



BURBERRY

ESTABLISHED 1856

**PRELIMINARY RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

28 MAY 2008

# DRIVING GROWTH

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## **STRONG FINANCIAL PERFORMANCE**

- Revenue up 18%\*
- Operating profit up 14%\*

## **FURTHER EVOLVED FRONT END OF BUSINESS**

- Luxury
- Retail
- Non-apparel

## **FURTHER PROGRESS ON BACK OF HOUSE**

- IT
- Supply chain
- Logistics

## **INCREASINGLY CHALLENGING EXTERNAL ENVIRONMENT FROM H2**



\* Underlying

**STACEY CARTWRIGHT**  
**CHIEF FINANCIAL OFFICER**

## FINANCIAL HIGHLIGHTS

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12 MONTHS TO 31 MARCH	2008 £M	2007 £M	GROWTH
REVENUE	<b>995.4</b>	<b>850.3</b>	<b>17%</b>
ADJUSTED OPERATING PROFIT*	<b>206.2</b>	<b>185.1</b>	<b>11%</b>
OPERATING PROFIT	<b>201.7</b>	<b>157.0</b>	<b>28%</b>
ADJUSTED DILUTED EPS*	<b>31.6p</b>	<b>29.1p</b>	<b>9%</b>
DIVIDEND PER SHARE	<b>12.0p</b>	<b>10.5p</b>	<b>14%</b>

\* Pre Atlas and plant closure costs and HQ relocation

# REVENUE UP 18%\*

## RETAIL

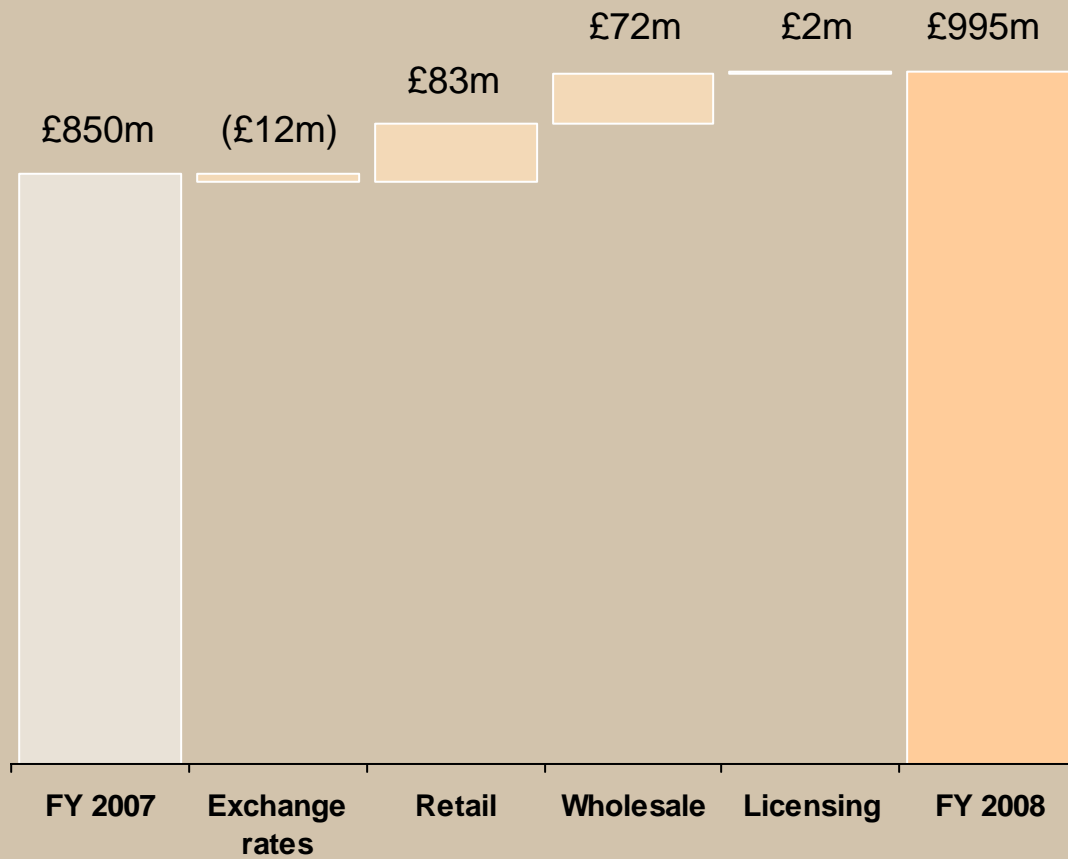
- 49% of sales
- 20% underlying growth

## WHOLESALE

- 43% of sales
- 20% underlying growth

## LICENSING

- 8% of sales
- 3% underlying growth



REVENUE

\* Underlying

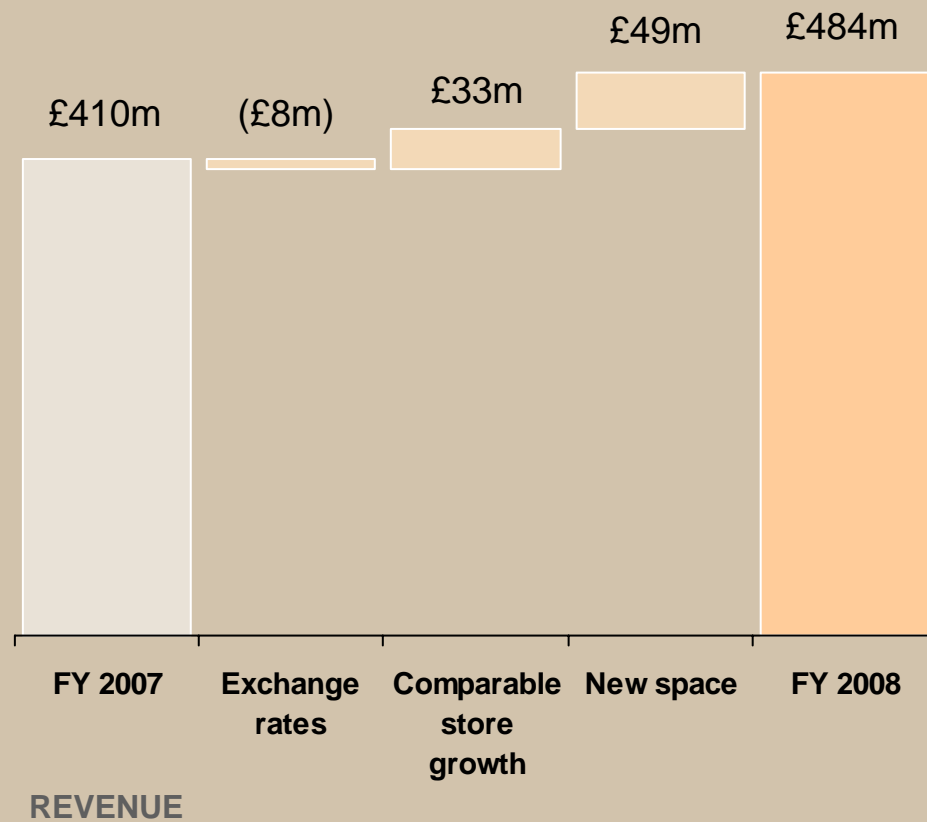
# RETAIL SALES UP 20%\*

## COMPARABLE STORE SALES UP 8% (H1 11%; H2 6%)

- Increasing volatility in H2
- Double-digit growth in US
- Positive growth in Europe and Asia

