

BURBERRY

**PRELIMINARY RESULTS
FOR THE TWELVE MONTHS ENDED
31 MARCH 2015**

CHRISTOPHER BAILEY

—

**CHIEF CREATIVE AND
CHIEF EXECUTIVE OFFICER**

FINANCIAL REVIEW
—
**PRODUCTIVITY AND SERVICE:
THE CUSTOMER OPPORTUNITY**
—
QUESTIONS

HIGHLIGHTS

- **YOUNG OLD COMPANY**
- **STRONG FINANCIAL PERFORMANCE**
- **FOUR THEMES DROVE PERFORMANCE**
 - Brand first
 - Famous for product
 - Customer centric
 - Productive and responsible

BRAND FIRST/FAMOUS FOR PRODUCT

- **HERITAGE**
 - Trench coats
 - Cashmere scarves
 - My Burberry
 - Ponchos
- **GLOBAL EVENTS**
 - Shanghai to Los Angeles
- **DIGITAL INNOVATION**
 - Social media platforms
- **FESTIVE CAMPAIGN**

CUSTOMER CENTRIC

- **MERGING ONLINE AND OFFLINE**
 - Collect in store
 - Mobile relaunch
 - Third party digital relationships
 - China fulfilment
- **REFINING STORE PRESENCE**
 - San Francisco, Los Angeles and Tokyo
 - Travel retail
 - Continued investment and elevation
- **CUSTOMER INSIGHT**
 - Improving decision-making across the business
 - More personalised service

PRODUCTIVE AND RESPONSIBLE

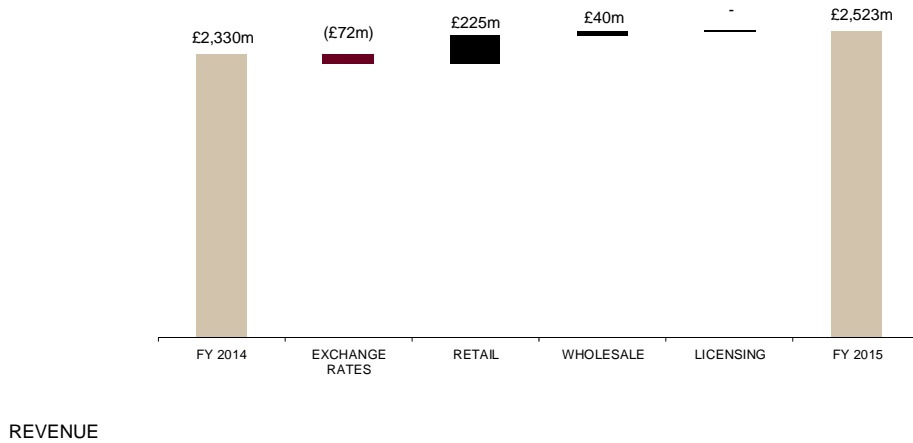
- **PRODUCTIVE**
 - Across product, retail and processes
- **RESPONSIBLE**
 - Environment
 - Communities
 - Our culture

CAROL FAIRWEATHER
—
CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

12 MONTHS TO 31 MARCH	2015 £M	2014 £M	CHANGE	
			REPORTED FX	UNDERLYING
REVENUE	2,523	2,330	8%	11%
ADJUSTED PBT	456	461	(1%)	7%
ADJUSTED DILUTED EPS	76.9p	75.4p	2%	
NET CASH	552	403	37%	
DIVIDEND PER SHARE	35.2p	32.0p	10%	

