

# tapestry

**COACH** | kate spade | STUART WEITZMAN

This presentation contains certain “forward-looking statements” based on management’s current expectations. Forward-looking statements include, but are not limited to, the information provided on the slide entitled “Fiscal 2020 Financial Outlook”, and statements regarding the Company’s planned share repurchase program and anticipated dividend payments for future quarters, as well as statements which can be identified by the use of forward-looking terminology such as “may,” “will,” “can,” “should,” “expect,” “intend,” “estimate,” “continue,” “project,” “guidance,” “forecast,” “outlook,” “anticipate,” “moving,” “leveraging,” “capitalizing,” “developing,” “drive,” “targeting,” “assume,” “plan,” “build,” “pursue,” “maintain,” “on track,” “well positioned to,” “look forward to,” “to acquire,” “achieve,” “strategic vision,” “growth opportunities” or comparable terms, and similar or other references to future periods. Statements herein regarding our business and transformation strategies; our plans, objectives, goals, beliefs, future events, business conditions, results of operations and financial position; and our business outlook and business trends are forward-looking statements.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements due to a number of important factors. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- risks and uncertainties such as expected economic trends;
- the ability to anticipate consumer preferences;
- the ability to control costs;
- the ability to successfully execute our operational efficiency initiatives and growth strategies;
- the ability to achieve intended benefits, cost savings and synergies from acquisitions;
- the risk of cybersecurity threats and privacy or data security breaches; and
- the impact of tax legislation.

Please refer to the Company’s latest Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission for a complete list of risks and important factors.

We assume no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

# tapestry

OUR VALUES: *optimistic innovative, inclusive*

OUR PRINCIPLES: *brand-led, consumer-centric meritocracy*

OUR BRANDS: *global, unique & differentiated*

OUR MODEL: *disciplined, shared & scalable*

DEFINED BY INCLUSIVITY RATHER THAN EXCLUSIVITY, we are a global house of brands that embraces the exploration of individuality. We believe that true luxury is a freedom of expression that ignites confidence and authenticity.

Approachable and inviting, we celebrate brands that create joy every day for people around the world. Our passion, detailed approach and genuine love of what we do enables us to develop and nurture brands so that they can reach their full potential.

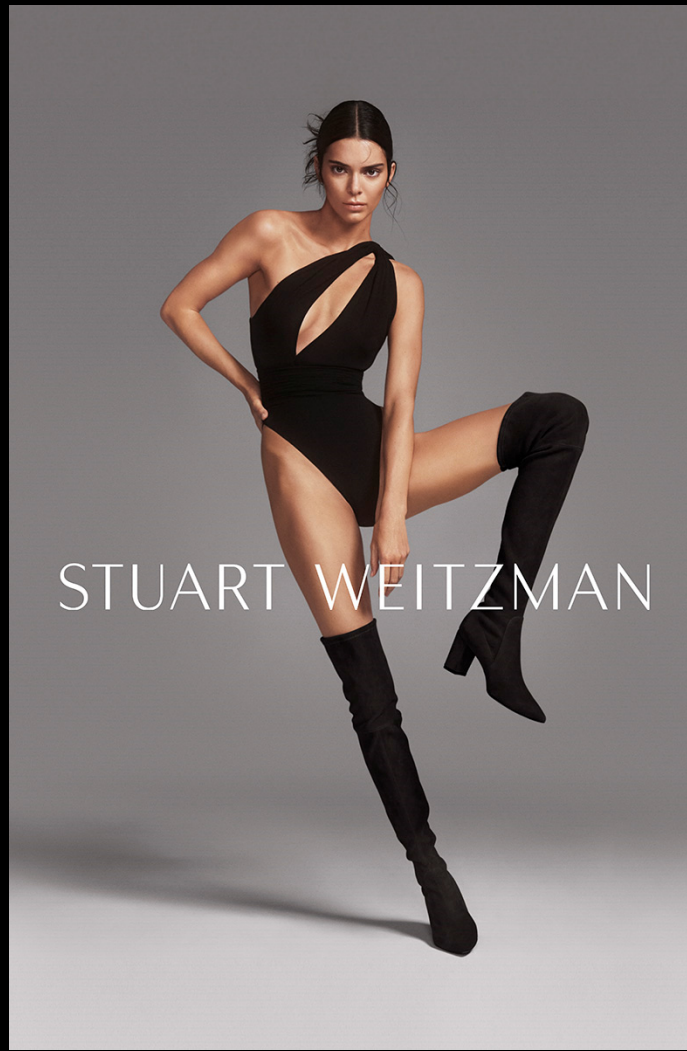
The value of our brands is not bestowed by previous generations or borrowed from tradition. It is determined by quality, craftsmanship, creativity and the opportunity for self-expression they provide. We believe anyone from anywhere can have the best idea, and with hard work and dedication anything is possible.





