

BURBERRY

TWELVE MONTHS END 31 MARCH 2018

MARCO GOBBETTI

CHIEF EXECUTIVE OFFICER

AGENDA

INTRODUCTION

FINANCIAL RESULTS

GUIDANCE

STRATEGIC UPDATE

Q&A

FY 2018 HIGHLIGHTS

- Results **in line** with our expectations
 - Group **revenue** +2% CER, adjusted for Beauty wholesale
 - Comparable store sales +3% CER
 - Adjusted operating **profit** growth +5% CER
- **Good performance** in period of transition
- Positive response to product and digital **innovation**
- Improvement in **retail**, especially with top customers
- Encouraging early signs for the **new strategy**



JULIE BROWN

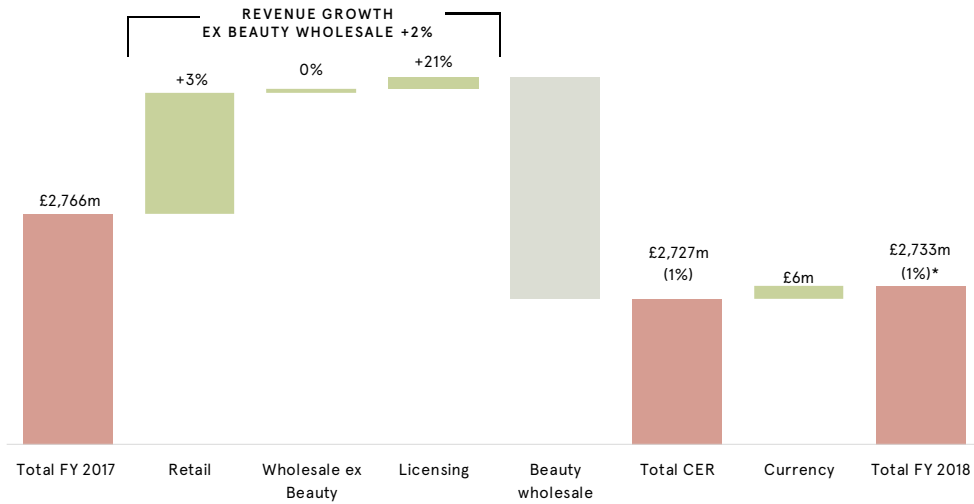
CHIEF OPERATING & FINANCIAL OFFICER

FY 2018 SUMMARY FINANCIALS

Twelve months to 31 March		2018 £m	2017 £m	----- Change -----	
				Reported FX	CER
ADJUSTED	Revenue	2,733	2,766	(1%)	(1%)
	Revenue ex Beauty wholesale	2,660	2,595	2%	2%
	Adjusted operating profit	467	459	2%	5%
	Adjusted operating margin	17.1%	16.6%	50bps	110bps
	Adjusted diluted EPS	82.1p	77.4p	6%	10%
	Free cash flow*	484	465	4%	
	Adjusted retail/wholesale ROIC	16.3%	15.4%	90bps	
	Dividend per share	41.3p	38.9p	6%	
IFRS	Operating profit	410	394	4%	
	Reported diluted EPS	68.4p	64.9p	5%	

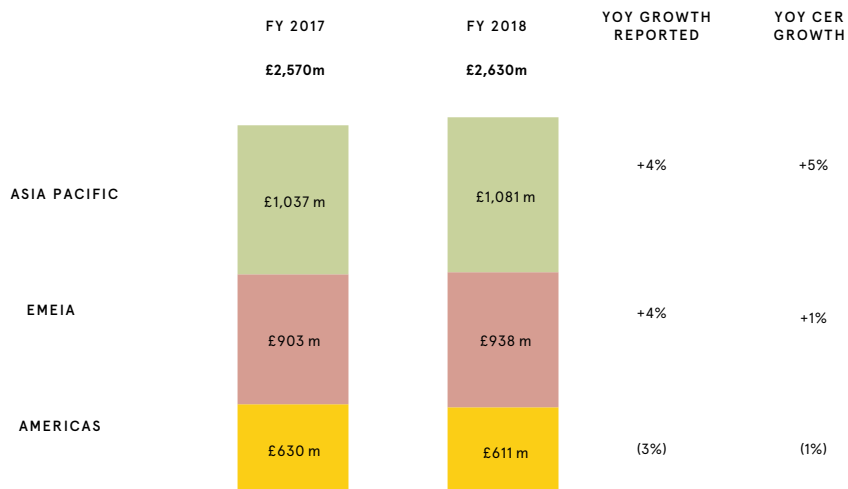
*For definition of free cash flow see Appendix

