

# BURBERRY

LONDON ENGLAND



*"I am pleased with our progress in the quarter as we continued to build brand heat around our new creative vision and continued to shift consumer perception of Burberry. Excitement is growing ahead of next month's launch of Riccardo's debut collection. We will continue to manage the business dynamically as we reposition the brand. We confirm our outlook for the full year."*

**Marco Gobbetti, Chief Executive Officer –January 2019**

# 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
- No longer destroying unsaleable product
- Not using real fur

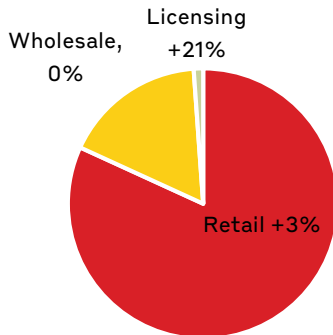


## FY 2018

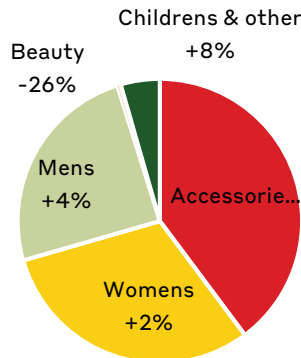
- £2.7bn revenues
- £467m adj. EBIT



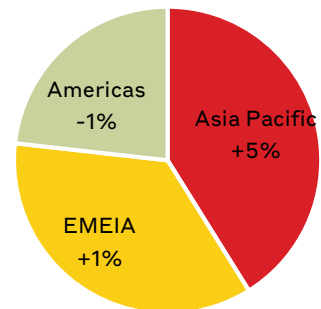
## GROUP REVENUE\* BY CHANNEL



## RETAIL/WHOLESALE REVENUE\* BY PRODUCT

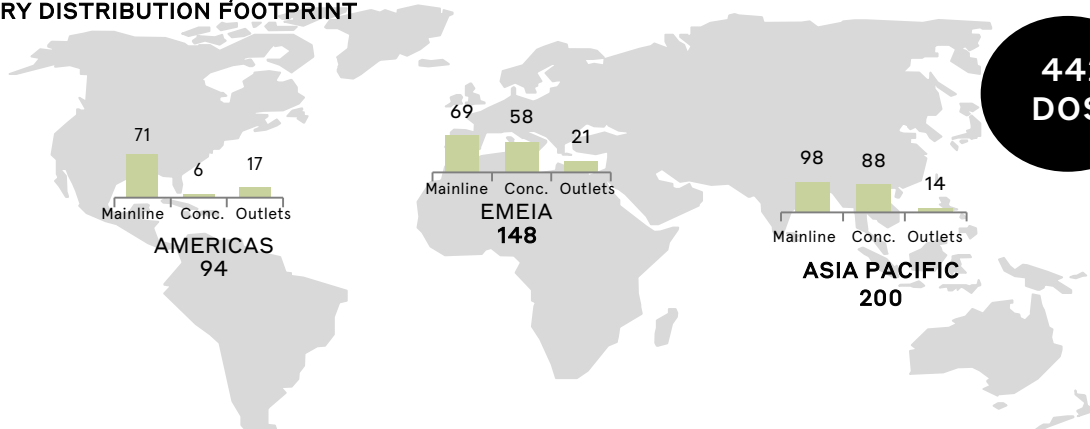


## BY REGION



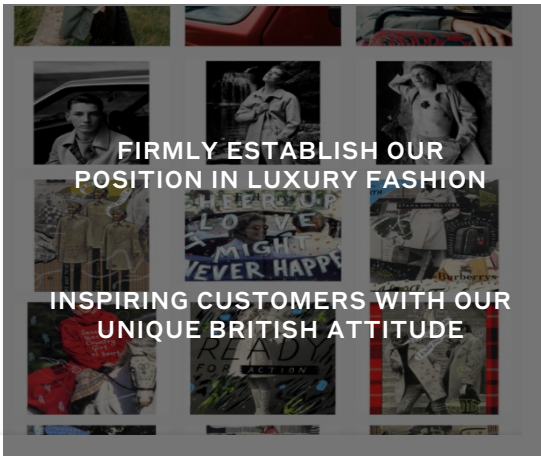
Group FY 2018 revenue: £2,733m  
\*Growth is CER, excluding Beauty wholesale

