

BURBERRY

London, England

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2016**

CHRISTOPHER BAILEY
—
**CHIEF CREATIVE AND
CHIEF EXECUTIVE OFFICER**

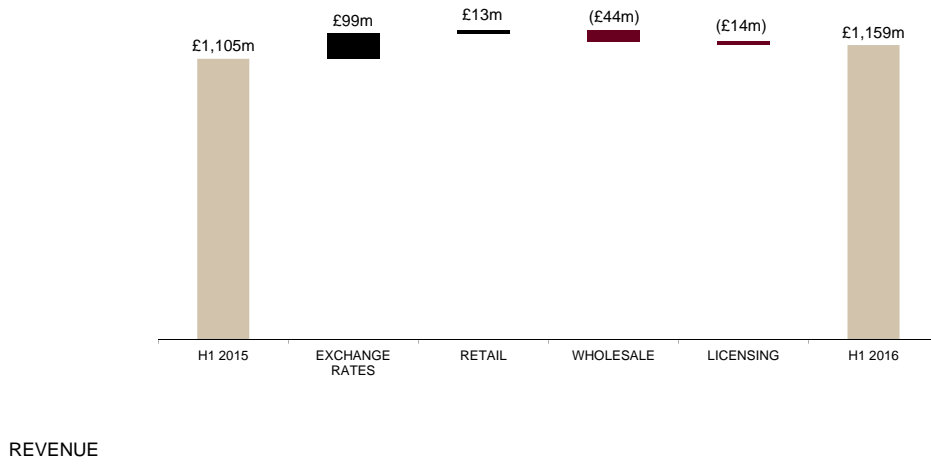
INTRODUCTION
—
FINANCIAL REVIEW
—
FIVE KEY STRATEGIES
—
SEPTEMBER SHOW AND FESTIVE
—
QUESTIONS

CAROL FAIRWEATHER
—
CHIEF FINANCIAL OFFICER

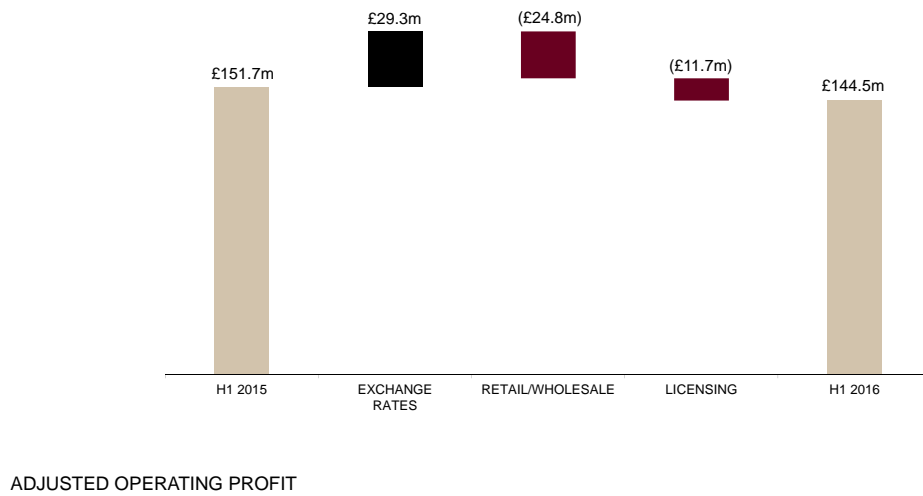
FINANCIAL HIGHLIGHTS

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M	CHANGE	
			UNDERLYING	REPORTED FX
REVENUE	1,159	1,105	(4%)	5%
ADJUSTED PBT	146.2	152.9	(24%)	(4%)
ADJUSTED DILUTED EPS	24.4	26.0p		(6%)
NET CASH	529	459		
DIVIDEND PER SHARE	10.5p	10.2p		3%

