Ralph Lauren's forecast for revenue surge falls short on pandemic uncertainty

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Ralph Lauren Corp forecast on Thursday full-year revenue growth below analysts' estimates, as the high-end apparel maker remains cautious of fresh lockdowns, store closures and curbs in some of its markets from a new wave of virus cases.
Shares of the company, best known for its Polo shirts, tumbled 8% as the downbeat outlook comes when the global luxury industry is seen making a quicker-than-expected comeback from the pandemic blow.

"We're not completely done with COVID, as you look at what's happening in Japan, what's happening in parts of Europe and other parts of Asia," Chief Executive Officer Patrice Louvet told analysts.

A spike in infections has forced many governments to put their economies back into lockdown, severely constraining a major market for high-fashion labels and reining in the momentum from digital sales across geographies.

Ralph Lauren also said it expects significantly higher freight costs and global supply chain pressures, particularly in the first quarter.

Several retailers, ranging from packaged food to apparel, are facing increased inflationary pressures from higher labor, raw materials and freight costs.

Still, Louvet noted that the company's brands should benefit later in the year from investments in digital platforms and a new fashion cycle as customers return to stores.

For fiscal 2022, Ralph Lauren forecast revenue to increase about 20% to 25% on a constant currency basis. Analysts were expecting a 31.1% rise, according to Refinitiv.

"Ultra conservative," Credit Suisse analyst Michael Binetti called the forecast.

First-quarter revenue is expected to rise about 140% to 150%, but the company warned of a hit from lockdowns and other restrictions.

The company's fourth-quarter revenue rose about 1% to $1.29 billion and beat expectations for the first time in four quarters, but sales in North America fell a bigger-than-expected 10%.