## WE HAVE AN EXTENSIVE LUXURY DISTRIBUTION FOOTPRINT

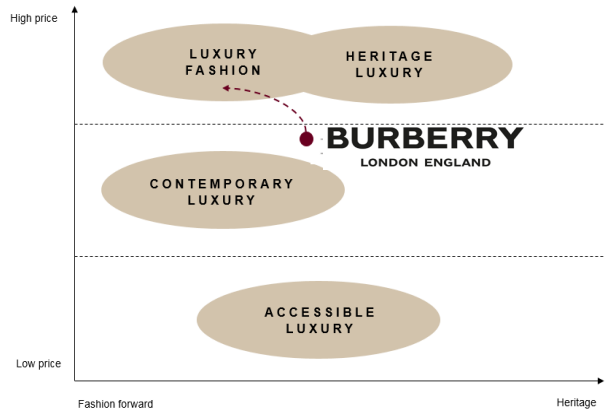


\*Footprint as of September 2018  
Burberry also has 46 franchise stores

# 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

- Transform in-store customer service experience
- Upgrade and reduce non-luxury PoS (net 20 store closures in FY 2018)
- New store concept
- Grow image-driving wholesale



### Lead digital innovation

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

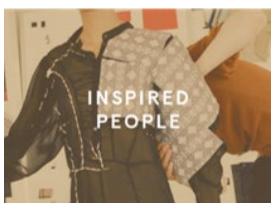
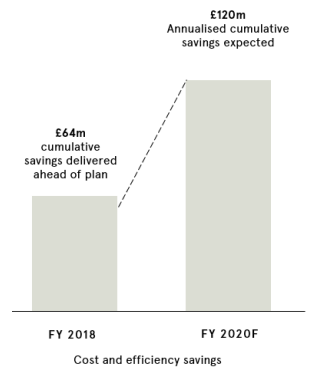
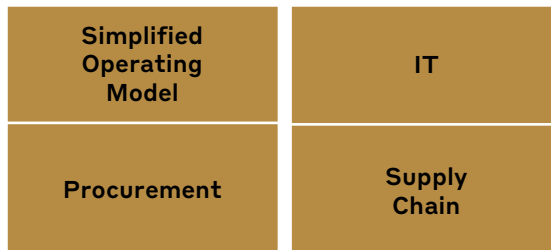
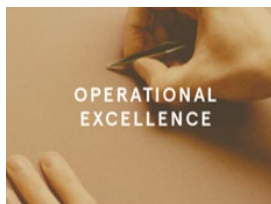


### Inspire luxury consumers

- 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

## OUR AMBITION: TWO PHASED TRANSFORMATION JOURNEY

### BUILD THE FOUNDATION

### ACCELERATE AND GROW

- Commence programme to re-energise the brand
- Rationalise and invest to align our distribution
- Manage creative transition
- Complete full brand transformation, including alignment of distribution
- Accelerate growth

Broadly stable revenue and adjusted operating margin for FY 2019 and FY 2020 (CER)

High single digit revenue growth  
Meaningful adjusted operating margin improvement (CER)

## RESPONSIBILITY GOALS FOR FY 2022

### DRIVE POSITIVE CHANGE THROUGH ALL PRODUCTS

Ensure 100% of products have >1 positive attribute (social and/or environmental)

