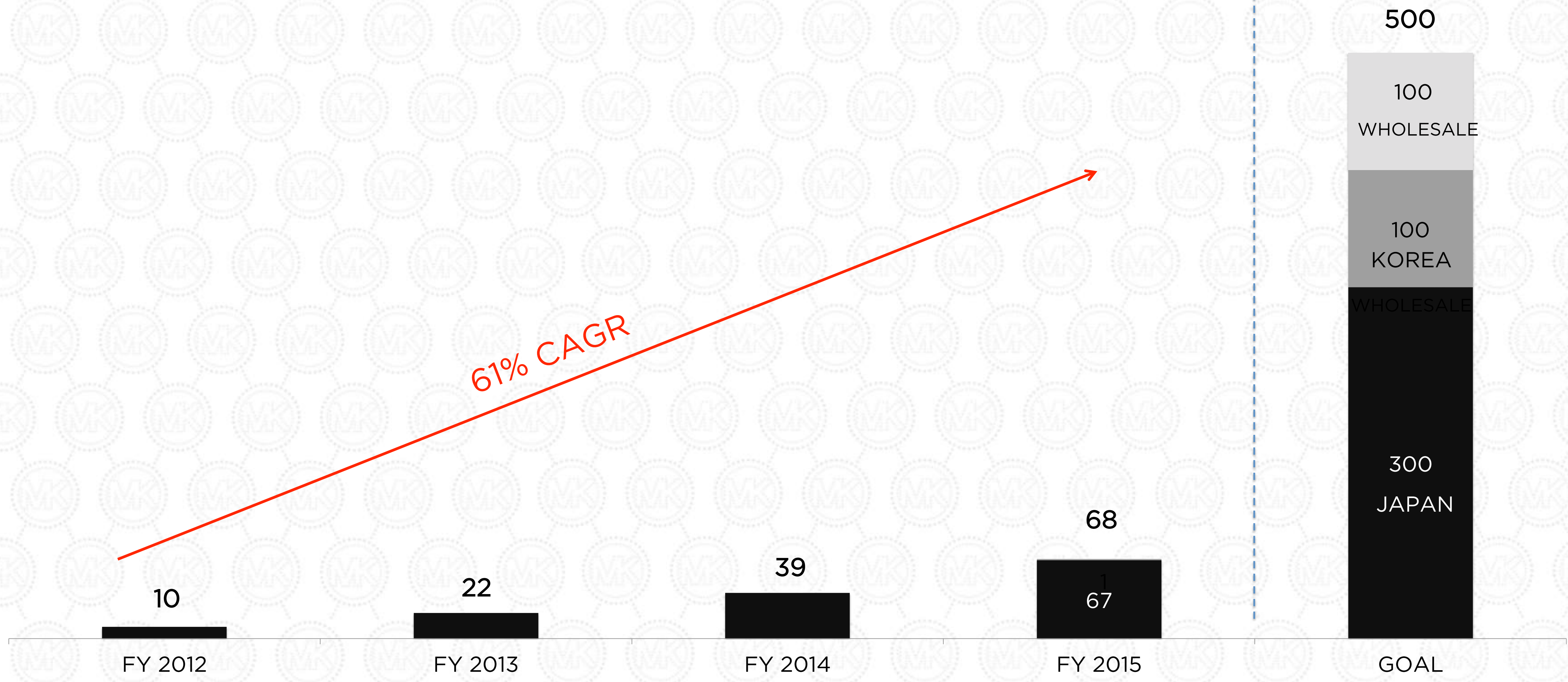






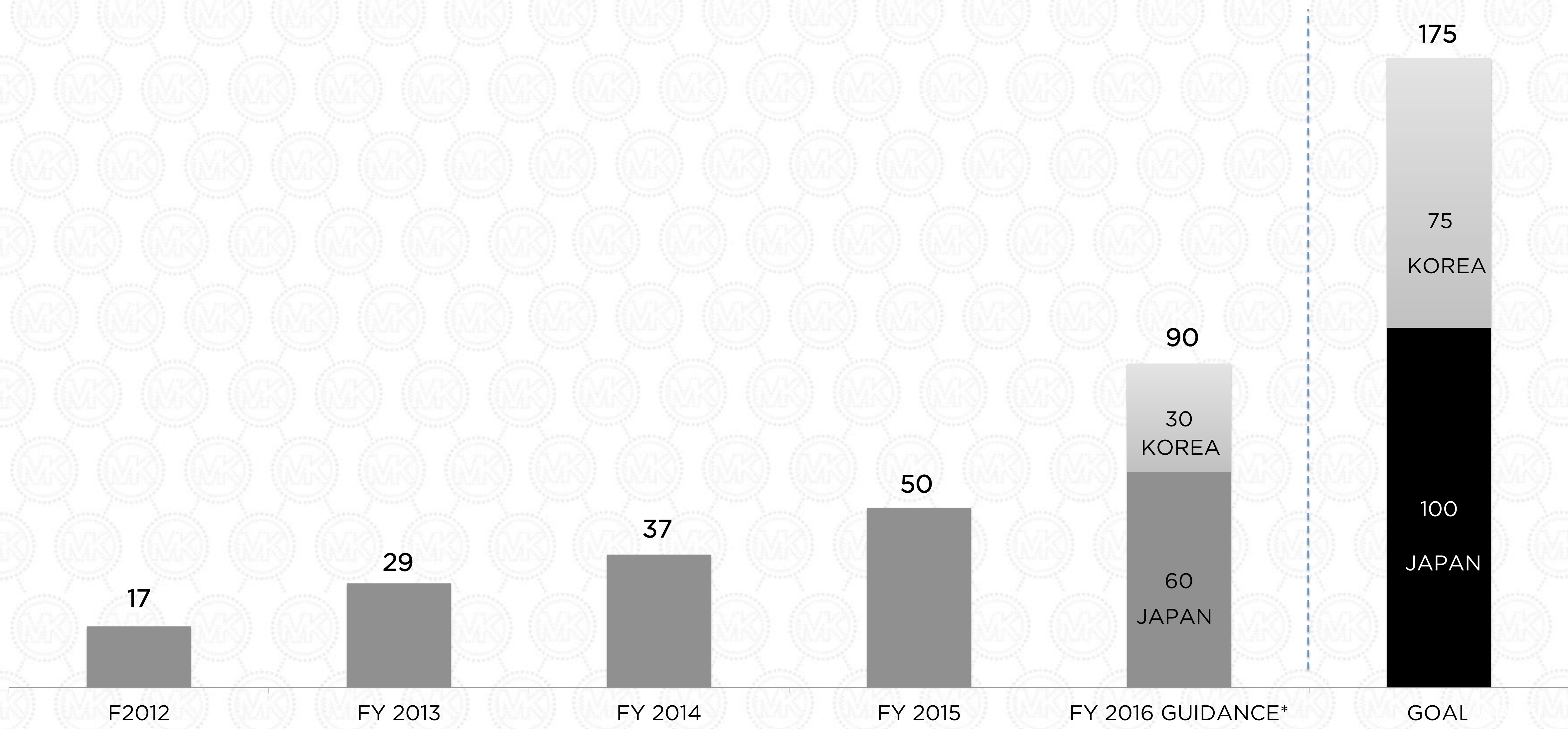


# ASIA REVENUE



IN MILLIONS OF DOLLARS

# ASIA RETAIL STORE COUNT



\*AS REPORTED IN THE COMPANY'S MAY 27, 2015 EARNINGS RELEASE



## ASIA GROWTH IN 2016

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RETAIL GROWTH DRIVEN BY COMPARABLE STORE SALES AND  
NEW STORE OPENINGS IN JAPAN

CONTINUED DEVELOPMENT OF LICENSED RETAIL BUSINESSES  
IN CHINA AND SOUTHEAST ASIA

TRANSITION OF KOREA RETAIL BUSINESS

WHOLESALE REVENUE DRIVEN BY EXPANSION OF OUR HONG  
KONG DISTRIBUTION FOR SELECT ASIAN CUSTOMERS



MICHAEL KORS

MICHAEL KORS











WHAT ARE THE KEY DRIVERS TO THIS GROWTH?





