



Tapestry Inc. (TPR)

Updated September 16th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$110	5 Year Annual Expected Total Return:	-3.3%	Market Cap:	\$22.9B
Fair Value Price:	\$65	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	09/05/25
% Fair Value:	167%	5 Year Valuation Multiple Estimate:	-9.8%	Dividend Payment Date:	09/22/25
Dividend Yield:	1.5%	5 Year Price Target	\$83	Years Of Dividend Growth:	3
Dividend Risk Score:	D	Sector:	Consumer Cyclical	Rating:	Hold

Overview & Current Events

Tapestry Inc. (TPR) was founded in 2017 as a transformation from Coach IP Holdings LLC (founded in 1941) and is a leading American multinational luxury fashion holding company. The company is based in New York and is the parent company of three brands: Coach, Kate Spade, and Stuart Weitzman. The company's renaming came after Coach acquired Stuart Weitzman and Kate Spade and expanded from making Coach-brand handbags to producing a wider variety of products through their three primary brands. These products include various leather goods, footwear, accessories, clothes, fragrances, and jewelry. Tapestry has a market capitalization of approximately \$22.9 billion, over 20,000 employees, and \$7.0 billion in annual revenue. Coach continues to make up 70% of company sales, Kate Spade represents about a quarter of sales, and Stuart Weitzman is a small but growing segment in the overall business. The company sells products worldwide from its 1,500+ branded retail locations, brand websites, and through thousands of distributor retail locations.

Tapestry reported fourth-quarter results for Fiscal Year (FY)2025 on August 14th, 2025. The company Tapestry, Inc. reported strong results for fiscal Q4 2025, with revenue rising 8% year-over-year to \$1.72 billion, led by 14% growth at Coach. Quarterly non-GAAP EPS came in at \$1.04, surpassing expectations. Gross margin expanded 140 basis points to 76.3%, supported by operational efficiencies, while direct-to-consumer and digital sales continued to gain traction. Coach remained the growth driver, while Kate Spade and Stuart Weitzman reported double-digit sales declines.

For the full year, revenue reached a record \$7.0 billion, up 5% from the prior year, fueled by 10% growth at Coach. Annual non-GAAP EPS totaled \$5.10, achieving the long-term targets set at Tapestry's Investor Day three years ago. The company also strengthened profitability, with gross margin expanding 210 basis points to 75.4%. Management highlighted strong performance in North America, Europe, and Greater China, though Kate Spade's performance was weighed down by impairment charges, resulting in significant GAAP losses.

Tapestry returned \$2.3 billion to shareholders in fiscal 2025 through dividends and share repurchases, including a \$2 billion accelerated share repurchase program. The board approved a 14% dividend increase for fiscal 2026, reflecting confidence in continued cash flow generation. Looking ahead, Tapestry expects revenue approaching \$7.2 billion, operating margin expansion, and EPS of \$5.30–\$5.45, even after absorbing negative impacts from tariffs and trade policy changes. The company's focus on Coach's strength, digital growth, and disciplined capital returns underpins its long-term growth strategy.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.98	\$2.15	\$2.63	\$2.57	\$0.97	\$2.95	\$3.47	\$3.88	\$4.29	\$5.10	\$5.45	\$6.96
DPS	\$1.35	\$1.35	\$1.35	\$1.35	\$1.02	\$1.00	\$1.00	\$1.20	\$1.40	\$1.40	\$1.58	\$1.92
Shares¹	278.5	281.9	288.0	286.8	278.0	283.0	270.0	241.0	233.2	222.5	221.0	219.0

Tapestry has experienced earnings growth of 11.1% since 2016, when it earned \$1.98 per share, but has had 13.1% annual growth over the past five years. Revenue has continued to grow at a CAGR of 34% for the past five years, while

¹ Share count is in millions.

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operating margins have deteriorate. We expect earnings to grow 5.0% for the next five years. Still, the outcome is highly dependent on Tapestry's ability to maintain margins and sustain at least mild topline growth.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	17.4	18.3	17.4	15.2	13.7	14.6	8.9	11.0	9.4	17.2	20.1	12.0
Avg. Yld.	3.9%	3.4%	3.0%	3.5%	0.0%	0.0%	3.3%	2.8%	3.3%	1.6%	1.5%	2.3%

Over the past decade, Tapestry has averaged a P/E ratio of 14.3x. However, the company consisted entirely of the Coach brand and enjoyed higher returns on invested capital for most of that period. With slowing sales and declining margins in a competitive environment of online competition and slower global growth, we consider a P/E ratio of 12.0x to be fair until the company can demonstrate a resumption of growth and stabilized margins. The company has an expected annualized headwind of -9.8% valuation multiple towards the mean of a P/E ratio of 12.0x. Thus, the stock looks to be overvalued at the current price.