## OPENED NET

- 20 mainline stores
- 49 concessions
- 7 outlets
- 12% more space



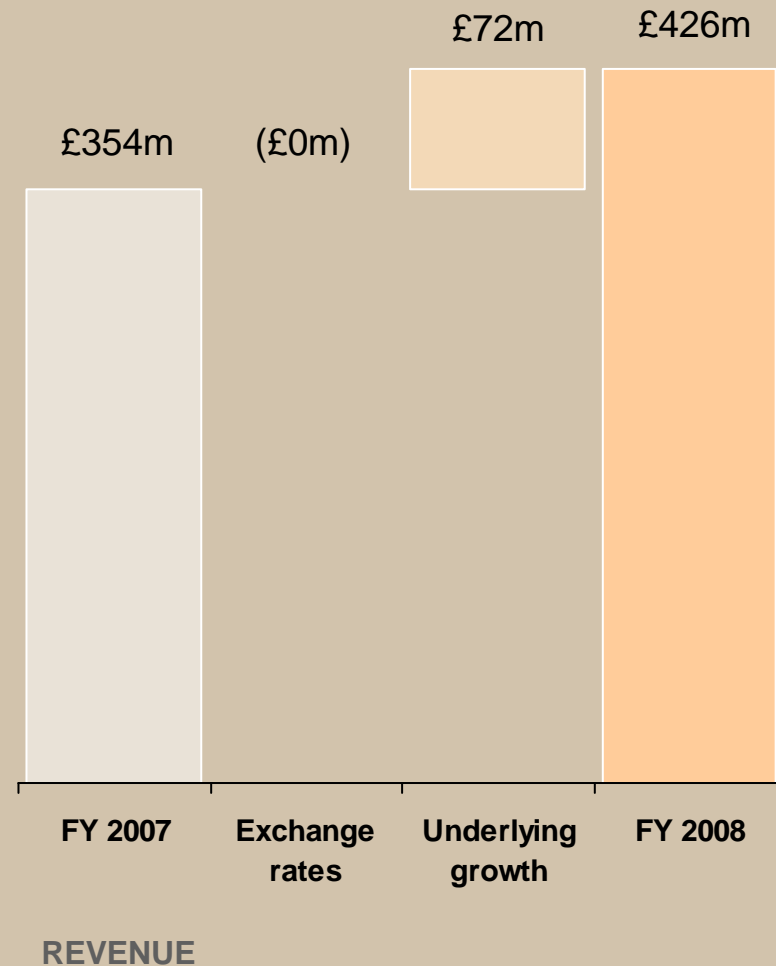
\* Underlying

# WHOLESALE REVENUE UP 20%\*

## CONTINUED MOMENTUM FROM H2 LAST YEAR

- Product designs
- More frequent flow of product
- Replenishment

## STRONG GROWTH FROM US, EUROPE AND EMERGING MARKETS



\* Underlying



# LICENSING REVENUE UP 3%\*

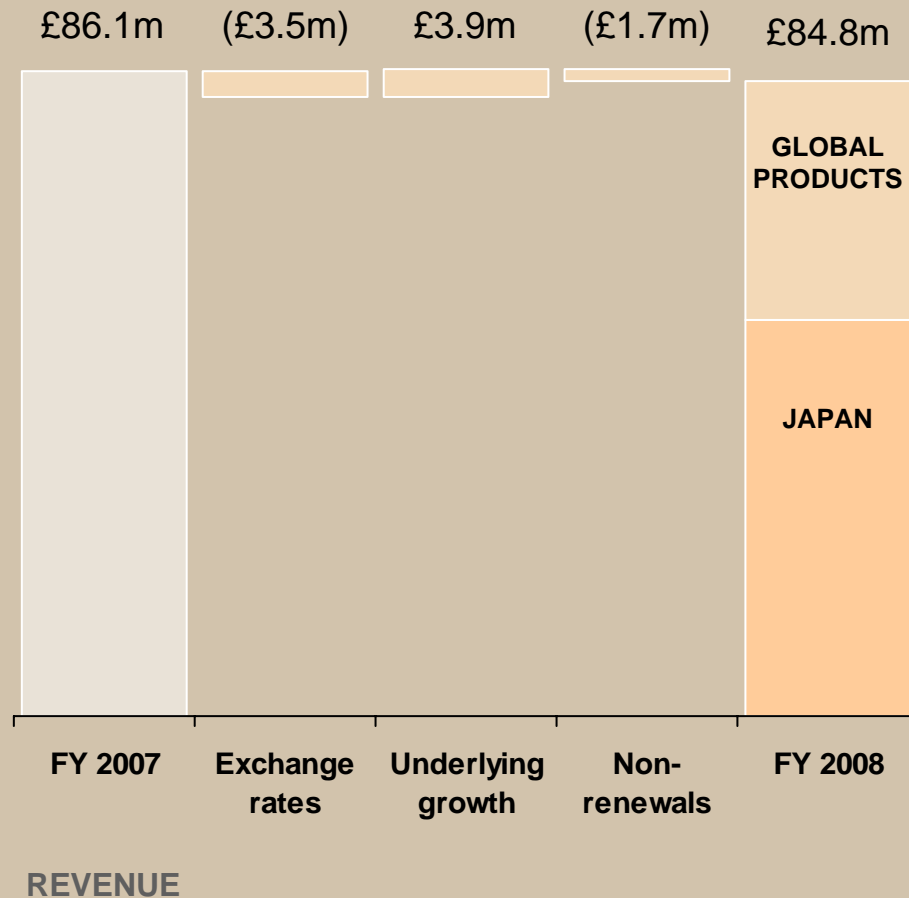
## FX IMPACT OF £3.5M

- Yen impact of £5.4m, offset by Euro
- Modest favourable Yen impact in 2008/09

## MODEST GROWTH IN JAPAN

## GOOD GROWTH FROM GLOBAL LICENSEES

## FURTHER NON-RENEWALS IN MENSWEAR



\* Underlying

## REGIONS UP STRONGLY

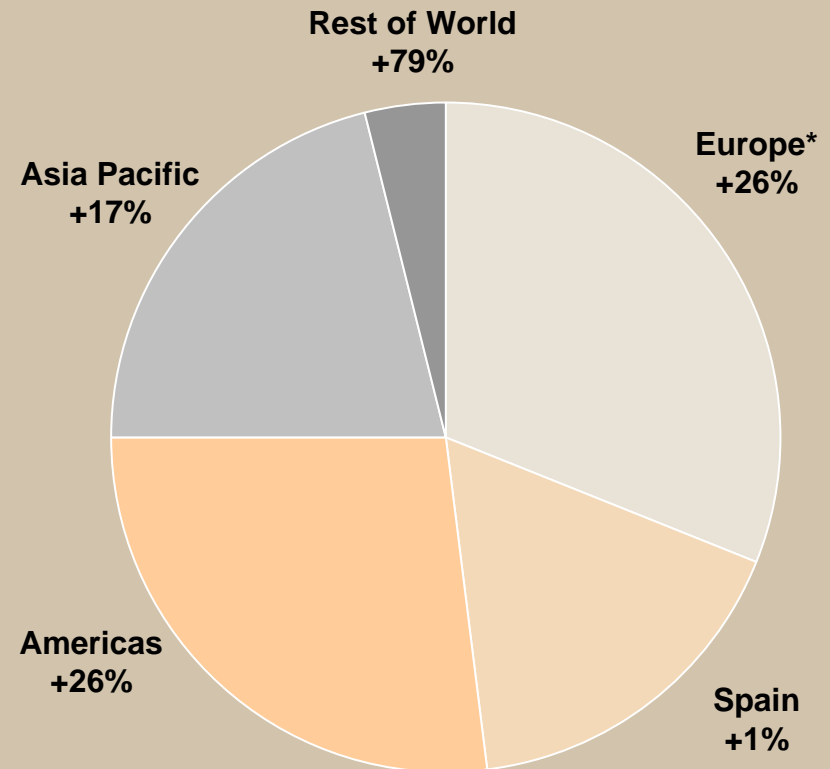
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### STRONG GROWTH

