

BURBERRY

London, England

**PRELIMINARY RESULTS
FOR THE TWELVE MONTHS ENDED
31 MARCH 2016**

CHRISTOPHER BAILEY

FY 2016 REVIEW
—
FUTURE AMBITION
—
PRODUCT
—
RETAIL PRODUCTIVITY
—
GROWING E-COMMERCE
—
FINANCIAL AMBITION
—
QUESTIONS

FY 2016 HIGHLIGHTS

CHALLENGING EXTERNAL ENVIRONMENT

REFLECTED IN FINANCIAL PERFORMANCE

- Revenue down 1% underlying to £2.5bn
- Adjusted PBT down 10% underlying to £421m
- Strong cash generation
- Dividend up 5%
- Starting share buyback of up to £150m

COMPARABLE SALES UP 3% EXCLUDING HONG KONG AND MACAU

DIGITAL GREW IN ALL REGIONS



BRAND FIRST

FULL LAUNCH IN JAPAN

MOVE TO ONE LABEL

DIGITAL COLLABORATIONS



SHINJUKU, TOKYO

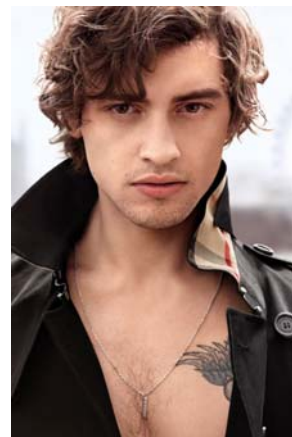
FAMOUS FOR PRODUCT

SCARF BAR

RUNWAY RUCKSACK

LAUNCH OF MR BURBERRY FRAGRANCE

NEW MANUFACTURING FACILITY IN LEEDS



CUSTOMER-CENTRIC

MORE PERSONALISED EXPERIENCES

MERGING PHYSICAL AND DIGITAL

EVOLVING THE RUNWAY SHOW



PRODUCTIVE AND RESPONSIBLE

ROLLED OUT FIRST PHASE OF IT UPGRADE

SAVED OVER £25M OF DISCRETIONARY COSTS IN FY 2016

FIRST TIME INCLUSION IN DOW JONES SUSTAINABILITY INDICES

FIRST APPRENTICESHIP SCHEME

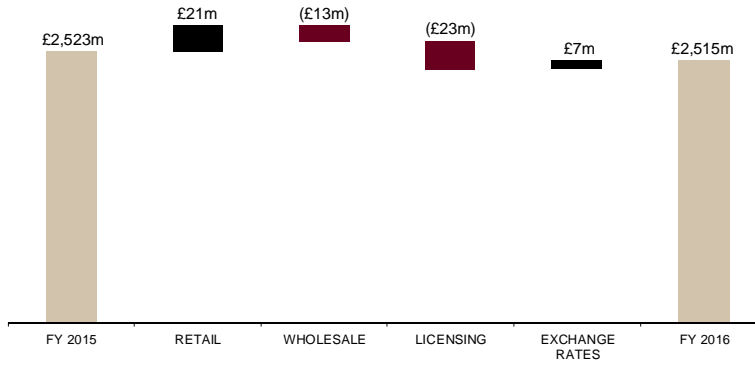


CAROL FAIRWEATHER

FINANCIAL HIGHLIGHTS

12 MONTHS TO 31 MARCH	2016 £M	2015 £M	CHANGE	
			REPORTED FX	UNDERLYING
REVENUE	2,515	2,523	-	(1%)
ADJUSTED PBT	421	456	(8%)	(10%)
ADJUSTED DILUTED EPS	69.9p	76.9p	(9%)	
NET CASH	660	552	20%	
DIVIDEND PER SHARE	37.0p	35.2p	5%	

REVENUE DOWN 1% UNDERLYING



REVENUE

REVENUE DOWN 1% UNDERLYING

RETAIL

- 73% of revenue
- Up 1% underlying, up 2% at reported FX
 - Comparable sales down 1% (H1: up 1%; H2: down 2%)
- Opened 18 mainline stores
 - Including in flagship markets of New York, Seoul and Tokyo
- Digital grew in all regions

