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Burberry

Preliminary Results Presentation

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BURBERRY

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Introduction & Highlights

Christopher Bailey, Chief Creative & Chief Executive Officer
Hi everybody and thank you very much indeed for joining us this morning. I am going to begin today with a very quick overview of our full year results and then Julie Brown, our new Chief Operating and Financial Officer will take you through the detail of the numbers.

We will then update you on our five key areas of focus within our productivity and efficiency plans that we first outlined to you back in November.

After that we'll be happy to take your questions and as usual we have other members of our senior team here in the room today to take part in these discussions.

I should just mentioned in this context that while Marco Gobbetti is not here today he is looking forward to getting to know you all over the coming months after he starts in his CEO role in July.

And I'd also like to take this opportunity to thank John Smith who is with us for his final results meeting today following several months of transition with Julie. As you know John has made an immense contribution during his time with Burberry and we all wish him the very, very best of luck with his new adventures. So thank you John.

So let me begin with the results that we published this morning. Burberry made good progress last year in a mixed external environment, and we continued to make strategic choices to elevate our luxury retail and digital business, to strengthen our brand and to reposition Burberry for growth, as we maintain our focus on maximising long term shareholder value.

Let me start by commenting just briefly on these points to give you a little bit of context. In terms of the external environment recent estimates suggest that the luxury market was broadly flat in calendar 2016. However, there was a marked improvement towards the end of the year, not least as Chinese consumption strengthened and Europe rallied in tandem. Our own performance improved in the second half in line with these broader trends.

At the same time we continued to take actions for the longer term as we further strengthen our luxury brand positioning globally, including in wholesale, particularly in the US, and in Licensing, not least as we build our direct retail operations in Japan. These actions are critical to unlocking the potential of our brand across channels and regions, together with the productivity and efficiency programme that we'll turn to in just a moment.

The full benefits of all of these actions will take time to realise, but we are pleased with the progress over this, the foundational year. We have begun to see the early benefits of strategic actions in improved performance in key focus areas, such as customer retention, retail conversion and the outperformance of fashion and bags.

We have continued on our path to reshaping our business for the future, both with the actions I just mentioned in wholesale and Licensing, the implementation of one label and our new deal with Coty to accelerate the growth of our Beauty business.

We are becoming a more efficient business. We are on track with our cost savings commitments, with the £20m that we delivered last year planned to increase to £50m in full year 2018 and at least £100m by full year 2019. And we announced the planned establishment of Burberry Business Services just a couple of weeks ago. And finally we have taken action to reinforce our leadership team in areas that will be critical for our next phase of growth.

This of course includes the appointment of Marco and Julie with their exceptional track records in luxury and business transformation respectively. But it also includes senior appointments right across our organisation from product, to the customer experience, to technology.

All this is important context when considering our headline numbers for the past year. At £2.8bn total revenue was down 2% underlying, with retail, our key focus, outperforming and up 3% overall and with comps up 1%.

Adjusted profit before tax was down 21% underlying to £462m, in part reflecting the strategic actions that I've just mentioned. And the business remained highly cash generative with net cash increasing by £149m to £809m. We have increased the 2017 dividend by 5% to 38.9 pence and also announced a further share buyback of £300m today, which includes the distribution of the upfront sum from the Coty deal and this builds on the £150m that we announced in May 2016.

With that I will now hand over to Julie who will take you through the details of the numbers. Thanks Julie.

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Financial Review

Julie Brown, Chief Operating & Financial Officer
Thank you Christopher and good morning ladies and gentlemen.

The focus of full year '17 was on laying the foundations for the future and continuing to take actions to elevate the brand and reposition our business for growth.

Revenue was £2.8bn, down 2% underlying and up 10% reported. Adjusted profit before tax was £462m down 21% underlying and 10% reported, with £131m gained from foreign exchange.

Adjusted EPS was up 11%, reflecting reported profit growth and the accretive impact of the share buyback.

With strong free cash generation we closed the year with net cash of £809m, up £149m after buybacks and the dividend. And adjusted retail/wholesale return on invested capital is increased by 70 basis points to 15.4%.

And finally, we have proposed a full year dividend of 38.9 pence, up 5%.

Now this slide lays out the changes to our revenue during the year from full year '16 to full year '17. The retail revenue growth of 3% was driven by strength in comparable sales in Europe, with some space growth in Asia and a decline in the Americas. And here you can see the impact of the strategic choices we have made to reshape our business, in wholesale, in Beauty, in Licensing; these are all high margin revenue streams.

Wholesale, excluding Beauty, was negatively impacted by a significant decline in the US, in part as we took actions to re-position the brand in a market that has become increasingly characterised by discounting in department stores.

In Beauty, we rationalised the distribution in key markets to elevate our positioning, as well as experienced distributor destocking.

And finally Licensing revenues were down, primarily due to the planned licence expiry in Japan.

Sales were down by 2% underlying and currency added 12 percentage points, bringing full year revenues to £2.8bn, up 10%.

Now being new to the business I've taken a step back. Burberry is going through a significant transformation from a licence/wholesale model to a business that is now approaching 80% retail. The business is also more diversified with now 60% of revenues from apparel, compared with over 70% ten years ago. And over the same period we've been building our standing as an accessories player, with now almost 40% of our revenues, which we see as a very high potential growth category in the future and Christopher will come on to talk more about this.

We have also been on a journey geographically, with our markets at different stages of maturity. And this slide shows the revenue split of our business by region. In Asia for example 90% of our business is retail, whereas in Americas we have more work to do to elevate the Burberry brand given our history as a wholesale business. And as you can see from the chart on the right this has had an impact on our US wholesale revenues and had consequences for profit this year.

So in this context, taking this context in mind let's take a look at the profit movement from full year '16 to full year '17. So profit of £418m in full year '16 declined by £90m or 21% on an underlying basis, partly due to the direct impact of actions taken to elevate the brand in wholesale, Beauty and Licensing.

The decline in wholesale, including Beauty was the most significant, notably in the US and in the UK. And for example in Beauty in the UK we reduced our distributors from 3,500 to 35 authorised points of sale.

In addition, management delivered £20m of savings from the strategic cost programme, partially offset by £8m of strategic investments.

And finally within Other, this includes the re-establishment of the PRP charge, up £37m as guided, impairment charges reduced by £22m and other gross margin and opex changes where tight cost management partly mitigated underlying cost inflation.

So overall, profit grew from £418m to £459m, supported by a currency gain of £131m.

