

BURBERRY

LONDON ENGLAND

INTERIM RESULTS
8 NOVEMBER 2018

AGENDA

INTRODUCTION

FINANCIAL RESULTS

GUIDANCE

STRATEGY UPDATE

Q&A

INTRODUCTION

Brand transformation underway

Encouraging leading indicators

Confirming our outlook

JULIE BROWN

CHIEF OPERATING & FINANCIAL OFFICER

TWO-PHASED TRANSFORMATION JOURNEY

FY 2019 AND FY 2020

FY 2021 ONWARDS

BUILD THE FOUNDATION

ACCELERATE AND GROW

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

Broadly stable revenue and earnings
for the first two years (CER)

Revenue growth to build to HSD
Meaningful operating margin improvement (CER)

H1 2019 SUMMARY FINANCIALS

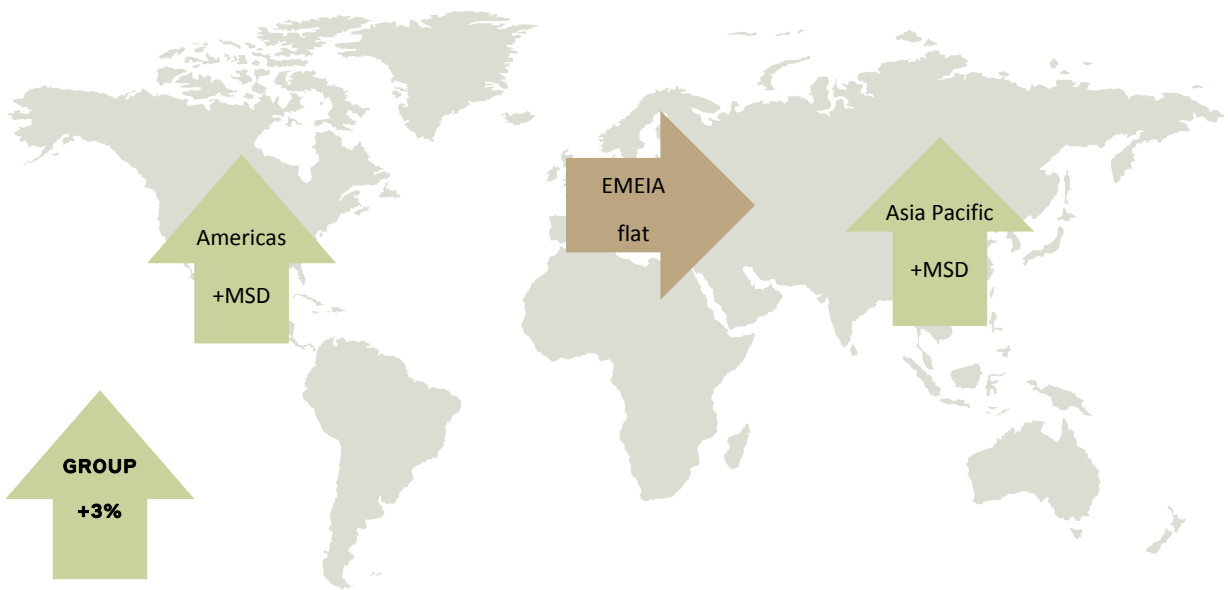
	H1 2018 £M	H1 2019 £M	CHANGE	
			REPORTED FX	CER
Revenue	1,263	1,220	(3%)	(2%)
Revenue ex Beauty wholesale	1,186	1,220	3%	4%
Adjusted operating profit	185	178	(4%)	8%
Adjusted operating margin	14.6%	14.6%	0bps	150bps
Adjusted diluted EPS	32.3p	32.9p	2%	14%
Free cash flow	171	46		
Interim dividend per share	11.0p	11.0p	0%	
ADJUSTED				
Operating profit	127	173	36%	
Reported diluted EPS	21.4p	31.6p	48%	
REPORTED				

For definition of free cash flow and alternative performance measures see Appendix

GROUP REVENUE +4% (EX BEAUTY WHOLESALE)



REGIONAL RETAIL COMPARABLE STORE SALES +3%



RETAIL & WHOLESALE REVENUE BY PRODUCT

(EX BEAUTY WHOLESALE)

	H1 2018	H1 2019	YOY GROWTH REPORTED	YOY CER GROWTH
	£1,177m	£1,198m		
ACCESSORIES	£467m	£469m	0%	+2%
WOMENS APPAREL	£353m	£360m	+2%	+3%
MENS APPAREL	£297m	£309m	+4%	+6%
CHILDREN AND OTHER	£60m	£60m	(2%)	(1%)

