Tapestry Inc. (TPR)

Updated December 10th, 2025 by Felix Martinez

Key Metrics

Current Price:	$118	**5 Year Annual Expected Total Return:**	-0.3%	**Market Cap:**	$24.2 B
Fair Value Price:	$84	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	12/05/25
% Fair Value:	140%	**5 Year Valuation Multiple Estimate:**	-6.5%	**Dividend Payment Date:**	12/22/25
Dividend Yield:	1.4%	**5 Year Price Target**	$107	**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 $24.2 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 first-quarter results for Fiscal Year (FY) 2026 on November 6th., 2025. The company delivered a strong start to fiscal 2026, reporting record Q1 revenue of $1.70 billion, up 13% year over year, and adjusted EPS of $1.38, up 35%. Results exceeded expectations, driven by robust demand across key markets and significant margin expansion. Operating margin rose 200 basis points (non-GAAP), supported by higher gross margins, SG&A leverage, and benefits from the divestiture of Stuart Weitzman. The company also achieved strong customer acquisition—over 2.2 million new customers, with Gen Z comprising roughly one-third. Brand and regional performance showed clear strength. Coach led growth with a 22% sales increase, reflecting strong leather goods momentum and double-digit pricing power. North America, Europe, and Greater China all posted standout results, supporting 16% pro forma constant-currency revenue growth. Direct-to-consumer channels grew in the mid-teens across both digital and brick-and-mortar, reflecting solid brand traction and effective use of data analytics. Profitability also improved, with GAAP net income rising 47% and meaningful reductions in interest expense and tax rate versus last year.

Looking ahead, Tapestry raised its fiscal 2026 outlook, now projecting $7.3 billion in revenue, up 4–5%, and EPS of $5.45–$5.60, reflecting 7–10% growth. Management emphasized confidence in its "Amplify" strategy, citing durable brand strength, multichannel momentum, and a healthy balance sheet. The company expects to return $1.3 billion to shareholders this year through dividends and buybacks, underscoring strong cash generation and disciplined capital allocation. While macro risks remain, the updated guidance reflects management's view that Tapestry is structurally positioned for sustained growth and long-term value creation.

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	***$5.60***	***$7.15***
DPS	$1.35	$1.35	$1.35	$1.35	$1.02	$1.00	$1.00	$1.20	$1.40	$1.40	***$1.60***	***$1.95***
Shares[1]	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 13.7% 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.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

operating margins have deteriorated. 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	***21.0***	***15.00***
Avg. Yld.	3.9%	3.4%	3.0%	3.5%	0.0%	0.0%	3.3%	2.8%	3.3%	1.6%	***1.4%***	***1.8%***

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 15.0x to be fair until the company can demonstrate a resumption of growth and stabilized margins. The company has an expected annualized headwind of -6.5% valuation multiple towards the mean of a P/E ratio of 15.0x. Thus, the stock looks to be overvalued at the current price.

Safety, Quality, Competitive Advantage, & Recession Resiliency

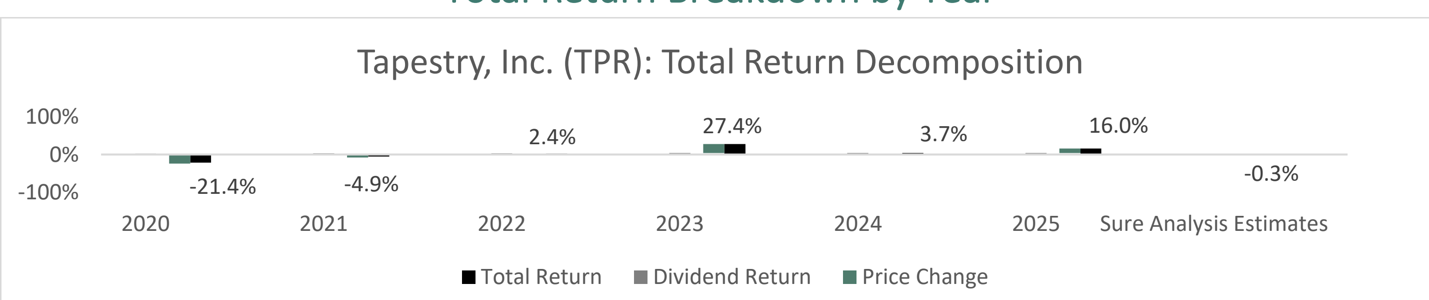
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	68%	63%	51%	53%	105%	34%	29%	31%	33%	27%	***29%***	***27%***

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 high, with a Debt/Equity ratio of 9.1. 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 -0.3% 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.