- Double-digit in most regions

### DIFFICULT ENVIRONMENT IN SPAIN

- Economic slowdown
- Erosion of multi-brand accounts
- Ongoing initiatives
- Grow childrenswear

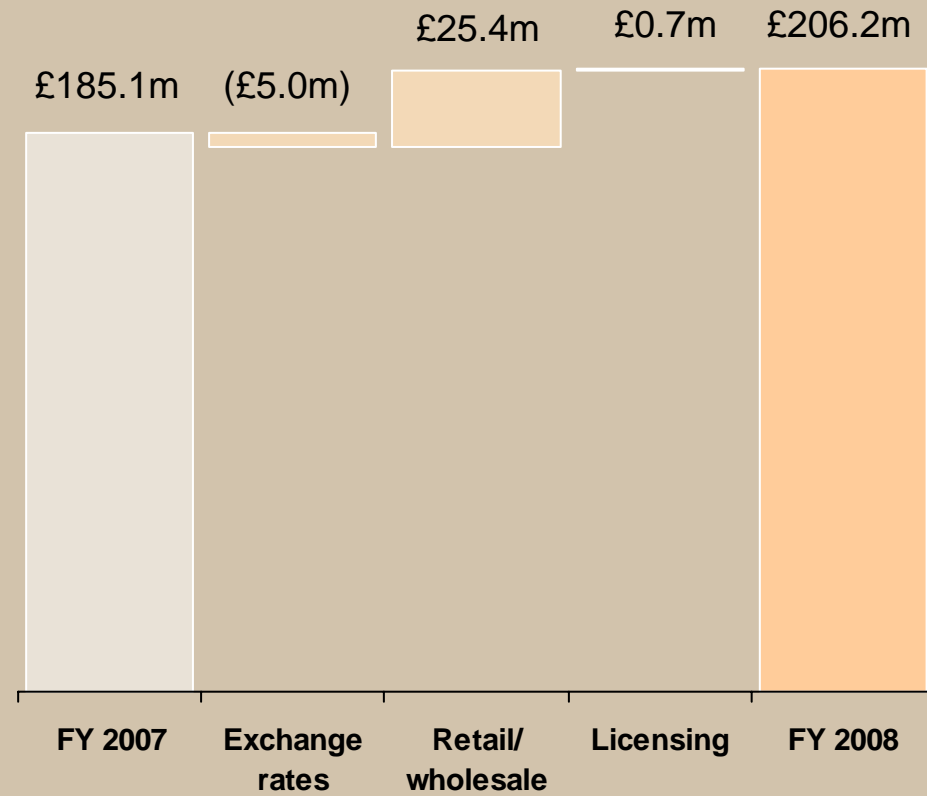


FY 2008 RETAIL/WHOLESALE REVENUE  
% growth on an underlying basis

\* Excluding Spain

# ADJUSTED OPERATING PROFIT UP 14%\*

**RETAIL/WHOLESALE PROFIT UP 23%\***



**ADJUSTED OPERATING PROFIT**

\* Underlying

## LICENSING PROFIT

12 MONTHS TO 31 MARCH	2008	2007 £M	IMPACT OF EXCHANGE RATES £M	£M
REVENUE		<b>84.8</b>	<b>86.1</b>	<b>(3.5)</b>
GROSS MARGIN AT 100%		<b>84.8</b>	<b>86.1</b>	<b>(3.5)</b>
OPERATING EXPENSES		<b>(14.2)</b>	<b>(12.7)</b>	-
ADJUSTED OPERATING PROFIT		<b>70.6</b>	<b>73.4</b>	<b>(3.5)</b>
<i>ADJUSTED OPERATING MARGIN</i>			<b>83.3%</b>	<b>85.2%</b>

**FOR FY 2009, EXPECT BROADLY FLAT UNDERLYING REVENUE WITH MODEST FAVOURABLE YEN IMPACT**

## RETAIL/WHOLESALE PROFIT

12 MONTHS TO 31 MARCH	2008 £M	2007 £M	CHANGE
REVENUE	<b>910.6</b>	<b>764.2</b>	<b>19%</b>
GROSS MARGIN	<b>532.9</b>	<b>435.2</b>	<b>22%</b>
<i>AS % OF REVENUE</i>	<b>58.5%</b>	<b>56.9%</b>	<b>+160bp</b>
OPERATING EXPENSES	<b>(397.3)</b>	<b>(323.5)</b>	<b>(23%)</b>
<i>AS % OF REVENUE</i>	<b>(43.6%)</b>	<b>(42.3%)</b>	<b>+130bp</b>
ADJUSTED OPERATING PROFIT	<b>135.6</b>	<b>111.7</b>	<b>21%</b>
<i>AS % OF REVENUE</i>	<b>14.9%</b>	<b>14.6%</b>	<b>+30bp</b>

## RETAIL/WHOLESALE – GROSS MARGIN UP 160BP

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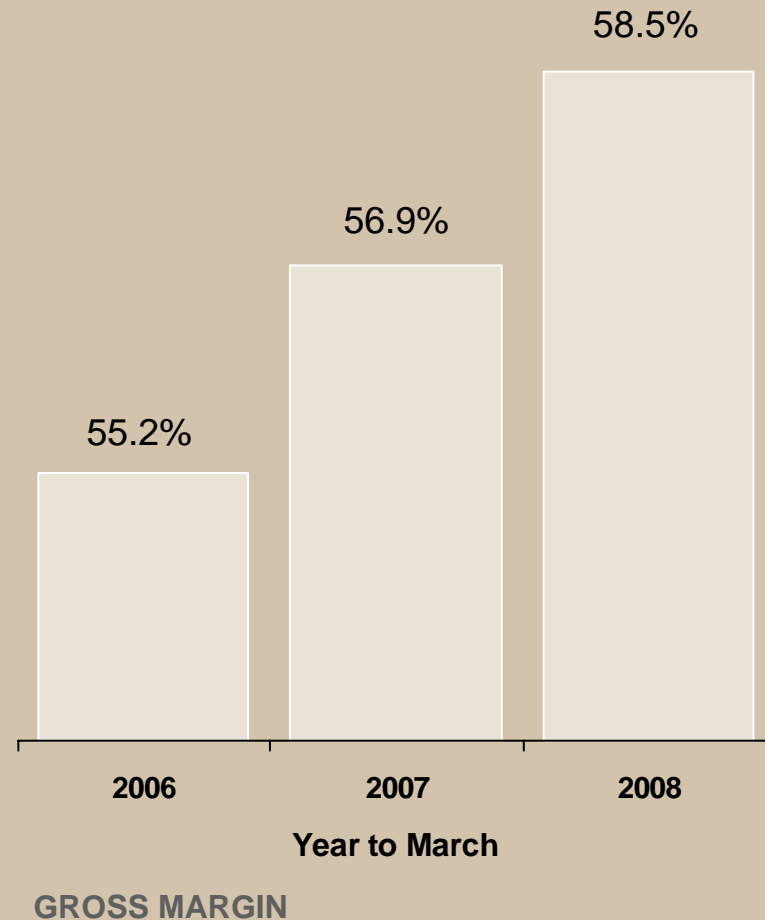
### MAJORITY FROM ATLAS BENEFITS