*established 1941*

**C O N F I D E N T**  
**M O D E R N**  
**A U T H E N T I C**



*established 1986*

**P O L I S H E D**  
**S O P H I S T I C A T E D**  
**E M P O W E R E D**



*established 1993*

**F E M I N I N E**  
**O P T I M I S T I C**  
**J O Y F U L**

**tapestry**

---

**\$6.0B**

*revenue*

**15.7%**

*operating margin*

**1,540**

*stores*

  
**COACH**  
NEW YORK

---

**\$4.3B**

*revenue*

**27.1%**

*operating margin*

**986**

*stores*

  
kate spade  
NEW YORK

---

**\$1.4B**

*revenue*

**13.6%**

*operating margin*

**407**

*stores*

**SW**

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**\$389M**

*revenue*

**(4.3%)**

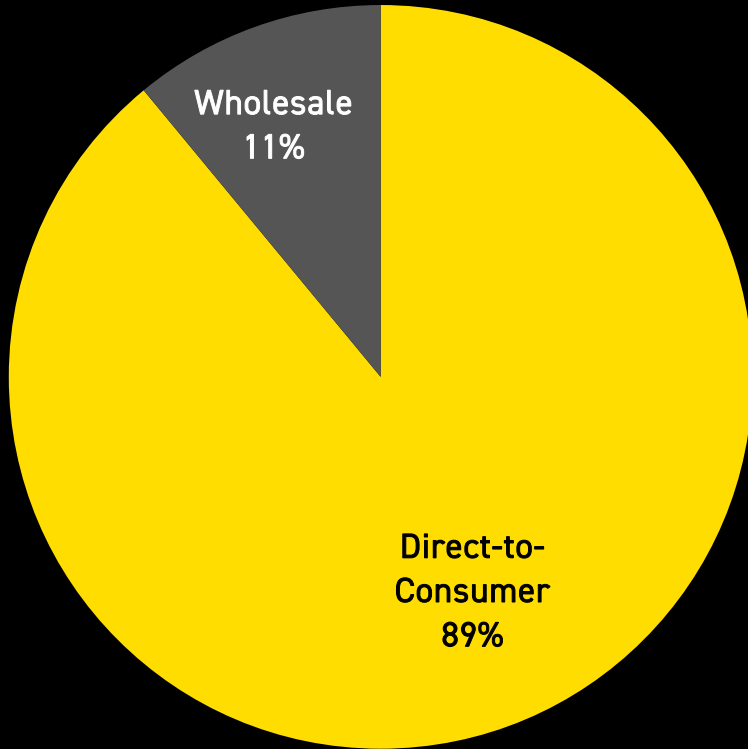
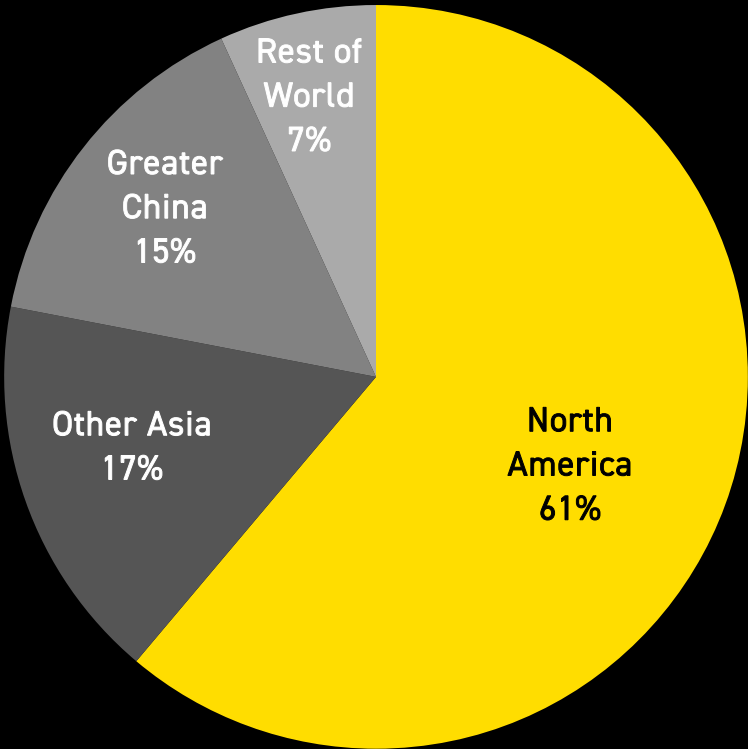
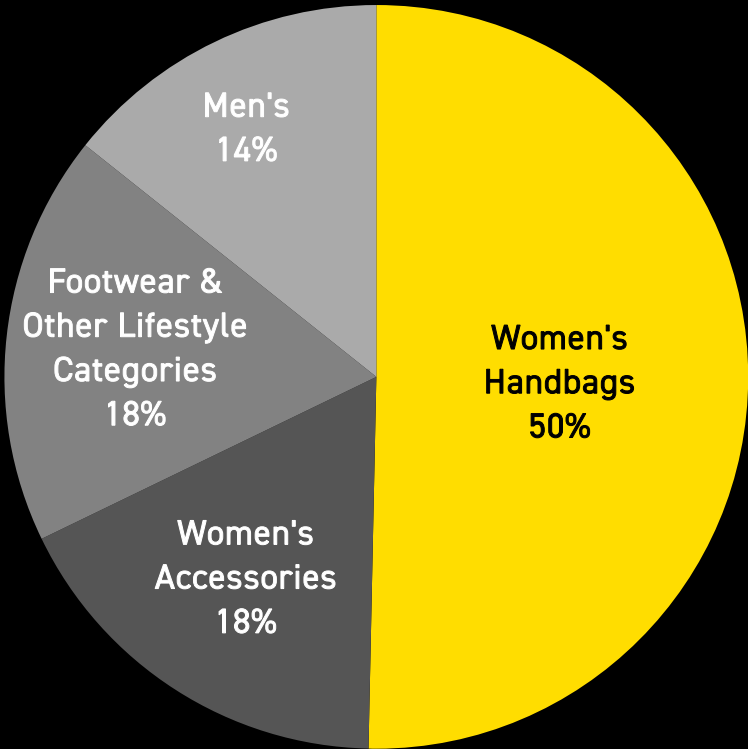
*operating margin*

