MICHAEL KORS
HOLDINGS LIMITED


MICHAEL KORS
COLLECTION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2018
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 001-35368

Michael Kors Holdings Limited
(Exact Name of Registrant as Specified in Its Charter)

British Virgin Islands	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

33 Kingsway
London, United Kingdom
WC2B 6UF
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: 44 207 632 8600

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Ordinary Shares, no par value	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☒ Yes ☐ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐ Yes ☒ No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☒ Yes ☐ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).	☒ Yes ☐ No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the registrant's voting and non-voting ordinary shares held by non-affiliates of the registrant was $6,957,593,123 as of September 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the common stock on the New York Stock Exchange.

As of May 23, 2018, Michael Kors Holdings Limited had 149,891,999 ordinary shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this report, to the extent not set forth herein, is incorporated by reference from the Registrant's definitive Proxy Statement, which will be filed in June 2018, for the 2018 Annual Meeting of the Shareholders.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements in this Annual Report on Form 10-K, including documents incorporated herein by reference, that refer to plans and expectations for future periods are forward-looking statements. These forward-looking statements are based on management's current expectations. Words such as "expects," "anticipates," "plans," "believes," "estimates," "may," "will,", "should" and variations of such words and similar expressions are intended to identify such forward-looking statements. You should not place undue reliance on such statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause the Company's actual results to differ materially from those indicated in these forward-looking statements. These factors are more fully discussed in the Company's risk factors, as they may be amended from time to time, which are set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), including in this Annual Report, particularly under "Item 1A. Risk Factors" and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by applicable laws or regulations.

Electronic Access to Company Reports

Our investor website can be accessed at www.michaelkors.com under "Investor Relations." Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with or furnished to the SEC pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our investor website under the caption "SEC Filings" promptly after we electronically file such materials with, or furnish such materials to, the SEC. No information contained on our website is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K. Information relating to corporate governance at our Company, including our Corporate Governance Guidelines, our Code of Business Conduct and Ethics for all directors, officers, and employees, and information concerning our directors, Committees of the Board, including Committee charters, and transactions in Company securities by directors and executive officers, is available at our investor website under the captions "Corporate Governance" and "SEC Filings." Paper copies of these filings and corporate governance documents are available to shareholders free of charge by written request to Investor Relations, Michael Kors Holdings Limited, 33 Kingsway, London, United Kingdom, WC2B 6UF. Documents filed with the SEC are also available on the SEC's website at www.sec.gov.

PART I

Unless the context requires otherwise, references in this Annual Report on Form 10-K to "MKHL", "we", "us", "our", "the Company", "our Company" and "our business" refer to Michael Kors Holdings Limited and its consolidated subsidiaries, unless the context requires otherwise. References to our stores, retail stores and retail segment include all of our full-price retail stores (including concessions), our e-commerce websites and outlet stores, and the term "Fiscal," with respect to any year, refers to the 52-week period ending on the Saturday closest to March 31 of such year, except for "Fiscal 2016," which refers to the 53-week period ending April 2, 2016. Some differences in the numbers in the tables and text throughout this annual report may exist due to rounding. All comparable store sales are presented on a 52-week basis.

Item 1. Business

Our Company

We are a global fashion luxury group of industry-leading fashion luxury brands led by a world-class management team and renowned designers. The Michael Kors ("MK") brand was launched over 35 years ago by Mr. Michael Kors, whose vision has taken the MK brand from its beginnings as an American luxury sportswear house to a global accessories, footwear and apparel company with a global distribution network that has presence in over 100 countries through company-operated retail stores and e-commerce sites, leading department stores, specialty stores and select licensing partners. On November 1, 2017, we completed the acquisition of Jimmy Choo Group Limited (formerly known as Jimmy Choo PLC) and its subsidiaries (collectively, "Jimmy Choo"). The combination of Michael Kors and Jimmy Choo brought together two iconic brands that are industry leaders in style and trend and created a global fashion luxury group with a diversified geographic and product portfolio, which we believe will strengthen the Company's future revenue growth opportunities.

Prior to third quarter of Fiscal 2018, we operated our Michael Kors business in three segments: Retail, Wholesale and Licensing. With the acquisition of Jimmy Choo, the Company began to operate in four reportable segments, which are as follows:

- MK Retail — accounted for approximately 57.5% of our total revenue in Fiscal 2018 and includes sales of Michael Kors products from 379 retail stores in the Americas (including concessions) and 450 international retail stores (including concessions) throughout Europe and certain parts of Asia, as well as from Michael Kors e-commerce sites in the United States ("U.S."), Canada, certain parts of Europe, China, Japan and South Korea as of March 31, 2018.
- MK Wholesale — accounted for approximately 34.7% of our total revenue in Fiscal 2018 and includes wholesale sales of Michael Kors products through 1,403 department store doors and 875 specialty store doors in the Americas and through 1,048 specialty store doors and 218 department store doors internationally as of March 31, 2018. MK Wholesale also includes revenues from sales of products to Michael Kors geographic licensees.
- MK Licensing — accounted for approximately 3.1% of our total revenue in Fiscal 2018 and includes royalties and advertising contributions earned on licensed products and use of Michael Kors trademarks, and rights granted to third parties for the right to operate retail stores and/or sell Michael Kors products in certain geographic regions.
- Jimmy Choo — accounted for approximately 4.7% of our total revenue in Fiscal 2018 (from November 1, 2017 through March 31, 2018) and includes worldwide sales of Jimmy Choo products through 182 retail stores (including concessions) and through Jimmy Choo e-commerce sites in the U.S., certain parts of Europe and Japan, through 629 wholesale doors, as well as through product and geographic licensing arrangements, as of March 31, 2018.

For additional financial information regarding our segments, see Segment Information note in the accompanying consolidated financial statements.

Michael Kors offers three primary collections: the *Michael Kors Collection* luxury line, the *MICHAEL Michael Kors* accessible luxury line and the *Michael Kors Mens* line. The *Michael Kors Collection* establishes the aesthetic authority of the entire brand and is carried in many of our Michael Kors retail stores, our Michael Kors e-commerce sites, as well as in the finest luxury department stores in the world, including Bergdorf Goodman, Saks Fifth Avenue, Neiman Marcus and Harrods, among others. In 2004, we saw an opportunity to capitalize on the brand strength of the *Michael Kors* collection and address the significant demand opportunity in accessible luxury goods, and we introduced *MICHAEL Michael Kors*, which has a strong focus on accessories, in addition to offering footwear and apparel. *MICHAEL Michael Kors* is carried in all of our Michael Kors lifestyle stores, as well as leading department stores throughout the world, including Bloomingdale's, Macy's, Harvey Nichols, Galeries Lafayette, Printemps, Lotte, Hyundai, Isetan and Lane Crawford, among others. More recently, we have begun to grow our Michael Kors men's business in recognition of the significant opportunity afforded by our Michael Kors brand's established fashion authority and the expanding men's market. Taken together, our Michael Kors collections target a broad customer base while retaining our premium luxury image.

Since its inception in 1996, Jimmy Choo has offered a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessories brand, whose core product offering of women's luxury shoes is complemented by accessories, including handbags, small leather goods, scarves and belts, as well as a growing men's luxury shoes and accessory business. In addition, certain categories, such as fragrances, sunglasses and eyewear are produced under licensing agreements.

Industry

We operate in the global luxury goods industry. The personal luxury goods market has recently experienced increased growth, driven by stronger local and tourist purchases, overcoming some of the challenges the industry has faced in the past several years. Accessories has continued to remain the biggest personal luxury goods category, with footwear, jewelry and handbags being the fastest growing product categories. While the wholesale channel has shown slower growth primarily driven by the underperformance of department stores, the retail channel has continued to experience increased growth, largely driven by the rapid growth of the e-commerce channel, as well as increased off-price and travel retail sales, which has continued to have a negative impact on monobrand retail store sales. As the overall environment has become increasingly omni-channel, increased customer engagement and tailoring merchandise to customer shopping and communication preferences have become the key ingredients to winning market share. We believe that our innovative product offerings and customer engagement initiatives make us well positioned to capitalize on the continued growth of the luxury accessories and footwear product categories, as they are among our primary product categories of focus, as well as to grow our sales in other product categories.

Geographic Information

We generate revenue globally through our four reporting segments, as described above. We sell our Michael Kors and Jimmy Choo products through retail and wholesale channels of distribution in three principal geographic markets: the Americas (U.S., Canada and Latin America), EMEA (Europe, Middle East and Africa) and Asia. We also have wholesale arrangements pursuant to which we sell products to our geographic licensees. In addition, we have licensing agreements through which we license to third parties the use of our Michael Kors and Jimmy Choo brand names and trademarks, certain production rights, and sales and/or distribution rights with respect to our brands.

The following table details our revenue by segment and geographic location (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
MK Retail revenue - the Americas	$ 1,678.4	$ 1,713.7	$ 1,779.0
MK Retail revenue - Europe	564.4	507.7	509.6
MK Retail revenue - Asia	469.0	350.7	106.3
Total MK Retail	2,711.8	2,572.1	2,394.9
MK Wholesale revenue - the Americas	1,234.0	1,340.9	1,628.6
MK Wholesale revenue - EMEA	343.9	376.5	406.4
MK Wholesale revenue - Asia	61.4	58.4	108.9
Total MK Wholesale	1,639.3	1,775.8	2,143.9
MK Licensing revenue - the Americas	83.5	86.1	99.0
MK Licensing revenue - EMEA	61.4	59.7	74.3
Total MK Licensing	144.9	145.8	173.3
Total Michael Kors	**4,496.0**	**4,493.7**	**4,712.1**
Jimmy Choo revenue - the Americas	37.3	—	—
Jimmy Choo revenue - EMEA	123.0	—	—
Jimmy Choo revenue - Asia	62.3	—	—
Total Jimmy Choo	**222.6**	**—**	**—**
Total revenue - the Americas	3,033.2	3,140.7	3,506.6
Total revenue - EMEA	1,092.7	943.9	990.3
Total revenue - Asia	592.7	409.1	215.2
Total revenue	**$ 4,718.6**	**$ 4,493.7**	**$ 4,712.1**

Competitive Strengths

We believe that the following strengths differentiate us from our competitors:

Global Fashion Luxury Group Led by a World-Class Management Team and Renowned Designers. We are a global fashion luxury group of industry-leading fashion luxury brands led by a world-class management team and renowned designers. With the acquisition of Jimmy Choo on November 1, 2017, we brought together two iconic brands that are industry leaders in style and trend.

The Michael Kors brand was launched over 35 years ago by Mr. Michael Kors, a world-renowned designer, who personally leads our experienced design team for the Michael Kors brand. Mr. Kors and his team are responsible for conceptualizing and directing the design of all of our products, and their design leadership is a unique advantage that we possess. Mr. Kors has received a number of awards, which recognize the contribution Mr. Kors and his team have made to the fashion industry and our Company. We believe that the Michael Kors brand name has become synonymous with luxurious fashion that is timeless and elegant, expressed through sophisticated accessories and ready-to-wear collections. Each of our collections exemplifies the jet-set lifestyle and features high quality designs, materials and craftsmanship. Some of the most widely recognized global trendsetters—including celebrities such as Cate Blanchett, Viola Davis, Ashley Graham, Kate Hudson, Scarlett Johansson, Angelina Jolie, Nicole Kidman, Jennifer Lawrence, Blake Lively, Jennifer Lopez, Gwyneth Paltrow, Taylor Swift, and the Duchess of Cambridge wear our Michael Kors collections.

Jimmy Choo's design team is led by Sandra Choi (niece of Mr. Jimmy Choo, O.B.E.), who has been the Creative Director for the Jimmy Choo brand since its inception in 1996. Jimmy Choo's design team has a proven track record of developing Ms. Choi's conceptual visions into sought-after luxury products each year through a structured process encompassing line plans, designs, prototypes, edits and pre-launch samples. Jimmy Choo products are unique, instinctively seductive and chic. The Jimmy Choo brand offers classic and timeless luxury products, as well as innovative products that are intended to set and lead fashion trends. Jimmy Choo's products have a strong red carpet presence and are often worn by global celebrities, including Jessica Biel, Reese Witherspoon, Laura Dern, Michelle Pfeiffer, Mandy Moore, Emma Roberts, Sandra Bullock, Emily Blunt, Rachel Weisz, and Natalie Dormer.

Our design teams are supported by our senior management team with extensive experience across a broad range of disciplines in the retail industry, including design, sales, marketing, public relations, merchandising, real estate, supply chain and finance. With an average of 22 years of experience in the retail industry, including at a number of public companies, and an average of ten years with the Company, our senior management team has strong creative and operational experience and a successful track record.

Leveraging our Success in the Accessories Product Category. The strength of our *Michael Kors* luxury collection and our accessible luxury *MICHAEL Michael Kors* line, have allowed us to expand our brand awareness and position Michael Kors as one of the leading global luxury brands in the accessories product categories. Capitalizing on the success of our accessories product category, we are continuing to grow and diversify our Michael Kors brand through other product categories, such as men's apparel and accessories, dresses and wearable technology. In addition, we believe that we can leverage this success to further develop and grow the accessories product line of the recently acquired Jimmy Choo business.

Proven Multi-Format Michael Kors Retail Business with Future Growth Opportunity. In Fiscal 2018, our MK Retail segment reported revenue of $2.712 billion, which represented a 5.4% increase from revenue of $2.572 billion in Fiscal 2017. Within our MK Retail segment we have four primary retail store formats: collection stores, lifestyle stores (including concessions), outlet stores and e-commerce sites. Our collection stores are located in some of the world's most prestigious shopping areas, such as Madison Avenue in New York and Rodeo Drive in California, and are generally 2,900 square feet in size. Our lifestyle stores are located in some of the world's most frequented metropolitan shopping locations and leading regional shopping centers, and are generally 2,800 square feet in size. We also extend our reach to additional consumer groups through our outlet stores, which are generally 4,100 square feet in size. We also have e-commerce sites in the U.S., Canada, certain parts of Europe, China, Japan and South Korea.

Strong Relationships with Premier Michael Kors Wholesale Customers. We partner with leading wholesale customers for the Michael Kors brand, such as Bergdorf Goodman, Saks Fifth Avenue, Neiman Marcus, Harrods, Bloomingdale's and Macy's in North America, as well as Harvey Nichols, Printemps, Selfridges and Galeries Lafayette in Europe. These relationships enable us to access large numbers of our key consumers in a targeted manner. Our Michael Kors "shop-in-shops" have specially trained staff, as well as customized fixtures, wall casings, decorative items, and flooring, and provide department store consumers with a more personalized shopping experience than traditional retail department store configurations. Michael Kors has also engaged with its wholesale customers on various initiatives and has continued to enter into innovative supply chain partnerships with its wholesale customers designed to increase the speed at which Michael Kors products reach the ultimate consumer. During Fiscal

2018, we have continued to strategically decrease promotional activity, which resulted in a reduction in shipments of Michael Kors products within our wholesale channel. While we believe that this is necessary to appropriately position the Michael Kors brand long-term, revenue for our MK Wholesale segment decreased by 7.7% from $1.776 billion in Fiscal 2017 to $1.639 billion in Fiscal 2018.

Innovative Product Offerings from our Michael Kors Licensed Operations. The strength of our global Michael Kors brand has been instrumental in helping us build our licensing business. We collaborate with a select number of product licensees who produce and sell what we believe are products requiring specialized expertise that are enhanced by our Michael Kors brand strength, including Fossil Partners, LP. ("Fossil") for watches and jewelry, The Estée Lauder Companies Inc. ("Estée Lauder") for fragrances and beauty and Luxottica Group ("Luxottica") for eyewear, among others. Total revenue for licensed products decreased slightly from $145.8 million in Fiscal 2017 to $144.9 million in Fiscal 2018, primarily due to lower geographic licensing revenue due to our acquisition of the previously licensed business in the Greater China region, and lower licensing revenues related to fashion watches, jewelry and fragrance sales, largely offset by higher licensing royalties related to Michael Kors ACCESS smartwatches and eyewear. We have continued to introduce new and innovative product offerings in collaboration with our licensees, including additional fragrance and smartwatch offerings. During Fiscal 2019, we plan to introduce a new fine jewelry product line in collaboration with Fossil.

Acquisition and Integration of Jimmy Choo, a Powerful Iconic Brand with Deep Roots in Fashion. For the period from acquisiton on November 1, 2017 through March 31, 2018, Jimmy Choo contributed incremental sales of $222.6 million. Jimmy Choo operated 182 stores as of March 31, 2018, with approximately 63% of stores represented by the brand's new global retail store format, which has been progressively rolled out around the world during the past several years. Jimmy Choo's retail stores average approximately 1,280 square feet, including 10 flagship locations averaging 2,600 square feet. In addition, Jimmy Choo operates e-commerce sites in the U.S., certain parts of Europe and Japan and is in the process of rolling out its omni-channel capabilities in the U.S. and Europe. In November 2017, Jimmy Choo assumed direct control of its operations in South Korea from its former geographic license partner upon expiration of the related license agreement. Jimmy Choo partners with luxury wholesale customers, including luxury department stores in the U.S. and specialty and multi-brand stores worldwide. Jimmy Choo's wholesale customers include Nordstrom, Neiman Marcus, Bergdorf Goodman, Bloomingdales and Saks Fifth Avenue, where we have personalized space in a number of stores and specially trained personnel. In addition, Jimmy Choo generates wholesale revenue through sales of its products to its geographic licensing partners. Jimmy Choo's growth potential is demonstrated through the success of its product licensed categories, where it has strong partnerships with Interparfums SA for fragrance and Safilo SpA for Sunglasses and Eyewear.

Business Strategy

Our goal is to continue to create shareholder value by increasing our revenue and profits and strengthening our global brands. We plan to achieve our business strategy by focusing on the following five strategic initiatives:

Trendsetting and Innovative Product Offerings. We will continue to introduce trendsetting and innovative products, as well as expand our offerings across product categories to strengthen our position as a fashion leader and generate business growth through:

- layered strategically-priced product offerings within our iconic Michael Kors accessory product lines, introduction of new product groups and elevated product offerings with unique design, style and craftsmanship;
- leveraging the current athletic fashion trend in accessories and footwear product categories;
- continued Michael Kors women's apparel growth through increased dress, outerwear and tops assortment;
- expanded licensed product offerings in our Michael Kors smartwatch category and men's watches, new fragrances, and through the launch of the new Michael Kors fine jewelry collection;
- increased product offerings within our menswear and footwear businesses with focused marketing and inclusion of these product categories in our global advertising campaigns; and
- enhancement of Jimmy Choo's accessories and men's product categories, while continuing to maintain the brand's authoritative presence in footwear.

Increased Brand Engagement. We intend to continue increasing our brand engagement and customer loyalty in a number of ways, including by:

- leveraging Mr. Kors' global prestige and popularity through a variety of press activities and personal appearances and leveraging Jimmy Choo's globally iconic brand through celebrity placement, editorial and digital coverage, as well as social media and product advertising;
- continuing to evolve our premier retail stores in preeminent, high-visibility locations around the world;

- delivering a focused message and a clear brand point of view across all marketing channels and ensuring consistency of our product messaging through global marketing campaigns and maintaining and refining our strong advertising position and editorial coverage in global fashion publications;
- continuing to grow our customer database in order to create a more personalized shopping experience catered to our customers' shopping preferences;
- evolving our digital strategy to align with the media consumption habits of our target markets to ensure that we are promoting the right message to the right person at the right time and leveraging our social media presence to drive targeted, personalized reach;
- growing our Michael Kors VIP customer loyalty program, which was launched during the fourth quarter of Fiscal 2018;
- holding semi-annual runway shows for the Michael Kors brand that reinforce Mr. Kors' designer status and high-fashion image, creating excitement around the Michael Kors brand and generating global multimedia press coverage; and
- representing our Jimmy Choo brand at high-profile celebrity events and generating global press coverage.

Optimizing Customer Experience. We plan to continue to focus on customer relationship initiatives as part of our omni-channel strategy to provide a seamless customer experience across the different channels and geographies by:

- optimizing and further expanding our global e-commerce presence, in addition to launching 14 new Michael Kors e-commerce sites in Europe and Asia during Fiscal 2018;
- continuing to enhance customer experience globally through omni-channel order fulfillment, including by filling online orders through our retail stores and through our click-and-collect service offerings;
- continued investment in new leading edge mobile technologies across our retail store and e-commerce network with endless aisle capabilities, allowing our customers to order a wider range of products and have them shipped to their homes, enhanced styling and wardrobe-building tools and customer-preferred communication capabilities; and
- continued investments in our retail stores globally, including store renovations targeted to enhance customer experience.

Investing in Technology. We intend to continue making investments in technology to support our business by:

- continuing to make investments in in-store technology and evolve our digital experience in response to the shift in consumer preferences toward mobile devices with a focus on addressing new levels of customer service expectations;
- making investments in systems necessary to support our information technology infrastructure, including our financial systems;
- investing in customer relationship management systems and processes to personalize our marketing efforts; and
- utilizing our proprietary platforms to drop ship orders to our wholesale customers;

Expanding Our Global Presence. We will continue to increase our global penetration in Asia and Europe and leverage our existing operations in international locations to increase global brand awareness and market share by:

- growing our recently acquired Jimmy Choo business through new store openings worldwide, with a focus on Asia, and through taking direct control of certain businesses operated by geographic licensees, as well as continuing to grow our travel retail business;
- providing a consistent, sophisticated jet-set lifestyle experience to our Michael Kors customers around the world;
- investing in new retail stores, primarily in Asia and further expanding our international e-commerce presence; and
- elevating the Michael Kors store experience and optimizing the Michael Kors store fleet through the closing of 100-125 stores to improve store profitability (the "Retail Fleet Optimization Plan"), as well as continuing to grow the Michael Kors mens' business, apparel and footwear product categories around the world.

Collections and Products

Our total revenue by major product category is as follows (in millions):

	Fiscal Years Ended					
	March 31, 2018	% of Total	April 1, 2017	% of Total	April 2, 2016	% of Total
Accessories	$ 3,057.0	64.8%	$ 3,061.4	68.1%	$ 3,179.7	67.5%
Footwear	656.9	13.9%	462.0	10.3%	491.0	10.4%
Apparel	604.6	12.8%	543.2	12.1%	543.7	11.5%
Licensed product	249.7	5.3%	281.3	6.3%	324.4	6.9%
Licensing revenue	150.4	3.2%	145.8	3.2%	173.3	3.7%
Total revenue	$ 4,718.6		$ 4,493.7		$ 4,712.1	

Michael Kors

Michael Kors has three primary collections that offer accessories, footwear and apparel: *Michael Kors Collection, MICHAEL Michael Kors* and *Michael Kors Mens*, all of which are offered through our MK Retail and MK Wholesale segments. We also offer licensed products through our MK Retail segment.

Michael Kors Collection

The *Michael Kors Collection* is a sophisticated designer collection for women based on a philosophy of essential luxury and pragmatic glamour. The collection includes ready-to-wear and accessories, including handbags and small leather goods, and footwear, many of which are made from fine quality leathers. Generally, our women's handbags and small leather goods retail from $300 to $6,000, our footwear retails from $300 to $1,500 and our ready-to-wear retails from $400 to $7,500.

MICHAEL Michael Kors

MICHAEL Michael Kors has a strong focus on women's accessories, primarily handbags and small leather goods, as well as footwear and apparel for women, and is carried in all of our lifestyle stores as well as leading department stores throughout the world. *MICHAEL Michael Kors* offers handbags designed to meet the fashion and functional requirements of our broad and diverse consumer base; small leather goods such as clutches, wallets, wristlets and cosmetic cases; footwear; and apparel, including dresses, tops, jeans, pants, skirts, shorts and outerwear. Generally, our handbags retail from $200 to $600, our small leather goods retail from $45 to $250, our footwear retails from $50 to $300 and our apparel retails from $75 to $600.

Michael Kors Mens

Michael Kors Mens is an innovative collection of men's ready-to-wear, accessories, and footwear with a modern American style. Our menswear apparel retails from $50 to $1,000, our men's accessories generally retail from $40 to $800 and our men's footwear retails from $200 to $400.

Michael Kors Licensed Products

Watches. Fossil has been our exclusive Michael Kors watch licensee since 2004. Watches are sold in our retail stores, our e-commerce sites and by Fossil to wholesale customers in addition to select watch retailers. Generally, our fashion watches retail from $150 to $595.

Wearable Technology. In addition to the fashion watch and jewelry product categories, Fossil is our exclusive licensee for *Michael Kors ACCESS* smartwatches, which were first introduced in Fiscal 2017 and retail from $350 to $500.

Jewelry. Fossil has been our exclusive Michael Kors fashion jewelry licensee since 2010. Our jewelry product line is complementary to our watches and accessories lines and is comprised of bracelets, necklaces, rings and earrings. Our jewelry is sold in our retail stores, our e-commerce sites and by Fossil to wholesale customers in addition to other specialty stores. Generally, our jewelry retails from $55 to $500. During Fiscal 2019, Michael Kors plans to transition its fashion jewelry product category to a new line of fine jewelry.

Eyewear. Since 2015, Luxottica has been Michael Kors exclusive eyewear licensee for developing distinctive eyewear inspired by our collections. Our eyewear products are focused on status eyewear with sunglasses serving as a key category. Eyewear is sold in our retail stores, on our e-commerce sites and by Luxottica to wholesale customers in addition to select sunglass retailers and prescription eyewear providers. Generally, our eyewear retails from $100 to $210.

Fragrance and Beauty. Estée Lauder has been Michael Kors exclusive women's and men's fragrance licensee since 2003. Fragrances are sold in our retail stores, on our e-commerce sites and by Estée Lauder to wholesale customers in addition to select fragrance retailers. Our fragrance and related products generally retail from $30 to $125.

Jimmy Choo

Jimmy Choo offers a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessories brand, whose core product offerings are women's luxury shoes, complemented by accessories, including handbags, smaller leather goods, scarves and belts, as well as a growing men's luxury shoes and accessories business. Approximately 78% of the Jimmy Choo's revenue is comprised of luxury shoes. Generally, Jimmy Choo women's luxury shoes retail from $425 to $4,600, accessories retail from $600 to $4,800 and men's shoes retail from $170 to $2,500.

Certain product categories such as Jimmy Choo fragrances, sunglasses and eyewear are produced under product licensing agreements. Interparfums SA is the exclusive licensee for Jimmy Choo fragrances and Safilo SpA is the exclusive licensee for Jimmy Choo sunglasses and eyewear. Generally, Jimmy Choo eyewear retails from $295 to $645 and Jimmy Choo fragrances retail from $55 to $115.

Advertising and Marketing

Our marketing strategy is to deliver a brand and product message that is consistent with each of our global brands across all customer touch points on their path from brand consideration through purchase. Our global image is created and executed internally by our creative marketing, visual merchandising and public relations teams, which helps ensure the consistency of our brands messaging.

In Fiscal 2018, we recognized approximately $167.1 million in advertising and marketing expenses globally. We engage in a wide range of integrated marketing programs, across various marketing channels including but not limited to email marketing, print advertising, outdoor advertising, digital marketing, social media, direct print mailings, public relations outreach, visual merchandising and partnership marketing, in an effort to engage our existing and potential customer base and ultimately stimulate sales in a consumer-preferred shopping venue. In addition, our Michael Kors spring and fall ready-to-wear collections, along with our latest accessories, are showcased at New York Fashion Week. The Michael Kors semi-annual runway shows and Jimmy Choo celebrity placements generate extensive media coverage. Jimmy Choo is also the leading brand in editorial coverage for women's luxury shoes globally.

Our growing e-commerce businesses provide us with an opportunity to increase the size of our customer database and to communicate with our consumers to increase online and physical store sales, as well as build brand awareness for Michael Kors and Jimmy Choo. We are continuously improving the functionalities and features on our e-commerce sites to create innovative ways to keep our brands at the forefront of consumers' minds by offering a broad selection of products, including accessories, apparel, and footwear. Since e-commerce growth is critical to our overall growth strategy, we continued to expand our global e-commerce presence by launching new Michael Kors e-commerce sites in 14 additional countries in Europe and South Korea during Fiscal 2018, increasing our total e-commerce site presence to 25 Michael Kors e-commerce sites as of March 31, 2018. In addition, Jimmy Choo operates e-commerce sites in the U.S., certain parts of Europe and Japan as of March 31, 2018.

Manufacturing and Sourcing

We contract for the purchase of finished goods principally with independent third-party manufacturing contractors, whereby the manufacturing contractor is generally responsible for the entire manufacturing process, including the purchase of piece goods and trim.

We allocate product manufacturing for the Michael Kors brand among third-party agents based on their capabilities, the availability of production capacity, pricing and delivery. Michael Kors also has relationships with various agents who source our finished goods with numerous manufacturing contractors on our behalf. Although our relationships with our manufacturing contractors or agents are generally terminable at any time, we believe we have mutually satisfactory relationships with these third parties. This multi-supplier strategy provides specialist skills, scalability, flexibility and speed to market, as well as diversifies risk. In Fiscal 2018 and Fiscal 2017, one third-party agent sourced approximately 23.9% and 21.8% of our Michael Kors finished goods purchases, respectively, based on unit volume. In Fiscal 2018, Michael Kors' largest manufacturing contractor, who primarily produces its products in China and who Michael Kors has worked with for over 10 years, accounted for the production of 19.9% of its finished products, based on unit volume. In Fiscal 2018, by dollar volume, approximately 94.7% of our Michael Kors products were produced in Asia and Europe. See "Import Restrictions and Other Government Regulations" and Item 1A. —"Risk Factors" — "We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods, which poses legal, regulatory, political and economic risks to our business operations."

Manufacturing contractors and agents for our Michael Kors brand operate under the close supervision of our Michael Kors global manufacturing divisions and buying agents headquartered in North America, Europe and Asia. All products are produced according to our specifications. Production staff monitors manufacturing at supplier facilities in order to correct problems prior to shipment of the final product. Quality assurance is focused on as early as possible in the production process, allowing merchandise to be received at the distribution facilities and shipped to customers with minimal interruption.

Jimmy Choo products are also manufactured by third-party manufacturing contractors. Approximately 92% of Jimmy Choo products are produced by specialists in the Florence and Veneto regions of Italy and the remaining 8% are produced in Spain. For the period covering November 1, 2017 through March 31, 2018, one manufacturer accounted for approximately 16.0% of Jimmy Choo's finished goods purchases, based on unit volume. Jimmy Choo has a product development facility in Florence and enjoys longstanding and close partnerships with its supplier base. Jimmy Choo has a 33% ownership interest in one factory, which is dedicated to Jimmy Choo production. Jimmy Choo typically only purchases finished goods and does not purchase raw materials, except for development purposes.

Distribution

Our primary Michael Kors distribution facility in the U.S. is the 1,284,420 square foot leased facility in Whittier, California, which we operate directly and services our Michael Kors retail stores, Michael Kors e-commerce site, and our Michael Kors wholesale operations in the U.S. We also engage in omni-channel order fulfillment by filling online orders through our Michael Kors retail stores and through our click-and-collect service offerings. Our primary Michael Kors distribution facility in Europe is our Company-owned and operated 1,108,680 square foot distribution facility in Holland, which supports our European operations for the Michael Kors brand, including our European e-commerce sites. We also have a regional Michael Kors distribution center in Canada, which is leased, as well as regional Michael Kors distribution centers in China, Hong Kong, Japan, South Korea and Taiwan, which are operated by third-parties.

Jimmy Choo uses a shared central warehouse facility in Contone, Switzerland, which acts as a global hub for all Jimmy Choo operations. From there, products are shipped to regional warehouses in the United Kingdom, U.S., China, Hong Kong, South Korea, Japan and United Arab Emirates, largely supporting the Jimmy Choo retail and e-commerce businesses. Shipments to wholesale customers globally are made from Switzerland and the U.S., with some further local fulfillment. All of the distribution facilities utilized by Jimmy Choo are operated by third parties and are shared with other businesses. This flexible method reinforces the speed and efficiency of the supply chain and allows the business to deliver Jimmy Choo product and collections to market rapidly and in line with the industry's fashion calendar.

Intellectual Property

We own the *Michael Kors, MICHAEL Michael Kors and Jimmy Choo* trademarks, as well as other material trademark rights related to the production, marketing and distribution of our products, both in the United States and in other countries in which our products are principally sold. We also have trademark applications pending for a variety of related marks and logos. We expect that our material trademarks will remain in full force and effect for as long as we continue to use and renew them.

Pursuant to an agreement entered into by Mr. Kors in connection with the acquisition by our former principal shareholder of a majority interest in the Company in 2003, Mr. Kors (i) represented that all intellectual property rights used in connection with the Company's business at such time were owned exclusively by the Company, (ii) assigned to the Company (to the extent not already assigned to and owned by the Company) exclusive worldwide rights in perpetuity to the "*Michael Kors*" name and trademark and all derivations thereof, as well as to Mr. Kors' signature and likeness, and all goodwill associated therewith, (iii) agreed not to take any action against the Company inconsistent with such ownership by the Company (including, without limitation, by asserting any privacy, publicity or moral rights) and (iv) agreed not to use, whether or not he is employed by the Company, any of such intellectual property in connection with any commercial enterprise (provided that he may use the name Michael Kors as his legal name only, and not as service mark or trade name, to identify himself personally and to engage in charitable activities and other activities that do not compete with any businesses of the Company). Similarly, in 2001, Mr. Jimmy Choo O.B.E. assigned all right, title and interest in and to the Jimmy Choo name and related copyrights and design rights (and related registrations and applications) to Jimmy Choo. Mr. Jimmy Choo O.B.E. has no involvement in the Jimmy Choo business.

We aggressively police our trademarks and pursue infringers both domestically and internationally. We also pursue counterfeiters in the United States, Europe, the Middle East, the Far East and elsewhere in the world in both online and offline channels through leads generated internally, as well as through our network of customs authorities, law enforcement, legal representatives and brand specialists around the world.

Employees

At the end of Fiscal 2018, 2017 and 2016, we had approximately 14,846, 13,702 and 12,689 total employees, respectively. As of March 31, 2018, we had approximately 8,166 full-time employees and approximately 6,680 part-time employees. Approximately 12,197 of our employees were engaged in retail selling and administrative positions and our remaining employees were engaged in other aspects of our business as of March 31, 2018. None of the employees involved with the Michael Kors brand are currently covered by collective bargaining agreements. Jimmy Choo has collective bargaining agreements that cover its employees in France, Italy and Spain. We consider our relations with both our union and non-union employees to be good.

Competition

We face intense competition in the product lines and markets in which we operate from both, existing and new competitors. Our products compete with other branded products within their product category. In varying degrees, depending on the product category involved, we compete on the basis of style, price, customer service, quality, brand prestige and recognition, among other bases. In our wholesale business, we compete with numerous manufacturers, importers and distributors of accessories, footwear and apparel for the limited space available for product display. Moreover, the general availability of manufacturing contractors allows new entrants easy access to the markets in which we compete, which may increase the number of our competitors and adversely affect our competitive position and our business. We believe, however, that we have significant competitive advantages because of the recognition of our brands and the acceptance of our brands by consumers. See Item 1A. “Risk Factors” — “The markets in which we operate are highly competitive, both within North America and internationally, and increased competition based on a number of factors could cause our profitability to decline.”

Seasonality

We experience certain effects of seasonality with respect to our business. Our MK Retail segment generally experiences greater sales during our third fiscal quarter as a result of holiday season sales. Our MK Wholesale segment generally experiences the lowest sales during our first fiscal quarter. Our Jimmy Choo segment generally experiences greater sales during our third fiscal quarter, primarily driven by the product launch calendar and holiday season sales. In the aggregate, our first fiscal quarter typically experiences less sales volume relative to the other three quarters and our third fiscal quarter generally has higher sales volume relative to the other three quarters.

Import Restrictions and Other Governmental Regulations

Virtually all of our Michael Kors merchandise imported into the U.S., Canada, Europe and Asia is subject to duties. For Jimmy Choo, duties are paid on importation to certain countries, including the U.S., China, Japan and South Korea. No duties are payable in the European Union (the “EU”), as all Jimmy Choo product is manufactured therein.

Most of the countries to which we ship could impose safeguard quotas to protect their local industries from import surges that threaten to create market disruption. The U.S. and other countries may also unilaterally impose additional duties in response to a particular product being imported at unfairly traded prices that, in such increased quantities, cause or threaten injury to the relevant domestic industry (generally known as “anti-dumping” actions). If dumping is suspected in the U.S., the U.S. government may self-initiate a dumping case on behalf of a particular industry. Furthermore, additional duties, generally known as countervailing duties, can also be imposed by the United States government to offset subsidies provided by a foreign government to foreign manufacturers if the importation of such subsidized merchandise injures or threatens to injure a United States industry. We are also subject to other international trade agreements and regulations, such as the North American Free Trade Agreement (“NAFTA”). See Item 1A. “Risk Factors” — “We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods, which poses legal, regulatory, political and economic risks to our business operations.”

Accessories, footwear and apparel sold by us are also subject to regulation in the U.S. and other countries by governmental agencies, including, in the U.S., the Federal Trade Commission and the Consumer Products Safety Commission. These regulations relate principally to product labeling, licensing requirements, flammability testing and product safety. We are also subject to environmental laws, rules and regulations. Similarly, accessories, footwear and apparel sold by us are also subject to import regulations in the U.S. and other countries concerning the use of wildlife products for commercial and non-commercial trade, including the U.S. Fish and Wildlife Service (“F&W”). We do not estimate any significant capital expenditures for environmental control matters in the near future. Our licensed products and licensing partners are also subject to regulation. Our agreements require our licensing partners to operate in compliance with all applicable laws and regulations, and we are not aware of any violations that could reasonably be expected to have a material adverse effect on our business or operating results.

We are also required to comply with the disclosure requirements under the U.S. Securities Exchange Act of 1934, as amended, relating to the use of conflict minerals in our products. As a result, we have incurred, and expect to continue to incur, additional costs to comply with this rule.

Although we have not suffered any material restriction from doing business in desirable markets in the past, we cannot assure that significant impediments will not arise in the future as we expand product offerings and introduce additional trademarks to new markets.

Item 1A. Risk Factors

You should carefully read this entire report, including, without limitation, the following risk factors and the section of this annual report entitled "Note Regarding Forward-Looking Statements." Any of the following factors could materially adversely affect our business, results of operations and financial condition. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially adversely affect our business, results of operations and financial condition.

Acquisitions may not be successfully integrated and may not achieve intended benefits.

We face additional risks associated with our strategy to grow our business through acquisitions of other brands and geographic licensees, such as our acquisition of Jimmy Choo in November 2017. We may not be able to successfully integrate any licensee or any other business that we may acquire into our own business, or achieve any expected cost savings or synergies from such integration or we may determine to limit the integration of our brands. The potential difficulties that we may face that could cause the results of the acquisition of such previously licensed business, Jimmy Choo, or any other business that we may acquire to not be in line with our expectations include, among others:

- failure to implement our business plan for the combined business or to achieve anticipated revenue or profitability targets;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating logistics, information and other systems;
- unanticipated changes in applicable laws and regulations;
- retaining key customers, suppliers and employees;
- operating risks inherent in the acquired business and our business;
- diversion of the attention and resources of management;
- retaining and obtaining required regulatory approvals, licenses and permits;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- assumption of liabilities not identified in due diligence or other unanticipated issues, expenses and liabilities; and
- the impact on our internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002.

Our acquisition of Jimmy Choo or any other entity that we may acquire may not perform as well as initially expected, which could have a material adverse effect on our results of operations and financial condition. In addition, we are required to test goodwill, brand and any other intangible assets acquired as a result of acquisitions for impairment. If such testing indicates that the carrying value of goodwill, brand or other intangible assets exceeds the related fair value, we would be required to record an impairment charge for the difference, which could have a material adverse effect on our results of operations and financial condition.

Additionally, Jimmy Choo outsources its information technology, accounting and other back office activities to a third-party service provider pursuant to an agreement effective October 2, 2017. We may incur additional expenses with the new third-party service provider. In addition, we may experience delays or difficulties in completing the transition to the new third-party service provider, which could cause material operational disruption and result in a material adverse effect on our business, results of operations and financial condition.

The long-term growth of our business depends on the successful execution of our strategic initiatives.

As part of our long-term strategy, we intend to grow our market share and revenue through the following initiatives:

- trendsetting and innovative product offerings;
- increased brand engagement;
- optimizing customer experience;
- investing in technology; and
- expanding our global presence.

As previously announced, we also intend to optimize the Michael Kors retail store fleet, including through the closure of between 100 and 125 of our underperforming Michael Kors full-price retail stores over the next two years, in order to generate cost savings and focus on our most highly productive locations. As of March 31, 2018, we closed 47 of our Michael Kors full-price retail stores under our Retail Fleet Optimization Plan. We cannot guarantee that we will be able to successfully execute on this initiative or achieve the anticipated cost savings, efficiencies, or other benefits related to the Retail Fleet Optimization Plan.

In addition, we intend to support the growth of Jimmy Choo's sales through retail store openings and further developing Jimmy Choo's online presence, leveraging Jimmy Choo's strong presence in Asia and expanding into the luxury accessories market. We cannot guarantee that we will be able to successfully execute on these strategic initiatives.

If we are unable to execute on our strategic initiatives, our business, results of operations and financial condition could be materially adversely affected.

The markets in which we operate are highly competitive, both within North America and internationally, and increased competition based on a number of factors could cause our profitability to decline.

We face intense competition for our Michael Kors brand from other domestic and foreign accessories, footwear and apparel producers and retailers, including the following brands, among others: Coach, Burberry, Guess, Ralph Lauren, Hermès, Louis Vuitton, Gucci, Marc Jacobs, Chloé, Tory Burch, Prada, Kate Spade, Tommy Hilfiger and Calvin Klein. Likewise, we face competition for our Jimmy Choo brand from the following brands: Christian Louboutin, Manolo Blahnik, Giuseppe Zanotti, Salvatore Ferragamo, Tod's, Roger Vivier, Christian Dior, Prada, Yves Saint Laurent, Louis Vuitton and Chanel. In addition, we face competition through third party distribution channels, such as e-commerce, department stores and specialty stores. Competition is based on a number of factors, including, without limitation, the following:

- anticipating and responding to changing consumer demands in a timely manner;
- establishing and maintaining favorable brand-name recognition;
- determining and maintaining product quality;
- maintaining key employees;
- maintaining and growing market share;
- developing quality and differentiated products that appeal to consumers;
- establishing and maintaining acceptable relationships with retail customers;
- pricing products appropriately;
- providing appropriate service and support to retailers;
- optimizing retail and supply chain capabilities;
- determining size and location of retail and department store selling space; and
- protecting intellectual property.

In addition, some of our competitors may be significantly larger and more diversified than us and may have significantly greater financial, technological, manufacturing, sales, marketing and distribution resources than we do. Their greater capabilities in these areas may enable them to better withstand periodic downturns in the accessories, footwear and apparel industries, compete more effectively on the basis of price and production and more quickly develop new products. The general availability of manufacturing contractors and agents also allows new entrants easy access to the markets in which we compete, which may increase the number of our competitors and adversely affect our competitive position and our business. Any increased competition, or our failure to adequately address any of these competitive factors, could result in reduced revenues, which could adversely affect our business, results of operations and financial condition.

Competition, along with other factors such as consolidation, changes in consumer spending patterns and a highly promotional environment, could also result in significant pricing pressure. These factors may cause us to reduce our sales prices to our wholesale customers and retail consumers, which could cause our gross margins to decline if we are unable to appropriately manage inventory levels and/or otherwise offset price reductions with comparable reductions in our operating costs. If our sales prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability may decline, which could have a material adverse effect on our business, results of operations and financial condition.

Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition.

Reduced travel resulting from economic conditions, fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, disease epidemics and other health-related concerns, war, terrorist attacks or the perceived threat of war or terrorist attacks could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores. In addition, other factors that could impact the success of our retail stores include: (i) the location of the mall or the location of a particular store within the mall; (ii) the other tenants occupying space at the mall; (iii) vacancies within the mall; (iv) increased competition in areas where the malls are located; (v) the amount of advertising and promotional dollars spent on attracting consumers to the malls; and (vi) a shift toward online shopping. A decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability. If our retail stores underperform due to declining consumer traffic or otherwise and our expected future cash flows of the related underlying retail store asset do not exceed such asset’s carrying value, we may incur store impairment charges. A decline in future comparable store sales or average sales per square foot decline or failure to meet market expectations or the incurrence of impairment charges relating to our retail store fleet could have a material adverse effect on our business, results of operations and financial condition.