- Mainly sourcing
- Delivered targeted cumulative P&L benefits of £20m
- Further intangible benefits beyond FY 2008

### OTHER FACTORS

- Favourable product mix (non-apparel)
- Neutral channel mix
- H2 retail sales modestly behind plan

### FURTHER PROGRESS EXPECTED IN 2008/09



# RETAIL/WHOLESALE – OPERATING EXPENSES/REVENUE UP 130BP

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**POSITIVE OPERATING LEVERAGE IN REGIONS, WITH RECORD STORE OPENINGS**

**CONTINUED INVESTMENT IN GLOBAL INFRASTRUCTURE**

- Supply chain
- IT
- Product development
- Group functions
- Warehousing and distribution

**FOR 2008/09, EXPECT**

- £6m Horseferry House double-running costs
- £4m SAP costs
- Full year impact of 2007/08 investments
- Continued regional leverage

## INCOME STATEMENT

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12 MONTHS TO 31 MARCH	2008 £M	2007 £M
ADJUSTED OPERATING PROFIT	<b>206.2</b>	<b>185.1</b>
ATLAS COSTS	<b>(19.6)</b>	<b>(21.6)</b>
PLANT CLOSURE COSTS	-	<b>(6.5)</b>
RELOCATION OF HQ	<b>15.1</b>	-
<b>REPORTED OPERATING PROFIT</b>	<b>201.7</b>	<b>157.0</b>
NET FINANCE CHARGE	<b>(6.0)</b>	<b>(0.7)</b>
<b>PROFIT BEFORE TAXATION</b>	<b>195.7</b>	<b>156.3</b>
TAXATION	<b>(60.5)</b>	<b>(46.1)</b>
ATTRIBUTABLE PROFIT	<b>135.2</b>	<b>110.2</b>
REPORTED TAX RATE	<b>30.9%</b>	<b>29.5%</b>



## CASH FLOW FROM OPERATIONS

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12 MONTHS TO 31 MARCH	2008 £M	2007 £M
ADJUSTED OPERATING PROFIT	<b>206.2</b>	<b>185.1</b>
ATLAS/PLANT CLOSURE COSTS	<b>(19.6)</b>	<b>(28.1)</b>
DEPRECIATION AND AMORTISATION	<b>32.7</b>	<b>27.7</b>
OTHER NON-CASH ITEMS	<b>13.8</b>	<b>9.8</b>
INCREASE IN STOCKS	<b>(122.6)</b>	<b>(33.4)</b>
INCREASE IN DEBTORS	<b>(29.1)</b>	<b>(33.8)</b>
INCREASE IN CREDITORS	<b>28.8</b>	<b>32.8</b>
CASH INFLOW FROM OPERATIONS	<b>110.2</b>	<b>160.1</b>

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### **STOCK INCREASE**

- Changes in business model – new calendar, replenishment
- Growth of business – including shoes and childrenswear
- Retail sales lower than expected

## FREE CASH FLOW

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12 MONTHS TO 31 MARCH	2008 £M	2007 £M
CASH INFLOW FROM OPERATIONS	<b>110.2</b>	<b>160.1</b>
CAPITAL EXPENDITURE	<b>(48.5)</b>	<b>(34.3)</b>
ACQUISITION-RELATED PAYMENTS*	<b>(10.0)</b>	<b>(1.5)</b>
NET INTEREST	<b>(7.0)</b>	<b>(1.6)</b>
TAX PAID	<b>(53.3)</b>	<b>(45.8)</b>
	<b>(8.6)</b>	<b>76.9</b>
PROCEEDS FROM FIXED ASSET SALES	<b>28.3</b>	<b>0.1</b>
OTHER NON-CASH ITEMS	<b>(4.5)</b>	<b>1.1</b>
FREE CASH FLOW	<b>15.2</b>	<b>78.1</b>

\* Earnout related to the acquisition of the Burberry business in Korea in 2002

## CAPITAL EXPENDITURE

12 MONTHS TO 31 MARCH	2009 BUDGET £M	2008 ACTUAL £M
NEW STORES	<b>21</b>	<b>20</b>
STORE REFURBISHMENTS Including Beverly Hills and Knightsbridge	<b>28</b>	<b>11</b>
OTHER e.g. IT, supply chain	<b>25</b>	<b>16</b>
	<b>74</b>	<b>47</b>
HORSEFERRY HOUSE	<b>20</b>	<b>3</b>
	<b>94</b>	<b>50</b>

**NORMALISED SPEND C.£60M PER ANNUM**

Capital expenditure defined as additions to tangible and intangible assets

## TOTAL CASH FLOW

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12 MONTHS TO 31 MARCH	2008 £M	2007 £M
FREE CASH FLOW	<b>15.2</b>	<b>78.1</b>
DIVIDENDS	<b>(47.4)</b>	<b>(36.5)</b>
SHARE BUYBACK	<b>(39.6)</b>	<b>(62.2)</b>
OTHER SHARE CAPITAL	<b>3.4</b>	<b>6.7</b>
EXCHANGE DIFFERENCE	<b>7.0</b>	<b>(1.4)</b>
TOTAL CASH FLOW	<b>(61.4)</b>	<b>(15.3)</b>
NET DEBT AT 31 MARCH	<b>(64.2)</b>	<b>(2.8)</b>

