

**BURBERRY**

# BURBERRY IN A SNAPSHOT

**BRITISH LUXURY BRAND**

- Authentic British heritage
- Made in England
- Founded in 1856 by Thomas Burberry



**OVER 10,000 EMPLOYEES WORLDWIDE**




**FTSE 100 MEMBER**

- Ordinary shares traded in London
- ADR programme



**SUSTAINABILITY AGENDA**

- Dow Jones sustainability Index member
- Principal Partner Living wage foundation
- Five year responsibility agenda

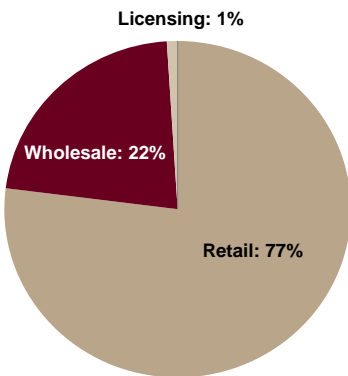


**FY 2017**

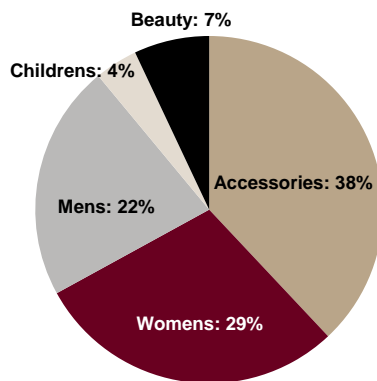
- £2.8bn revenues
- £462m adj. PBT



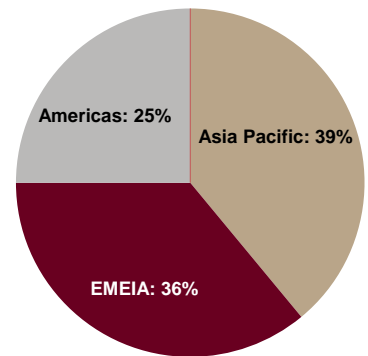
**GROUP REVENUE BY CHANNEL**



**RETAIL/WHOLESALE REVENUE BY PRODUCT**

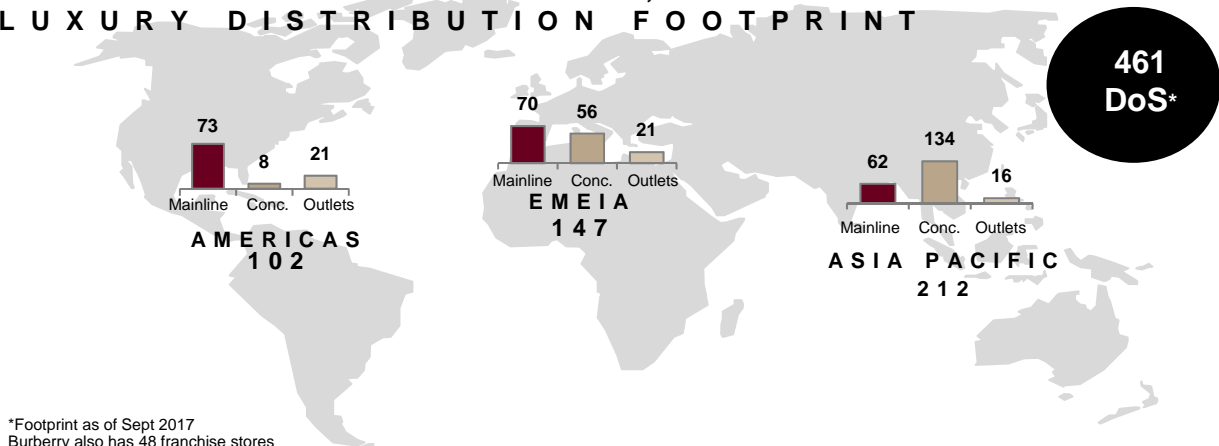


**BY REGION**



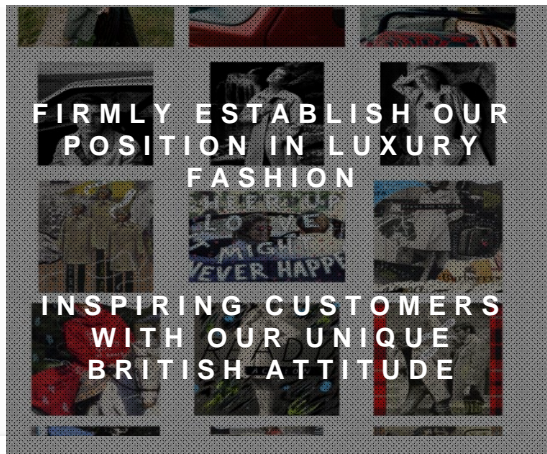
Group FY 2017 revenue: £2,766m

## WE HAVE AN EXTENSIVE, LUXURY DISTRIBUTION FOOTPRINT

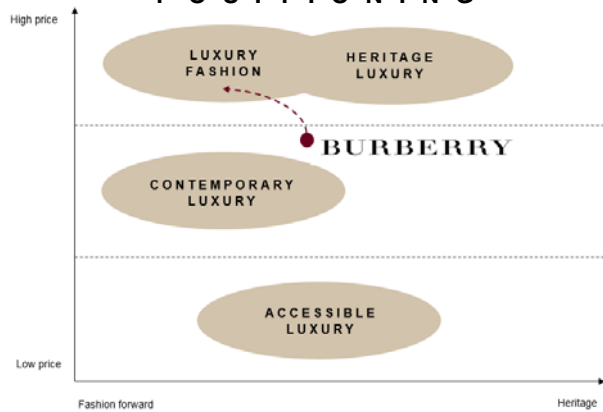