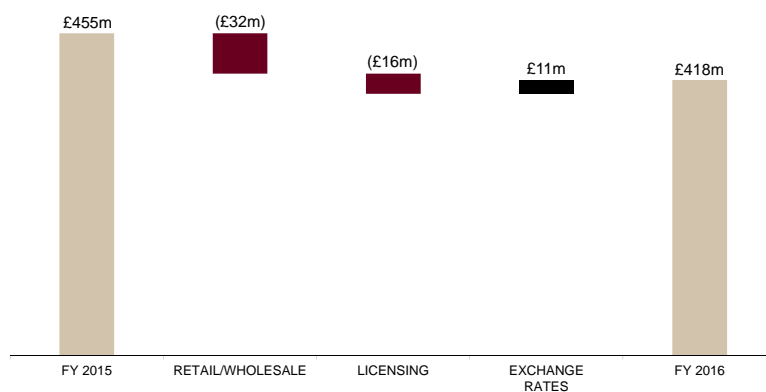
WHOLESALE

- 25% of revenue
- Down 2% underlying and at reported FX
 - Excluding Beauty, down 6% underlying
 - Beauty up 8% underlying

LICENSING

- 2% of revenue
- Down 33% underlying, slightly better than guidance
 - Due to planned expiry of Japanese Burberry licences

ADJUSTED OPERATING PROFIT DOWN 11% UNDERLYING



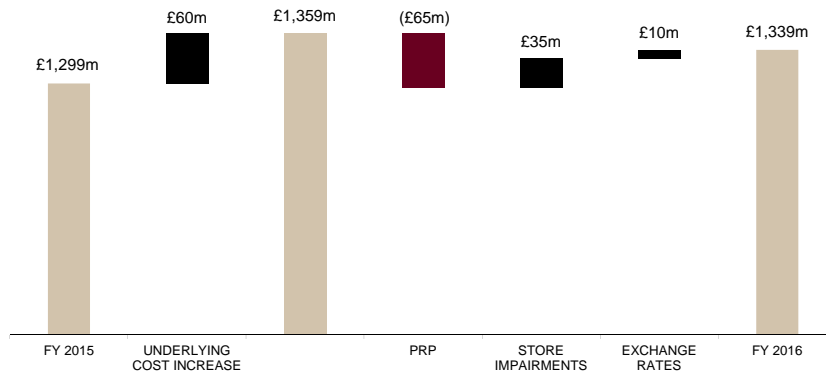
ADJUSTED OPERATING PROFIT

RETAIL/WHOLESALE PROFIT

12 MONTHS TO 31 MARCH	2016 £M	2015 £M	CHANGE
RETAIL/WHOLESALE REVENUE	2,472.3	2,455.5	1%
GROSS MARGIN	1,720.3	1,697.8	
<i>AS % OF REVENUE</i>	69.6%	69.2%	40bp
OPERATING EXPENSES	(1,339.4)	(1,298.6)	
<i>AS % OF REVENUE</i>	(54.2%)	(52.9%)	(130bp)
ADJUSTED OPERATING PROFIT	380.9	399.2	(5%)
<i>AS % OF REVENUE</i>	15.4%	16.3%	(90bp)

AT CONSTANT FX, FY 2016 RETAIL/WHOLESALE OPERATING MARGIN WAS 14.9%

OPERATING EXPENSES



ADJUSTED RETAIL/WHOLESALE OPERATING EXPENSES

LICENSING PROFIT

12 MONTHS TO 31 MARCH	2016 £M	2015 £M
REVENUE	42.4	67.7
GROSS MARGIN AT 100%	42.4	67.7
OPERATING EXPENSES	(5.5)	(11.7)
OPERATING PROFIT	36.9	56.0
<i>OPERATING MARGIN</i>	<i>87.0%</i>	<i>82.7%</i>
£/YEN RATE	177	164

FY 2016 INCLUDES NEGATIVE FX IMPACT OF £2.7M IN REVENUE AND GROSS MARGIN AND NIL IN OPEX

INCOME STATEMENT

12 MONTHS TO 31 MARCH	2016 £M	2015 £M
ADJUSTED OPERATING PROFIT	417.8	455.2
NET FINANCE CREDIT	2.8	0.6
ADJUSTED PROFIT BEFORE TAX	420.6	455.8
ADJUSTING ITEMS	(5.0)	(11.2)
PROFIT BEFORE TAX	415.6	444.6
TAX	(101.0)	(103.5)
NON-CONTROLLING INTEREST	(5.1)	(4.8)
ATTRIBUTABLE PROFIT	309.5	336.3