GROUP REVENUE +2% (EX BEAUTY WHOLESALE)



*reported growth

RETAIL & WHOLESALE REVENUE BY REGION (EX BEAUTY WHOLESALE)



RETAIL & WHOLESALE REVENUE BY PRODUCT (EX BEAUTY WHOLESALE)

	FY 2017	FY 2018	YOY GROWTH REPORTED	YOY CER GROWTH
	£2,570m	£2,630m		
ACCESSORIES	£1,032 m	£1,046 m	+1%	+1%
WOMENS APPAREL	£792 m	£808 m	+2%	+2%
MENS APPAREL	£624 m	£647 m	+4%	+4%
CHILDREN	£108 m	£117 m	+8%	+8%
BEAUTY RETAIL	£14 m	£12 m	(26%)	(26%)

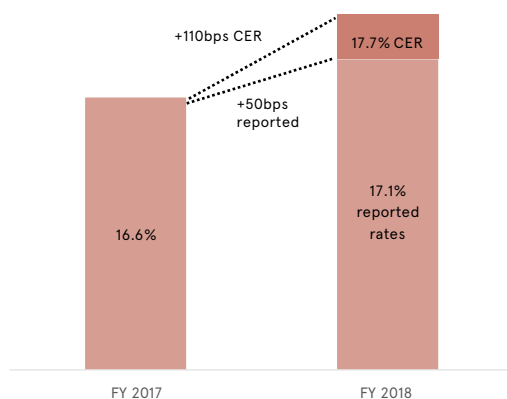
INCOME STATEMENT

Twelve months to 31 March			----- Change -----		
	2018 £m	2017 £m	Reported FX	CER	
Revenue	2,733	2,766	(1%)	(1%)	+2% ex Beauty
Gross profit	1,897	1,933	69.4%	69.9%	
Adjusted operating profit	467	459	17.1%	16.6%	2%
Adjusting operating items	(57)	(65)			
Tax*	(119)	(107)			
Adjusted diluted EPS	82.1p	77.4p	6%	10%	
Reported diluted EPS	68.4p	64.9p	5%		

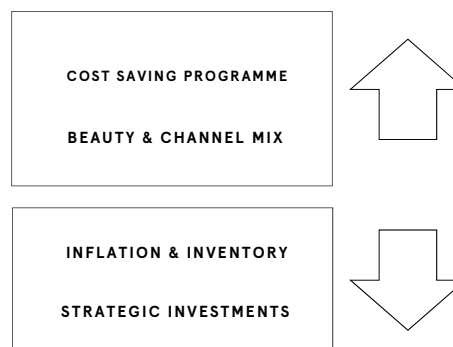
* Effective tax rate on adjusted profit before tax improved 70 bps to 25.1%. Note the table above shows the reported tax