\*Footprint as of Sept 2017  
Burberry also has 48 franchise stores  
Note: Asia Pacific concessions include some mall stores

# OUR VISION



## SHARPENING OUR BRAND POSITIONING



## REVENUE DRIVERS TO REIGNITE THE BRAND



### Luxury fashion house

- Increase fashion content
- Transform leather goods
- Continuous engagement
- Wardrobe the customer
- Rebalance price architecture



### Luxury network

- Store refresh, then new store concept
- Transform in-store customer service experience
- Upgrade and reduce non-luxury PoS
- Grow image-driving wholesale



### Lead digital innovation

- Editorialised website and meaningful social content
- Omnichannel experience
- Strengthen third party partnerships



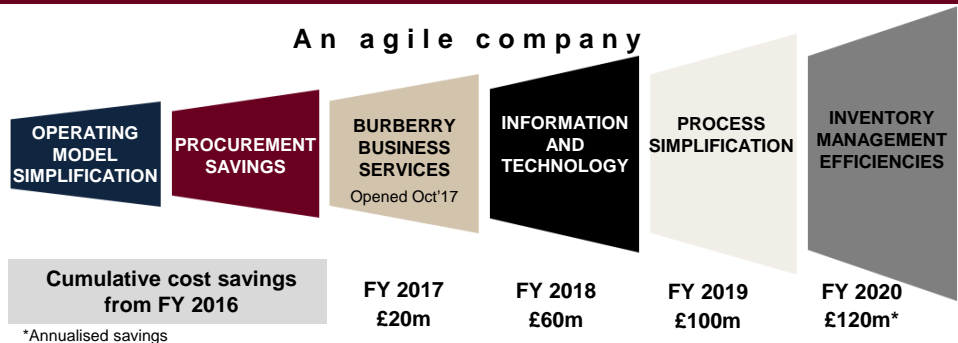
### Inspire luxury consumers

- Product at the heart of communications
- Focus on experiences and collaborations