**RUNWAY COLLECTION**

# LUXURY PRODUCT



*JET SET*  
**BRAND IMAGING**



# RETAIL STRATEGY



THERE IS A  
**CHANNEL SHIFT**  
from *STORES* to **ONLINE**

E-COM

MOBILE

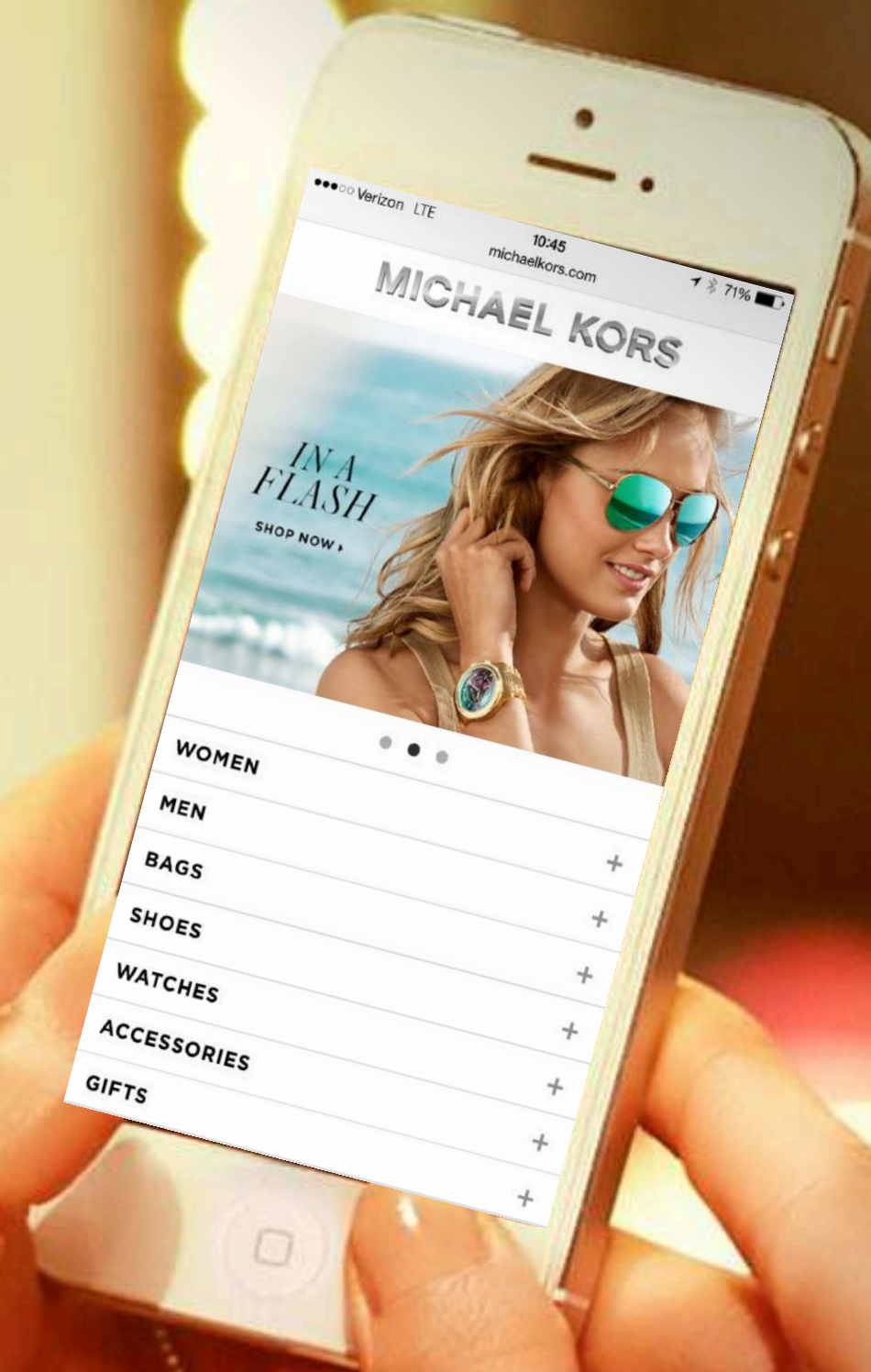
SOCIAL

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GOOGLE

FACEBOOK/INSTAGRAM

TWITTER



# MICHAEL KORS

WOMEN MEN BAGS SHOES WATCHES ACCESSORIES GIFTS SALE DESTINATION KORS 🔍

## CURRENTLY *COVETING*

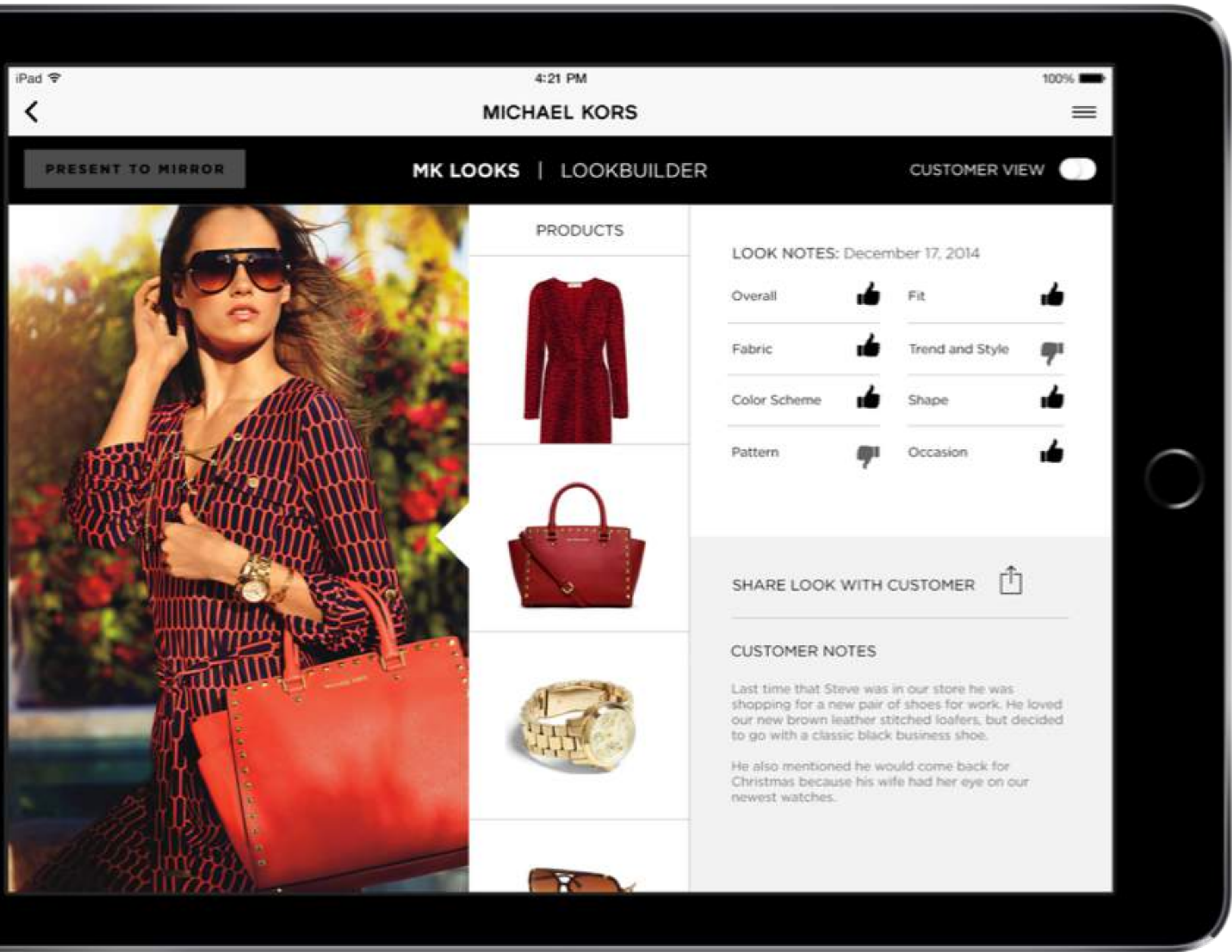
ROSE-GOLDEN HARDWARE ELEVATES THE CYNTHIA TO NEXT-LEVEL GLAM (AND JUST IN TIME FOR MOTHER'S DAY).

[SHOP THE CYNTHIA COLLECTION ▶](#) [SHOP SACHELS ▶](#)