In addition, the aggregate results of operations of our stores have fluctuated in the past and can be expected to continue to fluctuate in the future. A variety of factors affect both comparable store sales and average sales per square foot, including, among others, fashion trends, competition, current economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our merchandise mix, the success of marketing programs and weather conditions. If we misjudge the market for our products, we may incur excess inventory for some of our products and miss opportunities for other products. These factors may cause our comparable store sales results and average sales per square foot in the future to be materially lower than in recent periods and our expectations, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to respond to changing fashion and retail trends in a timely manner, which could have a material adverse effect on our brands, business, results of operations and financial condition, including from excess inventory if we misjudge the demand for our products.

The accessories, footwear and apparel industries have historically been subject to rapidly changing fashion trends and consumer preferences. We believe that our success is largely dependent on the images of our brands and ability to anticipate and respond promptly to changing consumer demands and fashion trends in the design, styling, production, merchandising and pricing of products. If we do not correctly gauge consumer needs and fashion trends and respond appropriately, consumers may not purchase our products and our brand names and the images of our brands may be impaired. Even if we react appropriately to changes in fashion trends and consumer preferences, consumers may consider our brands to be outdated or associate our brands with styles that are no longer popular or trend-setting. Any of these outcomes could have a material adverse effect on our brands, our business, results of operations and financial condition. If we fail to anticipate, identify and respond effectively to changing consumer demands and fashion trends, we may be faced with significant excess inventories for some products and missed opportunities for other products. If that occurs, we may be forced to rely on markdowns or promotional sales to dispose of excess and slow-moving inventory, which may negatively impact our gross margin and profitability.

The success of our business also depends on our ability to continue to develop and maintain a reliable digital experience for our customers. We strive to give our customers a jet-set shopping experience both in stores and through digital technologies, such as computers, mobile phones, tablets, and other devices. We also use social media to interact with our customers and enhance their shopping experience. Our inability to develop and continuously improve our digital footprint could negatively affect our ability to compete with other brands, which could adversely impact our business, results of operations and financial condition.

The accessories, footwear and apparel industries are heavily influenced by general macroeconomic cycles that affect consumer spending and a prolonged period of depressed consumer spending could have a material adverse effect on our business, results of operations and financial condition.

The accessories, footwear and apparel industries have historically been subject to cyclical variations, recessions in the general economy and uncertainties regarding future economic prospects that can affect consumer spending habits. Purchases of discretionary luxury items, such as our products, tend to decline during recessionary periods when disposable income is lower. The success of our operations depends on a number of factors impacting discretionary consumer spending, including general economic conditions, consumer confidence, wages and unemployment, housing prices, consumer debt, interest rates, fuel and energy costs, taxation and political conditions. A worsening of the economy may negatively affect consumer and wholesale purchases of our products and could have a material adverse effect on our business, results of operations and financial condition.

Our business is subject to risks associated with importing products, and the imposition of additional duties and any changes to international trade agreements could have a material adverse effect on our business, results of operations and financial condition.

There are risks inherent to importing our products. Virtually all of our Michael Kors merchandise is manufactured in Asia or Europe, and is subject to duties when imported into the United States, Canada, Europe and Asia, as applicable. Jimmy Choo products are manufactured in Europe and are subject to duties when imported to countries outside of the EU, such as the U.S., China, Japan and South Korea. Most of the countries to which we ship could impose safeguard quotas to protect their local industries from import surges that threaten to create market disruption. The United States and other countries may also unilaterally impose additional duties in response to a particular product being imported at unfairly traded prices that cause or threaten injury to the relevant domestic industry (generally known as "anti-dumping" actions). If dumping is suspected in the United States, the United States government may self-initiate a dumping case on behalf of a particular industry. Furthermore, additional duties, generally known as countervailing duties, can also be imposed by the United States government or the governments of other countries to offset subsidies provided by a foreign government to foreign manufacturers if the importation of such subsidized merchandise injures or threatens to injure a United States industry or the industry of such other country, as applicable. If the United States imposes import duties or other protective import measures, other countries could retaliate in ways that could harm the international distribution of our products.

We are also dependent on international trade agreements and regulations, such as NAFTA. If the United States were to withdraw from or materially modify NAFTA or certain other international trade agreements, our business could be adversely affected.

The accessories, footwear and apparel sold by us are also subject to import regulations in the United States and other countries concerning the use of wildlife products for commercial and non-commercial trade, including the F&W. F&W requires that we obtain a license to import animal and fauna that are subject to regulation by F&W and can revoke (or refuse to renew) this license, seize and possibly destroy our shipments and/or fine the Company for F&W violations.

The imposition of taxes, duties and quotas, the initiation of an anti-dumping action or a countervailing duty action, the withdrawal from or material modification to trade agreements and/or the repercussions of F&W violations could have a material adverse effect on our business, results of operations and financial condition.

We are dependent on a limited number of distribution facilities. If one or more of our distribution facilities experiences operational difficulties or becomes inoperable, it could have a material adverse effect on our business, results of operations and financial condition.

We operate a limited number of distribution facilities. Our ability to meet the needs of our wholesale customers and our own retail stores and e-commerce sites depends on the proper operation of these distribution facilities. If any of these distribution facilities were to shut down or otherwise become inoperable or inaccessible for any reason, we could suffer a substantial loss of inventory and/or disruptions of deliveries to our retail and wholesale customers. In addition, we could incur significantly higher costs and longer lead times associated with the distribution of our products during the time it takes to reopen or replace the damaged facility. Any of the foregoing factors could result in decreased sales and have a material adverse effect on our business, results of operations and financial condition.

In addition, we have been moving into new and larger facilities as needed and have been concurrently implementing new warehouse management systems to further support our efforts to operate with increased efficiency and flexibility. There are risks inherent in operating in new distribution environments and implementing new warehouse management systems, including operational difficulties that may arise with such transitions. We may experience shipping delays should there be any disruptions in our new warehouse management systems or warehouses themselves.

Privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business.

We are dependent on information technology systems and networks for a significant portion of our direct-to-consumer sales, including our e-commerce sites and retail business credit card transaction authorization and processing. We are responsible for storing data relating to our customers and employees and also rely on third party vendors for the storage, processing and transmission of personal and Company information. Consumers, lawmakers and consumer advocates alike are increasingly concerned over the security of personal information transmitted over the Internet, consumer identity theft and privacy and the retail industry, in particular, has been the target of many recent cyber-attacks. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our employees' and customers' identity and privacy. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins or security breaches will occur in the future. Our systems and technology are vulnerable from time-to-time to damage, disruption or interruption from, among other things, physical damage, natural disasters, inadequate system capacity, system issues, security breaches, "hackers," email blocking lists, computer viruses, power outages and other failures or disruptions outside of our control. A significant breach of customer, employee or Company data could damage our reputation, our relationship with customers and our brands, and could result in lost sales, sizable fines, significant breach-notification costs and lawsuits, as well as adversely affect our results of operations. We may also incur additional costs in the future related to the implementation of additional security measures to protect against new or enhanced data security and privacy threats, or to comply with state, federal and international laws that may be enacted to address those threats.

A material disruption in our information technology systems could have a material adverse effect on our business, results of operations and financial condition.

We rely extensively on our information technology ("IT") systems to track inventory, manage our supply chain, record and process transactions, manage customer communications, summarize results and manage our business. The failure of our IT systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in/failure to implement new systems, could adversely affect our business. In addition, we have e-commerce websites in the United States, Canada, certain European countries, China, Japan and South Korea, and plans to continue to expand our global e-commerce distribution. Our IT systems and websites may be subject to damage and/or interruption from power outages, computer, network and telecommunications failures, computer viruses, "hackers", security breaches, usage errors by our employees and bad acts by our customers and website visitors. If our IT systems or websites are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data (including our customer data) and interruptions or delays in our operations in the interim. Any significant disruption in our IT systems or websites could harm our reputation and credibility, and could have a material adverse effect on our business, results of operations and financial condition.

The departure of our founder, members of our executive management and other key employees could have a material adverse effect on our business.

We depend on the services and management experience of our founder and executive officers, who have substantial experience and expertise in our business. In particular, Mr. Kors, our Honorary Chairman and Chief Creative Officer, has provided design and executive leadership to the Company since its inception. He is instrumental to our marketing and publicity strategy and is closely identified with both the brand that bears his name and our Company in general. Our ability to maintain our brand image and leverage the goodwill associated with Mr. Kors' name may be damaged if we were to lose his services. Mr. Kors has the right to terminate his employment with us without cause. In addition, the leadership of John D. Idol, our Chairman and Chief Executive Officer, has been a critical element of our success. We also depend on other key employees involved in our licensing, design and advertising operations. Competition for qualified personnel in the apparel industry is intense, and competitors may use aggressive tactics to recruit our executive officers and key employees. Although we have entered into employment agreements with Mr. Kors and certain of our other executive officers, including Mr. Idol, we may not be able to retain the services of such individuals in the future. In addition, Michael Kors attaches great importance to the skills and experience of Jimmy Choo's existing management team, including Ms.Sandra Choi, and thus the risk of dependence on key members of management may be further exacerbated by the acquisition. The loss of services of one or more of these individuals or any negative public perception with respect to, or relating to, the loss of one or more of these individuals could have a material adverse effect on our business, results of operations and financial condition.

Fluctuations in our tax obligations and changes in tax laws, treaties and regulations may have a material adverse impact on our future effective tax rates and results of operations.

Our subsidiaries are subject to taxation in the U.S. and various foreign jurisdictions, with the applicable tax rates varying by jurisdiction. As a result, our overall effective tax rate is affected by the proportion of earnings from the various tax jurisdictions. We record tax expense based on our estimates of taxable income and required reserves for uncertain tax positions in multiple tax jurisdictions. At any time, there are multiple tax years that are subject to examinations by various taxing authorities. The ultimate resolution of these audits and negotiations with taxing authorities may result in a settlement amount that differs from our original estimate. Any proposed or future changes in tax laws, treaties and regulations or interpretations where we operate could have a material adverse effect on our effective tax rates, results of operations and financial condition.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act includes significant changes to the U.S. corporate income tax system including, among other things, lowering the U.S. statutory federal tax rate to 21% and implementing a territorial tax system. The Tax Act also adds many new provisions, including changes to bonus depreciation, limits on the deductions for executive compensation and interest expense, a tax on global intangible low-taxed income ("GILTI"), the base erosion anti-abuse tax ("BEAT") and a deduction for foreign derived intangible income ("FDII"). The final transition impacts of the Tax Act may differ from our initial estimates, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. In addition, once we finalize certain tax positions when we file our 2017 U.S. tax return, we will be able to conclude whether any further adjustments are required to our deferred tax balances in the U.S., as well as to the total liability associated with the one-time mandatory tax.

On March 26, 2015, the United Kingdom ("U.K.") enacted new Diverted Profits Tax legislation (the "DPT"), which was effective on April 1, 2015. Under the DPT, profits of certain multinational enterprises (such as the Company) deemed to have been artificially diverted from the U.K. will be taxed at a rate of 25%. While the Company believes that all of its affiliated entities and the transactions among them have the required economic substance, there is no assurance that this legislation will not have a material effect on its results of operations and financial condition.

We and our subsidiaries are also engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm's-length terms and that proper transfer pricing documentation is in place, the transfer prices and conditions may be scrutinized by local tax authorities, which could result in additional tax liabilities. On October 5, 2015, the Organization for Economic Co-operation and Development (OECD), an international association of thirty four countries, including the U.S. and U.K., released the final reports from its Base Erosion and Profit Shifting (BEPS) Action Plans. The BEPS recommendations covered a number of issues, including country-by-country reporting, permanent establishment rules, transfer pricing rules and tax treaties. Future tax reform resulting from this development may result in changes to long-standing tax principles, which could adversely affect our effective tax rate or result in higher cash tax liabilities.

We face risks associated with operating in international markets and our strategy to continue to expand internationally.

We operate on a global basis, with approximately 40.3% of our total revenue from operations outside of the U.S. during Fiscal 2018. As a result, we are subject to the risks of doing business internationally, including political and economic instability in foreign countries, laws, regulations and policies of foreign governments, potential negative consequences from changes in taxation policies, political or civil unrest, acts of terrorism, military actions or other conditions. Economic instability and unsettled regional and global conflicts may negatively affect consumer spending by foreign tourists and local consumers in the various regions where we operate, which could adversely affect our revenues and results of operations. We also sell our products at varying retail price points based on geographic location that yield different gross profit margins and we achieve different operating profit margins, depending on geographic region, due to a variety of factors including product mix, store size, occupancy costs, labor costs and retail pricing. Changes in any one or more of these factors could result in lower revenues, increased costs, and negatively impact our business, results of operations and financial condition.

There are some countries where we do not yet have significant operating experience, and in most of these countries we face established competitors with significantly more operating experience in those locations. Many countries have different operational characteristics, including, but not limited to, employment and labor, transportation, logistics, real estate (including lease terms) and local reporting or legal requirements. Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ in these countries and, as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those we currently anticipate. In addition, in many of these countries there is significant competition to attract and retain experienced and talented employees. If our international expansion plans are unsuccessful, it could have a material adverse effect on our business, results of operations and financial condition.

In addition, on June 23, 2016, voters in the U.K. approved an advisory referendum to withdraw from the EU ("Brexit"). The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. from the EU may adversely affect business activity, political stability and economic conditions in the U.K., the EU and elsewhere. On March 29, 2017, the U.K. triggered Article 50 of the Lisbon Treaty formally starting negotiations with the EU The U.K. has two years to complete these negotiations. Negotiations on withdrawal and post-exit arrangements likely will be complex and protracted, and there can be no assurance regarding the terms, timing or consummation of any such arrangements. The withdrawal could adversely affect the tax, currency, operational, legal and regulatory regimes to which our businesses in the region are subject. The withdrawal could also disrupt the free movement of goods, services and people between the U.K. and the EU and significantly disrupt trade between the U.K. and the EU and other parties. There can be no assurance that any or all of these events will not have a material adverse effect on our business, results of operations and financial condition.

A substantial portion of our revenue is derived from a small number of large wholesale customers, and the loss of any of these wholesale customers could substantially reduce our total revenue.

A small number of our wholesale customers account for a significant portion of our sales. Revenue from our five largest wholesale customers represented 19.2% of our total revenue for Fiscal 2018 and 21.0% of our total revenue for Fiscal 2017. Michael Kors' largest wholesale customer, Macy's, accounted for 7.8% of our total revenue for Fiscal 2018 and 8.9% of our total revenue for Fiscal 2017. We do not have written agreements with any of our wholesale customers and purchases generally occur on an order-by-order basis. A decision by any of our major wholesale customers, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing partners, or to change their manner of doing business with us or our licensing partners, could substantially reduce our revenue and have a material adverse effect on our profitability. During the past several years, the retail industry has experienced a great deal of consolidation and other ownership changes and we expect such changes will continue. In addition, store closings by our wholesale customers decrease the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and/or may reduce the retail floor space designated for our brands. In the future, retailers may further consolidate, undergo bankruptcy, restructurings or reorganizations, realign their affiliations or reposition their stores' target markets. Any of these types of actions could decrease the number of stores that carry our products or increase the ownership concentration within the retail industry. These changes could decrease our opportunities in the market, increase our reliance on a smaller number of large wholesale customers and decrease our negotiating strength with our wholesale customers. These factors could have a material adverse effect on our business, results of operations and financial condition.

Our business is exposed to foreign currency exchange rate fluctuations.

Our results of operations for our international subsidiaries are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into U.S. dollars during financial statement consolidation. If the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions could impact our consolidated results of operations. In addition, we have intercompany notes amongst certain of our non-U.S. subsidiaries, which may be denominated in a currency other than the local currency of a particular reporting entity. As a result of using a currency other than the functional currency of the related subsidiary, results of these operations may be adversely affected during times of significant fluctuation between the functional currency of that subsidiary and the denomination currency of the note. We continuously monitor our foreign currency exposure and hedge a portion of our foreign subsidiaries' foreign currency-denominated inventory purchases to minimize the impact of changes in foreign currency exchange rates. However, we cannot fully anticipate all of our foreign currency exposures and cannot ensure that these hedges will fully offset the impact of foreign currency exchange rate fluctuations.

As a result of operating retail stores and concessions in various countries outside of the U.S., we are also exposed to market risk from fluctuations in foreign currency exchange rates, particularly the Euro, the British Pound, the Chinese Renminbi, the Japanese Yen, the Korean Won and the Canadian Dollar, among others. A substantial weakening of foreign currencies against the U.S. Dollar could require us to raise our retail prices or reduce our profit margins in various locations outside of the U.S. In addition, our sales and profitability could be negatively impacted if consumers in those markets were unwilling to purchase our products at increased prices.

We are subject to risks associated with leasing retail space under long-term, non-cancelable leases and are required to make substantial lease payments under our operating leases. If we close a leased retail space, we remain obligated under the applicable lease. We also may be unable to renew leases at the end of their terms.

We do not own any of our store facilities; instead, we lease all of our stores under operating leases. Our leases generally have terms of up to 10 years, generally require a fixed annual rent and most require the payment of additional rent if store sales exceed a negotiated amount. Certain of our European stores also require initial investments in the form of key money to secure prime locations, which may be paid to landlords or existing lessees. Generally, our leases are "net" leases, which require us to pay all of the costs of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases at our option. Payments under these operating leases account for a significant portion of our operating costs. For example, as of March 31, 2018, we were party to operating leases associated with our stores as well as other corporate facilities requiring future minimum lease payments aggregating to $1.375 billion through Fiscal 2023 and approximately $531.4 million thereafter through Fiscal 2044, which included $267.6 million of future non-cancelable aggregate operating lease payments for Jimmy Choo. We previously announced that we intend to optimize the Michael Kors retail store fleet, including, through the closure of between 100 and 125 of Michael Kors full-price underperforming retail stores. In connection with our Retail Fleet Optimization Plan, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. In some instances, we may be unable to close an underperforming retail store due to continuous operation provisions in our leases. In addition, as each of our leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close retail stores in desirable locations. Our substantial operating lease obligations, including with respect to closed retail spaces, could have a material adverse effect on our business, results of operations and financial condition.

Our current and future licensing arrangements may not be successful and may make us susceptible to the actions of third parties over whom we have limited control.

We have entered into a select number of product licensing agreements with companies that produce and sell, under our trademarks, products requiring specialized expertise. We have also entered into a number of select licensing agreements pursuant to which we have granted third parties certain rights to distribute and sell our products in certain geographical areas, such as the Middle East, Eastern Europe, Brazil, certain parts of Asia and Australia. In addition, we have a joint venture that covers the distribution and sale of Michael Kors branded products and the operation of retail stores in Latin America (excluding Brazil) and the Caribbean and Jimmy Choo has joint ventures in the Middle East and Russia. In the future, we may enter into additional licensing arrangements. Although we take steps to carefully select our licensing partners, such arrangements may not be successful. Our licensing partners may fail to fulfill their obligations under their license agreements or have interests that differ from or conflict with our own, such as the timing of new store openings, the pricing of our products and the offering of competitive products. In addition, the risks applicable to the business of our licensing partners may be different than the risks applicable to our business, including risks associated with each such partner's ability to:

- obtain capital;
- exercise operational and financial control over its business;
- manage its labor relations;
- maintain relationships with suppliers;
- manage its credit and bankruptcy risks; and
- maintain customer relationships.

Any of the foregoing risks, or the inability of any of our licensing partners to successfully market our products or otherwise conduct its business, may result in loss of revenue and competitive harm to our operations in regions or product categories where we have entered into such licensing arrangements.

We rely on our licensing partners to preserve the value of our brands. Although we attempt to protect our brands through, among other things, approval rights over store location and design, product design, production quality, packaging, merchandising, distribution, advertising and promotion of our stores and products, we may not be able to control the use by our licensing partners of our brand. The misuse of our brand by a licensing partner could have a material adverse effect on our business, results of operations and financial condition.

Increases in the cost of raw materials could increase our production costs and cause our operating results and financial condition to suffer.

The costs of raw materials used in our products are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. We are not always successful in our efforts to protect our business from the volatility of the market price of raw materials and our business can be materially affected by dramatic movements in prices of raw materials. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in raw materials prices on industry selling prices are uncertain, but any significant increase in these prices could have a material adverse effect on our business, results of operations and financial condition.

We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods, which poses legal, regulatory, political and economic risks to our business operations.

Our products are primarily produced by, and purchased or procured from, independent manufacturing contractors located mainly in Asia and Europe. A manufacturing contractor's failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our customers for those items. The failure to make timely deliveries may cause customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could have a material adverse effect on us. In addition, any of the following factors could negatively affect our ability to produce or deliver our products and, as a result, could have a material adverse effect on our business, results of operations and financial condition:

- political or labor instability, labor shortages (stemming from labor disputes or otherwise), or increases in costs of labor or production in countries where manufacturing contractors and suppliers are located;
- significant delays or disruptions in delivery of our products due to labor disputes or strikes at the location of the source of our goods and/or at ports of entry;
- political or military conflict involving the United States or the EU, which could cause a delay in the transportation of our products and raw materials and increase transportation costs;
- heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods of time or could result in increased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti-counterfeiting measures and damage to the reputation of our brands;
- a significant decrease in availability or an increase in the cost of raw materials;
- disease epidemics and health-related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturing contractors, which could affect where our products are or are planned to be produced;
- imposition of regulations, quotas and safeguards relating to imports and our ability to adjust in a timely manner to changes in trade regulations, which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and expertise needed;
- increases in the costs of fuel, travel and transportation;
- imposition of duties, taxes and other charges on imports;
- significant fluctuation of the value of the U.S. Dollar against foreign currencies; and
- restrictions on transfers of funds out of countries where our foreign licensees are located.

We do not have written agreements with any of our third-party manufacturing contractors. As a result, any single manufacturing contractor could unilaterally terminate its relationship with us at any time. In Fiscal 2018, Michael Kors' largest manufacturing contractor, who primarily produces its products in China and who Michael Kors has worked with for over ten years, accounted for the production of 19.9% of its finished products, based on unit volume. For the period covering November 1, 2017 through March 31, 2018 one manufacturer accounted for approximately 16.0% of Jimmy Choo's finished goods purchases, based on unit volume. Our inability to promptly replace manufacturing contractors that terminate their relationships with us or cease to provide high quality products in a timely and cost-efficient manner could have a material adverse effect on our business, results of operations and financial condition, and impact the cost and availability of our goods.

In addition, Michael Kors uses third-party agents to source its finished goods with numerous manufacturing contractors on its behalf. Any single agent could unilaterally terminate its relationship with Michael Kors at any time. In Fiscal 2018, Michael Kors' largest third-party agent, whose primary place of business is Hong Kong and who Michael Kors has worked with for over 10 years, sourced approximately 23.9% of its purchases of finished goods, based on unit volume. Our inability to promptly replace agents that terminate their relationships with us or cease to provide high quality service in a timely and cost-efficient manner could have a material adverse effect on our business, results of operations and financial condition.

If we fail to comply with labor laws or collective bargaining agreements, or if our manufacturing contractors fail to use acceptable, ethical business practices, our business and reputation could suffer.

We are subject to labor laws governing relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. Jimmy Choo is also subject to collective bargaining agreements with respect to employees in certain European countries. Compliance with these laws and regulations, as well as collective bargaining agreements may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

We require our manufacturing contractors to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. Additionally, we impose upon our business partners operating guidelines that require additional obligations in those three areas in order to promote ethical business practices, and our staff and third parties we retain for such purposes periodically visit and monitor the operations of our manufacturing contractors to determine compliance. However, we do not control our manufacturing contractors or their labor and other business practices. If one of our manufacturing contractors violates applicable labor or other laws, rules or regulations or implements labor or other business practices that are generally regarded as unethical in the United States, the shipment of finished products to us could be interrupted, orders could be cancelled, relationships could be terminated and our reputation could be damaged. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to protect our trademarks and other intellectual property rights, and others may allege that we infringe upon their intellectual property rights.

Our trademarks, including MICHAEL KORS and MICHAEL MICHAEL KORS, JIMMY CHOO, logos and other intellectual property rights are important to our success and our competitive position. We are susceptible to others imitating our products and infringing on our intellectual property rights in the Americas, Europe, the Middle East, the Far East and elsewhere in the world in both online and offline channels. Both the Michael Kors and Jimmy Choo brands enjoy significant worldwide consumer recognition and the generally higher pricing of our products creates additional incentive for counterfeiters to infringe on our brands. We work with customs authorities, law enforcement, legal representatives and brand specialists globally in an effort to prevent the sale of counterfeit products, but we cannot guarantee the extent to which our efforts to prevent counterfeiting of our brands and other intellectual property infringement will be successful. Such counterfeiting and other infringement could dilute the Michael Kors or Jimmy Choo brand and harm our reputation and business.

Our trademark applications may fail to result in registered trademarks or provide the scope of coverage sought, and others may seek to invalidate our trademarks or block sales of our products as a violation of their trademarks and intellectual property rights. In addition, others may assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in trademarks that are similar to ours or trademarks that we license and/or market, and we may not be able to successfully resolve these types of conflicts to our satisfaction. In some cases, trademark owners may have prior rights to our trademarks or similar trademarks. Furthermore, certain foreign countries may not protect trademarks and other intellectual property rights to the same extent as do the laws of the United States or the EU.

From time to time, in the ordinary course of our business, we become involved in opposition and cancellation proceedings with respect to trademarks similar to some of our brands. Any litigation or dispute involving the scope or enforceability of our intellectual property rights or any allegation that we infringe upon the intellectual property rights of others could be costly and time-consuming and could result, if determined adversely to us, in harm to our competitive position.

Our share price may periodically fluctuate based on the accuracy of our earnings guidance or other forward-looking statements regarding our financial performance.

Our business and long-range planning process is designed to maximize our long-term growth and profitability and not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of the Company and our shareholders. At the same time, however, we recognize that it is helpful to provide investors with guidance as to our forecast of total revenue, earnings per share, comparable store sales and other financial metrics or projections. While we generally expect to provide updates to our financial guidance when we report our results each fiscal quarter, we do not have any responsibility to update any of our forward-looking statements at such times or otherwise. In addition, any longer-term guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. However, such long-range targets are more difficult to predict than our current quarter and fiscal year expectations. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts, or others, our share price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in our share price.

We periodically return value to shareholders through our share repurchase program. Investors may have an expectation that we will repurchase all shares available under our share repurchase program. The market price of our securities could be adversely affected if our share repurchase activity differs from investors' expectations or if our share repurchase program were to terminate.

Restrictive covenants in our indebtedness agreements may restrict our ability to pursue our business strategies.

On August 22, 2017, we entered into a second amended and restated senior unsecured credit facility (as amended, the "2017 Credit Facility") with, among others, JPMorgan Chase Bank, N.A., as administrative agent. The Company and its U.S., Canadian, Dutch and Swiss subsidiaries are the borrowers under the 2017 Credit Facility. The borrowers and certain material subsidiaries of the Company provide unsecured guarantees of the 2017 Credit Facility. The agreement that governs our 2017 Credit Facility contains a number of restrictive covenants that impose operating and financial restrictions on us, and the Indenture governing our senior notes contain certain restrictions, which collectively may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- make loans and investments, including acquisitions;
- sell assets;
- incur liens;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing our New Credit Facilities require us to maintain a ratio of the sum of total indebtedness plus 6.0 times consolidated rent expense for the last four fiscal quarters to Consolidated EBITDAR of no greater than 3.5 to 1.0. Our ability to meet this financial ratio can be affected by events beyond our control and we may be unable to meet it.

A breach of the covenants or restrictions under the documents that govern our indebtedness could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our 2017 Credit Facility would permit the lenders under our 2017 Credit Facility to terminate all commitments to extend further credit under that facility. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of there restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

We have incurred a substantial amount of indebtedness, which could restrict our ability to engage in additional transactions or incur additional indebtedness.

During Fiscal 2018, we financed our acquisition of Jimmy Choo with $1.0 billion term loans (which have been partially repaid), $450.0 million of senior notes and cash on hand. As of March 31, 2018, our consolidated indebtedness was approximately $874.4 million, net of debt issuance costs and discount amortization. Our total borrowings as of March 31, 2018 included $200.0 million outstanding under our 2017 Revolving Credit Facility, senior notes of $450.0 million and term loans of $229.8 million. As of March 31, 2018, we have the capacity to borrow up to $804.7 million of additional indebtedness under our undrawn revolving credit facilities, which may be used to finance our working capital needs, capital expenditures, permitted investments, share repurchases, dividends and other general corporate purposes. This substantial level of indebtedness could have important consequences to our business including making it more difficult to satisfy our debt obligations, increasing our vulnerability to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and restricting us from pursuing certain business opportunities. In addition, the terms of our credit facility contain affirmative and negative covenants, including a leverage ratio, and the instruments governing our indebtedness limit our ability to incur debt, grant liens, engage in mergers and dispose of assets. These consequences and limitations could reduce the benefits we expect to achieve from the acquisition of Jimmy Choo or impede our ability to engage in future business opportunities or strategic acquisitions.

Our ability to make payments on and to refinance our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot guarantee that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments of our debt, fund other liquidity needs and make planned capital expenditures. In addition, our ability to access the credit and capital markets in the future as a source of funding, and the borrowing costs associated with such financing, is dependent upon market conditions and our credit rating and outlook.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting, which could harm our business and cause a decline in the price of our ordinary shares.

As a public company we are required to document and test our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. If our management is unable to certify the effectiveness of our internal controls or if our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal control over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could have an adverse effect on our business and cause a decline in the price of our ordinary shares.

The integration of Jimmy Choo into our internal control over financial reporting will require significant time and resources from our management and other personnel and will increase our compliance costs. If we fail to successfully integrate these operations, our internal control over financial reporting may not be effective. In addition, if Jimmy Choo's internal control over financial reporting is found to be ineffective, the integrity of Jimmy Choo's past financial statements could be adversely impacted.

Provisions in our organizational documents may delay or prevent our acquisition by a third party.

Our Memorandum and Articles of Association (together, as amended from time to time, our "Memorandum and Articles") contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our board of directors. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our shareholders receiving a premium over the market price for their ordinary shares. These provisions include, among others:

- our board of directors' ability to amend the Memorandum and Articles to create and issue, from time to time, one or more classes of preference shares and, with respect to each such class, to fix the terms thereof by resolution;
- provisions relating to the multiple classes and three-year terms of directors, the manner of election of directors, removal of directors and the appointment of directors upon an increase in the number of directors or vacancy on our board of directors;
- restrictions on the ability of shareholders to call meetings and bring proposals before meetings;
- elimination of the ability of shareholders to act by written consent; and
- the requirement of the affirmative vote of 75% of the shares entitled to vote to amend certain provisions of our Memorandum and Articles.

These provisions of our Memorandum and Articles could discourage potential takeover attempts and reduce the price that investors might be willing to pay for our ordinary shares in the future, which could reduce the market price of our ordinary shares.

Rights of shareholders under British Virgin Islands law differ from those under United States law, and, accordingly, our shareholders may have fewer protections.

Our corporate affairs are governed by our Memorandum and Articles, the BVI Business Companies Act, 2004 (as amended, the "BVI Act") and the common law of the British Virgin Islands. The rights of shareholders to take legal action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are to a large extent governed by the common law of the British Virgin Islands and by the BVI Act. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law. As a result of the foregoing, holders of our ordinary shares may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than they would as shareholders of a U.S. company.

The laws of the British Virgin Islands provide limited protection for minority shareholders, so minority shareholders will have limited or no recourse if they are dissatisfied with the conduct of our affairs.

Under the laws of the British Virgin Islands, there is limited statutory law for the protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protection under statutory law is that shareholders may bring an action to enforce the constituent documents of a British Virgin Islands company and are entitled to have the affairs of the company conducted in accordance with the BVI Act and the memorandum and articles of association of the company. As such, if those who control the company have persistently disregarded the requirements of the BVI Act or the provisions of the company's memorandum and articles of association, then the courts will likely grant relief. Generally, the areas in which the courts will intervene are the following: (i) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (ii) acts that constitute fraud on the minority where the wrongdoers control the company; (iii) acts that infringe on the personal rights of the shareholders, such as the right to vote; and (iv) acts where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders, which are more limited than the rights afforded to minority shareholders under the laws of many states in the United States.

It may be difficult to enforce judgments against us or our executive officers and directors in jurisdictions outside the United States.

Under our Memorandum and Articles, we may indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. Furthermore, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder will be governed exclusively by the laws of the British Virgin Islands and subject to the jurisdiction of the British Virgin Islands courts, unless those rights or obligations do not relate to or arise out of their capacities as such. Although there is doubt as to whether United States courts would enforce these provisions in an action brought in the United States under United States securities laws, these provisions could make judgments obtained outside of the British Virgin Islands more difficult to enforce against our assets in the British Virgin Islands or jurisdictions that would apply British Virgin Islands law.

British Virgin Islands companies may not be able to initiate shareholder derivative actions, thereby depriving shareholders of one avenue to protect their interests.

British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The British Virgin Islands courts are also unlikely to recognize or enforce judgments of courts in the United States based on certain liability provisions of United States securities law or to impose liabilities, in original actions brought in the British Virgin Islands, based on certain liability provisions of the United States securities laws that are penal in nature. There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will generally recognize and enforce the non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. This means that even if shareholders were to sue us successfully, they may not be able to recover anything to make up for the losses suffered.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth the location, use and size of our significant distribution and corporate facilities as of March 31, 2018, all of which are leased with the exception of our distribution center in Holland, which is owned. The leases expire at various times through Fiscal 2044, subject to renewal options.

Location	Use	Approximate Square Footage
Whittier, CA	Michael Kors U.S. Distribution Center	1,284,420
Venlo, Holland	Michael Kors European Distribution Center	1,108,680
Montreal, Quebec	Michael Kors Canadian Corporate Office and Distribution Centers [(1)]	334,450
New York, NY	Michael Kors U.S. Corporate Offices and Corporate Headquarters	262,450
East Rutherford, NJ	Michael Kors U.S. Corporate Offices and Corporate Headquarters	53,480
Manno, Switzerland	Michael Kors European Corporate Offices	25,830
London, England	Jimmy Choo EMEA Regional Corporate Offices	23,950
Secaucus, NJ	Michael Kors U.S. Distribution Center	22,760
London, England	Michael Kors Regional Corporate Offices	21,650
New York, NY	Jimmy Choo U.S. Regional Corporate Offices	17,580
Shanghai, China	Michael Kors Regional Corporate Offices	16,150
Tokyo, Japan	Michael Kors Regional Corporate Offices	15,330

(1) In December 2017, we leased a new facility in Montreal, Quebec, which is approximately 150,440 square feet, which will support our Michael Kors and Jimmy Choo operations in Canada. We are currently in the process transitioning out of our current 168,650 square foot facility, which is exclusive to Michael Kors.

As of March 31, 2018, we also occupied 1,011 leased retail stores worldwide (including concessions). We consider our properties to be in good condition and believe that our facilities are adequate for our operations and provide sufficient capacity to meet our anticipated requirements.

Other than the land and building for our European distribution center in Venlo, Holland, fixed assets related to our stores (e.g. leasehold improvements, fixtures, etc.) and computer equipment, we did not own any material property as of March 31, 2018.

Item 3. Legal Proceedings

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on our business, results of operations and financial condition.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

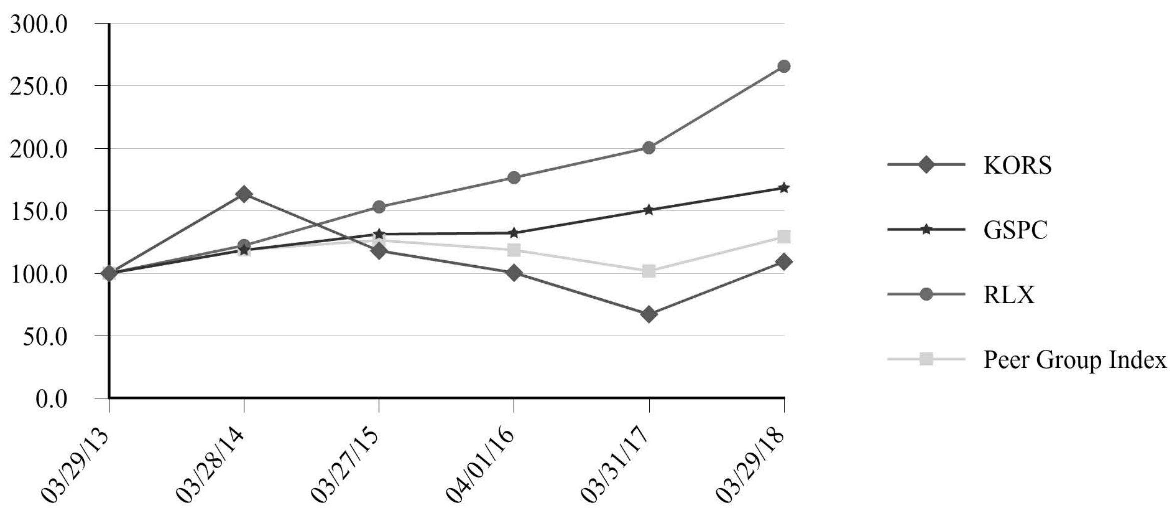
Market Information

Our ordinary shares trade on the NYSE under the symbol "KORS". At March 31, 2018, there were 149,698,407 ordinary shares outstanding, and the closing sale price of our ordinary shares was $62.08. Also as of that date, we had approximately 220 ordinary shareholders of record. The table below sets forth the high and low closing sale prices of our ordinary shares for the periods indicated:

	High	Low
Fiscal 2018 Quarter Ended:		
July 1, 2017	$ 38.65	$ 33.05
September 30, 2017	$ 48.55	$ 33.25
December 30, 2017	$ 64.03	$ 47.00
March 31, 2018	$ 68.14	$ 59.80
Fiscal 2017 Quarter Ended:		
July 2, 2016	$ 56.35	$ 40.70
October 1, 2016	$ 52.90	$ 46.79
December 31, 2016	$ 51.76	$ 42.75
April 1, 2017	$ 43.56	$ 36.02

Share Performance Graph

The line graph below compares the cumulative total shareholder return on our ordinary shares with the Standard & Poor's 500 Index (GSPC), the S&P Retailing Index (RLX), and a peer group index of companies that we believe are closest to ours for the five-year period from March 29, 2013 through March 29, 2018, the last business day of the our fiscal year. The peer group index consists of the following companies: Tapestry, Inc., Guess?, Inc., PVH Corp., L Brands, Inc., Ralph Lauren Corporation, Tiffany & Co. and VF Corporation. The graph below assumes that an investment of $100 made at the closing of trading on March 29, 2013, in (i) our ordinary shares, (ii) the shares comprising the GSPC, (iii) the shares comprising the RLX and (iv) the shares comprising our peer group index. All values assume reinvestment of the full amount of all dividends, if any, into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable time period.



Issuer Purchases of Equity Securities

On May 25, 2017, our Board of Directors authorized a $1.0 billion share repurchase program. We also have in place a "withhold to cover" repurchase program, which allows us to withhold ordinary shares from certain executive officers and directors to satisfy minimum tax withholding obligations relating to the vesting of their restricted share awards.

The following table provides information regarding our ordinary share repurchases during the three months ended March 31, 2018:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximated Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (in millions)
December 31 – January 27	—	$ —	—	$ 842.2
January 28 – February 24	3,157,459	$ 63.34	3,157,459	$ 642.2
February 25 – March 31	—	$ —	—	$ 642.2
	3,157,459		3,157,459	

Item 6. Selected Financial Data

The following table sets forth selected historical consolidated financial and other data for Michael Kors Holdings Limited and its consolidated subsidiaries for the periods presented. The statements of operations data for Fiscal 2018, Fiscal 2017 and Fiscal 2016 and the balance sheet data as of the end of Fiscal 2018 and Fiscal 2017 have been derived from our audited consolidated financial statements included elsewhere in this report. The statements of operations data for Fiscal 2015 and Fiscal 2014 and the balance sheet data as of the end of Fiscal 2016, Fiscal 2015 and Fiscal 2014 have been derived from our prior audited consolidated financial statements, which are not included in this report.

The selected historical consolidated financial data below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this annual report.

	Fiscal Years Ended				
	March 31, 2018	April 1, 2017	April 2, 2016 (1)	March 28, 2015	March 29, 2014
	(data presented in millions, except for shares and per share data)				
Statement of Operations Data:					
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1	$ 4,371.5	$ 3,310.8
Cost of goods sold	1,859.3	1,832.3	1,914.9	1,723.8	1,294.7
Gross profit	2,859.3	2,661.4	2,797.2	2,647.7	2,016.1
Selling, general and administrative expenses	1,766.8	1,541.2	1,428.0	1,251.5	926.9
Depreciation and amortization	208.6	219.8	183.2	138.4	79.7
Impairment of long-lived assets	32.7	199.2	10.9	0.8	1.3
Restructuring and other charges (2)	102.1	11.3	—	—	—
Total operating expenses	2,110.2	1,971.5	1,622.1	1,390.7	1,007.9
Income from operations	749.1	689.9	1,175.1	1,257.0	1,008.2
Other income	(1.7)	(5.4)	(3.7)	(1.6)	—
Interest expense, net	22.3	4.1	1.7	0.2	0.4
Foreign currency (gain) loss	(13.3)	2.6	4.8	2.6	0.1
Income before provision for income taxes	741.8	688.6	1,172.3	1,255.8	1,007.7
Provision for income taxes	149.7	137.1	334.6	374.8	346.2
Net income	592.1	551.5	837.7	881.0	661.5
Less: Net income (loss) attributable to noncontrolling interests	0.2	(1.0)	(1.4)	—	—
Net income attributable to MKHL	$ 591.9	$ 552.5	$ 839.1	$ 881.0	$ 661.5
Weighted average ordinary shares outstanding:					
Basic	152,283,586	165,986,733	186,293,295	202,680,572	202,582,945
Diluted	155,102,885	168,123,813	189,054,289	205,865,769	205,638,107
Net income per ordinary share(3):					
Basic	$ 3.89	$ 3.33	$ 4.50	$ 4.35	$ 3.27
Diluted	$ 3.82	$ 3.29	$ 4.44	$ 4.28	$ 3.22

(1) Fiscal year ended April 2, 2016 contained 53 weeks, whereas all other fiscal years presented are based on 52-week periods.

(2) Restructuring and other charges includes store closure costs recorded in connection with the Retail Fleet Optimization Plan, as well as transaction and transition costs recorded in connection with the acquisitions of Jimmy Choo and Michael Kors (HK) Limited and Subsidiaries (see Note 3 and Note 9 to the accompanying audited consolidated financial statements).

(3) Basic net income per ordinary share is computed by dividing net income available to ordinary shareholders of MKHL by basic weighted average ordinary shares outstanding. Diluted net income per ordinary share is computed by dividing net income attributable to ordinary shareholders of MKHL by diluted weighted average ordinary shares outstanding.