INCOME STATEMENT

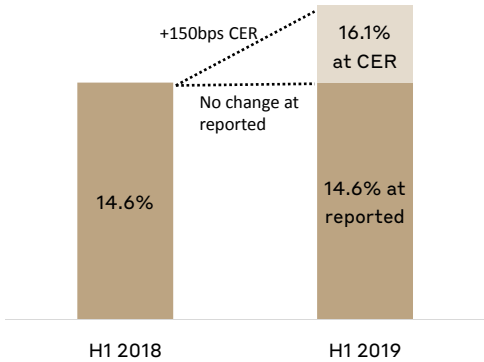
	H1 2018 £M	----- CHANGE -----		
		H1 2019 £M	REPORTED FX	CER
Revenue	1,263	1,220	(3%)	(2%)
Gross profit	874	69.2% 825	67.6%	(6%)
Opex	(689)	54.6% (647)	53.0%	(6%)
Adjusted operating profit	185	14.6% 178	14.6%	(4%)
Adjusting operating items	(58)	(5)		
Tax*	(35)	(42)		
Adjusted diluted EPS	32.3p	32.9p	2%	14%
Reported diluted EPS	21.4p	31.6p	48%	

+4% ex
Beauty at
CER

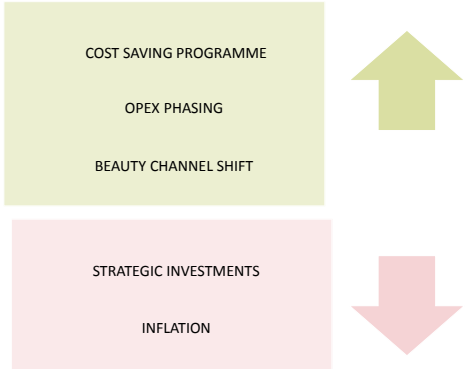
* Effective tax rate on adjusted profit before tax improved 100bps to 24.0%. Note the table above shows the reported tax