MacBook Air

## DIGITAL FLAGSHIP



# KORSCONCIERGE

PERSONAL STYLIST IN-STORE

CONNECTING THE PHYSICAL  
TO THE DIGITAL





## RETAIL GROWTH INITIATIVES

---

FURTHER DEVELOP GLOBAL DIGITAL FLAGSHIP STRATEGY AND  
PROVIDE TRUE OMNICHANNEL CUSTOMER EXPERIENCE

EXPAND OUR GLOBAL STORE PRESENCE

UPSIZING HIGHLY PRODUCTIVE STORE LOCATIONS  
ACROSS NORTH AMERICA, EUROPE AND JAPAN

OPEN FREE STANDING MEN'S STORES GLOBALLY

INCREASE GLOBAL COMPARABLE STORE SALES

# WHOLESALE STRATEGY



# GLOBAL WHOLESALE CUSTOMERS

## NORTH AMERICA

**BERGDORF GOODMAN**

*Saks Fifth Avenue* *Neiman Marcus*  
the magic of *macy's*

bloomingdale's

**NORDSTROM**

## AMERICAS

*El Palacio de Hierro*

**HOLT RENFREW**

## EUROPE

**B** breuninger

*Harrods*

**U | Y | M**  
T S U M M O S C O W

G A L E R I E S  
*Lafayette*

**PRINTEMPS**

**SELFRIDGES & CO**

**BROWN THOMAS**

*laRinascente*

**BEYMEN**

## ASIA

**ISETAN**

*Lane Crawford*

**MITSUKOSHI**

 **Takashimaya**

 **DAIMARU**

DEPARTMENT STORE  
**LOTTE**

**HYUNDAI**  
DEPARTMENT STORE











## WHOLESALE GROWTH INITIATIVES

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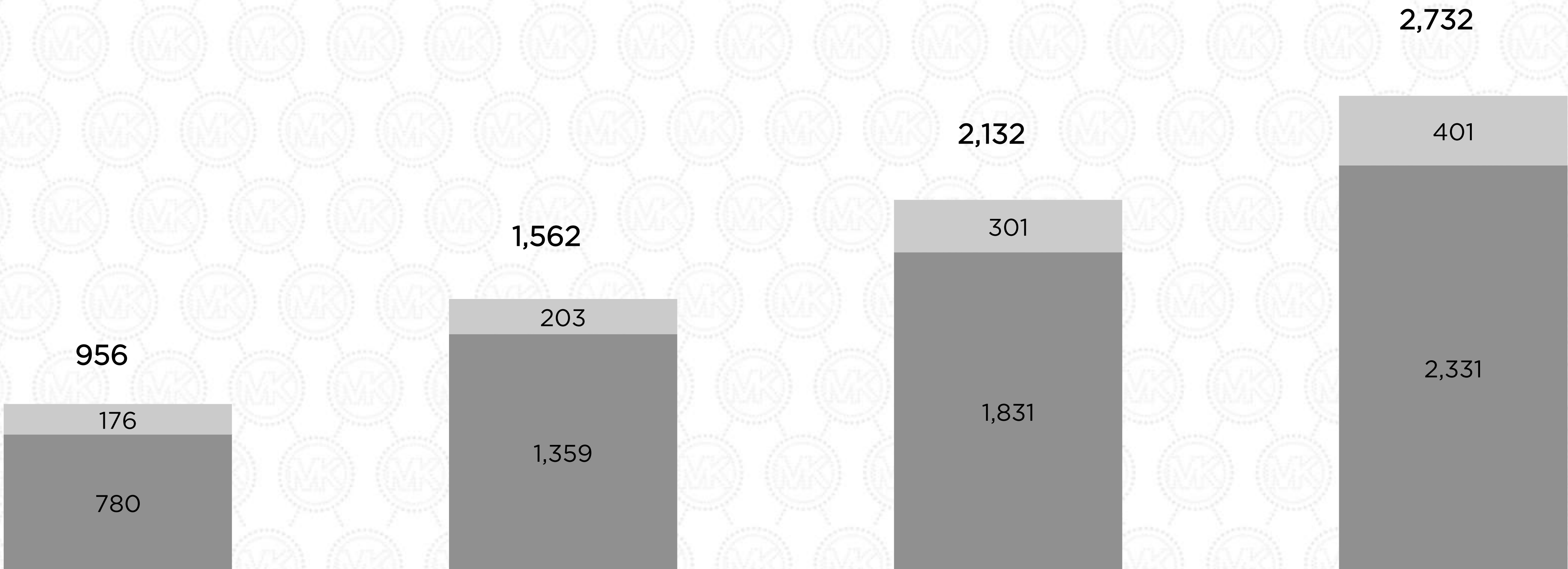
CONTINUE TO TRANSFORM NORTH AMERICAN AND EUROPEAN DEPARTMENT STORE LOCATIONS INTO BRANDED SHOP-IN-SHOPS WITH CUSTOM FIXTURES

EXPAND SIZE OF HIGHLY PRODUCTIVE EXISTING DEPARTMENT STORE SHOP-IN-SHOPS

EXPAND MARKET SHARE ACROSS CATEGORIES INCLUDING FOOTWEAR, WOMEN'S READY TO WEAR AND MENSWEAR.

# SHOP-IN-SHOP COUNT

■ NORTH AMERICA   ■ INTERNATIONAL



FY 2013

FY 2014

FY 2015

FY 2016

ESTIMATE

A photograph of a woman and a man on a boat. The woman is in the foreground, wearing dark sunglasses and a white bikini top with yellow accents. She has her hand near her face and is wearing gold rings. The man is in the background, wearing a white shirt and sunglasses, looking towards the woman. The background is a bright blue sea.

# LICENSING STRATEGY

# LICENSING PARTNERS

**WATCHES**  
(FOSSIL)

**JEWELRY**  
(FOSSIL)

**FRAGRANCES**  
(ESTEE LAUDER)

**EYEWEAR**  
(LUXOTTICA)



NEW

STORE NAME  
MICHAELKORS.COM

© MICHAEL KORS, LLC.

*Relaunch of*  
**GOLD  
FRAGRANCE**

# MICHAEL KORS

LUMINOUS. BRILLIANT. RADIANT. THE NEW GOLD FRAGRANCE COLLECTION









## LICENSING GROWTH INITIATIVES

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CONTINUE NEW FRAGRANCE AND BEAUTY PRODUCT ROLLOUT TO BECOME ONE OF THE MOST SIGNIFICANT BRANDS IN THE LUXURY FRAGRANCE AND BEAUTY MARKET GLOBALLY

GROW WATCH BUSINESS INTERNATIONALLY THROUGH RETAIL STORES AND SHOP-IN-SHOPS AND EXPAND MEN'S BUSINESS WITH BROADER OFFERING