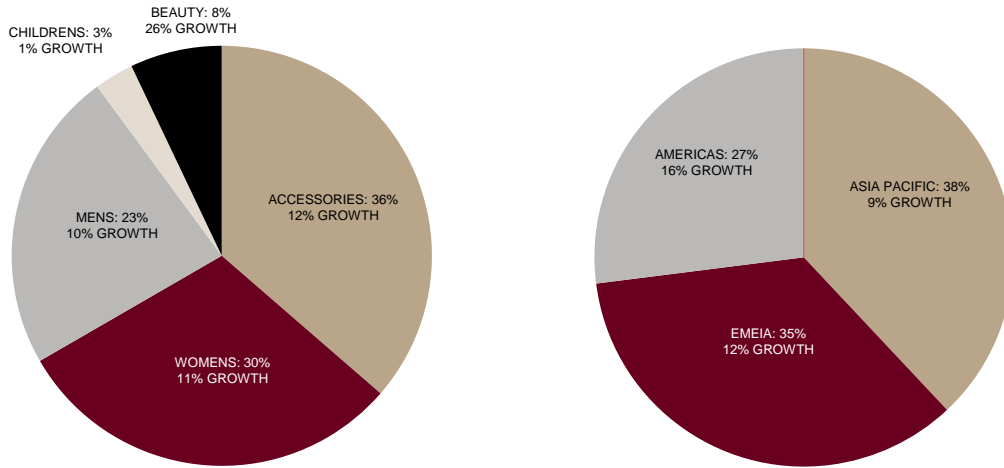
REVENUE GREW 11% UNDERLYING



REVENUE GREW 11% UNDERLYING

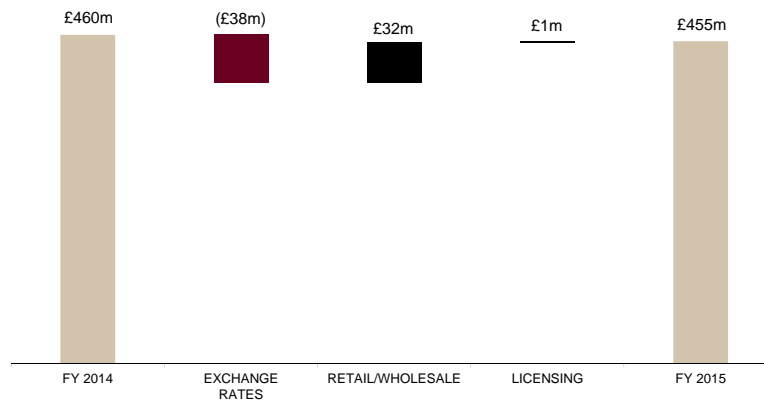
- **RETAIL**
 - 71% of revenue
 - 14% underlying growth, up 11% at reported FX
 - Comparable sales up 9% (H1: 10%; H2: 9%)
 - Opened sixteen mainline stores
 - Over half in flagship markets, including Los Angeles and Tokyo
 - Seven airport stores
 - Digital outperformed in all regions
- **WHOLESALE**
 - 26% of revenue
 - 6% underlying growth, up 3% at reported FX
 - Excluding Beauty, up 1% underlying
 - Beauty up 25% underlying, in line with guidance
- **LICENSING**
 - 3% of revenue, down 14% at reported FX
 - Unchanged underlying, in line with guidance