**147**

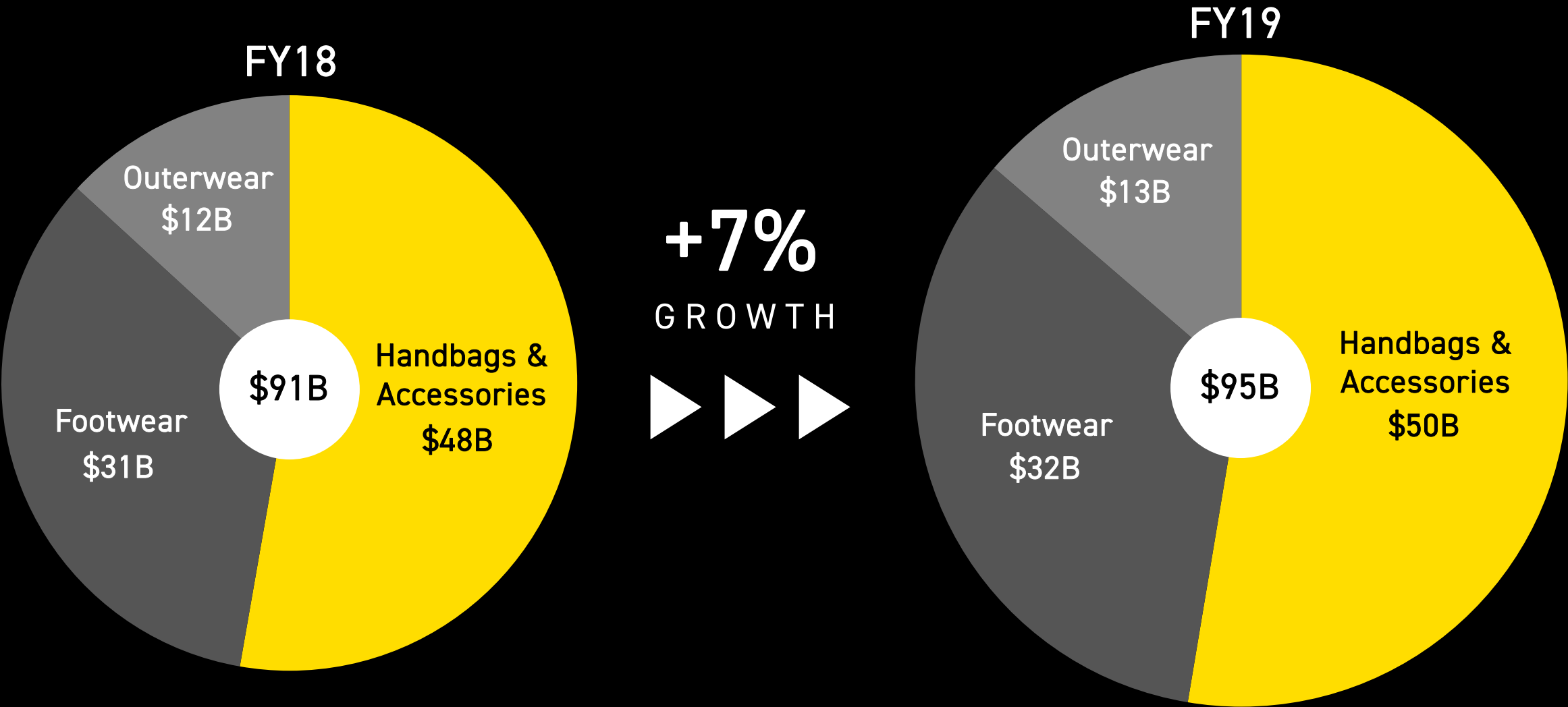
*stores*

# TAPESTRY PRODUCT, GEOGRAPHIC & CHANNEL BREAKDOWN

GLOBAL HOUSE OF MODERN LUXURY BRANDS WITH FOCUS ON INTERNATIONAL GROWTH & DIRECT-TO-CONSUMER DISTRIBUTION



**OPPORTUNITY ACROSS BRANDS IN THE ATTRACTIVE AND GROWING GLOBAL PREMIUM HANDBAG & ACCESSORIES, FOOTWEAR AND OUTERWEAR MARKETS**





# LEADERSHIP TEAM

**Jide Zeitlin**  
Chairman and Chief Executive Officer



**Joshua Schulman**  
CEO and Brand President,  
Coach



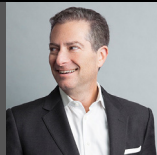
**Anna Bakst**  
CEO and Brand President,  
Kate Spade



**Eraldo Poletto**  
CEO and Brand President,  
Stuart Weitzman



**Todd Kahn**  
President, Chief Administrative Officer  
and Chief Legal Officer



**Tom Glaser**  
Chief Operations Officer



**Joanne Crevoiserat**  
Chief Financial Officer



**Sarah Dunn**  
Global Human Resources Officer



**Noam Paransky**  
Chief Digital Officer



**Zeynep Schoenwaelder**  
Global Head of Strategy & Data Labs



**Andrea Shaw Resnick**  
Global Head of Investor Relations &  
Corporate Communications



*highlights*

*from*

**2019**

# FISCAL 2019 MILESTONES

## A YEAR OF *meaningful evolution*

Achieved ongoing **strength in our businesses internationally**, while navigating a challenging retail backdrop in North America.

---

**Advanced our strategic initiatives**, most notably **building the foundation of our multi-brand platform**, as we generated the anticipated synergies from the successful integration of Kate Spade, which funded, in part, material investments in systems, as well as our international development.

---

**Strengthened Tapestry's leadership team** with key hires: Noam Paransky, Chief Digital Officer; Tom Glaser, Chief Operations Officer; Joanne Crevoiserat, Chief Financial Officer.

---

Delivered strong results at **Coach** – the largest and most globally diversified brand of our house – highlighted by positive comparable store sales growth and gross margin expansion, underscoring its health and vibrancy.

---

Debuted Nicola Glass's creative vision at **Kate Spade** with the new iconic branding elements garnering a positive response from consumers; identified learnings and action items to inform go-forward strategy.

---

Drove top-line growth at **Stuart Weitzman**, reflecting important progress across people, processes and product.

---

Established and implemented **\$1B share repurchase program**, underscoring our confidence in the future; returned \$490M to shareholders through dividend and share repurchase program.

---

**Remain steadfast in our long-term strategic vision** and focused on maximizing the benefits of our differentiated multi-brand model.

---

# FISCAL 2019 P&L OVERVIEW BY BRAND

	TAPESTRY	COACH	KATE SPADE	STUART WEITZMAN
NET REVENUE	\$6,027M +3% growth	\$4,271M +1% growth	\$1,367M +6% growth	\$389M +4% growth
GROSS PROFIT	\$4,081M 67.7% margin; +30bps vs. LY	\$2,998M 70.2% margin; +70bps vs. LY	\$870M 63.6% margin; +40bps vs. LY	\$213M 54.8% margin; (330bps) vs. LY
SG&A EXPENSES	\$3,136M 52.0% of sales; +150bps vs. LY	\$1,841M 43.1% of sales; +10bps vs. LY	\$683M 50.0% of sales; +210bps vs. LY	\$230M 59.0% of sales; +450bps vs. LY
OPERATING INCOME	\$945M 15.7% margin; (120bps) vs. LY	\$1,157M 27.1% margin; +50bps vs. LY	\$187M 13.6% margin; (170bps) vs. LY	(\$17M) (4.3%) margin; (780bps) vs. LY
EARNINGS PER DILUTED SHARE	\$2.57 (2%) vs. LY			