CAPITALIZE ON EXPANDING GLOBAL GROWTH POTENTIAL IN JEWELRY BUSINESS

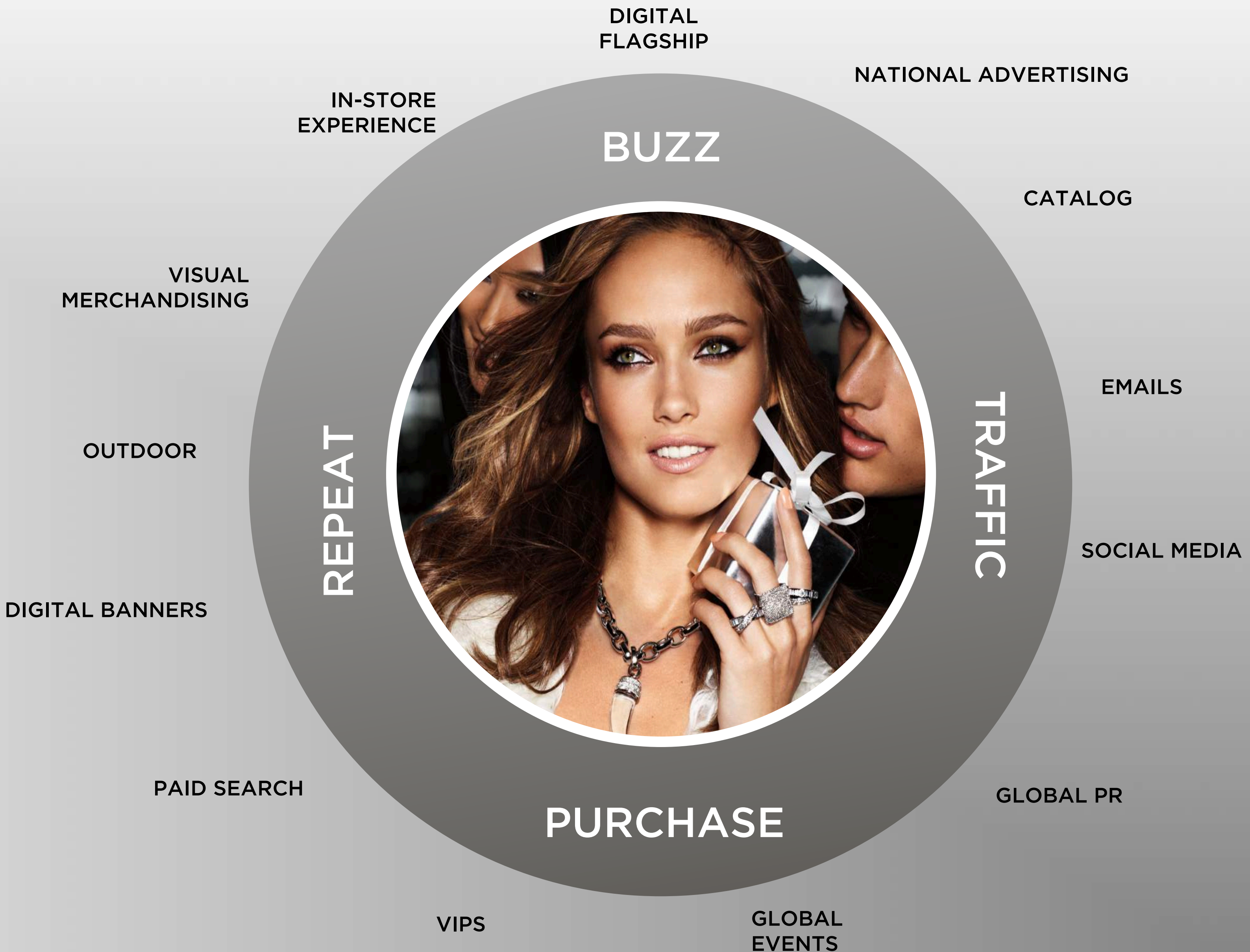
EXPAND EYEWEAR BUSINESS GLOBALLY THROUGH NEW PARTNERSHIP, WITH STRONG CORE ASSORTMENT OF ICONIC SHAPES AND HARDWARE DETAILS

# MARKETING STRATEGY



# 360 COMMUNICATION STRATEGY

CUSTOMER-CENTRIC  
CONTINUOUSLY ENGAGED  
ACROSS ALL CHANNELS



# MICHAEL KORS

WOMEN MEN BAGS SHOES WATCHES ACCESSORIES GIFTS SALE DESTINATION KORS 🔍

## CURRENTLY *COVETING*

ROSE-GOLDEN HARDWARE ELEVATES THE CYNTHIA TO NEXT-LEVEL GLAM (AND JUST IN TIME FOR MOTHER'S DAY).

[SHOP THE CYNTHIA COLLECTION ▶](#) [SHOP SACHELS ▶](#)



MacBook Air

## DIGITAL FLAGSHIP

NATIONAL ADVERTISING



# E-MAIL

## MICHAEL KORS

WOMEN | HANDBAGS | SHOES | WATCHES & JEWELRY

### DOUBLE UP

CRUISE THROUGH SPRING WITH COOL, CHIC PIECES (LIKE A LUXE LEATHER JACKET AND THE NEW CAMDEN GATHERED TOTE).

SHOP HANDBAGS > SHOP NEW ARRIVALS >



### THE CHANNING

OUR NEWEST WATCH DEBUTS IN ROSE GOLD-TONE WITH A TIGER'S EYE DIAL—PERFECT FOR PAIRING WITH SPRING'S NEW NEUTRALS.



SHOP WATCHES >

TOP: CAMDEN LARGE DRAWSTRING SHOULDER TOTE IN PALE GOLD, \$398; LEATHER MOTO JACKET IN MANILA, \$450 BOTTOM: CHANNING WATCH IN ROSE GOLD-TONE WITH TIGER'S EYE DIAL, \$250

MEN | GIFTS | SALE | STORE LOCATOR

## MICHAEL KORS

WOMEN | HANDBAGS | SHOES | WATCHES & JEWELRY

### TIME TRAVELER

The ultimate travel accessories—gilded accents to mix and match, from one country to the next.

SHOP WATCHES >

SHOP JEWELRY >



LOGO-PLATE RING IN GOLD-TONE; LOGO-PLAQUE BANGLE IN GOLD-TONE; BLAIR GLITZ WATCH IN GOLD-TONE

MEN | GIFTS | SALE | STORE LOCATOR

## MICHAEL KORS

WOMEN | HANDBAGS | SHOES | WATCHES & JEWELRY



WHAT SHE WANTS

Vibrant prints and a sea of blues.

SHOP NEW ARRIVALS >



SHAPE SHIFTER

Available in multiple hues, it's everything you love about the Hamilton now in messenger form.

SHOP CROSSBODIES >

### Mother's Day Gifts

UNDER \$100 > UNDER \$200 > UNDER \$350 >

TOP: TRIBAL PRINT LONG SLEEVE DRESS IN VINTAGE YELLOW  
BOTTOM: HAMILTON LARGE MESSENGER IN NAVY

MEN | GIFTS | SALE | STORE LOCATOR

BUILT A GLOBAL SOCIAL AUDIENCE of *over* **24M ENGAGED** fans.