ADJUSTED OPERATING MARGIN +110BPS CER

ADJUSTED OPERATING MARGIN



FY 2018 OPERATING MARGIN DRIVERS



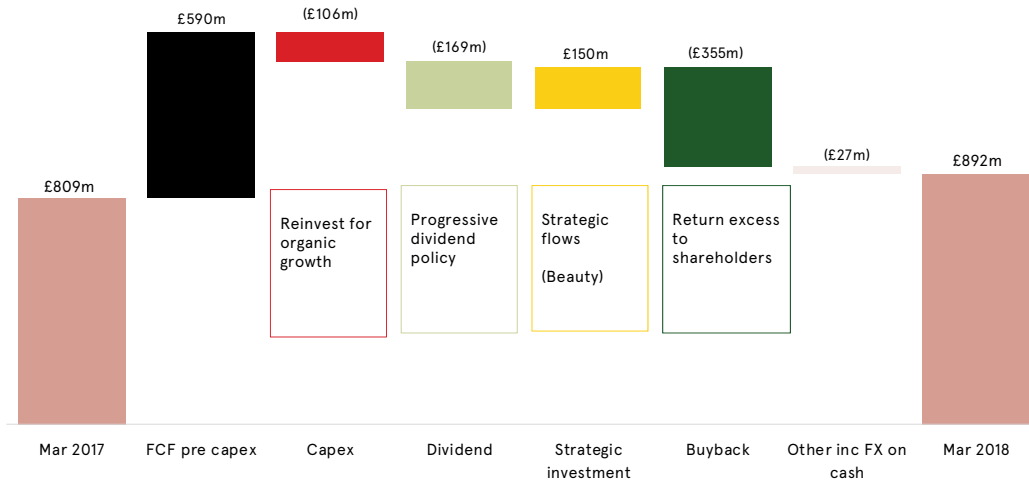
FREE CASH FLOW

Twelve months to 31 March	2018 £m	2017 £m
Adjusted operating profit	467	459
Depreciation and amortisation*	124	144
Working capital*	109	56
Other	3	30
Cash inflow from operations	703	689
Capex	(106)	(104)
Proceeds from sale of property, plant and equipment	-	8
Interest	5	4
Tax	(118)	(132)
Free cash flow	484	465
Free cash conversion**	128%	129%

*Excludes impact of adjusting items

**Cash conversion is defined as free cash flow pre tax/ adjusted profit before tax

MOVEMENT IN NET CASH



Lease adjusted net debt (£0.3bn at 31 March 2018) is defined as five times minimum lease payments, adjusted for charges and utilisation of onerous lease provisions, less cash

THIS WILL BE A TWO-PHASE TRANSFORMATION JOURNEY

BUILD THE FOUNDATION

- Commence programme to re-energise the brand
- Rationalise and invest to align our distribution
- Manage creative transition

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

ACCELERATE AND GROW

- Complete full brand transformation, including alignment of distribution
- Accelerate growth

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

FY 2019 OUTLOOK

ALL GUIDANCE AT CER

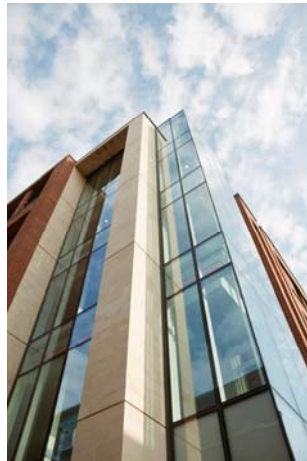
BROADLY STABLE REVENUE AND OPERATING MARGIN

- Improving distribution impacts revenue
 - Retail space negative 1% impact
 - Wholesale (ex Beauty) low single digit percentage decline
- Cost savings to build, reaching £100m cumulative
- Adjusted EPS growth benefiting from expected tax rate reduction & new buyback (£150m)
- Capital expenditure £160-170m, driven by store investments and IT
- FX £40m headwind on profits vs FY 2018 assuming end April spot rates*
- Leather goods acquisition
- Single retail calendar change

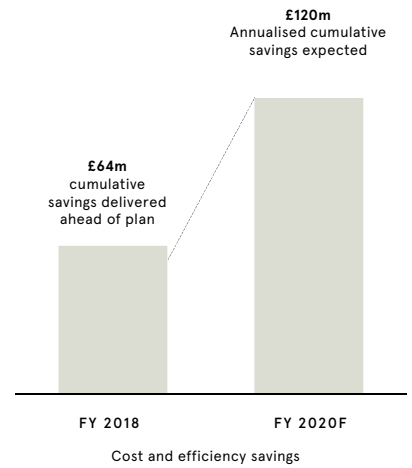
**Spot rates as at 30 April 2018, taking into account the current hedged positions*

