

BURBERRY

LONDON ENGLAND

INTERIM RESULTS 2019

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER

AGENDA

INTRODUCTION

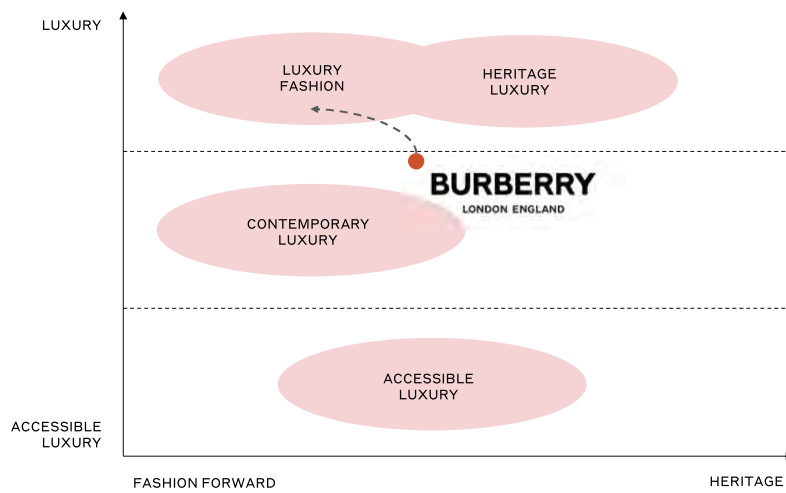
FINANCIAL RESULTS

GUIDANCE

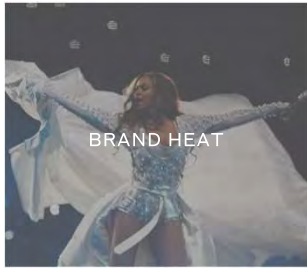
STRATEGIC PROGRESS AND OUTLOOK

Q&A

TWO YEARS AGO WE SET OUT OUR VISION TO REPOSITION THE BRAND TO LUXURY FASHION ...



... AND WE ARE STARTING TO SEE THE FIRST RESULTS



Ignite brand heat with influencers & key opinion leaders



Establish the brand with target luxury consumers; manage product transition and invest in image-driving channels



Reposition the brand with all luxury consumers; complete the transition in product and distribution