**FY 2018 progress:**  
42% of products with 1 or more positive attribute

### BECOME CARBON NEUTRAL AND REVALUE WASTE

Improving energy efficiency and reducing carbon consumption.  
Target 100% renewable sourced energy

**FY 2018 progress:**  
20% reduction in market-based CO2e emissions

### POSITIVELY IMPACT 1 MILLION PEOPLE

Primarily supporting the Burberry Foundation in delivering impactful community projects

**FY 2018 progress:**  
23k people positively impacted in Yorkshire, London and Italy

## OUR CAPITAL ALLOCATION FRAMEWORK

### REINVEST FOR ORGANIC GROWTH

Capex  
FY18: £106m  
FY19: c£130m  
FY20: £170-£180m  
FY21-23: £190-£210m

### PROGRESSIVE DIVIDEND POLICY

Dividend  
FY18: 41.3p up 6%  
H1 19: 11.0p stable

### STRATEGIC INVESTMENTS

Acquired a luxury leather goods business in H1 2019

### RETURN EXCESS CASH TO SHAREHOLDERS

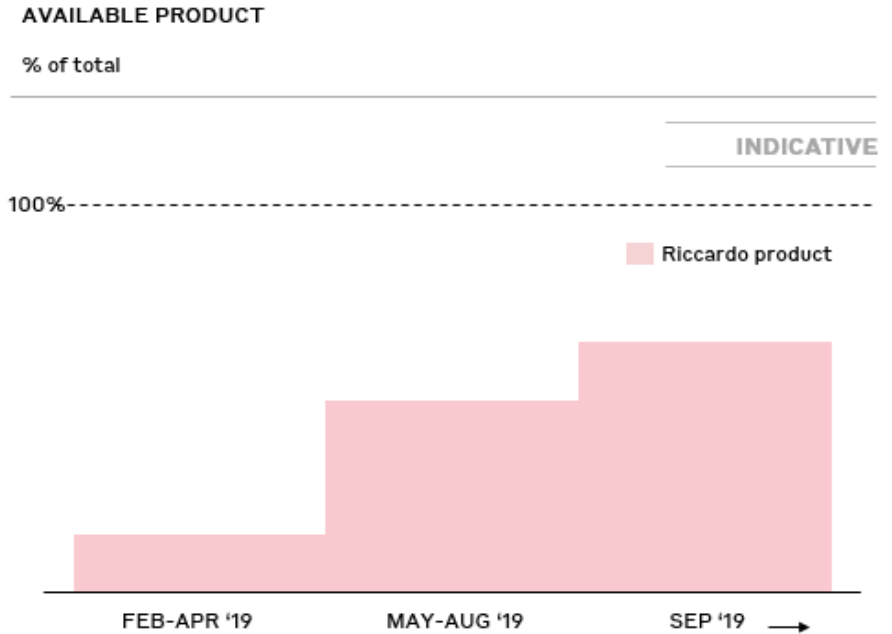
Share buyback  
FY18: £350m  
FY19: £150m