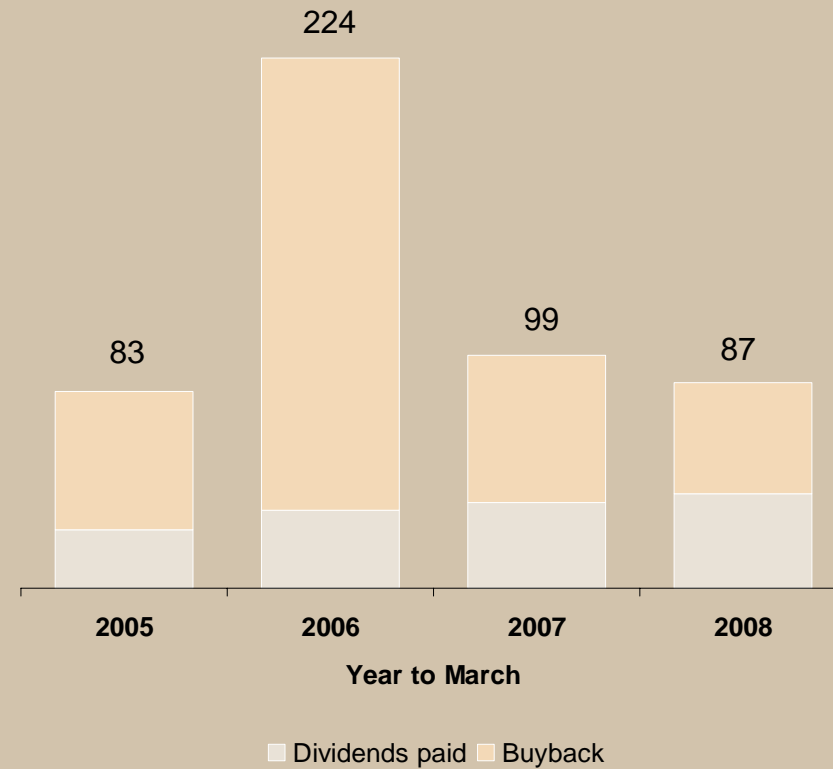
# CAPITAL STRUCTURE

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## NEARLY £500M CASH RETURNED TO SHAREHOLDERS 2005-08

– Year end cash neutral goal

YEAR END NET DEBT OF UP TO ABOUT £100M IS NOW APPROPRIATE POLICY



CASH RETURNED TO SHAREHOLDERS  
£M

## OUTLOOK

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### **RETAIL**

12-13% average space increase in FY 2009

### **WHOLESALE**

Around 10% underlying growth in H1 2008/09

### **LICENSING**

Broadly flat underlying revenue in FY 2009

### **CAPITAL EXPENDITURE**

c.£90-95m including c.£20m Horseferry House

### **TAX RATE**

c.31% in FY 2009

### **FX**

Euro translation benefit



BURBERRY  
ESTABLISHED 1856

**ANGELA AHRENDTS**  
**CHIEF EXECUTIVE OFFICER**



## CONTINUED PROGRESS ON STRATEGIC INITIATIVES

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**LEVERAGING THE FRANCHISE**

**INTENSIFYING NON-APPAREL  
DEVELOPMENT**

**ACCELERATING RETAIL-LED GROWTH**

**INVESTING IN UNDER-PENETRATED  
MARKETS**

**PURSUING OPERATIONAL  
EXCELLENCE**



# LEVERAGING THE FRANCHISE

## ONE COMPANY, ONE BRAND

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### REVENUE UP 18% DRIVEN BY CONSTANT INNOVATION

- Womens: +14%
- Mens: +10%
- Non-apparel: +39%
- Childrenswear: +52%

### REINVENTING CORE CATEGORIES

- Outerwear: Launched packables
- London: Refined tailored offer
- Lifestyle: Launched Burberry Sport

### ICONS

- Prorsum horse: Brand foundation
- Trench: Seasonal styles
- Check: Evolution/modernisation

### LICENCES

- Fragrance: Brit Sheer and The Beat
- Eyewear/timepieces: New ranges
- Menswear: Moving more in-house
- Japan: Closer relationship



# GROWING CHILDRENSWEAR

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**LARGE BUT FRAGMENTED MARKET**

**DISTRIBUTION RIGHTS BROUGHT IN HOUSE  
IN KEY MARKETS**

**BUILDING THE TEAM**

**BUILDING OUT CHILDREN'S PRODUCT  
PYRAMID**

**APPLYING OPERATIONAL BEST PRACTICES**

**PR/MARKETING MIRRORS GLOBAL  
CAMPAIGN**



# GROWING CHILDRENSWEAR

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## HIGH GROWTH END MARKETS

- Expand strong concession business in Korea and Spain
- Test first standalone stores in Asia, Middle East and Americas
- Target US wholesale accounts

## RESULTS

- FY 2008: Revenue up 52%
- AW08 wholesale order book: Up three-fold

## GOAL

- 10% of total revenue in five years



# INTENSIFYING NON-APPAREL DEVELOPMENT

## INVEST IN UNDER-PENETRATED CATEGORIES

### 39% UNDERLYING GROWTH

32% of revenue (up from 28%)

### FURTHER INNOVATION IN CORE CATEGORIES

- Luxury handbags: 40% of our handbag sales in retail
- Soft accessories: Over 15% of non-apparel revenue
- Shoes: Doubled in 2007/08