SEPTEMBER 2018

SEPTEMBER 2020



SUMMER



AUTUMN

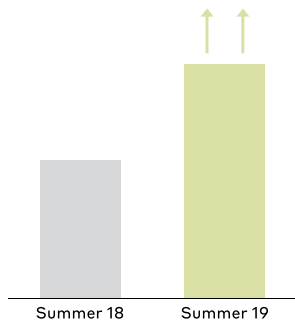


WINTER

COLLECTION PERFORMANCE

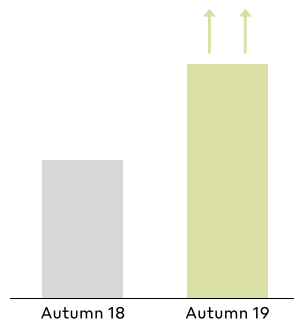
SUMMER

£



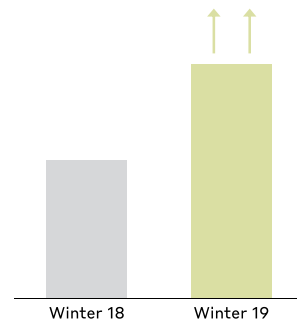
AUTUMN

£



WINTER

£

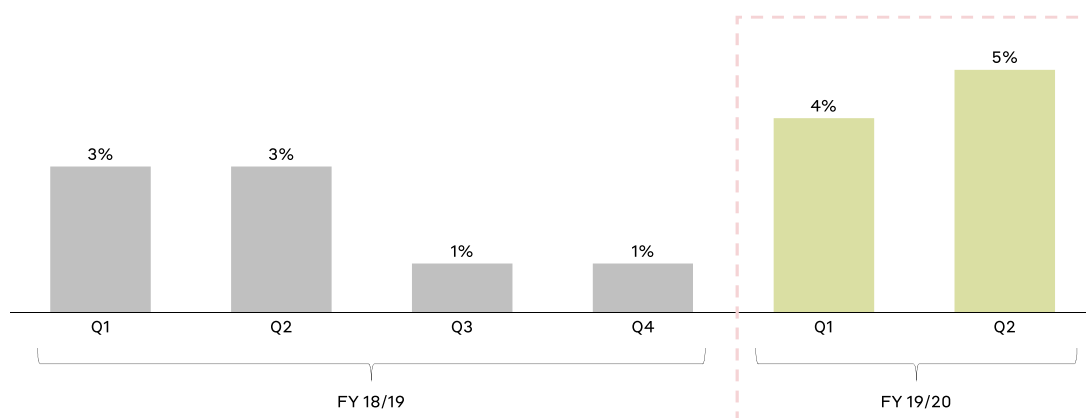


Note: Graph not to scale

NEW PRODUCT PERFORMANCE TRANSLATING TO COMP GROWTH

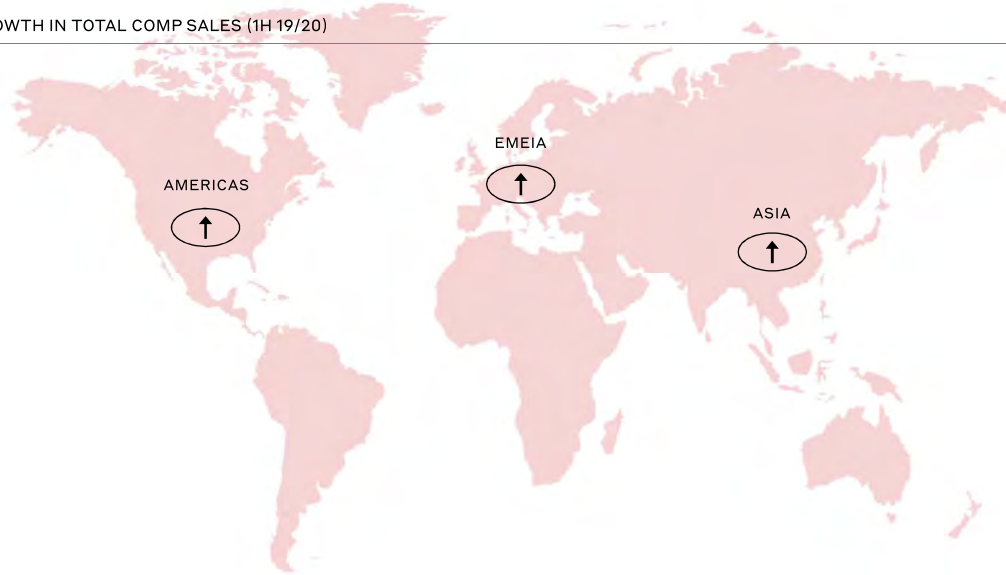
TOTAL COMP SALES – BY QUARTER

% GROWTH



GROWTH REFLECTED ACROSS ALL REGIONS

GROWTH IN TOTAL COMP SALES (1H 19/20)



JULIE BROWN

CHIEF OPERATING & FINANCIAL OFFICER

H1 2020 SUMMARY FINANCIALS

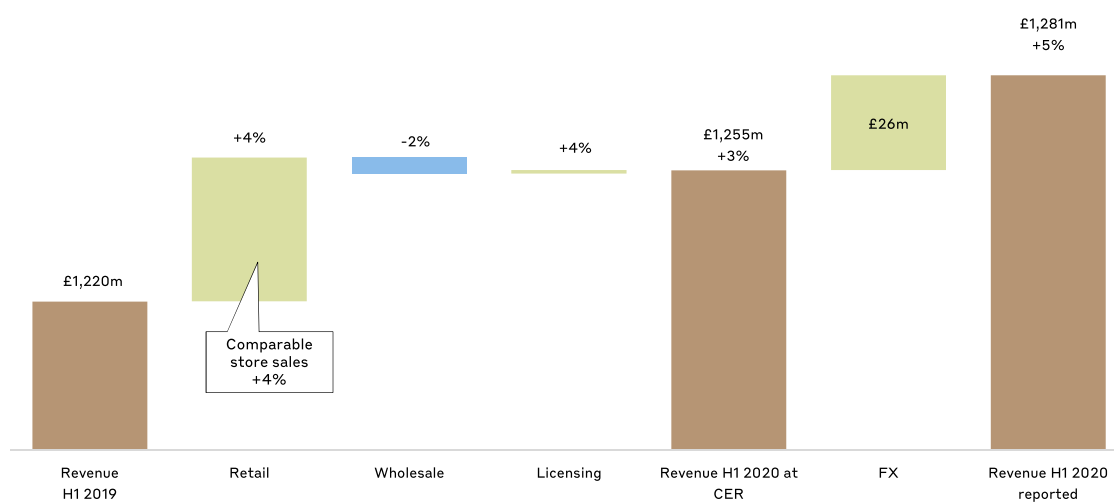
----- H1 2020 pro forma results -----

-- Reported under IFRS 16 --

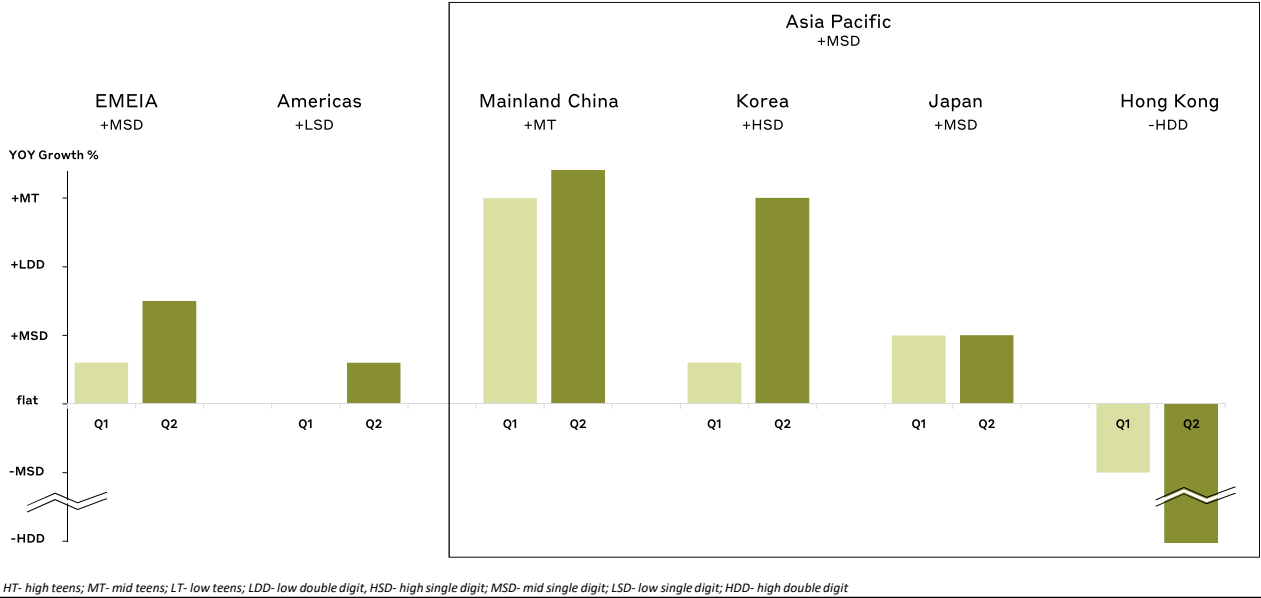
| | % change pro forma vs H1 2019 | | | | | |
|---------------------------|-------------------------------|------------|-------------|----------|------------|-----------------|
| | H1 2020 pro forma £m | H1 2019 £m | Reported FX | CER | H1 2020 £m | YOY Reported FX |
| Adjusted | | | | | | |
| Revenue | 1,281 | 1,220 | 5% | 3% | 1,281 | 5% |
| Adjusted operating profit | 187 | 178 | 5% | (4%) | 203 | 14% |
| Adjusted operating margin | 14.6% | 14.6% | 0bps | (100bps) | 15.9% | +130bps |
| Adjusted diluted EPS | 36.1p | 32.9p | 10% | 1% | 36.9p | 12% |
| Free cash flow | (29) | 46 | | | (29) | |
| Dividend per share | 11.3p | 11.0p | 3% | | 11.3p | 3% |
| Reported | | | | | | |
| Operating profit | 186 | 173 | 8% | | 202 | 17% |
| Reported diluted EPS | 35.7p | 31.6p | 13% | | 36.4p | 15% |