FACEBOOK



**MOST  
ENGAGED  
BRAND**



16.2M

TWITTER



**TOP  
LIVING  
DESIGNER**



2.8M

INSTAGRAM



**TOP LUXURY  
FASHION  
BRAND**



4.1M

WEIBO



**CHINESE  
SOCIAL  
PLATFORM**



484K

YOUTUBE



**BEAUTIFUL  
VIDEO  
CONTENT**



15.5K

GOOGLE+

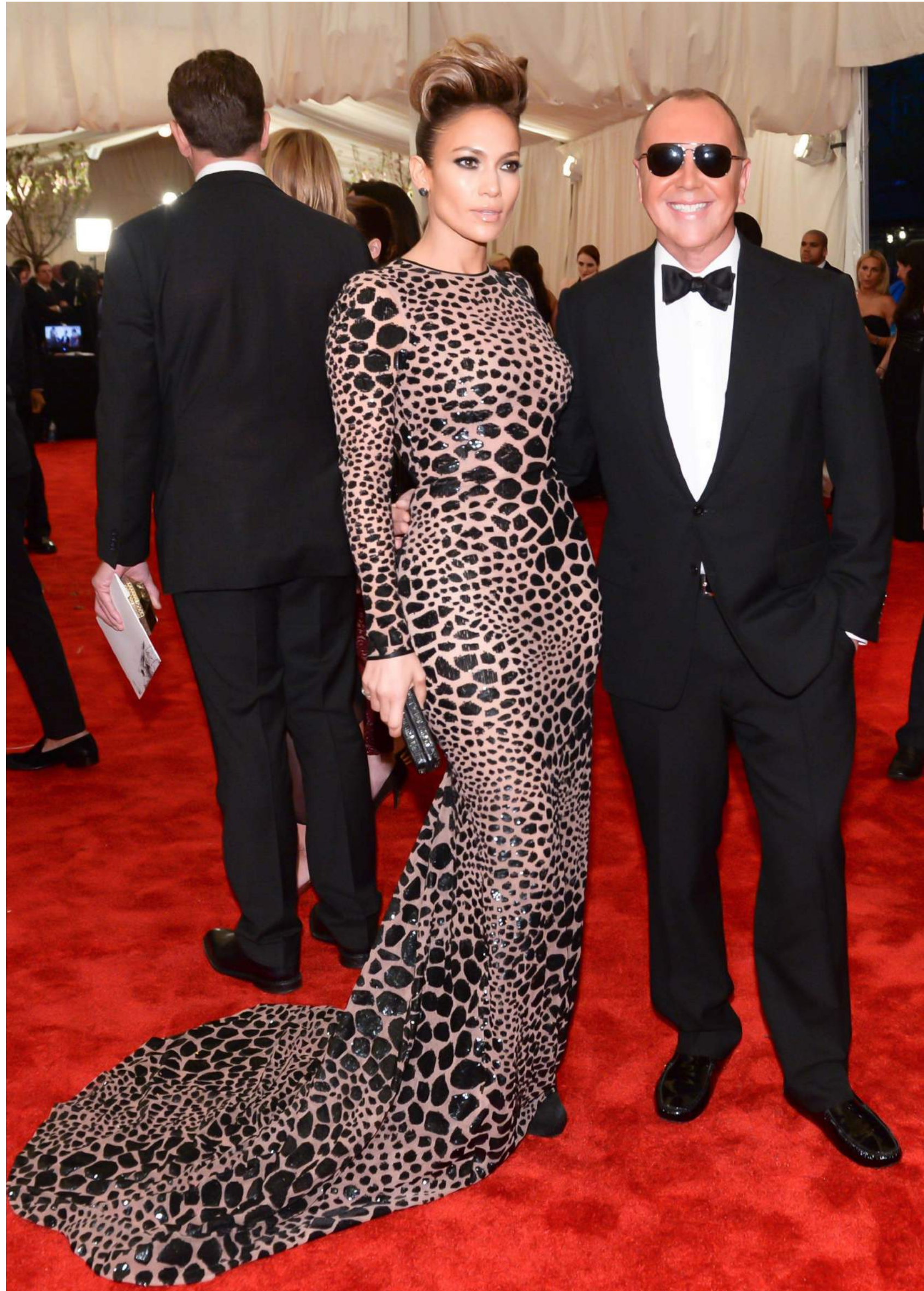


**HIGH GROWTH  
PLATFORM**



534K

PR & VIP



JENNIFER LOPEZ



JESSICA ALBA