INCOME STATEMENT

NET FINANCE INCOME OF £2.8M

- Income on cash balance offset by facility fees

ADJUSTING ITEMS OF £5.0M

- £14.9m amortisation of fragrance and beauty licence intangible asset charge
- £9.9m China put option liability finance income

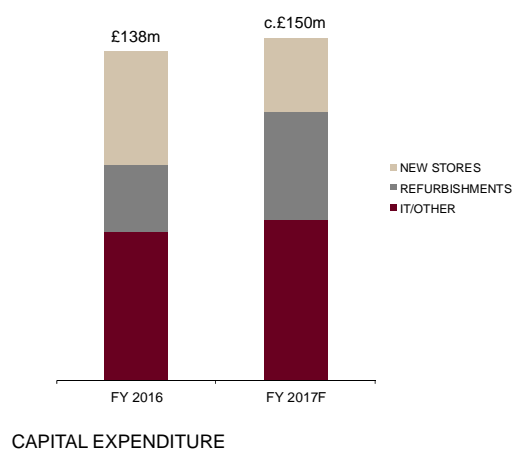
EFFECTIVE TAX RATE OF 24.7% ON ADJUSTED PBT (FY 2015: 23.4%)

- c.24% expected in FY 2017

CASH INFLOW FROM OPERATIONS

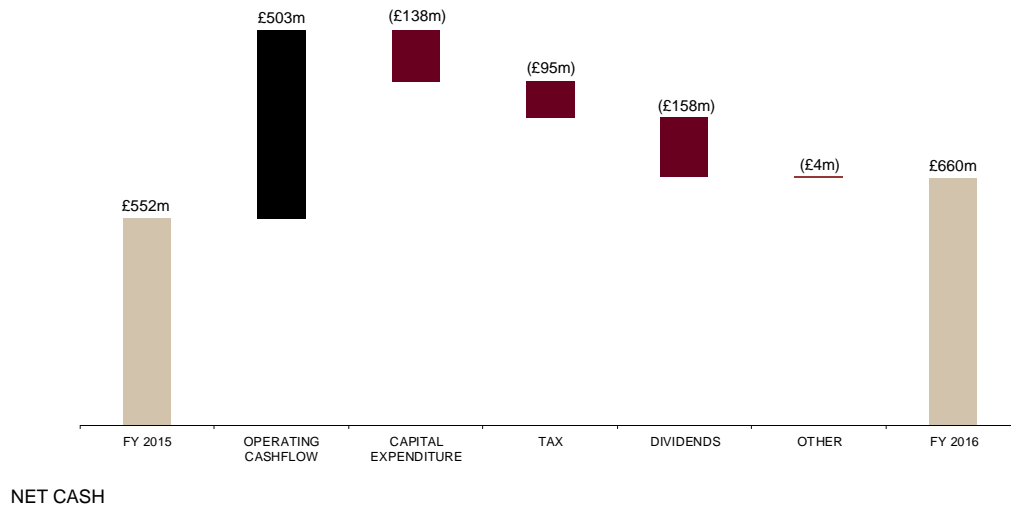
12 MONTHS TO 31 MARCH	2016 £M	2015 £M
ADJUSTED OPERATING PROFIT	417.8	455.2
DEPRECIATION AND AMORTISATION	132.2	123.7
EMPLOYEE SHARE SCHEME COSTS	(0.3)	21.0
INCREASE IN INVENTORIES	(49.3)	(15.1)
INCREASE IN RECEIVABLES	(33.3)	(44.0)
INCREASE IN PAYABLES	9.1	19.7
OTHER	26.8	7.6
CASH INFLOW FROM OPERATIONS	503.0	568.1