H1 2020 proforma results are prepared on a comparable basis to the H1 2019 results
For definition of free cash flow and alternative performance measures see Appendix

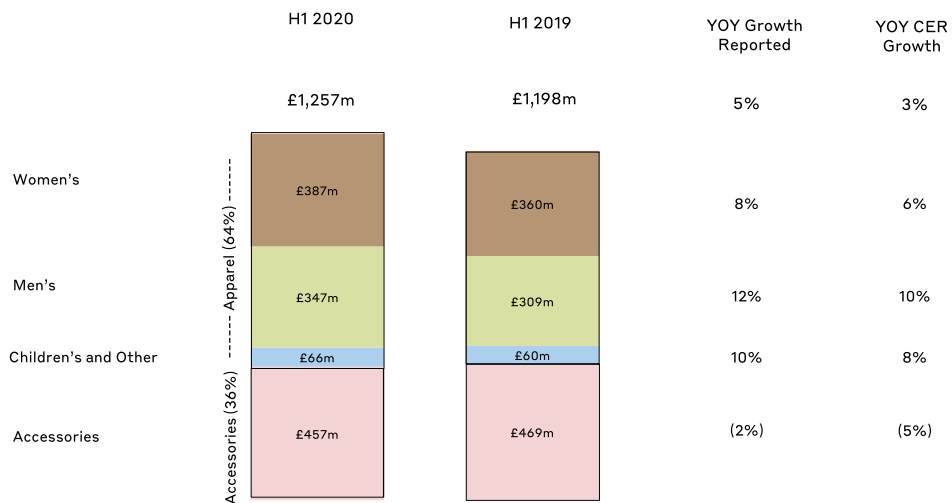
GROUP REVENUE +3% (CER)



RETAIL COMPARABLE STORE SALES +4% Q1 +4% Q2 +5%



RETAIL & WHOLESALE REVENUE BY PRODUCT



INCOME STATEMENT

----- H1 2020 pro forma results -----

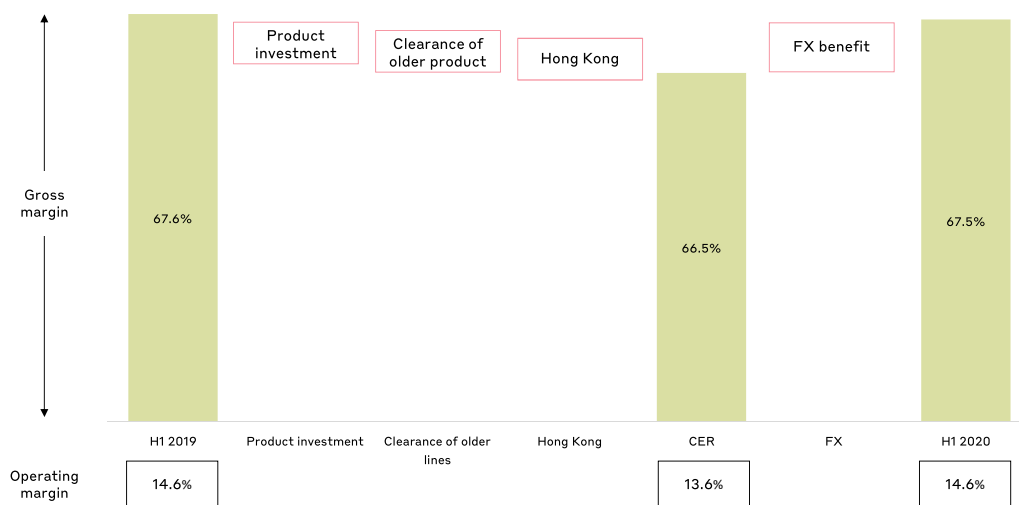
- Reported under IFRS 16 -

| | Change pro forma vs H1 2019 | | | | | | |
|----------|-----------------------------|------------|-------------|-------|-------|-------|------------|
| | H1 2020 pro forma £m | H1 2019 £m | Reported FX | CER | | | H1 2020 £m |
| Adjusted | Revenue | 1,281 | 1,220 | 5% | 3% | 1,281 | 5% |
| | Gross profit | 865 | 825 | 67.5% | 67.6% | 865 | 5% |
| | Operating expenses | (678) | (647) | (5%) | | (662) | |
| | Adjusted operating profit | 187 | 178 | 14.6% | 14.6% | 203 | 14% |
| | Adjusting operating items | (1) | (5) | | | (1) | |
| | Tax* | (42) | (42) | | | (43) | |
| | Adjusted diluted EPS | 36.1p | 32.9p | 10% | 1% | 36.9p | 12% |
| Reported | Operating profit | 186 | 173 | 8% | | 202 | 17% |
| | Reported diluted EPS | 35.7p | 31.6p | 13% | | 36.4p | 15% |