## STRATEGY ENABLERS



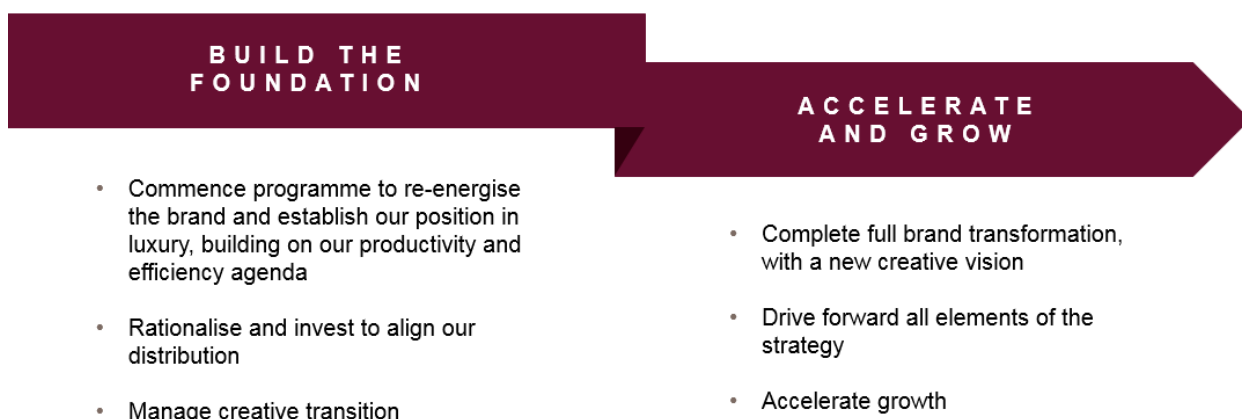
### An agile company



### Highly engaged global team

- Increase employee engagement
- Promoting a creative culture
- Strengthen skills and capabilities
- Positively impacting community and environment
- Simplifying ways of working

## A TWO PHASED JOURNEY



## OUR FINANCIAL PLAN

	FY 2019 & 2020	AMBITION
<b>R E V E N U E</b>	<ul style="list-style-type: none"> <li>• Sales broadly stable year-on-year</li> <li>• Rationalise non-luxury distribution</li> </ul>	<ul style="list-style-type: none"> <li>• High-single digit top-line growth</li> </ul>
<b>O P E R A T I N G M A R G I N</b>	<ul style="list-style-type: none"> <li>• Adjusted operating margin broadly stable YoY, even during period of investment in the brand</li> <li>• £120m annualised cost savings by FY 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Meaningful operating margin expansion</li> </ul>
<b>C A S H</b>	<ul style="list-style-type: none"> <li>• Capex of £150-£160m</li> </ul> <p style="text-align: center;">Strong free cash conversion and application of capital allocation framework including progressive dividend and shareholder distributions</p>	<ul style="list-style-type: none"> <li>• Capex builds to £190m-£210m</li> </ul>

## OUR CAPITAL ALLOCATION FRAMEWORK



**MAINTAIN STRONG BALANCE SHEET WITH SOLID INVESTMENT GRADE CREDIT METRICS**

# FINANCIAL REVIEW

## Q3 SALES PERFORMANCE

Retail sales £719M, +1% underlying with comp +2%

### Asia Pacific: mid-single digit percentage growth

- Mainland China also up mid-single digit growth

### EMEA: low single digit percentage decline

- Impacted by strong UK comparatives

### Americas: low single digit percentage growth

- US revenue broadly flat

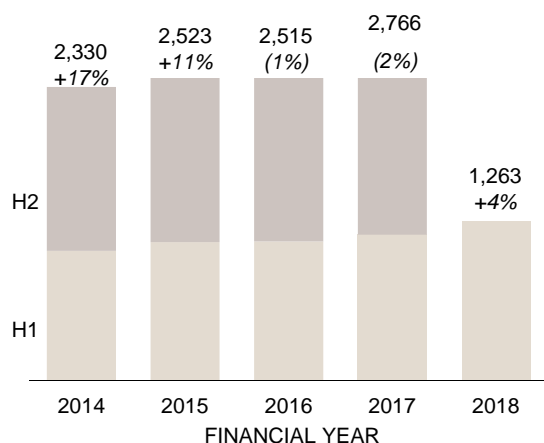
## OPERATIONAL PROGRESS

- Fashion outperformed
- Preparing for new leather goods offer
- Positive results from expanded outfit offer
- Creative partnerships
- Piloted new in-store sales associate tool
- Commenced engagement with wholesale partners
- Exclusive capsule for NET-A-PORTER
- Burberry Business Services recruitment
- Launched global employee engagement programme