STRATEGY OPERATIONAL EXCELLENCE

OPERATIONAL EXCELLENCE

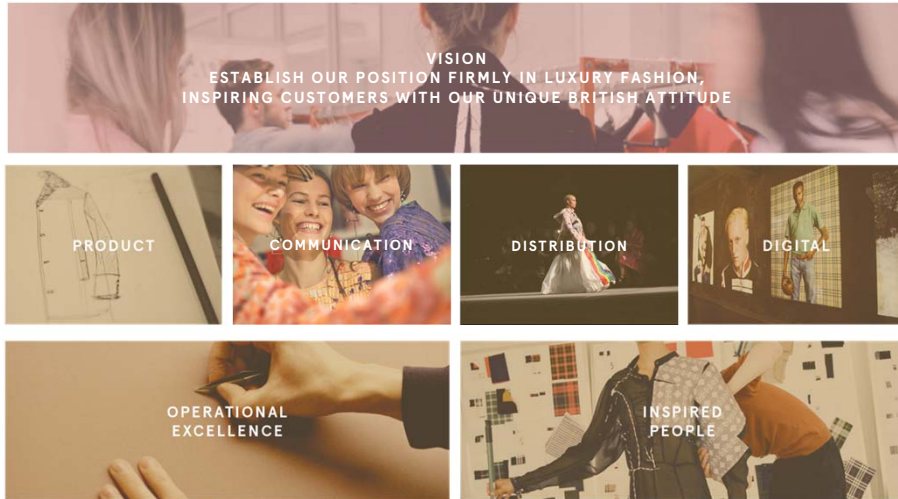


Burberry Business Services, Leeds, UK



MARCO GOBBETTI
CHIEF EXECUTIVE OFFICER

OUR STRATEGY



RICCARDO TISCI

GO-TO-MARKET APPROACH



FREQUENT, FRESH DELIVERIES

CONTINUOUSLY ENGAGING
CONSUMERS WITH NEWNESS



LEATHER TRANSFORMATION

NEW HANDBAG STYLES & ROADMAP

CREATING A NEW CENTRE OF
EXCELLENCE FOR LEATHER GOODS



COMMUNICATION



RETAIL EXCELLENCE

- NEW LEADERSHIP TEAM**
- GLOBAL RETAIL LEADERS PROGRAMME**
- DIGITAL CLIENTELING TOOL**
- MERCHANT-LED PRODUCT TRAINING**
- NEW CUSTOMER JOURNEY PILOTS**