CAPITAL EXPENDITURE



SHIN KONG PLACE, BEIJING

MOVEMENT IN NET CASH



MOVEMENT IN NET CASH

12 MONTHS TO 31 MARCH	2016 £M	2015 £M
CASH INFLOW FROM OPERATIONS	503.0	568.1
CAPITAL EXPENDITURE	(138.0)	(155.7)
ACQUISITIONS	-	(3.4)
NET INTEREST	3.1	1.2
TAX PAID	(94.8)	(114.4)
OTHER INFLOWS	0.5	1.7
FREE CASH FLOW	273.8	297.5
DIVIDENDS	(158.4)	(145.3)
ESOP PURCHASES/OTHER	(8.7)	(16.4)
EXCHANGE DIFFERENCE	1.4	13.9
MOVEMENT IN NET CASH	108.1	149.7
NET CASH AT 31 MARCH	660.3	552.2

CHRISTOPHER BAILEY

CHANGING LUXURY ENVIRONMENT

STRONG HISTORICAL GROWTH

- 7% average annual growth since 2010

GROWTH NOW TEMPERING

- Low single-digit % growth on average over next five years

LUXURY MARKET £200BN AND GROWING

KEY CHANGES

- Digital innovation
- Customer behaviour
- Demographic shifts



HOW WE WILL CHANGE

TRACK RECORD OF CHANGE

STEP CHANGE IN PRODUCTIVITY AGENDA

SIGNIFICANT GROWTH POTENTIAL ACROSS EXISTING BUSINESS

- Product
- Retail
- E-commerce

ENABLED BY CHANGING OUR WAYS OF WORKING



**FROM PRODUCT BREADTH
TO PRODUCT FOCUS**

**FROM NEW SPACE
TO PRODUCTIVE SPACE**

**FROM DIGITAL PROWESS
TO E-COMMERCE LEADERSHIP**

CHANGING OUR WAYS OF WORKING

CRUCIAL TO UNLOCK GROWTH POTENTIAL

IN-DEPTH REVIEW OF ORGANISATION FOR THE FUTURE

- Right size
- Right shape
- Right capabilities

**PROGRAMME TO DELIVER ANNUALISED COST SAVINGS
OF AT LEAST £100M BY FY 2019**



BUILD ON EXISTING STRENGTH IN PRODUCT



FROM PRODUCT BREADTH TO PRODUCT FOCUS

WHAT WE ARE DOING DIFFERENTLY

- Reduce assortment and amplify newness and excitement
- Tailor assortment to local customer
- Rebalance marketing activity
- Leverage offer at opening and higher price points
- Prioritise key categories

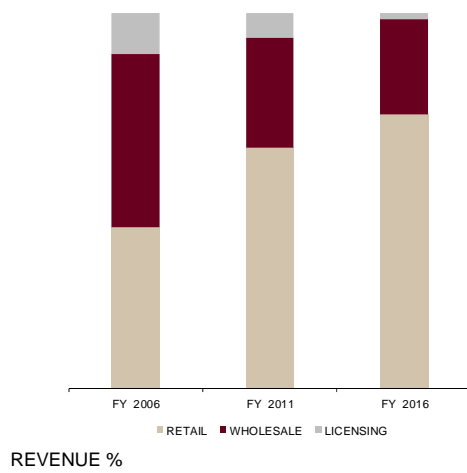
ENABLED BY CHANGING OUR WAYS OF WORKING

- End-to-end category management
- Restructure merchandising process



DONALD KOHLER
—
RETAIL EXCELLENCE

SHIFT TO RETAIL CREATES OPPORTUNITIES

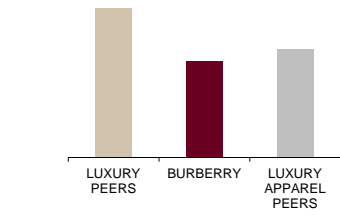


REGENT STREET, LONDON



SEOUL, KOREA

SIZING THE OPPORTUNITY



CONVERSION %



SALES PER SQUARE FOOT

SOURCE: COMPANY AND INDUSTRY ESTIMATES

DIFFERENT PRODUCT MIX TO PEERS

OPPORTUNITIES TO IMPROVE

- Conversion
- Customer retention
- Sales density

ELEVATE OUR RETAIL EXPERIENCE TO WORLD CLASS LEVEL OVER TIME

SERVICE



CULTIVATION



OPERATIONS



PRODUCT



SERVICE

GOAL: DELIVERING TRUE LUXURY SERVICE WITH A BURBERRY DIFFERENCE

OPPORTUNITIES

- New assessment and hiring criteria for stores
- Enhanced training
- Introducing Net Promoter Score