	Fiscal Years Ended				
	March 31, 2018	April 1, 2017	April 2, 2016	March 28, 2015	March 29, 2014
	(data presented in millions, except for share and store data)				
Operating Data:					
Comparable retail store sales (decline) growth (1)	(2.2)%	(8.3)%	(4.2)%	10.3%	26.2%
Retail stores, including concessions, end of period	1,011	827	668	526	405
Balance Sheet Data:					
Working capital	$ 301.8	$ 598.9	$ 1,234.3	$ 1,663.4	$ 1,438.3
Total assets	$ 4,059.0	$ 2,409.6	$ 2,566.8	$ 2,684.6	$ 2,211.2
Short-term debt	$ 200.0	$ 133.1	$ —	$ —	$ —
Long-term debt	$ 674.4	$ —	$ 2.3	$ —	$ —
Shareholders' equity of MKHL	$ 2,017.7	$ 1,592.6	$ 1,995.7	$ 2,241.0	$ 1,806.1
Number of ordinary shares issued	210,991,091	209,332,493	208,084,175	206,486,699	204,291,345

(1) Fiscal year ended April 2, 2016 contained 53 weeks, whereas all other fiscal years presented are based on 52-week periods. All comparable store sales are presented on a 52-week basis.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and notes thereto included as part of this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based upon current expectations. We sometimes identify forward-looking statements with such words as "may," "expect," "anticipate," "estimate," "seek," "intend," "believe" or similar words concerning future events. The forward-looking statements contained herein include, without limitation, statements concerning our ability to execute on our future growth strategies, our ability to achieve intended benefits from acquisitions, future revenue sources and concentration, gross profit margins, selling and marketing expenses, capital expenditures, general and administrative expenses, capital resources, new stores, Retail Fleet Optimization Plan and anticipated cost savings, additional financings or borrowings and additional losses and are subject to risks and uncertainties including, but not limited to, those discussed in this report that could cause actual results to differ materially from the results contemplated by these forward-looking statements. We also urge you to carefully review the risk factors set forth in "Item 1A. – Risk Factors."

Overview

Our Business

We are a global fashion luxury group of industry-leading fashion luxury brands led by a world-class management team and renowned designers. The Michael Kors brand was launched over 35 years ago by Michael Kors, whose vision has taken the Company from its beginnings as an American luxury sportswear house to a global accessories, footwear and apparel company with a global distribution network that has presence in over 100 countries through Company-operated retail stores and e-commerce sites, leading department stores, specialty stores and select licensing partners. On November 1, 2017, we completed the acquisition of Jimmy Choo and its subsidiaries (collectively, "Jimmy Choo"). The combination of Michael Kors and Jimmy Choo brought together two iconic brands that are industry leaders in style and trend and created a global fashion luxury group with a diversified geographic and product portfolio, strengthening the Company's future revenue growth opportunities.

Michael Kors is a highly recognized luxury fashion brand in the Americas and Europe with accelerating brand awareness in other international markets. The Michael Kors ("MK") brand features distinctive designs, materials and craftsmanship with a jet-set aesthetic that combines stylish elegance and a sporty attitude. Michael Kors offers three primary collections: the *Michael Kors Collection* luxury line, the *MICHAEL Michael Kors* accessible luxury line and the *Michael Kors Mens* line. The *Michael Kors Collection* establishes the aesthetic authority of the entire brand and is carried by many of our retail stores, our e-commerce sites, as well as in the finest luxury department stores in the world. *MICHAEL Michael Kors* has a strong focus on accessories, in addition to offering footwear and apparel, and addresses the significant demand opportunity in accessible luxury goods. More recently, we have begun to grow our men's business in recognition of the significant opportunity afforded by the Michael Kors brand's established fashion authority and the expanding men's market. Taken together, our Michael Kors collections target a broad customer base while retaining our premium luxury image.

Since its inception, Jimmy Choo has offered a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessories brand, whose core product offering is women's luxury shoes, complemented by accessories, including handbags, small leather goods, scarves and belts, as well as a growing men's luxury shoe business. In addition, certain products such as fragrances, sunglasses and eyewear are produced under product licensing agreements. Jimmy Choo's design team is led by Sandra Choi, who has been the Creative Director for the brand since its inception in 1996. Jimmy Choo products are unique, instinctively seductive and chic. The brand offers classic and timeless luxury products, as well as innovative products that are intended to set and lead fashion trends. The Jimmy Choo brand is represented through its global store network, its e-commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Prior to the third quarter of Fiscal 2018, we had three reportable segments for our Michael Kors brand: Retail, Wholesale and Licensing. With the acquisition of Jimmy Choo, the Company began to operate in four reportable segments, which are as follows:

- MK Retail — includes sales of Michael Kors products from 379 retail stores in the Americas (including concessions) and 450 international retail stores (including concessions) in Europe and certain parts of Asia, as well as from Michael Kors e-commerce sites in the U.S., Canada, certain parts of Europe, China, Japan and South Korea as of March 31, 2018.
- MK Wholesale — includes wholesale sales of Michael Kors products through 1,403 department store doors and 875 specialty store doors in the Americas and through 1,048 specialty store doors and 218 department store doors internationally as of March 31, 2018. MK Wholesale also includes revenues from sales of products to Michael Kors geographic licensees.

- MK Licensing — includes royalties and advertising contributions earned on licensed products and use of the Company's trademarks, and rights granted to third parties for the right to operate retail stores and/or sell the Company's products in certain geographic regions.
- Jimmy Choo — includes worldwide sales of Jimmy Choo products through 182 retail stores (including concessions) and Jimmy Choo e-commerce sites in the U.S., certain parts of Europe and Japan, through 629 wholesale doors, as well as through product and geographic licensing arrangements, as of March 31, 2018.

Certain Factors Affecting Financial Condition and Results of Operations

Establishing brand identity and enhancing global presence. We intend to grow our international presence through the formation of a global fashion luxury group, bringing together industry-leading fashion luxury brands. As mentioned above, on November 1, 2017, we completed our acquisition of Jimmy Choo for a total transaction value of $1.447 billion (see Note 3 to the accompanying consolidated financial statements for additional information). Jimmy Choo has a rich history as a leading global luxury house, renowned for its glamorous and fashion-forward footwear, and is an excellent complement to the Michael Kors brand. We believe this combination further strengthens our future growth opportunities, while also increasing both product and geographic diversification. However, there are risks associated with a new acquisition and the anticipated benefits of the acquisition on our financial results may not be in line with our expectations.

We intend to continue to increase our international presence and global brand recognition by growing our existing international operations through acquisitions, the formation of various joint ventures with international partners, and continuing with our international licensing arrangements. We feel this is an efficient method for continued penetration into the global luxury goods market, especially for markets where we have yet to establish a substantial presence. In addition, our growth strategy includes assuming direct control of certain licensed international operations to better manage our growth opportunities in the related regions. On May 31, 2016, we acquired the previously licensed business in the Greater China region ("MKHKL"), which has operations in China, Hong Kong, Macau and Taiwan.

See Note 3 to the accompanying consolidated financial statements for additional information regarding our recent acquisitions.

Channel Shift and Demand for Our Accessories and Related Merchandise. Our performance is affected by trends in the luxury goods industry, as well as shifts in demographics and changes in lifestyle preferences. Although the overall consumer spending for personal luxury products has recently increased, consumer shopping preferences have continued to shift from physical stores to on-line shopping. We currently expect that this trend will continue in the foreseeable future. During Fiscal 2018, we have continued to strategically decrease promotional activity, which resulted in a reduction in shipments of Michael Kors products within our wholesale channel, which we believe is necessary to appropriately position the Michael Kors brand long-term. In addition, we have been strategically reducing promotional activity within our full-price retail stores. We continue to adjust our operating strategy to the changing business environment and on May 31, 2017, we announced that we plan to close between 100 and 125 of our Michael Kors full-price retail stores over the next two years in order to improve the profitability of our Michael Kors retail store fleet under our Retail Fleet Optimization Plan. Over this time period, we expect to incur approximately $100 - $125 million of one-time costs associated with these store closures. During Fiscal 2018, we closed 47 of our Michael Kors full-price retail stores under the Retail Fleet Optimization Plan, which resulted in restructuring charges of $52.6 million recorded within restructuring and other charges in our consolidated statements of operations and comprehensive income. We currently anticipate finalizing the remainder of the planned store closures under the Retail Fleet Optimization Plan over the next two fiscal years. Collectively, we anticipate ongoing annual savings of approximately $60 million as a result of the store closures and lower depreciation and amortization associated with the impairment charges recorded during Fiscal 2017 and Fiscal 2018.

Foreign currency fluctuation. Our consolidated operations are impacted by the relationships between our reporting currency, the U.S. dollar, and those of our non-U.S. subsidiaries whose functional/local currency is other than the U.S. dollar. Our Fiscal 2018 results have been positively impacted by the strengthening of the Euro and the Canadian Dollar relative to the U.S. Dollar of 7% and 2%, respectively, partially offset by the declines in value of the Japanese Yen of 3%, as compared to the same prior year period. We continue to expect significant volatility in the global foreign currency exchange rates, which may have a negative impact on the reported results of certain of our non-U.S. subsidiaries in the future, when translated to U.S. Dollars.

Disruptions in shipping and distribution. Our operations are subject to the impact of shipping disruptions as a result of changes or damage to our distribution infrastructure, as well as due to external factors. Any future disruptions in our shipping and distribution network could have a negative impact on our results of operations.

Costs of Manufacturing. Our industry is subject to volatility in costs related to certain raw materials used in the manufacturing of our products. This volatility applies primarily to costs driven by commodity prices, which can increase or decrease dramatically over a short period of time. These fluctuations may have a material impact on our revenues, results of operations and cash flows to the extent they occur. We use commercially reasonable efforts to mitigate these effects by sourcing our products as efficiently as possible. In addition, manufacturing labor costs are also subject to degrees of volatility based on local and global economic conditions. We use commercially reasonable efforts to source from localities that suit our manufacturing standards and result in more favorable labor driven costs to our products.

U.S. Tax Reform. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act includes significant changes to the U.S. corporate income tax system including, among other things, lowering U.S. statutory federal tax rate and implementing a territorial tax system. As we have a March 31 fiscal year-end, the lower tax rate will be phased in, resulting in a U.S. statutory federal tax rate of approximately 32% for Fiscal 2018 and a 21% U.S. statutory federal tax rate for fiscal years thereafter. The Tax Act also adds many new provisions, including changes to bonus depreciation, limits on the deductions for executive compensation and interest expense, a tax on global intangible low-taxed income ("GILTI"), the base erosion anti-abuse tax ("BEAT") and a deduction for foreign derived intangible income ("FDII"). We are still evaluating the impact of these provisions of the Tax Act, which do not apply until 2019, and thus, have not adjusted any net deferred tax assets of our foreign subsidiaries for the new tax.

As part of the transition to the new territorial tax system, the Tax Act imposes a tax on the mandatory deemed repatriation of earnings of our foreign subsidiaries. In addition, the reduction of the U.S. statutory federal tax rate will cause us to re-measure our U.S. deferred tax assets and liabilities. In accordance with Accounting Standards Codification ("ASC") 740, we recorded the effects of the tax law change during Fiscal 2018, which resulted in a provisional charge of \$21.2 million, comprised of an estimated deemed repatriation tax charge of \$3.0 million and an estimated deferred tax charge of \$18.2 million due to the re-measurement of our net U.S. deferred tax assets. Conversely, we realized a \$6.1 million net benefit for Fiscal 2018 due to the corporate tax rate reductions. While the Tax Act has negatively impacted our results of operations for Fiscal 2018 by approximately 200 basis points, the lower corporate rate is expected to result in an ongoing reduction in our effective tax rate. The benefit to our effective tax rate for Fiscal 2019 is expected to be approximately 300 to 400 basis points, which we plan to reinvest in our business.

In December 2017, the SEC issued Staff Accounting Bulletin ("SAB") 118 to provide guidance for companies that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. The final transition impacts of the Tax Act may differ from the above estimate, possibly materially due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. Our estimates are provisional and subject to adjustment in Fiscal 2019 under the measurement period allowed by the SEC. The Company expects to finalize its accounting related to the impacts of the Tax Act on the one-time transition tax liability, deferred taxes, valuation allowances, state tax considerations, and any remaining basis differences in our foreign subsidiaries during Fiscal 2019. As we complete our analysis of the Tax Act, collect and prepare necessary data and interpret any additional guidance issued by the United States Department of the Treasury, the Internal Revenue Service and other standard-setting bodies, we may make adjustments during Fiscal 2019 to the provisional amounts recorded in Fiscal 2018.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Critical accounting policies are those that are the most important to the portrayal of our results of operations and financial condition and that require our most difficult, subjective and complex judgments to make estimates about the effect of matters that are inherently uncertain. In applying such policies, we must use certain assumptions that are based upon on our informed judgments, assessments of probability and best estimates. Estimates, by their nature, are subjective and are based on analysis of available information, including current and historical factors and the experience and judgment of management. We evaluate our assumptions and estimates on an ongoing basis. While our significant accounting policies are detailed in Note 2 to the accompanying financial statements, our critical accounting policies are discussed below and include revenue recognition (including deferred revenue associated with our loyalty program), inventories, impairment of long-lived assets, goodwill, share-based compensation, derivatives and income taxes.

Revenue Recognition

Revenue is recognized when there is persuasive evidence of an arrangement, delivery has occurred, the price has been fixed and determinable and collectability is reasonably assured. We recognize retail store revenue upon sale of our products to retail consumers, net of estimated returns. Revenue from sales through our e-commerce sites is recognized at the time of delivery to the customer, reduced by an estimate of returns. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, after merchandise is shipped and title and risk of loss are transferred to our wholesale customers. To arrive at net sales for retail, gross sales are reduced by actual customer returns, as well as by a provision for estimated future customer returns, which is based on management's review of historical and current customer returns. The amounts reserved for retail sales returns were $12.1 million, $7.3 million and $4.7 million at March 31, 2018, April 1, 2017 and April 2, 2016, respectively. To arrive at net sales for wholesale, gross sales are reduced by provisions for estimated future returns based on current expectations, as well as trade discounts, markdowns, allowances, operational chargebacks, and certain cooperative selling expenses. Total sales reserves for wholesale were $108.6 million, $96.7 million and $110.9 million at March 31, 2018, April 1, 2017 and April 2, 2016, respectively. These estimates are based on such factors as historical trends, actual and forecasted performance, and market conditions, which are reviewed by management on a quarterly basis. Our historical estimates of these costs were not materially different from actual results.

Royalty revenue generated from product licenses, which includes contributions for advertising, is based on reported sales of licensed products bearing our tradenames at rates specified in the license agreements. These agreements are also subject to contractual minimum levels. Royalty revenue generated by geographic licensing agreements is recognized as it is earned under the licensing agreements based on reported sales of licensees applicable to specified periods, as outlined in the agreements. These agreements allow for the use of our tradenames to sell our branded products in specific geographic regions.

During Fiscal 2018, we launched our Michael Kors customer loyalty program in the U.S., which allows customers to earn points on qualifying purchases toward monetary and non-monetary rewards that may be redeemed for purchases at our U.S. retail stores and e-commerce site. We defer a portion of the initial sales transaction based on the estimated relative fair value of the benefits using statistical formulas including the projected timing of future redemptions and historical activity. These amounts include estimated "breakage" for points that are not expected to be redeemed. The deferred revenue, net of an estimated "breakage," is recorded as a reduction to revenue in the consolidated statements of income and comprehensive income. Our breakage and other assumptions used to determine the estimated fair value of benefits are estimates, which could vary significantly from actual benefits that will be redeemed in the future.

Inventories

Our inventory costs include amounts paid to independent manufacturers, plus duties and freight to bring the goods to the Company's warehouses, which are located in the United States, United Kingdom, Holland, Canada, China, Hong Kong, Japan, South Korea, Switzerland, Taiwan and United Arab Emirates. We continuously evaluate the composition of our inventory and make adjustments when the cost of inventory is not expected to be fully recoverable. The net realizable value of our inventory is estimated based on historical experience, current and forecasted demand and market conditions. In addition, reserves for inventory losses are estimated based on historical experience and inventory counts. Our inventory reserves are estimates, which could vary significantly from actual results if future economic conditions, customer demand or competition differ from expectations. Our historical estimates of these adjustments have not differed materially from actual results.

Long-lived Assets

We evaluate all long-lived assets, including fixed assets and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. For the purposes of impairment testing, we group our long-lived assets according to their lowest level of use, such as aggregating and capitalizing all construction costs related to a retail store into leasehold improvements and those related to our wholesale business into shop-in-shops. Our leasehold improvements are typically amortized over the life of the store lease, including highly probable renewals, and our shop-in-shops are amortized over a useful life of three or four years. Our impairment testing is based on our best estimate of the future operating cash flows. If the sum of our estimated undiscounted future cash flows associated with the asset is less than the asset's carrying value, we recognize an impairment charge, which is measured as the amount by which the carrying value exceeds the fair value of the asset. These estimates of future cash flows require significant management judgment and certain assumptions about future volume, sales and expense growth rates, devaluation and inflation. As such, these estimates may differ from actual cash flows and future impairments may result if actual cash flows are lower than our expectations. During Fiscal 2018, Fiscal 2017 and Fiscal 2016, we recorded impairment charges of $32.7 million, $199.2 million and $10.9 million, respectively, primarily related to fixed assets and lease rights for underperforming Michael Kors retail stores. Please refer to Note 6, Note 7 and Note 12 to the accompanying consolidated audited financial statements for additional information.

Goodwill and Other Indefinite-lived Intangible Assets

We record intangible assets based on their fair value on the date of acquisition. Goodwill is recorded for the difference between the fair value of the purchase consideration over the fair value of the net identifiable tangible and intangible assets acquired. The brand intangible asset recorded in connection with the Jimmy Choo acquisition was determined to be an indefinite-lived intangible asset, which is not subject to amortization. We perform an impairment assessment of goodwill and the Jimmy Choo brand intangible asset on an annual basis, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill and the Jimmy Choo brand are assessed for impairment during the fourth quarter of each fiscal year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business.

We may assess our goodwill and our indefinite-lived intangible asset for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of these assets is greater than their carrying value. When performing a qualitative test, we assess various factors including industry and market conditions, macroeconomic conditions and performance of our businesses. If the results of the qualitative assessment indicate that it is more likely than not that our goodwill and other indefinite-lived intangible assets are impaired, a quantitative impairment analysis would be performed to determine if impairment is required. We may also elect to perform a quantitative analysis of goodwill and our indefinite-lived intangible asset initially rather than using a qualitative approach.

The impairment testing for goodwill is performed at the reporting unit level. The valuation methods used in the quantitative fair value assessment, discounted cash flow and market multiples method, require our management to make certain assumptions and estimates regarding certain industry trends and future profitability of our reporting units. If the fair value of a reporting unit exceeds the related carrying value, the reporting unit's goodwill is considered not to be impaired and no further testing is performed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference. The valuation of goodwill is affected by, among other things, our business plan for the future and estimated results of future operations. Future events could cause us to conclude that impairment indicators exist, and, therefore, that goodwill may be impaired.

If we elect to perform a quantitative impairment assessment of our indefinite-lived intangible asset, the fair value of the Jimmy Choo brand is estimated using a discounted cash flow analysis based on the "relief from royalty" method, assuming that a third party would be willing to pay a royalty in lieu of ownership for this intangible asset. This approach is dependent on many factors, including estimates of future growth, royalty rates, and discount rates. Actual future results may differ from these estimates. Impairment loss is recognized when the estimated fair value of the Jimmy Choo brand intangible assets is less than its carrying amount.

During the fourth quarter of Fiscal 2018, we elected to perform our annual goodwill impairment analysis for our Michael Kors brand using a quantitative approach, using the discounted cash flow method to estimate fair value. Based on the results of these assessments, we concluded that the fair values of the Michael Kors reporting units significantly exceeded the related carrying amounts and there were no reporting units at risk of impairment. The impairment analyses relating to the Jimmy Choo goodwill and brand were performed using a qualitative approach due to the proximity to the acquisition date and it was concluded that it is more likely than not that the fair value of goodwill and brand exceeded their respective carrying values and, therefore, did not result in impairment. See Note 12 to the accompanying audited financial statements for information relating to our annual impairment analysis performed during the fourth quarter of Fiscal 2018. There were no impairment charges related to goodwill in any of the fiscal periods presented.

Share-based Compensation

We grant share-based awards to certain of our employees and directors. The grant date fair value of share options is calculated using the Black-Scholes option pricing model, which requires us to use subjective assumptions. The closing market price at the grant date is used to determine the grant date fair value of restricted shares, restricted share units, and performance restricted share units. These values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for performance grants, or the passage of time for those grants which have only time-based vesting requirements.

Beginning in Fiscal 2018, we began using our own historical experience in determining the expected holding period and volatility of our time-based share option awards. In prior periods, we used the simplified method for determining the expected life of our options and average volatility rates of similar actively traded companies over the estimated holding period, due to insufficient historical option exercise experience as a public company. Determining the grant date fair value of share-based awards requires considerable judgment, including estimating expected volatility, expected term, risk-free rate, and forfeitures. If factors change and we employ different assumptions, the fair value of future awards and resulting share-based compensation expense may differ significantly from what we have estimated in the past.

Derivative Financial Instruments

We use forward currency exchange contracts to manage our exposure to fluctuations in foreign currency for certain of our transactions. We are exposed to risks on certain purchase commitments to foreign suppliers based on the value of our purchasing subsidiaries' local currency relative to the currency requirement of the supplier on the date of the commitment. As such, we enter into forward currency contracts that generally mature in 12 months or less, which is consistent with the related purchase commitments. We designate certain contracts related to the purchase of inventory that qualify for hedge accounting as cash flow hedges. All of our derivative instruments are recorded in our consolidated balance sheets at fair value on a gross basis, regardless of their hedge designation. The effective portion of changes in the fair value for contracts designated as cash flow hedges is recorded in equity as a component of accumulated other comprehensive income (loss) until the hedged item effects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third party, the gains or losses deferred in accumulated other comprehensive income (loss) are recognized within cost of goods sold. We use regression analysis to assess effectiveness of derivative instruments that are designated as hedges, which compares the change in the fair value of the derivative instrument to the change in the related hedged item. Effectiveness is assessed on a quarterly basis and any portion of the designated hedge contracts deemed ineffective is recorded to foreign currency gain (loss). If the hedge is no longer expected to be highly effective in the future, future changes in the fair value are recognized in earnings. For those contracts that are not designated as hedges, changes in the fair value are recorded in foreign currency gain (loss) in our consolidated statements of operations.

The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, the Company only enters into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure.

Income Taxes

Deferred income tax assets and liabilities reflect temporary differences between the tax basis and financial reporting basis of our assets and liabilities and are determined using the tax rates and laws in effect for the periods in which the differences are expected to reverse. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, based on the results of local, state, federal or foreign statutory tax audits or our own estimates and judgments.

Realization of deferred tax assets associated with net operating loss and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration in the applicable tax jurisdiction. We periodically review the recoverability of our deferred tax assets and provide valuation allowances as deemed necessary to reduce deferred tax assets to amounts that more-likely-than-not will be realized. This determination involves considerable judgment and our management considers many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings results within various taxing jurisdictions, expectations of future taxable income, the carryforward periods remaining and other factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. Deferred tax assets could be reduced in the future if our estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable.

We recognize the impact of an uncertain income tax position taken on our income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. The effect of an uncertain income tax position will not be taken into account if the position has less than a 50% likelihood of being sustained. Our tax positions are analyzed periodically (at least quarterly) and adjustments are made as events occur that warrant adjustments for those positions. We record interest expense and penalties payable to relevant tax authorities as income tax expense.

New Accounting Pronouncements

Please refer to Note 2 to the accompanying consolidated financial statements for detailed information relating to recently adopted and recently issued accounting pronouncements and the associated impacts.

Segment Information

We generate revenue through four reporting segments: MK Retail, MK Wholesale, MK Licensing and Jimmy Choo. The following table presents our total revenue and income from operations by segment for Fiscal 2018, Fiscal 2017 and Fiscal 2016 (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Total revenue:			
MK Retail	$ 2,711.8	$ 2,572.1	$ 2,394.9
MK Wholesale	1,639.3	1,775.8	2,143.9
MK Licensing	144.9	145.8	173.3
Michael Kors	4,496.0	4,493.7	4,712.1
Jimmy Choo	222.6	—	—
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1
Income from operations:			
MK Retail	$ 333.8	$ 159.8	$ 501.4
MK Wholesale	373.8	468.1	584.1
MK Licensing	58.2	62.0	89.6
Michael Kors	765.8	689.9	1,175.1
Jimmy Choo	(16.7)	—	—
Income from operations	$ 749.1	$ 689.9	$ 1,175.1

MK Retail

We have four primary Michael Kors retail store formats: "Collection" stores, "Lifestyle" stores, outlet stores and e-commerce, through which we sell our products, as well as licensed products bearing our name, directly to the end consumer throughout the Americas (United States, Canada and Latin America, excluding Brazil), Europe and certain parts of Asia. In addition to these four retail formats, we operate concessions in a select number of department stores. Michael Kors "Collection" stores are located in highly prestigious shopping areas, while Michael Kors "Lifestyle" stores are located in well-populated commercial shopping locations and leading regional shopping centers. Michael Kors outlet stores, which are generally in outlet centers, extend our reach to additional consumer groups. Michael Kors e-commerce business includes e-commerce sites in the U.S., Canada, certain parts of Europe, China and Japan. During Fiscal 2018, we further expanded our Michael Kors e-commerce presence to 14 additional countries in Europe and South Korea, increasing our total e-commerce site presence to 25 Michael Kors e-commerce sites as of March 31, 2018.

The following table presents the changes in our global network of Michael Kors retail stores and total revenue for the MK Retail segment by geographic location for Fiscal 2018, Fiscal 2017, and Fiscal 2016 (dollars in millions):

	March 31, 2018	April 1, 2017	April 2, 2016
Full price retail stores including concessions:			
Number of stores	596	614	492
(Decrease) increase during period	(18)	122	119
Percentage (decrease) increase vs. prior year	(2.9)%	24.8%	31.9%
Total gross square footage	1,352,858	1,408,775	1,140,025
Average square footage per store	2,270	2,294	2,317
Outlet stores:			
Number of stores	233	213	176
Increase during period	20	37	23
Percentage increase vs. prior year	9.4 %	21.0%	15.0%
Total gross square footage	955,545	849,184	637,325
Average square footage per store	4,101	3,987	3,621
MK Retail Revenue - the Americas	$ 1,678.4	$ 1,713.7	$ 1,779.0
MK Retail Revenue - Europe	$ 564.4	$ 507.7	$ 509.6
MK Retail Revenue - Asia	$ 469.0	$ 350.7	$ 106.3

The following table presents our Michael Kors retail stores by geographic location:

	March 31, 2018	April 1, 2017	April 2, 2016
Store count by region:			
The Americas	379	398	390
Europe	198	201	177
Asia	252 [(1)]	228 [(1)]	101
Total	829	827	668

(1) Store count for Asia as of March 31, 2018 and April 1, 2017 includes 129 stores and 111 stores, respectively, associated with the previously licensed business in Greater China (comprised of China, Hong Kong, Macau and Taiwan) acquired on May 31, 2016.

See Note 3 to the accompanying consolidated financial statements for additional information.

MK Wholesale

We sell Michael Kors products directly to department stores, primarily located across the Americas and Europe to accommodate consumers who prefer to shop at major department stores. In addition, we sell to specialty stores for those consumers who enjoy the boutique experience afforded by such stores, as well as to travel retail shops, in the Americas, Europe and Asia. We also have wholesale arrangements pursuant to which we sell Michael Kors products to our geographic licensees in certain parts of EMEA (Europe, Middle East and Africa) and Asia, as well as in Brazil. We continue to focus our sales efforts and drive sales in existing locations by enhancing presentation with our specialized fixtures that effectively communicate our brand and create a more personalized shopping experience for consumers. We tailor our assortments through wholesale product planning and allocation processes to better match the demands of our department store customers in each local market.

The following table presents the changes in our global network of Michael Kors wholesale doors, as well as the corresponding revenue for the MK Wholesale segment by geographic location for Fiscal 2018, Fiscal 2017 and Fiscal 2016 (dollars in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Number of full-price wholesale doors	3,544	3,607	3,889
Decrease during period	(63)	(282)	(149)
MK Wholesale revenue - the Americas	$ 1,234.0	$ 1,340.9	$ 1,628.6
MK Wholesale revenue - EMEA	$ 343.9	$ 376.5	$ 406.4
MK Wholesale revenue - Asia	$ 61.4	$ 58.4	$ 108.9

MK Licensing

We generate licensing revenue for our Michael Kors brand through product and geographic licensing arrangements. Our product license agreements allow third parties to use the Michael Kors brand name and trademarks in connection with the manufacturing and sale of a variety of products, including watches, jewelry, fragrances and beauty, and eyewear. In product licensing arrangements, we take an active role in the design, marketing and distribution of products under the Michael Kors brand. Our geographic licensing arrangements allow third parties to use our Michael Kors tradenames in connection with the retail and/or wholesale sales of our Michael Kors branded products in specific geographic regions, such as Brazil, the Middle East, South Africa, Eastern Europe, certain parts of Asia and Australia. We acquired direct control of our licensed operations in the Greater China region on May 31, 2016. The results of the acquired business are now being reported as part of our MK Retail and MK Wholesale operations. During the second quarter of Fiscal 2017, the Company licensed the right to operate retail stores bearing the Michael Kors trademark to a third party in Brazil.

Jimmy Choo

The Jimmy Choo business was acquired and consolidated by the Company beginning on November 1, 2017. We generate revenue through the sale of Jimmy Choo luxury goods to end clients through directly operated Jimmy Choo stores throughout North America (United States and Canada), EMEA and certain parts of Asia, through our e-commerce sites, as well as through wholesale sales of luxury goods to distribution partners (including geographic licensing arrangements that allow third parties to use the Jimmy Choo tradenames in connection with retail and/or wholesale sales of Jimmy Choo branded products in specific geographic regions), multi-brand department stores and specialty stores worldwide. In addition, revenue is generated through product licensing agreements, which allow third parties to use the Jimmy Choo brand name and trademarks in connection with the manufacturing and sale of fragrances, sunglasses and eyewear, as well as through geographic licensing arrangements, which allow third parties to use the Jimmy Choo tradenames in connections with the retail and/or wholesale sales of our Jimmy Choo branded products in specific geographic regions.

The following table presents our global network of Jimmy Choo retail stores and wholesale doors as of March 31, 2018:

	March 31, 2018
Store count:	
Full price retail stores (including concessions)	158
Outlet stores	24
Total number of retail stores	182
Number of full-price wholesale doors	629

The following table presents Jimmy Choo revenue by geographic location, which has been included in the Company's results of operations from November 1, 2017 through March 31, 2018 (in millions):

	Revenue
The Americas	$ 37.3
EMEA	123.0
Asia	62.3
Total	$ 222.6

Key Performance Indicators and Statistics

We use a number of key indicators of operating results to evaluate our performance, including the following (dollars in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1
Decrease in comparable store net sales	(2.2)%	(8.3)%	(4.2)%
Gross profit as a percent of total revenue	60.6 %	59.2 %	59.4 %
Income from operations	$ 749.1	$ 689.9	$ 1,175.1
Income from operations as a percent of total revenue	15.9 %	15.4 %	24.9 %

General Definitions for Operating Results

Total revenue consists of sales from comparable retail stores and e-commerce sites and non-comparable retail stores and e-commerce sites, net of returns and markdowns, as well as those made to our wholesale customers, net of returns, discounts, markdowns and allowances. Additionally, revenue includes royalties and other contributions earned on sales of licensed products by our licensees as well as contractual royalty rates for the use of our trademarks in certain geographic territories.

Comparable store net sales include sales from a retail store or an e-commerce site that has been operating for one full year after the end of the first month of its operation under our ownership. For stores that are closed, sales that were made in the final month of their operations (assuming closure prior to the fiscal month's end), are excluded from the calculation of comparable store sales. Additionally, sales for stores that are either relocated, or expanded by a square footage of 25% or greater, in any given fiscal year, are also excluded from the calculation of comparable store sales at the time of their move or interruption, until such stores have been in their new location, or are operating under their new size/capacity, for at least one full year after the end of the first month of their relocation or expansion. All comparable store sales are presented on a 52-week basis. Comparable store sales are reported on a global basis, which represents management's view of our Company as an expanding global business.

Constant currency effects are non-U.S. GAAP financial measures, which are provided to supplement our reported operating results to facilitate comparisons of our operating results and trends in our business, excluding the effects of foreign currency rate fluctuations. Because we are a global company, foreign currency exchange rates may have a significant effect on our reported results. We calculate constant currency measures and the related foreign currency impacts by translating the current-year's reported amounts into comparable amounts using prior year's foreign exchange rates for each currency. All constant currency performance measures discussed below should be considered a supplement to and not in lieu of our operating performance measures calculated in accordance with U.S. GAAP.

Cost of goods sold includes the cost of inventory sold, freight-in on merchandise and foreign currency exchange gains/ losses related to designated forward contracts for purchase commitments. All retail operating and occupancy costs are included in selling, general and administrative expenses (see below) and, as a result, our cost of goods sold may not be comparable to that of other entities that have chosen to include some or all of those expenses as a component of their cost of goods sold.

Gross profit is total revenue minus cost of goods sold. As a result of retail operating and occupancy costs being excluded from our cost of goods sold, our gross profit may not be comparable to that of other entities that have chosen to include some or all of those expenses as a component of their gross profit.

Selling, general and administrative expenses consist of warehousing and distribution costs, rent for our distribution centers, payroll, store occupancy costs (such as rent, common area maintenance, store pre-opening, real estate taxes and utilities), information technology and systems costs, corporate payroll and related benefits, advertising and promotion expense and other general expenses.

Depreciation and amortization includes depreciation and amortization of fixed and definite-lived intangible assets.

Impairment consists of charges to write-down fixed assets and definite-lived intangible assets to fair value.

Restructuring and other charges includes store closure costs recorded in connection with the Retail Fleet Optimization Plan, as well as transaction and transition costs recorded in connection with our acquisitions of the Jimmy Choo and MKHKL businesses (please refer to Note 3 and Note 9 to the accompanying consolidated financial statements for additional information).

Income from operations consists of gross profit minus total operating expenses.

Other (income) expense, net includes insurance settlements, proceeds received related to our anti-counterfeiting efforts and rental income from our owned distribution center in Europe. In future periods, it may include any other miscellaneous activities not directly related to our operations.

Interest expense, net represents interest and fees on our revolving credit facilities, senior notes, term loan facilities and letters of credit (see “Liquidity and Capital Resources” for further detail on our credit facilities), as well as amortization of deferred financing costs and original issue discount, offset by interest earned on highly liquid investments (investments purchased with an original maturity of three months or less, classified as cash equivalents).

Foreign currency (gain)/loss includes net gains or losses related to the mark-to-market (fair value) on our forward currency contracts not designated as accounting hedges and unrealized income or loss from the re-measurement of monetary assets and liabilities denominated in currencies other than the functional currencies of our subsidiaries.

Noncontrolling interests represents the portion of the equity ownership in the Michael Kors Latin American joint venture, MK (Panama) Holdings, S.A. and subsidiaries (“MK Panama”). During the three months ended July 1, 2017, we repurchased a portion of the non-controlling interest in MK Panama for approximately $0.5 million and have a 75% ownership interest in MK Panama. In addition, on November 1, 2017 we acquired Jimmy Choo, which has controlling financial interests in the Jimmy Choo Middle East Joint Venture, JC Industry S.r.L (“JCI”), and JC Gulf Trading LLC (“JC Gulf”). As such, noncontrolling interest includes the portion of the equity ownership in JCI and JC Gulf, which is not attributable to our Company.

Results of Operations

Comparison of Fiscal 2018 with Fiscal 2017

The following table details the results of our operations for Fiscal 2018 and Fiscal 2017 and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Fiscal Years Ended					
	March 31, 2018	April 1, 2017	$ Change	% Change	% of Total Revenue for Fiscal 2018	% of Total Revenue for Fiscal 2017
Statements of Operations Data:						
Total revenue	$ 4,718.6	$ 4,493.7	$ 224.9	5.0 %		
Cost of goods sold	1,859.3	1,832.3	27.0	1.5 %	39.4 %	40.8 %
Gross profit	2,859.3	2,661.4	197.9	7.4 %	60.6 %	59.2 %
Selling, general and administrative expenses	1,766.8	1,541.2	225.6	14.6 %	37.4 %	34.3 %
Depreciation and amortization	208.6	219.8	(11.2)	(5.1)%	4.4 %	4.9 %
Impairment of long-lived assets	32.7	199.2	(166.5)	(83.6)%	0.7 %	4.4 %
Restructuring and other charges [1]	102.1	11.3	90.8	NM	2.2 %	0.3 %
Total operating expenses	2,110.2	1,971.5	138.7	7.0 %	44.7 %	43.9 %
Income from operations	749.1	689.9	59.2	8.6 %	15.9 %	15.4 %
Other income, net	(1.7)	(5.4)	3.7	68.5 %	— %	(0.1)%
Interest expense, net	22.3	4.1	18.2	NM	0.5 %	0.1 %
Foreign currency (gain) loss	(13.3)	2.6	(15.9)	NM	(0.3)%	0.1 %
Income before provision for income taxes	741.8	688.6	53.2	7.7 %	15.7 %	15.3 %
Provision for income taxes	149.7	137.1	12.6	9.2 %	3.2 %	3.1 %
Net income	592.1	551.5	40.6	7.4 %		
Less: Net income (loss) attributable to noncontrolling interests	0.2	(1.0)	1.2	NM		
Net income attributable to MKHL	$ 591.9	$ 552.5	$ 39.4	7.1 %		

NM Not meaningful.

[1] Includes store closure costs recorded in connection with the Retail Fleet Optimization Plan, as well as transaction and transition costs recorded in connection with our acquisitions of the Jimmy Choo and MKHKL businesses (see Note 3 and Note 9 to the accompanying consolidated financial statements).

Total Revenue

Total revenue increased $224.9 million, or 5.0%, to $4.719 billion for the fiscal year ended March 31, 2018, compared to $4.494 billion for the fiscal year ended April 1, 2017, which included net favorable foreign currency effects of $64.3 million primarily related to the strengthening of the Euro, the Chinese Renminbi and the Canadian Dollar, partially offset by the weakening of the Japanese Yen against the U.S. Dollar in Fiscal 2018, as compared to Fiscal 2017. On a constant currency basis, our total revenue increased $160.6 million, or 3.6%. Total revenue for Fiscal 2018 included approximately $222.6 million of incremental revenue attributable to Jimmy Choo, which was acquired and consolidated into the Company's results of operations effective November 1, 2017. The increase in revenue from our Michael Kors retail business was largely offset by the decrease in Michael Kors wholesale revenue, as further described below.

The following table details revenues for our four business segments (dollars in millions):

	Fiscal Years Ended March 31, 2018	Fiscal Years Ended April 1, 2017	$ Change	% Change As Reported	% Change Constant Currency	% of Total Revenue for Fiscal 2018	% of Total Revenue for Fiscal 2017
Total revenue:							
MK Retail	$ 2,711.8	$ 2,572.1	$ 139.7	5.4 %	3.9 %	57.5%	57.2%
MK Wholesale	1,639.3	1,775.8	(136.5)	(7.7)%	(9.1)%	34.7%	39.5%
MK Licensing	144.9	145.8	(0.9)	(0.6)%	(0.6)%	3.1%	3.3%
Michael Kors	4,496.0	4,493.7	2.3	0.1 %	(1.4)%		
Jimmy Choo	222.6	—	222.6	NM	NM	4.7%	—
Total revenue	$ 4,718.6	$ 4,493.7	$ 224.9	5.0 %	3.6 %		

MK Retail

Revenue from our Michael Kors retail stores increased $139.7 million, or 5.4%, to $2.712 billion for Fiscal 2018, compared to $2.572 billion for Fiscal 2017, which included net favorable foreign currency effects of $38.9 million. On a constant currency basis, revenue from our retail stores increased $100.8 million, or 3.9%. We operated 829 Michael Kors retail stores, including concessions, as of March 31, 2018, compared to 827 retail stores, including concessions, as of April 1, 2017.

Our comparable store sales decreased $50.2 million, or 2.2%, during Fiscal 2018, which included net favorable foreign currency effects of $35.2 million. Our comparable store sales benefited approximately 230 basis points from the inclusion of e-commerce sales in comparable store sales. On a constant currency basis, our comparable store sales decreased $85.4 million, or 3.7%. The decrease in our comparable store sales was primarily attributable to lower sales from our women's accessories, watches and jewelry product categories, offset in part by higher sales from men's accessories, women's apparel and footwear during Fiscal 2018 compared to Fiscal 2017.

Our non-comparable store sales increased $189.9 million during Fiscal 2018, which included net favorable foreign currency effects of $3.7 million. On a constant currency basis, non-comparable store sales increased $186.2 million. The increase in non-comparable store sales was primarily attributable to the growth of our Michael Kors retail store network (net of store closures) and e-commerce operations since April 1, 2017. Our Greater China business acquired on May 31, 2016 contributed incremental revenues of approximately $42.0 million to non-comparable store sales for Fiscal 2018.

MK Wholesale

Revenue from our Michael Kors wholesale customers decreased $136.5 million, or 7.7%, to $1.639 billion for Fiscal 2018, compared to $1.776 billion for Fiscal 2017, which included net favorable foreign currency effects of approximately $25.4 million. On a constant currency basis, our wholesale revenue decreased $161.9 million, or 9.1%. The decrease in our wholesale revenue was primarily attributable to our strategic decrease in promotional activity, which resulted in a reduction in shipments of Michael Kors products within our wholesale channel, as previously described, which resulted in lower women's accessories sales, offset in part by higher sales from men's and women's apparel product lines during Fiscal 2018 as compared to Fiscal 2017. Approximately $7.9 million of the decrease in wholesale revenue was due to the absence of the prior period wholesale sales to our former licensee in Greater China.

MK Licensing

Royalties earned on our Michael Kors licensing agreements decreased $0.9 million, or 0.6%, to $144.9 million for Fiscal 2018, compared to $145.8 million for Fiscal 2017. This decrease was primarily attributable to the absence of licensing revenues from our business in Greater China due to our acquisition of the related operations, lower licensing revenues related to the sales of fashion watches, jewelry and fragrances, largely offset by higher licensing royalties related to sales of Michael Kors ACCESS smartwatches and eyewear.

Jimmy Choo

The Jimmy Choo business acquired on November 1, 2017 contributed approximately $222.6 million to our total revenue for Fiscal 2018.

Gross Profit

Gross profit increased $197.9 million, or 7.4%, to $2.859 billion during Fiscal 2018, compared to $2.661 billion for Fiscal 2017, which included net favorable foreign currency effects of $40.0 million. Gross profit as a percentage of total revenue increased 140 basis points to 60.6% during Fiscal 2018, compared to 59.2% during Fiscal 2017. Our gross margin benefited 20 basis points from the inclusion of Jimmy Choo from the November 1, 2017 acquisition date to March 31, 2018. The increase in our gross profit margin was primarily attributable to a favorable channel mix due to a higher proportion of Michael Kors retail sales, as well as an increase in gross profit margin from our MK Retail segment of 160 basis points, primarily driven by favorable geographic mix of sales, lower cost of goods and decreased promotional activity. The increase in gross profit margin was partially offset by a decrease of 90 basis points in our MK Wholesale segment gross margin, primarily driven by unfavorable product mix and increased markdowns, partially offset by lower costs of goods during Fiscal 2018, as compared to Fiscal 2017.

Total Operating Expenses

Total operating expenses increased $138.7 million, or 7.0%, to $2.110 billion during Fiscal 2018, compared to $1.972 billion for Fiscal 2017. Our operating expenses included a net unfavorable foreign currency impact of approximately $37.7 million. Total operating expenses as a percentage of total revenue increased to 44.7% in Fiscal 2018, compared to 43.9% in Fiscal 2017. The components that comprise total operating expenses are detailed below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $225.6 million, or 14.6%, to $1.767 billion during Fiscal 2018, compared to $1.541 billion for Fiscal 2017, including a net unfavorable foreign currency impact of $32.4 million. The increase in selling, general and administrative expenses was primarily due to the following:

- incremental costs of $134.6 million associated with our newly acquired Jimmy Choo business, which has been consolidated into our operations beginning on November 1, 2017;
- an increase of $47.9 million in retail store and overhead costs (excluding newly acquired businesses), primarily comprised of increased occupancy costs of $25.6 million, advertising costs of $13.2 million and compensation-related costs of $7.3 million;
- incremental expenses of approximately $22.3 million due to the inclusion of the Greater China business acquired on May 31, 2016 for the full year in Fiscal 2018; and
- an increase of $31.8 million in corporate expenses.

These increases were partially offset by:

- lower deferred rent of $15.8 million in connection with store closures under our Retail Fleet Optimization Plan.