ADJUSTED OPERATING MARGIN +150BPS CER

ADJUSTED OPERATING MARGIN MOVEMENTS

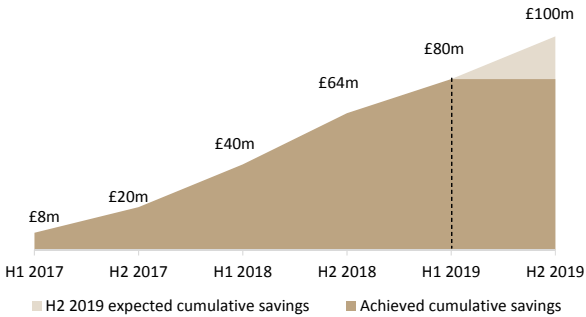


H1 2019 OPERATING MARGIN DRIVERS

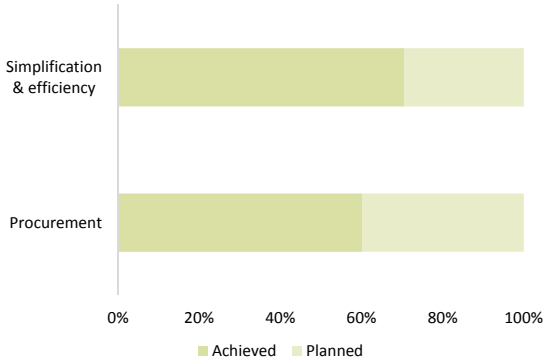


OPERATIONAL EXCELLENCE CUMULATIVE COST SAVINGS OF £80M

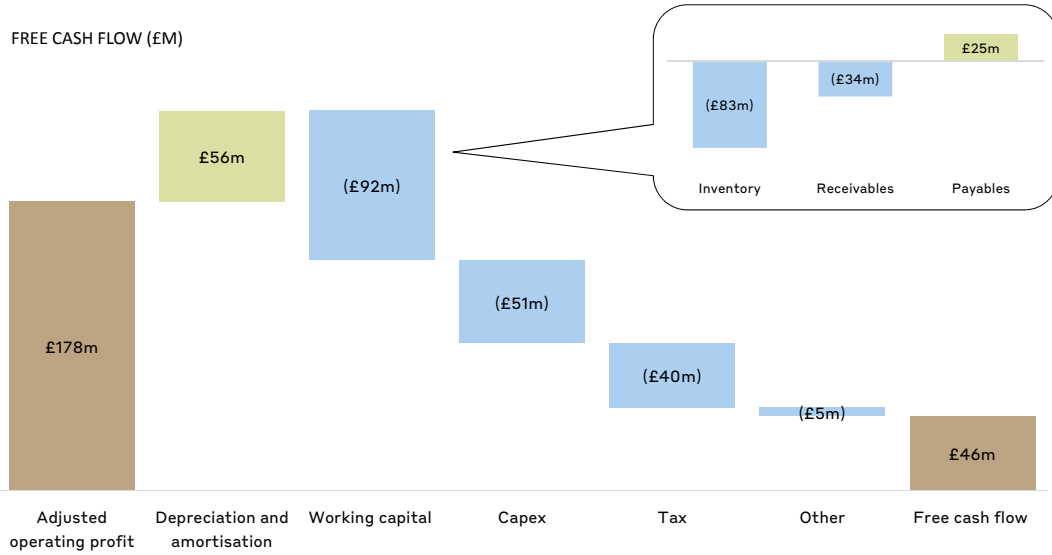
CUMULATIVE COST SAVINGS BUILD THROUGH TIME



PROGRESS OF COST SAVINGS AGAINST TOTAL £120M GUIDANCE BY MAJOR CATEGORY

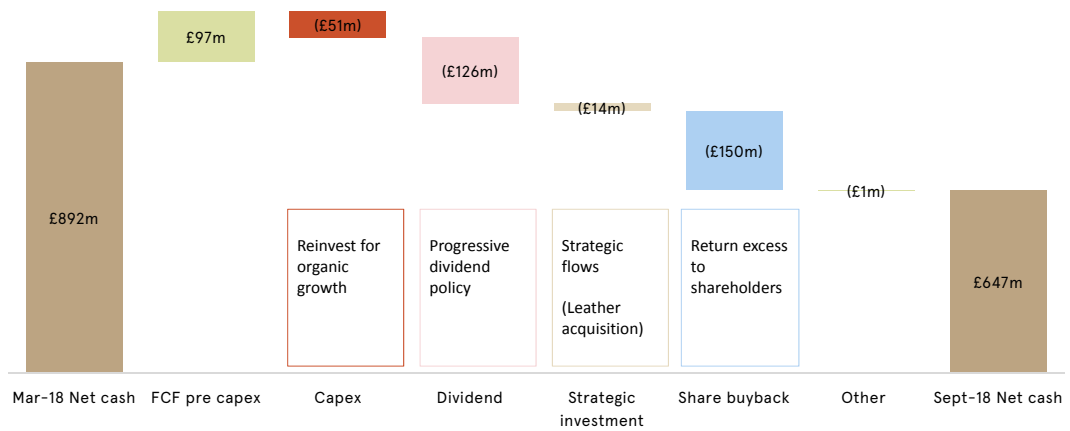


FREE CASH FLOW



Cash conversion is defined as free cash flow pre tax/ adjusted profit before tax
Working capital movements exclude the impact of adjusting items

MOVEMENT IN NET CASH



Lease adjusted net debt (£0.6bn at 29 September 2018) is defined as five times minimum lease payments, adjusted for charges and utilisation of onerous lease provisions, less cash

FY 2019 OUTLOOK

ALL GUIDANCE AT CER

BROADLY STABLE REVENUE AND ADJUSTED OPERATING MARGIN

GUIDANCE UPDATES (for detailed outlook see Appendix)

- Wholesale (ex Beauty) mid single digit percentage growth
- Capital expenditure £150m-£160m, driven by store investments and IT
- FX £25m headwind on profits vs FY 2018 assuming end October spot rates*

*Spot rates as at 31 October 2018, taking into account the current hedged positions

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER

TWO-PHASED TRANSFORMATION JOURNEY

FY 2019 AND FY 2020

FY 2021 ONWARDS

BUILD THE FOUNDATION

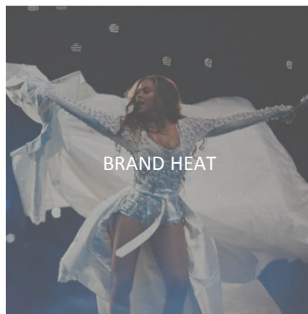
ACCELERATE AND GROW

- 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
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Broadly stable revenue and earnings for the first two years (CER)

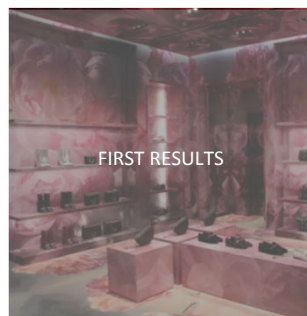
Revenue growth to build to HSD
Meaningful operating margin improvement (CER)