**FISCAL 2019 CAPITAL ALLOCATION MILESTONES**  
**RETURNED *95% of free cash flow* TO SHAREHOLDERS THROUGH DIVIDEND & SHARE REPURCHASE PROGRAM**

**Board of Directors  
approved**

**\$1B**

**share repurchase  
program.**

**Company returned**

**\$490M**

**to shareholders through dividends  
& share repurchases.**

**2020**  
*priorities*

# FISCAL 2020 STRATEGIC PRIORITIES

## INNOVATION AND EXCELLENCE IN *execution*

### FUEL BRAND INNOVATION

- Accelerate **product newness**
- Build brand connections through **cultural relevance**

### DRIVE GLOBAL GROWTH

- Maximize the opportunity with the **Chinese consumer** globally and across brands

### INVEST *in* DIGITAL & DATA

- **Increase power of digital platforms:** e-commerce, customer experience & marketing
- Further integrate **Data Labs** into core processes

### HARNESS *the* POWER *of* MULTI-BRAND

- Capture full benefit of **multi-brand structure**
- Increase speed and flexibility of **Supply Chain**
- Provide opportunities for **talent movement** across brands, regions and functions

# FISCAL 2020 CAPITAL ALLOCATION PRIORITIES

*we are modifying our  
capital allocation  
policy in fiscal 2020,  
dedicating our  
resources to driving  
organic growth.*

## ORGANIC GROWTH

- With continued momentum at Coach, our main priority is to fuel an acceleration in our acquired businesses to unlock the power of our multi-brand platform.
- At this time, we do not expect to pursue strategic acquisitions.

## COMMITMENT TO SHAREHOLDER RETURNS

- We are planning to increase the capital we return to shareholders, repurchasing approximately \$300M of common stock while maintaining our annual dividend, resulting in a total payout of nearly \$700M.

# FISCAL 2020 FINANCIAL OUTLOOK

## REVENUE

*low-single-digit growth*

- | low-single-digit sales growth at Coach driven by positive comparable store sales growth
- | low to mid-single-digit sales growth at Kate Spade
- | solid sales growth at Stuart Weitzman

## GROSS MARGIN

*modest year over year decline*

- | reflects pressure from bringing Kate Spade footwear in-house and currency headwinds

## SG&A EXPENSES

*approximately in-line with top-line growth*

- | growth includes ongoing impact from strategic investments in new stores, regional buy-backs & systems

## EARNINGS PER DILUTED SHARE

*roughly even with prior year*

- | net interest expense in the area of \$45 to \$50M
- | tax rate in the area of 17.5%

**OVERVIEW**

*by*

**BRAND**



COACH

NEW YORK





The Troupe Bag



Kiko Mizuhara, Manhattan Ferry, New York City



# COACH



THE SHOPS  
AT HUDSON YARDS  
NEW YORK CITY





COACH

NEW YORK

THE ART  
OF SIGNATURE

COACH

THE ART  
OF SIGNATURE

THIS IS NOT AN ART  
GALLERY. THIS IS A  
JOURNEY WHERE OUR  
VIGNET SIGNATURE  
PATTERN IS A BLANK  
CANVAS FOR YOUR  
STYLE. ALL ABOARD,  
STEP INSIDE, RECHARGE  
YOUR CREATIVITY.  
ENJOY THE RIDE.

VEGA

COACH

'ART OF SIGNATURE' POP-UP  
AT THE VESSEL  
NEW YORK CITY



*“For over 75 years, Coach has been part of the American landscape. As we write our next chapter, we’re building on our heritage of craftsmanship and confident New York style to deliver a complete lifestyle brand for modern lives.”*

JOSHUA SCHULMAN, CEO & BRAND PRESIDENT, COACH



## OUR VISION

Coach inspires the dreamer  
in all of us, connecting our  
modern lives with the spirit  
of the open road.





\$4.27B

ANNUAL REVENUE

---

986

DIRECTLY OPERATED STORES

---

13,500

EMPLOYEES

*As of FY19.*



# COACH FISCAL 2019 MILESTONES

Achieved seven consecutive quarters of global comparable store sales increases and gross margin expansion for the fiscal year.

---

Delivered strong international growth and outperformed accessible luxury peers in North America; drove e-commerce gains globally.

---

Cascaded leathergoods innovation across the pyramid of fashion, occasion and price; realized continued growth in iconic Signature platform.

---

Gained traction in lifestyle categories, including footwear and ready-to-wear; grew men's business to nearly \$900M at POS.

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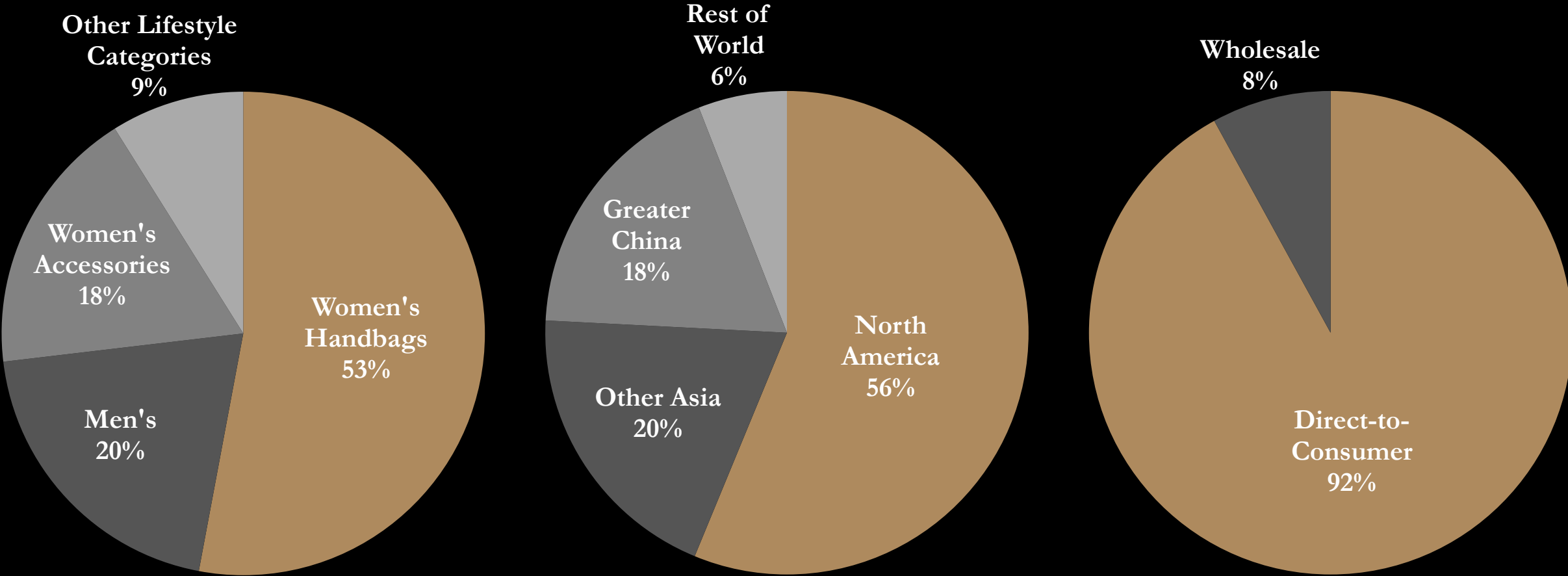
Fueled brand momentum and cultural relevance through collaborations, store initiatives and disruptive marketing campaigns, reinforcing Coach's distinctive global positioning.