Selling, general and administrative expenses as a percentage of total revenue increased to 37.4% during Fiscal 2018, compared to 34.3% for Fiscal 2017, primarily due to expenses associated with the newly acquired Jimmy Choo business.

Depreciation and Amortization

Depreciation and amortization decreased $11.2 million, or 5.1%, to $208.6 million during Fiscal 2018, compared to $219.8 million for Fiscal 2017. The decrease in depreciation and amortization expense was primarily attributable to lower depreciation due to fixed asset impairment charges recorded in Fiscal 2017 and Fiscal 2018. The depreciation and amortization expense for Fiscal 2018 included incremental depreciation and amortization of $13.3 million related to the newly acquired Jimmy Choo business, as well as $5.7 million of incremental depreciation and amortization expenses due to the inclusion of the Greater China business for the full period in Fiscal 2018, both including amortization of the respective purchase accounting adjustments. Depreciation and amortization decreased to 4.4% as a percentage of total revenue during Fiscal 2018, compared to 4.9% for Fiscal 2017.

Impairment of Long-Lived Assets

During Fiscal 2018, we recognized long-lived asset impairment charges of $32.7 million, $31.3 million of which related to underperforming Michael Kors full-price retail store locations, some of which we plan to close as part of the Company's previously announced Retail Fleet Optimization Plan and $1.4 million related to wholesale operations. During Fiscal 2017, we recognized long-lived asset impairment charges of approximately $199.2 million, $198.7 million of which related to fixed assets and lease rights for underperforming Michael Kors retail store locations and $0.5 million related to our Michael Kors wholesale locations. Please refer to Note 12 and Note 19 to the accompanying consolidated financial statements for additional information.

Restructuring and Other Charges

During Fiscal 2018, we recognized restructuring and other charges of $102.1 million, which were comprised of $40.6 million of transaction costs and $8.9 million of transition costs recorded in connection with the Jimmy Choo acquisition, as well as restructuring charges of $52.6 million recorded in connection with our Michael Kors brand Retail Fleet Optimization Plan (see Note 9 to the accompanying consolidated financial statements for additional information). During Fiscal 2017, we recorded $11.3 million of transaction costs related to the acquisition of the Greater China business.

Income from Operations

As a result of the foregoing, income from operations increased $59.2 million, or 8.6%, to $749.1 million during Fiscal 2018, compared to $689.9 million for Fiscal 2017, which included net favorable foreign currency effects of $2.3 million. Income from operations as a percentage of total revenue increased to 15.9% in Fiscal 2018, compared to 15.4% in Fiscal 2017.

The following table details income from operations for our four business segments (dollars in millions):

	Fiscal Years Ended					
	March 31, 2018	April 1, 2017	$ Change	% Change	% of Total Revenue for Fiscal 2018	% of Total Revenue for Fiscal 2017
Income from operations:						
MK Retail	$ 333.8	$ 159.8	$ 174.0	108.9 %	12.3 %	6.2%
MK Wholesale	373.8	468.1	(94.3)	(20.1)%	22.8 %	26.4%
MK Licensing	58.2	62.0	(3.8)	(6.1)%	40.2 %	42.5%
Michael Kors	765.8	689.9	75.9	11.0 %	17.0 %	15.4%
Jimmy Choo	(16.7)	—	(16.7)	NM	(7.5)%	—%
Income from operations	$ 749.1	$ 689.9	$ 59.2	8.6 %	15.9 %	15.4%

MK Retail

Income from operations for our MK Retail segment increased $174.0 million, or 108.9%, to $333.8 million during Fiscal 2018, compared to $159.8 million for Fiscal 2017. Income from operations for Fiscal 2018 included restructuring charges of $52.6 million and impairment charges of $31.3 million relating to underperforming Michael Kors retail store locations and store closures in connection with our previously mentioned Retail Fleet Optimization Plan. Income from operations for Fiscal 2017 included $198.7 million of impairment charges related to underperforming retail stores. Income from operations as a percentage of retail revenue increased 610 basis points from 6.2% in Fiscal 2017 to 12.3% during Fiscal 2018. The increase in income from operations as a percentage of retail revenue was attributable to lower operating expenses of 450 basis points and a 160 basis point improvement in gross profit margin, as previously discussed. The decrease in operating expenses as a percentage of total revenue was largely due to a 440 basis point year-over-year decrease in impairment and restructuring charges, as mentioned above, as well as lower depreciation expenses, offset in part by allocated transaction and transition costs in connection with the Jimmy Choo acquisition and an increase in retail store related costs.

MK Wholesale

Income from operations for our wholesale segment decreased $94.3 million, or 20.1%, to $373.8 million during Fiscal 2018, compared to $468.1 million for Fiscal 2017. Income from operations as a percentage of wholesale revenue decreased approximately 360 basis points from 26.4% during Fiscal 2017 to 22.8% during Fiscal 2018, which was primarily attributable to an increase in operating expenses as a percentage of wholesale revenue of approximately 270 basis points, as well as a 90 basis point decrease in our wholesale gross profit margin, as previously discussed. The increase in operating expenses as a percentage of wholesale revenue was primarily attributable to a deleverage in other operating expenses due to lower wholesale revenue, as well as increased corporate allocated expenses, including transaction and transition costs associated with the Jimmy Choo acquisition.

MK Licensing

Income from operations for our licensing segment decreased $3.8 million, or 6.1%, to $58.2 million during Fiscal 2018, compared to $62.0 million for Fiscal 2017. Income from operations as a percentage of licensing revenue declined approximately 230 basis points from 42.5% during Fiscal 2017 to 40.2% during Fiscal 2018. The decrease in licensing income from operations as a percentage of licensing revenue was attributable to increased operating expenses as a percentage of licensing revenue during Fiscal 2018, as compared to Fiscal 2017, primarily due to increased corporate allocated expenses, including transaction and transition costs associated with the Jimmy Choo acquisition, partially offset by lower advertising costs as a percentage of licensing revenue.

Jimmy Choo

During the period from the November 1, 2017 acquisition date to March 31, 2018, we recorded a net loss from operations for Jimmy Choo of $16.7 million (after amortization of non-cash purchase accounting adjustments and transaction and transition related costs).

Other Income, net

Other income of $1.7 million during Fiscal 2018 was primarily related to rental income from our owned distribution center in Europe. Other income of $5.4 million during Fiscal 2017 was primarily comprised of a $3.8 million in insurance settlements related to the prior-year disruption to our former third-party operated e-commerce fulfillment center, $0.9 million in income related to our anti-counterfeiting efforts and $0.7 million of rental income from our owned distribution center in Europe.

Interest expense, net

Interest expense, net increased $18.2 million to $22.3 million for Fiscal 2018, as compared to $4.1 million for Fiscal 2017, primarily due to higher interest expense on long-term borrowings used to finance the acquisition of Jimmy Choo during Fiscal 2018 (see Note 10 for additional information).

Foreign Currency (Gain) Loss

We recognized a net foreign currency gain of $13.3 million during Fiscal 2018, which included net gains on revaluation and settlement of certain of our accounts payable in currencies other than the functional currency of the applicable reporting units, and the remeasurement of dollar-denominated intercompany loans with certain of our subsidiaries, as well as a net gain of $3.4 million related to the change in fair value of undesignated forward foreign currency exchange contracts, primarily comprised of a $4.7 million realized gain related to a forward foreign currency exchange derivative contract to hedge the transaction price of the Jimmy Choo acquisition (please refer to Note 3 and Note 13 to the accompanying consolidated financial statements for additional information).

The foreign currency loss of $2.6 million recorded during Fiscal 2017 was primarily attributable to net losses on the revaluation and settlement of certain of our accounts payable in currencies other than the functional currency of the applicable reporting units, as well as the remeasurement of dollar-denominated intercompany loans with certain of our subsidiaries. The net foreign currency loss for Fiscal 2017 also included favorable mark-to-market adjustment of $2.6 million related to our forward foreign currency contracts not designated as accounting hedges.

Provision for Income Taxes

We recognized $149.7 million of income tax expense during Fiscal 2018, compared with $137.1 million for Fiscal 2017. Our effective tax rate for Fiscal 2018 was 20.2%, compared to 19.9% for Fiscal 2017. The increase in our effective tax rate was primarily due to the the re-measurement of uncertain U.S. state and foreign tax positions and the unfavorable effects of U.S. tax reform. These increases were partially offset by an increase in income in lower tax jurisdictions, primarily in Europe.

Our effective tax rate may fluctuate from time to time due to the effects of changes in U.S. state and local taxes and tax rates in foreign jurisdictions. In addition, factors such as the geographic mix of earnings, enacted tax legislation and the results of various global tax strategies, may also impact our effective tax rate in future periods.

Net Income Attributable to MKHL

As a result of the foregoing, our net income attributable to MKHL increased $39.4 million, or 7.1%, to $591.9 million during Fiscal 2018, compared to $552.5 million for Fiscal 2017.

Results of Operations

Comparison of Fiscal 2017 with Fiscal 2016

The following table details the results of our operations for Fiscal 2017 and Fiscal 2016 and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Fiscal Years Ended					
	April 1, 2017	April 2, 2016	$ Change	% Change	% of Total Revenue for Fiscal 2017	% of Total Revenue for Fiscal 2016
Statements of Operations Data:						
Total revenue	$ 4,493.7	$ 4,712.1	(218.4)	(4.6)%		
Cost of goods sold	1,832.3	1,914.9	(82.6)	(4.3)%	40.8 %	40.6 %
Gross profit	2,661.4	2,797.2	(135.8)	(4.9)%	59.2 %	59.4 %
Selling, general and administrative expenses	1,541.2	1,428.0	113.2	7.9 %	34.3 %	30.3 %
Depreciation and amortization	219.8	183.2	36.6	20.0 %	4.9 %	3.9 %
Impairment of long-lived assets	199.2	10.9	188.3	NM	4.4 %	0.2 %
Restructuring and other charges	11.3	—	11.3	NM	0.3 %	— %
Total operating expenses	1,971.5	1,622.1	349.4	21.5 %	43.9 %	34.4 %
Income from operations	689.9	1,175.1	(485.2)	(41.3)%	15.4 %	24.9 %
Other income, net	(5.4)	(3.7)	(1.7)	45.9 %	(0.1)%	(0.1)%
Interest expense, net	4.1	1.7	2.4	141.2 %	0.1 %	— %
Foreign currency loss	2.6	4.8	(2.2)	(45.8)%	0.1 %	0.1 %
Income before provision for income taxes	688.6	1,172.3	(483.7)	(41.3)%	15.3 %	24.9 %
Provision for income taxes	137.1	334.6	(197.5)	(59.0)%	3.1 %	7.1 %
Net income	551.5	837.7	(286.2)	(34.2)%		
Less: Net loss attributable to noncontrolling interest	(1.0)	(1.4)	0.4	(28.6)%		
Net income attributable to MKHL	$ 552.5	$ 839.1	$ (286.6)	(34.2)%		

NM Not meaningful.

Total Revenue

Total revenue decreased $218.4 million, or 4.6%, to $4.494 billion for the fiscal year ended April 1, 2017, compared to $4.712 billion for the fiscal year ended April 2, 2016, which included net unfavorable foreign currency effects of $11.7 million primarily related to the weakening of the British Pound and the Euro, partially offset by the strengthening of the Japanese Yen against the U.S. Dollar in Fiscal 2017, as compared to Fiscal 2016. On a constant currency basis, our total revenue decreased by $206.7 million, or 4.4%. The decrease in our total revenue was primarily attributable to lower Michael Kors wholesale and licensing revenues, partially offset by increased revenue from our Michael Kors retail business. Total revenue in Fiscal 2017 included approximately $168.3 million of incremental revenue attributable to our recent acquisitions, including $151.1 million related to our acquisition of the Greater China operations on May 31, 2016 and incremental revenues of $4.0 million and $13.2 million, respectively, resulting from our consolidation of MK Panama and acquisition of MK Korea in Fiscal 2016. Fiscal 2016 included approximately $33.7 million of incremental retail revenue attributable to the inclusion of the 53rd week.

The following table details revenues for our three business segments (dollars in millions):

	Fiscal Years Ended			% Change		% of Total Revenue for Fiscal 2017	% of Total Revenue for Fiscal 2016
	April 1, 2017	April 2, 2016	$ Change	As Reported	Constant Currency		
Total Revenue:							
MK Retail	$ 2,572.1	$ 2,394.9	$ 177.2	7.4 %	7.8 %	57.2%	50.8%
MK Wholesale	1,775.8	2,143.9	(368.1)	(17.2)%	(17.0)%	39.5%	45.5%
MK Licensing	145.8	173.3	(27.5)	(15.9)%	(15.9)%	3.3%	3.7%
Total revenue	$ 4,493.7	$ 4,712.1	$ (218.4)	(4.6)%	(4.4)%		

MK Retail

Revenue from our Michael Kors retail stores increased $177.2 million, or 7.4%, to $2.572 billion for Fiscal 2017, compared to $2.395 billion for Fiscal 2016, which included unfavorable foreign currency effects of $8.7 million. On a constant currency basis, revenue from our Michael Kors retail stores increased $185.9 million, or 7.8%. We operated 827 Michael Kors retail stores, including concessions, as of April 1, 2017, compared to 668 Michael Kors retail stores, including concessions, as of April 2, 2016.

Our comparable store sales decreased $172.7 million, or 8.3%, during Fiscal 2017, which included net unfavorable foreign currency effects of $3.9 million. Our comparable store sales benefited approximately 304 basis points from the inclusion of the North American e-commerce sales in comparable store sales. On a constant currency basis, our comparable store sales decreased $168.8 million, or 8.1%. The decrease in our comparable store sales was primarily attributable to lower sales from our women's accessories, watches and jewelry product categories during Fiscal 2017 compared to Fiscal 2016.

Our non-comparable store sales increased $349.9 million during Fiscal 2017, which included net unfavorable foreign currency effects of $4.8 million. On a constant currency basis, our non-comparable store sales increased $354.7 million. The increase in non-comparable store sales was primarily attributable to operating 159 additional stores since April 2, 2016, including 111 stores associated with our acquisition of the previously licensed operations in Greater China. Our recently acquired and consolidated businesses contributed approximately $226.9 million to our non-comparable store sales for Fiscal 2017, $206.7 million of which related to Greater China, $15.1 million to South Korea and $5.1 million to Latin America. Fiscal 2016 included approximately $33.7 million of incremental retail revenue attributable to the inclusion of the 53rd week.

MK Wholesale

Revenue from our Michael Kors wholesale customers decreased $368.1 million, or 17.2%, to $1.776 billion for Fiscal 2017, compared to $2.144 billion for Fiscal 2016, which included unfavorable foreign currency effects of $3.0 million. On a constant currency basis, our Michael Kors wholesale revenue decreased $365.1 million, or 17.0%. The decrease in our Michael Kors wholesale revenue was primarily attributable to lower sales from our women's accessories, apparel and footwear product lines, offset in part by increased men's sales during Fiscal 2017 as compared to Fiscal 2016. Approximately $51.2 million of the decrease in Michael Kors wholesale revenue was due to the absence of the prior period wholesale sales to our licensees in Greater China, South Korea and Latin America as a result of our acquisition and consolidation of the related businesses.

MK Licensing

Royalties earned on our licensing agreements decreased $27.5 million, or 15.9%, to $145.8 million for Fiscal 2017, compared to $173.3 million for Fiscal 2016. This decrease was primarily attributable to lower licensing revenues related to watches and lower revenues from our geographic licensing arrangements in Asia due to our recent acquisitions of the related licensed operations, as well as a decrease in licensing revenues related to jewelry. These decreases were partially offset by higher licensing revenues related to sales of outerwear.

Gross Profit

Gross profit decreased $135.8 million, or 4.9%, to $2.661 billion during Fiscal 2017, compared to $2.797 billion for Fiscal 2016, which included unfavorable foreign currency effects of $2.0 million. Gross profit as a percentage of total revenue declined 20 basis points to 59.2% during Fiscal 2017, compared to 59.4% during Fiscal 2016. The slight decrease in our gross profit margin was primarily driven by a 250 basis point decline in our MK Retail segment gross margin, primarily attributable to increased promotional activity, which was largely offset by a favorable channel mix due to a higher proportion of retail sales than in the prior fiscal period, as well a 50 basis point improvement in our MK Wholesale segment gross margin, primarily reflecting lower allowances during Fiscal 2017, as compared to Fiscal 2016.

Total Operating Expenses

Total operating expenses increased $349.4 million, or 21.5%, to $1.972 billion during Fiscal 2017, compared to $1.622 billion for Fiscal 2016. Our operating expenses included a net favorable foreign currency impact of approximately $5.4 million. Total operating expenses as a percentage of total revenue increased to 43.9% in Fiscal 2017, compared to 34.4% in Fiscal 2016. The components that comprise total operating expenses are detailed below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $113.2 million, or 7.9%, to $1.541 billion during Fiscal 2017, compared to $1.428 billion for Fiscal 2016. The increase in selling, general and administrative expenses was primarily due to the following:

- an increase of $129.9 million due to the inclusion of the recently acquired businesses in the Greater China and South Korea regions in our operating results during Fiscal 2017; and
- an increase of $31.4 million in retail store occupancy costs, excluding expenses related to acquired businesses, primarily attributable to the growth in our retail store network and our global e-commerce business.

These increases were partially offset in part by:

- a decrease of $29.9 million in corporate expenses, excluding transaction costs and expenses related to acquired businesses;
- a decrease of $12.7 million in selling expenses, excluding acquired businesses; and
- lower retail compensation-related expenses of $11.3 million primarily as a result of our cost reduction initiatives.

Selling, general and administrative expenses as a percentage of total revenue increased to 34.3% during Fiscal 2017, compared to 30.3% for Fiscal 2016. The increase as a percentage of total revenue was primarily due to the increase in our retail store-related costs as a percentage of revenue during Fiscal 2017, as compared to Fiscal 2016.

Depreciation and Amortization

Depreciation and amortization increased $36.6 million, or 20.0%, to $219.8 million during Fiscal 2017, compared to $183.2 million for Fiscal 2016. Approximately $31.1 million of this increase was attributable to depreciation and amortization expenses recorded for our newly acquired and consolidated businesses in Greater China, South Korea and Latin America, including amortization of the reacquired rights intangible asset recognized in connection with the acquisition of the Greater China business. The remainder of the increase in depreciation and amortization expense was due to an increase in build-out of our new Michael Kors retail stores and shop-in-shop locations, and investments in our corporate facilities and our information systems infrastructure. Depreciation and amortization increased to 4.9% as a percentage of total revenue during Fiscal 2017, compared to 3.9% for Fiscal 2016.

Impairment of Long-Lived Assets

During Fiscal 2017, we recognized asset impairment charges of approximately $199.2 million, $198.7 million of which related to fixed assets and lease rights for underperforming Michael Kors retail store locations that are still in operation and $0.5 million related to our Michael Kors wholesale operations. During Fiscal 2016, fixed asset impairment charges of $10.9 million, $8.6 million of which related to Michael Kors retail locations that are still in operation, $0.4 million related to our Michael Kors wholesale operations and $1.9 million related to a corporate fixed asset that is no longer in service. Please refer to Note 11 and Note 18 to the accompanying consolidated financial statements for additional information.

Restructuring and Other Charges

During Fiscal 2017, we recorded $11.3 million of transaction costs related to the acquisition of the Greater China business, which were previously recorded within selling, general and administrative expenses and reclassified to restructuring and other charges to conform to Fiscal 2018 presentation.

Income from Operations

As a result of the foregoing, income from operations decreased $485.2 million, or 41.3%, to $689.9 million during Fiscal 2017, compared to $1.175 billion for Fiscal 2016, which included net favorable foreign currency effects of $3.4 million. Income from operations as a percentage of total revenue declined to 15.4% in Fiscal 2017, compared to 24.9% in Fiscal 2016.

The following table details income from operations for our three business segments (dollars in millions):

	Fiscal Years Ended					
	April 1, 2017	April 2, 2016	$ Change	% Change	% of Total Revenue for Fiscal 2017	% of Total Revenue for Fiscal 2016
Income from operations:						
MK Retail	$ 159.8	$ 501.4	$ (341.6)	(68.1)%	6.2%	20.9%
MK Wholesale	468.1	584.1	(116.0)	(19.9)%	26.4%	27.2%
MK Licensing	62.0	89.6	(27.6)	(30.8)%	42.5%	51.7%
Income from operations	$ 689.9	$ 1,175.1	$ (485.2)	(41.3)%	15.4%	24.9%

MK Retail

Income from operations for our MK Retail segment declined $341.6 million, or 68.1%, to $159.8 million during Fiscal 2017, compared to $501.4 million for Fiscal 2016, which included impairment charges relating to underperforming Michael Kors retail stores of $198.7 million and $8.6 million, respectively. Income from operations as a percentage of net retail sales for the MK Retail segment declined from 20.9% in Fiscal 2016 to 6.2% during Fiscal 2017. Approximately 740 basis points of this decline was attributable to the above mentioned impairment charges. The remaining 730 basis point decrease in retail income from operations as a percentage of net retail sales was primarily due to an increase in other operating expenses as a percentage of net retail sales of approximately 480 basis points, as well as a 250 basis point decrease in gross profit margin, as previously discussed, during Fiscal 2017 as compared to Fiscal 2016. The increase in total retail operating expenses as a percentage of net retail sales was largely due to the following: (i) the above-mentioned impairment charges for underperforming Michael Kors retail stores still in operation; (ii) increased retail store-related costs; (iii) higher depreciation expenses associated with the recently acquired businesses and new store openings; (iv) increased corporate allocated expenses primarily due to the inclusion of transaction costs of $11.3 million related to the acquisition of the Greater China business; and (v) amortization of the reacquired rights intangible asset recognized in connection with our acquisition of the Greater China business.

MK Wholesale

Income from operations for our MK Wholesale segment declined $116.0 million, or 19.9%, to $468.1 million during Fiscal 2017, compared to $584.1 million for Fiscal 2016. Income from operations as a percentage of net wholesale sales decreased approximately 80 basis points to 26.4%. The decrease in wholesale income from operations as a percentage of wholesale net sales was primarily due to higher operating expenses as a percentage of net wholesale sales of approximately 130 basis points, partially offset by a 50 basis point increase in our wholesale gross profit margin, as previously discussed. The increase in operating expenses as a percentage of wholesale sales was primarily attributable to increased distribution, selling and design costs, as well as higher depreciation expenses in Fiscal 2017, partially offset by the absence of prior year write-off related to fixed assets.

MK Licensing

Income from operations for our MK Licensing segment decreased $27.6 million, or 30.8%, to $62.0 million during Fiscal 2017, compared to $89.6 million for Fiscal 2016. Income from operations as a percentage of licensing revenue declined approximately 920 basis points to 42.5%. The decline in licensing income from operations as a percentage of licensing revenue was due to an increase in operating expenses as a percentage of licensing revenues during Fiscal 2017, as compared to Fiscal 2016. This increase in operating expenses as a percentage of licensing revenue was primarily due to increased advertising expenses, depreciation expenses and corporate allocated expenses, including costs related to protection of our intellectual property, during Fiscal 2017 as compared to Fiscal 2016.

Other Income, net

Other income of $5.4 million during Fiscal 2017 was primarily comprised of $3.8 million in insurance settlements related to the prior-year disruption to our former third party operated e-commerce fulfillment center, $0.9 million of income related to our anti-counterfeiting efforts and $0.7 million of rental income from our owned distribution center in Europe. During Fiscal 2016, other income of $3.7 million was primarily comprised of a $3.7 million gain on acquisition of MK Korea (see Note 3 to the accompanying consolidated financial statements) and $1.0 million in income related to our anti-counterfeiting efforts, partially offset by $1.0 million of losses related to our joint venture, which were recorded under the equity method of accounting prior to obtaining controlling interest in MK Panama during the second quarter of Fiscal 2016.

Interest expense, net

Interest expense, net increased $2.4 million to $4.1 million for Fiscal 2017, as compared to $1.7 million for Fiscal 2016, primarily due to higher interest expense due to an increase in borrowings outstanding and lower interest income due to a decline in our short-term investments (cash-equivalents) during Fiscal 2017.

Foreign Currency Loss

We recognized foreign currency losses of $2.6 million and $4.8 million during Fiscal 2017 and Fiscal 2016, respectively, which were primarily attributable to net losses on the revaluation and settlement of certain of our account payable in currencies other than the functional currency of the applicable reporting units, as well as the remeasurement of dollar-denominated intercompany loans with certain of our subsidiaries. The net foreign currency losses for Fiscal 2017 and Fiscal 2016 also included favorable mark-to-market adjustments of $2.6 million and unfavorable mark-to-market adjustments of $2.1 million, respectively, related to our forward foreign currency contracts not designated as accounting hedges.

Provision for Income Taxes

We recognized $137.1 million of income tax expense during Fiscal 2017, compared with $334.6 million for Fiscal 2016. Our effective tax rate for Fiscal 2017 was 19.9%, compared to 28.5% for Fiscal 2016. The decrease in our effective tax rate was primarily due to the favorable effect of global financing activities as well as the increase in taxable income in certain of our non-U.S. subsidiaries (predominantly European operations) during Fiscal 2017, which are subject to lower statutory income tax rates. The global financing activities are related to our previously disclosed 2014 move of our principal executive office from Hong Kong to the United Kingdom ("U.K.") and decision to become a U.K. tax resident. In connection with this decision, we funded our international growth strategy through intercompany debt financing arrangements between our U.S., U.K. and Switzerland subsidiaries in December 2015. Accordingly, due to the difference in the statutory income tax rates between these jurisdictions, we realized a reduction in our effective tax rate. The impact on our effective tax rate was higher in Fiscal 2017 than in Fiscal 2016 because the debt financing arrangements were initiated near the end of Fiscal 2016. Due to our substantial international growth and expansion over the past several years and our Company being a U.K. tax resident, we believe that it is most appropriate to reconcile our effective tax rate to the U.K. statutory tax rate.

Our effective tax rate may fluctuate from time to time due to the effects of changes in U.S. state and local taxes and tax rates in foreign jurisdictions. In addition, factors such as the geographic mix of earnings, enacted tax legislation and the results of various global tax strategies, may also impact our effective tax rate in future periods.

Net Loss Attributable to Noncontrolling Interest

During Fiscal 2017 and Fiscal 2016, we recorded a net loss attributable to our noncontrolling interest in MK Panama of $1.0 million and $1.4 million, respectively. These losses represent the share of MK Panama's net loss that is not attributable to the Company.

Net Income Attributable to MKHL

As a result of the foregoing, our net income attributable to MKHL declined $286.6 million, or 34.2%, to $552.5 million during Fiscal 2017, compared to $839.1 million for Fiscal 2016, which included net favorable foreign currency effects of $2.9 million. Fiscal 2017 net income reflected approximately $148.3 million of impairment charges, net of taxes, primarily related to asset write downs for underperforming Michael Kors retail stores, as described above.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, along with borrowings available under our credit facilities (see below discussion regarding "Revolving Credit Facilities") and available cash and cash equivalents. Our primary use of this liquidity is to fund the ongoing cash requirements, including our working capital needs and capital investments in our business, debt repayments, acquisitions, returns of capital including share repurchases, dividends and other corporate activities. We believe that the cash generated from our operations, together with borrowings available under our revolving credit facilities and available cash and cash equivalents, will be sufficient to meet our working capital needs for the next 12 months, including investments made and expenses incurred in connection with our store growth plans, shop-in-shop growth, investments in corporate and distribution facilities, continued systems development, e-commerce and marketing initiatives. We spent $120.4 million on capital expenditures during Fiscal 2018, and expect to spend approximately $250.0 million during Fiscal 2019. The majority of the Fiscal 2018 expenditures related to our retail operations (including e-commerce), with the remainder related to enhancements to our distribution and information systems infrastructure and our corporate offices, as well as in connection with new shop-in-shops.

The following table sets forth key indicators of our liquidity and capital resources (in millions):

	As of	
	March 31, 2018	April 1, 2017
Balance Sheet Data:		
Cash and cash equivalents	$ 163.1	$ 227.7
Working capital	$ 301.8	$ 598.9
Total assets	$ 4,059.0	$ 2,409.6
Short-term debt	$ 200.0	$ 133.1
Long-term debt	$ 674.4	$ —

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Cash Flows Provided By (Used In):			
Operating activities	$ 1,062.5	$ 1,034.6	$ 1,249.5
Investing activities	(1,533.4)	(650.9)	(381.1)
Financing activities	389.6	(850.2)	(1,149.4)
Effect of exchange rate changes	15.1	(5.9)	4.1
Net decrease in cash and cash equivalents	$ (66.2)	$ (472.4)	$ (276.9)

Cash Provided by Operating Activities

Cash provided by operating activities increased $27.9 million to $1.063 billion during Fiscal 2018, as compared to $1.035 billion for Fiscal 2017. The increase in cash flows from operating activities was primarily due to an increase related to changes in our working capital, partially offset by a decrease in our net income after non-cash adjustments. The increase related to our working capital was primarily attributable to an increase in accrued expenses and other current liabilities primarily driven by restructuring liabilities recorded in Fiscal 2018 and the timing of tax related payments, and favorable changes in prepaid expenses and other current assets and inventories primarily due to timing. These increases were partially offset by lower accounts payable primarily due to the timing of payments and an unfavorable change in accounts receivable primarily due to a higher decline in wholesale inventory purchases in the prior year.

Cash provided by operating activities decreased $214.9 million to $1.035 billion billion during Fiscal 2017, as compared to $1.250 billion for Fiscal 2016. The decrease in cash flows from operating activities was primarily due to a decrease in our net income after non-cash adjustments, as well as a decrease related to changes in our working capital, which was primarily attributable to an unfavorable change in accrued expenses and other current liabilities primarily due to the timing of tax and royalty payments, partially offset by favorable changes in inventory and accounts payable due to lower wholesale inventory purchases and shipments, as well as the timing of payments.

Cash Used in Investing Activities

Net cash used in investing activities increased $882.5 million to $1.533 billion during Fiscal 2018, compared to $650.9 million during Fiscal 2017. The decrease in cash was primarily attributable to a $933.9 million increase of cash paid, net of cash acquired, in connection with our Fiscal 2018 acquisition of the Jimmy Choo business, as compared to our acquisition of the previously licensed business in Greater China during Fiscal 2017. This decrease in cash was partially offset by lower capital expenditures of $44.4 million, due to lower spending related to build-outs of new stores and shop-in-shops and lower corporate expenditures.

Net cash used in investing activities increased $269.8 million to $650.9 million during Fiscal 2017, compared to $381.1 million during Fiscal 2016. The decrease in cash was primarily attributable to $480.6 million of cash paid, net of cash acquired, in connection with our acquisition of the previously licensed business in Greater China during Fiscal 2017, partially offset by lower capital expenditures of $204.4 million, attributable to lower corporate expenditures and lower spending to build out new stores and shop-in-shops, partially offset by capital spending related to our newly acquired operations in China and South Korea and increased investments in our e-commerce business.

Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities was $389.6 million during Fiscal 2018, as compared to net cash used in financing activities of $850.2 million during Fiscal 2017. The $1.240 billion increase in cash from financing activities was due to increased debt borrowings of $590.9 million, which included senior notes and term loan borrowings to finance the acquisition of Jimmy Choo, net of cash repayments, as well as a decrease of $643.8 million in cash payments to repurchase our ordinary shares.

Net cash used in financing activities decreased $299.2 million to $850.2 million during Fiscal 2017, from $1.149 billion during Fiscal 2016, which was primarily attributable to increased borrowings under our 2015 Credit Facility of $153.4 million, net of debt repayments and a decrease of $147.6 million in cash payments to repurchase our ordinary shares.

Debt Facilities

The following table presents a summary of the Company's borrowing capacity and amounts outstanding as of March 31, 2018 and April 1, 2017 (dollars in millions):

	Fiscal Years Ended	
	March 31, 2018	April 1, 2017
Senior Unsecured Revolving Credit Facility:		
Revolving Credit Facility (excluding up to a $500 million accordion feature) [1]		
Total Availability	$ 1,000.0	$ 1,000.0
Borrowings outstanding [2]	**200.0**	**127.3**
Letter of credit outstanding	15.9	10.6
Remaining availability	$ 784.1	$ 862.1
Term Loan Facility ($1.0 billion) [3]		
Borrowings Outstanding, net of debt issuance costs [4]	**$ 229.0**	**$ —**
Remaining availability	$ —	$ —
4.000% Senior Notes		
Borrowings Outstanding, net of debt issuance costs and discount amortization [4]	**$ 444.5**	**$ —**
Other Borrowings [4]	**$ 0.9**	**—**
Hong Kong Uncommitted Credit Facility:		
Total availability (100.0 million Hong Kong Dollars)	$ 12.7	$ 12.9
Borrowings outstanding (45.0 million Hong Kong Dollars) [2]	**—**	**5.8**
Bank guarantees outstanding (11.8 million Hong Kong Dollars)	1.5	1.5
Remaining availability	$ 11.2	$ 5.6
Japan Credit Facility:		
Borrowings outstanding	**$ —**	**$ —**
Total and remaining availability (1.0 billion Japanese Yen)	$ 9.4	$ —
Total borrowings outstanding[1]	**$ 874.4**	**$ 133.1**
Total remaining availability	$ 804.7	$ 867.7

(1) The 2017 Credit Facility contains customary events of default and requires us to maintain a leverage ratio at the end of each fiscal quarter of no greater than 3.5 to 1, calculated as the ratio of the sum of total indebtedness as of the date of the measurement plus 6.0 times the consolidated rent expense for the last four consecutive fiscal quarters, to Consolidated EBITDAR for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined as consolidated net income plus income tax expense, net interest expense, depreciation and amortization expense, consolidated rent expense and other non-cash charges, subject to certain deductions. The 2017 Credit Facility also includes other customary covenants that limit additional indebtedness, guarantees, liens, acquisitions and other investments and cash dividends. As of March 31, 2018 and April 1, 2017, we were in compliance with all covenants related to our agreements then in effect governing our debt.

(2) Recorded as short-term debt in our consolidated balance sheets as of March 31, 2018 and April 1, 2017.

(3) The $1.0 billion facility was fully utilized to finance a portion of the purchase price of our acquisition of Jimmy Choo on November 1, 2017, a portion of which was repaid during Fiscal 2018. See Note 3 for additional information.

(4) Recorded as long-term debt in our consolidated balance sheet as of March 31, 2018.

We believe that our 2017 Credit Facility is adequately diversified with no undue concentration in any one financial institution. As of March 31, 2018, there were 13 financial institutions participating in the facility, with none maintaining a maximum commitment percentage in excess of 15%. We have no reason to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the 2017 Credit Facility.

See Note 10 to the accompanying consolidated financial statements for detailed information relating to our credit facilities.

Share Repurchase Program

The following table presents our treasury share repurchases during the fiscal years ended March 31, 2018 and April 1, 2017 (dollars in millions):

	Fiscal Years Ended	
	March 31, 2018	April 1, 2017
Cost of shares repurchased under share repurchase program	$ 357.8	$ 1,000.0
Fair value of shares withheld to cover tax obligations for vested restricted share awards	3.2	4.8
Total cost of treasury shares repurchased	$ 361.0	$ 1,004.8
Shares repurchased under share repurchase program	7,700,959	21,756,353
Shares withheld to cover tax withholding obligations	92,536	100,552
	7,793,495	21,856,905

As of March 31, 2018, the remaining availability under our $1.0 billion share repurchase program was $642.2 million. Share repurchases may be made in open market or privately negotiated transactions, subject to market conditions, applicable legal requirements, trading restrictions under the our insider trading policy, and other relevant factors. This program may be suspended or discontinued at any time.

Contractual Obligations and Commercial Commitments

As of March 31, 2018, our lease commitments and contractual obligations were as follows (in millions):

Fiscal Years Ending	Fiscal 2019	Fiscal 2020-2021	Fiscal 2022-2023	Fiscal 2024 and Thereafter	Total
Operating leases	$ 323.9	$ 578.8	$ 472.5	$ 531.4	$ 1,906.6
Inventory Purchase Obligations	750.6	—	—	—	750.6
Other commitments	64.7	39.4	1.4	0.9	106.4
Short-term debt	200.0	—	—	—	200.0
Long-term debt	—	137.4	91.6	445.4	674.4
Total	$ 1,339.2	$ 755.6	$ 565.5	$ 977.7	$ 3,638.0

Operating lease obligations represent our equipment leases and the minimum lease rental payments under non-cancelable operating leases for our real estate locations globally. In addition to the above amounts, we are typically required to pay real estate taxes, contingent rent based on sales volume and other occupancy costs relating to our leased properties for our retail stores.

Inventory purchase obligations represent our contractual agreements relating to future purchases of inventory.

Other commitments include our non-cancelable contractual obligations related to marketing and advertising agreements, information technology agreements, and supply agreements.

Excluded from the above commitments is $100.8 million of long-term liabilities related to uncertain tax positions, due to the uncertainty of the time and nature of resolution.

The above table also excludes current liabilities (other than short-term debt) recorded as of March 31, 2018, as these items will be paid within one year, and non-current liabilities that have no cash outflows associated with them (e.g., deferred taxes).

Off-Balance Sheet Arrangements

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business. In addition to the commitments in the above table, our off-balance sheet commitments relating to our outstanding letters of credit were $20.3 million at March 31, 2018, including $4.4 million in letters of credit issued outside of the 2017 Credit Facility. In addition, as of March 31, 2018, bank guarantees of approximately $1.5 million were supported by our Hong Kong Credit Facility. We do not have any other off-balance sheet arrangements or relationships with entities that are not consolidated into our financial statements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Effects of Inflation

We do not believe that our sales or operating results have been materially impacted by inflation during the periods presented in our financial statements. However, we may experience an increase in cost pressure from our suppliers in the future, which could have an adverse impact on our gross profit results in the periods effected.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks during the normal course of our business, such as risk arising from fluctuations in foreign currency exchange rates, as well as fluctuations in interest rates. In attempts to manage these risks, we employ certain strategies to mitigate the effect of these fluctuations. We enter into foreign currency forward contracts to manage our foreign currency exposure to the fluctuations of certain foreign currencies. The use of these instruments primarily helps to manage our exposure to our foreign purchase commitments and better control our product costs. We do not use derivatives for trading or speculative purposes.

Foreign Currency Exchange Risk

We are exposed to risks on certain purchase commitments to foreign suppliers based on the value of our purchasing subsidiaries' local currency relative to the currency requirement of the supplier on the date of the commitment. As such, we enter into forward currency exchange contracts that generally mature in 12 months or less and are consistent with the related purchase commitments, to manage our exposure to the changes in the value of the Euro and the Canadian Dollar. These contracts are recorded at fair value in our consolidated balance sheets as either an asset or liability, and are derivative contracts to hedge cash flow risks. Certain of these contracts are designated as hedges for hedge accounting purposes, while certain of these contracts, are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of the majority of these contracts at the balance sheet date are recorded in our equity as a component of accumulated other comprehensive income, and upon maturity (settlement) are recorded in, or reclassified into, our cost of sales or operating expenses, in our consolidated statement of operations, as applicable to the transactions for which the forward currency exchange contracts were established. For those contracts which are designated as hedges for accounting purposes, any portion of those contracts deemed ineffective would be charged to earnings, in the period the ineffectiveness was determined.

We perform a sensitivity analysis on our forward currency contracts, both designated and not designated as hedges for accounting purposes, to determine the effects of fluctuations in foreign currency exchange rates. For this sensitivity analysis, we assume a hypothetical change in U.S. Dollar against foreign exchange rates. Based on all foreign currency exchange contracts outstanding as of March 31, 2018, a 10% appreciation or devaluation of the U.S. Dollar compared to the level of foreign currency exchange rates for currencies under contract as of March 31, 2018, would result in a net increase and decrease, respectively, of approximately $16.3 million in the fair value of these contracts.

Interest Rate Risk

We are exposed to interest rate risk in relation to borrowings outstanding under our Term Loan Facility, our 2017 Credit Facility, our Hong Kong Credit Facility and our Japan Credit Facility. Our Term Loan Facility carries interest at a rate that is based on LIBOR. Our 2017 Credit Facility carries interest rates that are tied to LIBOR and the prime rate, among other institutional lending rates (depending on the particular origination of borrowing), as further described in Note 10 to the accompanying consolidated financial statements. Our Hong Kong Credit Facility carries interest at a rate that is tied to the Hong Kong Interbank Offered Rate. Our Japan Credit Facility carries interest at a rate posted by the Mitsubishi UFJ Financial Group. Therefore, our statements of operations and comprehensive income and cash flows are exposed to changes in those interest rates. At March 31, 2018, we had $229.0 million, net of debt issuance costs, outstanding under our Term Loan Facility, $200.0 million in short-term borrowings outstanding under our 2017 Credit Facility, and no borrowings outstanding under our Hong Kong or Japanese Credit Facilities. At April 1, 2017, we had short-term borrowings of $127.3 million outstanding under our 2015 Credit Facility and short-term borrowings of approximately $5.8 million outstanding under our Hong Kong Credit Facility. These balances are not indicative of future balances that may be outstanding under our revolving credit facilities that may be subject to fluctuations in interest rates. Any increases in the applicable interest rate(s) would cause an increase to the interest expense relative to any outstanding balance at that date.

Credit Risk

We have outstanding $450.0 million aggregate principal amount of senior notes due 2024. The senior notes bear interest at a fixed rate equal to 4.000% per year, payable semi-annually. Our senior notes interest rate payable may be subject to adjustments from time to time if either Moody's or S&P (or a substitute rating agency), downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the senior notes.

Item 8. Financial Statements and Supplementary Data

The response to this item is provided in this Annual Report on Form 10-K under Item 15. "Exhibits and Financial Statement Schedule" and is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, our principal executive officer and principal financial officer, respectively, of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a - 15(e) and 15(d) - 15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")) as of March 31, 2018. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures as of March 31, 2018 are effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined under the Exchange Act Rule 13a-15 (f)) to provide reasonable assurance regarding the reliability of financial reporting and that the consolidated financial statements have been prepared in accordance with U.S. GAAP. Such internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance (A) that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors; and (B) regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2018. In making this assessment, it used the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the 2013 Framework. Based on this assessment, management has determined that, as of March 31, 2018, our internal control over financial reporting is effective based on those criteria.

On November 1, 2017, we acquired Jimmy Choo (refer to Note 3 to the accompanying consolidated financial statements for additional information). Jimmy Choo's assets (excluding intangible assets recorded in connection with the acquisition) comprised approximately 8.3% of the Company's total assets at March 31, 2018 and approximately 4.7% of the Company's total revenue for Fiscal 2018. As of March 31, 2018, we are in the process of evaluating the internal controls of the acquired business and integrating it into our existing operations. The acquired business has, therefore, been excluded from management's assessment of internal control over financial reporting for Fiscal 2018.

The Company's internal control over financial reporting as of March 31, 2018, as well as the consolidated financial statements, have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein. The audit report appears on page 62 of this report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

This Item 9B is being filed solely to update the Item 9B disclosure included in the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2017, filed with the SEC on May 31, 2017, in order to provide the amount of any material charges relating to the Retail Fleet Optimization Plan by major type of cost that the Company believes are now determinable.

The Company previously disclosed that in connection with the Retail Fleet Optimization Plan, it expects to incur approximately \$100 - \$125 million of one-time costs, including lease termination and other store closure costs. During Fiscal 2018, the Company recorded restructuring charges of \$52.6 million, which were comprised of lease-related costs of \$51.9 million (inclusive of losses on store lease exits of \$29.0 million) and severance and benefit costs of \$0.7 million. Most of these charges were incurred during the fourth fiscal quarter of 2018. The Company continues to expect that it will incur an additional \$50-\$75 million in future cash expenditures in connection with the Retail Fleet Optimization Plan, consistent with the original range of one-time costs previously disclosed, and anticipates finalizing the remainder of the planned store closures over the next two fiscal years.

The exact amounts and timing of the Retail Fleet Optimization Plan charges and future cash expenditures associated therewith are undeterminable at this time. The Company will either disclose in a Current Report on Form 8-K, or disclose in another periodic filing with the U.S. Securities and Exchange Commission, the amount of any material charges relating to the Retail Optimization Plan by major type of cost once such amounts or range of amounts are determinable.