Now looking at the retail/wholesale P&L adjusted operating profit was £437m, down 19% underlying and up 15% reported. Looking at the main drivers, gross margin was unchanged at 69.6%; benefits from exchange and positive channel mix were offset by adverse product mix and strategic actions in Beauty. And in opex we delivered 50 basis points improvement as a percentage of sales with FX benefits, in addition to the impact of the items we've mentioned before. Operating profit margins improved by 50 basis points in the year to 15.9%.

Now turning to the Group income statement, adjusted PBT was up £42m to £462m, down 21% underlying. Adjusting items totalled £68m and I will return to this on the next slide.

Our effective tax rate on adjusted profits rose by 110 basis points to 25.8%, principally due to the change in the mix of our geographic profits, coupled with a change in the transfer pricing approach by an overseas tax authority.

We completed the purchase of 6.7 million shares during the year, contributing to adjusted EPS growth of 11%.

Now firstly as Christopher referenced, we announced our strategic partnership with Coty in April. Their deep beauty and industry expertise and first class global distribution will support the acceleration and development of our Beauty business. The terms are financially attractive, with an up-front payment of £180m and ongoing royalty payments.

In addition, the terms of the adjusting items then, the Beauty charges of £41m comprises the intangible charge that we took in half 1, together with provisions taken half 2 relating to the deal with

Coty. The restructuring charge of £21m relates to the cost saving programme and is in line with our guidance. And the final items relate to China and the Middle East where we have taken additional control.

Now turning to cash, the business remains strongly cash generative, with £689m of cash inflows from operations. The key factors to this are working capital inflows of £56m, with inventory down, receivables inflow driven by the decline in Beauty and wholesale revenue and a payables inflow, predominantly due to the rebuild of the PRP charge.

Capex of £104m was below our initial guidance, principally due to the phasing of our projects. And offsetting these benefits tax paid was higher due to sterling weakness and the timing of payments. In total our free cash flow of £465m grew 70% year on year, and our cash conversion is exceptionally high this year at about 130%, well above our historic average of 85%.

This concludes the financial review of full year '17.

Now turning to the longer term I thought it would be helpful to articulate our value creation proposition. Our five key strategic pillars are designed to deliver revenue growth and margin improvement over time, coupled with growth in adjusted EPS. Our focus is on supporting continued strong cash generation, coupled with a clear capital allocation framework to drive returns to our shareholders.

And this is how I think about capital allocation. Consistent with the Group's strategy we have four priorities for the use of our cash. First, we will reinvest in the business to drive organic growth. Second, we will maintain our progressive dividend policy. Third, we will pursue selected strategic investments in line with our stated initiatives and typically these investments tend to be infrequent but they can be significant. And fourth, to the extent where there is surplus capital to these needs we will return it to our shareholders.

Now underpinning these priorities is our decision to maintain a strong balance sheet and maintain solid investment grade credit metrics. We assess our balance sheet strength by referring to lease adjusted net debt to EBITDA ratios and also our fixed charge cover. And our lease adjusted net debt to EBITDA ratio is 0.5 times currently. And for planning purposes we expect to maintain a ratio of 0.5 to 1 times.

So I'll provide an example of how we've used this framework and how we'll apply it going forward. So this year the business generated over £569m of cash before capital expenditure and we then prioritised our investments.

First, we reinvested to drive organic growth, capital expenditure this year of £104m was lower than average and we expect to return to more normalised levels of about £140m in full year '18. Second, we're committed to our progressive dividend policy. This means that our dividend will be flat or grow in pence per share year on year. This year the dividend grew 5% and we paid out £164m in the year. Third, regarding strategic investments we paid £69m for the purchase of the non-controlling interests in China and Burberry Middle East. And finally, returned £97m of cash by way of a share buyback. In total our net cash increased by £149m, bringing our closing net cash balance to £0.8bn, or on a lease adjusted net debt basis of minus £0.4bn.

Before I close on this slide on cash having reviewed our expected cash generation and considering our capital allocation framework the Board has decided to commence a new share buyback programme of £300m. This incorporates the distribution of the Coty up front sum. This is expected to be completed in full year '18, in addition to the remaining £50m of share repurchases to run relating to our previous announcement. The Board will keep our returns to shareholders under regular review.

So turning to full year '18, our guidance is detailed on this slide. For revenue our focus is retail and is on productivity, driven by traffic conversion and retention and no net contribution from new space is expected.

For wholesale we expect the first half to be down a mid-single digit percentage underlying, reflecting the potential disruption from the Beauty deal. The transition of Beauty from a wholesale business to a licence in the second half will drive a decline in half 2 wholesale. And we would also expect some ongoing brand activity in wholesale elevation.

In terms of Licensing revenue in the full year is expected to be up 20% underlying, driven by the increase in Beauty income in half 2.

So for profit, adjusted PBT will benefit from £50m of cumulative cost savings, this is £30m net of reinvestment. Adjusted EPS growth will improve ahead of PBT due to an expected 80 basis point improvement in our tax rate and the impact of the share repurchase programme. And cash generation is expected to remain strong and this will be deployed in line with our capital allocation framework.

Now we have as usual updated our foreign exchange guidance. And if exchange rates at the end of April prevail for the full year, we expect to see a negative impact on adjusted PBT of about £30m. This is an incremental £20m since we spoke in April, due to the strengthening of sterling over the past four weeks, with the benefit first half more than offset by the headwind in the second.

Finally I would like to update you on our plans to simplify our communication with the market. So for full year 2018 we will move our reporting of our business performance from six to four times a year. And to improve disclosure we will also consolidate consensus expectations for four key metrics and we'll publish these on our website ahead of each set of results.

And with that I'm very pleased to hand back to Christopher.

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Christopher Bailey, Chief Creative & Chief Executive Officer
Thank you very much Julie. It has now been just one year since we shared our ambitions for greater productivity and efficiency across our business and six months since we first talked in detail about our five areas of focus to deliver this over the coming years. So we wanted today to take the opportunity to reflect on some progress that we've made across each of these and why this reinforces our confidence in benefits that will build over the course of this multiyear programme.

Julie and I will split the presentation, I will start by covering Product Focus, Space Productivity and E-commerce Leadership, after which Julie will give the detail on Operational Excellence and I'll then come back to close on Inspired People.

But before we begin and to set the scene for what we'll be talking about we'd like to share just a short video that covers some of the highlights from our second half.