*Effective tax rate on adjusted profit before tax improved 200bps to 22.0%. Note the table above shows the reported tax

REVIEW OF MARGINS

NOT TO SCALE



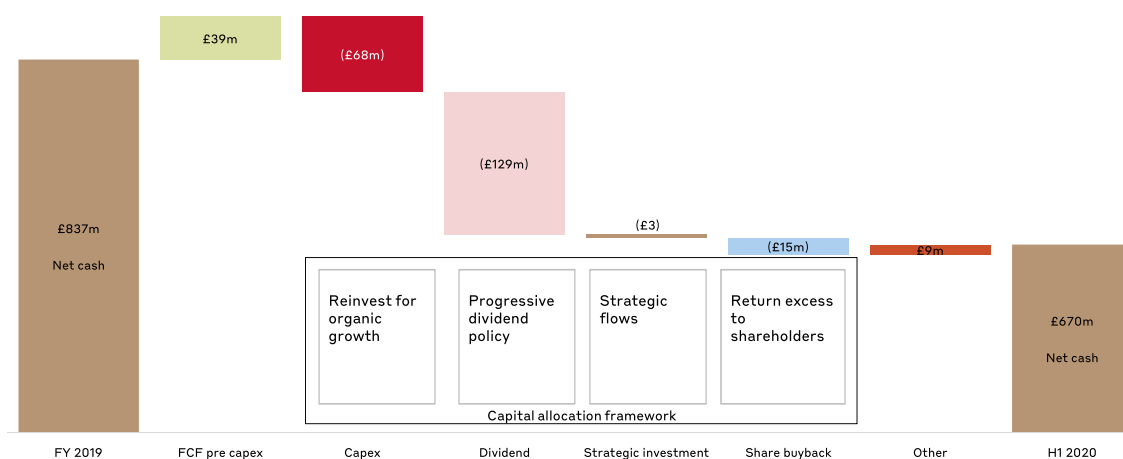
FREE CASH FLOW

H1 2020 INCLUDES THE ADOPTION OF IFRS 16

| | H1 2020 £m | H1 2019 £m |
|------------------------------------|---------------|---------------|
| Adjusted operating profit | 203 | 178 |
| Depreciation and amortisation | 52 | 56 |
| Depreciation on right of use asset | 108 | - |
| Working capital* | ** (111) | (92) |
| Restructuring costs | (20) | (16) |
| Other | 19 | 8 |
| Cash inflow from operations | 251 | 134 |
| Payment of lease liabilities | (115) | - |
| Capex | (68) | (51) |
| Interest | (9) | 3 |
| Tax | (88) | (40) |
| Free cash flow | (29) | 46 |

*Excludes impact of adjusting items
** Inventory outflow £51m, Receivables outflow £27m, Payables outflow £33m

MOVEMENT IN NET CASH



Net debt including reported lease liabilities was £416m at 28 September 2019 (30 March 2019: Lease adjusted net debt £409m) - see definitions in Appendix

FY 2020 FINANCIAL OUTLOOK

BROADLY STABLE REVENUE AND ADJUSTED OPERATING MARGIN AT CER*

Guidance updates (for detailed outlook see Appendix)

- Wholesale to decline low single digit
- Gross margin to be down c150bps at CER
- Capex of £180m
- FX benefit of £4m on operating profit and benefit of £13m on revenue

** Excludes the impact of IFRS 16, which is expected to benefit FY 2020 operating profit by c£30m-£35m and PBT by £5m-£10m*



FY 2019 AND FY 2020
BUILD THE FOUNDATION

- Re-energise the Burberry brand
- Rationalise and invest to align to luxury distribution
- Manage creative transition