This disclosure is intended to satisfy the requirements of Item 2.05 of Form 8-K.

Part III

Item 10. *Directors, Executive Officers and Corporate Governance*

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2018, which is incorporated herein by reference.

Item 11. *Executive Compensation*

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2018, which is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The following table sets forth information as of March 31, 2018 regarding compensation plans under which the Company's equity securities are authorized for issuance:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders [1]	5,270,406	$ 46.98 [2]	7,193,763
Equity compensation plans not approved by security holders [3]	1,375,411	$ 4.46 [2]	—
Total	6,645,817	$ 38.18 [2]	7,193,763

(1) Reflects share options, restricted shares and restricted share units issued under the Michael Kors Holdings Limited Amended and Restated Omnibus Incentive Plan.

(2) Represents the weighted average exercise price of outstanding share awards only.

(3) Reflects share options issued under the Amended and Restated Michael Kors (USA), Inc. Stock Option Plan (the "Option Plan"), which was in effect prior to our initial public offering. As of March 31, 2018, there were no shares available for future issuance under the Option Plan.

Item 13. *Certain Relationships, Related Transactions and Director Independence*

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2018, which is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2018, which is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this annual report on Form 10-K:

1. The following consolidated financial statements listed below are filed as a separate section of this Annual Report on Form 10-K:

   Report of Independent Registered Public Accounting Firm - Ernst & Young LLP.

   Consolidated Balance Sheets as of March 31, 2018 and April 1, 2017.

   Consolidated Statements of Operations and Comprehensive Income for the fiscal years ended March 31, 2018, April 1, 2017 and April 2, 2016.

   Consolidated Statements of Shareholders' Equity for the fiscal years ended March 31, 2018, April 1, 2017 and April 2, 2016.

   Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2018, April 1, 2017 and April 2, 2016.

   Notes to Consolidated Financial Statements for the fiscal years ended March 31, 2018, April 1, 2017 and April 2, 2016.

2. Exhibits:

EXHIBIT INDEX

Exhibit No.	Document Description
2.1	Share Purchase Agreement dated as of May 31, 2016, by and among Michael Kors (Europe) B.V., Michael Kors (HK) Limited, Michael Kors Far East Trading Limited and Sportswear Holdings Limited (included as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on June 1, 2016 and incorporated herein by reference).
2.2	Cooperation Agreement, dated as of July 25, 2017, by and among Michael Kors Holdings Limited, JAG Acquisitions (UK) Limited and Jimmy Choo Group Limited (formerly known as Jimmy Choo PLC) (included as Exhibit 2.2 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on July 25, 2017 and incorporated herein by reference).
2.3	Rule 2.7 Announcement, dated as of July 25, 2017 (included as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on July 25, 2017 and incorporated herein by reference).
3.1	Amended and Restated Memorandum and Articles of Association of Michael Kors Holdings Limited (included as Exhibit 99.3 to the Company's Current Report on Form 6-K filed on February 14, 2012, and incorporated herein by reference).
4.1	Specimen of Ordinary Share Certificate of Michael Kors Holdings Limited (included as Exhibit 4.1 to the Company's Registration Statement on Form F-1, as amended (File No. 333-178282), filed on December 2, 2011, and incorporated herein by reference).
4.2	Second Amended and Restated Credit Agreement dated as of August 22, 2017 among Michael Kors Holdings Limited, Michael Kors (USA), Inc., the foreign subsidiary borrowers party thereto, the guarantors party thereto, the financial institutions party thereto as lenders and issuing banks and JPMorgan Chase Bank, N.A., as administrative agent (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on August 23, 2017 and incorporated herein by reference).
4.3	Shareholders Agreement, dated as of July 11, 2011, among Michael Kors Holdings Limited and certain shareholders of Michael Kors Holdings Limited (included as Exhibit 10.2 to the Company's Registration Statement on Form F-1, as amended (File No. 333-178282), filed on December 2, 2011, and incorporated herein by reference).
4.4	Indenture, dated as of October 20, 2017, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (included as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on October 20, 2017 and incorporated herein by reference).
10.1	Form of Indemnification Agreement between Michael Kors Holdings Limited and its directors and executive officers (included as Exhibit 10.5 to the Company's Registration Statement on Form F-1, as amended (File No. 333-178282), filed on December 2, 2011, and incorporated herein by reference).

*Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules and similar attachments have been omitted. The Company hereby agrees to furnish a copy of any omitted schedule or attachment to the Securities and Exchange Commission upon request.

Exhibit No.	Document Description
10.4	Amended and Restated Michael Kors (USA), Inc. Stock Option Plan (included as Exhibit 10.4 to the Company's Registration Statement on Form F-1, as amended (File No. 333-178282), filed on December 2, 2011, and incorporated herein by reference).
10.5	Amended No. 1 to the Amended and Restated Michael Kors (USA), Inc. Share Option Plan. (included as Exhibit 4.9 to the Company's Annual Report on Form 20-F for the fiscal year ended March 31, 2012, filed on June 12, 2012, and incorporated herein by reference).
10.6	Michael Kors Holdings Limited Amended and Restated Omnibus Incentive Plan (included as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A (File No. 001-35368), filed on June 16, 2015, and incorporated herein by reference).
10.7	Third Amended and Restated Employment Agreement, dated as of March 28, 2018, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited and Michael Kors.
10.8	Third Amended and Restated Employment Agreement, dated as of March 28, 2018, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited and John D. Idol.
10.9	Amended and Restated Employment Agreement, dated as of May 23, 2013, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited and Joseph B. Parsons (included as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2013 filed on May 29, 2013, and incorporated herein by reference).
10.10	Michael Kors Holdings Limited Executive Bonus Program (included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2013 filed on August 8, 2013, and incorporated herein by reference).
10.11	Employment Agreement, dated as of May 12, 2014, by and between Michael Kors (USA), Inc., and Cathy Marie Robison (included as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 2014 filed on May 28, 2014, and incorporated herein by reference).
10.12	Employment Agreement, dated as of July 14, 2014, by and between Pascale Meyran and Michael Kors (USA), Inc. (included as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.13	Form of Employee Non-Qualified Option Award Agreement (included as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.14	Form of Employee Restricted Share Unit Award Agreement (included as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.15	Form of Performance-Based Restricted Share Unit Award Agreement (included as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.16	Form of Independent Director Restricted Share Unit Award Agreement (included as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.17	Aircraft Time Sharing Agreement, dated November 24, 2014, by and between Michael Kors (USA), Inc. and John Idol (included as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.18	Aircraft Time Sharing Agreement, dated December 12, 2014, by and between Michael Kors (USA), Inc. and Michael Kors (included as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015, and incorporated herein by reference).
10.19	Employment Agreement, dated as of April 17, 2017, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited and Thomas J. Edwards, Jr. (including as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2017, filed on May 31, 2017, and incorporated herein by reference).
10.20	First Amendment, dated as of October 4, 2017, to the Second Amended and Restated Credit Agreement dated as of August 22, 2017 among Michael Kors Holdings Limited, Michael Kors (USA), Inc., the foreign subsidiary borrowers party thereto, the guarantors party thereto, the financial institutions party thereto as lenders and issuing banks and JPMorgan Chase Bank, N.A., as administrative agent (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on October 5, 2017 and incorporated herein by reference).
21.1	List of subsidiaries of Michael Kors Holdings Limited.
23.2	Consent of Ernst & Young LLP.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	Interactive Data Files.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 10-k and that it has duly caused and authorized the undersigned to sign this report on its behalf.

Date: May 30, 2018

MICHAEL KORS HOLDINGS LIMITED

By:	/s/ John D. Idol
Name:	John D. Idol
Title:	Chairman & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:	/s/ Michael Kors Michael Kors	Honorary Chairman, Chief Creative Officer and Director	May 30, 2018
By:	/s/ John D. Idol John D. Idol	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	May 30, 2018
By:	/s/ Thomas J. Edwards, Jr. Thomas J. Edwards Jr.	Chief Financial Officer, Chief Operating Officer and Treasurer (Principal Financial and Accounting Officer)	May 30, 2018
By:	/s/ M. William Benedetto M. William Benedetto	Director	May 30, 2018
By:	/s/ Robin Freestone Robin Freestone	Director	May 30, 2018
By:	/s/ Judy Gibbons Judy Gibbons	Director	May 30, 2018
By:	/s/ Ann McLaughlin Korologos Ann McLaughlin Korologos	Director	May 30, 2018
By:	/s/ Stephen F. Reitman Stephen F. Reitman	Director	May 30, 2018
By:	/s/ Jane Thompson Jane Thompson	Director	May 30, 2018
By:	/s/ Jean Tomlin Jean Tomlin	Director	May 30, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Michael Kors Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Michael Kors Holdings Limited and subsidiaries ("the Company") as of March 31, 2018 and April 1, 2017, and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of the Company at March 31, 2018 and April 1, 2017, and the results of its operations and its cash flow for each of the three years in the period ended March 31, 2018, in conformity with the U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 30, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ERNST & YOUNG LLP
We have served as the Company's auditor since 2014
New York, New York
May 30, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Michael Kors Holdings Limited

Opinion on Internal Control over Financial Reporting

We have audited Michael Kors Holdings Limited and subsidiaries' ("the Company") internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("the COSO criteria"). In our opinion, the Company's maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of March 31, 2018 and April 1, 2017, the related consolidated statements of operations and comprehensive income, statements of changes in stockholders' equity and statements of cash flows for each of the three years in the period ended March 31, 2018, and the related notes and our report dated May 30, 2018 expressed an unqualified opinion thereon.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Jimmy Choo Group Limited, which is included in the fiscal year 2018 consolidated financial statements of the Company and constituted 8.2% of total assets, as of March 31, 2018 and 4.7% of net sales for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Jimmy Choo Group Limited.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP
New York, New York
May 30, 2018

MICHAEL KORS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	March 31, 2018	April 1, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 163.1	$ 227.7
Receivables, net	290.5	265.8
Inventories	660.7	549.3
Prepaid expenses and other current assets	147.8	121.9
Total current assets	1,262.1	1,164.7
Property and equipment, net	583.2	591.5
Intangible assets, net	1,235.7	418.1
Goodwill	847.7	119.7
Deferred tax assets	56.2	73.3
Other assets	74.1	42.3
Total assets	$ 4,059.0	$ 2,409.6
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 294.1	$ 176.3
Accrued payroll and payroll related expenses	93.0	61.1
Accrued income taxes	77.6	60.3
Short-term debt	200.0	133.1
Accrued expenses and other current liabilities	295.6	135.0
Total current liabilities	960.3	565.8
Deferred rent	128.4	137.8
Deferred tax liabilities	186.3	80.0
Long-term debt	674.4	—
Other long-term liabilities	88.1	31.0
Total liabilities	2,037.5	814.6
Commitments and contingencies		
Shareholders' equity		
Ordinary shares, no par value; 650,000,000 shares authorized; 210,991,091 shares issued and 149,698,407 outstanding at March 31, 2018; 209,332,493 shares issued and 155,833,304 outstanding at April 1, 2017	—	—
Treasury shares, at cost (61,292,684 shares at March 31, 2018 and 53,499,189 shares at April 1, 2017)	(3,015.9)	(2,654.9)
Additional paid-in capital	831.1	767.8
Accumulated other comprehensive income (loss)	50.5	(80.6)
Retained earnings	4,152.0	3,560.3
Total shareholders' equity of MKHL	2,017.7	1,592.6
Noncontrolling interest	3.8	2.4
Total shareholders' equity	2,021.5	1,595.0
Total liabilities and shareholders' equity	$ 4,059.0	$ 2,409.6

See accompanying notes to consolidated financial statements.

MICHAEL KORS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except share and per share data)

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1
Cost of goods sold	1,859.3	1,832.3	1,914.9
Gross profit	2,859.3	2,661.4	2,797.2
Selling, general and administrative expenses	1,766.8	1,541.2	1,428.0
Depreciation and amortization	208.6	219.8	183.2
Impairment of long-lived assets	32.7	199.2	10.9
Restructuring and other charges [1]	102.1	11.3	—
Total operating expenses	2,110.2	1,971.5	1,622.1
Income from operations	749.1	689.9	1,175.1
Other income, net	(1.7)	(5.4)	(3.7)
Interest expense, net	22.3	4.1	1.7
Foreign currency (gain) loss	(13.3)	2.6	4.8
Income before provision for income taxes	741.8	688.6	1,172.3
Provision for income taxes	149.7	137.1	334.6
Net income	592.1	551.5	837.7
Less: Net income (loss) attributable to noncontrolling interest	0.2	(1.0)	(1.4)
Net income attributable to MKHL	$ 591.9	$ 552.5	$ 839.1
Weighted average ordinary shares outstanding:			
Basic	152,283,586	165,986,733	186,293,295
Diluted	155,102,885	168,123,813	189,054,289
Net income per ordinary share attributable to MKHL:			
Basic	$ 3.89	$ 3.33	$ 4.50
Diluted	$ 3.82	$ 3.29	$ 4.44
Statements of Comprehensive Income:			
Net income	$ 592.1	$ 551.5	$ 837.7
Foreign currency translation adjustments	147.4	(8.8)	18.5
Net (loss) gain on derivatives	(16.2)	8.7	(32.5)
Comprehensive income	723.3	551.4	823.7
Less: Net income (loss) attributable to noncontrolling interest	0.2	(1.0)	(1.4)
Less: Other comprehensive income (loss) attributable to noncontrolling interest	0.1	(0.4)	0.1
Comprehensive income attributable to MKHL	$ 723.0	$ 552.8	$ 825.0

[1] Restructuring and other charges includes store closure costs recorded in connection with the Retail Fleet Optimization Plan, as well as transaction and transition costs recorded in connection with the acquisitions of Jimmy Choo Group Limited (formerly known as Jimmy Choo PLC) and Michael Kors (HK) Limited and Subsidiaries (see Note 3 and Note 9).

See accompanying notes to consolidated financial statements.

MICHAEL KORS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions, except share data which is in thousands)

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Equity of MKHL	Non-controlling Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at March 28, 2015	206,487	$ —	$ 636.7	(6,830)	$ (497.7)	$ (66.8)	$ 2,168.8	$ 2,241.0	$ —	$ 2,241.0
Net income (loss)	—	—	—	—	—	—	839.1	839.1	(1.4)	837.7
Other comprehensive (loss) income	—	—	—	—	—	(14.1)	—	(14.1)	0.1	(14.0)
Total comprehensive income (loss)	—	—	—	—	—	—	—	825.0	(1.3)	823.7
Fair value of noncontrolling interest in MK Panama	—	—	—	—	—	—	—	—	5.1	5.1
Forfeitures of restricted awards, net of vestings	(35)	—	—	—	—	—	—	—		—
Exercise of employee share options	1,632	—	12.7	—	—	—	—	12.7	—	12.7
Equity compensation expense	—	—	48.4	—	—	—	—	48.4	—	48.4
Tax benefits on exercise of share options	—	—	21.1	—	—	—	—	21.1	—	21.1
Purchase of treasury shares	—	—	—	(24,812)	(1,152.4)	—	—	(1,152.4)	—	(1,152.4)
Other	—	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
Balance at April 2, 2016	208,084	$ —	$ 718.9	(31,642)	$(1,650.1)	$ (80.9)	$ 3,007.8	$ 1,995.7	$ 3.8	$ 1,999.5
Net income (loss)	—	—	—	—	—	—	552.5	552.5	(1.0)	551.5
Other comprehensive income (loss)	—	—	—	—	—	0.3	—	0.3	(0.4)	(0.1)
Total comprehensive income (loss)	—	—	—	—	—	—	—	552.8	(1.4)	551.4
Vesting of restricted awards, net of forfeitures	454	—	—	—	—	—	—	—	—	—
Exercise of employee share options	794	—	8.4	—	—	—	—	8.4	—	8.4
Equity compensation expense	—	—	33.9	—	—	—	—	33.9	—	33.9
Tax benefits on exercise of share options	—	—	6.6	—	—	—	—	6.6	—	6.6
Purchase of treasury shares	—	—	—	(21,857)	(1,004.8)	—	—	(1,004.8)	—	(1,004.8)
Balance at April 1, 2017	209,332	$ —	$ 767.8	(53,499)	$(2,654.9)	$ (80.6)	$ 3,560.3	$ 1,592.6	$ 2.4	$ 1,595.0
Net income	—	—	—	—	—	—	591.9	591.9	0.2	592.1
Other comprehensive income	—	—	—	—	—	131.1	—	131.1	0.1	131.2
Total comprehensive income	—	—	—	—	—	—	—	723.0	0.3	723.3
Non-controlling interest of Jimmy Choo joint ventures	—	—	—	—	—	—	—	—	3.1	3.1
Partial repurchase of non-controlling interest	—	—	0.5	—	—	—	—	0.5	(1.0)	(0.5)
Vesting of restricted awards, net of forfeitures	542	—	—	—	—	—	—	—	—	—
Exercise of employee share options	1,117	—	13.7	—	—	—	—	13.7	—	13.7
Equity compensation expense	—	—	49.6	—	—	—	—	49.6	—	49.6
Purchase of treasury shares	—	—	—	(7,794)	(361.0)	—	—	(361.0)	—	(361.0)
Redemption of capital/dividends	—	—	—	—	—	—	(0.2)	(0.2)	(1.0)	(1.2)
Other	—	—	(0.5)	—	—	—	—	(0.5)	—	(0.5)
Balance at March 31, 2018	210,991	$ —	$ 831.1	(61,293)	$(3,015.9)	$ 50.5	$ 4,152.0	$ 2,017.7	$ 3.8	$ 2,021.5

See accompanying notes to consolidated financial statements.

MICHAEL KORS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Cash flows from operating activities			
Net income	$ 592.1	$ 551.5	$ 837.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	208.6	219.8	183.2
Equity compensation expense	49.6	33.9	48.4
Impairment of long-lived assets	32.7	199.2	10.9
Losses on store lease exits	29.0	—	—
Deferred income taxes	9.1	(60.3)	(1.9)
Loss on disposal of fixed assets	4.5	3.4	2.8
Amortization of deferred financing costs	4.4	0.9	0.9
Tax benefits on exercise of share options	(7.3)	(6.6)	(21.1)
Amortization of deferred rent	(4.0)	9.2	2.6
Foreign currency (gains) losses	(13.3)	2.6	4.8
Gain on acquisition of MK Korea	—	—	(3.7)
Other non-cash adjustments	—	—	2.9
Change in assets and liabilities:			
Receivables, net	19.3	59.6	52.5
Inventories	46.0	20.6	(16.3)
Prepaid expenses and other current assets	49.1	(0.9)	(5.3)
Other assets	(4.8)	(7.9)	(0.4)
Accounts payable	(20.9)	37.5	14.2
Accrued expenses and other current liabilities	56.3	(54.4)	125.6
Other long-term liabilities	12.1	26.5	11.7
Net cash provided by operating activities	1,062.5	1,034.6	1,249.5
Cash flows from investing activities			
Capital expenditures	(120.4)	(164.8)	(369.2)
Purchase of intangible assets	(3.2)	(5.5)	(11.4)
Investment in joint venture	—	—	(1.0)
Cash paid for business acquisitions, net of cash acquired	(1,414.5)	(480.6)	0.5
Realized gain on hedge related to Jimmy Choo acquisition	4.7	—	—
Net cash used in investing activities	(1,533.4)	(650.9)	(381.1)
Cash flows from financing activities			
Debt borrowings	2,520.3	1,240.0	192.6
Debt repayments	(1,783.2)	(1,093.8)	(199.8)
Repurchase of treasury shares	(361.0)	(1,004.8)	(1,152.4)
Exercise of employee share options	13.7	8.4	12.7
Payment of deferred financing costs	—	—	(2.4)
Other financing activities	(0.2)	—	(0.1)
Net cash provided by (used in) financing activities	389.6	(850.2)	(1,149.4)
Effect of exchange rate changes on cash and cash equivalents	15.1	(5.9)	4.1
Net decrease in cash and cash equivalents	(66.2)	(472.4)	(276.9)
Beginning of period	229.6	702.0	978.9
End of period (including restricted cash of $0.3 million at March 31, 2018 and $1.9 million at April 1, 2017)	$ 163.4	$ 229.6	$ 702.0
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 11.0	$ 3.5	$ 1.5
Cash paid for income taxes	$ 103.5	$ 171.1	$ 273.0
Supplemental disclosure of noncash investing and financing activities			
Accrued capital expenditures	$ 26.3	$ 22.8	$ 33.6

See accompanying notes to consolidated financial statements.

1. Business and Basis of Presentation

Michael Kors Holdings Limited ("MKHL," and together with its subsidiaries, the "Company") was incorporated in the British Virgin Islands ("BVI") on December 13, 2002. The Company is a leading designer, marketer, distributor and retailer of branded women's and men's accessories, apparel and footwear bearing the Michael Kors and Jimmy Choo tradenames and related trademarks "MICHAEL KORS," "MICHAEL MICHAEL KORS," "JIMMY CHOO," and various other related trademarks and logos. The Company's business consists of four reportable segments: Michael Kors ("MK") Retail, MK Wholesale, MK Licensing and Jimmy Choo. See Note 19 for additional information.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company's audited consolidated financial statements include the following operations for the periods from the respective acquisition/consolidation date through March 31, 2018:

- Jimmy Choo Group Limited, formerly known as Jimmy Choo PLC ("Jimmy Choo"), acquired on November 1, 2017;
- the previously licensed business in the Greater China region, Michael Kors (HK) Limited and Subsidiaries ("MKHKL") with operations in China, Hong Kong, Macau and Taiwan, which was acquired on May 31, 2016;
- the previously licensed business in South Korea ("MK Korea"), which was acquired on January 1, 2016; and
- the Latin American joint venture, MK (Panama) Holdings, S.A. and subsidiaries ("MK Panama"), in which the Company obtained controlling interest on June 28, 2015 upon making a series of capital contributions to MK Panama.

See Note 3 for additional information related to the above acquisitions.

The Company utilizes a 52 to 53 week fiscal year ending on the Saturday closest to March 31. As such, the fiscal years ending on March 31, 2018 and April 1, 2017 ("Fiscal 2018" and "Fiscal 2017", respectively) contain 52 weeks, whereas the fiscal year ending on April 2, 2016 ("Fiscal 2016") contained 53 weeks.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to use judgment and make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. The most significant assumptions and estimates involved in preparing the financial statements include allowances for customer deductions, sales returns, sales discounts and doubtful accounts, estimates related to the Company's new customer loyalty program, estimates of inventory recovery, the valuation of share-based compensation, valuation of deferred taxes and the estimated useful lives used for amortization and depreciation of intangible assets and property and equipment. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior periods' financial information in order to conform to the current period's presentation. The Company reclassified $11.3 million of transaction costs recorded in Fiscal 2017 in connection with the acquisition of MKHKL from selling, general and administrative expenses to restructuring and other charges in the Company's consolidated statements of operations and comprehensive income to provide a more transparent disclosure of these costs. In addition, the Company reclassified $6.6 million and $21.1 million of excess tax benefits from net cash used in financing activities to net cash provided by operating activities in Fiscal 2017 and Fiscal 2016, respectively, within the Company's consolidated statements of cash flows, in connection with the adoption of ASU No. 2016-09.

Seasonality

The Company experiences certain effects of seasonality with respect to its business. The Company's MK Retail segment generally experiences greater sales during its third fiscal quarter as a result of holiday season sales. The MK Wholesale segment generally experiences the lowest sales in its first fiscal quarter. The Jimmy Choo segment generally experiences greater sales during its third fiscal quarter, primarily driven by the product launch calendar and holiday season sales. In the aggregate, the Company's first fiscal quarter typically experiences less sales volume relative to the other three quarters and its third fiscal quarter generally has higher sales volume relative to the other three quarters.

Revenue Recognition

Revenue is recognized when there is persuasive evidence of an arrangement, delivery has occurred, the price has been fixed and determinable and collectability is reasonably assured. The Company recognizes retail store revenues upon sale of its products to retail consumers, net of estimated returns. Revenue from sales through the Company's e-commerce sites is recognized at the time of delivery to the customer, reduced by an estimate of returns. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, after merchandise is shipped and the title and risk of loss are transferred to the Company's wholesale customers. To arrive at net sales for retail, gross sales are reduced by actual customer returns as well as by a provision for estimated future customer returns, which is based on management's review of historical and current customer returns. Sales taxes collected from retail customers are presented on a net basis and, as such, are excluded from revenue. To arrive at net sales for wholesale, gross sales are reduced by provisions for estimated future returns, based on current expectations, as well as trade discounts, markdowns, allowances, operational chargebacks, and certain cooperative selling expenses. These estimates are based on such factors as historical trends, actual and forecasted performance, and market conditions, which are reviewed by management on a quarterly basis.

The following table details the activity and balances of the Company's sales reserves for the fiscal years ended March 31, 2018, April 1, 2017, and April 2, 2016 (in millions):

	Balance Beginning of Year	Amounts Charged to Revenue	Write-offs Against Reserves	Balance at Year End
Retail				
Return Reserves:				
Fiscal year ended March 31, 2018	$ 7.3	$ 160.7	$ (155.9)	$ 12.1
Fiscal year ended April 1, 2017	4.7	102.4	(99.8)	7.3
Fiscal year ended April 2, 2016	2.5	71.7	(69.5)	4.7

	Balance Beginning of Year	Amounts Charged to Revenue	Write-offs Against Reserves	Balance at Year End
Wholesale				
Total Sales Reserves:				
Fiscal year ended March 31, 2018	$ 96.7	$ 257.7	$ (245.8)	$ 108.6
Fiscal year ended April 1, 2017	110.9	271.1	(285.3)	96.7
Fiscal year ended April 2, 2016	87.5	348.4	(325.0)	110.9

Royalty revenue generated from product licenses, which includes contributions for advertising, is based on reported sales of licensed products bearing the Company's tradenames at rates specified in the license agreements. These agreements are also subject to contractual minimum levels. Royalty revenue generated by geographic licensing agreements is recognized as it is earned under the licensing agreements based on reported sales of licensees applicable to specified periods, as outlined in the agreements. These agreements allow for the use of the Company's tradenames to sell its branded products in specific geographic regions.

Loyalty Program

During Fiscal 2018, the Company launched its Michael Kors customer loyalty program in the U.S., which allows customers to earn points on qualifying purchases toward monetary and non-monetary rewards that may be redeemed for purchases at the Company's U.S. retail stores and e-commerce site. The Company defers a portion of the initial sales transaction based on the estimated relative fair value of the benefits using statistical formulas based on projected timing of future redemptions and historical activity. These amounts include estimated "breakage" for points that are not expected to be redeemed. The deferred revenue, net of an estimated "breakage," is recorded as a reduction to revenue in the consolidated statements of income and comprehensive income and within accrued expenses and other current liabilities in the Company's consolidated balance sheets.

Advertising and Marketing Costs

Advertising and marketing costs are expensed over the period of benefit and are recorded in general and administrative expenses. Advertising and marketing expense was $167.1 million, $118.7 million and $103.9 million in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively.

Cooperative advertising expense, which represents the Company's participation in advertising expenses of its wholesale customers, is reflected as a reduction of net sales. Expenses related to cooperative advertising for Fiscal 2018, Fiscal 2017 and Fiscal 2016, were $6.3 million, $5.4 million and $7.4 million, respectively.

Shipping and Handling

Freight-in expenses are recorded as part of cost of goods sold, along with product costs and other costs to acquire inventory. The costs of preparing products for sale, including warehousing expenses, are included in selling, general and administrative expenses. Selling, general and administrative expenses also include the costs of shipping products to the Company's e-commerce customers. Shipping and handling costs included within selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income were $107.6 million, $102.1 million and $98.6 million for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. Shipping and handling costs charged to customers are included in total revenue.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Included in the Company's cash and cash equivalents as of March 31, 2018 and April 1, 2017 are credit card receivables of $21.2 million and $13.9 million, respectively, which generally settle within two to three business days.

At March 31, 2018 and April 1, 2017, the Company had restricted cash of $0.3 million and $1.9 million, respectively, primarily related to European customs obligations, which was recorded within prepaid expenses and other current assets in the Company's consolidated balance sheets.

Inventories

Inventories consist of finished goods and are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average cost method. Costs include amounts paid to independent manufacturers, plus duties and freight to bring the goods to the Company's warehouses, which are located in the United States, Canada, Holland, Switzerland, United Kingdom, United Arab Emirates, China, Japan, Hong Kong and South Korea. The Company continuously evaluates the composition of its inventory and makes adjustments when the cost of inventory is not expected to be fully recoverable. The net realizable value of the Company's inventory is estimated based on historical experience, current and forecasted demand, and market conditions. In addition, reserves for inventory losses are estimated based on historical experience and physical inventory counts. The Company's inventory reserves are estimates, which could vary significantly from actual results if future economic conditions, customer demand or competition differ from expectations. Our historical estimates of these adjustments have not differed materially from actual results.

Store Pre-opening Costs

Costs associated with the opening of new retail stores and start up activities, are expensed as incurred.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization (carrying value). Depreciation is recorded on a straight-line basis over the expected remaining useful lives of the related assets. Equipment, furniture and fixtures, are depreciated over five to seven years, computer hardware and software are depreciated over three to five years. The Company's share of the cost of constructing in-store shop displays within its wholesale customers' floor-space ("shop-in-shops"), which is paid directly to third-party suppliers, is capitalized as property and equipment and is generally amortized over a useful life of three to four years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated remaining useful lives of the related assets or the remaining lease term, including highly probable renewal periods. The Company includes all depreciation and amortization expense as a component of total operating expenses, as the underlying long-lived assets are not directly or indirectly related to bringing the Company's products to their existing location and condition. Maintenance and repairs are charged to expense in the year incurred.

The Company capitalizes, in property and equipment, direct costs incurred during the application development stage and the implementation stage for developing, purchasing or otherwise acquiring software for its internal use. These costs are amortized over the estimated useful lives of the software, generally five years. All costs incurred during the preliminary project stage, including project scoping and identification and testing of alternatives, are expensed as incurred.

Definite-Lived Intangible Assets

The Company's definite-lived intangible assets consist of trademarks, lease rights and customer relationships and are stated at cost less accumulated amortization. Michael Kors trademarks are amortized over twenty years, customer relationships are amortized over five to eighteen years, and lease rights are amortized over the terms of the related lease agreements, including highly probable renewal periods, on a straight-line basis. Reacquired rights recorded in connection with the acquisition of MKHKL are amortized through March 31, 2041, the original expiration date of the Company's license agreement in the Greater China region.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets, including fixed assets and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The Company's impairment testing is based on its best estimate of its future operating cash flows. If the sum of estimated undiscounted future cash flows associated with the asset is less than the asset's carrying value, an impairment charge is recognized, which is measured as the amount by which the carrying value exceeds the fair value of the asset. These estimates of cash flow require significant management judgment and certain assumptions about future volume, sales and expense growth rates, devaluation and inflation. As such, these estimates may differ from actual cash flows.

Goodwill and Other Indefinite-lived Intangible Assets

The Company records intangible assets based on their fair value on the date of acquisition. Goodwill is recorded for the difference between the fair value of the purchase consideration over the fair value of the net identifiable tangible and intangible assets acquired. The brand intangible asset recorded in connection with the Jimmy Choo acquisition was determined to be an indefinite-lived intangible asset, which is not subject to amortization. The Company performs an impairment assessment of goodwill and the Jimmy Choo brand intangible asset on an annual basis, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill and the Jimmy Choo brand are assessed for impairment during the fourth quarter of each fiscal year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business.

The Company may assess its goodwill and its indefinite-lived intangible asset for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of these assets is greater than their carrying value. When performing a qualitative test, the Company assesses various factors including industry and market conditions, macroeconomic conditions and performance of the Company's businesses. If the results of the qualitative assessment indicate that it is more likely than not that the Company's goodwill and other indefinite-lived intangible assets are impaired, a quantitative impairment analysis would be performed to determine if impairment is required. The Company may also elect to perform a quantitative analysis of goodwill and its indefinite-lived intangible asset initially rather than using a qualitative approach.

The impairment testing for goodwill is performed at the reporting unit level. The valuation methods used in the quantitative fair value assessment, discounted cash flow and market multiples method, require the Company's management to make certain assumptions and estimates regarding certain industry trends and future profitability of the Company's reporting units. If the fair value of a reporting unit exceeds the related carrying value, the reporting unit's goodwill is considered not to be impaired and no further testing is performed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference. The valuation of goodwill is affected by, among other things, the Company's business plan for the future and estimated results of future operations. Future events could cause the Company to conclude that impairment indicators exist, and, therefore, that goodwill may be impaired.

If the Company elects to perform a quantitative impairment assessment of the Company's indefinite-lived intangible asset, the fair value of the Jimmy Choo brand is estimated using a discounted cash flow analysis based on the "relief from royalty" method, assuming that a third party would be willing to pay a royalty in lieu of ownership for this intangible asset. This approach is dependent on many factors, including estimates of future growth, royalty rates, and discount rates. Actual future results may differ from these estimates. Impairment loss is recognized when the estimated fair value of the Jimmy Choo brand intangible assets is less than its carrying amount.

There were no impairment charges related to goodwill and other indefinite-lived intangible assets in any of the fiscal periods presented. See Note 12 for information relating to the Company's annual impairment analysis performed during the fourth quarter of Fiscal 2018.

Insurance

The Company uses a combination of insurance and self-insurance for losses related to a number of risks, including workers' compensation and employee-related health care benefits. The Company also maintains stop-loss coverage with third-party insurers to limit its exposure arising from claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates of the discounted cost for self-insured claims incurred using actuarial assumptions, historical loss experience, actual payroll and other data. Although the Company believes that it can reasonably estimate losses related to these claims, actual results could differ from these estimates.

The Company also maintains other types of customary business insurance policies, including business interruption insurance. Insurance recoveries represent gain contingencies and are recorded upon actual settlement with the insurance carrier. During Fiscal 2017, the Company received an insurance settlement of $3.8 million related to the prior-year disruption to our former third party operated e-commerce fulfillment center. This amount was recorded within other income in the Company's consolidated statement of operations and comprehensive income for Fiscal 2017.

Share-based Compensation

The Company grants share-based awards to certain employees and directors of the Company. The grant date fair value of share options is calculated using the Black-Scholes option pricing model. Beginning in Fiscal 2018, the Company began using its own historical experience in determining the expected holding period and volatility of its time-based share option awards. In prior periods, the Company used the simplified method for determining the expected life of its options and average volatility rates of similar actively traded companies over the estimated holding period, due to insufficient historical option exercise experience as a public company. The risk-free interest rate is derived from the zero-coupon U.S. Treasury Strips yield curve based on the grant's estimated holding period. Determining the grant date fair value of share-based awards requires considerable judgment, including estimating expected volatility, expected term and risk-free rate. If factors change and the Company employs different assumptions, the fair value of future awards and the resulting share-based compensation expense may differ significantly from what the Company has estimated in the past.

The closing market price of the Company's shares on the date of grant is used to determine the grant date fair value of restricted shares, restricted shares units (RSUs) and performance RSUs. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for performance grants, or the passage of time for those grants which have only time-based vesting requirements.

Foreign Currency Translation and Transactions

The financial statements of the majority of the Company's foreign subsidiaries are measured using the local currency as the functional currency. The Company's functional currency is the United States Dollar ("USD") for MKHL and its United States based subsidiaries. Assets and liabilities are translated using period-end exchange rates, while revenues and expenses are translated using average exchange rates over the reporting period. The resulting translation adjustments are recorded separately in shareholders' equity as a component of accumulated other comprehensive income (loss). Foreign currency income and losses resulting from the re-measuring of transactions denominated in a currency other than the functional currency of a particular entity are included in foreign currency (gain) loss on the Company's consolidated statements of operations and comprehensive income.

Derivative Financial Instruments

The Company uses forward currency exchange contracts to manage its exposure to fluctuations in foreign currency for certain transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to these transactions. The Company employs these forward currency contracts to hedge the Company's cash flows, as they relate to foreign currency transactions. Certain of these contracts are designated as hedges for accounting purposes, while others remain undesignated. All of the Company's derivative instruments are recorded in the Company's consolidated balance sheets at fair value on a gross basis, regardless of their hedge designation.

In connection with the July 25, 2017 recommended cash offer for the entire issued and to be issued share capital of Jimmy Choo, the Company entered into a forward foreign currency exchange contract with a notional amount of £1.115 billion to mitigate its foreign currency exchange risk related to the acquisition. This derivative contract was not designated as an accounting hedge.

Therefore, changes in fair value were recorded to foreign currency (gain) loss in the Company's consolidated statement of operations. The Company's accounting policy is to classify cash flows from derivative instruments in the same category as the cash flows from the items being hedged. Accordingly, the Company classified the $4.7 million realized gain relating to this derivative instrument within cash flows from investing activities for Fiscal 2018.

The Company designates certain contracts related to the purchase of inventory that qualify for hedge accounting as cash flow hedges. Formal hedge documentation is prepared for all derivative instruments designated as hedges, including description of the hedged item and the hedging instrument, the risk being hedged, and the manner in which hedge effectiveness will be assessed prospectively and retrospectively. The effective portion of changes in the fair value for contracts designated as cash flow hedges is recorded in equity as a component of accumulated other comprehensive income (loss) until the hedged item affects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third party, the gains or losses deferred in accumulated other comprehensive income (loss) are recognized within cost of goods sold. The Company uses regression analysis to assess effectiveness of derivative instruments that are designated as hedges, which compares the change in the fair value of the derivative instrument to the change in the related hedged item. Effectiveness is assessed on a quarterly basis and any portion of the designated hedge contracts deemed ineffective is recorded to foreign currency gain (loss). If the hedge is no longer expected to be highly effective in the future, future changes in the fair value are recognized in earnings. For those contracts that are not designated as hedges, changes in the fair value are recorded to foreign currency gain (loss) in the Company's consolidated statements of operations and comprehensive income. The Company classifies cash flows relating to its derivative instruments consistently with the classification of the hedged item, within cash flows from operating activities.

The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, the Company only enters into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The aforementioned forward contracts generally have a term of no more than 12 months. The period of these contracts is directly related to the foreign transaction they are intended to hedge.

Income Taxes

Deferred income tax assets and liabilities have been provided for temporary differences between the tax bases and financial reporting bases of the Company's assets and liabilities using the tax rates and laws in effect for the periods in which the differences are expected to reverse. The Company periodically assesses the realizability of deferred tax assets and the adequacy of deferred tax liabilities, based on the results of local, state, federal or foreign statutory tax audits or estimates and judgments used.

Realization of deferred tax assets associated with net operating loss and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration in the applicable tax jurisdiction. The Company periodically reviews the recoverability of its deferred tax assets and provides valuation allowances, as deemed necessary, to reduce deferred tax assets to amounts that more-likely-than-not will be realized. The Company's management considers many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings results within various taxing jurisdictions, expectations of future taxable income, the carryforward periods remaining and other factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. Deferred tax assets could be reduced in the future if the Company's estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable.

The Company recognizes the impact of an uncertain income tax position taken on its income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will be recognized if it has less than a 50% likelihood of being sustained. The tax positions are analyzed periodically (at least quarterly) and adjustments are made as events occur that warrant adjustments for those positions. The Company records interest expense and penalties payable to relevant tax authorities as income tax expense.

Rent Expense, Deferred Rent and Landlord Construction Allowances

The Company leases office space, retail stores and distribution facilities under agreements that are classified as operating leases. Many of these operating leases include contingent rent provisions (percentage rent), and/or provide for certain landlord allowances related to tenant improvements and other relevant items. The recognition of rent expense for an operating lease commences on the earlier of the related lease commencement date or the date of possession of the property. Rent expense is calculated by recognizing total minimum rental payments (net of any rental abatements, construction allowances and other rental concessions) on a straight-line basis over the lease term. The difference between straight-line rent expense and rent paid is recorded as deferred rent, which is classified within short-term and long-term liabilities in the Company's consolidated balance sheets. The Company accounts for landlord allowances and incentives as a component of deferred rent, which is amortized over the lease term as a reduction of rent expense. The Company records rent expense as a component of selling, general and administrative expenses.

Debt Issuance Costs and Unamortized Discounts

The Company defers debt issuance costs directly associated with acquiring third party financing. These debt issuance costs and any discounts on issued debt are amortized on a straight-line basis, which approximates the effective interest method, as interest expense over the term of the related indebtedness. Deferred financing fees associated with the Company's revolving credit facilities are recorded within prepaid expenses and other current assets. Deferred financing fees and unamortized discounts associated with the Company's other borrowings are recorded as an offset to long-term debt in the Company's consolidated balance sheets. See Note 10 for additional information.

Net Income per Share

The Company's basic net income per ordinary share is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share reflects the potential dilution that would occur if share option grants or any other potentially dilutive instruments, including restricted shares and units ("RSUs"), were exercised or converted into ordinary shares. These potentially dilutive securities are included in diluted shares to the extent they are dilutive under the treasury stock method for the applicable periods. Performance-based RSUs are included in diluted shares if the related performance conditions are considered satisfied as of the end of the reporting period and to the extent they are dilutive under the treasury stock method.

The components of the calculation of basic net income per ordinary share and diluted net income per ordinary share are as follows (in millions, except share and per share data):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Numerator:			
Net income attributable to MKHL	$ 591.9	$ 552.5	$ 839.1
Denominator:			
Basic weighted average shares	152,283,586	165,986,733	186,293,295
Weighted average dilutive share equivalents:			
Share options and restricted shares/units, and performance restricted share units	2,819,299	2,137,080	2,760,994
Diluted weighted average shares	155,102,885	168,123,813	189,054,289
Basic net income per share	$ 3.89	$ 3.33	$ 4.50
Diluted net income per share	$ 3.82	$ 3.29	$ 4.44

Share equivalents for 1,662,889 shares, 2,034,658 shares and 2,255,271 shares, for Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively, have been excluded from the above calculation due to their anti-dilutive effect.

Recently Adopted Accounting Pronouncements

Business Combinations

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-01, "*Business Combinations (Topic 805) - Clarifying the Definition of a Business*," to clarify the definition of a business in order to allow for the evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years with early adoption permitted. The Company adopted ASU 2017-01 during the three months ended December 30, 2017, which did not have a material impact on its consolidated financial statements.

Share-Based Compensation

In March 2016, the FASB issued ASU No. 2016-09, "*Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*," which simplifies accounting and presentation of share-based payments, primarily relating to the recognition and classification of excess tax benefits, accounting for forfeitures and tax withholding requirements. The Company adopted ASU 2016-09 during the first quarter of Fiscal 2018, as required. Accordingly, during Fiscal 2018 excess tax benefits of $7.3 million which would have been previously reflected within additional paid-in capital, were recognized within the Company's provision of income taxes. This change is expected to increase volatility in future provisions for income taxes. In addition, the Company eliminated windfall tax benefits from the treasury stock method calculation used to compute its diluted earnings per share. Both of the above changes have been adopted on a prospective basis, whereas cash flows related to excess tax benefits, previously reflected within financing activities, have been presented within operating activities within the Company's consolidated statements of cash flows on a retrospective basis. Cash flows related to excess tax benefits were $6.6 million during Fiscal 2017. The Company continues to reflect estimated forfeitures in its share-based compensation expense.

Goodwill

In January 2017, the FASB issued ASU 2017-04, "*Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*," which simplifies the test for goodwill impairment by eliminating Step 2 of goodwill impairment analysis, while retaining the option to perform an initial qualitative assessment for a reporting unit to determine if a quantitative impairment test is required. ASU 2017-04 is effective in the Company's Fiscal 2021 with early adoption permitted and should be applied on a prospective basis. The Company early adopted the goodwill impairment testing provisions of ASU 2017-04 during the fourth quarter of Fiscal 2018, with no impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

The Company has considered all new accounting pronouncements and, other than the recent pronouncements discussed below, have concluded that there are no new pronouncements that may have a material impact on our results of operations, financial condition or cash flows based on current information.