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Christopher Bailey, Chief Creative & Chief Executive Officer
So I'll turn first to Product Focus, which sits at the very heart of so much of what we plan to achieve through the revenue driving elements of our productivity and efficiency programme; from driving space productivity to realising our e-commerce ambitions.

We are making a lot of changes to what we're doing and how we're doing it in this area; from design, to production, to distribution, all in service of creating a simpler, more focused and more compelling offer for all of our customers.

I've talked before about how we're simplifying our offer through SKU reduction and the implementation of one label and we have delivered on our plans here. We have rolled out one label to all channels globally, greatly simplifying the customer experience and we met our targets of a 15 to 20%

assortment reduction at both markets last year and with further progress for our upcoming main market in the showroom downstairs, and I hope you all had a chance to go down there.

These reductions have supported the outperformance of fashion, by giving greater visibility to the newness in our collections, as well as to helping to drive a double digit improvement in depth per option and a mid-single digit increase in full price sell through for our Spring/Summer '17 collection.

So today I'd like to highlight a couple of things that we're doing to make the offer more focused and more compelling. The first is the more strategic approach that we're taking to our key categories. As a reminder this has involved identifying a handful of key product categories where we see the greatest potential for future outperformance and we will invest in accordingly over the coming years.

Where we have begun to implement this new approach we are seeing good early results, with bags, our initial priority category, up 16% in the year. This growth in bags has been driven by wide-ranging changes to what we create and how we work. For example, we've developed a much sharper focus on building our strongest key shapes into long term pillars, with the introduction of more novelty in colours and fabrications, driving continued growth in core styles.

In tandem we're introducing new styles with a focus on creating new bag pillars for the future. I do hope you will have seen the recent marketing for our new DK88 bag, examples of which are here around you in the room today. The name DK88 is named for the code of our gabardine fabric and constructed from a new leather inspired by its texture. With a standalone campaign, dedicated store windows and a supporting programme of customer events, this launch marks a real shift in how we think about and invest behind this category. And whilst it's clearly still early days we are delighted with the very strong results.

Finally, this progress in bags is being underpinned by changes to how we work. In addition to the introduction of end to end category management that we talked to you about last time, we're also bringing in new talent to our teams, commensurate with our ambitions in this area. And this has included the recent appointment of a new design lead for accessories who comes to us with an outstanding luxury pedigree.

With a pipeline of categories identified for the future we intend to replicate this success in bags in other areas over time; whether by increasing penetration and taking share in less established categories for our brand, or by innovating our core. With the recent success of our new lightweight tropical gabardine showing the potential here.

This more strategic approach to key categories goes hand in hand with what we're doing differently to drive newness and fashion. This is critical to brand momentum and brand energy and central to unlocking the significant opportunity we have to grow repeat business with our local customers. It will also be a major focus for me as I spend a greater proportion of my time on product once Marco is fully onboard. And I know we can do much, much more here.

Let me give you just a couple of examples of changes which helped drive the outperformance of fashion during the year. First, the strong response to our direct to consumer Runway shows. For our February show we saw great brand momentum, with a 50% increase in engagement on social media. We saw a 50% increase in visitors to our Makers House venue to 30,000 people over a seven day period. And editorial coverage of the collection almost doubled on an already very strong September.

And this was reflected in good commercial results, Runway Collection sales were up strongly for both seasons, including to new customers, reinforcing how important fashion is to attracting new consumers to our brand.

We will continue to explore, evolve and refine our ways of working around all of our shows and experiences in the months ahead.

The other area that I'd highlight as driving the strength of fashion is the much-extended selection of more commercial non-runway products that carries the show's themes into our wider collections and which arrive in store and online shortly after.

These products are presented alongside the Runway Collection itself and enable more customers to buy into the excitement of the show at a wider range of price points and styles, whilst injecting more newness into our overall assortments.

Sales of our Runway Collection and these commercial extensions were together up more than 25% in February versus September and we see further upside here.

To close on product, I'd like to turn just briefly to last month's announcement of our new partnership with Coty in Beauty, which is consistent with this more focused approach to managing all of our categories. In four years of direct operation we have made real progress in elevating our Beauty business, establishing a family of fragrance pillars that are performing strongly, and building our nascent make-up business.

Now, with this solid base in place it's the right time to leverage the scale and distribution of a great partner to take Beauty to the next level, whilst retaining creative control to ensure consistency with the wider Burberry brand. We are excited to be working with Coty and our plans are on track for the transition to this new structure in October.

Let's turn now to Productive Space, the second revenue focused pillar in the programme. As we've highlighted before one of the most significant opportunities for Burberry over the coming years is to drive sales per square foot closer to the level of our peers and we made good progress on driving core metrics in support of this during the year. With conversion increases in all key markets and improvements in retention globally, most notably from our highest spending customers where we saw high teens percentage growth in our business year on year.

This improvement has been supported by the implementation of new ways of working within our priority initiative retail experience.

I'd like to touch now on some specific examples of progress within this since we last updated you in November. Let's begin with service, where two key milestones over recent months were the introduction of our new service model, Client, and the rollout of a new global customer feedback tool based on Net Promoter Scores.

Our new Client model is ensuring all retail teams around the world are working to the same elevated luxury service standards and focusing on customers as clients with whom we're building an ongoing relationship. This is critical as we evolve our business to attract more local customers and balancing our historic emphasis on the travelling luxury consumer.

This evolution of our service model is being complemented by our new customer feedback tool, now live in almost 280 stores and online. This is already allowing us to be much more responsive in how we manage the experiences that our customers have in stores and on our website. And early results show NPS scores consistent with the best of our luxury peers.

The second area that I'd highlight within retail excellence is cultivation, where we have accelerated the expansion of our Customer Value Management programme and our Private Clients teams. This is enabling us to bring more customers closer to our brand and products through appointments, events and experiences with good results.

For example, we are now driving a much more significant proportion of our mainline revenues through appointments from minimal levels historically. And these appointment transaction values are twice as high as our overall average as customers respond positively to this much more tailored and personalised experience.

We're also developing a more immersive and innovative programme of events with a sharper product focus. Just a couple of weeks ago we launched our new DK88 personalisation concept in our New York Soho store and we are rolling this out to flagship locations globally. And our show finale cape exhibition is currently travelling the world with a great response from existing and new customers.

This richer, more personalised approach to cultivation drove a significant uplift in repeat business in the year; complementing the actions we're taking in product to tailor our offer more effectively to the local customer.