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# COACH PRODUCT, GEOGRAPHIC & CHANNEL BREAKDOWN

DIRECT-TO-CONSUMER FOCUSED WITH DIVERSIFIED PRODUCT CATEGORIES & GEOGRAPHIES



As of FY19.

# COACH FISCAL 2020 STRATEGIC PRIORITIES

**DRIVE PRODUCT  
INNOVATION &  
DISRUPTION**

**ENFORCE  
FASHION  
AUTHORITY  
THROUGH  
CULTURAL  
RELEVANCE**

**INJECT  
EXCITEMENT  
INTO STORES**

**FUEL DIGITAL  
INNOVATION &  
E-COMMERCE  
GROWTH**







kate spade

NEW YORK







THE SHOPS  
AT HUDSON YARDS  
NEW YORK CITY



*“Kate Spade has tremendous opportunity across product categories, channels and geographies. We are leveraging the brand’s global potential, bringing its unique and empowering feminine positioning to women around the world.”*

ANNA BAKST, CEO & BRAND PRESIDENT, KATE SPADE



## OUR VISION

A globally admired aspirational life & style brand,  
delivering brand-enhancing profitable growth,  
where people — our customers and teams — are  
at the center of everything we do.





**\$1.37B**

ANNUAL REVENUE

**407**

DIRECTLY OPERATED STORES

**4,800**

EMPLOYEES

*As of FY19.*



## KATE SPADE FISCAL 2019 MILESTONES

Debuted Nicola Glass's creative vision with new & iconic brand elements, garnering a positive response; identified clear learnings to inform go-forward strategy.

---

Maintained unique brand positioning with leadership in attributes of Fun, Fashionable & Feminine per U.S. Brand Tracking Survey.

---

Expanded international presence through new store openings and acquisition of operations in Singapore, Malaysia & Australia.

---

Gained notable traction in Greater China, a significant area of opportunity for the brand, highlighted by positive comparable store sales.

---

Announced plans to take footwear business in-house, building on the brand's strong lifestyle offering.\*

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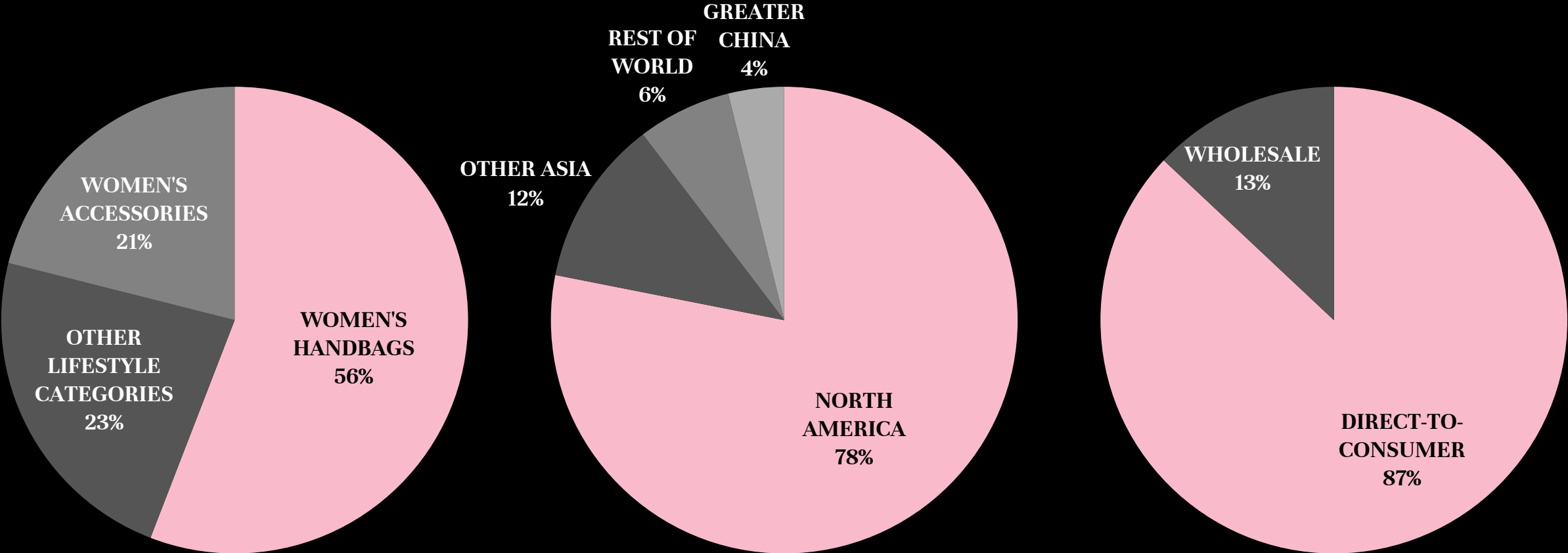


*\*Kate Spade intends to bring women's footwear business in-house from licensed partner, Steve Madden, in the second half of fiscal 2020.*



# KATE SPADE PRODUCT, GEOGRAPHIC & CHANNEL BREAKDOWN

OPPORTUNITY TO EXPAND INTERNATIONALLY WITH UNIQUE AND GLOBALLY-RELEVANT POSITIONING



As of FY19.