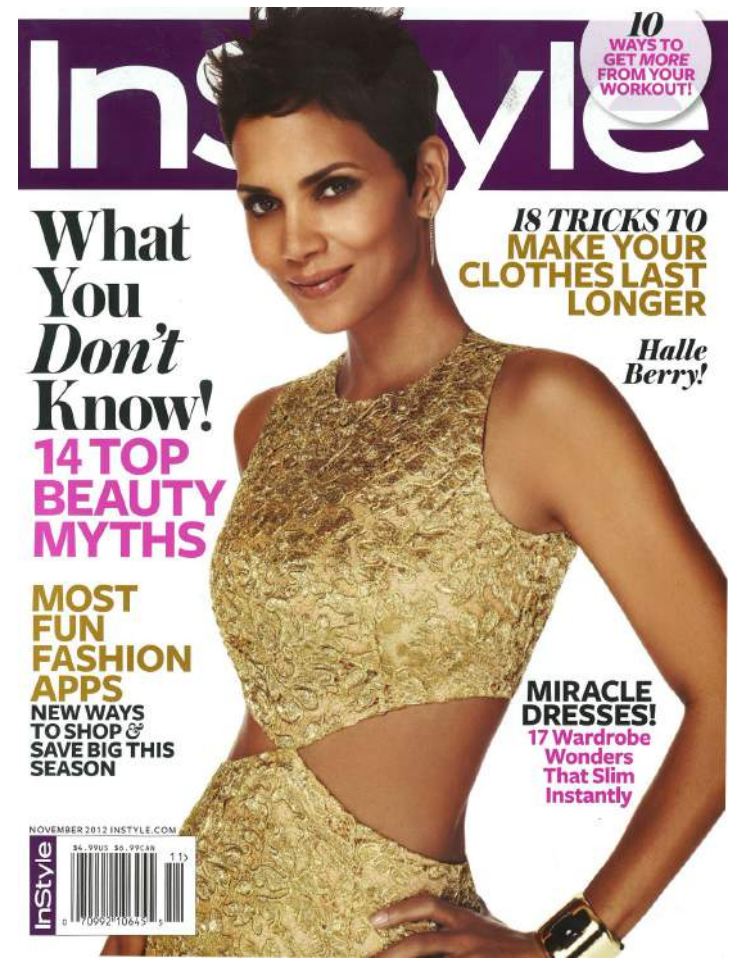
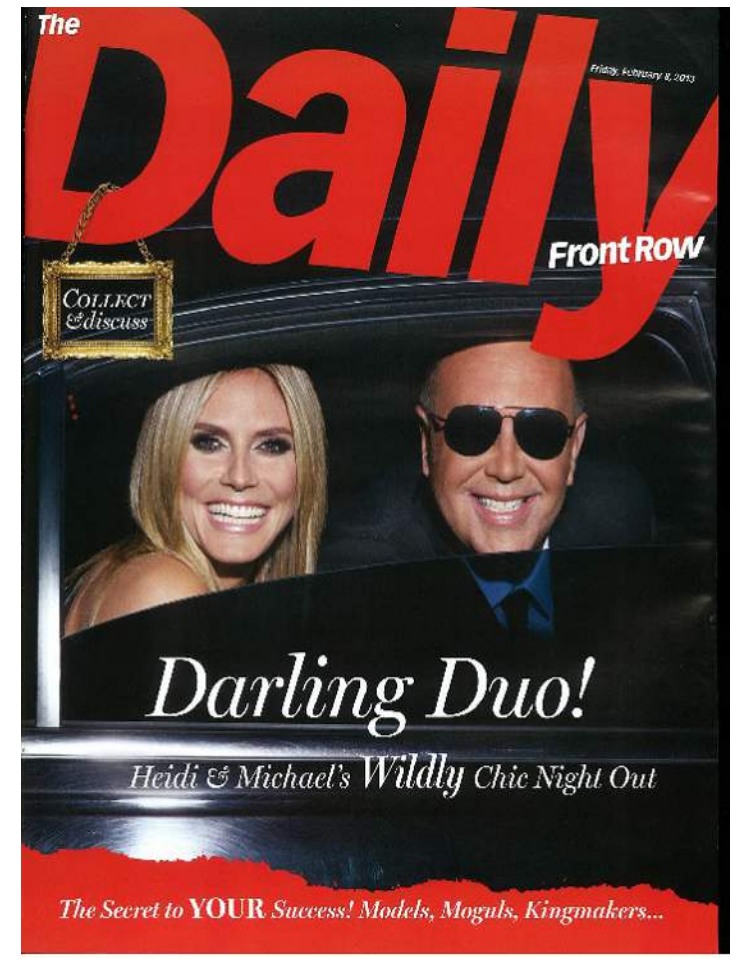
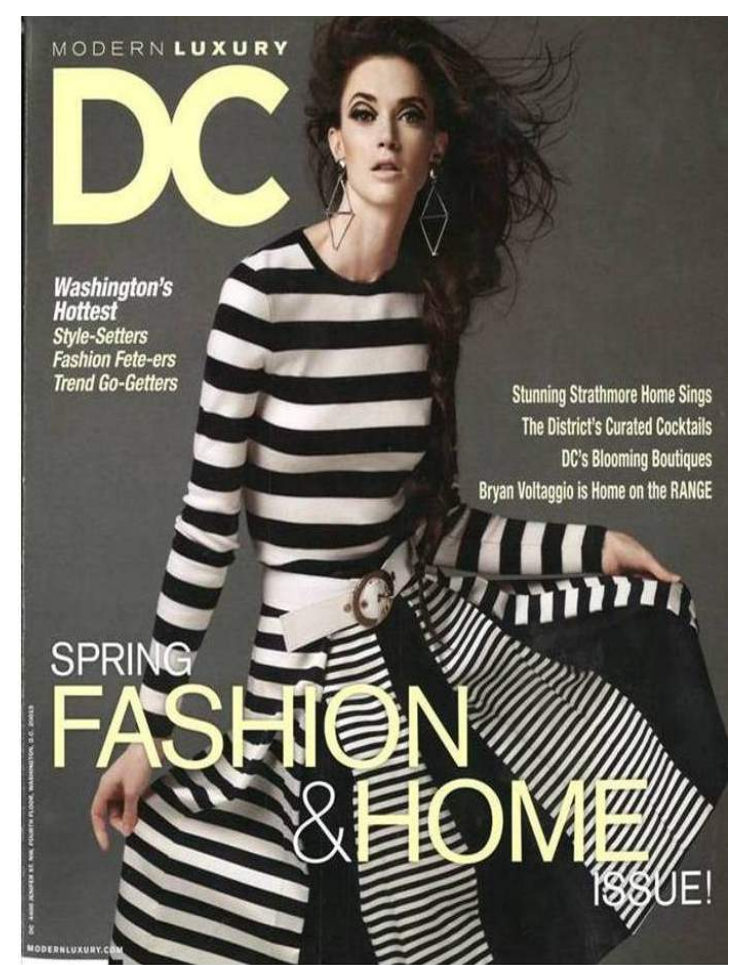
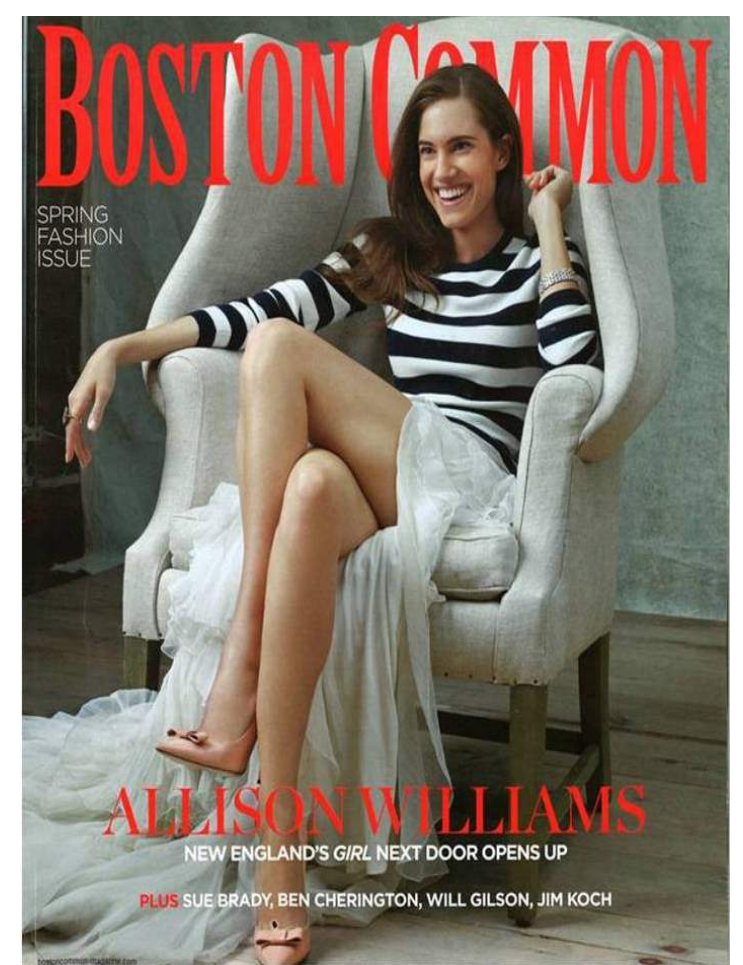
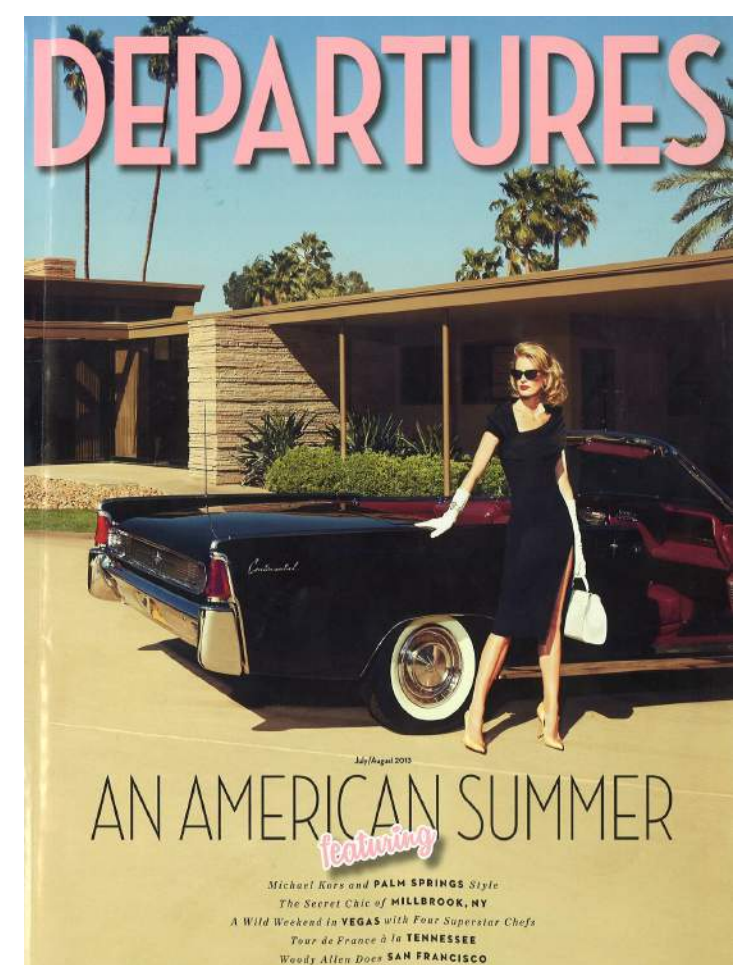
MIRANDA KERR