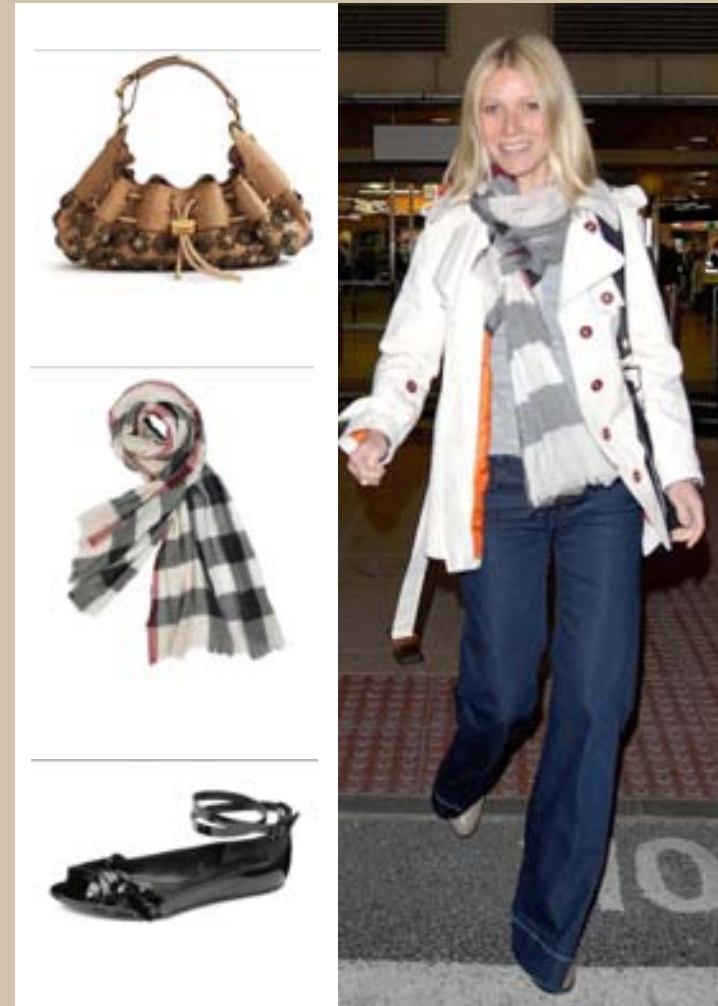
### NEW CATEGORIES

- Jewellery
- Belts
- Men's accessories
- Luggage

### FOCUSED MARKETING AND PR EFFORTS TO SUPPORT NON-APPAREL

### GOAL

- Double business in intermediate term



GWYNETH PALTROW

# WOMEN'S SHOES – THE OPPORTUNITY

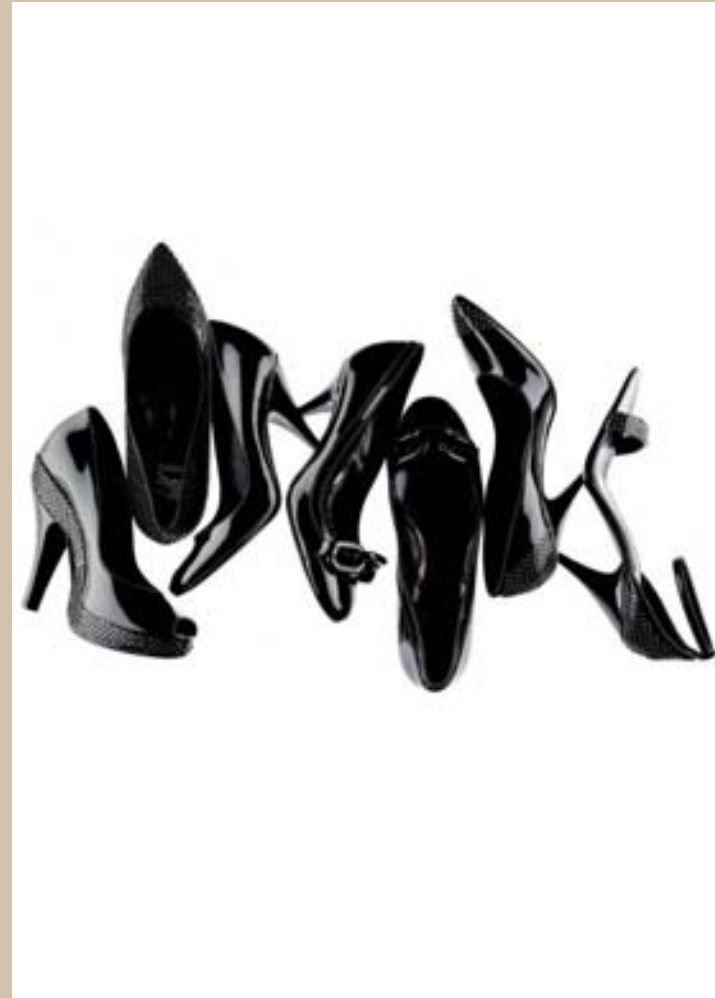
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## ATTRACTIVE CATEGORY

- Large market
- Growing
- Burberry under-represented

## NATURAL EXTENSION FOR BRAND

- Outerwear heritage
- Ready-to-wear
- Non-apparel



# INVESTING IN THE INFRASTRUCTURE

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## BUILDING DEDICATED TEAMS

- Design
- Sourcing
- Merchandising
- US wholesale
- In store

**CENTRALISED DESIGN ENSURES COHESION WITH OTHER CATEGORIES**



# FOOTWEAR – HISTORICAL PYRAMID

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**DOMINATED BY CASUAL LIFESTYLE**

**LIMITED RANGE**

**OPENING PRICE POINT**

**ASIA SOURCED**

Prorsum

London  
Collection

Lifestyle



FLIP FLOP



ESPADRILLE



RAINBOOT



SNEAKER



# FOOTWEAR – BUILDING OUT LIFESTYLE

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**ELEVATE DESIGN AND CONSTRUCTION**

**NEW COMMERCIAL CATEGORIES**

**MONTHLY FLOW**

**REPLENISHMENT PROGRAMME**

**Prorsum**

**London  
Collection**

**Lifestyle**



FLIP FLOP



ESPADRILLE



RAINBOOT



SNEAKER



LOAFER  
/DRIVER



BALLET



SLIPPER

# FOOTWEAR – BALANCING THE PRODUCT HIERARCHY

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**USE PRORSUM AS INSPIRATION/DNA**

**BUILD OUT LONDON COLLECTION**

**INNOVATE CASUAL CORE**

**LEVERAGE KEY ITALIAN SUPPLIERS**



**Prorsum**



**London  
Collection**



**Lifestyle**

# FROM RUNWAY TO REALITY

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**RUNWAY**



**ADVERTISING**



**EDITORIAL**



**PR**



**INSTORE**



**ONLINE**

# SHOES – GROWTH OPPORTUNITIES

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## GROWING FROM A SMALL BASE

**SALES MORE THAN DOUBLED IN 2007/08 AT WHOLESALE VALUE**

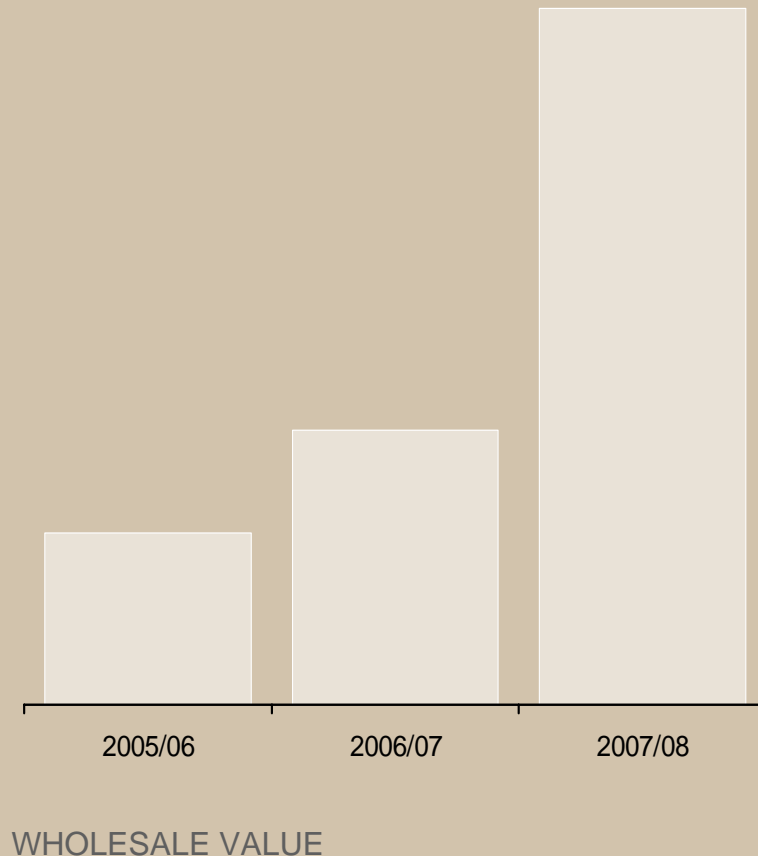
**AVERAGE PRICE UP OVER 20% IN AW07**

## FUTURE OPPORTUNITIES

- Building out the pyramid
- Shoes into all new stores (DOS and franchise)
- Wholesale partnerships
- Replenishment