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

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER



COMMUNICATIONS



PRODUCT



DISTRIBUTION

COMMUNICATIONS





NATIVE CONTENT



NOWNESS

UK / US / China



DAZED

Korea



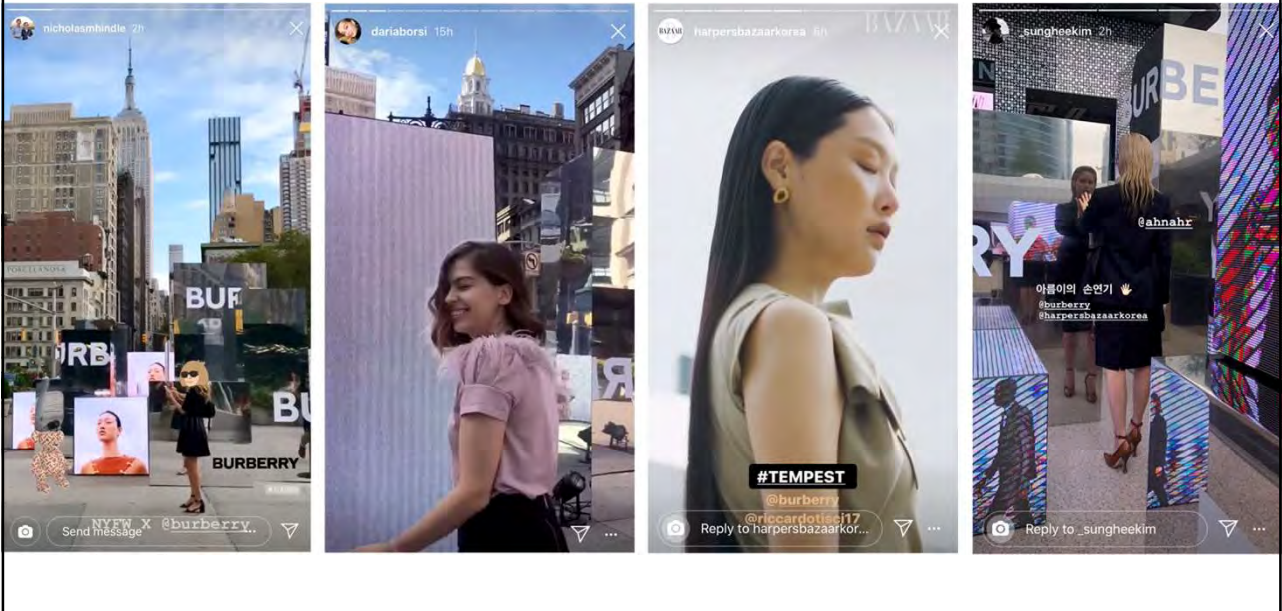
Mille

UAE

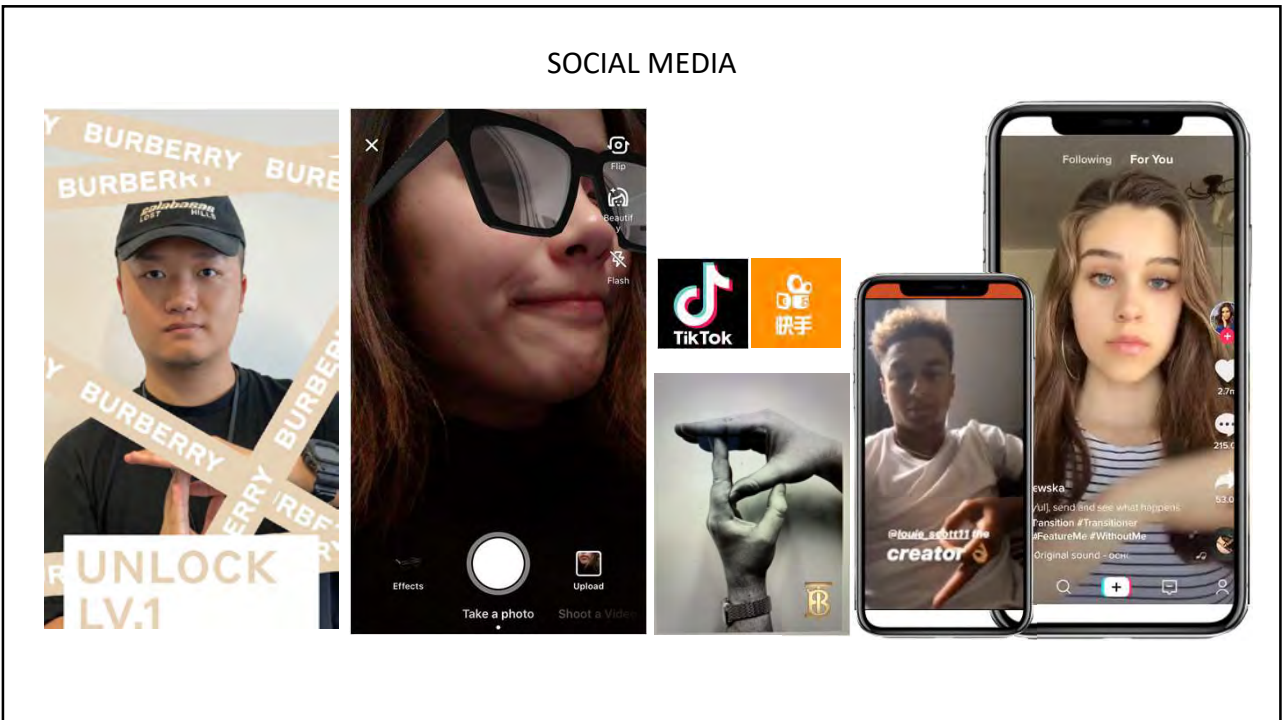


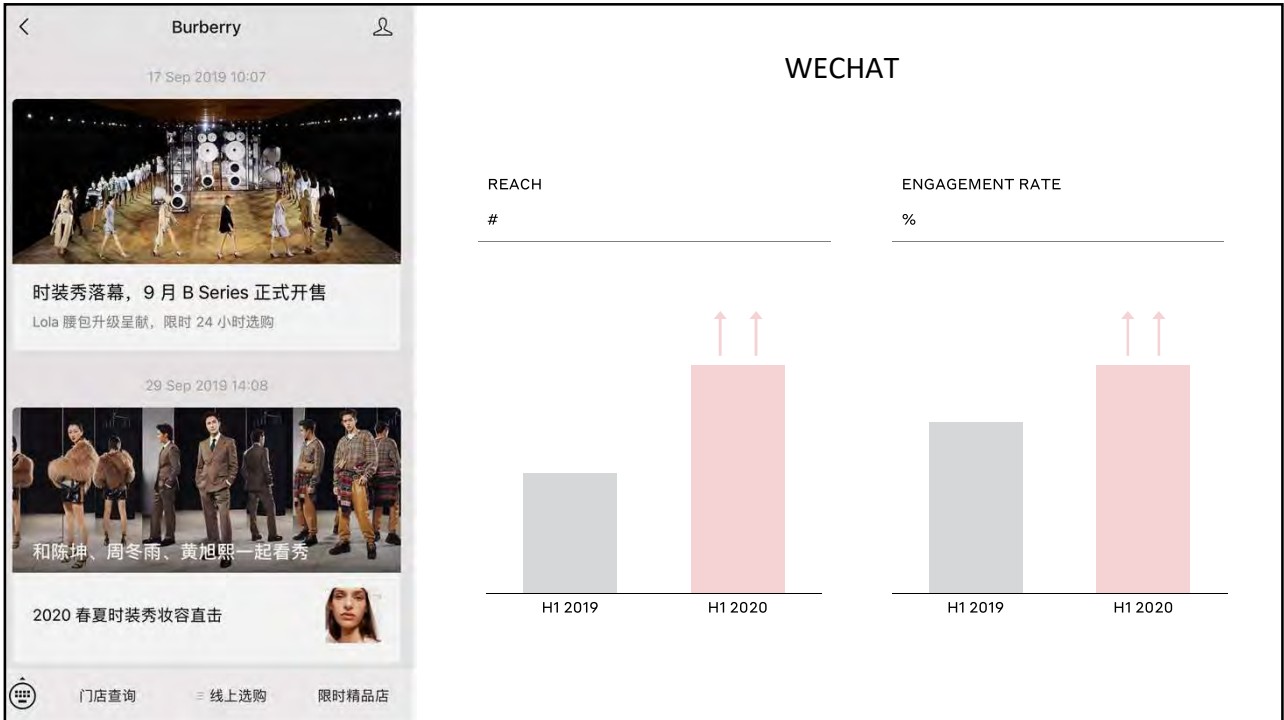
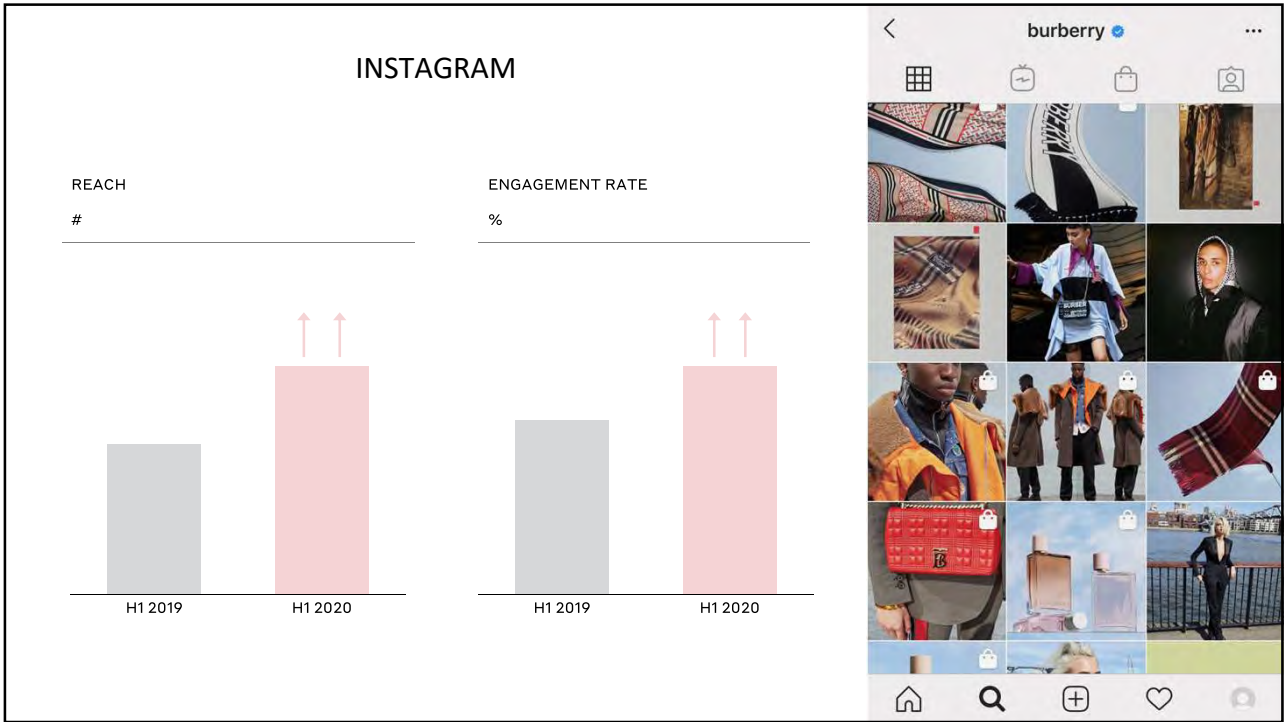


INFLUENCER AND USER GENERATED CONTENT