GROWTH BY PRODUCT DIVISION AND REGION



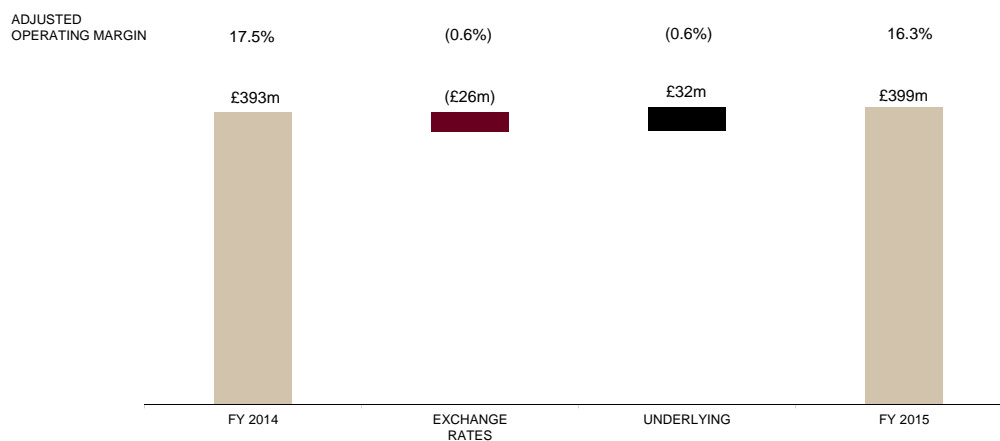
FY 2015 RETAIL/WHOLESALE REVENUE
% GROWTH ON UNDERLYING BASIS

ADJUSTED OPERATING PROFIT UP 7% UNDERLYING



ADJUSTED OPERATING PROFIT

RETAIL/WHOLESALE PROFIT UP 8% UNDERLYING



ADJUSTED RETAIL/WHOLESALE OPERATING PROFIT

RETAIL/WHOLESALE PROFIT

12 MONTHS TO 31 MARCH	2015 £M	2014 £M	CHANGE
RETAIL/WHOLESALE REVENUE	2,455.5	2,250.6	9%
GROSS MARGIN	1,697.8	1,579.3	
<i>AS % OF REVENUE</i>	<i>69.2%</i>	<i>70.2%</i>	<i>(100bp)</i>
OPERATING EXPENSES	(1,298.6)	(1,185.8)	
<i>AS % OF REVENUE</i>	<i>(52.9%)</i>	<i>(52.7%)</i>	<i>(20bp)</i>
ADJUSTED OPERATING PROFIT	399.2	393.5	1%
<i>AS % OF REVENUE</i>	<i>16.3%</i>	<i>17.5%</i>	<i>(120bp)</i>

AT CONSTANT FX, FY 2015 RETAIL/WHOLESALE MARGIN WAS 16.9%

LICENSING PROFIT

12 MONTHS TO 31 MARCH	2015 £M	2014 £M
REVENUE	67.7	79.2
GROSS MARGIN AT 100%	67.7	79.2
OPERATING EXPENSES	(11.7)	(12.4)
OPERATING PROFIT	56.0	66.8
<i>OPERATING MARGIN</i>	<i>82.7%</i>	<i>84.3%</i>
£/YEN RATE	164	137

FY 2015 INCLUDES NEGATIVE FX IMPACT OF £11.5M IN REVENUE AND GROSS MARGIN AND NIL IN OPEX

INCOME STATEMENT

12 MONTHS TO 31 MARCH	2015 £M	2014 £M
ADJUSTED OPERATING PROFIT	455.2	460.3
NET FINANCE CREDIT	0.6	0.7
ADJUSTED PROFIT BEFORE TAX	455.8	461.0
ADJUSTING ITEMS	(11.2)	(16.6)
PROFIT BEFORE TAX	444.6	444.4
TAX	(103.5)	(112.1)
NON-CONTROLLING INTEREST	(4.8)	(9.8)
ATTRIBUTABLE PROFIT	336.3	322.5

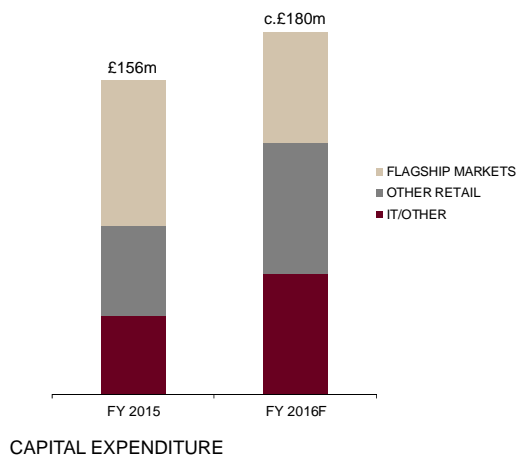
INCOME STATEMENT

- **NET FINANCE INCOME OF £0.6M**
 - Income on cash balance offset by facility fees
- **ADJUSTING ITEMS OF £11.2M**
 - £14.9m amortisation of fragrance and beauty licence intangible asset charge
 - £3.7m China put option liability finance income
- **EFFECTIVE TAX RATE OF 23.4% ON ADJUSTED PBT (FY 2014: 24.7%)**

CASH INFLOW FROM OPERATIONS

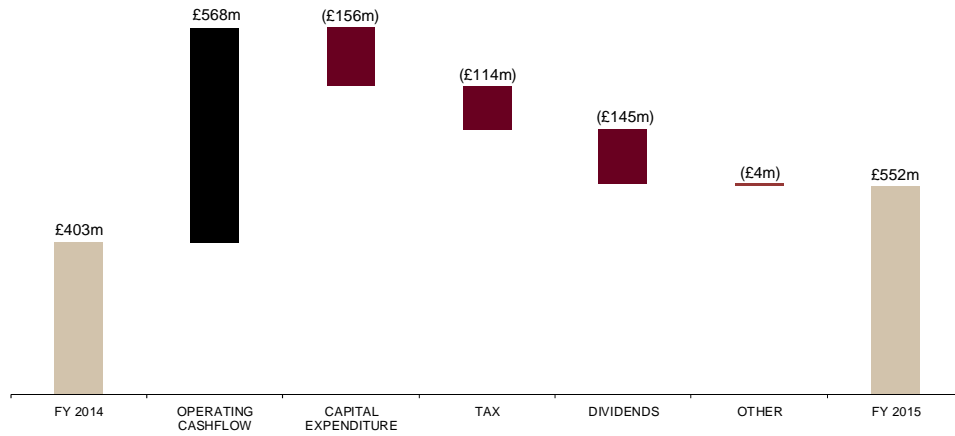
12 MONTHS TO 31 MARCH	2015 £M	2014 £M
ADJUSTED OPERATING PROFIT	455.2	460.3
DEPRECIATION AND AMORTISATION	123.7	123.7
EMPLOYEE SHARE SCHEME COSTS	21.0	25.4
INCREASE IN INVENTORIES	(15.1)	(68.2)
INCREASE IN RECEIVABLES	(44.0)	(58.1)
INCREASE IN PAYABLES	19.7	42.3
OTHER	7.6	10.1
CASH INFLOW FROM OPERATIONS	568.1	535.5