BUILD THE FOUNDATION



BRAND HEAT

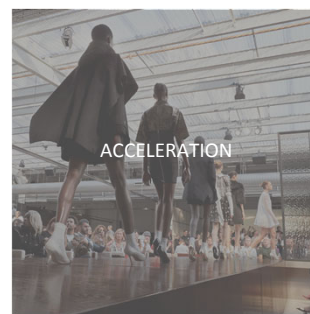
Ignite brand heat with influencers & key opinion leaders



FIRST RESULTS

Establish the brand with target luxury consumers

Manage product transition and invest in image-driving channels



ACCELERATION

Reposition the brand with all luxury consumers

Complete the transition in product and distribution

SEPTEMBER 2018

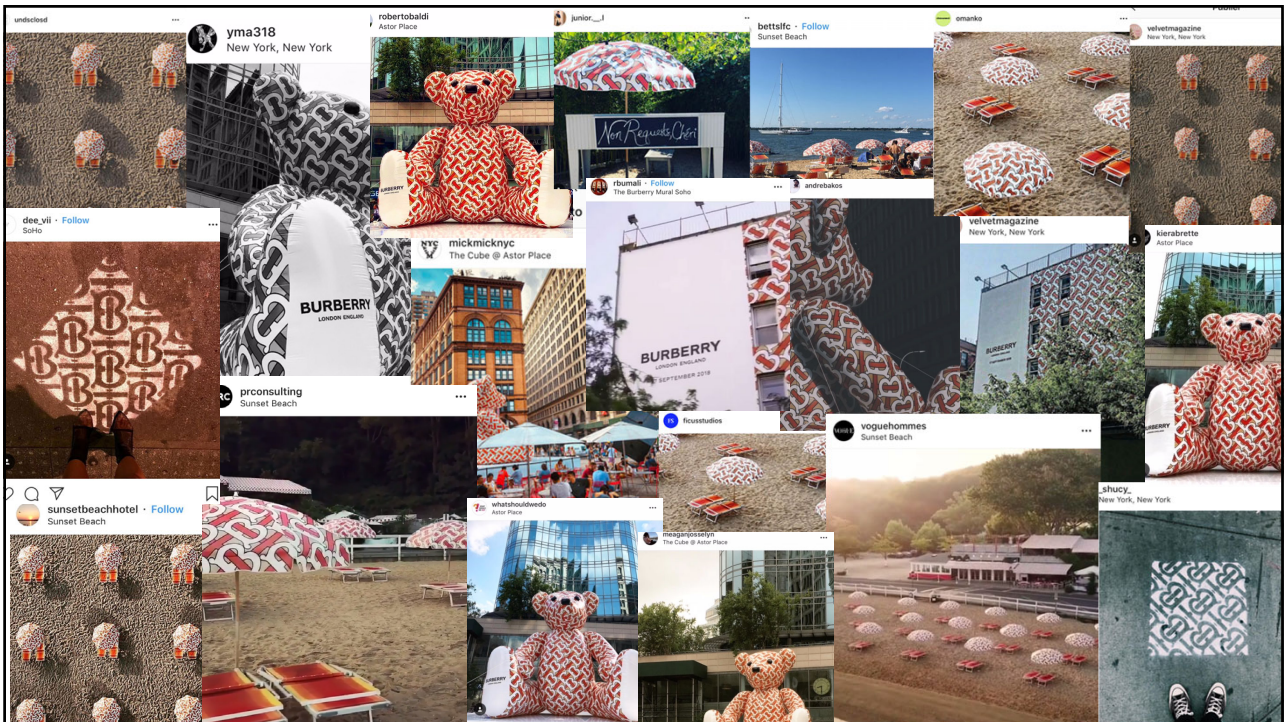
MAY 2020

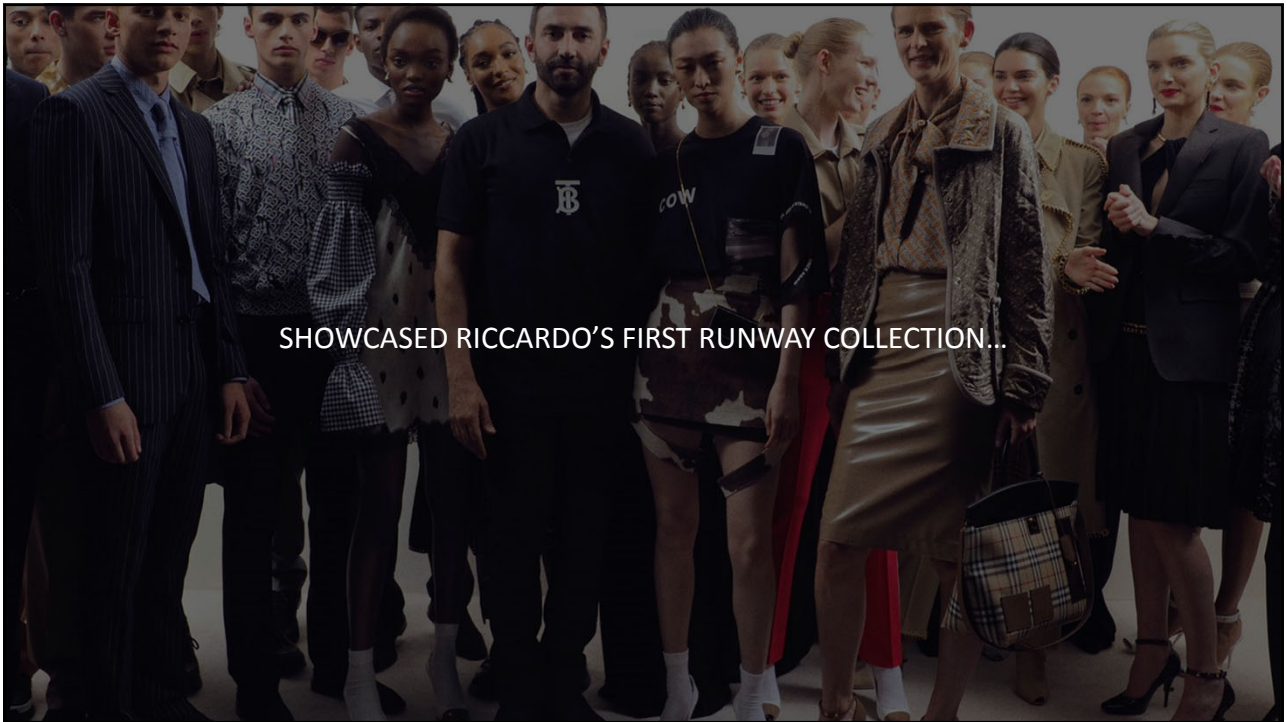


BUILDING THE FOUNDATION FOR OUR STRATEGY

- Appointed a new Chief Creative Officer
- Re-imagined our product and created a new centre of excellence for leather goods