CULTIVATION

GOAL: PUTTING CULTIVATION AND RETENTION AT THE HEART OF EVERYTHING WE DO

OPPORTUNITIES

- Grow Burberry Private Client (BPC) team
- Extend Customer Value Management (CVM) programme; integrate with marketing strategy
- Enhanced digital selling tool in store
- Focus on local customer



PRODUCT

GOAL: OFFER THE RIGHT PRODUCT IN THE RIGHT PLACE

OPPORTUNITIES

- Simplification of visual merchandising standards
- Showroom set as a retail store
- Further assortment reduction
- New assortment/buying model implemented, including store profiling



FOUR PILLARS OF RETAIL EXCELLENCE

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INITIATIVES UNDERWAY

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FOCUS ON LOCAL CUSTOMER

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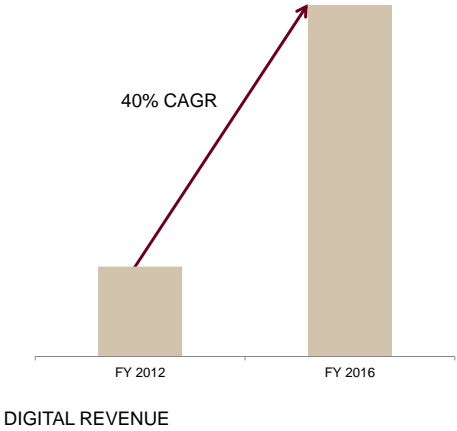
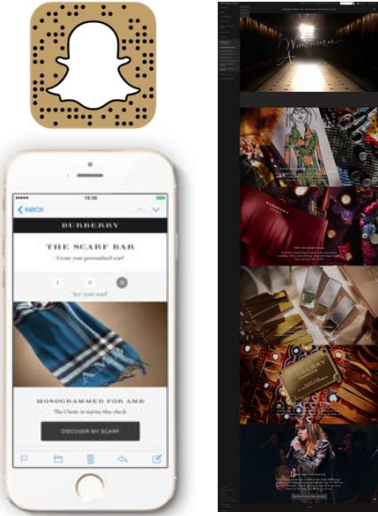
RETAIL MINDSET