CAPITAL EXPENDITURE



OSAKA, JAPAN

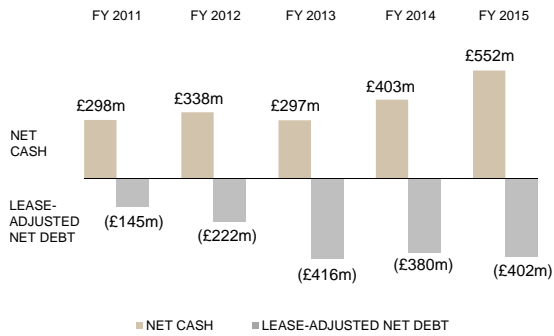
MOVEMENT IN NET CASH



MOVEMENT IN NET CASH

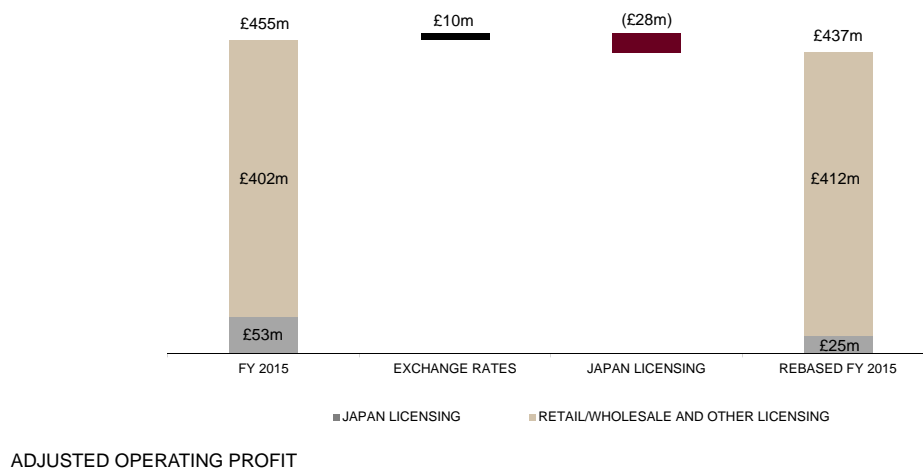
12 MONTHS TO 31 MARCH	2015 £M	2014 £M
CASH INFLOW FROM OPERATIONS	568.1	535.5
CAPITAL EXPENDITURE	(155.7)	(154.0)
ACQUISITIONS	(3.4)	(2.6)
NET INTEREST	1.2	0.8
TAX PAID	(114.4)	(111.1)
OTHER INFLOWS	1.7	3.7
FREE CASH FLOW	297.5	272.3
DIVIDENDS	(145.3)	(130.7)
ESOP PURCHASES/OTHER	(16.4)	(21.8)
EXCHANGE DIFFERENCE	13.9	(13.9)
MOVEMENT IN NET CASH	149.7	105.9
NET CASH AT 31 MARCH	552.2	402.5

NET CASH/(DEBT)



- **NET CASH OF £552M**
 - After nearly £1bn of investment over last five years
 - Over £700m of capital expenditure
 - Over £200m on acquisitions, including Beauty and China
- **LEASE-ADJUSTED NET DEBT OF £402M**
 - Calculated as five times annual minimum lease charge less net cash
 - Shift to retail and flagship markets
- **DIVIDEND UP 10% IN FY 2015**
 - Payout ratio 46%, up from 42%
 - As move progressively to 50% payout ratio