SOCIAL MEDIA





PRODUCT



RICCARDO'S PRODUCT

AVAILABLE PRODUCT

% of total

% RT product available at end of period

INDICATIVE

100%



FEB-APR '19

MAY-AUG '19

SEP-DEC '19

JAN-MAR '20

Note: mainline and digital only



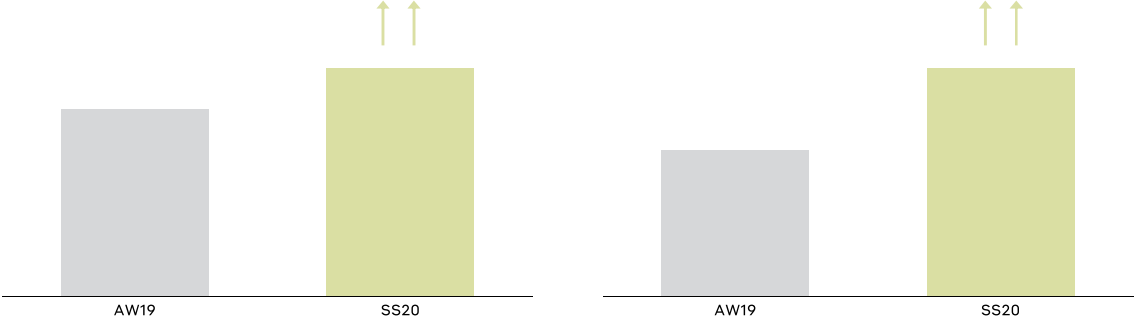
SS20 PRESS COVERAGE AND REACH

PRESS COVERAGE

#

REACH

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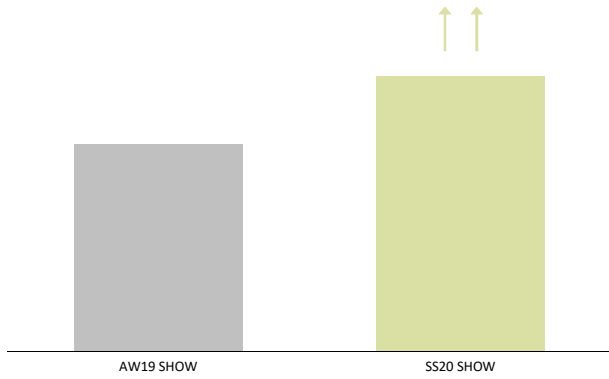