- Developed a new go-to-market approach
- Expanded Burberry Business Services
- Established a new leadership team









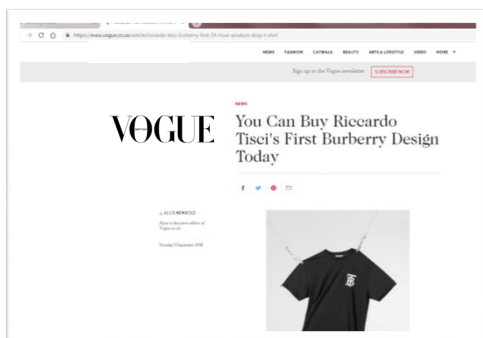
STARTED TO REIMAGINE OUR STORES



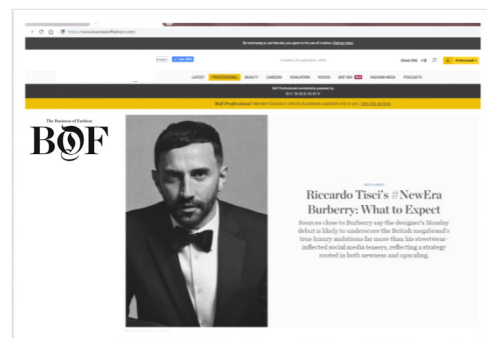
INFLUENCER HEAT



GLOBAL PRESS COVERAGE



'Tisci understands how a young generation of fashion fans want to dress – and more importantly, shop.'

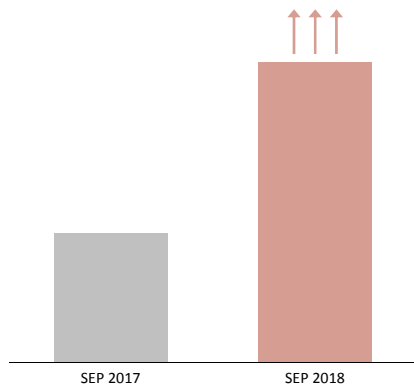


'The brand is selling the first drop... via Instagram and WeChat, and the designer himself is playing a louder, more pivotal role on social media.'