# KATE SPADE FISCAL 2020 STRATEGIC PRIORITIES

**SOLIDIFY BRAND  
AUTHORITY**

**INTRODUCE  
EXCEPTIONAL  
AND INSPIRING  
PRODUCTS**

**ENHANCE  
OMNI-CHANNEL  
PLATFORM  
GLOBALLY**

**CREATE  
IMMERSIVE  
CHANNEL  
EXPERIENCES**

**ENGAGE WITH  
CHINESE  
CONSUMERS  
GLOBALLY**



STUART WEITZMAN









STUART WEITZMAN

**THE SHOPS  
AT HUDSON YARDS**  
NEW YORK CITY



*“Stuart Weitzman footwear has long represented quality, style and the beautiful combination of fashion and function. We are building on this foundation as we evolve into a global, multi-channel and multi-category brand.”*

ERALDO POLETTO, CEO & BRAND PRESIDENT, STUART WEITZMAN

## OUR VISION

STUART WEITZMAN IS THE EMBODIMENT OF  
STRENGTH IN FEMININITY – EMPOWERING AND  
INSPIRING WOMEN TO TAKE ON THE WORLD  
IN FASHION AND FUNCTIONAL FOOTWEAR  
& ACCESSORIES.





# \$389M

ANNUAL REVENUE

---

# 147

DIRECTLY OPERATED STORES

---

# 1,100

EMPLOYEES

*As of FY19.*



# STUART WEITZMAN FISCAL 2019 MILESTONES

DELIVERED TOP-LINE GROWTH, ADDRESSING AREAS OF OPPORTUNITY EXITING FISCAL 2018.

---

FOCUSED ON PRODUCT FIT AND CONSTRUCTION, CREATING FOUNDATIONAL PIECES CONSISTENT WITH THE BRAND'S DNA.

---

GAINED FURTHER CREDIBILITY IN HANDBAGS AND LEATHERGOODS, A CONTINUED AREA OF OPPORTUNITY FOR THE BRAND.

---

DROVE INTERNATIONAL EXPANSION WITH NEW STORE OPENINGS IN NORTHERN CHINA AND THE BUY-BACK OF OUR OPERATIONS IN SOUTHERN CHINA & AUSTRALIA.

---

EVOLVED MARKETING, FEATURING NEW AND CULTURALLY RELEVANT GLOBAL BRAND AMBASSADORS.

---



# STUART WEITZMAN FISCAL 2020 STRATEGIC PRIORITIES

ENHANCE SYSTEMS  
AND PROCESSES

MAINTAIN  
BOOT & SANDAL  
AUTHORITY  
WHILE  
EXPANDING  
FOOTWEAR  
EXPRESSION

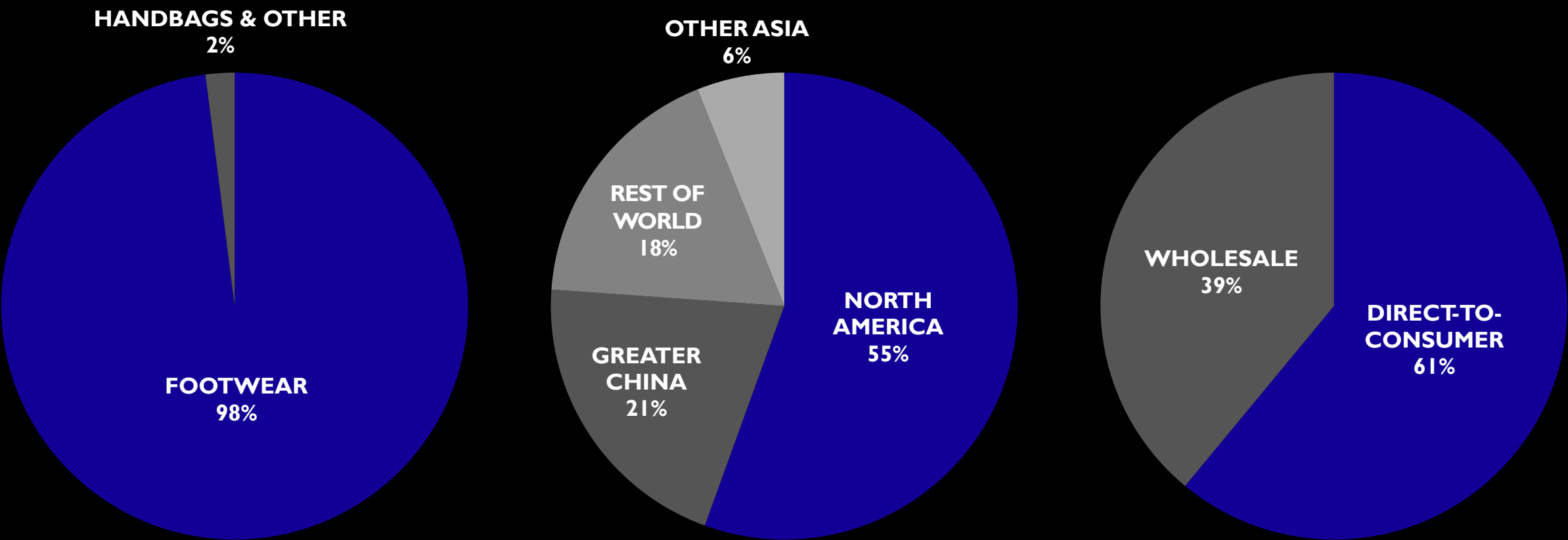
DRIVE CREDIBILITY  
IN HANDBAGS

FUEL CONSUMER  
DESIRE & BRAND  
AWARENESS

EXPAND  
GLOBALLY,  
WITH FOCUS ON  
CHINA

# STUART WEITZMAN PRODUCT, GEOGRAPHIC & CHANNEL BREAKDOWN

OPPORTUNITY TO EXPAND INTERNATIONALLY WITH SOPHISTICATED FOOTWEAR & ACCESSORIES OFFERING COMBINING FUNCTION AND FIT



As of FY19.