# EVENTS



# PRINT ADVERTISING

A LEADING ADVERTISER IN GLOBAL FASHION PUBLICATIONS INCLUDING VOGUE, GLAMOUR, MARIE CLAIRE, INSTYLE, AND ALLURE.



# OUTDOOR ADVERTISING

MAJOR OUTDOOR LOCATIONS HAVE RECENTLY INCLUDED A BILLBOARD ON SUNSET BLVD., PHONE KIOSKS OUTSIDE ROCKEFELLER CENTER, BUS SHELTERS THROUGHOUT NEW YORK CITY, T-BUSES IN THE UK AND WALLSCAPES IN ITALY.



# POSITIONED FOR FUTURE GROWTH





## GROWTH STRATEGIES

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EXPAND GLOBAL RETAIL PRESENCE THROUGH OUR DIGITAL FLAGSHIP STRATEGY AND NEW STORE OPENINGS

CONTINUE TO TRANSFORM DEPARTMENT STORE LOCATIONS INTO BRANDED SHOP-IN-SHOPS WITH CUSTOM FIXTURES

GROW INTERNATIONAL PRESENCE

EXPAND MARKET SHARE ACROSS CATEGORIES INCLUDING FOOTWEAR, WOMEN'S READY TO WEAR, JEWELRY AND MENSWEAR



## STRONG FINANCIAL POSITION

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DELIVERING STRONG TOP AND BOTTOM LINE PERFORMANCE

GENERATING STRONG FREE CASH FLOW, ENDING FISCAL 2015  
WITH CASH AND CASH EQUIVALENTS OF ~ \$1 BILLION

CONTINUED STRATEGIC INVESTMENT IN CORPORATE  
INFRASTRUCTURE, INCLUDING DISTRIBUTION AND INFORMATION  
SYSTEMS, TO SUPPORT GLOBAL LONG TERM GROWTH STRATEGIES

\$1.5 BILLION SHARE REPURCHASE PROGRAM REFLECTS  
COMMITMENT TO RETURNING VALUE TO SHAREHOLDERS, WHILE  
MAINTAINING FINANCIAL FLEXIBILITY TO STRATEGICALLY INVEST  
IN THE BUSINESS

**MICHAEL KORS**