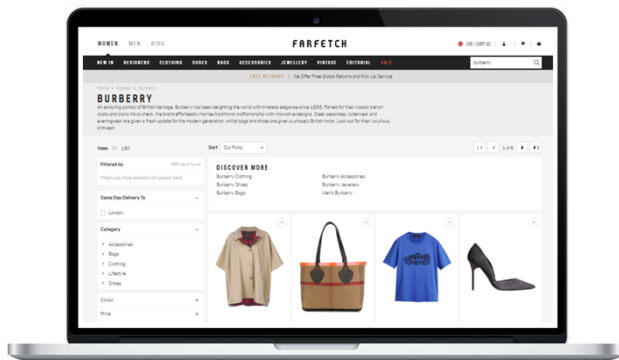
DISTRIBUTION EVOLUTION

REFINING OUR MAINLINE PORTFOLIO

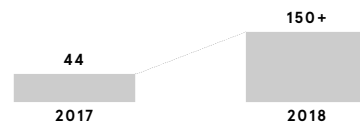
GROWING BRAND ENHANCING
WHOLESALE

RIGHTSIZING OUR OUTLET
PENETRATION

STRENGTHENING THIRD PARTY DIGITAL PARTNERSHIPS



DIGITAL DISTRIBUTION REACH



MAKE GLOBAL
INVENTORY
AVAILABLE ON
FARFETCH

REACH NEW
FASHION-
CONSCIOUS
CONSUMERS



LEADERSHIP STRENGTH

SIMPLIFIED GOVERNANCE

CLARIFIED ACCOUNTABILITIES

BUILDING THE RIGHT EXPERIENCE
AND EXPERTISE IN OUR TOP
LEADERSHIP POPULATION THROUGH
PROMOTIONS AND NEW HIRES

OUR STRATEGY

VISION
ESTABLISH OUR POSITION FIRMLY IN LUXURY FASHION,
INSPIRING CUSTOMERS WITH OUR UNIQUE BRITISH ATTITUDE

PRODUCT

COMMUNICATION

DISTRIBUTION

DIGITAL

OPERATIONAL EXCELLENCE

INSPIRED PEOPLE

Q & A

APPENDIX

DISCLAIMER

- The financial information contained in this presentation is unaudited.
- Certain statements made in this presentation are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. Nothing in this presentation 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 presentation 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.
- 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.
- The definition of adjusting items is included in note 3 of the Consolidated Preliminary Financial Statements.
- Adjusted PBT was £471m (2017: £462m)
- 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.
- Free cash flow is defined as net cash generated from operating activities, £678m (2017: £561m), less capital expenditure plus cash inflows from disposal of fixed assets, £105m (2017: £96m) and excluding the one-off cash inflow for deferred income of £100m (2017: nil) arising from the Beauty licence and associated cash outflow for costs relating to the Beauty disposal of £11m (2017: £nil) (see notes 7 and 8 of the Consolidated Preliminary Financial Statements). FY 2018 free cash flow £484m (2017: £465m).
- 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 CALENDAR

- Full Year will end Saturday nearest to the 31 March (e.g. 30 March 2019)
- For FY 2019, no material difference in comparability vs FY 2018
 - Some phasing impacts on quarterly revenues resulting from a difference in trading days (see table)
- Differences arising from changes in calendar will be split out separately
- Burberry will continue to report four times per annum

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY
FY 2018	1 April- 30 June	1 July- 30 Sept	1 Oct- 31 Dec	1 Jan- 31 Mar	1 April- 31 Mar
FY 2019	1 April- 30 June	1 July- 29 Sept	30 Sept- 29 Dec	30 Dec- 30 Mar	1 April- 30 Mar
Variance in days	0	(1)	(1)	1	(1)

ADJUSTING ITEMS

Twelve months to 31 March	2018 £m	2017 £m
Beauty licence intangible charges	-	(26)
Disposal of Beauty business	-	(15)
Restructuring costs	(54)	(21)
Goodwill impairment	(7)	-
BME deferred consideration income/(charge)	4	(3)
Adjusting operating items	(57)	(65)
Adjusting financing items	(2)	(3)
Adjusting tax item	(12)	-

FOREIGN EXCHANGE RATES

£1=	Spot rates	----- Actual Average exchange rates -----	
	30 April 2018	FY 2018	FY 2017
Euro	1.14	1.13	1.19
US Dollar	1.38	1.33	1.30
Chinese Yuan Renminbi	8.71	8.79	8.73
Hong Kong Dollar	10.81	10.37	10.11
Korean Wong	1,473	1,473	1,487

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

FY 2019 OUTLOOK BROADLY STABLE REVENUE AND OPERATING MARGIN (@ CER)

REVENUE	Retail	Net space impact -1%
	Wholesale (ex. Beauty)	Low single digit % decline
	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	£160-170m
	Share buyback	£150m
FX	FX on Adjusted Operating Profit	£40m* negative impact vs FY 2018

* Spot rates at 30 April 2018, taking into account the current hedged positions

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REPORTING CALENDAR

Q1 Trading Update 11 July 2018

AGM 12 July 2018

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