REVENUE DOWN 4% UNDERLYING



ADJUSTED OPERATING PROFIT DOWN 24% UNDERLYING



RETAIL/WHOLESALE

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M	CHANGE
RETAIL/WHOLESALE REVENUE	1,145.7	1,078.4	6%
GROSS MARGIN	782.2	740.5	
<i>AS % OF REVENUE</i>	<i>68.3%</i>	<i>68.7%</i>	<i>(40bp)</i>
OPERATING EXPENSES	(648.7)	(610.8)	
<i>AS % OF REVENUE</i>	<i>(56.6%)</i>	<i>(56.7%)</i>	<i>10bp</i>
ADJUSTED OPERATING PROFIT	133.5	129.7	3%
<i>AS % OF REVENUE</i>	<i>11.7%</i>	<i>12.0%</i>	<i>(30bp)</i>

RETAIL/WHOLESALE

RETAIL: 75% OF RETAIL/WHOLESALE REVENUE

- Up 2% underlying, up 11% at reported FX
- Comparable sales improved in second quarter (Q1: down 3%; Q2: up 2%)
 - Unchanged for the half
- Digital grew in all regions

WHOLESALE: 25% OF RETAIL/WHOLESALE REVENUE

- Down 14% underlying, down 6% at reported FX
- Actions to build and reinforce luxury brand positioning in US and Beauty

GROSS MARGIN DOWN 40 BASIS POINTS TO 68.3%

- 70 bps positive impact from FX
- Apparel and accessories margin unchanged year-on-year
- Beauty negatively impacted by strategic actions

OPERATING EXPENSES DOWN 1% UNDERLYING

- Ongoing tight cost control
- Initial £6m savings associated with our cost efficiency programme
- Offsetting underlying cost pressure and investment in growth initiatives

LICENSING

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M
REVENUE	12.8	26.1
GROSS MARGIN AT 100%	12.8	26.1
OPERATING EXPENSES	(1.8)	(4.1)
OPERATING PROFIT	11.0	22.0
<i>OPERATING MARGIN</i>	<i>85.9%</i>	<i>84.3%</i>
£/YEN RATE	176	175

2016 INCLUDES POSITIVE FX IMPACT OF £0.7M IN REVENUE AND GROSS MARGIN AND NIL IN OPEX

LICENSING

REVENUE

- 1% of group revenue
- Down 54% underlying, down 51% at reported FX
- Planned expiry of Japanese licences

OPERATING PROFIT

- Down £11m year-on-year
- Reflecting lower revenue and costs

INCOME STATEMENT

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M
ADJUSTED OPERATING PROFIT	144.5	151.7
NET FINANCE CREDIT	1.7	1.2
ADJUSTED PROFIT BEFORE TAX	146.2	152.9
ADJUSTING ITEMS	(44.2)	1.8
PROFIT BEFORE TAX	102.0	154.7
TAX	(28.9)	(33.7)
NON-CONTROLLING INTEREST	(1.1)	(1.5)
ATTRIBUTABLE PROFIT	72.0	119.5