Hedge Accounting

On August 28, 2017, the FASB issued ASU No. 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.*" The new standard is intended to improve and simplify rules relating to hedge accounting, including the elimination of periodic hedge ineffectiveness, recognition and presentation of components excluded from hedge effectiveness assessment, the ability to elect to perform subsequent effectiveness assessments qualitatively, and other provisions designed to provide more transparency around the economics of a company's hedging strategy. ASU 2017-12 is effective for the Company in Fiscal 2020, with early adoption permitted. The Company plans to early adopt ASU 2017-12 in the first quarter of Fiscal 2019. The adoption of ASU 2017-12 is not expected to have a material impact on the Company's consolidated financial statements with respect to its existing forward foreign currency exchange contracts. However upon adoption, the Company will apply the spot method of designating these contracts under ASU 2017-12 to the net investment hedges that were executed during the first quarter of Fiscal 2019. See Note 22 for additional information.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," which provides new guidance for revenues recognized from contracts with customers, and will replace the existing revenue recognition guidance. ASU 2014-09 requires that revenue is recognized at an amount the company is entitled to upon transferring control of goods or services to customers, as opposed to when risks and rewards transfer to a customer.

In July 2015, the FASB issued ASU No. 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,*" which deferred the effective date of ASU 2014-09 by one year, making it effective for the interim reporting periods within the annual reporting period beginning after December 15, 2017, or beginning with the Company's Fiscal 2019. This standard may be applied retrospectively to all prior periods presented, or retrospectively with a cumulative adjustment to retained earnings in the year of adoption.

The FASB has issued several additional ASUs to provide implementation guidance on ASU No. 2014-09, including ASU No. 2016-20, "*Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*" issued in December 2016, ASU No. 2016-12, "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*" issued in May 2016, ASU No. 2016-10, "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*" issued in April 2016, and ASU No. 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*" issued in March 2016. The Company will consider this guidance in evaluating the impact of ASU 2014-09 (collectively, "ASC 606").

Most of our business is comprised of retail and wholesale operations, where revenue is recognized at a point of time. The Company has completed the initial assessment of the new standard and is currently progressing in its implementation. While the evaluation process is not complete, based on our assessment to date, the Company believes that some of the potential impacts of implementing this standard will include the timing of revenue recognition for its licensing royalties, recognition of breakage revenue for unredeemed gift cards, as well as expanded financial statement disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition.

The Company will adopt the standard beginning with the first quarter of Fiscal 2019, as required, using the modified retrospective method. The Company has completed its evaluation of the cumulative adjustment and has concluded that it will have an immaterial impact on its retained earnings. This adjustment will be primarily associated with unrecognized gift card breakage revenue and product licensing revenue previously recorded on a one-month lag.

Lease Accounting

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842),*" which requires lessees to recognize a lease liability and a right-to-use asset on the balance sheet for all leases, except certain short-term leases. ASU 2016-02 is effective beginning with the Company's Fiscal 2020, with early adoption permitted, and must be implemented using a modified retrospective approach for all leases existing at, or entered into after the beginning of the earliest comparative period that is presented in the financial statements. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements but expects that the adoption of this standard will result in a significant increase in assets and liabilities on its consolidated balance sheets.

Share-Based Compensation

In May 2017, the FASB issued ASU No. 2017-09, "*Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*", which simplifies modification accounting for entities that change the terms or conditions of share-based awards. ASU 2017-09 is effective for the Company's Fiscal 2019 with early adoption permitted and is required to be applied on a prospective basis. The Company will evaluate the impact of ASU 2017-09 on any future changes to the terms and conditions of its share-based compensation awards.

Income Taxes

In October 2016, the FASB issued ASU 2016-16, "*Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*", which requires recognition of income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective and the Company will adopt the standard beginning with the first quarter of Fiscal 2019, as required, using the modified retrospective method. The Company has completed its evaluation of the cumulative adjustment and has concluded that it will have an immaterial impact on its retained earnings.

3. Acquisitions

Fiscal 2018 Acquisition

Acquisition of Jimmy Choo Group Limited

On November 1, 2017, the Company completed the acquisition of Jimmy Choo, whereby the Company's wholly-owned subsidiary acquired all of Jimmy Choo's issued and to be issued shares at a purchase price of 230 pence per share in cash, for a total transaction value of $1.447 billion, including the repayment of existing debt obligations, which was funded through a combination of borrowings under the Company's new $1.0 billion term loan facility, the issuance of the Senior Notes and cash on hand (please refer to Note 10 for additional information).

The following table summarizes the aggregate purchase price consideration paid to acquire Jimmy Choo in cash (in millions):

	November 1, 2017
Consideration paid to Jimmy Choo shareholders	$ 1,181.2
Repayment of debt and related obligations	266.2
Total purchase price	$ 1,447.4

The Company believes that this combination will further strengthen its future growth opportunities while also increasing both product and geographic diversification and will allow it to grow its international presence through the formation of a global fashion luxury group, bringing together industry-leading luxury fashion brands. The Company accounted for this acquisition as a business combination under the acquisition method of accounting. The following table summarizes the preliminary purchase price allocation of fair values of the assets acquired and liabilities assumed at the date of acquisition (in millions):

	November 1, 2017
Cash and cash equivalents	$ 34.3
Accounts receivable	30.7
Inventory [(1)]	126.2
Other current assets	63.9
Current assets	255.1
Property and equipment [(2)]	51.0
Goodwill [(3)]	684.9
Brand [(4)]	577.8
Customer relationships [(5)]	212.8
Lease rights	5.9
Deferred tax assets	22.5
Other assets	28.1
Total assets acquired	$ 1,838.1
Accounts payable	$ 129.3
Other current liabilities	96.5
Current liabilities	225.8
Deferred tax liabilities	134.9
Other liabilities	26.9
Total liabilities assumed	$ 387.6
Less: Noncontrolling interest in joint ventures	$ 3.1
Fair value of net assets acquired	$ 1,447.4
Fair value of acquisition consideration	$ 1,447.4

(1) Includes an inventory step-up adjustment of $9.5 million, which will be recognized as an adjustment to the Company's cost of goods sold in its statement of operations over twelve months.

(2) Includes a $7.0 million adjustment to reduce the fair value of Jimmy Choo's leasehold improvements, which will be recognized over the remaining lease term.

(3) Represents the difference between the purchase price over the net identifiable tangible and intangible assets acquired allocated to goodwill, which is not deductible for tax purposes.

(4) Represents the fair value of Jimmy Choo's brand, which is an indefinite-lived intangible asset due to being essential to the Company's ability to operate the Jimmy Choo business for the foreseeable future. The Jimmy Choo brand was valued using the relief-from-royalty method of the income valuation approach.

(5) Represents customer relationships associated with Jimmy Choo wholesale customers and geographic licensees, which are being amortized over 15 years and customer relationships with product licensees, which are being amortized over 18 years. These useful lives were estimated based on the time to recover the related future discounted cash flows. These intangible assets were valued using multi-period excess-earnings valuation method.

Jimmy Choo's results of operations have been included in our consolidated financial statements beginning on November 1, 2017. Jimmy Choo contributed revenue of $222.6 million and net loss of $14.5 million (after amortization of non-cash purchase accounting adjustments and transition and transaction costs) for the period from the date of acquisition through March 31, 2018.

The following table summarizes the unaudited pro-forma consolidated results of operations for the fiscal years ended March 31, 2018 and April 1, 2017 as if the acquisition had occurred on April 3, 2016, the beginning of Fiscal 2017 (in millions):

	Fiscal Years Ended	
	March 31, 2018	April 1, 2017
Pro-forma total revenue	$ 5,012.0	$ 4,984.6
Pro-forma net income	623.2	553.9
Pro-forma net income per ordinary share attributable to MKHL:		
Basic	$ 4.09	$ 3.34
Diluted	$ 4.02	$ 3.29

The unaudited pro-forma consolidated results above are based on the historical financial statements of the Company and Jimmy Choo and are not necessarily indicative of the results of operations that would have been achieved if the acquisition was completed at the beginning of Fiscal 2017 and are not indicative of the future operating results of the combined company. The financial information for Jimmy Choo prior to the acquisition has been included in the pro-forma results of operations on a calendar-year basis and includes certain adjustments to Jimmy Choo's historical consolidated financial statements to align with U.S. GAAP and the Company's accounting policies. The pro-forma consolidated results of operations also include the effects of purchase accounting adjustments, including amortization charges related to the definite-lived intangible assets acquired, fair value adjustments relating to leases and fixed assets, and the related tax effects assuming that the business combination occurred on April 3, 2016. Purchase accounting amortization of the inventory step-up adjustment has been excluded from the above pro-forma amounts due to the short-term nature of this adjustment. The pro-forma consolidated financial statement also reflect the impact of debt repayment and borrowings made to finance the acquisition (see Note 10) and exclude historical interest expense for Jimmy Choo. Transaction costs of $40.6 million for Fiscal 2018, which have been recorded within restructuring and other charges in the Company's consolidated statements of operations and comprehensive income, have been excluded from the above pro-forma consolidated results of operations due to their non-recurring nature.

Other Acquisitions

During the first quarter of Fiscal 2018, the Company repurchased a portion of the non-controlling interest in its Latin American joint venture, MK Panama for approximately $0.5 million. As of March 31, 2018, the Company has a 75% ownership interest in MK Panama.

Fiscal 2017 Acquisition

Acquisition of Michael Kors (HK) Limited

On May 31, 2016, the Company acquired 100% of the stock of MKHKL, its licensees in the Greater China region, which includes China, Hong Kong, Macau and Taiwan. The Company believes that having direct control of this business will allow it to better manage opportunities and capitalize on the growth potential in the region. This acquisition was funded by a cash payment of $500.0 million, which may be subject to certain purchase price adjustments. The Company accounted for the acquisition as a business combination.

MKHKL's results of operations have been included in our consolidated financial statements beginning on June 1, 2016. MKHKL contributed total revenue of $306.2 million and net income of $13.5 million for Fiscal 2018 (after amortization of non-cash valuation adjustments). MKHKL contributed total revenue of $212.4 million and net loss of $10.6 million for the period from the date of acquisition through April 1, 2017 (after amortization of non-cash valuation adjustments and integration costs).

The following table summarizes the unaudited pro-forma consolidated results of operations for the fiscal year ended April 1, 2017 as if the acquisition had occurred on March 29, 2015, the beginning of Fiscal 2016 (in millions):

	Fiscal Years Ended	
	April 1, 2017	April 2, 2016
Pro-forma total revenue	$ 4,520.1	$ 4,839.1
Pro-forma net income	548.7	832.2
Pro-forma net income per ordinary share attributable to MKHL:		
Basic	$ 3.31	$ 4.47
Diluted	$ 3.26	$ 4.40

The unaudited pro-forma consolidated results above are based on the historical financial statements of the Company and MKHKL and are not necessarily indicative of the results of operations that would have been achieved if the acquisition was completed at the beginning of Fiscal 2016 and are not indicative of the future operating results of the combined company. The pro-forma consolidated results of operations reflect the elimination of intercompany transactions and include the effects of purchase accounting adjustments, including amortization charges related to the definite-lived intangible assets acquired (reacquired rights and customer relationships), fair value adjustments relating to leases, fixed assets and inventory, and the related tax effects assuming that the business combination occurred on March 29, 2015. The pro-forma consolidated results of operations for Fiscal 2017 also reflect the elimination of transaction costs of approximately $11.3 million, which have been recorded within restructuring and other charges in the Company's consolidated statements of operations and comprehensive income for Fiscal 2017.

Fiscal 2016 Acquisitions

Acquisition of the Previously Licensed Business in South Korea

On January 1, 2016, the Company acquired direct control of its previously licensed business in South Korea upon the related license expiration. In connection with the acquisition, the Company acquired certain net assets (including inventory and fixed assets) from the Company's former licensee in exchange for cash consideration of approximately $3.6 million. The Company accounted for this acquisition as a business combination and began consolidating the South Korean business into its operations beginning with the fourth quarter of Fiscal 2016.

This acquisition resulted in a gain of $3.7 million, representing the excess of the fair value of the assets acquired over the consideration paid, which was recorded in other income in the Company's consolidated statement of operations and comprehensive income for Fiscal 2016. The purchase price was negotiated upon the natural expiration of the licensing agreement, which allowed the Company to negotiate favorable terms for the assets that could no longer be used by the licensee. Prior to recognizing a bargain purchase gain, the Company reassessed whether all assets acquired and liabilities assumed have been correctly identified, as well as the key valuation assumptions and business combination accounting procedures for this acquisition. After careful consideration and review, it was concluded that the recognition of a bargain purchase gain is appropriate for this acquisition.

Acquisition of Controlling Interest in a Joint Venture

During the second quarter of Fiscal 2016, the Company made contributions to MK Panama totaling $18.5 million, consisting of cash consideration of $3.0 million and the elimination of liabilities owed to the Company of $15.5 million, which increased the Company's ownership interest to 75%. As a result of obtaining controlling interest in MK Panama, which was previously accounted for under the equity method of accounting, the Company began consolidating MK Panama into its operations during the second quarter of Fiscal 2016. The additional ownership interest provides the Company with more direct control over its operations in Latin America and will allow it to better manage its opportunities in the region.

4. Receivables, net

Receivables, net consist of (in millions):

	March 31, 2018	April 1, 2017
Trade receivables:		
Credit risk assumed by insured	$ 296.2	$ 294.0
Credit risk retained by Company	87.1	63.8
Receivables due from licensees	15.8	11.9
	399.1	369.7
Less: allowances	(108.6)	(103.9)
	$ 290.5	$ 265.8

Receivables are presented net of allowances for sales returns, discounts, markdowns, operational chargebacks and doubtful accounts. Sales returns are determined based on an evaluation of current market conditions and historical returns experience. Discounts are based on open invoices where trade discounts have been extended to customers. Allowances are based on wholesale customers' sales performance, seasonal negotiations with customers, historical deduction trends and an evaluation of current market conditions. Operational chargebacks are based on deductions taken by customers, net of expected recoveries. Such provisions, and related recoveries, are reflected in revenues.

The Company's allowance for doubtful accounts is determined through analysis of periodic aging of receivables that are not covered by insurance and assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers and the impact of general economic conditions. The past due status of a receivable is based on its contractual terms. Amounts deemed uncollectible are written off against the allowance when it is probable the amounts will not be recovered. Allowance for doubtful accounts was $5.1 million and $0.9 million as of March 31, 2018 and April 1, 2017, respectively. The March 31, 2018 amount included an allowance due to a bankruptcy of one of our wholesale customers.

5. Concentration of Credit Risk, Major Customers and Suppliers

Financial instruments that subject the Company to concentration of credit risk are cash and cash equivalents and receivables. As part of its ongoing procedures, the Company monitors its concentration of deposits with various financial institutions in order to avoid any undue exposure. The Company mitigates its risk by depositing cash and cash equivalents in major financial institutions. The Company also mitigates its credit risk by obtaining insurance coverage for a substantial portion of its receivables (as demonstrated in the above table in "Credit risk assumed by insured"). For Fiscal 2018, Fiscal 2017 and Fiscal 2016, revenue related to our largest Michael Kors wholesale customer, Macy's, accounted for approximately 7.8%, 8.9% and 12.7%, respectively, of total revenue. The accounts receivable related to this customer were substantially insured for all three fiscal years. No other customer accounted for 10% or more of the Company's total revenues during Fiscal 2018, Fiscal 2017 or Fiscal 2016.

The Company contracts for the purchase of finished goods principally with independent third-party contractors, whereby the contractor is generally responsible for all manufacturing processes, including the purchase of piece goods and trim. Although the Company does not have any long-term agreements with any of its manufacturing contractors, the Company believes it has mutually satisfactory relationships with them. The Company allocates product manufacturing among agents and contractors based on their capabilities, the availability of production capacity, quality, pricing and delivery. The inability of certain contractors to provide needed services on a timely basis could adversely affect the Company's operations and financial condition. The Company also has relationships with various agents who source Michael Kors finished goods with numerous contractors on its behalf. For Fiscal 2018, Fiscal 2017 and Fiscal 2016, one agent sourced approximately 23.9%, 21.8% and 23.2%, respectively, and one contractor accounted for approximately 19.9%, 23.2% and 21.2%, respectively, of Michael Kors finished goods purchases, based on unit volume. For the period covering November 1, 2017 through March 31, 2018 one contractor accounted for approximately 16.0% of Jimmy Choo's finished goods purchases, based on unit volume.

6. Property and Equipment, Net

Property and equipment, net, consists of (in millions):

	March 31, 2018	April 1, 2017
Leasehold improvements	$ 551.0	$ 507.9
In-store shops	273.9	256.0
Furniture and fixtures	270.9	244.1
Computer equipment and software	266.3	226.2
Equipment	116.7	104.4
Building	51.6	40.6
Land	16.2	14.0
	1,546.6	1,393.2
Less: accumulated depreciation and amortization	(1,001.6)	(833.9)
	545.0	559.3
Construction-in-progress	38.2	32.2
	$ 583.2	$ 591.5

Depreciation and amortization of property and equipment for the fiscal years ended March 31, 2018, April 1, 2017, and April 2, 2016, was $182.3 million, $197.7 million and $172.2 million, respectively. During Fiscal 2018, the Company recorded fixed asset impairment charges of $27.5 million, $26.1 million of which related to underperforming Michael Kors full-price retail store locations, some of which will be closed as part of the Company's previously announced Retail Fleet Optimization Plan (as defined in Note 9) and $1.4 million related to wholesale locations expected to be closed. During Fiscal 2017 and Fiscal 2016, the Company recorded fixed asset impairment charges of $169.0 million and $10.9 million, respectively, primarily related to underperforming retail locations.

7. Intangible Assets and Goodwill

The following table details the carrying values of the Company's intangible assets other than goodwill (in millions):

	March 31, 2018			April 1, 2017		
	Gross Carrying Amount	Accumulated Amortization [(1)]	Net	Gross Carrying Amount	Accumulated Amortization [(1)]	Net
Definite-lived intangible assets:						
Reacquired rights	$ 400.4	$ 29.4	$ 371.0	$ 400.4	$ 13.4	$ 387.0
Trademarks	23.0	17.4	5.6	23.0	16.3	6.7
Lease rights	80.1	58.3	21.8	74.2	53.8	20.4
Customer relationships	231.3	8.1	223.2	5.0	1.0	4.0
	734.8	113.2	621.6	502.6	84.5	418.1
Indefinite-lived intangible assets:						
Jimmy Choo brand	614.1	—	614.1	—	—	—
Total intangible assets, excluding goodwill	$ 1,348.9	$ 113.2	$ 1,235.7	$ 502.6	$ 84.5	$ 418.1

(1) Includes $5.2 million and $30.2 million, respectively, of impairment charges recorded during Fiscal 2018 and Fiscal 2017 in connection with underperforming full-price retail stores. There were no impairment charges related to the Company's amortized intangibles assets during Fiscal 2016. See Note 12 for additional information.

Reacquired rights relate to the Company's reacquisition of the rights to use its trademarks and to import, sell, advertise and promote certain of its products in the previously licensed territories in the Greater China region and are being amortized through March 31, 2041, the expiration date of the related license agreement. The trademarks relate to the Michael Kors brand name and are amortized over twenty years. Customer relationships are amortized over five to eighteen years. Lease rights are amortized over the respective terms of the underlying lease, including highly probable renewal periods. Amortization expense for the Company's definite-lived intangibles was $26.3 million, $22.1 million and $11.0 million, respectively, for each of the fiscal years ended March 31, 2018, April 1, 2017 and April 2, 2016.

Indefinite-lived intangible assets other than goodwill included the Jimmy Choo brand , which was was recorded in connection with the acquisition of Jimmy Choo and has an indefinite life due to being essential to the Company's ability to operate the Jimmy Choo business for the foreseeable future.

Estimated amortization expense for each of the next five years is as follows (in millions):

Fiscal 2019	$ 34.4
Fiscal 2020	34.1
Fiscal 2021	34.0
Fiscal 2022	33.4
Fiscal 2023	32.5
Thereafter	453.2
	$ 621.6

The future amortization expense above reflects weighted-average estimated remaining useful lives of 23.0 years for reacquired rights, 4.8 years for trademarks, 16.9 years for customer relationships and 7.0 years for lease rights.

The following table details the changes in goodwill for each of the Company's reportable segments (in millions):

	MK Retail	MK Wholesale	MK Licensing	Jimmy Choo	Total
Balance at April 1, 2017	$ 91.9	$ 25.9	$ 1.9	$ —	$ 119.7
Acquisition of Jimmy Choo	—	—	—	684.9	684.9
Foreign currency translation	—	—	—	43.1	43.1
Balance at March 31, 2018	$ 91.9	$ 25.9	$ 1.9	$ 728.0	$ 847.7

The Company's goodwill and the Jimmy Choo brand is not subject to amortization but is evaluated for impairment annually in the last quarter of each fiscal year, or whenever impairment indicators exist.

During the fourth quarter of Fiscal 2018, the Company elected to perform its annual goodwill impairment analysis for its Michael Kors brand using a quantitative approach, using the discounted cash flow method to estimate fair value. Based on the results of these assessments, the Company concluded that the fair values of the Michael Kors reporting units significantly exceeded the related carrying amounts and there were no reporting units at risk of impairment. The goodwill impairment analysis relating to the Jimmy Choo brand was performed using a qualitative assessment, due to the proximity to the acquisition date, to determine whether it is more likely than not that the fair value of its reporting units was less than their carrying amounts. As part of the its assessment, the Company considered qualitative factors, including the projected financial performance of Jimmy Choo, as well as various industry, market and macroeconomic factors. Based on this assessment, the Company qualitatively concluded that it is more likely than not that the fair value of the Jimmy Choo reporting units exceeded its carrying value and, therefore, did not result in an impairment. There were no impairment charges related to goodwill in any of the fiscal periods presented.

The Company also performed a qualitative impairment assessment to determine whether it is more likely than not that the fair value of its Jimmy Choo brand indefinite-lived intangible asset was less than the carrying amount. As part of this assessment, the Company considered qualitative factors, including the projected financial performance of Jimmy Choo, as well as various industry, market and macroeconomic factors. Based on this assessment, the Company qualitatively concluded that it was more likely than not that the fair value of the Jimmy Choo brand exceeded its carrying value and, therefore, did not result in an impairment.

8. Current Assets and Current Liabilities

Prepaid expenses and other current assets consist of the following (in millions):

	March 31, 2018	April 1, 2017
Prepaid taxes	$ 78.5	$ 56.6
Prepaid rent	22.7	21.7
Leasehold incentive receivable	9.4	12.0
Other	37.2	31.6
	$ 147.8	$ 121.9

Accrued expenses and other current liabilities consist of the following (in millions):

	March 31, 2018	April 1, 2017
Other taxes payable	$ 54.3	$ 29.2
Restructuring liability	44.8	—
Accrued rent	34.5	21.5
Accrued capital expenditures	26.4	20.5
Accrued advertising and marketing	22.6	10.7
Gift cards and retail store credits	16.0	12.9
Professional services	14.1	7.1
Accrued interest	8.7	0.3
Unrealized loss on forward foreign exchange contracts	7.7	0.4
Deferred income	4.3	0.1
Advance royalties	4.1	5.0
Other	58.1	27.3
	$ 295.6	$ 135.0

9. Restructuring and Other Charges

On May 31, 2017, the Company announced that it plans to close between 100 and 125 of its Michael Kors full-price retail stores over the next two years, in order to improve the profitability of its retail store fleet ("Retail Fleet Optimization Plan"). Over this time period, the Company expects to incur approximately $100 - $125 million of one-time costs associated with these store closures. Collectively, the Company anticipates ongoing annual savings of approximately $60 million as a result of store closures and lower depreciation and amortization expense as a result of the impairment charges recorded during Fiscal 2017 and Fiscal 2018.

During Fiscal 2018, the Company closed 47 of its Michael Kors full-price retail stores under the Retail Fleet Optimization Plan and recorded restructuring costs of $52.6 million. The Company anticipates finalizing the remainder of the planned store closures under the Retail Fleet Optimization Plan over the next two fiscal years. The below table presents a summary of cash charges recorded in connection with this plan for the MK Retail segment and the Company's remaining restructuring liability (in millions):

	Severance and benefit costs	Lease-related costs	Total
Balance as of April 1, 2017	$ —	$ —	$ —
Additions charged to expense	0.7	51.9 [(1)]	52.6
Balance sheet reclassifications [(2)]	—	12.2	12.2
Payments	(0.5)	(19.5)	(20.0)
Balance as of March 31, 2018	$ 0.2	$ 44.6	$ 44.8

(1) Includes losses on store lease exits of $29.0 million.

(2) Primarily consists of reclassification of deferred rent balances for locations subject to closure to a restructuring liability.

Other Charges

During Fiscal 2018, the Company recorded transaction costs of $40.6 million in connection with the Jimmy Choo acquisition within restructuring and other charges in its consolidated statements of operations. In addition, restructuring and other charges included transition costs of $8.9 million for Fiscal 2018, which were incurred in connection with the Jimmy Choo acquisition. During Fiscal 2017, the Company recorded transaction costs of $11.3 million related to the acquisition of the Greater China business. See Note 3 for additional information relating to these acquisitions.

10. Debt Obligations

The following table presents the Company's debt obligations (in millions):

	March 31, 2018	April 1, 2017
Term Loan	$ 229.8	$ —
4.000% Senior Notes due 2024	450.0	—
Revolving Credit Facilities	200.0	133.1
Other	0.9	—
Total debt	880.7	133.1
Less: Unamortized debt issuance costs	4.2	—
Less: Unamortized discount on long-term debt	2.1	—
Total carrying value of debt	874.4	133.1
Less: Short-term debt	200.0	133.1
Total long-term debt	$ 674.4	$ —

Bridge Credit Agreement

On July 25, 2017, the Company and certain of its subsidiaries, as loan parties, entered into a bridge credit agreement providing for a term loan facility in the principal amount of £1.115 billion with the lenders from time to time party thereto and JPMorgan Europe Limited, as administrative agent. In connection with Term Loan Facility provided for under the 2017 Credit Facility, as described and defined below, the commitments under the bridge credit agreement were reduced to approximately £344.2 million as of September 30, 2017 and eliminated in their entirety as a result of the October 20, 2017 issuance of $450.0 million 4.000% senior notes due 2024. As a result, the bridge credit agreement was terminated.

Senior Unsecured Revolving Credit Facility

On August 22, 2017, the Company entered into a second amended and restated senior unsecured credit facility (as amended, the "2017 Credit Facility") with, among others, JPMorgan Chase Bank, N.A., as administrative agent, which replaced its prior 2015 senior unsecured revolving credit facility ("2015 Credit Facility"). The Company and its U.S., Canadian, Dutch and Swiss subsidiaries are the borrowers under the 2017 Credit Facility. The borrowers and certain material subsidiaries of the Company provide unsecured guarantees of the 2017 Credit Facility. The 2017 Credit Facility provides for a $1.0 billion revolving credit facility (the "Revolving Credit Facility"), which may be denominated in U.S. Dollars and other currencies, including Euros, Canadian Dollars, Pounds Sterling, Japanese Yen and Swiss Francs. The Revolving Credit Facility also provides sub-facilities for the issuance of letters of credit of up to $75.0 million and swing line loans of up to $50.0 million. The 2017 Credit Facility also provides for a $1.0 billion term loan facility (the "Term Loan Facility") to finance a portion of the purchase price of the Company's acquisition of Jimmy Choo. The Revolving Credit Facility expires on August 22, 2022. The Term Loan Facility is divided into two tranches, a $600.0 million tranche that matures on the third anniversary of the initial borrowing of the term loans and a $400.0 million tranche that matures on the fifth anniversary of the initial borrowing of the term loans. The Company has the right to prepay its borrowings under the Term Loan Facility at any time in whole or in part. The Company has the ability to expand its borrowing availability under the 2017 Credit Facility in the form of revolving commitments or term loans by up to an additional $500.0 million, subject to the agreement of the participating lenders and certain other customary conditions.

On November 1, 2017, the Company's $1.0 billion Term Loan Facility was fully drawn to pay a portion of the acquisition consideration for Jimmy Choo and other related fees and expenses. The loans under the Term Loan Facility are required to be repaid on the last business day of March, June, September and December of each year, commencing after the last business day of the first full fiscal quarter after the initial borrowing, in installments equal to 2.50% of the aggregate original principal amount of the term loans. During Fiscal 2018, the Company made accelerated payments on the Term Loans on a pro-rata basis. As of March 31, 2018, the carrying value of borrowings outstanding under the Term Loan Facility was $229.0 million, net of debt issuance costs.

During the first quarter of Fiscal 2019, the Company repaid an additional $90.0 million principal amount of borrowings outstanding under the Term Loan Facility on a pro-rata basis.

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at the following rates:

- for any loans (except loans denominated in Canadian Dollars), the greater of Adjusted LIBOR for the applicable interest period and zero, plus an applicable margin based on the Company's public debt rating;
- for loans denominated in U.S. Dollars, an alternate base rate, which is the greatest of: (a) the prime rate publicly announced from time to time by JPMorgan Chase, (b) the greater of the federal funds effective rate and the Federal Reserve Bank of New York overnight bank funding rate and zero, plus 50 basis points, and (c) the greater of the one-month London Interbank Offered Rate adjusted for statutory reserve requirements for Eurocurrency liabilities ("Adjusted LIBOR") and zero, plus 100 basis points, in each case, plus an applicable margin based on the Company's public debt ratings;
- for loans denominated in Canadian Dollars, the Canadian prime rate, which is the greater of the PRIMCAN Index rate and the rate applicable to one-month Canadian Dollar banker's acceptances quoted on Reuters ("CDOR"), plus 100 basis points, plus an applicable margin based on the Company's public debt ratings; or
- for loans denominated in Canadian Dollars, the average CDOR rate for the applicable interest period, plus 10 basis points per annum, plus an applicable margin based on the Company's public debt ratings.

Borrowings under the Term Loan Facility bear interest, at the Company's option, at (a) the alternate base rate plus an applicable margin based on the Company's public debt ratings; or (b) the greater of Adjusted LIBOR for the applicable interest period and zero, plus an applicable margin based on the Company's public debt ratings.

The 2017 Credit Facility requires the Company to maintain a leverage ratio as of the end of each fiscal quarter of no greater than 3.5 to 1. Such leverage ratio is calculated as the ratio of the sum of total indebtedness as of the date of the measurement plus six times the consolidated rent expense for the last four consecutive fiscal quarters, to Consolidated EBITDAR (as defined below) for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined as consolidated net income plus income tax expense, net interest expense, depreciation and amortization expense, consolidated rent expense and other non-cash charges, subject to certain additions and deductions. The 2017 Credit Facility also includes covenants that limit additional indebtedness, guarantees, liens, acquisitions and other investments and cash dividends that are customary for financings of this type. As of March 31, 2018, the Company was in compliance with all covenants related to this agreement.

The 2017 Credit Facility contains events of default customary for financings of this type, including, but not limited to, payment of defaults, material inaccuracy of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy or insolvency, certain events under The Employee Retirement Income Security Act, material judgments, actual or asserted failure of any guaranty supporting the 2017 Credit Facility to be in full force and effect, and changes of control. If such an event of default occurs, the lenders under the 2017 Credit Facility would be entitled to take various actions, including, but not limited to, terminating the commitments and accelerating amounts outstanding under the 2017 Credit Facility, subject to "certain funds" limitations in connection with the transaction governing the Term Loan Facility.

As of March 31, 2018, the Company had borrowings of $200.0 million outstanding under the 2017 Revolving Credit Facility. Stand-by letters of credit of $15.9 million were outstanding as of March 31, 2018. There were borrowings of $127.3 million outstanding under the prior 2015 Revolving Credit Facility as of April 1, 2017, which were recorded within short-term debt in the Company's balance sheet as of April 1, 2017. At March 31, 2018, the amount available for future borrowings under the 2017 Revolving Credit Facility was $784.1 million.

Senior Notes

On October 20, 2017, Michael Kors (USA), Inc. (the "Issuer"), the Company's wholly owned subsidiary, completed its offering of $450.0 million aggregate principal amount of 4.000% senior notes due 2024 (the "Senior Notes") at an issue price of 99.508% of aggregate principal amount, pursuant to an exemption from registration under the Securities Act of 1933, as amended. The Senior Notes were issued under an indenture dated October 20, 2017, among the Issuer, the Company, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (the "Indenture"). The Senior Notes were issued to finance a portion of the Company's acquisition of Jimmy Choo and certain related refinancing transactions.

The Senior Notes bear interest at a rate of 4.000% per year, subject to adjustments from time to time if either Moody's or S&P (or a substitute rating agency therefore) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Senior Notes. Interest on the Senior Notes is payable semi-annually on May 1 and November 1 of each year, beginning on May 1, 2018.

The Senior Notes are unsecured and are guaranteed by the Company and its existing and future subsidiaries that guarantee or are borrowers under the 2017 Credit Facility (subject to certain exceptions, including subsidiaries organized in China), including, following the closing of the acquisition, Jimmy Choo and all of its existing and future subsidiaries who are guarantors or borrowers under the 2017 Credit Facility (subject to certain exceptions, including subsidiaries organized in China).

The Senior Notes may be redeemed at the Company's option at any time in whole or in part at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a "make-whole" amount calculated at the applicable Treasury Rate plus 30 basis points.

The Senior Notes rank equally in right of payment with all of the Issuer's and guarantors' existing and future senior unsecured indebtedness, senior in right of payment to any future subordinated indebtedness, effectively subordinated in right of payment to any of the Company's subsidiaries' obligations (including secured and unsecured obligations) and any of the Company's secured obligations, to the extent of the assets securing such obligations.

The Indenture contains covenants, including those that limit the Company's ability to create certain liens and enter into certain sale and leaseback transactions. In the event of a "Change of Control Triggering Event," as defined in the Indenture, the Issuer will be required to make an offer to repurchase the Senior Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Senior Notes being repurchased plus any unpaid interest. These covenants are subject to important limitations and exceptions, as per the Indenture.

As of March 31, 2018, the carrying value of the Senior Notes was $444.5 million, net of issuance costs and unamortized discount. See Note 22 for cross-currency swaps executed during the first quarter of Fiscal 2019.

Japan Credit Facility

In November 2017, the Company's subsidiary in Japan entered into a short term credit facility ("Japan Credit Facility") with Mitsubishi UFJ Financial Group ("MUFJ") (the "Bank") which may be used to fund general working capitals needs of Michael Kors Japan K.K. through November 29, 2018, subject to the Bank's discretion. The Japan Credit Facility provides Michael Kors Japan K.K. with a revolving credit line of up to ¥1.0 billion (approximately $9.4 million). The Japan Credit Facility bears interest at a rate posted by the Bank plus 0.300% two business days prior to the date of borrowing or the date of interest renewal. As of March 31, 2018, the Company had no borrowings outstanding under the Japan Credit Facility.

Hong Kong Credit Facility

In November 2017, the Company's Hong Kong subsidiary, MKHKL, renewed its uncommitted credit facility ("HK Credit Facility") with HSBC (the "Bank"), which may be used to fund general working capital needs of MKHKL through November 30, 2018 subject to the Bank's discretion. The HK Credit Facility provides MKHKL with a revolving line of credit of up to 100.0 million Hong Kong Dollars (approximately $12.7 million), and may be used to support bank guarantees. In addition, this credit facility provides for a business card facility of up to 0.4 million Hong Kong Dollars (less than $0.1 million). Borrowings under the HK Credit Facility must be made in increments of at least 5.0 million Hong Kong Dollars and bear interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus 150 basis points. As of April 1, 2017, borrowings outstanding under the HK Credit Facility were 45.0 million Hong Kong Dollars (approximately $5.8 million), which were recorded within short-term debt in the Company's consolidated balance sheet as of April 1, 2017. As of March 31, 2018, there were no borrowings outstanding under the HK Credit Facility. As of March 31, 2018, bank guarantees supported by this facility were 11.8 million Hong Kong Dollars (approximately $1.5 million). At March 31, 2018, the amount available for future borrowings under the HK Credit Facility was 88.2 million Hong Kong Dollars (approximately $11.2 million).

Other

In addition to the above, the Company had letters of credit outstanding of $4.4 million as of March 31, 2018, which have been issued outside of its credit facilities, and were primarily related to lease guarantees for Jimmy Choo.

11. Commitments and Contingencies

Leases

The Company leases office space, retail stores and warehouse space under operating lease agreements that expire at various dates through September 2043. In addition to minimum rental payments, the leases require payment of increases in real estate taxes and other expenses incidental to the use of the property.

Rent expense for the Company's operating leases consists of the following (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Minimum rentals	$ 271.8	$ 257.0	$ 193.5
Contingent rent	80.4	75.5	64.4
Total rent expense	$ 352.2	$ 332.5	$ 257.9

Future minimum lease payments under the terms of these noncancelable operating lease agreements are as follows (in millions):

Fiscal years ending:	
2019	$ 323.9
2020	299.3
2021	279.5
2022	251.2
2023	221.3
Thereafter	531.4
	$ 1,906.6

As of March 31, 2018, the future minimum lease payments in the table above were reduced by total noncancelable future sublease rental income of $11.8 million.

The Company has issued stand-by letters of credit to guarantee certain of its retail and corporate operating lease commitments, aggregating $20.3 million at March 31, 2018, including $15.9 million in letters of credit issued under the 2017 Credit Facility.

Other Commitments

As of March 31, 2018, the Company also has other contractual commitments aggregating $1.731 billion, which consist of inventory purchase commitments of $750.6 million, debt obligations of $874.4 million and other contractual obligations of $106.4 million, which primarily relate to obligations related to the Company's marketing and advertising agreements, information technology agreements and supply agreements.

Long-term Employment Contract

The Company has an employment agreement with one of its officers that provided for continuous employment through the date of the officer's death or permanent disability at a salary of $1.35 million. In addition to salary, the agreement provided for an annual bonus and other employee related benefits.

Contingencies

In the ordinary course of business, the Company is party to various legal proceedings and claims. Although the outcome of such items cannot be determined with certainty, the Company's management does not believe that the outcome of all pending legal proceedings in the aggregate will have a material adverse effect on its cash flow, results of operations or financial position.

12. Fair Value Measurements

Financial assets and liabilities are measured at fair value using the three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 – Valuations based on quoted inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At March 31, 2018 and April 1, 2017, the fair values of the Company's foreign currency forward contracts, the Company's only derivative instruments, were determined using broker quotations, which were calculations derived from observable market information: the applicable currency rates at the balance sheet date and those forward rates particular to the contract at inception. The Company makes no adjustments to these broker obtained quotes or prices, but assesses the credit risk of the counterparty and would adjust the provided valuations for counterparty credit risk when appropriate. The fair values of the forward contracts are included in prepaid expenses and other current assets, and in accrued expenses and other current liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities to the Company, as detailed in Note 13.

All contracts are measured and recorded at fair value on a recurring basis and are categorized in Level 2 of the fair value hierarchy, as shown in the following table (in millions):

	Fair value at March 31, 2018, using:			Fair value at April 1, 2017, using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Forward foreign currency exchange contracts - assets	$ —	$ —	$ —	$ —	$ 4.7	$ —
Forward foreign currency exchange contracts - liabilities	$ —	$ 7.7	$ —	$ —	$ 0.4	$ —

The Company's long-term debt obligations are recorded in its consolidated balance sheets at carrying values, which may differ from the related fair values. The fair value of the Company's long-term debt is estimated using external pricing data, including any available quoted market prices and based on other debt instruments with similar characteristics. Borrowings under revolving credit agreements, if outstanding, are recorded at carrying value, which approximates fair value due to the short-term nature of such borrowings. Please refer to Note 10 for detailed information relating to carrying values of the Company's outstanding debt. The following table summarizes the carrying values and estimated fair values of the Company's short- and long-term debt, based on Level 2 measurements (in millions):

	March 31, 2018		April 1, 2017	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
4.000% Senior Notes	$ 444.5	$ 448.1	$ —	$ —
Term Loan	$ 229.0	$ 231.2	$ —	$ —
Revolving Credit Facilities	$ 200.0	$ 200.0	$ 133.1	$ 133.1

The Company's cash and cash equivalents, accounts receivable and accounts payable, are recorded at carrying value, which approximates fair value.

Non-Financial Assets and Liabilities

The Company's non-financial assets include goodwill, intangible assets and property and equipment. Such assets are reported at their carrying values and are not subject to recurring fair value measurements. The Company's goodwill is assessed for impairment at least annually, while its other long-lived assets, including fixed assets and definite-lived intangible assets, are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The fair values of these assets were determined based on Level 3 measurements using the Company's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations.

The following table details the carrying values and fair values of the Company's long-lived assets that have been impaired (in millions):

	Carrying Value Prior to Impairment		Fair Value		Impairment Charge	
Fiscal 2018:						
Lease Rights	$	4.7	$	0.5	$	4.2
Fixed Assets		30.5		3.0		27.5
Customer relationships		1.0		—		1.0
Total	$	36.2	$	3.5	$	32.7
Fiscal 2017:						
Lease Rights	$	33.5	$	3.3	$	30.2
Fixed Assets		186.9		17.9		169.0
Total	$	220.4	$	21.2	$	199.2
Fiscal 2016:						
Fixed Assets	$	10.9	$	—	$	10.9

Please refer to Notes 6, 7 and 19 for additional information.

13. Derivative Financial Instruments

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency for certain of its transactions. The Company in its normal course of business enters into transactions with foreign suppliers and seeks to minimize risks related to certain forecasted inventory purchases by using forward foreign currency exchange contracts. The Company only enters into derivative instruments with highly credit-rated counterparties. The Company does not enter into derivative contracts for trading or speculative purposes.

The following table details the fair value of the Company's derivative contracts, which are recorded on a gross basis in the consolidated balance sheets as of March 31, 2018 and April 1, 2017 (in millions):

	Notional Amounts				Fair Values							
					Current Assets (1)				Current Liabilities (2)			
	March 31, 2018		April 1, 2017		March 31, 2018		April 1, 2017		March 31, 2018		April 1, 2017	
Designated forward foreign currency exchange contracts	$	161.7	$	167.5	$	—	$	4.7	$	7.7	$	0.4
Total	$	161.7	$	167.5	$	—	$	4.7	$	7.7	$	0.4

(1) Recorded within prepaid expenses and other current assets in the Company's audited consolidated balance sheets.
(2) Recorded within accrued expenses and other current liabilities in the Company's audited consolidated balance sheets.

The Company records and presents the fair values of all of its derivative assets and liabilities in its consolidated balance sheet on a gross basis as shown in the above table. However, the Company has derivative liabilities of $7.7 million as of March 31, 2018 and derivative assets and liabilities of $4.7 million and $0.3 million, respectively, as of April 1, 2017, which are subject to master netting arrangements. If the Company were to offset and record the asset and liability balances for its derivative instruments on a net basis in accordance with the terms of its master netting arrangements, which provide for the right to setoff amounts for similar transactions denominated in the same currencies, the March 31, 2018 liability would remain unchanged and derivative net assets and net liabilities as of April 1, 2017 would be $4.5 million and $0.2 million, respectively. The Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties. The Company's derivative financial instruments were not subject to master netting arrangements in prior fiscal years.

Changes in the fair value of the effective portion of the Company's forward foreign currency exchange contracts that are designated as accounting hedges are recorded in equity as a component of accumulated other comprehensive income, and are reclassified from accumulated other comprehensive income into earnings when the items underlying the hedged transactions are recognized into earnings, as a component of cost of sales within the Company's consolidated statements of operations and comprehensive income. The following table summarizes the impact of the effective portion of gains and losses on the forward contracts designated as hedges (in millions):

	Fiscal Year Ended March 31, 2018		Fiscal Year Ended April 1, 2017		Fiscal Year Ended April 2, 2016	
	Pre-Tax Loss Recognized in OCI	Pre-tax Loss Reclassified from Accumulated OCI into Earnings	Pre-Tax Gain Recognized in OCI	Pre-tax Gain Reclassified from Accumulated OCI into Earnings	Pre-Tax Loss Recognized in OCI	Pre-tax Gain Reclassified from Accumulated OCI into Earnings
Designated hedges	$ (22.4)	$ (4.0)	$ 10.2	$ 0.4	$ (25.2)	$ 10.9

Amounts related to ineffectiveness were not material during all periods presented. The Company expects that substantially all of the amounts recorded in accumulated other comprehensive loss at March 31, 2018 will be reclassified into earnings during the next twelve months, based upon the timing of inventory purchases and turnover. These amounts are subject to fluctuations in the applicable currency exchange rates.