Finally under Productive Space I'd highlight the progress we're making with our omni-channel programme, which is a key area of focus for the future as we look to stay ahead of evolving customer shopping behaviours. Through this programme we have significantly increased the amount of product available to our online customers by enabling us to fulfil commerce orders from store stock. With online stock availability up 7% and significant improvements to digital conversion through the programme we are pleased with the early progress here.

As we move into 2017/'18, we are extending the scope of our productive space work beyond its initial emphasis on retail productivity, including to consider our wholesale business globally and how this can best support the achievement of our overall aims in respect of future growth.

Let me conclude with E-commerce Leadership, the last of our key drivers of revenue growth. As Julie mentioned earlier we were pleased that digital once again outperformed last year as we sharpened our focus on converting digital awareness to e-commerce sales. This performance was underpinned by a comprehensive programme of improvements, initiatives and innovations, covering all aspects of the digital customer experience and designed to ensure that Burberry continues to lead the sector in this critical space.

As with our other revenue driving strategies E-commerce Leadership includes near term elements and longer term investments that will yield benefits over time. Again, I'll just highlight a couple of examples with a focus on the second half of the year.

The relaunch of our mobile app was a key milestone, following the desktop improvements that I talked to you about last time, with its much richer experience and improved functionality the mobile site now accounts for nearly two thirds of our digital traffic. And building Burberry.com remains a key focus for the future with conversion improving across both mobile and desktop and a pipeline of improvements to both sites in work.

The second example I'd highlight under E-commerce is continued innovation in our third party relationships online. We see this as a significant opportunity to drive not only sales but also brand perception with a wider audience. Recent collaborations with Harrods here in the UK, Barneys in the US and Shinsegae in Korea are just three examples of the best in class relationships that we're developing with retailers online.

And we're also continuing to innovate with leaders in the digital space, from experimenting with the early stages of artificial intelligence with Facebook and Kakao, to creating augmented reality experiences with LINE in Japan and testing the waters of social commerce with WeChat. These kinds of partnerships form an important part of our future e-commerce ambitions.

Finally, we have recently concluded the initial pilot of our new Burberry app, which we will be rolling out globally over the coming months. We look forward to this becoming a core part of our digital universe as customers continue to move fluidly between the on and the offline worlds, expecting seamless and personalised experiences.

With that we'll turn from revenue and productivity drivers to efficiencies and ways of working. And I'll hand over in just a second to Julie who will cover some of the key areas that we have worked on over the past 12 months and where we have made real strides forward.

This progress is in part demonstrated by the significant cost savings that we have realised in 2017 and our plan to accelerate these much further over the next two years. But we're also feeling the benefits in how we're working, with greater simplicity and consistency in our processes and a more efficient mindset.

Our proposed establishment of Burberry Business Services, the new shared service centre that we intend to open in Leeds later this year, is perhaps the most significant example of how we're making this a reality for the future. These changes can sometimes be challenging, but they are undoubtedly the right things to do as we continue to evolve and grow. And I am incredibly proud of how our organisation has started to work differently and to build for the future. And with that over to you Julie.

Julie Brown, Chief Operating & Financial Officer
Thank you Christopher. So to start I thought it would be useful to remind you of our operating expense split as shown here. We have £1.5bn of operating expenses, comprising one third employee costs, one third property related charges and one third marketing other. Our targeted cost savings of at least £100m by full year '19 are about 10% of our opex cost base, excluding property and depreciation.

Given this, in addition to our operating model and ways of working we've identified four major areas of opportunity to improve our efficiency and these are Process simplification, Procurement, Inventory management and Information technology and I'll run through a few examples for each.

So firstly process simplification, earlier this month we announced that we're proposing to open a new office, Burberry Business Services in Leeds in October as Christopher mentioned. This brings together shared service teams from procurement, finance and HR, in addition to some customer service and IT roles. In total we're anticipating 300 roles will move from London, all subject to employee consultation. This will foster teamwork across functions and facilitate end-to-end process. And importantly, it will also generate significant savings by reducing our office space requirements in London.

Second, procure effectively; Burberry has annual indirect procurement spend in excess of £600m. And we're now taking a global approach to this with a focus on six key categories of spend. One example is the re-tender of our global communications contract, with significant savings generated through a new supplier, together with an enhanced service for customers and employees in stores and offices globally.

The second example is the move to Ariba guided buying, a digital catalogue based procurement system. And just a few examples of the efficiency gains in the pilot are a 50% reduction in the number of steps to raise a purchase order, a 65% reduction in the time taken to approve an order, and 100% increase in the number of invoices processed without manual intervention.

And thirdly I’ll move onto inventory management. Inventory is our largest sum of capital invested in the business and so any opportunity here to improve it is significant. From this summer we’ll be rolling out a new phase of our omni-channel journey and the solution will allow an online order to be fulfilled either directly from the store or our distribution centres to better serve our customers in 44 countries. It will enable same day delivery in key cities globally and we’ll also offer instant Collect in Store in over 200 stores. This will improve stock utilisation, our service to customers, reducing delivery times.

The fourth area we’re improving is information and technology. So our core technology platforms are between 5 and 15 years old and through the years these platforms have been adapted to support high demands and changes within the business resulting in a high degree of complexity and bespoke development. Over the next two years we'll move to a single SAP platform with a combined solution for both retail and wholesale, taking full advantage of operating in the Hana Enterprise Cloud, supporting enhanced and more responsive decision making throughout the business.

We've also launched a new Product Lifecycle Management tool to enable more timely development of products and enhance vendor and supplier collaboration. And we're developing a new digital tool for sales associates and for customer insight.

So this slide shows the major triggers for the delivery of the cost savings building from the £20m this year as Christopher mentioned, to the annualised £100m by full year 2019. The operating model and the procurement benefits run throughout but the step change coming from Burberry Business Services, and the efficiencies from omni-channel and IT platform, really start to deliver at the end of '18 and into 2019.

Now finally we've established a Transformation Management Office with milestone tracking for each of the major programmes underway. A new tool links individual milestones with accountable owners and monetary benefits delivery, and this slide shows how we're measuring the success of this programme.

For product focus it's all about maximising our full price sell through in our mainline stores. To measure productive space and e-commerce leadership we track the key levers of the retail equation and also our customer experience via Net Promoter Scores. The key metrics for operational excellence will be margin, inventory turn and the savings we've delivered. And for inspired people it's all about simplifying our operating model and ensuring we have the right capabilities to deliver our plans. Ultimately the five key strategic pillars are all designed to deliver revenue and profit growth and improve return on invested capital.

