Levi Strauss beats quarterly revenue estimates as people refresh wardrobes

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Levi Strauss & Co on Wednesday beat third-quarter revenue and profit estimates, boosted by an uptick in demand for jeans from people refreshing their wardrobes as they returned to normal social life following easing pandemic restrictions.

Shares of the jeans maker rose 2% in extended trading after the Dockers brand owner said its board had approved a $200 million share repurchase plan. The company has a market capitalization of $49.49 billion, according to Refinitiv data.

With schools and offices reopening and people even going on vacations, as cases of coronavirus infections trend down, many are splurging on new apparel.

Levi, which has been expanding at major retailers including Target Corp and Nordstrom Inc, has also benefited from a reopening of the economy in its European markets and investments in its direct-to-consumer business.

Analysts expect Levi to face less supply pressure than peers due to its minimal reliance on Vietnam, an apparel manufacturing hub that has seen several factories close due to COVID-19 outbreaks and lower usage of the congested West Coast port.

"We have taken pricing actions and believe we have pricing power to mitigate inflationary pressures," Chief Financial Officer Harmit Singh said in a statement.

Net revenue for the company rose to $1.50 billion from $1.06 billion in the third quarter ended Aug. 29. Analysts on average had expected $1.48 billion, according to IBES data from Refinitiv.
Excluding items, Levi earned 48 cents per share, beating estimates of 38 cents per share.

The company said it expects holiday-quarter net revenue growth of 20% to 21% from a year earlier, while analysts were expecting growth of 22%.

Levi also said it expects fourth-quarter earnings per share to be between 38 cents and 40 cents per share, compared with analysts average expectation of 40 cents per share.