MAINTAIN STRONG BALANCE SHEET WITH SOLID INVESTMENT GRADE CREDIT METRICS

# KEY PRODUCTS MOMENTS

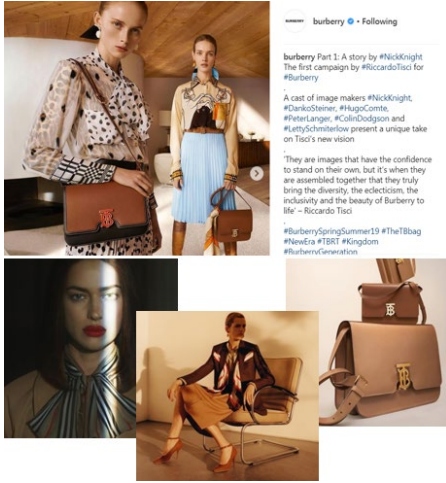


## DELIVERING RICCARDO'S PRODUCT



Note: mainline and digital only

# FEBRUARY LAUNCH PREPARATION



Digital and traditional advertising campaign

Editorial coverage e.g. Vogue UK and France

Key retail store refreshes starting in fashion week cities

Activations across retail and wholesale doors

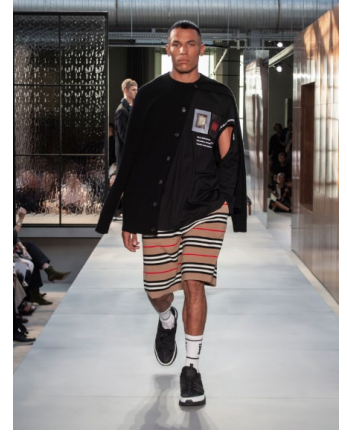
## THE SEPTEMBER 2018 RUNWAY COLLECTION KINGDOM

The Lady/The Mother

The Girl/The Daughter

The Man/The Father

The Boy/The Son



Eveningwear

Silk

Bags

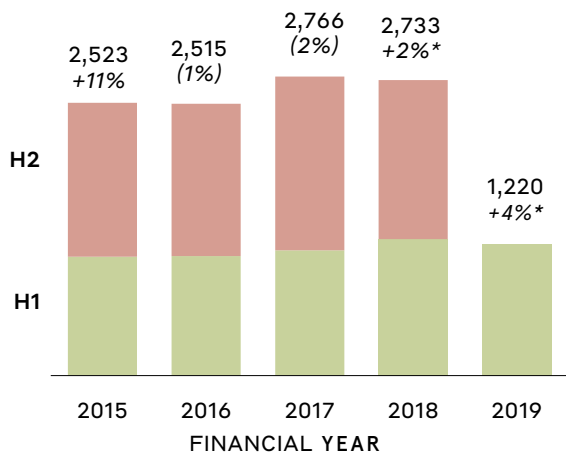
Shoes

Jewellery and Sunglasses

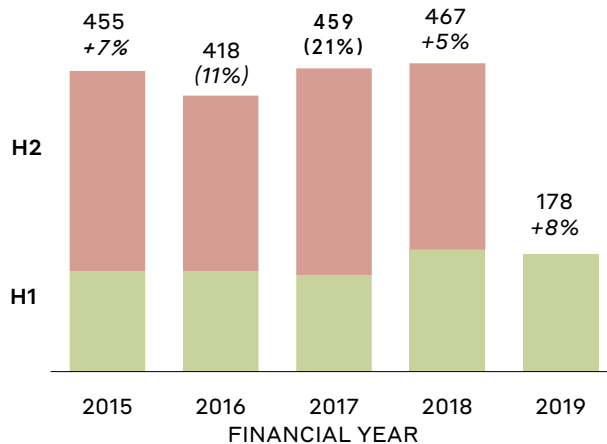


# FINANCIAL REVIEW

## REVENUE £M



## ADJUSTED OPERATING PROFIT £M



Growth at constant exchange rates \* excluding beauty wholesale

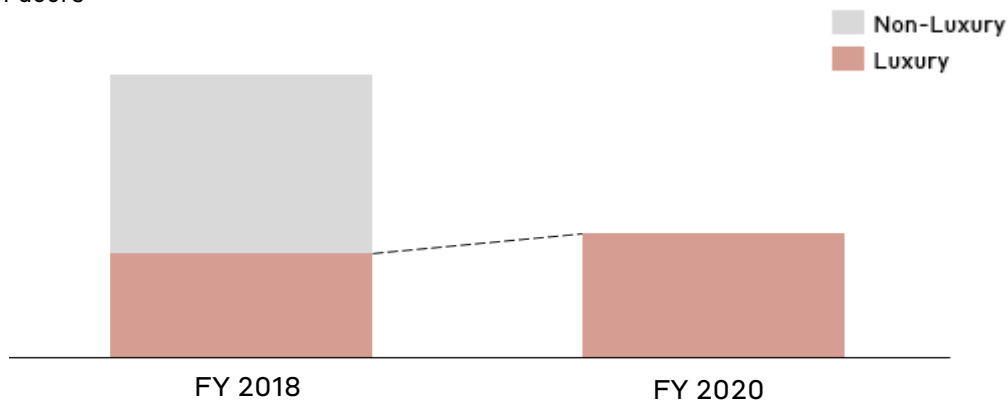
## FY 2019 OUTLOOK BROADLY STABLE REVENUE & OPERATING MARGIN\*

REVENUE	Retail	Net space impact -1%
	Wholesale (ex. Beauty)	Mid single digit % increase
	Licensing	+ £15m
PROFIT	Cumulative cost savings	£100m (incremental £36m)
	Restructuring charges	£35m
	Effective tax rate	c.24%, moving towards the range of 23-24% by FY2020
CASH	Capex	c.£130m
	Share buyback	£150m (fully completed in H1 2019)
FX	FX on Adjusted Operating Profit	£25m negative impact vs FY 2018 at 31 Dec 2018 forecast effective rates

\* At constant exchange rates

## US WHOLESALE DOORS

Number of doors



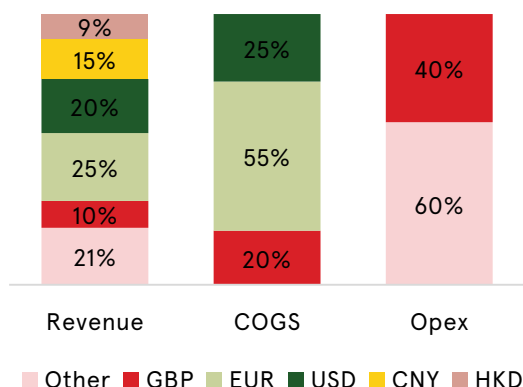
## FOREIGN EXCHANGE

£1=	Forecast effective rates for FY 2019		Average exchange rates FY 2018
	31 Dec 2018	31 Oct 2018	
Euro	1.12	1.13	1.13
US Dollar	1.30	1.30	1.33
Chinese Yuan Renminbi	8.79	8.88	8.79