And with that, I'm pleased to hand you back to Christopher.

Christopher Bailey, Chief Creative & Chief Executive Officer
Me again. Thank you Julie. So to close this morning's presentations I wanted to give some insight into our fifth and final pillar, inspired people. As we've said before we know the most critical enabler of all of our strategies for the future is our people, the human partners of the systems and the processes you just heard about under operational excellence. In practical terms this means creating an organisation that is the right shape and the right size to deliver, having the right capabilities in the right places and ensuring our teams are inspired and motivated.

Let me touch on a couple of areas of recent progress here. Firstly we're concluding work on the evolution of our operating model to allow us to drive greater global consistency and at the same time as better meeting the needs of our local customers. This is a central focus for us and we now have plans in place to support it through how we design our organisation for the future, with changes already underway.

Alongside this evolution of our structure we're also simplifying our ways of working which had become highly complex during a period of rapid growth. What this means in practice is that we have looked at the key processes in every part of our business and identified ways in which we can do them more efficiently and with clearer ownership and accountability. This is also allowing people to focus their time where they add the most value and we're already seeing real benefits across our organisation.

The second area that I'd highlight under inspired people is how we've amplified our focus on culture during the year. Critical as we manage the business through a period of significant change. This is centred on an enhanced employee engagement programme, designed to strengthen our Burberry values of protect, explore and inspire, together with the pioneering spirit that defines us. And we have further reinforced this engagement programme with an increased emphasis on fostering talent at all levels. With highlights including the graduation of our first cohort of Burberry apprentices and enhanced training and development opportunities across the company.

Finally under inspired people, I'd like to touch on the increased focus that we're putting on Burberry's commitment to the places and communities where our people live and work. This is a fundamental part of our culture and our focus on this area in recent years has seen us make a real impact. From being named as a textiles apparel and luxury goods industry leader in the Dow Jones Sustainability Index for the very first time, to the difference that we've made to the lives of thousands of disadvantaged young people around the world through the work of the Burberry Foundation. We are proud of these achievements and we have the appetite to do much more in the coming years ahead.

With this in mind we have recently finalised plans to bring together our sustainability work, philanthropic giving and volunteering under a new and more ambitious responsibility strategy. This is designed to address the most material, social and environmental challenges in and around our operational footprint. It will focus on three areas, positively impacting the communities that sustain our industry, creating positive change through all of our products and achieving carbon neutrality and revaluing waste. Each will have a set of challenging public facing goals and a flagship programme to be delivered hand in hand with expert partners. We look forward to announcing the details later on this year.

I hope over the past 40 minutes or so we've been able to give you a sense of the momentum and changes within our business as we begin to realise the significant opportunities ahead of us and why the progress we are making gives us real confidence for the road ahead.

This will be the last time I address you in this forum in the role of CEO. So while I look forward to seeing many of you in other fora in the months and the years to come it felt right to end today with some personal reflections on the nature of what lies ahead for Burberry based on my own experience with this remarkable brand.

When I joined Burberry 16 years ago the company was unrecognisable compared to where we are today. We were a licensed heritage brand, not a fashion company. We weren't in the luxury sector; we simply were not part of that conversation. Of course there was already something extraordinary and unique about Burberry that had to do with Britishness and tradition and a garment in the form of the trench coat that had threaded itself through the history of this country. But we didn't have anything to say to a younger generation who were excited by fashion and who were interested in Britishness, not because of our history but because of the modernity of our culture, the vibrancy and the excitement of our artists and our music and our design.

Over the last 16 years or so we have transformed ourselves. We have become a fashion company. Global in our reach, synonymous with British luxury and talking to a new generation of consumers in a language they understand.

Of course a transformation like this is not without its complexities and like many companies that grow fast we did so in a sometimes unwieldy way. As well as there being things we did better than our peers, there were also things we did less well. But looking back just for a moment we are really proud of the distance that we have travelled. We have achieved what we have by staying true to our history but never, ever standing still. And in that same spirit I know that in order to continue that progress we need to continue to take nothing for granted.

This is what we've been doing over the past year as we have begun to evolve our business for its next phase of growth. And it is what we will continue to do in the years to come as we challenge ourselves to be the best that we can be, unafraid of change but true to our history and our heritage, bold in our ambitions, responsible as an organisation and driven always by British creativity and design. And it's for that reason that I stand here today in a spirit of huge optimism. The job of reshaping Burberry for the next generation is not done but it has begun. And I can say to you in absolute confidence that Burberry will go on to still greater things in the years ahead.

In many ways I see one of the highlights of my term as CEO as the recruitment of Marco Gobbetti with his exceptional record in this industry, to be a true partner for me in this next phase and a great leader for this company.

For me personally it will enable me to redouble my focus on design and on making products and telling stories that inspire our customers around the world. Because that is the essence of who we are and what we do as a company and my own passion for making Burberry the most compelling brand, selling the most finely crafted products in the most innovative ways has never, ever been stronger.

I should just finish by extending my thanks to our shareholders and also to our Chairman and our Board who have been unstintingly supportive of me when I took on the role of CEO, when I decided to pass the baton on and at all points in between. And with that we would be very happy to take your questions.

Can we ask that we limit it to two questions per person so that we can get round the room? I know we have limited time with everyone today.

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Questions and Answers

John Guy, MainFirst
So two questions please then. Maybe just on cost savings and the opportunities. You've provided us with quite a lot of information which is great but could you maybe simplify it a little bit and just say will the opex as a percentage of sales finally go below 50% on a sustainable basis? And I think you're still trending well above peers and I appreciate you have more fashion and ready to wear element relative to other players, but still if you could maybe look at your opportunities and say from one to five how inefficient do you think you really are today? One being very inefficient, five being very efficient. Maybe you could scale it for us.

And then on retail productivity. Sales per square metre I guess in euros and I appreciate adjusting for the FX impact you're probably still 15% to 20% below peers. So you've talked about focusing on product, personalisation has been a big driver but could you give us a little bit more about how you feel you can still bridge that gap? Thanks.

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Julie Brown, Chief Operating & Financial Officer
So I'll take the cost saving one and then I think Christopher is going to take the retail productivity one.