—

CHANGING OUR WAYS OF WORKING

JOHN SMITH
—
GROWING E-COMMERCE

DIGITAL AS A DIFFERENTIATOR



FOUR ELEMENTS TO DIGITAL STRATEGY

ACQUISITION & RETENTION



E-COMMERCE



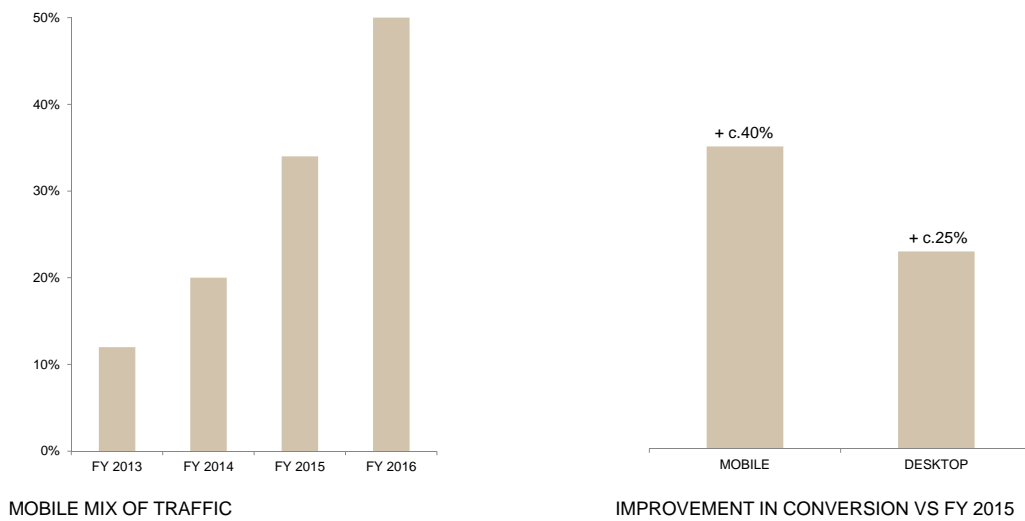
DIGITAL IN STORE



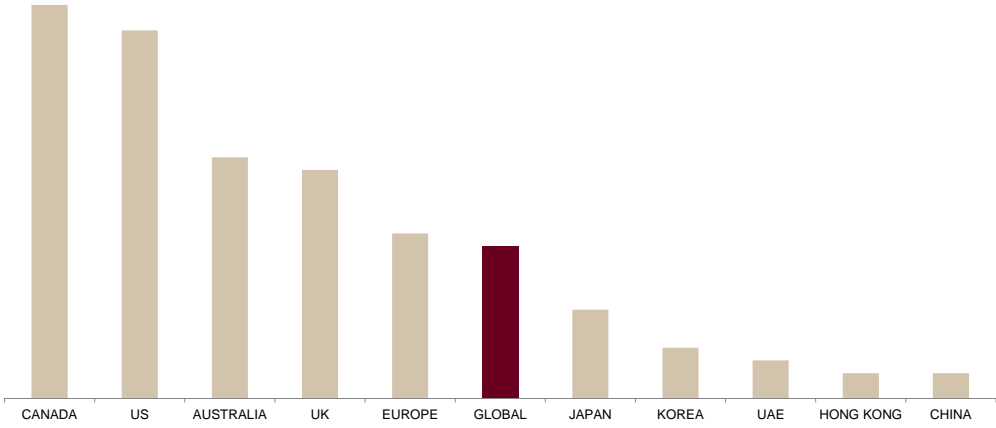
OMNI-CHANNEL LEADERSHIP



CAPITALISE ON THE MOBILE OPPORTUNITY

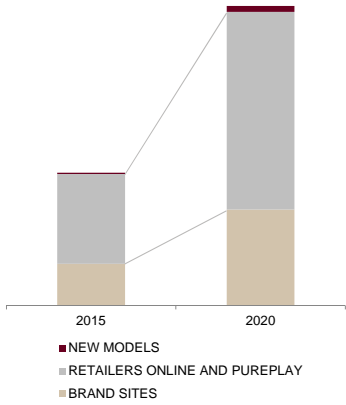


GROW DIGITAL IN ASIA



DIGITAL AS % OF RETAIL SALES*
 * MAINLINE STORES AND DIGITAL

GROW WITH THIRD PARTIES



PARTNERSHIP MODEL

- Reputation
- Reach
- Revenue

THIRD PARTY DIGITAL PLAYERS

- To drive two-thirds of sector e-commerce growth
- Continue to experiment with new business models