CONSUMER ENGAGEMENT

SOCIAL MEDIA MENTIONS

No. of mentions



SOCIAL MEDIA ENGAGEMENT

Q2 vs Q1 2018

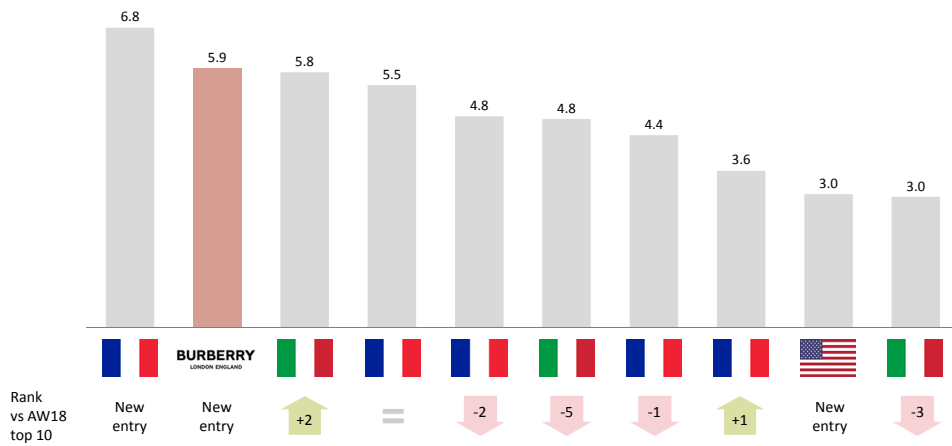


Source: Linkfluence; Instagram Analytics, WeChat; Twitter Analytics

CONSUMER ENGAGEMENT

TOP 10 MOST VIEWED COLLECTIONS SS19

Vogue.com page views, Million



Source: Vogue

#THEBSERIES

13TH SEP - DROP ZERO



17TH SEP



17TH OCT



BURBERRY

00^H 17^M 20^S

LEFT TO SHOP

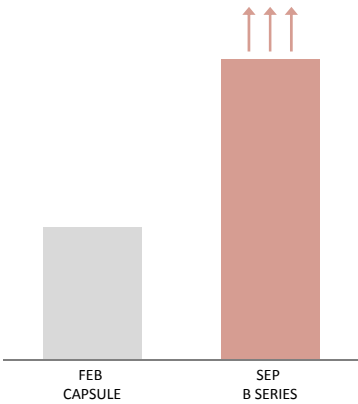
REFINE BY: GENDER



#THEBSERIES

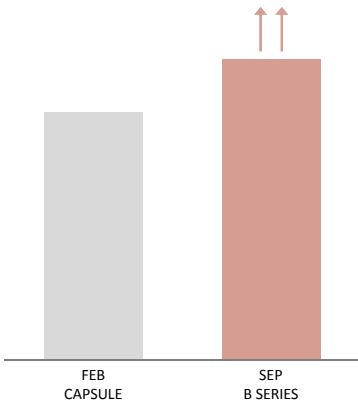
NEW

% of customers



MILLENNIALS

% of customers



Source: Burberry

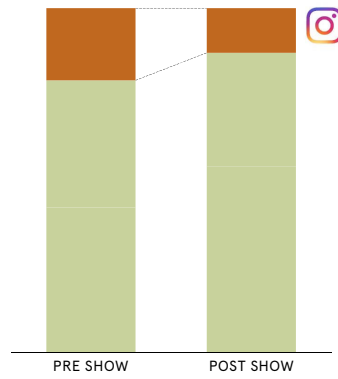
CONSUMER SENTIMENT



 burberry • Following
 The Burberry Spring/Summer 2019 Show
 burberry The final line-up
 'Kingdom', #RiccardoTisci's debut runway show
 #BurberryShow
 guiarecordsmusic Top top top
 dmitrysassage Wow
 vazzoula Very nice!! Well done! 🇬🇧
 naina.aaa outfit goalsss
 sandravillagomez Simply beautiful collection! 🌟
 28,562 likes
 SEPTEMBER 24
 Add a comment...