In terms of the cost saving as you mentioned we have got a difference with some of the peers in that we're still an apparel company and some of the peers have got a stronger leather and handbag, accessory presence. Having said that one of the reasons we've put the programme in place to drive out £100m of savings is to address this issue and move towards closing that gap.

So in terms of operating expenses we've got an underlying increase in operating expenses, if you might call inflation related increase, which is a low-single digit number, but offsetting that we are working extremely hard to keep that under very good control and deliver the cost savings that we've promised and committed to you £50m cumulatively by the end of this year. And more than probably at least £100m by the end of 2019 on an annualised basis.

The levers to deliver that are really clear to us. We've got a very firm plan now underpinning those what were quite high level numbers. So it's being driven by procurement, by the operating model, also by improving IT technology and there are a number of key - and Burberry Business Services is a big change that we're going to bring about which gives us labour arbitrage plus office space being freed up. So I think net-net what we expect to see overall at constant exchange rates and assuming the revenue delivers we will see an improvement in our margin and that's what we expect to see.

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Christopher Bailey, Chief Creative & Chief Executive Officer
So John in terms of retail productivity I think we outlined a couple of things today. But it's really a multifaceted programme that we have got. We've got a big focus on retaining existing customers and a big programme of work for that retention. That obviously includes the Burberry Private Clients team that we have built extensively over the past 12 months and we've seen a great uplift since we've put that focus. We have done a lot of investment into training of our sales associates, all with the intention of increasing conversion, and of course footfall that comes both with that training, with product and with brand energy and brand heat.

We've also got a big programme of work underway all around product. We have changed the teams considerably in terms of how we're organised as a company to make sure that the newness and the fashion really gets a proper display in the right way in our stores. We had become a little over heavy in the way of our continuity, was front and centre, and we're swapping that round. We've seen some fantastic results over the year since we've been putting that programme in place. And then we've talked about these categories that we've described, bags being the first one where we're doing a 360 category management of those areas, and again in bags over the year we saw a plus 16 increase. So it's really a multifaceted programme. It includes product, it includes people and of course a lot of retail initiatives under our retail excellence banner.

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Luca Solca, Exane BNP Paribas
Your productivity and efficiency plan is very interesting and fascinating but there's one point that I don't understand. In a quarter where some of your peers are producing very strong organic growth, Gucci in the high 40s or Vuitton in the teens, isn't there also an issue of effectiveness? And if you agree with that what are you planning to do to address this in the coming quarters and why do you think that this is there in the first place? Thank you.

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Christopher Bailey, Chief Creative & Chief Executive Officer
So Luca we can't talk about our peers in this forum. What I will say that we're very happy with where we are based on what we talked about 12 months ago. Where we are as a company, we have been doing a lot of reshaping of our organisation, preparing for future growth.

We are reshaping the business in our wholesale channel. We've had a very, very strong wholesale business. One of the reasons we went from three labels to one label was as we switched our business from a wholesale model to a retail model we have also been controlling a lot of the distribution of that wholesale channel that had become very discounted. So we've been coming out of a lot of those channels as well.

We have also changed the shape of our business with the Coty deal that we announced just a couple of months ago.

In terms of revenue we have talked about the emphasis and also the success of our conversion, our retention, the success that we've had and the outperformance that we've had in bags and in fashion. We have also described the efficiency cost programme that we are on track to deliver this year as well as the £20m that we did last year and committed to £100m by full year 2019.

We are also transitioning a significant transition, management transition, not just Marco and Julie that we talked about but it goes further, deeper into our organisation. So we are where we had planned to be, we are setting ourselves up for growth and clearly much more opportunity ahead of us.

Luca Solca, Exane BNP Paribas
Do you expect all of that to maintain your market share as a consequence?

Christopher Bailey, Chief Creative & Chief Executive Officer
We expect to grow our market share.

Thomas Chauvet, Citigroup
I have two questions. The first one for Christopher, you mentioned Burberry's maybe a unique brand because of its heritage in some categories, its Britishness, quite unique in the industry. Your iconic categories, scarves and trench coats which is probably about 30% of your business if I'm not mistaken, have been pretty weak over the last year. Could you give us firstly the retail like for like of scarves and trench in FY'17?

And two give us maybe an honest view as you're going to refocus on product following Marco Gobbetti's joining, give us your honest assessment of what's going wrong? If I look at Vuitton's core business or category or Hermés Birkin and Kelly, or Moncler's down jacket these brands have accelerated strongly in recent quarters on their iconic product but you seem to have had lots of weakness in the last few quarters. Is it a problem of competitive environment in those categories where you see more player price positioning, problem of distribution, you alluded a bit to it, communication? And can you fix that, are you confident for FY'18?

And secondly on your slide about the capital allocation framework the third point is you want to focus on strategic investments that are infrequent in nature but potentially significant. Does this include potentially the acquisition of other luxury brands as we are seeing a pickup in M&A activity, consolidation in the space in recent months as I'm sure you've been aware? Thank you.

Christopher Bailey, Chief Creative & Chief Executive Officer
Thanks Thomas. I'll just talk about product. We still clearly have a lot more to do as we transition from three labels to one label. I can't - I don't want anybody to underestimate the challenge of going from three labels to one label, that is a big transformation.

We have also, as we've talked about, reduced our SKU count by up to 15% to 20% each market that we've had throughout last year. This is all in aid of having a stronger presence of newness, fashion and innovation which, as we were just talking about with John, is something that has perhaps not been as clear in our stores. It's been there but perhaps our customers haven't seen it. We've had a lot of complexity because of the scale of the three labels, and just simplifying that down into one has enabled us to not only innovate more, put more marketing spend, more storytelling around each product, but it allows us also to innovate each product going forward. So we have a lot to do but we've also done a lot over this foundational year.

Julie Brown, Chief Operating & Financial Officer
Yeah I think it's also worth adding to Christopher's comment that in terms of our performance what we found is that the fashion component of our business, when we look at fashion versus replen, the fashion component of our business is performing very, very strongly. So the newness and the innovation side of the business is where [audio jumps] will spend most of his time I think it's really very powerful.

You mention about scarves and trench, we don't provide that split as you know, we only do it by product category, retail and wholesale together. But what we can say is that we've seen a significant improvement through the tropical gabardine in the trench so that's really been very, very strong particularly in Asia. So the lighter weight gabardine has gone down extremely well. And scarves have been a bit more challenging for us because we annualised against the Scarf Bar in the previous period which was a big success in the previous year, so you've got that comparative issue there.