LUXURY ONLINE REVENUE £BN
 SOURCE: COMPANY AND INDUSTRY ESTIMATES

CREATE INDUSTRY LEADING OMNI-CHANNEL EXPERIENCES

BLURRING PHYSICAL AND DIGITAL

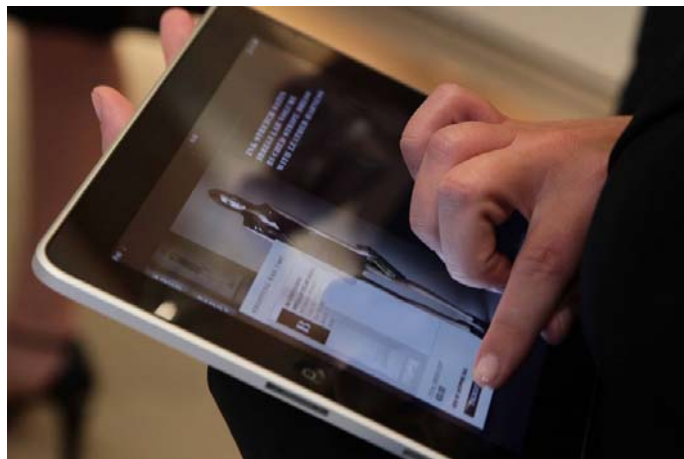
ROLL OUT SINGLE POOL OF INVENTORY

ENABLE TRUE OMNI-CHANNEL CUSTOMER JOURNEY

- Currently across our retail and digital
- In future, extend to third parties



INVESTMENT IN PEOPLE AND CAPEX



CHANGE

—

INNOVATE

—

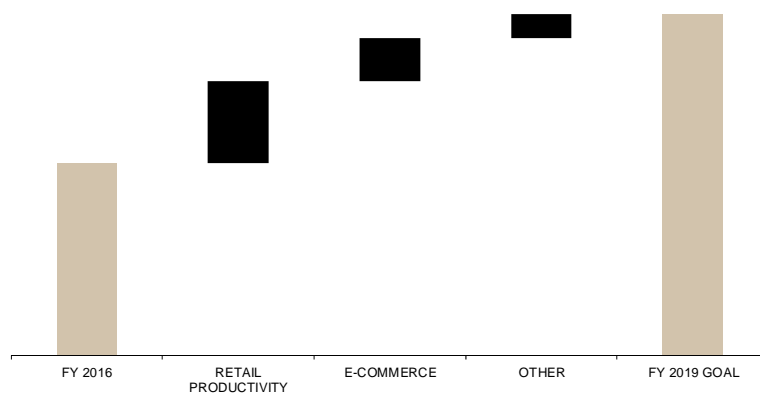
GROW

—

INVEST

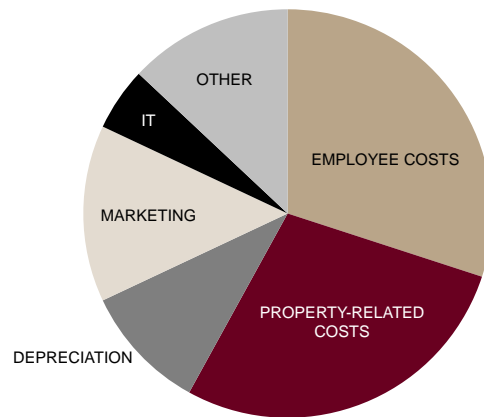
CAROL FAIRWEATHER
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FINANCIAL AMBITION

OUTPERFORMING LUXURY SECTOR GROWTH



REVENUE £M
NOT TO SCALE

OPERATING EXPENSES



FY 2016 ADJUSTED OPERATING EXPENSES*

* EXCLUDING AMORTISATION OF FRAGRANCE AND BEAUTY LICENCE INTANGIBLE OF £15M AND STORE IMPAIRMENTS/ONEROUS LEASE PROVISIONS OF £45M

FINANCIAL AMBITION

REVENUE

- Outperform luxury sector growth

INVESTMENT

- About £10m in FY 2017
- About £20-25m per annum for next two years

COST SAVINGS

- Around £20m in FY 2017
- At least £100m annualised by FY 2019

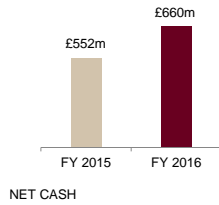
ONE-OFF COSTS

- Around £60m across the first two years

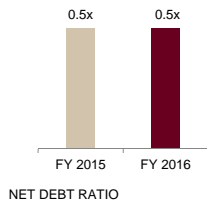
PERFORMANCE-RELATED PAY CHARGE

- Around £20m new charge in FY 2017
- On top of £20m existing charge

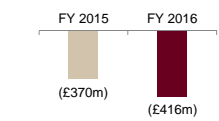
CAPITAL STRUCTURE



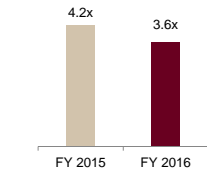
NET CASH



NET DEBT RATIO



LEASE-ADJUSTED NET DEBT



FIXED CHARGE COVER

* SEE APPENDIX FOR DEFINITIONS

PRIORITISE INVESTMENT IN BUSINESS

MOVE TO PROGRESSIVE DIVIDEND

BEYOND THIS, REVIEW

- Cash generation
- Relevant financial parameters

COMMENCING SHARE BUYBACK

- Up to £150m starting in FY 2017
- Future returns under regular review

CHRISTOPHER BAILEY

BUILDING ON EXISTING STRENGTHS

—

**CONFIDENCE IN STRATEGIES
FOR THE FUTURE**

—

**RELENTLESS FOCUS ON GROWTH
AND PRODUCTIVITY**

—

**UNLOCKED THROUGH CHANGING
OUR WAYS OF WORKING**

—

DRIVING OUTPERFORMANCE

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 (18 May 2016). 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.