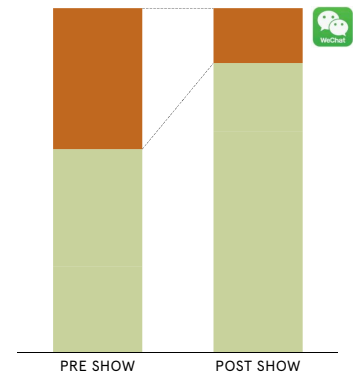
SENTIMENT ON INSTAGRAM

Percentage of comments



SENTIMENT ON WECHAT

Percentage of comments



Source: CRISP Monitoring; WeChat

WHOLESALE TRANSFORMATION UNDERWAY

- Negotiations for all non-luxury closures complete
- Elevated presence within existing luxury wholesale
- Established relationships with new, brand-driving partners

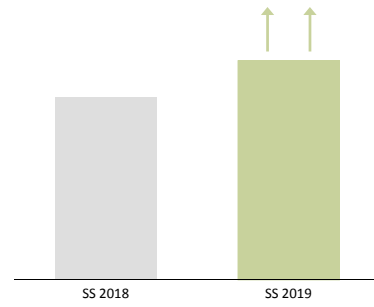




PROGRESS IN EMEIA

LUXURY CUSTOMERS

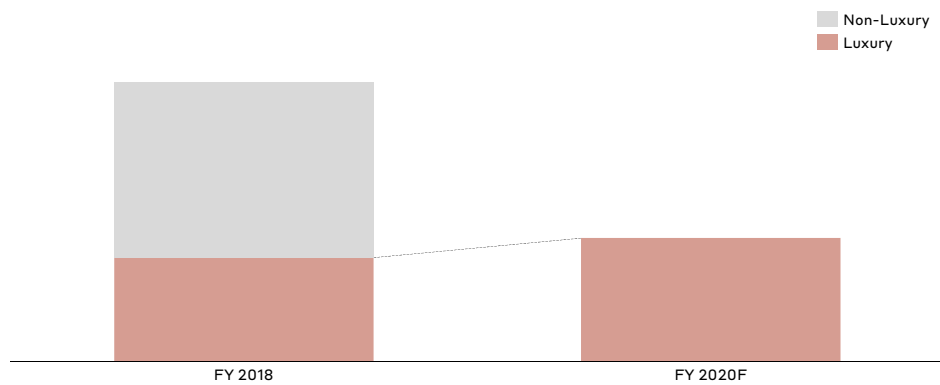
Number of luxury customers buying in Showroom



US WHOLESALE DOORS

TOTAL US WHOLESALE DOORS

Number of doors



CONTINUOUS ENGAGEMENT

Delivering monthly drops of the #TheBSeries

Exciting luxury customers with collaborations:

IN AN AGE WHEN COLLABORATIONS ARE A DIME A DOZEN, THIS ONE MIGHT BE ONE OF THE MOST UNEXPECTED AND EXCITING'