REBASING FY 2015



FY 2016 OUTLOOK

RETAIL	Low single-digit % growth in retail revenue from net new space
WHOLESALE	Unchanged at constant FX in H1 - Excluding Beauty, low single-digit % decline at constant FX Beauty up about 10-15% at constant FX in FY 2016
LICENSING	Down about 40% at constant FX
RETAIL/WHOLESALE PROFIT	If exchange rates remain at current levels* reported profit will be about £10m higher than at FY 2015 rates
GROUP ADJUSTED PBT	H2 weighted
INTEREST	c.£1m
UNDERLYING TAX RATE	c.23%
DIVIDEND POLICY	Moving progressively to 50% full year payout based on adjusted diluted EPS
CAPITAL EXPENDITURE	c.£180m
DEPRECIATION/AMORTISATION	c.£140m

* EFFECTIVE RATES AS AT 14 MAY 2015, TAKING INTO ACCOUNT THE CURRENT HEDGED POSITIONS
- EXCLUDES £15M AMORTISATION OF FRAGRANCE AND BEAUTY LICENCE INTANGIBLE ASSET

ROBUST BUSINESS MOMENTUM

—

STRONG FINANCIAL POSITION

—

**FOCUS ON WHAT WE CAN CONTROL IN
MORE UNCERTAIN ENVIRONMENT**



STEVE SACKS

—

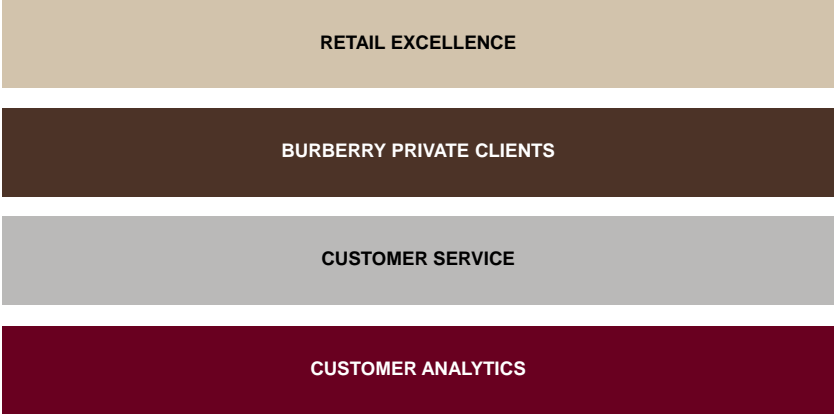
CHIEF CUSTOMER OFFICER

PRODUCTIVITY AND SERVICE

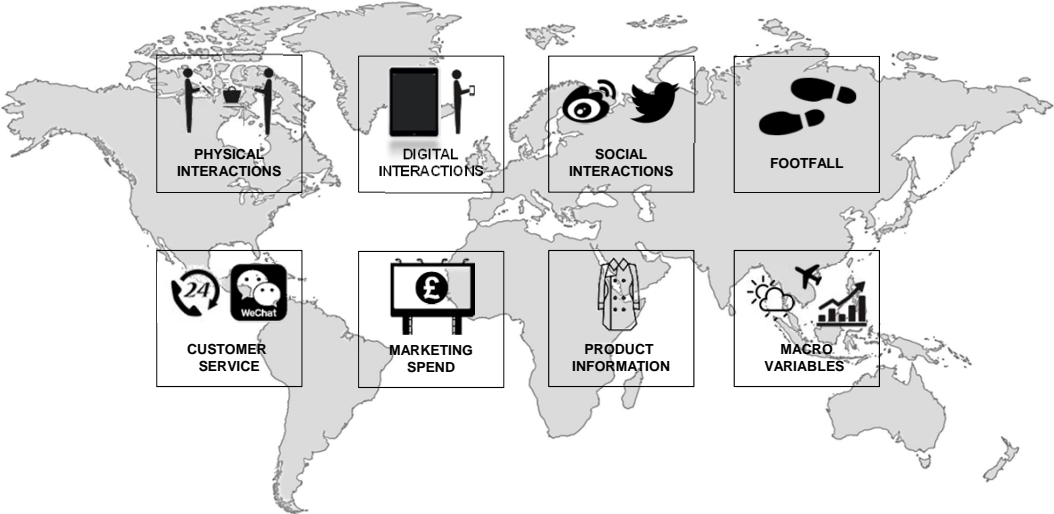
—

THE CUSTOMER OPPORTUNITY

THE CUSTOMER OPPORTUNITY



OUR DATA



SINGLE GLOBAL VIEW OF THE CUSTOMER



RETAIL

—

CUSTOMER VALUE MANAGEMENT

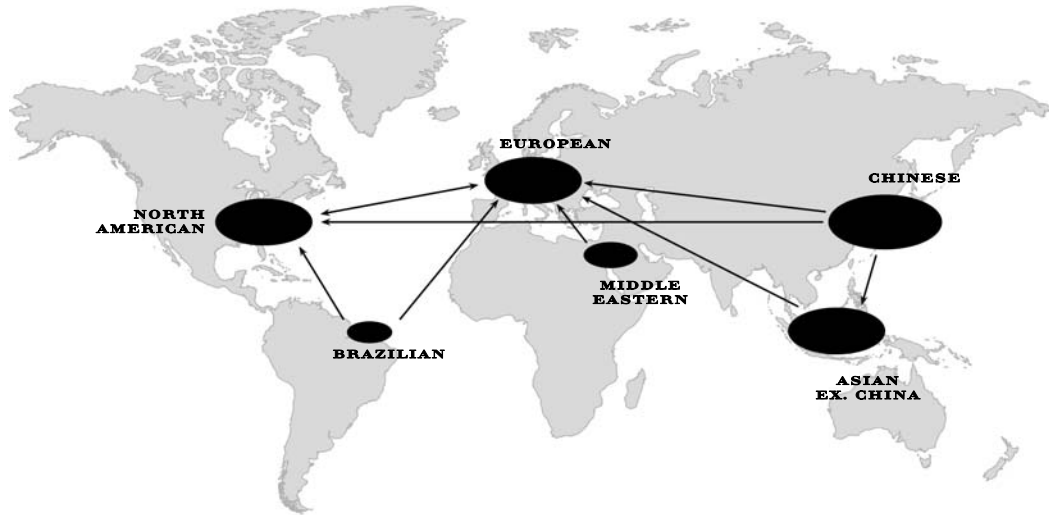
—

DIGITAL

—

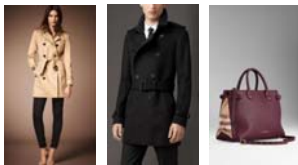
MARKETING

**WE KNOW WHO OUR CUSTOMERS
ARE AND WHERE THEY SHOP**

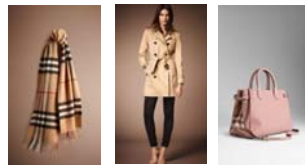


**WE KNOW WHAT CHINESE CUSTOMERS
WANT TO BUY**

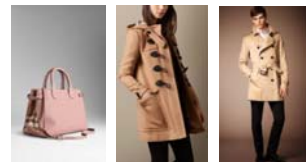
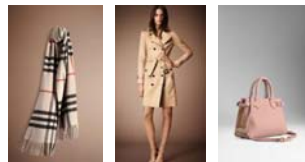
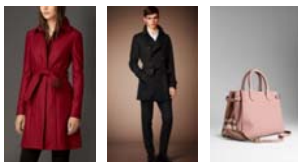
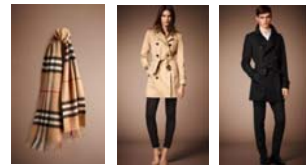
KEY ITEMS BOUGHT AT HOME