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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:

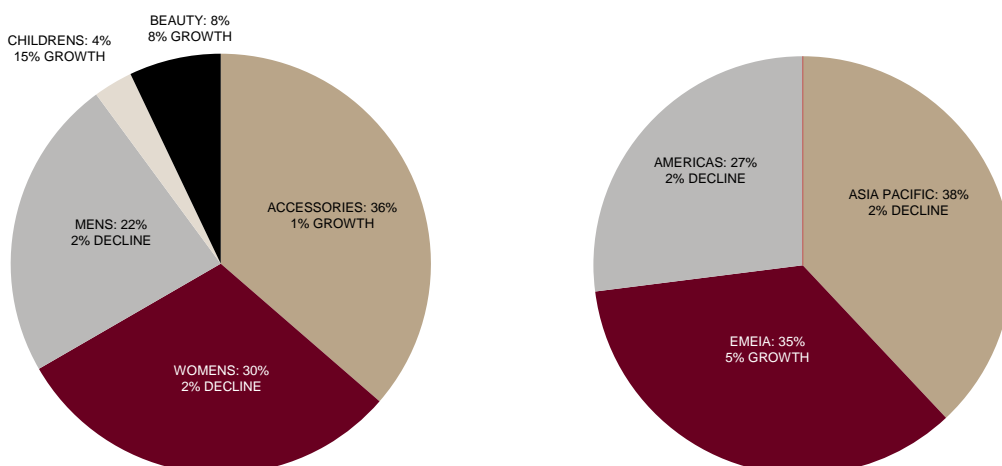
- A charge of £14.9m in reported operating expenses being the amortisation of the fragrance and beauty licence intangible asset (2015: £14.9m)
- Put option liability finance income of £9.9m in the reported net finance income relating to the third party 15% economic interest in the Chinese business (2015: income of £3.7m)

Underlying performance is presented in this document 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 on foreign currency procurement and sales through the Group's UK supply chain.

Certain financial data within this presentation have been rounded.

REVENUE BY PRODUCT DIVISION AND REGION



FY 2016 RETAIL/WHOLESALE REVENUE
% GROWTH ON UNDERLYING BASIS

FY 2017 OUTLOOK

RETAIL	Low single-digit % growth in retail revenue from net new space
WHOLESALE	Down around 10% at constant FX in H1
LICENSING	Down by about £20m at constant exchange rates
RETAIL/WHOLESALE PROFIT	If exchange rates remain at current levels* reported profit will be about £50m higher than at FY 2016 rates
INTEREST	c.£3m
UNDERLYING TAX RATE	c.24%
DIVIDEND	Moving to progressive dividend policy, with FY 2017 at least in line with FY 2016
CAPITAL EXPENDITURE	c.£150m
DEPRECIATION/AMORTISATION-	c.£140m

* EFFECTIVE RATES AS AT 30 APRIL 2016, TAKING INTO ACCOUNT THE CURRENT HEDGED POSITIONS
 - EXCLUDES £15M AMORTISATION OF FRAGRANCE AND BEAUTY LICENCE INTANGIBLE ASSET

KEY BALANCE SHEET METRICS

12 MONTHS TO 31 MARCH	2016	2015
NET CASH (£m)	660	552
LEASE-ADJUSTED NET (DEBT) (£m)	(416)	(370)
NET DEBT RATIO (x)	0.5	0.5
FIXED CHARGE COVER (x)	3.6	4.2

Lease-adjusted net debt is defined as five times minimum lease payments less net cash

Net debt ratio is defined as lease-adjusted net debt divided by EBITDAR (being operating profit plus depreciation and amortisation plus minimum lease payments)

Fixed charge cover is defined as EBITDAR/ interest plus minimum lease payments

All metrics exclude adjusting items. Minimum lease payments now exclude expenses relating to onerous lease provisions of £20.1m in FY 2016 and £6.5m in FY 2015

EXCHANGE RATES

£1=	FORECAST FULL YEAR EFFECTIVE RATES FOR FY 2017		AVERAGE EXCHANGE RATES FOR	
	30 April 2016	31 March 2016	FY 2016	FY 2015
EURO	1.29	1.26	1.36	1.28
US DOLLAR	1.46	1.44	1.50	1.60
CHINESE YUAN RENMINBI	9.44	9.29	9.57	9.94
HONG KONG DOLLAR	11.33	11.16	11.67	12.42
KOREAN WON	1,661	1,640	1,740	1,709
YEN*	172	174	177	164

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

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