Christopher Bailey, Chief Creative & Chief Executive Officer
I think also Tom just to add to that, I hope that you are able to see in the market downstairs there is a huge pipeline of newness in our core categories like scarves and like coats, outerwear trench coats. And whilst we were a little softer in the year, particularly when you compare the outperformance of the fashion that we had in the collections and the bags, it's certainly not something that we're overly concerned about because of everything that we have coming through. And Julie just mentioned tropical gabardine which we've had a great success with since we launched.

Julie Brown, Chief Operating & Financial Officer
And then just in terms of capital allocation, what we wanted to do is lay out a framework that would stay with us for many, many, many years and really give investors and yourselves in this room the ability to see how we think about using the cash and how we prioritise the use of our cash. And so the third one that you referred to, clearly I can't comment on anything going forward in that because it would be very stock market sensitive but historically it would be the type of things we've done regarding buying out the non-controlling interest in China, the Burberry Middle East would be an example of that. Actually the proceeds from Coty are an example of that going in the other direction, it's cash inflowing. So what we wanted to do was just give you an insight into how we think about it.

We've got a clear statement about the leverage. We want to maintain solid investment grade credit metrics which by that we mean about half to one times net debt to EBITDA. And then on the top you can see number one organic growth, number two dividend, number three would be possibly M&A or the type of deal we've done with Coty where we've got proceeds coming in, and then number four we will distribute the cash to our shareholders via either buybacks or dividends. So it's trying to give you an insight into the way we think about it.

Warwick Okines, Deutsche Bank
I've got two questions. Firstly on capex are you investing enough? In the last two years you've had capex below depreciation and also you're about £70m cumulatively below what the beginning of each year was guided to and the step up to next year is still broadly in line with depreciation. That's my first question.

And secondly on wholesale, I appreciate you can't guide for the second half in wholesale but thinking about the second half ex Beauty could you just talk about what requirements you have for further clean-up in your business because it's quite hard to get a feeling of how much more there is to go in that respect?

Julie Brown, Chief Operating & Financial Officer
So first of all on capital expenditure I think in terms of the low capital expenditure this year at 104 we do see it as phasing. We've obviously had a change in our IT leader and IT tends to be a big component within the capital expenditure programme. We've had a change in our IT leader, we're just

got a new leader Mark McClennon come from Unilever and we've been therefore revising and looking at the IT strategy.

As far as the stores are concerned we deliberately - obviously we've got a new CEO coming in, Marco, with a great deal of experience in this area so in terms of some of the store refurbishments we decided to get Marco's view around that together with Christopher's so hence there's been I think just a change in the phasing.

I would expect us to be spending in the order of £140m in full year '18 and we've got a clear capital budget relating to that with clear plans relating to that, split between IT projects, store refurbishments etc. So that's a clear plan.

In terms of the wholesale picture we do see that in the second half that we will continue to do work in wholesale. As you've seen from our results this year and the year before we've been - our goal is to ensure that the positioning of the Burberry brand in wholesale is similar to the retail presence. So we've worked hard to build the right image for Burberry in the retail sector where we can control how it appears. But in the wholesale and in particular in the US as you know with a very, very high discounting environment we don't feel it necessarily positions the brand in the right way. So those of you that I spoke to in the trading update, you saw that we deliberately curtailed our markdown in the fourth quarter in the US, not necessarily to follow the department stores, and we've deliberately withdrawn from some of the promotional activities that takes place in department stores.

I think if that challenging situation continues in the US market I think we will probably continue to do some work in the second half relating to that. But at this stage clearly we know the order book for the first half wholesale, we don't know the order book for the second half wholesale so I think you're used to us not guiding specifically on that at this point in time.

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Christopher Bailey, Chief Creative & Chief Executive Officer
I'll just add as well if I may on wholesale, wholesale remains a really important channel. We just know that we have got some discrepancies with our positioning in different parts of the world. We know that we have much work to do in the US. There are a lot of discounting channels in the US wholesale but we have very strong relationships with our partners in the US and we're working together to strategically make sure that we have a global view of our positioning. So I just want to make sure that everybody understands in this room wholesale remains a very important part of our distribution.

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Mario Ortelli, Sanford Bernstein
The first question is about fashion. You mention many times in your speech Christopher the term fashion and we are seeing that the luxury customers are more inclined to find innovation and fashion. Brands are reacting in a different way. A brand like Gucci became a clear fashion advocate at the moment using some heritage element over the past in its offer. A brand like Vuitton remain an heritage brand and is increasing in innovation. What do you have in mind for Burberry and will Burberry become a fashion brand a la Gucci or will move more in the road of Vuitton, or you will find a third way?

The second question is about pricing. What was the impact of pricing on the full year '16 result? And in your budget for the fiscal year '17 what do you think will be the contribution of pricing? Thank you.

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Christopher Bailey, Chief Creative & Chief Executive Officer
So we can't really compare ourselves to a Gucci and Louis Vuitton. I know right now Gucci is having its moment and therefore that's a comparison. Burberry was born from a trench coat. We were born from ready to wear. We have a very strong history. We will build on that heritage but we've also

always had this very pioneering spirit, this spirit of innovation. It's why we have always used digital as a platform to communicate to our customers. The British references that we use and I mention it a little bit in terms of design, in terms of art, in terms of film, that will always remain the backbone, but our heritage and our history and the story that we've had for over 160 years will always be the foundation from which we build.

So we don't see it as about being either a fashion company or a heritage company, I think that's what Britishness is about. This mix of something that is very traditional, very conservative, very historic with something that is very innovative, very pioneering, with a touch of eccentricity. And that is what defines Burberry as a brand both in terms of its product, but also touches everything from the way that we communicate to customers, our service, our training and indeed the culture within the company.

Donald do you want to touch on global pricing?

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Donald Kohler, President, Americas
So Mario as we've talked about in the past, you know we manage our prices on an ongoing basis managing between brand positioning as well as foreign exchange. We wouldn't disclose what benefit we're seeing either way but what I can tell you is that the price changes that we have enacted this year, price increases in the UK, price decreases in Asia, we've been very satisfied with the result that we've seen.

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Mario Ortelli, Sanford Bernstein
What about at '17 for pricing? What do you have in your current budget for price increases? What will be your contribution?

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Julie Brown, Chief Operating & Financial Officer
Just to note if we're looking at the overall figures we would expect it to be very minimal in terms of budgeting. We measure AUR so it includes an element of mix going on obviously rather than just like for like. But it's been very consistent overall. As Donald said we've had differences by region but overall it's been fairly consistent, you know fairly flat in '16, full year '16, '17 a slight increase and broadly we wouldn't expect a big increase in '18.