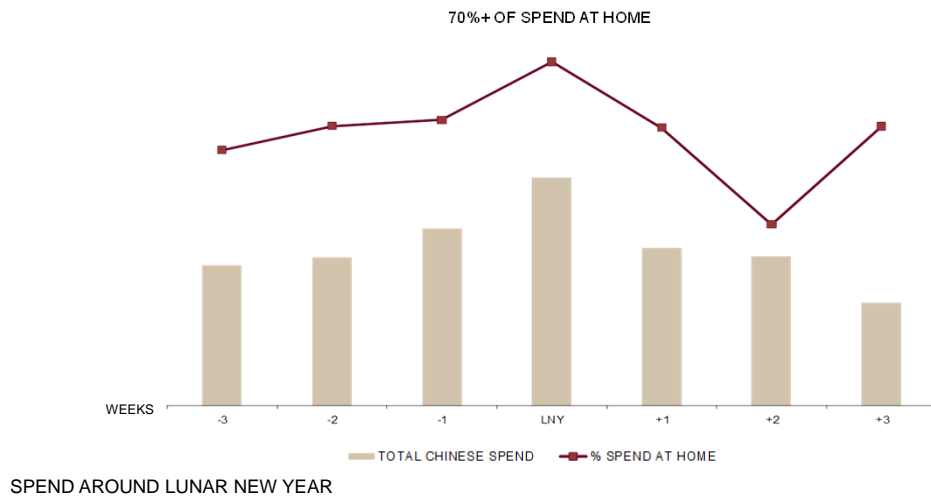
KEY ITEMS BROWSED ON WEBSITE



KEY ITEMS BOUGHT ABROAD



WE KNOW WHEN AND WHERE CHINESE CUSTOMERS SHOP

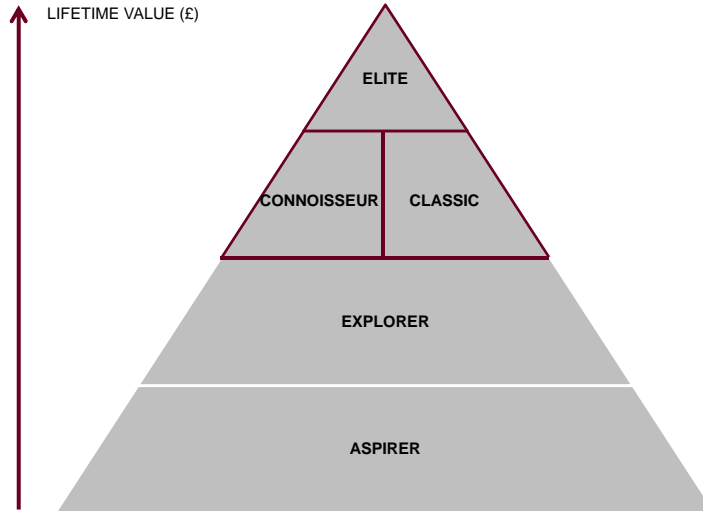


BENEFITS TO RETAIL

- **INSIGHT ENABLES BETTER DECISION-MAKING BY GLOBAL TEAMS**
- **MAXIMISE SALES AND PROFIT**
 - Right product, right store, right time
- **REFINE CUSTOMER SERVICE**
 - Language speakers
 - Focus in-store training
- **CONTRIBUTED TO 9% COMPARABLE SALES GROWTH IN Q4**