During Fiscal 2018, Fiscal 2017 and Fiscal 2016, the Company recognized net gains of $3.4 million, net gains of $2.6 million and net losses of $2.1 million respectively, related to the change in the fair value of undesignated forward foreign currency exchange contracts within foreign currency loss (gain) in the Company's consolidated statements of operations and comprehensive income. The Fiscal 2018 amount included a $4.7 million gain related to the derivative contract entered into on July 25, 2017 to mitigate foreign currency exchange risk associated with the Jimmy Choo acquisition that was settled on October 30, 2017.

14. Shareholders' Equity

Share Repurchase Program

On May 25, 2017, the Company's Board of Directors authorized a $1.0 billion share repurchase program. During Fiscal 2018 and Fiscal 2017, the Company repurchased 7,700,959 shares and 21,756,353 shares, respectively, at a cost of $357.8 million and $1.000 billion, respectively, under its share-repurchase programs through open market transactions. As of March 31, 2018, the remaining availability under the Company's share repurchase program was $642.2 million. Share repurchases may be made in open market or privately negotiated transactions, subject to market conditions, applicable legal requirements, trading transactions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

The Company also has in place a "withhold to cover" repurchase program, which allows the Company to withhold ordinary shares from certain executive officers and directors to satisfy minimum tax withholding obligations relating to the vesting of their restricted share awards. During Fiscal 2018 and Fiscal 2017, the Company withheld 92,536 shares and 100,552 shares, respectively, with a fair value of $3.2 million and $4.8 million, respectively, in satisfaction of minimum tax withholding obligations relating to the vesting of restricted share awards.

15. Accumulated Other Comprehensive Income (Loss)

The following table details changes in the components of accumulated other comprehensive income (loss), net of taxes for Fiscal 2018, Fiscal 2017 and Fiscal 2016 (in millions):

	Foreign Currency Translation (Losses) Gains	Net Gains (Losses) on Derivatives [(1)]	Other Comprehensive (Loss)/Gain Attributable to MKHL	Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	Total Other Comprehensive (Loss) Income
Balance at March 28, 2015	$ (96.1)	$ 29.3	$ (66.8)	$ —	$ (66.8)
Other comprehensive income (loss) before reclassifications	18.4	(22.6)	(4.2)	0.1	(4.1)
Less: amounts reclassified from AOCI to earnings [(2)]	—	9.9	9.9	—	9.9
Other comprehensive income (loss), net of tax	18.4	(32.5)	(14.1)	0.1	(14.0)
Balance at April 2, 2016	(77.7)	(3.2)	(80.9)	0.1	(80.8)
Other comprehensive (loss) income before reclassifications	(8.4) [(3)]	9.0	0.6	(0.4)	0.2
Less: amounts reclassified from AOCI to earnings [(2)]	—	0.3	0.3	—	0.3
Other comprehensive (loss) income, net of tax	(8.4)	8.7	0.3	(0.4)	(0.1)
Balance at April 1, 2017	(86.1)	5.5	(80.6)	(0.3)	(80.9)
Other comprehensive (loss) income before reclassifications	147.3 [(3)]	(19.6)	127.7	0.1	127.8
Less: amounts reclassified from AOCI to earnings [(2)]	—	(3.4)	(3.4)	—	(3.4)
Other comprehensive (loss) income, net of tax	147.3	(16.2)	131.1	0.1	131.2
Balance at March 31, 2018	$ 61.2	$ (10.7)	$ 50.5	$ (0.2)	$ 50.3

(1) Accumulated other comprehensive income related to net gains (losses) on derivative financial instruments is net of a tax provision (benefit) of $(1.4) million, $0.8 million, and $(0.3) million, respectively, as of March 31, 2018, April 1, 2017 and April 2, 2016. Other comprehensive income (loss) before reclassifications related to derivative instruments for Fiscal 2018, Fiscal 2017, and Fiscal 2016 is net of a tax provision (benefit) of $(2.8) million, $1.2 million, and $(2.6) million, respectively.

(2) Reclassified amounts relate to the Company's forward foreign currency exchange contracts for inventory purchases and are recorded within cost of goods sold in the Company's consolidated statements of operations and comprehensive income. The amounts reclassified from other comprehensive income for Fiscal 2018 and Fiscal 2016 are net of a tax (benefit) provision of $(0.6) million and $1.0 million, respectively. Tax effect related to Fiscal 2017 was not material.

(3) Foreign currency translation (losses) gains include net losses of $9.2 million and net gains of $2.4 million for Fiscal 2018 and Fiscal 2017, respectively, on intra-entity transactions that are of a long-term investment nature. Foreign currency translation gains for Fiscal 2018 also includes an $88.8 million translation gain relating to the newly acquired Jimmy Choo business.

16. Share-Based Compensation

The Company issues equity grants to certain employees and directors of the Company at the discretion of the Company's Compensation and Talent Committee. The Company has two equity plans, one adopted in Fiscal 2008, the Michael Kors (USA), Inc. Stock Option Plan (as amended and restated, the "2008 Plan"), and the other adopted in the third fiscal quarter of Fiscal 2012 and amended and restated with shareholder approval in May 2015, the Michael Kors Holdings Limited Amended and Restated Omnibus Incentive Plan (the "Incentive Plan"). The 2008 Plan only provided for grants of share options and was authorized to issue up to 23,980,823 ordinary shares. As of March 31, 2018, there were no shares available to grant equity awards under the 2008 Plan. The Incentive Plan allows for grants of share options, restricted shares and restricted share units, and other equity awards, and authorizes a total issuance of up to 15,246,000 ordinary shares. At March 31, 2018, there were 7,193,763 ordinary shares available for future grants of equity awards under the Incentive Plan. Option grants issued from the 2008 Plan generally expire ten years from the date of the grant, and those issued under the Incentive Plan generally expire seven years from the date of the grant.

Share Options

Share options are generally exercisable at the fair market value on the date of grant and vest on a pro-rata basis over a four year service period. The following table summarizes the share options activity during Fiscal 2018, and information about options outstanding at March 31, 2018:

	Number of Options	Weighted Average Exercise price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 1, 2017	4,791,045	$ 28.55		
Granted	208,264	$ 34.68		
Exercised	(1,116,857)	$ 12.34		
Canceled/forfeited	(85,832)	$ 67.04		
Outstanding at March 31, 2018	3,796,620	$ 32.78	2.63	$ 124.6
Vested or expected to vest at March 31, 2018	3,776,873	$ 32.78	2.63	
Vested and exercisable at March 31, 2018	3,132,123	$ 29.28	2.19	$ 112.8

There were 664,497 unvested options and 3,132,123 vested options outstanding at March 31, 2018. The total intrinsic value of options exercised during Fiscal 2018 and Fiscal 2017 was $48.0 million and $30.5 million, respectively. The cash received from options exercised during Fiscal 2018 and Fiscal 2017 was $13.7 million and $8.3 million, respectively. As of March 31, 2018, the remaining unrecognized share-based compensation expense for nonvested share options was $5.1 million, which is expected to be recognized over the related weighted-average period of approximately 1.85 years.

The weighted average grant date fair value for options granted during Fiscal 2018, Fiscal 2017 and Fiscal 2016, was $11.62, $13.79 and $14.35, respectively. The following table represents assumptions used to estimate the fair value of options:

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Expected dividend yield	0.0%	0.0%	0.0%
Volatility factor	36.3%	30.1%	31.1%
Weighted average risk-free interest rate	1.8%	1.1%	1.6%
Expected life of option	4.69 years	4.75 years	4.75 years

Restricted Shares and Restricted Share Units

The Company grants restricted shares and restricted share units at the fair market value on the date of the grant. Expense for restricted share awards is based on the closing market price of the Company's shares on the date of grant and is recognized ratably over the vesting period net of expected forfeitures.

Restricted share grants generally vest in equal increments on each of the four anniversaries of the date of grant. In addition, the Company grants two types of restricted share unit ("RSU") awards: time-based RSUs and performance-based RSUs. Time-based RSUs generally vest in full either generally around the first anniversary of the date of grant for our independent directors, or in equal increments on each of the four anniversaries of the date of grant. Performance-based RSUs vest in full on the second or third anniversary of the date of grant, subject to the employee's continued employment during the vesting period (unless the employee is retirement-eligible) and only if certain pre-established cumulative performance targets are met. Expense related to performance-based RSUs is recognized ratably over the performance period, net of forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be earned ranges from 0%, if the minimum level of performance is not attained, to 150%, if the level of performance is at or above the predetermined maximum achievement level.

The following table summarizes restricted share activity during Fiscal 2018:

	Restricted Shares	
	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value
Unvested at April 1, 2017	185,425	$ 84.12
Granted	—	$ —
Vested	(114,121)	$ 79.97
Canceled/forfeited	(7,156)	$ 90.87
Unvested at March 31, 2018	64,148	$ 90.75

The total fair value of restricted shares vested was $4.0 million, $6.7 million and $14.4 million during Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. As of March 31, 2018, the remaining unrecognized share-based compensation expense for non-vested restricted share grants was $1.6 million, which is expected to be recognized over the related weighted-average period of approximately 0.29 years.

The following table summarizes the RSU activity during Fiscal 2018:

	Service-based		Performance-based	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Unvested at April 1, 2017	1,470,767	$ 48.39	401,777	$ 58.50
Granted	1,390,454	$ 38.57	363,848	$ 51.56
Decrease due to performance condition	—	$ —	(12,891)	$ 92.93
Vested	(453,695)	$ 48.20	(95,202)	$ 84.95
Canceled/forfeited	(280,009)	$ 44.46	—	$ —
Unvested at March 31, 2018	2,127,517	$ 42.53	657,532	$ 50.16

The total fair value of service-based RSUs vested during Fiscal 2018, Fiscal 2017 and Fiscal 2016 was $17.9 million, $13.7 million and $1.1 million, respectively. The total fair value of performance-based RSUs vested during Fiscal 2018 and Fiscal 2017 was $3.6 million and $10.9 million, respectively. As of March 31, 2018, the remaining unrecognized share-based compensation expense for non-vested service-based and performance-based RSU grants was $65.4 million and $17.5 million, respectively, which is expected to be recognized over the related weighted-average periods of approximately 2.51 years and 2.78 years, respectively.

Share-Based Compensation Expense

The following table summarizes compensation expense attributable to share-based compensation for Fiscal 2018, Fiscal 2017 and Fiscal 2016 (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Share-based compensation expense	$ 49.6	$ 33.9	$ 48.4
Tax benefits related to share-based compensation expense	$ 9.7	$ 11.2	$ 15.7

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates forfeitures based on its historical forfeiture rate to date. The estimated value of future forfeitures for equity grants as of March 31, 2018 is approximately $3.0 million.

17. Taxes

The Company is a United Kingdom tax resident and is incorporated in the British Virgin Islands. MKHL's subsidiaries are subject to taxation in the U.S. and various other foreign jurisdictions, which are aggregated in the "Non-U.S." information captioned below.

Income before provision for income taxes consisted of the following (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
U.S.	$ 124.1	$ 228.4	$ 737.5
Non-U.S.	617.7	460.2	434.8
Total income before provision for income taxes	$ 741.8	$ 688.6	$ 1,172.3

The provision for income taxes was as follows (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Current			
U.S. Federal	$ 47.6	$ 131.2	$ 268.0
U.S. State	15.6	20.4	14.3
Non-U.S.	77.4	45.8	54.2
Total current	140.6	197.4	336.5
Deferred			
U.S. Federal	23.9	(34.1)	0.3
U.S. State	0.9	(5.0)	1.0
Non-U.S.	(15.7)	(21.2)	(3.2)
Total deferred	9.1	(60.3)	(1.9)
Total provision for income taxes	$ 149.7	$ 137.1	$ 334.6

The Company's provision for income taxes for the years ended March 31, 2018, April 1, 2017 and April 2, 2016 was different from the amount computed by applying statutory U.K. or U.S. federal income tax rates to the underlying income from continuing operations before income taxes and equity in net income of affiliates as a result of the following:

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Provision for income taxes at the U.K. (2018-2017), U.S. (2016) statutory tax rate	19.0 %	20.0 %	35.0 %
State and local income taxes, net of federal benefit	0.5 %	1.3 %	1.2 %
Effects of global financing arrangements	(15.6)%	(13.7)%	(2.8)%
U.S. tax reform	2.0 %	— %	— %
Differences in tax effects on foreign income	6.7 %	11.1 %	(5.1)%
Foreign tax credit	— %	0.3 %	(0.2)%
Liability for uncertain tax positions	6.6 %	— %	— %
Effect of changes in valuation allowances on deferred tax assets	0.3 %	0.5 %	(0.2)%
Withholding tax	1.2 %	— %	— %
Other	(0.5)%	0.4 %	0.6 %
Effective tax rate	20.2 %	19.9 %	28.5 %

U.S. Tax Reform

On December 22, 2017, the United States ("U.S.") government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act includes significant changes to the U.S. corporate income tax system including, among other things, lowering U.S. statutory federal tax rate and implementing a territorial tax system. As the Company has a March 31 fiscal year-end, the lower tax rate will be phased in, resulting in a U.S. statutory federal tax rate of approximately 32% for Fiscal 2018 and a 21% U.S. statutory federal tax rate for fiscal years thereafter. The Tax Act also adds many new provisions, including changes to bonus depreciation, limits on the deductions for executive compensation and interest expense, a tax on global intangible low-taxed income ("GILTI"), the base erosion anti-abuse tax ("BEAT") and a deduction for foreign derived intangible income ("FDII"). The Company is still evaluating the impact of these provisions of the Tax Act, which do not apply until 2019, and thus, has not adjusted any net deferred tax assets of its foreign subsidiaries for the new tax.

As part of the transition to the new territorial tax system, the Tax Act imposes a tax on the mandatory deemed repatriation of earnings of the Company's foreign subsidiaries. In addition, the reduction of the U.S. statutory federal tax rate has caused the Company to re-measure its U.S. deferred tax assets and liabilities. In accordance with Accounting Standards Codification ("ASC") 740, the Company recorded the effects of the tax law change during Fiscal 2018, which resulted in a provisional charge of $21.2 million, comprised of an estimated deemed repatriation tax charge of $3.0 million and an estimated deferred tax charge of $18.2 million due to the re-measurement of the Company's net U.S. deferred tax assets. Conversely, the Company realized a $6.1 million net benefit for Fiscal 2018 due to the corporate tax rate reductions. While the Tax Act has negatively impacted the Company's results of operations for Fiscal 2018 by approximately 200 basis points, the lower corporate rate is expected to result in an ongoing reduced tax rate for the Company.

In December 2017, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 118 to provide guidance for companies that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. The final transition impacts of the Tax Act may differ from the above estimate, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. In addition, once the Company finalizes certain tax positions when it files its 2017 U.S. tax return, it will be able to conclude whether any further adjustments are required to its deferred tax balances in the U.S., as well as to the total liability associated with the one-time mandatory tax. The Company believes that the analysis performed to date is sufficient to calculate a reasonable estimate of the impacts of the Tax Act.

Significant components of the Company's deferred tax assets (liabilities) consist of the following (in millions):

	Fiscal Years Ended	
	March 31, 2018	April 1, 2017
Deferred tax assets		
Inventories	$ 3.8	$ 9.0
Payroll related accruals	1.6	2.2
Deferred rent	24.5	39.5
Net operating loss carryforwards	30.6	17.7
Stock compensation	16.8	26.2
Sales allowances	6.0	10.0
Other	27.0	14.7
	110.3	119.3
Valuation allowance	(13.8)	(7.2)
Total deferred tax assets	96.5	112.1
Deferred tax liabilities		
Goodwill and intangibles	(240.6)	(112.3)
Depreciation	14.0	(2.7)
Other	—	(3.8)
Total deferred tax liabilities	(226.6)	(118.8)
Net deferred tax liabilities	$ (130.1)	$ (6.7)

The Company maintains valuation allowances on deferred tax assets applicable to subsidiaries in jurisdictions for which separate income tax returns are filed and where realization of the related deferred tax assets from future profitable operations is not reasonably assured. Deferred tax valuation allowances increased approximately $7.6 million, $4.4 million and $3.3 million in Fiscal 2018, Fiscal 2017 and Fiscal 2016, respectively. The Company remeasured and reduced valuation allowances amounting to approximately $1.0 million in Fiscal 2018 and released valuation allowances of approximately $0.6 million and $5.6 million in Fiscal 2017 and Fiscal 2016, respectively, as a result of the attainment and expectation of achieving profitable operations in certain countries comprising the Company's European operations, for which deferred tax valuation allowances had been previously established.

At March 31, 2018, the Company had non-U.S. net operating loss carryforwards of approximately $162.4 million, a portion of which will begin to expire in 2021.

As of March 31, 2018 and April 1, 2017, the Company has liabilities related to its uncertain tax positions, including accrued interest, of approximately $107.4 million and $29.1 million, respectively, which are included in other long-term liabilities in the Company's audited consolidated balance sheets. The March 31, 2018 balance includes certain tax reserves which were recorded in purchase accounting upon the acquisition of Jimmy Choo, in addition to foreign income tax reserves the Company recorded during Fiscal 2018.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was approximately $100.8 million, $26.5 million and $16.8 million as of March 31, 2018, April 1, 2017 and April 2, 2016, respectively. A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding accrued interest, for Fiscal 2018, Fiscal 2017 and Fiscal 2016, are presented below (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Unrecognized tax benefits beginning balance	$ 26.5	$ 16.8	$ 19.9
Additions related to prior period tax positions	30.4 [(1)]	1.7	—
Additions related to current period tax positions	45.0	10.3	5.8
Decreases in prior period positions due to lapses in statute of limitations	(0.7)	(2.3)	(5.7)
Decreases related to audit settlements	(0.4)	—	(3.2)
Unrecognized tax benefits ending balance	$ 100.8	$ 26.5	$ 16.8

(1) Primarily relates to the Jimmy Choo acquisition.

The Company classifies interest expense and penalties related to unrecognized tax benefits as components of the provision for income taxes. Interest expense recognized in the consolidated statements of operations and comprehensive income for Fiscal 2018, Fiscal 2017 and Fiscal 2016 was approximately $6.6 million, $2.5 million and $1.7 million, respectively.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. The Company anticipates that the balance of gross unrecognized tax benefits, excluding interest and penalties, will be reduced by approximately $30.8 million during the next twelve months, primarily due to the anticipated tax ruling regarding the deductibility of an intercompany loss in one of our subsidiaries. However, the outcomes and timing of such events are highly uncertain and changes in the occurrence, expected outcomes, and timing of such events could cause the Company's current estimate to change materially in the future.

The Company files income tax returns in the U.S., for federal, state, and local purposes, and in certain foreign jurisdictions. With few exceptions, the Company is no longer subject to examinations by the relevant tax authorities for years prior to its fiscal year ended March 28, 2015.

The Company is in the process of evaluating the impact of the Tax Act on its permanent reinvestment assertion. Prior to the enactment of the Tax Act, the Company's policy with respect to its undistributed earnings of the U.S. and non-U.S. subsidiaries is to consider those earnings to be either indefinitely reinvested or able to be repatriated tax-neutral, as such, U.S. federal and state income taxes were not previously recorded on these earnings. As substantially all of the Company's earnings of foreign subsidiaries are deemed to have been repatriated as part of the one-time transition tax, no additional U.S. income taxes or foreign withholding taxes have been provided on these earnings. Undistributed earnings of subsidiaries considered to be either indefinitely reinvested or able to be repatriated tax-neutral amounted to $2.542 billion at March 31, 2018. The Company will complete its evaluation within the measurement period allowed by the Securities and Exchange Commission and record the tax effects of any change in its assertion in the period that its analysis is completed and that it is able to make a reasonable estimate of any unrecognized tax liability related to its foreign investments, if practicable.

18. Retirement Plans

The Company maintains defined contribution plans for employees, who become eligible to participate after three months of service. Features of these plans allow participants to contribute to a plan a percentage of their compensation, up to statutory limits depending upon the country in which a plan operates, and provide for mandatory and/or discretionary matching contributions by the Company, which vary by country. During Fiscal 2018, Fiscal 2017, and Fiscal 2016, the Company recognized expenses of approximately $11.6 million, $9.1 million, and $10.1 million, respectively, related to these retirement plans.

19. Segment Information

Prior to the third quarter of Fiscal 2018, the Company's business consisted of three reportable segments for its Michael Kors brand: Retail, Wholesale and Licensing. In connection with the acquisition of Jimmy Choo, the Company evaluated its reportable segments and concluded that Jimmy Choo represents a separate reportable segment. As such, the Company now operates its business through four operating segments—MK Retail, MK Wholesale, MK Licensing and Jimmy Choo—which are based on its business activities and organization. The reportable segments are segments of the Company for which separate financial information is available and for which operating results are evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources, as well as in assessing performance. The primary key performance indicators are revenue and operating income for each segment. The Company's reportable segments represent channels of distribution that offer similar merchandise, customer experience and sales/marketing strategies.

The Company's four reportable segments are as follows:

- MK Retail — segment includes sales through Michael Kors operated stores, including "Collection," "Lifestyle" including "concessions," and outlet stores located throughout the Americas (U.S., Canada and Latin America, excluding Brazil), Europe and certain parts of Asia, as well as Michael Kors e-commerce sales. Products sold through the MK Retail segment include women's apparel, accessories (which include handbags and small leather goods such as wallets), men's apparel, footwear and licensed products, such as watches, jewelry, fragrances and beauty, and eyewear.

- MK Wholesale — segment includes sales primarily to major department stores and specialty shops throughout the Americas, Europe and Asia. Products sold through the MK Wholesale segment include accessories (which include handbags and small leather goods such as wallets), footwear and women's and men's apparel. The Company also has wholesale arrangements pursuant to which it sells products to Michael Kors geographic licensees in certain parts of EMEA (Europe, Middle East and Africa) and Asia, as well as in Brazil.

- MK Licensing — segment includes royalties and other contributions earned on licensed products and use of the Company's trademarks, and rights granted to third parties for the right to operate retail stores and/or sell the Company's products in certain geographic regions such as Brazil, the Middle East, South Africa, Eastern Europe, certain parts of Asia and Australia.

- Jimmy Choo — segment includes revenue generated from sales of luxury footwear, handbags and small leather goods through directly operated Jimmy Choo stores throughout North America (United States and Canada), EMEA and certain parts of Asia, as well as through Jimmy Choo e-commerce sites. In addition, revenue is generated through wholesale sales to distribution partners (including geographic licensing arrangements), multi-brand department stores and specialty stores worldwide, as well as through product license agreements in connection with the manufacturing and sale of fragrance, sunglasses and eyewear.

All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance. Corporate overhead expenses are allocated to the segments based upon specific usage or other allocation methods.

The following table presents the key performance information of the Company's reportable segments (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Total revenue:			
MK Retail	$ 2,711.8	$ 2,572.1	$ 2,394.9
MK Wholesale	1,639.3	1,775.8	2,143.9
MK Licensing	144.9	145.8	173.3
Michael Kors	4,496.0	4,493.7	4,712.1
Jimmy Choo	222.6	—	—
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1
Income from operations:			
MK Retail	$ 333.8	$ 159.8	$ 501.4
MK Wholesale	373.8	468.1	584.1
MK Licensing	58.2	62.0	89.6
Michael Kors	765.8	689.9	1,175.1
Jimmy Choo	(16.7)	—	—
Income from operations	$ 749.1	$ 689.9	$ 1,175.1

Depreciation and amortization expense for each segment are as follows (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Depreciation and amortization[(1)]:			
MK Retail	$ 135.8	$ 156.1	$ 114.5
MK Wholesale	57.2	61.6	67.3
MK Licensing	2.4	2.1	1.4
Michael Kors	195.4	219.8	183.2
Jimmy Choo	13.2	—	—
Total depreciation and amortization	$ 208.6	$ 219.8	$ 183.2

(1) Excluded from the above table are impairment charges, which are detailed in the below table and in Note 6, Note 7 and Note 12.

The Company does not have identifiable assets separated by segment. See Note 7 to the accompanying consolidated financial statements for the Company's goodwill by reportable segment.

The following table presents the Company's impairment charges by asset type (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Impairment Charges:			
MK Retail assets	$ 31.3	$ 198.7	$ 8.6
MK Wholesale assets	1.4	0.5	0.4
Corporate assets	—	—	1.9
Total impairment	$ 32.7	$ 199.2	$ 10.9

Total revenue (based on country of origin) and long-lived assets by geographic location are as follows (in millions):

	Fiscal Years Ended		
	March 31, 2018	April 1, 2017	April 2, 2016
Revenue:			
The Americas (U.S., Canada and Latin America)[1]	$ 3,033.2	$ 3,140.7	$ 3,506.6
EMEA	1,092.7	943.9	990.3
Asia	592.7	409.1	215.2
Total revenue	$ 4,718.6	$ 4,493.7	$ 4,712.1

	As of		
	March 31, 2018	April 1, 2017	April 2, 2016
Long-lived assets:			
The Americas (U.S., Canada and Latin America)[1]	$ 327.3	$ 356.1	$ 507.7
EMEA	1,050.3	197.7	284.2
Asia	441.3	455.8	33.7
Total Long-lived assets:	$ 1,818.9	$ 1,009.6	$ 825.6

(1) Net revenues earned in the U.S. during Fiscal 2018, Fiscal 2017, and Fiscal 2016 were $2.818 billion, $2.935 billion and $3.304 billion, respectively. Long-lived assets located in the U.S. as of March 31, 2018 and April 1, 2017 were $303.3 million and $328.8 million, respectively.

Total revenue by major product category are as follows (in millions):

	Fiscal Years Ended					
	March 31, 2018	% of Total	April 1, 2017	% of Total	April 2, 2016	% of Total
Accessories	$ 3,057.0	64.8%	$ 3,061.4	68.1%	$ 3,179.7	67.5%
Footwear	656.9	13.9%	462.0	10.3%	491.0	10.4%
Apparel	604.6	12.8%	543.2	12.1%	543.7	11.5%
Licensed product	249.7	5.3%	281.3	6.3%	324.4	6.9%
Licensing revenue	150.4	3.2%	145.8	3.2%	173.3	3.7%
Total Revenue	$ 4,718.6		$ 4,493.7		$ 4,712.1	

20. Related Party Transactions

The Company's Chief Creative Officer, Michael Kors, and the Company's Chief Executive Officer, John Idol, and certain of the Company's former shareholders, including Sportswear Holdings Limited, jointly owned Michael Kors Far East Holdings Limited, a BVI company, prior to the Company's acquisition of MKHKL on May 31, 2016, which eliminated their ownership interests. On April 1, 2011, the Company entered into certain licensing agreements with certain subsidiaries of Michael Kors Far East Holdings Limited, including MKHKL, (the "Licensees"), which provided the Licensees with certain exclusive rights for use of the Company's trademarks within China, Hong Kong, Macau and Taiwan, and to import, sell, advertise and promote certain of the Company's products in these regions, as well as to own and operate stores bearing the Company's tradenames. The agreements between the Company and the Licensees were scheduled to expire on March 31, 2041, and could be terminated by the Company at certain intervals if minimum sales benchmarks were not met. Royalties earned under these agreements were approximately $1.2 million during the two months ended May 31, 2016 preceding the acquisition, and were approximately $7.6 million during Fiscal 2016. These royalties were driven by Licensee adjusted net sales of the Company's goods, as defined in the licensing agreement, to their customers of approximately $28.9 million during the two months ended May 31, 2016 preceding the acquisition, and approximately $169.8 million during Fiscal 2016. In addition, the Company sold certain inventory items to the Licensees through its wholesale segment at terms consistent with those of similar licensees in the region. During the two months ended May 31, 2016 preceding the acquisition, amounts recognized as net sales in the Company's consolidated statement of operations and comprehensive income related to these sales were approximately $7.9 million, and were $62.8 million in Fiscal 2016. Please refer to Note 3 for additional information relating to the Company's acquisition of MKHKL on May 31, 2016.

A former executive officer of the Company (who is no longer a related party as of October 31, 2016) is married to a former employee of one of the Company's suppliers of fixtures for its shop-in-shops, retail stores and showrooms. Purchases from this supplier, while deemed to be a related party, were $1.7 million and $3.4 million during Fiscal 2017 and Fiscal 2016, respectively.

21. Selected Quarterly Financial Information (Unaudited)

The following table summarizes the Fiscal 2018 and Fiscal 2017 quarterly results (dollars in millions):

	Fiscal Quarter Ended (1)			
	July 1, 2017	September 30, 2017	December 30, 2017	March 31, 2018
Fiscal 2018				
Total revenue	$ 952.4	$ 1,146.6	$ 1,440.1	$ 1,179.5
Gross profit	$ 574.7	$ 690.8	$ 884.0	$ 709.8
Income from operations	$ 149.4	$ 199.1 (2)	$ 313.5 (3)	$ 87.1 (4)
Net income	$ 125.5	$ 202.7	$ 219.4	$ 44.5
Net income attributable to MKHL	$ 125.5	$ 202.9	$ 219.4	$ 44.1
Weighted average ordinary shares outstanding:				
Basic	154,486,898	151,781,340	152,047,963	150,818,144
Diluted	156,871,518	154,168,094	154,623,339	154,252,751

	Fiscal Quarter Ended (1)			
	July 2, 2016	October 1, 2016	December 31, 2016	April 1, 2017
Fiscal 2017				
Total revenue	$ 987.9	$ 1,088.2	$ 1,352.8	$ 1,064.8
Gross profit	$ 591.3	$ 644.7	$ 805.7	$ 619.7
Income (loss) from operations (5)	$ 186.9	$ 203.7	$ 341.9	$ (42.6)
Net income (loss)	$ 146.3	$ 160.7	$ 271.3	$ (26.8)
Net income (loss) attributable to MKHL	$ 147.1	$ 160.9	$ 271.3	$ (26.8)
Weighted average ordinary shares outstanding:				
Basic	174,158,571	166,695,631	163,148,597	159,944,132
Diluted	176,613,751	168,839,967	165,214,045	161,827,486

(1) All fiscal quarters presented contain 13 weeks.

(2) Fiscal quarter ended September 30, 2017 includes impairment charges of $16.3 million and restructuring charges of $5.9 million associated with underperforming Michael Kors full-price retail stores, as well as transaction and transition costs of $17.4 million related to the Jimmy Choo acquisition.

(3) Fiscal quarter ended December 30, 2017 includes impairment charges of $2.6 million and restructuring charges of $2.4 million associated with underperforming Michael Kors full-price retail stores, as well as transaction and transition costs of $25.6 million related to the Jimmy Choo acquisition.

(4) Fiscal quarter ended March 31, 2018 includes impairment charges of $13.8 million and restructuring charges of $44.3 million associated with underperforming Michael Kors full-price retail stores, as well as transaction and transition costs of $6.5 million related to the Jimmy Choo acquisition.

(5) Fiscal quarter ended July 2, 2016 contains $11.3 million in transaction costs related to the acquisition of the previously licensed Greater China business; fiscal quarter ended October 1, 2016 contains $4.9 million in retail fixed asset impairment charges; fiscal quarter ended December 31, 2016 contains $0.5 million in wholesale fixed asset impairment charges; and fiscal quarter ended April 1, 2017 contains $193.8 million in retail long-lived asset impairment charges.

22. Subsequent Events

During the first quarter of Fiscal 2019, the Company entered into fixed-to-fixed cross currency swap agreements with notional amounts of $290.0 million and $44.0 million to hedge its net investments in Euro-denominated and Japanese Yen-denominated subsidiaries, respectively, against future volatility in the exchange rates between U.S. Dollar and these currencies. Under the terms of these contracts, which mature in November 2024, the Company will exchange the quarterly fixed rate payments made under its Senior Notes for fixed rate payments of 1.585% in Euros and 0.89% in Japanese Yen. These contracts have been designated as net investment hedges.

The Company has elected the spot method of designating these contracts under ASU 2017-12 and, as such, changes in the fair value of these contracts related to undiscounted spot changes will be recorded within foreign currency translation gains and losses ("CTA") as a component of AOCI on the Company's consolidated balance sheets. Interest accruals and coupon payments will be recognized directly in interest expense, thus reflecting a Euro and a Japanese Yen fixed rate, respectively. Upon discontinuation of the hedge, the changes in spot value and any amounts excluded from the assessment of hedge effectiveness that have not been recognized in earnings will remain within CTA until the hedged net investment is sold, diluted, or liquidated.

Exhibit 10.7

THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT, (this "Agreement") effective as of April 1, 2018 (the "Effective Date"), by and among **MICHAEL KORS HOLDINGS LIMITED**, a British Virgin Islands corporation having its principal executive office in London, United Kingdom ("MKHL"), **MICHAEL KORS (USA), INC.**, a Delaware corporation having its principal executive office in New York County, New York (the "Corporation" and, together with MKHL, the "Company Parties"), and **MICHAEL D. KORS** ("Kors"). The Company Parties and Kors may be referred to in this Agreement collectively as the "parties."

WHEREAS, the Company Parties have previously entered into that certain Second Amended and Restated Employment Agreement with Kors, dated as of May 20, 2015 (the "Restated Employment Agreement"); and

WHEREAS, the parties desire to amend and restate the Restated Employment Agreement to make changes to the compensation of Kors and to otherwise modify the Restated Employment Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

1. Term. The term of the employment of Kors under this Agreement shall continue until terminated in accordance with and subject to the terms and provisions of this Agreement (the "Term"). This Agreement shall be effective as of the Effective Date. Until the Effective Date, the terms and conditions of Kors' employment by the Company Parties shall be governed by the Restated Employment Agreement which shall remain in full force and effect through and including March 31, 2018.

2. Offices and Positions. The Company Parties agree to continue to employ Kors, and Kors agrees to continue to be employed by the Company Parties as the Honorary Chairman and Chief Creative Officer, on the terms and subject to the conditions contained herein. During the Term, each of the Company Parties shall use its best efforts to cause Kors to be appointed or elected, as the case may be, to the Board of Directors of each of the Company Parties (the "Company Boards"). Kors agrees that upon termination of his employment with the Company Parties for any reason, he shall resign immediately from each of the Company Boards, as well as from any officerships and/or directorships with any subsidiaries of MKHL. During the Term, each of the Company Parties shall consult with Kors regarding the hiring of any Chief Executive Officer (or equivalent executive officer) of any of the Company Parties.

3. Duties.

(a) Throughout the Term, Kors shall devote substantially all of his business time exclusively to the business of the Company Parties and their respective affiliates to design collections of apparel, accessories and related products as needed by the Company Parties and its affiliates and to promote the business and affairs of the Company Parties and their respective affiliates, in each case, with respect to the MICHAEL KORS brand. It is agreed and understood that, during the Term, Kors will have creative and aesthetic control of the products produced and sold under or bearing the "MICHAEL KORS" trademark and any variation of such name and the initials of such name in whatever form or style and all related trade names, copyrights, logos and similar rights (the "Marks"), including exclusive control of the design of such products; provided, that this sentence shall not apply to any attempted exercise by Kors of the foregoing rights that is not commercially reasonable.

(b) Throughout the Term, Kors shall not, without the prior written consent of the Company Parties, directly or indirectly, render services to or for any other person or firm whether or not for compensation or engage in any activity that, in either case, is in competition with the business of MKHL and its subsidiaries (MKHL and its subsidiaries collectively, the "MK Group"); provided, however, that Kors may participate in charitable activities not inconsistent with the intent of this Agreement. The making of passive personal investments shall not be prohibited hereunder. In addition, subject to Section 3(a), Kors may participate in literary, theatrical or artistic activities, but only if and to the extent that the Company Parties shall have determined in advance (in their reasonable discretion) that such activities would not be detrimental to the Marks.

4. Compensation.

(a) Salary. Throughout the Term, Kors' base salary (the "Base Salary") shall be at the rate of US $1,350,000 per annum, which, except as otherwise set forth in the second to last sentence of this Section 4(a), shall be payable by the Corporation to Kors in periodic installments in accordance with the Corporation's customary payroll practices in effect from time to time. The Base Salary shall be subject to possible increases at the sole discretion of the MKHL Board (or appropriate committee thereof, including the Compensation and Talent Committee the "Compensation Committee"); provided, however, that in no event shall Kors' Base Salary during the Term be reduced below US$1,350,000 or otherwise reduced after any increase, except with Kors' written consent. The term "Base Salary" as utilized in this Agreement shall refer to Kors' annual base salary as then in effect. A portion of Kors' Base Salary equal to one-fourth (1/4) the annual retainer paid to MKHL's independent directors together with the meeting fees payable to the independent directors for the applicable quarter shall be payable to Kors by MKHL on a quarterly basis at the same time such retainer and meeting payments are paid to the independent directors of MKHL. For the avoidance of doubt, this is not additional Base Salary or other compensation for Kors but merely an allocation of Base Salary from the Corporation employer to MKHL for services performed by Kors as a director of MKHL.

(b) Annual Cash Incentive.

(i) Cash Incentive. During the Term and commencing with MKHL's fiscal year beginning April 1, 2018, Kors shall be eligible to earn the annual cash incentive payments described in this Section 4(b)(i) in accordance with, and subject to, the terms and conditions of, the Company Parties' then existing executive cash incentive program which is a component of the Michael Kors Holdings Limited Amended and Restated Omnibus Incentive Plan as the same may be amended or modified by MKHL from time to time in its sole discretion (subject to shareholder approval if required) (the "Incentive Plan"). The annual cash incentive payment (the "Cash Incentive") shall be a percentage of Kors' Base Salary (with incentive levels set at 100% threshold - 200% target - 400% maximum). Such incentive levels may be increased by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) for any fiscal year in its sole discretion but shall not be decreased below the incentive levels set forth in this Agreement without the written consent of Kors. The Cash Incentive shall be based upon the achievement of performance goals established by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) over a performance period also established by the MKHL Board (or appropriate committee thereof, including the Compensation Committee). The MKHL Board (or appropriate committee thereof, including the Compensation Committee) may base such performance goals upon such appropriate criteria as they may determine. Kors must be employed by the Corporation on the date that the Cash Incentive is actually paid which shall be the same date that annual cash incentives are paid to other senior executives of the Corporation. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) must certify the level of the attainment of the applicable performance goal for the performance period and the amount of the Cash Incentive payable to Kors with respect to such performance period. Once certified, the Cash Incentive will be paid to Executive reasonably promptly and in no event later than June 30 next following the last day of the applicable performance period.

(ii) Clawback. Notwithstanding the foregoing, if the MKHL Board (or appropriate committee thereof, including the Compensation Committee) determines that Kors was overpaid, in whole or in part, as a result of a restatement of the reported financial or operating results of MKHL due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law), the Company shall be entitled to recover or cancel the difference between (i) any Cash Incentive payment that was based on having met or exceeded performance targets and (ii) the Cash Incentive payment that would have been paid to or earned by Kors had the actual payment or accrual been calculated based on the accurate data or restated results, as applicable (the "Overpayment"). If the MKHL Board (or appropriate committee thereof, including the Compensation Committee) determines that there has been an Overpayment, the Company Parties shall be entitled to demand that Executive reimburse the Corporation for the Overpayment. To the extent Kors does not make reimbursement of the Overpayment, the Company Parties shall have the right to enforce the repayment through the reduction of future salary or the reduction or cancellation of outstanding and future incentive compensation and/or to pursue all other available legal remedies in law or in equity. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) may make determinations of Overpayment at any time through the end of the third (3rd) fiscal year following the year for which the inaccurate performance criteria were measured; provided, that if steps have been taken within such period to restate MKHL's financial or operating results, the time period shall be extended until such restatement is completed. This Section 4(b)(ii) is in addition to any clawback, forfeiture, recoupment or repayment requirements which may be imposed pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act of 2010 or any other applicable rules and regulations of the U.S. Securities and Exchange Commission as may be in effect from time to time.

(c) Other Compensation. In addition to what is required pursuant to Section 5, the Corporation may pay, but shall have no obligation to pay, to Kors such additional compensation in the form of bonuses, fringe benefits or otherwise in such amounts and at such times as the MKHL Board (or appropriate committee thereof, including the Compensation Committee) shall from time to time determine in its sole and absolute discretion.

5. Benefits.

(a) In addition to the compensation described in Section 4, during the Term, Kors shall be entitled to the following:

(i) Kors shall be entitled to participate in all Corporation employee benefit plans (to the extent Kors is eligible therefor), including, without limitation, any health and retirement plans, in each case subject to any applicable laws which shall be in effect from time to time and on the same basis as is available to the other senior executives of the Corporation, in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be amended or modified by the Corporation from time to time in its sole discretion. If any such benefit plan shall be unavailable to Kors by reason of his nationality or residence, the Corporation shall use it best efforts to provide a substantially equivalent benefit, through another source, at its expense.

(ii) Kors shall be eligible, in the discretion of the MKHL Board (or appropriate committee thereof, including the Compensation Committee), for share option awards, restricted share unit awards and other share-based awards on an annual basis at the same time long-term incentive grants are awarded to other senior executives of the Corporation, and shall be made pursuant to the long-term incentive plan generally applicable to eligible employees of the Corporation (currently the Incentive Plan), in accordance with, and subject to, the terms and conditions of the Incentive Plan as the same may be amended or modified by MKHL in its sole discretion (subject to shareholder approval if required) and the applicable long-term incentive award agreement. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under the Incentive Plan or any other incentive or benefit plans or programs. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) shall determine all terms of participation (including, without limitation, the size and type of any award, payment or other compensation and the timing and conditions of receipt thereof by Kors).

(iii) Except in the case of the termination of Kors for Cause, in which case any share-based awards granted to Kors under the Incentive Plan shall be forfeited and any share options granted to Kors under the Incentive Plan shall immediately terminate (whether or not vested and/or exercisable), any such share-based incentive awards that have become vested and/or exercisable prior to the date of Kors' termination of employment hereunder (the "Termination Date") shall remain vested and/or exercisable after the Termination Date in accordance with the terms and conditions of the Incentive Plan and/or any applicable long-term incentive award agreement. Except as otherwise provided herein, the terms of the Incentive Plan or any other incentive plans shall govern Kors' rights and obligations thereunder during the Term and at and after the Termination Date.

(iv) The Corporation shall provide the health and medical insurance coverage referred to in Section 5(a)(i) above at its own cost without contribution from Kors. The Corporation also shall pay during the Term the premiums on (A) the whole life insurance policy (the "Whole Life Policy") currently in place on the life of Kors and (B) the US $500,000 term life insurance policy (the "Term Life Policy") currently in place on the life of Kors, both of which policies are owned by Kors. Upon termination of this Agreement, the Corporation shall cease to pay premiums on the Whole Life Policy and the Term Life Policy and Kors shall thereafter be solely responsible for the payment of any premiums on both such policies.

(v) The Corporation shall provide Kors with an automobile and driver for transportation to and from the Corporation's offices and for other business purposes. Such automobile shall be a Mercedes-Benz S-Class or an automobile at least substantially equivalent in price thereto.

(b) In addition to the foregoing, Kors acknowledges and agrees that the Corporation may apply for, and purchase, key-man life insurance covering Kors (the "Key-Man Insurance"). The Corporation shall own all rights in any such Key-Man Insurance policies and the proceeds thereof, and Kors shall not have any right, title or interest therein. Kors agrees to assist the Corporation, at the Corporation's expense, in obtaining such Key-Man Insurance by, among other things, submitting to the customary examinations and correctly preparing, signing and delivering such applications and other documents as may be required by potential insurers.

(c) Anything to the contrary herein notwithstanding, in the event of the occurrence of a condition that may with the passage of time constitute a Permanent Disability (as defined below) of Kors, then the Corporation shall continue to pay to Kors his Base Salary and all other compensation and benefits owed to Kors hereunder until the termination of this

Agreement as provided in Section 10 below, less any payments received by Kors from any disability insurance policy whose premiums are paid by the Corporation. For purposes of this Agreement, the term "Permanent Disability" shall mean any mental or physical condition that: (i) prevents Kors from reasonably discharging his services and employment duties hereunder; (ii) is attested to in writing by a physician who is licensed to practice in the State of New York and is mutually acceptable to Kors and the Company Parties (or, if Kors and the Company Parties are unable to mutually agree on a physician, the MKHL Board may select a physician who is a chairman of a department of medicine at a university-affiliated hospital in the City of New York); and (iii) continues, for any one or related condition, during any period of six (6) consecutive months or for a period aggregating six (6) months in any twelve (12) month period; and such Permanent Disability shall be deemed to have occurred on the last day of such applicable six (6) month period.