## GOAL

- 10% of total revenue in five years



# ACCELERATING RETAIL-LED GROWTH SHIFT CULTURE TO DYNAMIC RETAIL MODEL

**RETAIL REVENUE UP 20%\***

**RECORD NUMBER OF STORE OPENINGS IN  
2007/08**

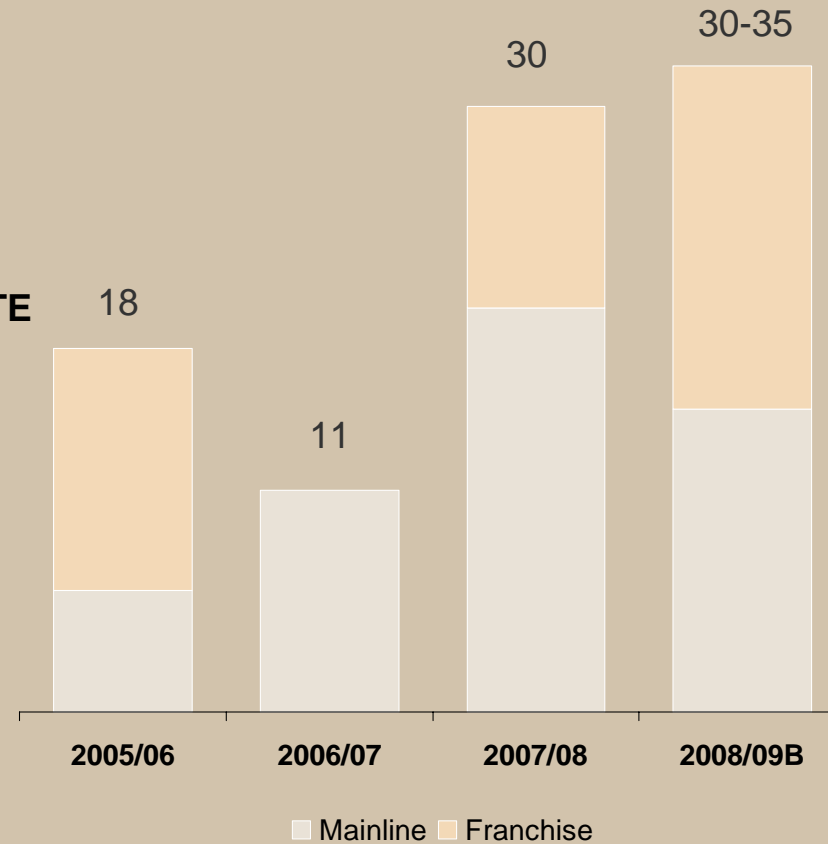
- Mainline DOS - 20
- Franchise - 10
- Plan for 30-35 in 2008/09

**STORE REFURBISHMENTS TO ACCELERATE**

- Beverly Hills
- Knightsbridge

**TESTING NEW FORMATS**

- Small format trial
- Children's standalone



NUMBER OF STORE OPENINGS

\* Underlying

# INVESTING IN UNDER-PENETRATED MARKETS FOCUS ON US AND EMERGING MARKETS

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## EMERGING MARKETS UP OVER 50% WITH 10 STORE OPENINGS

- China: up 30%
- Middle East: up 90%
- Russia: up 100%

## AMERICAS REVENUE UP 26% UNDERLYING

- Continue to invest as returns high
  - New stores
  - Refurbishments
  - Professionalise wholesale approach
- More targeted media spend, marketing and PR

## LOS ANGELES AS AN EXAMPLE



# PURSUING OPERATIONAL EXCELLENCE

## REDUCE COMPLEXITY THROUGHOUT BURBERRY

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### **SAP IMPLEMENTATION**

#### **COMPLETED IN**

- Corporate treasury and UK/Europe/US finance
- UK/Europe/US non-stock procurement
- UK manufacturing
- Global Spring/Summer 2008
  - Sales orders booked
  - Orders procured
  - Inbound deliveries to warehouses
  - Outbound shipping to customers
- Europe retail

#### **UNDERWAY**

- Hong Kong retail

#### **FINANCIAL YEAR 2008/09**

- US and much of Asia

# PURSUIING OPERATIONAL EXCELLENCE

## REDUCE COMPLEXITY THROUGHOUT BURBERRY

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### **REGIONAL DISTRIBUTION STRATEGY**

- Americas: complete
- Asia: final planning
- Europe: review ongoing

### **NEW GLOBAL CARRIER AGREEMENTS**

- 30+ carriers to three
- Saving £2m per annum

### **HORSEFERRY HOUSE (GLOBAL HEADQUARTERS AND SHOWROOMS)**

- Fit out in H1 2008/09

### **CONTINUED INTEGRATION OF SUPPLY CHAIN GLOBALLY**





**ANDY JANOWSKI**  
**SVP GLOBAL SUPPLY CHAIN**

## SOURCING - OBJECTIVES

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**IMPROVE QUALITY**

**IMPROVE ON-TIME DELIVERY**

**IMPROVE GROSS MARGINS**

**LUXURY HANDBAGS AS AN EXAMPLE**



# HISTORICALLY BURBERRY HAD A VERY TRADITIONAL SUPPLY CHAIN

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## **ORGANISATION**

Sourced separately by gender (mens, womens, non-apparel)  
Regional sourcing

## **SOURCING MODEL**

Cut, make and trim (CMT) model  
Quality control versus assurance

## **SUPPLIER BASE**

Large number of suppliers  
Often small; unable to modernise and support growth  
Dependence on agents

# BUILD WORLD CLASS SUPPLY CHAIN ORGANISATION

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## BUILT GLOBAL SOURCING ORGANISATION

- Reorganised teams on category basis
- Added functional experts

## BUILT QUALITY ASSURANCE ORGANISATION

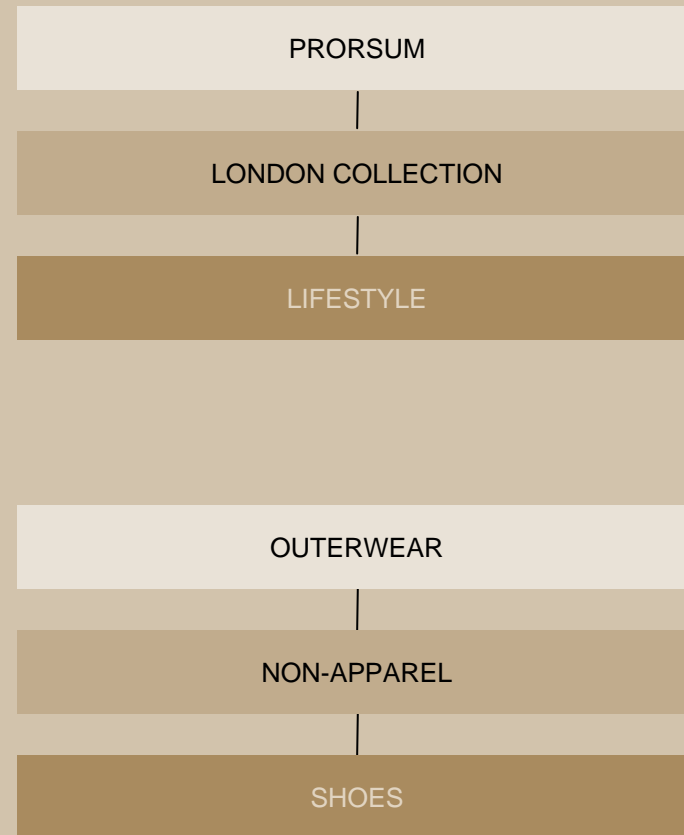
- Created technical services function to focus on fit and construction

## BUILT GLOBAL LOGISTICS ORGANISATION

- Focus on improving service and leveraging costs

## INVESTED IN TEAMS

- Supply chain
- QA



SUPPLY CHAIN ORGANISATIONAL CHART

# CONSOLIDATE AND INTEGRATE SUPPLY CHAIN GLOBALLY

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## **MOVE TO LARGER, MORE VERTICALLY INTEGRATED SUPPLIERS**

- Ability to invest and innovate to support our growth
- Leverage scale
- FOB (fully factored) model
- On-time deliveries
- Quality assurance
- CSR compliant