Hong Kong Dollar	10.17	10.18	10.37
Korean Won	1,445	1,459	1,473

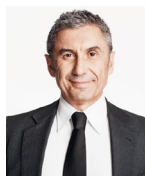
### Currency sensitivity:

In FY 2018, a +/-5% move in sterling would have resulted in a -/+£45-50m impact on the adjusted operating profit of £467m

## FX EXPOSURES IN 2018



*This is a simplified view of Burberry's FX exposures to help with analyst modelling  
Other includes HKD, USD, EUR and CNY in opex*



Marco Gobbetti became Chief Executive Officer on 5 July 2017. Marco joined Burberry from French luxury brand Céline where he was Chairman and CEO from 2008 to 2016. Prior to this, he served as Chairman and CEO of Givenchy and CEO of Moschino. He has also worked at Bottega Veneta and Valextra



Julie Brown became Chief Operating and Financial Officer on 18 January 2017. Julie was Chief Financial Officer of Smith & Nephew from 2013 to 2017. Prior to this Julie was with ICI and AstraZeneca plc from 1987, where she held the positions of Interim Group CFO, Vice President Group Finance, VP Corporate Strategy and Regional Vice President Latin America. She is also a Non Executive Director and Audit Committee Chair of Roche Holding Ltd.

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

Constant exchange rates (CER) 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.

Revenue excluding Beauty wholesale is presented to exclude Beauty wholesale revenue of £73m (2017: £171m) from total revenue to provide an understanding of the revenue of the business following the disposal of the Beauty business in October 2017.

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.

Cumulative costs savings are savings compared to FY 2016 operating expenses.

Certain financial data within this presentation have been rounded.