EARNED MEDIA VALUE

EARNED MEDIA VALUE

£



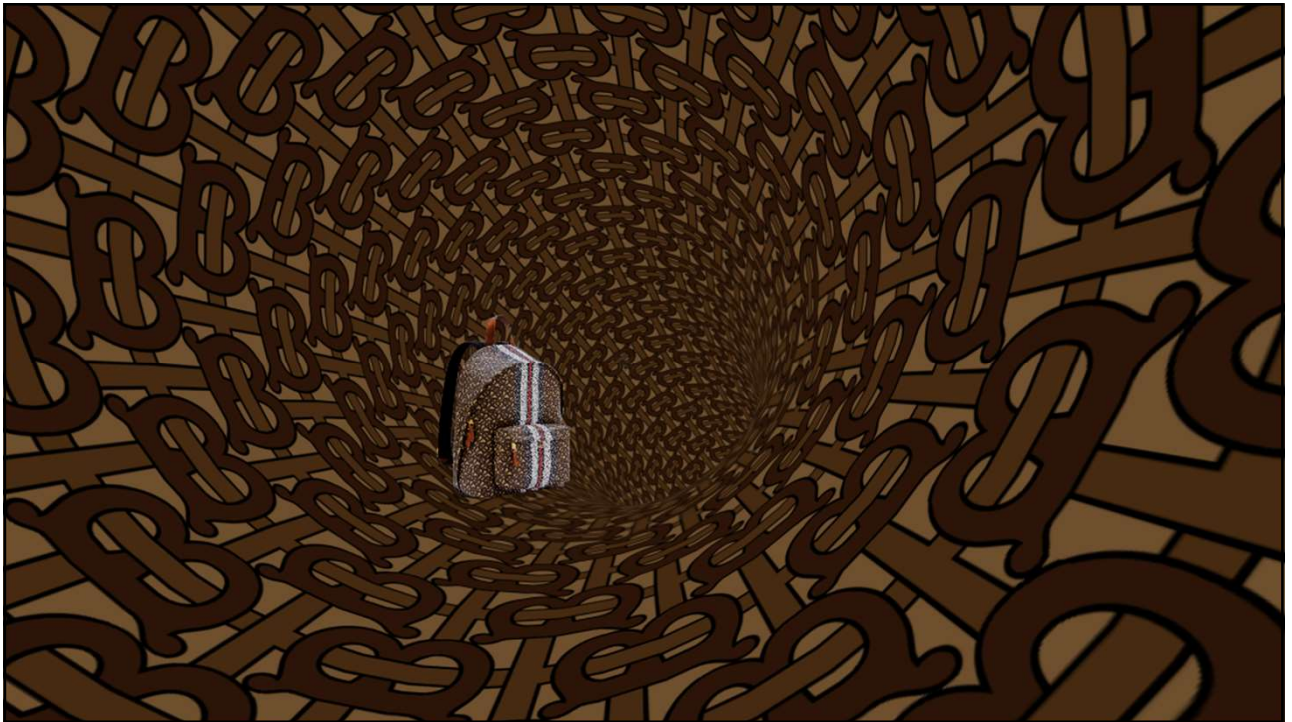
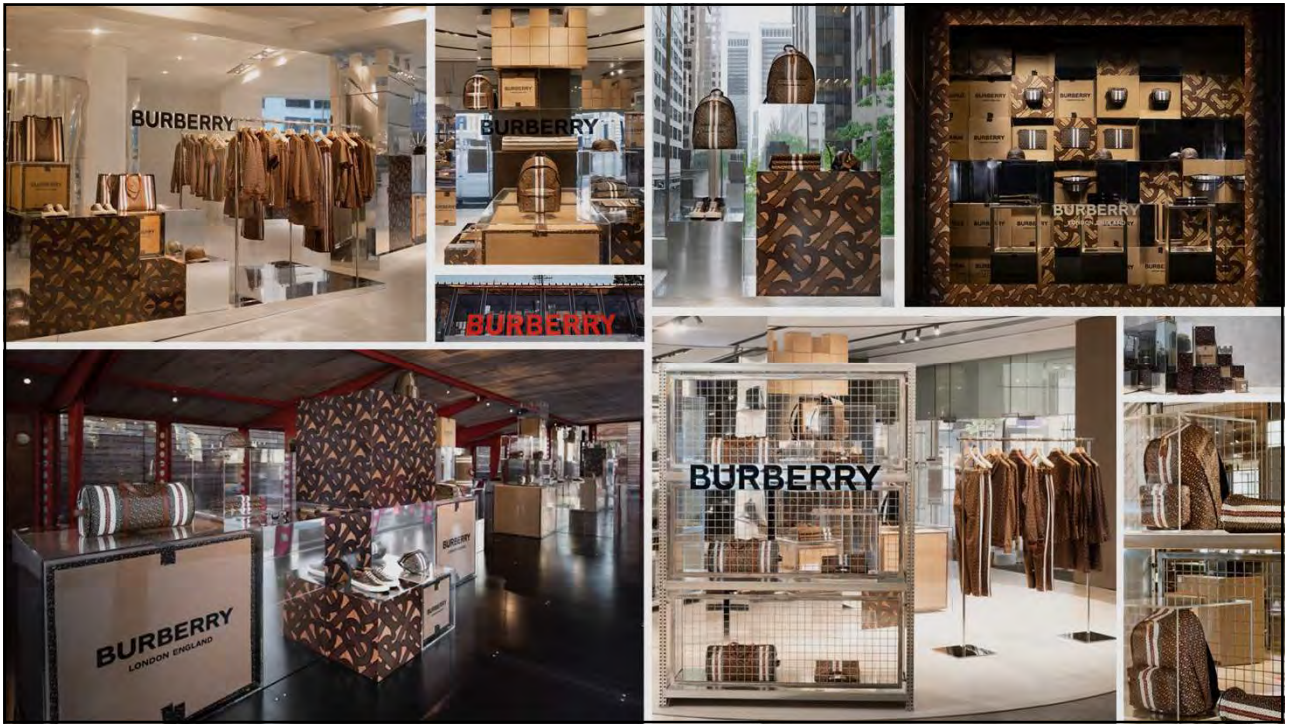
LEATHER GOODS