*corporate*  
**RESPONSIBILITY**

OUR  
PEOPLE  
OUR  
PLANET  
OUR  
COMMUNITIES

# 2025 CORPORATE RESPONSIBILITY STRATEGY & GOALS

*Built on our values of Optimism, Innovation and Inclusivity, these goals solidify our commitment to responsible citizenship, as we recognize our role as a leader in our industry to effect real, measurable change. Addressing pressing global issues and contributing to a world that is inclusive, sustainable and safe is a responsibility that we all share.*

# CORPORATE SOCIAL RESPONSIBILITY

## OUR PROGRAM IS FOCUSED ON THREE *strategic pillars*

1

### OUR PEOPLE

Having individuals from different backgrounds with different experiences around the table creates a diversity of perspectives that enrich our organization.

2

### OUR PLANET

Tapestry is dedicated to reducing its environmental impact across the world through continuous innovation.

3

### OUR COMMUNITIES

Tapestry engages closely with the communities in which our employees live and work, helping to strengthen them.



# CORPORATE SOCIAL RESPONSIBILITY

## 1 *our people*

Build diversity in North America Tapestry and brand leadership teams by increasing the number of North America-based ethnic minority leaders to better reflect the company's general corporate population.

---

Reduce gender and ethnicity differences in the Employee Inclusion Index scores from our Employee Engagement Survey.

---

Demonstrate a focus on career progression, development and mobility by filling 60% of leadership roles (VP+) internally.

---

Enable employees to manage their work and personal life balance by achieving a global core benefit standard for self-care, parental and family care leave policies.

---







## CORPORATE SOCIAL RESPONSIBILITY

### 1 *our people*

Expanded our maternity leave in 2018 in the United States.

---

Donated approximately \$500K in fiscal 2018 to organizations that our employees are passionate about through our matching gift programs.

---

Achieved a score of 100 for the fifth consecutive year on the Human Rights Campaign Corporate Equality Index, earning the designation as a Best Place to Work for LGBTQ Equality.

---

Recognized on the Forbes Diversity & Inclusion List in 2019 for the second consecutive year.

---

Signed the CEO Action Pledge for Diversity & Inclusion in 2017.

---

Maintained a Board of Directors with ethnic, gender and nationality diversity.

---

Recognized by 2020 Women on Boards and Women's Forum of New York for Board of Directors diversity in fiscal 2017.

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# CORPORATE SOCIAL RESPONSIBILITY

## ② *our planet*

Achieve a 20% reduction in absolute Scope 1 & Scope 2 CO<sub>2</sub>e emissions & 20% reduction in absolute Scope 3 emissions from freight shipping over a 2017 baseline.

---

Attain a 95% traceability & mapping of our raw materials to ensure a transparent & responsible supply chain.

---

Ensure that 90% of leather is sourced from Silver- and Gold-rated *Leather Working Group* tanneries.

---

Achieve 75% recycled content in packaging and 25% reduction in North America corporate & distribution center waste.

---

Achieve a 10% reduction in water usage across Tapestry and its supply chain.

---







## CORPORATE SOCIAL RESPONSIBILITY

### ② *our planet*

Achieved a 4.4% reduction in absolute Scope 1 and 2 CO<sub>2</sub>e emissions across Tapestry in fiscal 2018 over a 2017 baseline.

---

Provided in-person compliance and anti-corruption training to over 120 suppliers and manufacturers in fiscal 2017 and early fiscal 2018.

---

Signed the UN Global Compact in October 2018, reinforcing our commitment to sustainability.

---

Implemented a Coach fur-free policy, beginning with the Fall 2019 collection.

---



## CORPORATE SOCIAL RESPONSIBILITY

### ③ *our communities*

Dedicate 100,000 volunteer service hours completed by our employees around the globe.

---

Give \$75M in financial and product donations to nonprofit organizations globally.

---

Provide 50,000 people crafting Coach, kate spade new york and Stuart Weitzman products access to empowerment programs during the workday.

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# 2025 GOALS





## CORPORATE SOCIAL RESPONSIBILITY

### 3 *our communities*

Donated over \$48M through The Coach Foundation since its inception in 2008 and launched the “Dream It Real” initiative which supports young people as they pursue their dreams.

---

Employed and empowered 162 women in Masoro, Rwanda through the Kate Spade *on purpose* program in 2017.

---

Engaged 1,850 employees to volunteer a combined 6,000 hours across projects to support their local communities in fiscal 2018.

---

Distributed numerous grants worldwide to nonprofit organizations through the Coach and Kate Spade Foundations.

---

Provided humanitarian response to victims of hurricanes and other natural disasters in fiscal 2017.

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tapestry



*“I have profound belief in Tapestry’s people and culture, as well as our ability to enhance returns for all stakeholders. Together with a talented management team that combines long-tenured executives with new leaders who bring fresh perspectives, we will act with urgency to drive sustainable organic growth.”*

**JIDE ZEITLIN, CHAIRMAN & CEO**

# APPENDIX

The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company's management does not, nor does it suggest that investors should, consider non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Further, the non-GAAP measures utilized by the Company may be unique to the Company, as they may be different from non-GAAP measures used by other companies. The financial information presented has been presented both including and excluding the effect of certain items related to our Operational Efficiency Plan, Integration & Acquisition-Related Costs, ERP implementation efforts and the impact of tax legislation for Tapestry, Inc.

Guidance for certain financial information for the fiscal year ending June 27, 2020 has also been presented on a non-GAAP basis. A reconciliation of our non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort because certain material items that impact these measures, such as the timing and exact amount of charges related to Integration and Acquisition and the costs associated with the Company's ERP implementation have not yet occurred.

The Company operates on a global basis and reports financial results in U.S. dollars in accordance with GAAP. Sales and gross margin for each segment have been described excluding currency fluctuation effects from translating foreign-denominated sales into U.S. dollars. The Company calculates constant currency revenue results by translating current period revenue in local currency using the prior year period's currency conversion rate.

Management utilizes these non-GAAP measures to conduct and evaluate its business during its regular review of operating results for the periods affected and to make decisions about Company resources and performance. The Company believes presenting these non-GAAP measures, which exclude items that are not comparable from period to period, is useful to investors and others in evaluating the Company's ongoing operating and financial results in a manner that is consistent with management's evaluation of business performance and understanding how such results compare with the Company's historical performance.