Safety, Quality, Competitive Advantage, & Recession Resiliency

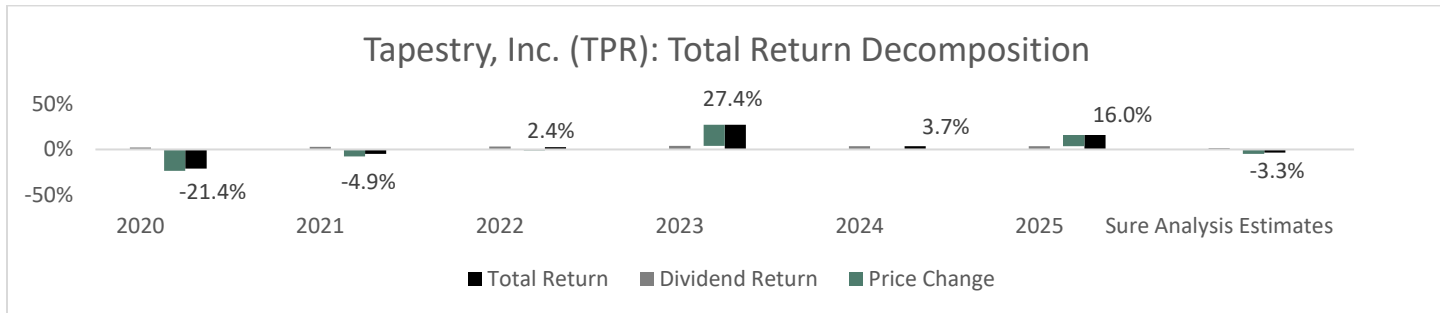
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	68%	63%	51%	53%	105%	34%	29%	31%	33%	27%	29%	28%

Tapestry's luxury brands, especially Coach, give the company at least a small economic moat. This is evidenced by its historically high returns on invested capital and considerable market outperformance since Coach went public in the early 2000s. However, the company's returns on invested capital have been declining in recent years, indicating a cyclical deterioration in brand strength as online retail puts margin pressure on all physical retailers. Overall, their investment returns and profitability remain above average but diminishing. Tapestry currently has a BBB- credit rating, which puts them on the low side of investment grade. The company's balance has gotten better, with a Debt/Equity ratio of 3.0. Still, the inconsistency of their earnings and the company's economic vulnerability appears to drive lower overall credit quality from the rating agencies. The security does not necessarily offer the growth or stability that many retirees rely on. The company did remain highly profitable during the previous two recessions as the primary Coach brand, but the expanded Tapestry company is untested by a downturn in its current form.

Final Thoughts & Recommendation

Tapestry has decent brands but faces stiff competition, global tariff uncertainty, and diminishing profitability. The good news is that Tapestry is the manufacturer of its products, rather than just a middleman, and has various online platforms from which to grow. We expect -3.3% per annum returns from Tapestry as a baseline case, but the actual result is expected to be highly variable. Overall, business uncertainty remains high. However, we consider Tapestry a hold at the current price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	4,492	4,488	5,880	6,027	4,961	5,746	6,685	6,661	6671	7011
Gross Profit	3,051	3,081	3,849	4,054	3,239	4,082	4,650	4,715	4890	5027
Gross Margin	67.9%	68.6%	65.5%	67.3%	65.3%	71.0%	69.6%	70.8%	73.3%	71.7%
SG&A Exp.	2,398	2,294	3,177	3,234	3,312	3,114	3,475	3,542	3749	0
D&A Exp.	211	213	260	268	248	219	195	182	229	225
Operating Profit	654	787	672	820	-73	968	1,176	1,172	1140	1236
Operating Margin	14.5%	17.5%	11.4%	13.6%	-1.5%	16.8%	17.6%	17.6%	17.1%	17.6%
Net Profit	461	591	398	643	-652	834	856	936	816	183
Net Margin	10.3%	13.2%	6.8%	10.7%	-13.1%	14.5%	12.8%	14.1%	12.2%	2.6%
Free Cash Flow	353	571	730	518	202	1208	759	791	1147	1094
Income Tax	166	168	199	123	28	63	191	207	196	33

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,893	5,832	6,678	6,877	7,924	8,382	7,265	7,117	13400	6580
Cash & Equivalents	859	2,673	1,243	969	1,426	2,008	790	726	6142	1120
Accounts Receivable	245	268	314	298	193	200	252	212	228	239
Inventories	459	470	674	778	737	735	994	920	825	861
Goodwill & Int. Ass.	849	821	3,217	3,228	2,681	2,671	2,608	2,588	2558	1703
Total Liabilities	2,210	2,830	3,434	3,364	5,648	5,123	4,980	4,839	10500	5723
Accounts Payable	187	195	264	244	131	445	521	417	452	456
Long-Term Debt	876	1,580	1,594	1,597	2,299	1,591	1,690	1,661	7241	3899
Shareholder's Equity	2,683	3,002	3,245	3,513	2,276	3,259	2,286	2,278	2897	858
D/E Ratio	0.33	0.53	0.49	0.45	1.01	0.49	0.74	0.73	2.50	4.55

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.6%	11.0%	6.4%	9.5%	-8.8%	10.2%	10.9%	13.0%	8.0%	1.8%
Return on Equity	17.8%	20.8%	12.7%	19.0%	-22.5%	30.1%	30.9%	41.0%	31.5%	9.8%
ROIC	13.3%	14.5%	8.4%	12.9%	-13.5%	17.7%	19.4%	23.7%	11.6%	2.2%
Shares Out.	278.5	281.9	288.0	286.8	278.0	283.0	270.1	241.3	233.2	222.5
Revenue/Share	16.08	15.87	20.37	20.73	17.81	20.30	24.75	27.60	28.61	31.51
FCF/Share	1.26	2.02	2.53	1.78	0.72	4.27	2.81	3.28	4.92	4.92

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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