CUSTOMER VALUE MANAGEMENT



CVM ENABLES PERSONALISATION



EXPERIENCE

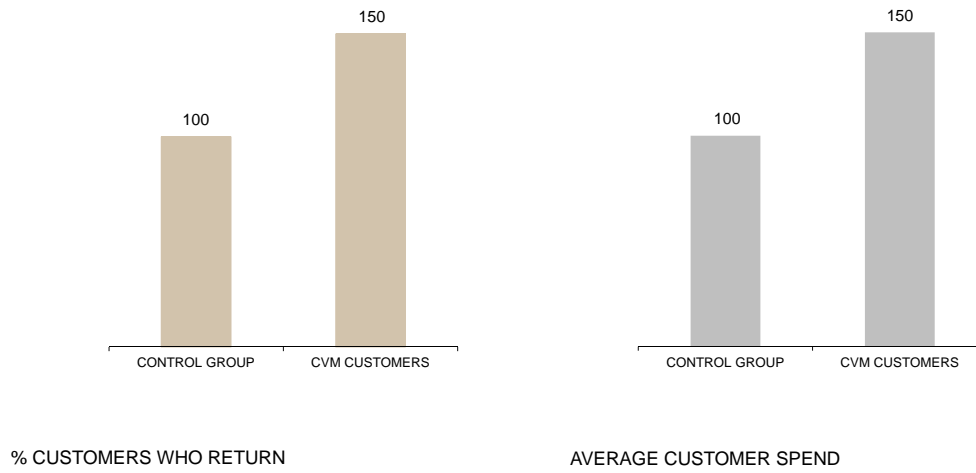


PRODUCT



SERVICE

BENEFITS OF CVM



DIGITAL ANALYTICS

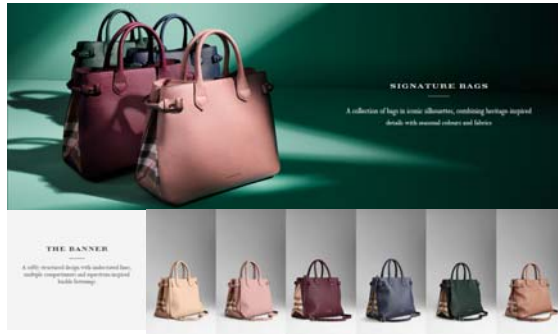


DRIVING SALES: 100%+ SALES UPLIFT

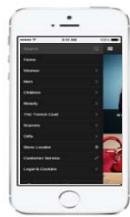
BEFORE



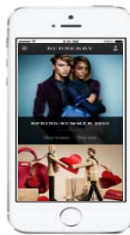
AFTER



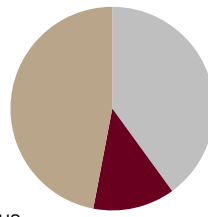
DRIVING VIEWS: 10%+ CONVERSION UPLIFT



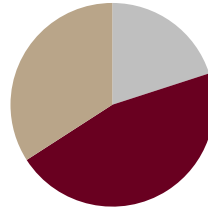
LEFT HAND NAVIGATION



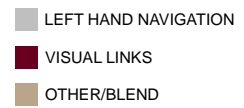
VISUAL LINKS



US



JAPAN



PREFERRED NAVIGATION TOOLS

MARKETING



REGIONAL MARKETING

- **BALANCE OF MARKETING**
 - Local pre-travel
 - Marketing at destination
- **OPTIMISING REGIONAL MESSAGES**



TARGETED MARKETING

EXISTING CUSTOMERS ON
SOCIAL MEDIA

ACTIVE
CUSTOMERS



LAPSED HERITAGE
CUSTOMERS



CREATING VALUE FROM DATA TODAY AND TOMORROW



**CONTINUE TO EMBED CUSTOMER ANALYTICS
THROUGHOUT THE ORGANISATION**

—

**ENHANCE AND PERSONALISE THE CUSTOMER
EXPERIENCE THROUGH OUR OMNI-CHANNEL
CAPABILITY**

—

**EXTEND AND DEEPEN CVM TO SERVE MORE
CUSTOMERS AND TO DRIVE RETENTION**

BURBERRY

APPENDIX

DISCLAIMER

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. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this presentation (20 May 2015). Nothing in this announcement should be construed as a profit forecast. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

Burberry is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index. ADR symbol OTC:BURBY.

BURBERRY, the Equestrian Knight Device and the Burberry Check are trademarks belonging to Burberry which are registered and enforced worldwide.

ADJUSTED MEASURES

All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise.

Adjusting items are:

- A charge of £14.9m in reported operating expenses being the amortisation of the fragrance and beauty licence intangible asset (2014: £14.9m)
- Put option liability finance income of £3.7m in the reported net finance income relating to the third party 15% economic interest in the Chinese business (2014: £1.7m charge)

Underlying performance is presented in this presentation as, in the opinion of the Directors, it provides additional understanding of the ongoing performance of the Group.

Underlying performance is calculated before adjusting items and removes the effect of changes in exchange rates compared to the prior period. This takes into account both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also now on foreign currency procurement and sales through the Group's UK supply chain.

Certain financial data within this presentation have been rounded.

EXCHANGE RATES

£1=	EFFECTIVE RATES FOR FY 2016		AVERAGE EXCHANGE RATES	
	14 May 2015	31 March 2015	FY 2015	FY 2014
EURO	1.39	1.38	1.28	1.19
US DOLLAR	1.57	1.48	1.60	1.59
CHINESE YUAN RENMINBI	9.73	9.21	9.94	9.78
HONG KONG DOLLAR	12.17	11.51	12.42	12.38
KOREAN WON	1,711	1,646	1,709	1,734
YEN*	176	176	164	137

* TAKING INTO ACCOUNT THE HEDGED POSITIONS

IR CONTACTS

Fay Dodds
VP, Investor Relations
fay.dodds@burberry.com

Charlotte Cowley
Director of Investor Relations
charlotte.cowley@burberry.com

Megan Saia
Investor Relations Coordinator
megan.saia@burberry.com

Horseferry House
Horseferry Road
London
SW1P 2AW
Tel: +44 (0)20 3367 3524

www.burberryplc.com
www.twitter.com/burberrycorp
www.burberry.com
artofthetrench.burberry.com
www.facebook.com/burberry
www.twitter.com/burberry
www.youtube.com/burberry
www.instagram.com/burberry
<https://plus.google.com/+Burberry>
<http://weibo.com/burberry>