6. Vacation; Meetings. Kors shall be entitled to six (6) weeks of vacation annually, and such additional vacation time as may be agreed to by the Chairman of the Board. Kors shall be entitled to additional time off for attendance at meetings, conventions and educational courses, as the Chairman or the Board may from time to time allow.

7. Expenses; Indemnification.

(a) The Corporation shall reimburse Kors for the reasonable business expenses (including travel at the highest class of service available and the use of the corporate jet or private charter in accordance with the Corporation's policy) incurred by Kors in the course of performing his duties for MKHL and the Corporation, subject to Kors' compliance with the policies and procedures for reimbursement generally in effect from time to time for senior officers of the Corporation.

(b) The Corporation and/or MKHL (as applicable) will indemnify Kors and hold him harmless to the maximum extent permitted by applicable law, against all costs, charges, liabilities and expenses incurred or sustained by him in connection with any action, suit, claim or proceeding to which he may be made a party by reason of his being an officer, director or employee of the Corporation or of any other member of the MK Group; provided, however, that in no event shall Kors be indemnified for acts taken by him in bad faith or in breach of his duty of loyalty to the any of the Company Parties under applicable law. Notwithstanding the foregoing, Kors' indemnification and hold harmless rights under this Section 7 shall in no event be less favorable in any respect than the terms of any indemnification and hold harmless rights provided by the Corporation and/or MKHL to any senior executive of the Corporation under an employment agreement, indemnification agreement or otherwise. The provisions of this subsection (b) shall survive the termination of this Agreement.

8. Confidentiality; Intellectual Property Rights.

(a) Kors acknowledges that his work for and with the Company Parties and the other members of the MK Group will bring him into close contact with the confidential affairs of the MK Group, including, without limitation, confidential information and trade secrets concerning the MK Group's working methods, processes, business and other plans, programs, designs, products, profit formulas, customer names, customer requirements and supplier names (collectively, "Confidential Information"). "Confidential Information" shall not include (i) information generally known to the public, (ii) information properly received by Kors outside his engagement with the Company Parties (or any predecessor of the Company Parties) or any other member of the MK Group from any third party not affiliated with the MK Group and not under any duty to any of the Company Parties not to disclose such information, and (iii) any materials, including designs and products created by Kors and which are otherwise "Confidential Information", to the extent approved in writing by the Company Parties, which approval shall not be unreasonably withheld. Kors acknowledges that such Confidential Information is reposed in him in trust and he shall, both during and for a period of three years after the Term (or such longer period as the Company Parties may be bound to keep any such Confidential Information confidential pursuant to any agreement or otherwise), maintain such Confidential Information in confidence and, except as may be required under applicable law, neither disclose to others nor use such Confidential Information personally without written permission of the Company Parties. Kors agrees, upon termination of this Agreement, to return to the Company Parties all documents or recorded material of any type (including all copies thereof) which may be in his possession or under his control dealing with the Confidential Information.

(b) All trademarks, designs, copyrights and other intellectual property created by or at the direction of Kors in the course of his employment by the Corporation shall remain the property of, and be exclusively owned by, the Corporation without further act of either party. Kors shall, at the reasonable request of the Corporation, execute such documents as may be reasonably necessary to confirm or evidence the Corporation's ownership of such property.

(c) The obligations of this Section 8 shall survive the termination of this Agreement. Notwithstanding anything to the contrary set forth herein or in any other agreement to which Kors, on the one hand, and the Corporation or any other member of the MK Group, on the other hand, are parties or by which they are bound, (i) the obligations of confidentiality contained herein and therein, as they relate to the transactions contemplated by this Agreement, shall not apply to the "structure or the tax aspects" (as that phrase is used in Section 1.6011-4T(a)(3) (or any successor provision) of the Treasury Regulations promulgated under Section 6011 of the Code) of such transactions and (ii) nothing prohibits Kors from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; Kors does not need the prior authorization of the Company's General Counsel or legal department to make any such reports or disclosures and Kors is not required to notify the Company that Kors has made such reports or disclosures. Kors understands that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Kors further understands that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

9. Notices. Any notice or request permitted or required hereunder shall be in writing deemed sufficient when delivered in person or mailed by certified mail, postage prepaid, or transmitted by facsimile, and addressed if to the Company Parties, c/o the Corporation at the Corporation's principal executive offices in New York, New York, Facsimile No.: (646) 354-4826, Attn: Chief Executive Officer, and if to Kors, to his home address on file with the Corporation, with copy to:

Patterson Belknap, Webb & Tyler LLP
1133 Avenue of the Americas
New York, New York 10036-6710
Attention: Peter J. Schaeffer, Esq.
Facsimile No.: (212) 336-2222

or to such other address as may be provided by such notice.

10. No Termination.

(a) The Corporation may not terminate the Agreement and Kors' employment hereunder for any reason other than Cause (as defined below). It is expressly understood that Kors is to be employed hereunder until he dies or becomes Permanently Disabled (in which case this Agreement shall immediately terminate and the Corporation shall only be liable to promptly pay to Kors or his estate (as applicable) the Accrued Obligations, Prior Period Bonus Payment, and Pro Rata Bonus Payment (each as defined below)); provided, however, that Kors has not been terminated for Cause as aforesaid. In the event that the Company Parties materially breach their obligations hereunder, including, without limitation, the Corporation's obligations to make payments pursuant to Section 4 hereof, then upon thirty (30) days' notice to the Company Parties (which notice shall describe such breach in reasonable detail), unless the Company Parties (i) cure such breach within such thirty (30)-day period (or, if the breach cannot reasonably be cured within such thirty (30)-day period, initiates all possible action that substantially cures the breach within such thirty (30)-day period) to Kors' reasonable satisfaction (which curative action, at a minimum, places Kors in a no less favorable economic and financial position than he would have been in had the breach not occurred) and (ii) provides evidence satisfactory to Kors that the Company Parties have done so, Kors may terminate his employment under this Agreement and in such event shall be relieved of all his further obligations hereunder and entitled to exercise any rights and remedies he may have at law or in equity with respect to such material breach. In the event of such termination due to breach by the Company Parties, the Corporation shall, in addition and not in limitation to any other rights and remedies Kors may have hereunder, at law or in equity, (A) promptly (i) pay Kors any Base Salary earned but not yet paid prior to the date of termination (to be paid in accordance with the Company's normal payroll practices); (ii) pay Kors for any unused accrued vacation during the calendar year, (iii) reimburse Kors for any expenses pursuant to Section 7(a) and (iv) permit Kors to maintain his vested equity awards in accordance with Section 5(a)(iii) (collectively, the "Accrued Obligations"), (B) pay any Cash Incentive with respect to any applicable performance period that was completed prior to Kors' termination from employment but which has not yet been paid, and in the case of this clause (B), such Cash Incentive shall be paid at such time as it would have otherwise been paid to Kors hereunder had his employment not been terminated and such Cash Incentive amounts shall be subject to certification by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) as described in Section 4 of this Agreement (the "Prior Period Bonus Payment"), and (C) an amount representing the amount of the Cash Incentive payable for the fiscal year in which the Termination Date occurs, based on actual performance over the course of the applicable performance period, assuming Kors' employment had not been terminated hereunder, multiplied by a fraction, the numerator of which is the number of days Kors was employed hereunder during the applicable performance period and the denominator of which is the full number of days in the applicable performance period (the "Pro Rata Bonus Payment").

"Cause" shall mean: (i) the material breach by Kors of any material provision contained in this Agreement (including, without limitation, the provisions set forth in Section 3 hereof), which breach continues without the cure thereof by Kors for a period of thirty (30) days following written notice thereof from the Company Parties to Kors (which notice shall describe Kors' breach in reasonable detail); (ii) the conviction of Kors for fraudulent or criminal conduct adversely affecting the Corporation; and (iii) the commission by Kors of any willful, reckless, or grossly negligent act which has a material adverse effect on the Company Parties or their respective products, trademarks or goodwill (including, without limitation, the reputation thereof).

(b) If Kors shall terminate his employment under this Agreement without the consent of the Company Parties other than by reason of Kors' death, Permanent Disability or pursuant to the third sentence of Section 10(a) of this Agreement, the Corporation shall only remain responsible to Kors for (i) the Accrued Obligations and (ii) the Prior Period Bonus Payment. All other obligations of the Company Parties shall cease and, subject to Section 11, the parties hereto shall be relieved of all further obligations hereunder.

11. Kors Non-Competition. If Kors shall have terminated this Agreement pursuant to Section 10(b), for the remainder of Kors' lifetime, (i) Kors agrees to serve as an independent and exclusive design consultant to the Corporation for a fee of US$1,000,000 per year, payable monthly in arrears in equal installments with such duties as shall be mutually agreed between Kors and the Company Parties in good faith at such time, and (ii) in consideration thereof, Kors shall not, without the written consent of the MKHL Board, engage anywhere in the world where the Company Parties or any other member of the MK Group is doing business, directly or indirectly, as a designer, consultant, officer, director, employee, agent, proprietor, partner or shareholder in any business (other than on behalf of the Company Parties or any other member of the MK Group) which engages in activities in competition with the Company Parties or any other member of the MK Group to the extent those activities were carried on by the Company Parties or any other member of the MK Group during the Term; provided, however, that the Company Parties may terminate such consulting arrangement and cease making such payments at any time, in which event Kors' obligations to serve as a consultant to the Company Parties and to comply with such non-competition restrictions shall immediately terminate. Notwithstanding the foregoing, at any time, Kors may own up to 5% of the common stock or other securities of any public corporation and may have an interest as a member or limited partner in any limited liability company or partnership, provided he provides no services or advice of any kind to any such corporation, limited liability company or partnership.

12. Other Lines of Business; Transfer or Encumbrance of Marks. The MK Group shall not enter into any new line of business without the consent of Kors if Kors shall reasonably determine that such line of business is detrimental to the Marks.

13. Miscellaneous. This Agreement (i) constitutes the entire agreement between the parties concerning the subjects hereof and supersedes all prior agreements (except for any long-term incentive award agreements entered into between MKHL and Kors), (ii) may not be assigned by Kors without the prior written consent of the Company Parties, but shall be binding upon and inure to the benefit of Kors' heirs, legal representatives and permitted assigns (without limiting the generality of the foregoing, the provisions of Sections 4 and 7 hereof specifically shall inure to the benefit of such heirs, legal representatives, successors and permitted assigns), (iii) may be assigned by the Company Parties in connection with any transfer of all or a substantial portion of such entity's assets and shall be binding upon, and inure to the benefit of, the Company Parties' successors and assigns, and (iv) may not be amended, modified or supplemented except by a writing signed by each party.

14. Arbitration. All disputes arising under this Agreement including but not limited to any claim for specific performance under Section 15 of this Agreement shall be submitted to binding arbitration in accordance with the rules of commercial arbitration of the American Arbitration Association of the City of New York. Any arbitration proceeding shall be conducted in New York, New York before a single arbitrator or, if requested by either party, by a panel of three arbitrators.

15. Specific Enforcement. In addition to any remedies available to the parties at law, the parties each acknowledge that they would be irreparably damaged and there would be no adequate remedy at law for breach of either's obligations hereunder and, accordingly, this Agreement is to be specifically enforced if not performed according to its terms.

16. Severability. The provisions of this Agreement are severable. The invalidity of any provision shall not affect the validity of any other provision.

17. Governing Law. This Agreement shall be construed and governed in all respects under the laws of the State of New York (without reference to such State's conflict of law rules).

18. Headings. Headings in this Agreement are for convenience of reference only and shall not define, limit or interpret the contents hereof.

19. Taxes. All payments to be made to and on behalf of Kors under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related record reporting requirements, including, with respect to the retainer and meeting payments referred to in the last sentence of Section 4(a), applicable U.K. statutory reductions.

20. Code Section 409A.

(a) It is the intention of the parties hereto that, to the extent any amounts or benefits payable under or otherwise with respect to this Agreement constitute nonqualified deferred compensation that is or may be subject to Section 409A of the Code and the treasury regulations or other official pronouncements thereunder (herein, collectively, "Section 409A"), the provisions of this Agreement shall be interpreted and administered in a manner (which may, as appropriate, include amendments to this Agreement) that will enable such amounts or benefits to satisfy the requirements of Section 409A (either pursuant to qualifying for an exemption from coverage under Section 409A or satisfying the substantive provisions for compliance with such section).

(b) For purposes of any reimbursement of expenses due to Kors or the provision of in-kind benefits with respect to Kors (including, without limitation, pursuant to Section 7 above), such reimbursements shall be made in a manner consistent with Code Section 409A, including Treasury Regulation Section 1.409A-3(i)(1)(iv). In that regard (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, (ii) the reimbursement of eligible expenses shall be made on or before the end of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(c) In the event that any amount or benefit payable under or otherwise with respect to this Agreement is conditioned on Kors' termination of employment and such amount or benefit is not otherwise exempt from Section 409A, such termination of employment shall mean a "separation from service" within the meaning of Section 409A. In addition, if any such payment is conditioned on a separation from service by Kors and Kors shall then be a "specified employee" (as defined in Treasury Regulation section 1.409A-1(i)), then, to the extent necessary to avoid a violation of Section 409A, the portion of any such payment that would otherwise be paid within the six-month period immediately following Kors' separation from service shall instead be deferred and paid in a single sum on the first day following the end of such six-month period.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, this Agreement is entered into as of March 28, 2018.

MICHAEL KORS HOLDINGS LIMITED

By: /s/ John D. Idol
Name: John D. Idol
Title: Chairman & Chief Executive Officer

MICHAEL KORS (USA), INC.

By: /s/ John D. Idol
Name: John D. Idol
Title: Chairman & Chief Executive Officer

/s/ Michael Kors
Michael D. Kors

Exhibit 10.8

THIRD AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

This THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of April 1, 2018 (the "Effective Date"), by and among **MICHAEL KORS HOLDINGS Limited**, a British Virgin Islands corporation having its principal executive office in London, United Kingdom ("MKHL"), **Michael Kors (USA), Inc.**, a Delaware corporation having its principal executive office in New York County, New York (the "Company" and, together with MKHL, the "Company Parties"), and **JOHN D. IDOL** ("Executive"). The Company Parties and Executive may be referred to in this Agreement collectively as the "parties."

WHEREAS, the Company Parties have previously entered into that certain Second Amended and Restated Employment Agreement with the Executive, dated as of May 20, 2015 (the "Restated Employment Agreement"); and

WHEREAS, the parties desire to amend and restate the Restated Employment Agreement to extend the Executive's term of employment, to make changes to the compensation of Executive and to otherwise modify the Restated Employment Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Employment.

(a) The Company Parties agree to continue to employ Executive, and the Executive agrees to continue to be employed by the Company Parties as the Chairman and Chief Executive Officer, on the terms and subject to the conditions contained herein which such terms and conditions shall be effective as of the Effective Date. Until the Effective Date, the terms and conditions of Executive's employment by the Company Parties shall be governed by the Restated Employment Agreement which shall remain in full force and effect through and including March 31, 2018.

(b) As Chairman and Chief Executive Officer, Executive shall have general authority over the business of MKHL and shall manage the day-to-day operations of MKHL; provided, however, that Executive understands and agrees that (i) the Board of Directors of MKHL (the "Board") will be responsible for setting overall strategic goals of MKHL and its subsidiaries (including, without limitation, the Company) and advising Executive with respect thereto, and (ii) the Board's and/or certain of its members' active strategic involvement in matters relating to design direction, marketing concepts, production logistics and financial objectives shall not be deemed to constitute managing day-to-day operations. Executive will report only to the Board, and, subject to any existing contractual obligations of MKHL and its subsidiaries, all other executives of MKHL and its subsidiaries shall report to Executive, unless Executive determines otherwise. Executive acknowledges and agrees that, except as otherwise provided in accordance with Section 1(d), the Company Parties will be his sole employers in respect of the services contemplated by this Agreement, and the Company Parties will provide all payments and benefits to Executive under this Agreement.

(c) At the request of MKHL, Executive further agrees, without additional compensation, to act as an officer and/or director of subsidiaries of MKHL in addition to the Company. At the direction of MKHL, any rights and obligations of the Company hereunder may be assigned, in whole or in part, to such subsidiaries; provided that the Company Parties obligations with respect to compensation and benefits, including, without limitation, Base Salary (as defined below), shall remain the Company Parties' obligations, unless Executive consents in writing to such assignment, which such consent shall not be unreasonably withheld or delayed.

(d) During Executive's employment hereunder, each of the Company Parties shall use its best efforts to cause Executive to be elected or appointed, as the case may be, to the position of Chairman of the Board of each of the Company Parties (the "Company Boards"). Executive agrees that upon termination of his employment hereunder for any reason, he shall resign immediately from each of the Company Boards, as well as from any officerships and/or other directorships with any subsidiaries of MKHL.

(e) Executive shall devote substantially all of his full business time and attention and his best efforts to the performance of his duties hereunder; provided, however, that Executive may engage in charitable, educational, civic and religious activities and may participate as an investor, officer or director or otherwise manage passive personal investments owned by or for the benefit of Executive or members of his immediate family, but only to the extent such activities and service are permitted under Section 9(c) of this Agreement and do not interfere with the performance of Executive's duties and responsibilities hereunder.

2. Term. The term of the employment of Executive under this Agreement shall continue through March 31, 2021 (the "Initial Term"), subject to the terms and provisions of this Agreement. After the expiration of the Initial Term, this Agreement shall be automatically renewed for additional one-year terms (each, a "Renewal Term") unless either the Company Parties or Executive gives written notice to the other of the termination of this Agreement at least ninety (90) days in advance of the next successive one-year term. Any election by the Company Parties or Executive not to renew such employment at the end of the Initial Term or any Renewal Term shall be at the sole, absolute discretion of the Company Parties or Executive, respectively. The period Executive is employed hereunder during the Initial Term and any such Renewal Terms is referred to herein as the "Term".

3. Salary. During the Term, Executive's base salary ("Base Salary") shall be at the rate of US$1,350,000 per year, which, except as otherwise set forth in the last sentence of this Section 3, shall be payable by the Company to Executive in accordance with the Company's customary payroll practices in effect from time to time. The Base Salary shall be subject to possible increases at the sole discretion of the MKHL Board (or appropriate committee thereof, including the Compensation and Talent Committee of the Board (the "Compensation Committee")); provided, however, that in no event shall Executive's Base Salary during the Term be reduced below US$1,350,000 or otherwise reduced after any increase except with Executive's written consent. The term "Base Salary" as utilized in this Agreement shall refer to Executive's annual base salary as then in effect. A portion of Executive's Base Salary equal to one-fourth (1/4) of the annual retainer paid to MKHL's independent directors together with meeting fees payable to the independent directors for the applicable quarter shall be payable to Executive by MKHL on a quarterly basis at the same time such retainer and meeting payments are paid to the independent directors of MKHL. For the avoidance of doubt, this is not additional Base Salary or other compensation for Executive but merely an allocation of Base Salary from the Company employer to MKHL for services performed by Executive as a director of MKHL.

4. Annual Cash Incentive.

(a) Cash Incentive. During the Term and commencing with MKHL's fiscal year beginning April 1, 2018, Executive shall be eligible to earn the annual cash incentive payments described in this Section 4 in accordance with, and subject to, the terms and conditions of, MKHL's then existing executive cash incentive program which is a component of the Michael Kors Holdings Limited Amended and Restated Omnibus Incentive Plan as the same may be amended or modified by MKHL from time to time in its sole discretion (subject to shareholder approval if required) (the "Incentive Plan"). The annual cash incentive payment (the "Cash Incentive") shall be a percentage of Executive's Base Salary (with incentive levels set at 100% threshold - 200% target - 400% maximum). Such incentive levels may be increased by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) for any fiscal year in its sole discretion but shall not be decreased below the incentive levels set forth in this Agreement without the written consent of Executive. The Cash Incentive shall be based upon the achievement of performance goals established by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) over a performance period also established by the MKHL Board (or appropriate committee thereof, including the Compensation Committee). The MKHL Board (or appropriate committee thereof, including the Compensation Committee) may base such performance goals upon such appropriate criteria as they may determine. Executive must be employed by the Company on the date that the Cash Incentive is actually paid which shall be the same date that annual cash incentives are paid to other senior executives of the Company. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) must certify the level of the attainment of the applicable performance goal for the performance period and the amount of the Cash Incentive payable to Executive with respect to such performance period. Once certified, the Cash Incentive will be paid to Executive reasonably promptly and in no event later than June 30 next following the last day of the applicable performance period.

(b) Clawback. Notwithstanding the foregoing, if the MKHL Board (or appropriate committee thereof, including the Compensation Committee) determines that Executive was overpaid, in whole or in part, as a result of a restatement of the reported financial or operating results of MKHL due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law), the Company Parties shall be entitled to recover or cancel the difference between (i) any Cash Incentive payment that was based on having met or exceeded performance targets and (ii) the Cash Incentive payment that would have been paid to or earned by Executive had the actual payment or accrual been calculated based on the accurate data or restated results, as applicable (the "Overpayment"). If the Compensation Committee determines that there has been an Overpayment, the Company Parties shall be entitled to demand that Executive reimburse the Company for the Overpayment. To the extent Executive does not make reimbursement of the Overpayment, the Company Parties shall have the right to enforce the repayment through the reduction of future salary or the reduction or cancellation of outstanding and future incentive compensation and/or to pursue all other available legal remedies in law or in equity. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) may make determinations of Overpayment at any time through the end of the third (3rd) fiscal year following the year for which the inaccurate performance criteria were measured; provided, that if steps have been taken within such period to restate MKHL's financial or operating results, the time period shall be extended until such restatement is completed.

5. Long-Term Incentive Compensation.

(a) Share-Based Awards. Executive shall be eligible, in the discretion of the MKHL Board (or appropriate committee thereof, including the Compensation Committee), for share option awards, restricted share unit awards and other share-based awards on an annual basis at the same time long-term incentive grants are awarded to the other senior executives, and shall be made pursuant to the long-term incentive plan generally applicable to eligible employees of the Company (currently the Incentive Plan), in accordance with, and subject to, the terms and conditions of the Incentive Plan as the same may be amended or modified by MKHL in its sole discretion (subject to shareholder approval if required) and the applicable long-term incentive award agreement. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under the Incentive Plan or any other incentive or benefit plans or programs. The MKHL Board (or appropriate committee thereof, including the Compensation Committee) shall determine all terms of participation (including, without limitation, the size and type of any award, payment or other compensation and the timing and conditions of receipt thereof by Executive).

(b) Effect of Termination. Upon termination of employment (the "Termination Date") for any reason, any share-based incentive awards that have become vested and/or exercisable prior to the Termination Date shall remain vested and/or exercisable after the Termination Date and all unvested long-term incentive awards shall be forfeited, in each case, in accordance with the terms and conditions of the Incentive Plan and/or any applicable long-term incentive award agreement. Notwithstanding anything to the contrary in the Incentive Plan and/or any applicable long-term incentive award agreement, in the event Executive is terminated for Cause (as hereinafter defined), Executive's vested long-term incentive awards as of the Termination Date shall not be forfeited.

6. Employee Benefits.

(a) Generally. During the Term, Executive shall be entitled to participate in any and all Company employee benefit plans and programs which generally are made available to senior executives of the Company, in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be amended or modified by the Company from time to time in its sole discretion.

(b) Life Insurance. During the Term, the Company shall pay the premiums, up to a maximum of US$50,000 per annum, for the US$5,000,000 whole life insurance policy presently maintained by Executive.

(c) Vacation. During the Term, Executive shall be entitled to six (6) weeks of paid vacation in each calendar year of the Company. Executive shall forfeit any vacation time that remains unused at the end of any calendar year.

(d) Transportation. During the Term, the Company shall provide Executive with an automobile and driver for transportation to and from the Company's offices and for other business purposes. Such automobile shall be a Mercedes-Benz S-Class or an automobile at least substantially equivalent in price thereto.

(e) Expense Reimbursement. During the Term, the Company shall reimburse Executive for all reasonable and necessary expenses (including first class air travel and the use of the corporate aircraft) incurred by Executive incident to the performance of his duties hereunder, in accordance with the Company's policies and procedures.

7. Termination of Employment.

(a) Death and Total Disability. Executive's employment under this Agreement shall terminate immediately upon his death or Total Disability (as defined below). For purposes of this Agreement, the term "Total Disability" shall mean any mental or physical condition that: (i) prevents Executive from reasonably discharging his services and employment duties hereunder; (ii) is attested to in writing by a physician who is licensed to practice in the State of New York and is mutually acceptable to Executive and the Company Parties (or, if the Executive and the Company Parties are unable to mutually agree on a physician, the MKHL Board may select a physician who is a chairman of a department of medicine at a university-affiliated hospital in the City of New York); and (iii) continues, for any one or related condition, during any period of six (6) consecutive months or for a period aggregating six (6) months in any twelve (12) month period. Total Disability shall be deemed to have occurred on the last day of such applicable six (6) month period.

(b) Cause. The Company Parties shall at all times, upon written notice to Executive given at least ten (10) days prior to the Termination Date, have the right to terminate this Agreement and the employment of Executive hereunder for Cause (as defined below); provided, however, that prior to such termination taking effect, Executive shall have been given an opportunity to meet with the Board, and a majority of the Board shall have thereafter voted to terminate Executive's employment.

For purposes of this Agreement, the term "Cause" means the occurrence of any one of the following events: (i) Executive's gross negligence, willful misconduct or dishonesty in performing his duties hereunder; (ii) Executive's conviction of a felony (other than a felony involving a traffic violation); (iii) Executive's commission of a felony involving a fraud or other business crime against MKHL or any of its subsidiaries; or (iv) Executive's breach of any of the covenants set forth in Section 9 hereof; provided that, if such breach is curable, Executive shall have an opportunity to correct such breach within thirty (30) days after written notice by the Company to Executive thereof.

(c) Executive Termination Without Good Reason. Executive agrees that he shall not terminate his employment with the Company Parties for any reason other than Good Reason without giving the Company Parties at least six (6) months' prior written notice of the effective date of such termination. Executive acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company elects to waive the notice requirement, in whole or in part, the Company shall have no further obligations to Executive under this Agreement other than to make the payments specified in Section 8(a). After Executive provides a notice of termination, the Company may, but shall not be obligated to, provide Executive with work to do and the Company may, in its discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the Company's places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 7(c), the Termination Date shall be the last day of the six (6) month notice period, unless the Company elects to waive the notice requirement as set forth herein.

For purposes of this Agreement, "Good Reason" means and shall be deemed to exist if: (i) Executive is assigned duties or responsibilities that are inconsistent in any material respect with the scope of the duties or responsibilities of his title or position, as set forth in this Agreement; (ii) the Company or MKHL fails to perform substantially any material term of this Agreement, and, if such failure is curable, fails to correct such failure within thirty (30) days after written notice by Executive to the Company or MKHL, as applicable; (iii) Executive's office is relocated more than fifty (50) miles from its location immediately prior to such relocation; (iv) the Company or MKHL fails to have this Agreement assumed by a successor following a Change in Control (as defined in the Incentive Plan); (v) Executive's duties or responsibilities are significantly reduced, except with respect to any corporate action initiated or recommended by Executive and approved by the Board; (vi) Executive is involuntarily removed from the Board and the Company Board (other than in connection with a termination of employment for Cause, voluntary termination without Good Reason, death or Total Disability); or (vii) subject to the proviso set forth in the third sentence of Section 1(b) above, the Board is managing the day-to-day operations of the Company and, after receipt of written notice from Executive to such effect (and sufficient time to cease such involvement), the Board continues to do so.

(d) Executive Termination for Good Reason. Executive may terminate his employment hereunder for Good Reason (and this Agreement shall accordingly terminate) by providing written notice of his intention to terminate, and specifying the circumstances relating thereto, to the MKHL Board within thirty (30) days following the occurrence of any of the events specified above as constituting Good Reason and at least ten (10) days prior to the Termination Date.

8. Consequences of Termination or Breach.

(a) Termination Due to Death or Total Disability, for Cause, or Without Good Reason. If Executive's employment under this Agreement is terminated under Sections 7(a) or 7(b) hereunder, or Executive terminates his employment for any reason other than Good Reason, Executive shall not thereafter be entitled to receive any compensation and benefits under this Agreement other than for (i) Base Salary earned but not yet paid prior to the Termination Date (to be paid in accordance with the Company's normal payroll practices), (ii) vested equity in accordance with Section 5(b), (iii) payment for any untaken accrued vacation during the calendar year, (iv) reimbursement of any expenses pursuant to Section 6(e) incurred prior to the Termination Date, and (v) any Cash Incentive with respect to any performance period that was completed prior to Executive's termination from employment but which has not yet been paid (with such Cash Incentive to be paid at such time as it would have otherwise been paid to Executive hereunder had his employment not been terminated and such Cash Incentive amount shall be subject to certification by the MKHL Board (or appropriate committee thereof, including the Compensation Committee) as described in Section 4 of this Agreement (collectively, the "Accrued Obligations"), plus, in the case of termination due to death or Total Disability only, the Pro Rata Cash Incentive Payment (as defined in Section 8(b) below) and, in the case of death only, proceeds from the life insurance policy referenced in Section 6(b). If Executive's employment under this Agreement is terminated by the Company for Cause, Executive shall not thereafter be entitled to receive any compensation and benefits under this Agreement other than for the Accrued Obligations set forth in clauses (i) through (iv) above.

(b) Termination Without Cause or With Good Reason. If Executive's employment under this Agreement is terminated by the Company Parties without Cause (which right the Company shall have at any time and for any reason during the Term) and other than for the reasons provided for in Section 7(a) above, or Executive terminates his employment for Good Reason, the sole obligations of the Company Parties to Executive shall be: (i) to make the payments described in Section 8(a) for Accrued Obligations, (ii) to make the Pro Rata Cash Incentive Payment and (iii) to pay to Executive in a single lump sum payment, within thirty (30) days from the Termination Date, a separation payment equal to two (2) times (A) Executive's Base Salary and (B) the Cash Incentive paid or payable to Executive pursuant to Section 4(a) with respect to MKHL's last full fiscal year ended prior to the Termination Date (collectively, the "Separation Payments"). For purposes of this Agreement, "Pro Rata Cash Incentive Payment" shall mean an amount representing the amount of the Cash Incentive payable for the fiscal year in which the Termination Date occurs, based on actual performance over the course of the applicable performance period, assuming Executive's employment had not been terminated hereunder, multiplied by a fraction, the numerator of which is the number of days Executive was employed hereunder during the applicable performance period and the denominator of which is the full number of days in the applicable performance period. Executive acknowledges and agrees that in the event the Company Parties terminate Executive's employment without Cause and other than for the reasons provided for in Sections 7(a) or 7(b) or Executive terminates his employment for Good Reason, Executive's sole remedy shall be to receive the payments specified in this Section 8(b).

(c) No Duty to Mitigate. Executive shall not be required to mitigate the amount of any damages that Executive may incur or other payments to be made to Executive hereunder as a result of any termination or expiration of this Agreement, nor shall any payments to Executive be reduced by any other payments Executive may receive, except as may otherwise be set forth herein.

9. Restrictive Covenants and Confidentiality.

(a) No-Hire. During the two (2) year period following the Termination Date, Executive shall not employ or retain (or participate in or arrange for the employment or retention of) any person who was employed or retained by the Company Parties or any of their respective parents, subsidiaries or affiliates within the one (1) year period immediately preceding such employment or retention.

(b) Confidentiality. Recognizing that the knowledge, information and relationship with customers, suppliers and agents, and the knowledge of the Company Entities and their respective parents', subsidiaries' and affiliates' business methods, systems, plans and policies, which Executive shall hereafter establish, receive or obtain as an employee of the Company Parties or any such parent, subsidiary or affiliate, are valuable and unique assets of the businesses of the Company Parties and their respective parents, subsidiaries and affiliates, Executive agrees that, during and after the Term hereunder, he shall not (otherwise than pursuant to his duties hereunder) disclose, without the prior written approval of the Board acting upon the advice of counsel, any such knowledge or information pertaining to the Company Parties or any of their respective parents, subsidiaries and affiliates, their business, personnel or policies, to any person, firm, corporation or other entity, for any reason or purpose whatsoever. The provisions of this Section 9(b) shall not apply to information which is or shall become generally known to the public or the trade (except by reason of Executive's breach of his obligations hereunder), information which is or shall become available in trade or other publications and information which Executive is required to disclose by law or an order of a court of competent jurisdiction. If Executive is required by law or a court order to disclose such information, he shall notify the Company Parties of such requirement and provide the Company Parties an opportunity (if the Company so elects) to contest such law or court order. Executive agrees that all tangible materials containing confidential information, whether created by Executive or others which shall come into Executive's custody or possession during Executive's employment shall be and is the exclusive property of the Company Parties or their respective parents, subsidiaries and affiliates. Upon termination of Executive's employment for any reason whatsoever, Executive shall immediately surrender to the Company Parties all confidential information and property of the Company Parties and their respective parents, subsidiaries or affiliates in Executive's possession.

(c) Non-Compete. Executive agrees that during the Term, Executive will not engage in, or carry on, directly or indirectly, either for himself or as an officer or director of a corporation or as an employee, agent, associate, or consultant of any person, partnership, business or corporation, any Competitive Business (as defined below); provided, that Executive may own ten percent (10%) or less in a Competitive Business as a passive investor so long as Executive does not manage (whether as a director, officer or otherwise) or exercise influence or control over such business. For purposes of this Agreement, "Competitive Business" shall mean a business which directly competes in any material respects with the Company Parties or their respective parents, subsidiaries, or affiliates.

10. Injunction. It is recognized and hereby acknowledged by the parties hereto that a breach or violation by Executive of any of the covenants or agreements contained in Section 9 of this Agreement may cause irreparable harm and damage to the Company Parties or their respective parents, subsidiaries or affiliates, the monetary amount of which may be virtually impossible to ascertain. Therefore, Executive recognizes and hereby agrees that the Company Parties and their respective parents, subsidiaries and affiliates shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in Section 9 of this Agreement by Executive and/or his employees, associates, partners or agents, or entities controlled by one or more of them, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Company Parties and their respective parents, subsidiaries or affiliates may possess.

11. Indemnification. To the extent permitted by law and the Company Parties by-laws or other governing documents, the Company Parties will indemnify Executive with respect to any claims made against him as an officer, director or employee of the Company Parties or any subsidiary of either of the Company Parties, except for acts taken in bad faith or in breach of his duty of loyalty to the Company Parties or such subsidiary. During the Term and for as long thereafter as is practicable, Executive shall be covered under a directors and officers liability insurance policy with coverage limits in amounts no less than that which the Company Parites currently maintain as of the date of this Agreement.

12. Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related record reporting requirements, including, with respect to the retainer and meeting payments referred to in the last sentence of Section 3, applicable U.K. statutory reductions.

13. Executive's Representations; No Delegation. Executive hereby represents and warrants that he is not precluded, by any agreement to which he is a party or to which he is subject, from executing and delivering this Agreement, and that this Agreement and his performance of the duties and responsibilities set forth herein does not violate any such agreement. Executive shall indemnify and hold harmless the Company Parties and their respective parents, subsidiaries and affiliates and their respective officers, directors, employees, agents and advisors for any liabilities, losses and costs (including reasonable attorney's fees) arising from any breach or alleged breach of the foregoing representation and warranty. Executive shall not delegate his employment obligations under this Agreement to any other person.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in that state, without regard to its conflict of laws provisions.

15. Entire Agreement; Amendment. This Agreement supersedes all prior agreements between the parties with respect to its subject matter (except for any long-term incentive awards agreements entered into between MKHL and Executive), is intended (with the documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by all parties hereto.

16. Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by a nationally recognized overnight delivery service or mailed by registered mail, return receipt requested, to a party at his or its address set forth below or at such other address as a party may specify by notice to the others:

If to MKHL:

33 Kingsway
London WC2B 6UF
United Kingdom
Attention: Corporate Secretary

If to the Company:

11 West 42nd Street
New York, NY 10036
Fax: 646-354-4901
Attention: General Counsel

If to Executive:

At the home address on file with the Company
Fax: 516-365-6872

or to such other addresses as either party hereto may from time to time specify to the other. Any notice given as aforesaid shall be deemed received upon actual delivery.

17. Assignment. Except as otherwise provided in this Section 17 and Section 1(d), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties, in whole or in part, only (i) to MKHL or any of its subsidiaries and (ii) subject to compliance with Section 1(d).

18. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement, or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

19. Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

20. Section Headings. The section headings contained in this Agreement are for reference purpose only and shall not affect in any way the meaning or interpretation of this Agreement.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

22. Arbitration. Any dispute or claim between the parties hereto arising out of, or in connection with, this Agreement and/or Executive's employment shall become a matter for arbitration; provided, however, that Executive acknowledges and agrees that in the event of any alleged violation of Section 9 hereof, the Company Parties and any of their respective parents, subsidiaries and affiliates shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall take place in New York City and shall be before a neutral arbitrator in accordance with the Commercial Rules of the American Arbitration Association; provided, however, that to the extent such arbitration involves any allegation(s) of a violation of any law, rule or regulation which prohibits discrimination in employment, the arbitrator shall apply the National Rules for the Resolution of Employment Disputes (as modified) of the American Arbitration Association then existing in determining the damages, if any, to be awarded and the allocation of costs and attorneys fees between or among the parties. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of March 28, 2018.

MICHAEL KORS HOLDINGS LIMITED

By: /s/ Pascale Meyran

Name: Pascale Meyran

Title: Senior Vice President, Chief Human Resources Officer

MICHAEL KORS (USA), INC.

By: /s/ Pascale Meyran

Name: Pascale Meyran

Title: Senior Vice President, Chief Human Resources Officer

JOHN D. IDOL

/s/ John D. Idol

Exhibit 21.1

LIST OF SUBSIDIARIES OF MICHAEL KORS HOLDINGS LIMITED

Entity Name	Jurisdiction of Formation
Michael Kors (UK) Holdings Limited	United Kingdom
Michael Kors (UK) Limited	United Kingdom
Michael Kors (USA) Holdings, Inc.	Delaware
Michael Kors (USA), Inc.	Delaware
Michael Kors Retail, Inc.	Delaware
Michael Kors Stores (California), Inc.	Delaware
Michael Kors, L.L.C.	Delaware
Michael Kors Stores, L.L.C.	New York
Michael Kors Aviation, L.L.C.	Delaware
Michael Kors Virginia, LLC	Virginia
Michael Kors (Canada) Co.	Nova Scotia
Michael Kors (Canada) Holdings Ltd.	Nova Scotia
Michael Kors (Switzerland) GmbH	Switzerland
Michael Kors (Switzerland) Holdings GmbH	Switzerland
Michael Kors (Switzerland) International GmbH	Switzerland
Michael Kors (Switzerland) Retail GmbH	Switzerland
Michael Kors (UK) Intermediate Ltd.	United Kingdom
Michael Kors Japan K.K.	Japan
Michael Kors Limited	Hong Kong
MK (Shanghai) Commercial Trading Company Limited	China
Michael Kors Belgium BVBA	Belgium
Michael Kors (Bucharest Store) S.R.L.	Romania
Michael Kors (France) SAS	France
Michael Kors (Germany) GmbH	Germany
Michael Kors Spain, S.L.	Spain
Michael Kors Italy S.R.L. Con Socio Unico	Italy
Michael Kors (Austria) GmbH	Austria
Michael Kors (Netherlands) B.V.	Netherlands
Michael Kors (Poland) Sp. z o.o.	Poland
Michael Kors (Europe) B.V.	Netherlands
Michael Kors (Czech Republic) s.r.o.	Czech Republic
Michael Kors (Luxembourg) Retail S.à r.l.	Luxembourg
Michael Kors (Portugal) Lda.	Portugal
Michael Kors (Ireland) Limited	Ireland
Michael Kors (Sweden) AB	Sweden
Michael Kors (Mexico) S. de R.L. de C.V.	Mexico
Michael Kors (Denmark) ApS	Denmark
Michael Kors (Norway) AS	Norway
Michael Kors (Hungary) Kft.	Hungary
Michael Kors Korea Yuhan Hoesa	Korea
Michael Kors (Finland) Oy	Finland
Michael Kors (Latvia) SIA	Latvia
UAB Michael Kors (Lithuania)	Lithuania
MK (Panama) Holdings, S.A.	Panama
Michael Kors (HK) Limited	Hong Kong
Michael Kors Trading (Shanghai) Company Limited	China
JAG Acquisitions (UK) Limited	United Kingdom
MKJC Limited	British Virgin Islands

Entity Name	Jurisdiction of Formation
Jimmy Choo Group Limited	United Kingdom
Jimmy Choo (Holdings) Limited	United Kingdom
Choo EUR Finance Limited	United Kingdom
Choo USD Finance Limited	United Kingdom
Choo Luxury Group Limited	United Kingdom
Choo Luxury Holdings Limited	United Kingdom
Choo Luxury Finance Limited	United Kingdom
J. Choo (Jersey) Limited	United Kingdom
J. Choo Limited	United Kingdom
JC Industry S.r.l	Italy
Jimmy Choo Korea Limited	Korea
JC Gulf Trading LLC	UAE
J Choo USA Inc.	Delaware
J Choo Florida Inc.	Delaware
J. Choo Canada Inc.	British Columbia
J. Choo (OS) Limited	United Kingdom
J Choo Germany GmbH	Germany
Itachoo S.r.l.	Italy
Jimmy Choo Florence S.r.l.	Italy
Franchoo SAS	France
Jimmy Choo Spain S.L.	Spain
J Choo (Switzerland) AG	Switzerland
J. Choo (Belgium) BVBA	Belgium
J. Choo Netherlands B.V.	Netherlands
J. Choo Czech s.r.o	Czech Republic
J. Choo Russia JV Limited	United Kingdom
J. Choo RUS LLC	Russia
J. Choo (Austria) GmbH	Austria
J. Choo Supply SA	Switzerland
J. Choo Hong Kong JV Limited	United Kingdom
Jimmy Choo Hong Kong Limited	Hong Kong
J.Choo Japan JV Ltd.	United Kingdom
Jimmy Choo Tokyo K.K.	Japan
J. Choo (Asia) Limited	Hong Kong
Jimmy Choo (Shanghai) Trading Co., Ltd	China
J. Choo Singapore JV Limited	United Kingdom
Jimmy Choo (Singapore) Pte. Ltd.	Singapore
Jimmy Choo (Malaysia) Sdn. Bhd.	Malaysia
JC Services ME DMCC	DMCC (UAE free zone)
J. Choo Sweden AB	Sweden

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-178486) pertaining to the Amended and Restated Omnibus Incentive Plan of Michael Kors Holdings Limited of our reports dated May 30, 2018 with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of Michael Kors Holdings Limited, included in this Annual Report (Form 10-K) for the year ended March 31, 2018.

/s/ ERNST & YOUNG LLP

New York, New York
May 30, 2018

Exhibit 31.1

CERTIFICATIONS

I, John D. Idol, certify that:

1. I have reviewed this Form 10-K of Michael Kors Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2018

By: /s/ John D. Idol

John D. Idol

Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Thomas J. Edwards, Jr., certify that:

1. I have reviewed this Form 10-K of Michael Kors Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2018

By: /s/ Thomas J. Edwards, Jr.

Thomas J. Edwards, Jr

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 10-K of Michael Kors Holdings Limited (the "Company") for the year ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John D. Idol, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Michael Kors Holdings Limited.

Date: May 30, 2018

/S/ John D. Idol

John D. Idol
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 10-K of Michael Kors Holdings Limited (the “Company”) for the year ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas J. Edwards, Jr., Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Michael Kors Holdings Limited.

Date: May 30, 2018

/S/ Thomas J. Edwards, Jr.

Thomas J. Edwards, Jr.
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.


JIMMY CHOO