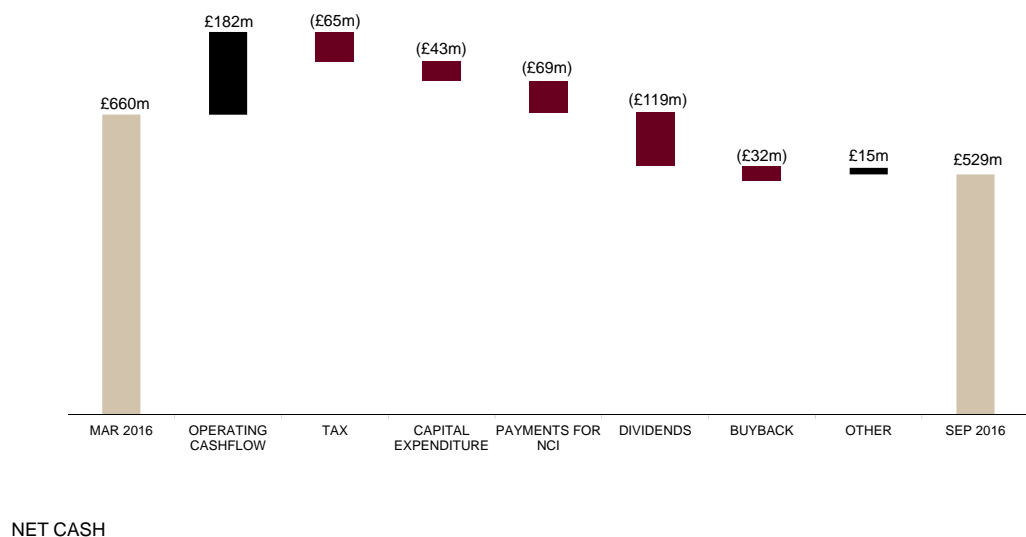
INCOME STATEMENT

ADJUSTING ITEMS OF £44.2M – Primarily reflecting strategic actions	SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M
EFFECTIVE TAX RATE OF c.25.0% ON ADJUSTED PBT FOR FY 2017 (FY 2016: 24.7%)	FRAGRANCE AND BEAUTY LICENCE INTANGIBLE CHARGES	(26.1)	(7.5)
NON-CONTROLLING INTEREST OF £1.1M – Primarily reflects profit in China pre August 2016	RESTRUCTURING COSTS	(12.8)	-
	CHINA PUT OPTION LIABILITY FINANCE (CHARGE)/INCOME	(1.0)	9.3
	BME DEFERRED CONSIDERATION CHARGES	(4.3)	-
	ADJUSTING ITEMS	(44.2)	1.8

CASH INFLOW FROM OPERATIONS

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M
ADJUSTED OPERATING PROFIT	144.5	151.7
RESTRUCTURING SPEND	(9.3)	-
DEPRECIATION AND AMORTISATION	69.4	63.1
EMPLOYEE SHARE SCHEME COSTS	5.3	3.3
(INCREASE) IN INVENTORIES	(60.9)	(42.9)
DECREASE/(INCREASE) IN RECEIVABLES	24.6	(2.1)
(DECREASE) IN PAYABLES	(10.6)	(8.1)
OTHER	18.9	2.4
CASH INFLOW FROM OPERATIONS	181.9	167.4

MOVEMENT IN NET CASH



MOVEMENT IN NET CASH

SIX MONTHS TO 30 SEPTEMBER	2016 £M	2015 £M
CASH INFLOW FROM OPERATIONS	181.9	167.4
PAYMENTS FOR NCI	(68.8)	-
CAPITAL EXPENDITURE	(43.2)	(80.1)
NET INTEREST	1.6	1.7
TAX PAID	(65.2)	(56.4)
OTHER	-	0.5
FREE CASH FLOW	6.3	33.1
DIVIDENDS	(118.6)	(112.5)
SHARE BUYBACK	(32.4)	-
ESOP TRUST PURCHASES/OTHER	(10.7)	0.9
EXCHANGE DIFFERENCE	24.2	(14.9)
MOVEMENT IN NET CASH	(131.2)	(93.4)
NET CASH AT 31 MARCH	660.3	552.2
NET CASH AT 30 SEPTEMBER	529.1	458.8


FY 2017 OUTLOOK

RETAIL	Low single-digit % growth in retail revenue from net new space
WHOLESALE	Down mid-teens % at constant FX in H2. Trends in both fashion and Beauty similar to H1
RETAIL/WHOLESALE PROFIT	If exchange rates remain at current levels*, c. £125m benefit to reported profit compared to FY 2016 rates
LICENSING	Down about £20m at constant FX
UNDERLYING TAX RATE	c.25%
CAPITAL EXPENDITURE	c.£130m

* SEE APPENDIX

CHRISTOPHER BAILEY
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**CHIEF CREATIVE AND
CHIEF EXECUTIVE OFFICER**

**FIVE KEY STRATEGIES
PROGRESS IN THE HALF**

PRODUCT FOCUS	PRODUCTIVE SPACE	E-COMMERCE LEADERSHIP	OPERATIONAL EXCELLENCE	INSPIRED PEOPLE
				
<ul style="list-style-type: none"> • Building a strategic approach to key categories • Reducing assortments • Greater visibility of fashion and newness • Introducing end-to-end category management 	<ul style="list-style-type: none"> • Increasing investment in training • Completing roll out of one label strategy • Implementing a new store profiling model • Rolling out net promoter score • Designing best practise back and front-of-house operations 	<ul style="list-style-type: none"> • Launched redesigned website • Developing customer app • Developing best-in-class relationships and driving innovation with partners online 	<ul style="list-style-type: none"> • Increasing efficiency of spend • Simplifying processes • Implementing new technology solutions • Establishing Transformation Management Office 	<ul style="list-style-type: none"> • Simplifying the organisation • Developing our talent • Building employee engagement • Committed to sustainability
<p>From product breadth to product focus</p>	<p>From new space to productive space</p>	<p>From digital prowess to e-commerce leadership</p>	<p>Focusing on efficiency and investing appropriately</p>	<p>Implementing new ways of working, while committed to unique culture and values</p>

Ambitious growth and productivity agenda to:

- Outperform luxury sector growth, with outperformance accelerating over time
 - Deliver at least £100m annualised cost savings by FY 2019

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 document. Nothing in this presentation 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 presentation 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.