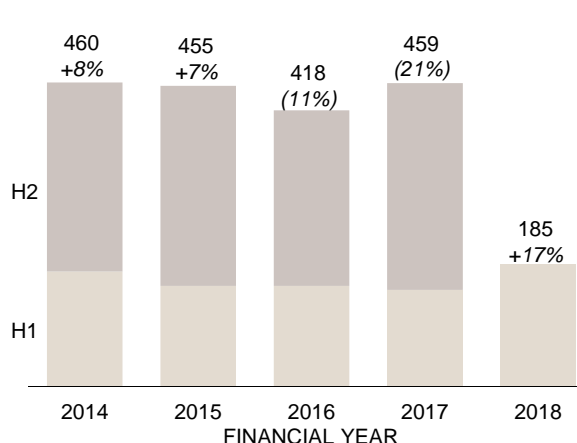
## H1 2018 FINANCIAL HIGHLIGHTS

Six months to 30 September	2017 £m	2016 £m	Change	
			Reported FX	Underlying
Revenue	1,263	1,159	9%	4%
<i>Retail comparable store sales</i>	<i>+4%</i>	<i>0%</i>		
Adjusted operating profit	185	144	28%	17%
<i>Adjusted operating margin</i>	<i>14.6%</i>	<i>12.5%</i>		
Operating profit	127	102	24%	
Adjusted diluted EPS	32.3p	24.4p	32%	
Diluted EPS	21.4p	16.2p	32%	
Free cash flow*	171	75		
Net cash	654	529		
Dividend per share	11.0p	10.5p	5%	

## REVENUE £M



## ADJUSTED OPERATING PROFIT £M



Underlying growth at constant exchange rates

## FY 2018 OUTLOOK

### SALES

- Retail:** Focus on existing store productivity, no net contribution from new space
- Wholesale:** H2 underlying expected to decline by a mid-single digit % (H2 2017: £226m)
- Licensing:** +20% underlying including new Beauty licence from H2

### PROFIT

- Adj. operating profit:** Guidance maintained at constant and reported exchange rates\*
- Cumulative cost savings:** On track to deliver cumulative £60m
- One off costs:** £75m
- Tax:** Effective tax rate of c.25% and estimated one-off, non-cash charge of £10m-£15m
- FX:** £15m\* benefit to revenue and £20m\* negative impact on adj. operating profit vs FY17

### CASH

- Capex:** £130m
- Share buyback:** £350m shares to be purchased in FY18

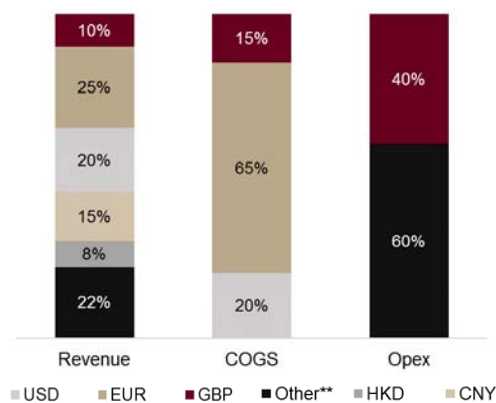
- Effective rates as at 31 December 2017, taking into account the current hedged positions
- £25m negative FX impact expected on FY19 adj. operating profit vs FY18

## FOREIGN EXCHANGE

£1=	Spot rates	Forecast effective FY 2018 rates*		Average FY 2017 rates
	31 Dec 2017	31 Dec 2017	31 Oct 2017	
Euro	1.13	1.13	1.14	1.19
US Dollar	1.34	1.31	1.31	1.30
Chinese Yuan Renminbi	8.79	8.77	8.77	8.73
Hong Kong Dollar	10.47	10.26	10.23	10.11
Korean Won	1,441	1,460	1,477	1,487

\*FY effective rate: 9 months actual rates plus 3 months at Dec'17 spot rate

### FY 2017 Currency exposures



\*This is a simplified view of Burberry's FX exposures to help with analyst modelling

\*\* Other includes HKD, USD, EUR and CNY in opex

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## REPORTING CALENDAR

Preliminary results 16 May 2018

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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.

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