VOGUE.COM



LEATHER GOODS

Continue to build our leather goods architecture

Enhance selling environment

Develop our leather goods centre of excellence

SIGNIFICANT PROGRESS ACROSS OUR RESPONSIBILITY AGENDA



DISPOSAL PLEDGE



FUR BAN



NEW PLASTICS ECONOMY
COMMITMENT



BURBERRY INSPIRE



MAINTAIN MOMENTUM

Continue to excite influencers and key opinion leaders

Engage consumers with continuous, surprising new
content and product

Grow our community of active followers

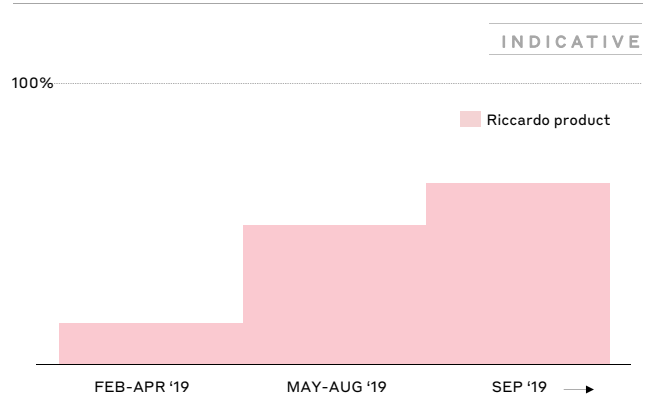
Roll out new branding



DELIVERING RICCARDO'S PRODUCT

AVAILABLE PRODUCT

% of total



Note: mainline and digital only

RETAIL

Embed new brand vision across retail

Reposition the network in line with brand positioning

Continue our service transformation



APPENDIX

DISCLAIMER

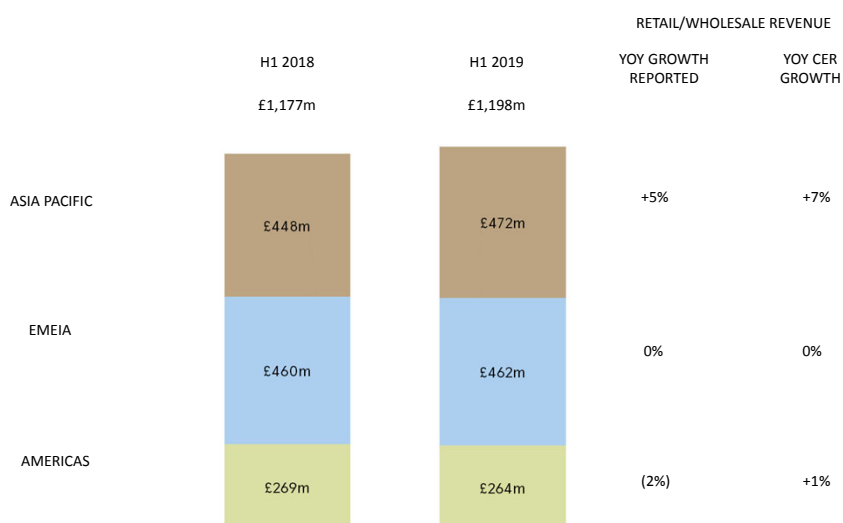
- The financial information contained in this presentation is unaudited.
- Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. Nothing in this 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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ALTERNATIVE PERFORMANCE MEASURES

- 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.
- 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
- Revenue excluding Beauty wholesale is presented to exclude Beauty wholesale revenue of £77m in H1 2018 from total revenue to provide an understanding of the revenue of the business following the disposal of the Beauty business in October 2017.
- The definition of adjusting items is included in note 2 of the Condensed Consolidated Interim Financial Statements.
- Adjusted PBT was £180m (H1 2018: £188m); Reported PBT was £174m (H1 2018: £128m)
- Cumulative costs savings are savings compared to FY 2016 operating expenses.
- Free cash flow is defined as net cash generated from operating activities, £97m (H1 2018: £224m), less capital expenditure net of cash inflows from disposal of fixed assets, £51m (H1 2018: £53m).
- Lease adjusted net debt is defined as five times minimum lease payments, adjusted for charges and utilisation of onerous lease provisions, less net cash.
- Certain financial data within this presentation have been rounded.

RETAIL & WHOLESALE REVENUE BY REGION

(EX BEAUTY WHOLESALE)



FREE CASH FLOW

	H1 2018 £M	H1 2019 £M
Adjusted operating profit	185	178
Depreciation and amortisation*	66	56
Working capital*	17	(92)
Other	2	(8)
Cash inflow from operations	270	134
Capex	(53)	(51)
Interest	3	3
Tax	(49)	(40)
Free cash flow	171	46

*Excludes impact of adjusting items

FOREIGN EXCHANGE RATES

£1=	Forecast effective rates for FY 2019		Actual average exchange rates		
	31 October 2018	29 June 2018	H1 2019	H1 2018	FY 2018
Euro	1.13	1.13	1.13	1.14	1.13
US Dollar	1.30	1.32	1.33	1.29	1.33
Chinese Yuan Renminbi	8.88	8.68	8.78	8.75	8.79
Hong Kong Dollar	10.18	10.34	10.42	10.09	10.37
Korean Won	1,459	1,466	1,463	1,464	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

ADJUSTING ITEMS

	H1 2018 £M	H1 2019 £M
Disposal of Beauty business	(28)	6
Restructuring costs	(33)	(10)
BME deferred consideration income/(charge)	3	(1)
Adjusting operating items	(58)	(5)
Adjusting financing items	(2)	(1)

STORE PORTFOLIO

	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 31 March 2018	240	155	54	449	46
Additions	8	-	1	9	-
Closures	(10)	(3)	(3)	(16)	-
At 29 September 2018	238	152	52	442	46

At 29 September 2018	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
Asia Pacific	98	88	14	200	6
EMEIA	69	58	21	148	40
Americas	71	6	17	94	-
Total	238	152	52	442	46

FY 2019 OUTLOOK

BROADLY STABLE REVENUE AND OPERATING MARGIN (@ CER)

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.£150m-£160m
	Share buyback	£150m (fully completed in H1 2019)
FX	FX on Adjusted Operating Profit	£25m* negative impact vs FY 2018

* Spot rates at 31 October 2018, taking into account the current hedged positions

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REPORTING CALENDAR

Q3 Trading update 23 January 2019

Prelim results 16 May 2019

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