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ADJUSTED MEASURES

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

Adjusting items are:

- A £26.1m charge in reported operating expenses relating to the fragrance and beauty licence intangible asset (H1 2015/16: £7.5m)
- A £12.8m charge in reported operating expenses relating to restructuring costs arising from the Group's cost and efficiency programme
- A £4.3m charge (£3.2m in reported operating expenses and £1.1m in the reported net finance charge) relating to the deferred consideration on the purchase of the non-controlling interest in Burberry Middle East
- Put option liability finance charge of £1.0m in reported net finance charge relating to the third party 15% economic interest in the Chinese business (H1 2015/16: income of £9.3m)

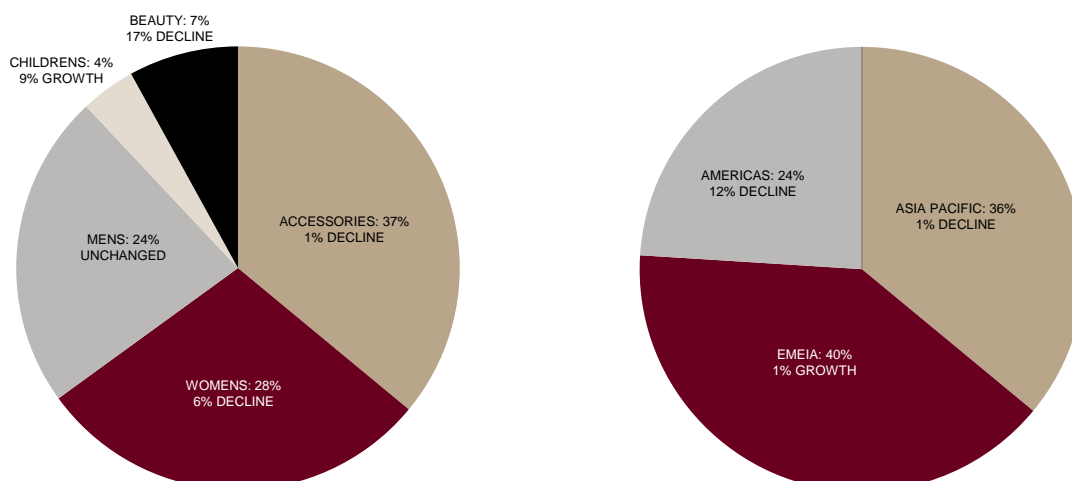
Underlying performance is presented in this presentation as, in the opinion of the Directors, it provides additional understanding of the ongoing performance of the Group.

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 on foreign currency procurement and sales through the Group's UK supply chain.

Comparable sales is the year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales.

Certain financial data within this presentation have been rounded.

REVENUE BY PRODUCT DIVISION AND REGION



H1 2016 RETAIL/WHOLESALE REVENUE
 £1,146m
 % GROWTH ON UNDERLYING BASIS

EXCHANGE RATES

£1=	FORECAST FULL YEAR AVERAGE RATES FOR FY 2016/17		AVERAGE EXCHANGE RATES		
	31 October 2016	30 September 2016	FY 2015/16	H1 2016/17	H1 2015/16
EURO	1.16	1.19	1.36	1.22	1.39
US DOLLAR	1.29	1.33	1.50	1.37	1.54
CHINESE YUAN RENMINBI	8.54	8.85	9.57	9.08	9.62
HONG KONG DOLLAR	9.98	10.34	11.67	10.65	11.94
KOREAN WON	1,448	1,483	1,740	1,565	1,743
YEN*	154	157	177	176	175

* FOR LICENSING REVENUE, TAKING INTO ACCOUNT THE CURRENT HEDGED POSITIONS

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