## **SET UP LOCAL SOURCING OFFICES IN ITALY, TURKEY AND HONG KONG**

### **RESULT**

- On time deliveries
- Fewer cancellations



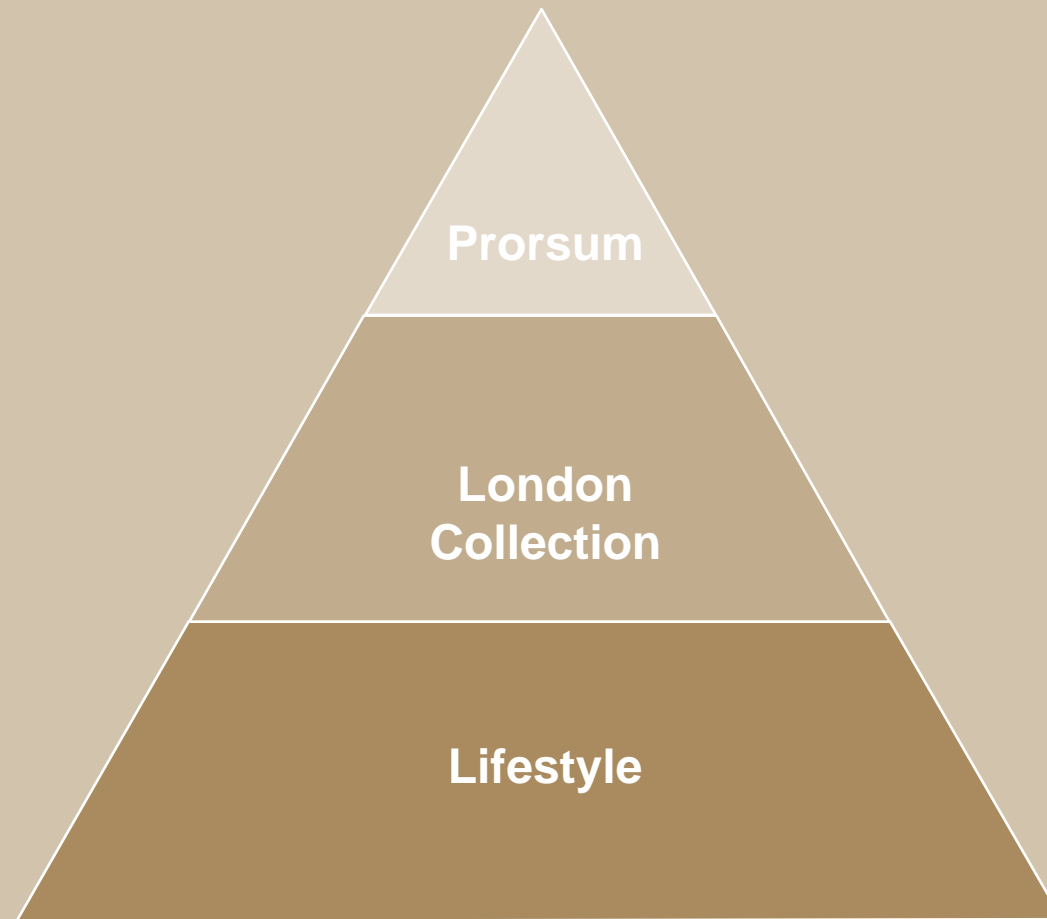
# ALIGN SOURCING ORIGIN WITH PRODUCT PYRAMID

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**CRAFTSMANSHIP**

**VOLUME**

**PRICE POSITIONING**



# SOURCING - SUMMARY

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## **MODERNISING LEGACY SOURCING**

### **STRATEGIC BUT BACK TO BASICS APPROACH**

- Talent
- Attention to detail

### **EVOLVING AND INTEGRATING GLOBAL SUPPLY CHAIN AS BUSINESS MODEL CHANGES**

- New market calendar
- Replenishment
- Business growth
- New categories, e.g. jewellery

### **FURTHER OPPORTUNITIES TO DRIVE GROSS MARGIN**





BURBERRY  
ESTABLISHED 1856



# LOOKING AHEAD

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**DELIVERING CONSISTENT SALES AND PROFIT GROWTH**

**FOCUSED ON EXECUTION**

**MINDFUL OF GLOBAL ECONOMIC CONDITIONS**

**DRIVING GROWTH**

- World class management team
- Self help initiatives
- Diversified product offering
- Balanced channel mix
- Broad geographic portfolio
- Under-penetrated markets
- New opportunities



# APPENDIX

## MAINLINE STORE OPENINGS IN FY 2008

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### US

ASPEN, COLORADO

AUSTIN, TEXAS\*

BEVERLY CENTER,  
CALIFORNIA\*

COPLEY PLACE, BOSTON\*

MALL OF AMERICA,  
MINNESOTA

NATICK, MASSACHUSETTS

PALAZZO, LAS VEGAS

PALO ALTO, CALIFORNIA

TAMPA, FLORIDA\*

### EUROPE

ANTWERP, BELGIUM

BOLOGNA, ITALY

FLORENCE, ITALY

FRANKFURT AIRPORT,  
GERMANY

JORGE JUAN, VALENCIA

KNOKKE, BELGIUM

PUERTO BANUS, SPAIN

PORTO CERVO, ITALY

ROME AIRPORT, ITALY

### ASIA

LEE GARDENS, HONG KONG#

PAVILION, MALAYSIA

TIMES SQUARE, HONG KONG

\* Icon trial # Childrens only

Note: One store closed in US in FY 2008

## CURRENCY IMPACT

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	EXCHANGE RATE £1 =			IMPACT ON FY 2008 EBIT AT SPOT RATES £M
	AVERAGE FY 2008	SPOT*	CHANGE %	
US DOLLAR	<b>2.02</b>	<b>1.98</b>	<b>(2)</b>	<b>+0.4</b>
EURO	<b>1.42</b>	<b>1.26</b>	<b>(11)</b>	<b>+7.0</b>

\* Spot rate as at 22 May 2008

Yen hedged 12 months forward. Reduced reported revenue by £5.4m in 2007/08. Expected to be minimal (about £2m favourable) in 2008/09

## EXCHANGE RATES

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12 MONTHS TO 31 MARCH	AVERAGE	
	2008	2007
EURO	<b>1.42</b>	<b>1.49</b>
US DOLLAR	<b>2.02</b>	<b>1.91</b>
HONG KONG DOLLAR	<b>15.63</b>	<b>14.80</b>
KOREAN WON	<b>1,873</b>	<b>1,801</b>
YEN – HEDGED RATE	<b>221.5</b>	<b>199.2</b>
	CLOSING	
AS AT 31 MARCH	2008	2007
EURO	<b>1.26</b>	<b>1.47</b>
US DOLLAR	<b>1.98</b>	<b>1.97</b>
HONG KONG DOLLAR	<b>15.44</b>	<b>15.38</b>
KOREAN WON	<b>1,966</b>	<b>1,851</b>

## DISCLAIMER

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Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward looking statements.

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