# GAAP TO NON-GAAP RECONCILIATION

## FOR THE YEARS ENDED JUNE 29, 2019 AND JUNE 30, 2018

<i>in millions, except per share data; unaudited</i>		GAAP BASIS (AS REPORTED)	ERP IMPLEMENTATION <sup>(1)</sup>	INTEGRATION & ACQUISITION <sup>(2)</sup>	IMPACT OF TAX LEGISLATION <sup>(3)</sup>	NON-GAAP BASIS (EXCLUDING ITEMS)
JUNE 29, 2019	Gross profit	\$4,053.7	\$—	\$(27.8)	\$—	\$4,081.5
	Selling, general and administrative expenses	3,239.6	36.9	66.6	—	3,136.1
	Operating income	814.1	(36.9)	(94.4)	—	945.4
	Income before provision for income taxes	766.2	(36.9)	(94.4)	—	897.5
	Provision for income taxes	122.8	(9.4)	(25.8)	9.2	148.8
	Net income	643.4	(27.5)	(68.6)	(9.2)	748.7
	Diluted net income per share	2.21	(0.09)	(0.24)	(0.03)	2.57

		GAAP BASIS (AS REPORTED)	OPERATIONAL EFFICIENCY PLAN <sup>(4)</sup>	INTEGRATION & ACQUISITION <sup>(2)</sup>	IMPACT OF TAX LEGISLATION <sup>(3)</sup>	NON-GAAP BASIS (EXCLUDING ITEMS)
JUNE 30, 2018	Gross profit	\$3,848.5	\$—	\$ (116.4)	\$—	\$3,964.9
	Selling, general and administrative expenses	3,177.7	19.5	185.2	—	2,973.0
	Operating income	670.8	(19.5)	(301.6)	—	991.9
	Income before provision for income taxes	596.8	(19.5)	(301.6)	—	917.9
	Provision for income taxes	199.3	(6.2)	(130.7)	178.2	158.0
	Net income	397.5	(13.3)	(170.9)	(178.2)	759.9
	Diluted net income per share	1.38	(0.05)	(0.58)	(0.62)	2.63

<sup>(1)</sup> Amounts as of June 29, 2019 primarily represent technology implementation costs.

<sup>(2)</sup> Amounts as of June 29, 2019 represent charges attributable to acquisition and integration costs related to:

- Organization-related costs
- Professional fees
- One-time write off of inventory
- Limited life purchase accounting adjustments

Amounts as of June 30, 2018 represent charges attributable to acquisition and integration costs related to the purchase of Kate Spade & Company, and to a lesser extent the acquisition of certain distributors for the Coach and Stuart Weitzman brands and assumed operational control of Kate Spade joint ventures. Provision for income taxes has been favorably impacted as a result of the reversal of certain valuation allowances that were established during purchase accounting. These charges include:

- Limited life purchase accounting adjustments
- Professional fees
- Severance and other costs related to contractual payments with certain Kate Spade executives
- Organizational costs as a result of integration
- Inventory reserves established for the destruction of inventory

<sup>(3)</sup> Amounts as of June 29, 2019 represent charges primarily due to the transition tax related to foreign earnings deemed to be repatriated. Amounts as of June 30, 2018 represent charges due to the net impact of the transition tax and re-measurement of deferred tax balances.

<sup>(4)</sup> Amounts as of June 30, 2018 primarily represent technology infrastructure costs.

# GAAP TO NON-GAAP RECONCILIATION – FOR SEGMENT RESULTS

## FOR THE YEARS ENDED JUNE 29, 2019 AND JUNE 30, 2018

<i>in millions; unaudited</i>		GAAP	COACH	KATE SPADE	STUART WEITZMAN	CORPORATE	NON-GAAP
JUNE 29, 2019	<b>Cost of sales</b>						
	Integration & Acquisition		(1.9)	(6.3)	(19.6)	—	
	<b>Gross profit</b>	\$4,053.7	\$(1.9)	\$(6.3)	\$(19.6)	\$—	\$4,081.5
	<b>SG&amp;A expenses</b>						
	Integration & Acquisition		7.1	14.5	15.0	30.0	
	ERP Implementation		—	—	—	36.9	
	<b>SG&amp;A expenses</b>	\$3,239.6	\$7.1	\$14.5	\$15.0	\$66.9	\$3,136.1
	<b>Operating income</b>	\$814.1	\$(9.0)	\$(20.8)	\$(34.6)	\$(66.9)	\$945.4
JUNE 30, 2018	<b>Cost of sales</b>						
	Integration & Acquisition		(4.1)	(106.5)	(5.8)	—	
	<b>Gross profit</b>	\$3,848.5	\$(4.1)	\$(106.5)	\$(5.8)	\$—	\$3,964.9
	<b>SG&amp;A expenses</b>						
	Integration & Acquisition		0.5	113.7	7.8	63.2	
	Operational Efficiency Plan		—	—	—	19.5	
	<b>SG&amp;A expenses</b>	\$3,177.7	\$0.5	\$113.7	\$7.8	\$82.7	\$2,973.0
	<b>Operating income</b>	\$670.8	\$(4.6)	\$(220.2)	\$(13.6)	\$(82.7)	\$991.9

# SEGMENT INFORMATION

FOR THE YEARS ENDED JUNE 29, 2019 AND JUNE 30, 2018

<i>in millions; unaudited</i>		COACH	KATE SPADE	STUART WEITZMAN	CORPORATE	TOTAL
JUNE 29, 2019	Net sales	\$4,270.9	\$1,366.8	\$389.4	\$—	\$6,027.1
	Gross profit	2,996.4	863.6	193.7	—	4,053.7
	Operating Income (loss)	1,148.4	165.7	(51.2)	(448.8)	814.1
	Income (loss) before provision for income taxes	1,148.4	165.7	(51.2)	(496.7)	766.2
JUNE 30, 2018	Net sales	\$4,221.5	\$1,284.7	\$373.8	\$—	\$5,880.0
	Gross profit	2,931.5	705.7	211.3	—	3,848.5
	Operating Income (loss)	1,117.2	(22.7)	(0.3)	(423.4)	670.8
	Income (loss) before provision for income taxes	1,117.2	(22.7)	(0.3)	(497.4)	596.8



# tapestry

**COACH** | kate spade | STUART WEITZMAN