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Helen Brand, UBS
Hi good morning. Whilst we've got you Donald I was just wondering if you could give us your insights into what's going on in the US at the moment? A lot of commentary around the structural decline of retail. Are you happy with the Burberry store estate in terms of the retail stores? And how much further over the medium term is there to cut in wholesale in terms of locations?

And then secondly maybe one for you Julie. We focused a lot on retail/wholesale EBIT margin, but as we've seen retail is now a huge part of the business. Do you have any insights into what the retail EBIT margin is? And what do you think the opportunity is for that part of the distribution channel?

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Donald Kohler, President, Americas
So I'll take on the Americas. So I think it's widely reported that probably the largest issue across the Americas is traffic and that's not anyone in particular, it's across the entire industry and it's whether it's mono brand stores or in department stores we know that traffic is the biggest issue.

As far as our portfolio we feel quite comfortable with where we are distributed today from a retail perspective. On an ongoing basis we evaluate each term as it comes up to determine whether we're going to remodel and stay, whether we're going to stay in place without a remodel or whether we would close that location. And those are taken on a one for one basis, again tied back into our broader strategy around retail and wholesale.

On wholesale I think we've been quite open about the fact that we believe that our distribution is wider than our peer group and that that's something that we would want to continue to address. But as Christopher rightfully said there is no question whatsoever that wholesale is a critical part of our business in the Americas, it's fundamental to the model. And so we've been working very closely with all of our partners in developing strategies by location. So we feel quite good about them.

Helen Brand, UBS
And just to follow up, since the move to one brand are you having better conversations with the department stores do you think?

Donald Kohler, President, Americas
Great question. You know our perspective if I'm honest with you early on there was a lot of questions, what does this mean for us, because you know our distribution was not only in a single store but then we had multiple floor locations depending on the brand. And while it was a difficult early conversation all of our partners now are absolutely aligned with us, they have understood the vision that Christopher had in transitioning us to one label and are actually seeing the results from it.

Christopher Bailey, Chief Creative & Chief Executive Officer
I think actually a great example that Donald shared with me the other day is we - for example Saks Fifth Avenue where we had three spaces within Saks Fifth Avenue, we are now more productive in one space. So I think that again - they're just examples of why it's really important to have a brand presence in the store that is concentrated as one brand rather than these multiple labels.

So we've got time for one more.

Julie Brown, Chief Operating & Financial Officer
There was a second question on margin shall I -

Christopher Bailey, Chief Creative & Chief Executive Officer
Sorry.

Julie Brown, Chief Operating & Financial Officer
She stuck to her two questions.

Laughter

I'll just answer the margin one and then we'll move on quickly. So in terms of retail/wholesale we're at 15.9%. I would draw attention as well to the Group margin which is 16.6% so we get the uplift from the licensing. So the Group margin is actually more favourable.

We don't split out retail and wholesale and you probably wouldn't expect me to at this stage because we manage the businesses alongside each other anyway so we couldn't split it out completely because we've got shared costs. But we do expect to see an improvement in the retail margin over time as we improve store productivity and that's really the main driver overall of driving improvement in our retail margins.

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Louise Singlehurst, Morgan Stanley
So two questions from me please. In terms of the capital allocation there's clearly a much stronger message that's coming across from you today. Just to confirm the 0.5 to 1 times is the annual target going forward and if so doesn't that seem a little bit conservative if we think about the messaging about no space expansion so ultimately lower capex and less lumpy spend, no Beauty etc.?

And then secondly a question for Julie. You are just five months in; you've clearly had a busy start to the period at Burberry. You talked about taking a fresh look at the business. When you look at the cyclical industry I mean do you think Burberry is now in the position with all the cost action that's being taken to deliver much less volatility in earnings going forward barring FX of course? Thank you.

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Julie Brown, Chief Operating & Financial Officer
Okay so capital allocation was the first one and then earnings. I think in terms of capital allocation and the conservatism we have been deliberately somewhat conservative with the leverage ratio. We've obviously looked at the peers as well. And quite a number will run with relatively low leverage levels.

For Burberry at this point in its transition 0.5 to 1 feels right. Number of factors behind that. One is we've always got the currency exposure. You've seen the impact of currency on our business this year, and clearly as the new CFO I'm going to be relatively conservative about that just because of the volatility that we've seen in exchange rates. So that is an exposure to Burberry going forward and therefore we've been conservative about that.

The second thing obviously we've got a new CEO coming in and he will take his position in July. And we didn't want to prejudge anything relating to that so we want to fully involve Marco in capital allocation decisions and our framework.

The next area really is about the volatility of the earnings. I think what we are doing is we are laying out clearly our kind of recipe if you like for value creation. We're very focused on driving top line benefits and we've got three pillars that are all geared towards doing that as Christopher spoke about. And what we're also doing is controlling the costs, putting a great deal of discipline around the cost and also delivering the cost savings that we've committed to the market and putting very rigorous plans behind doing that, including taking some very bold decisions. I mean the decision we've taken recently to announce Burberry Business Services which is now going through consultation will affect 300 roles in Burberry and Beauty is affecting around 100 roles. So these are the biggest change programmes we've ever embarked on as an organisation. So you'll see us delivering through a lot of determination to deliver that earnings enhancement.

And then the next level of leverage obviously comes through the interest charge and the tax rate and you've seen we're making some improvements in that. So we're looking to give earnings growth to our shareholders but obviously protecting the brand is the number one priority.

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Christopher Bailey, Chief Creative & Chief Executive Officer
So thank you very much indeed everybody for joining us today. I hope we gave you a -

Sir John Peace, Chairman
Christopher you know just before we wind up can I just as Chairman I'd like to just pay a tribute and say a big thank you to Christopher. Today it is his last results presentation as Chief Executive. He's going to really miss you guys a lot; I want you to know that.

Laughter

But what I want you to know is just to echo first of all what Christopher was saying about the business going through a lot of change, going through a transition, and Christopher has led that process particularly in the last year, a time of great change and some very tough decisions that have been had to be taken, the right decisions taken with great integrity, very selfless decisions because he thought it was in the interests of the company and in the people. And for that Christopher a huge thank you to you. Thank you.

Applause

Christopher Bailey, Chief Creative & Chief Executive Officer
Thank you.

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