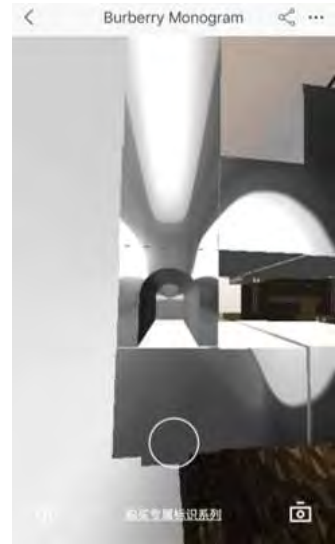
DISTRIBUTION

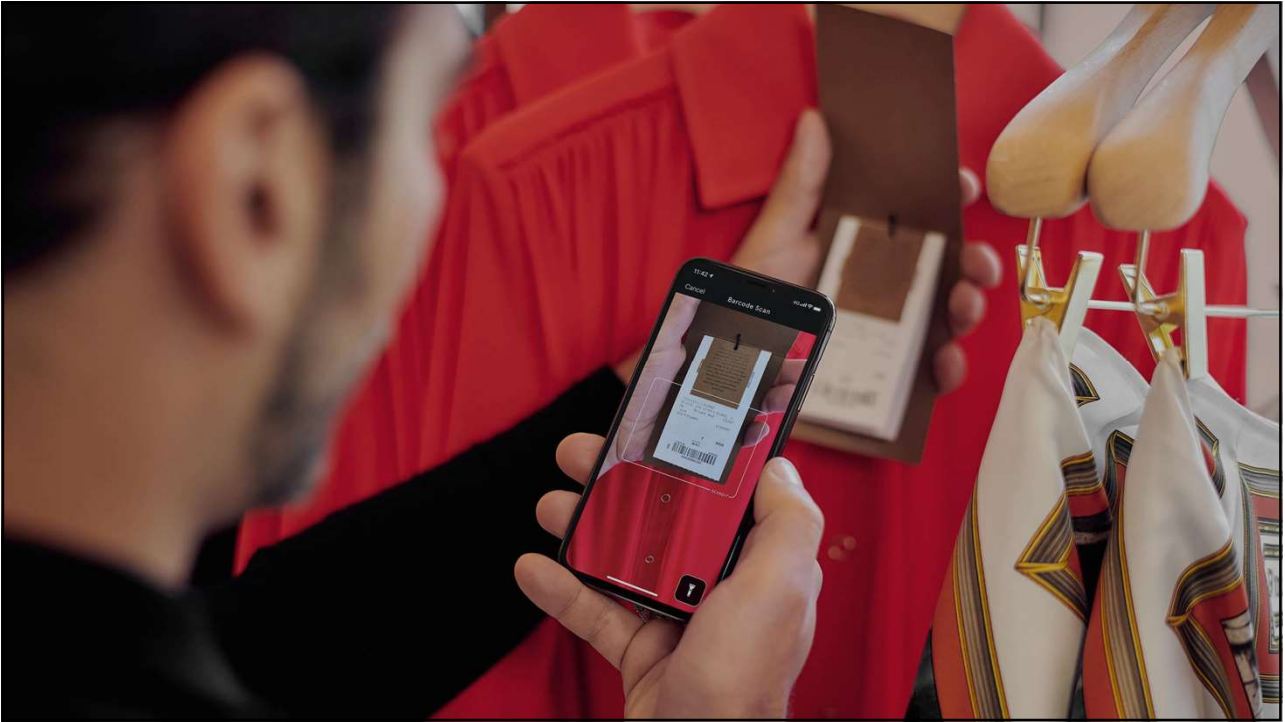






TMALL MONOGRAM ACTIVATION





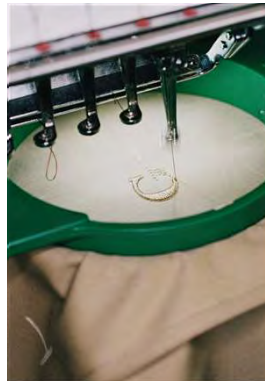
DRIVING FORWARD OUR COMMITMENT TO SUSTAINABILITY



HIGHEST EVER SCORE IN
DOW JONES
SUSTAINABILITY INDEX



ECONYL CAPSULE



G7 FASHION PACT



FIRST CARBON
NEUTRAL SHOW

LOOKING AHEAD

LOOKING AHEAD, WE HAVE AN OPPORTUNITY TO ACCELERATE



Ignite brand heat with influencers & key opinion leaders



Establish the brand with target luxury consumers; manage product transition and invest in image-driving channels



Reposition the brand with all luxury consumers; complete the transition in product and distribution

SEPTEMBER 2018

SEPTEMBER 2020

Source: Burberry Strategy team



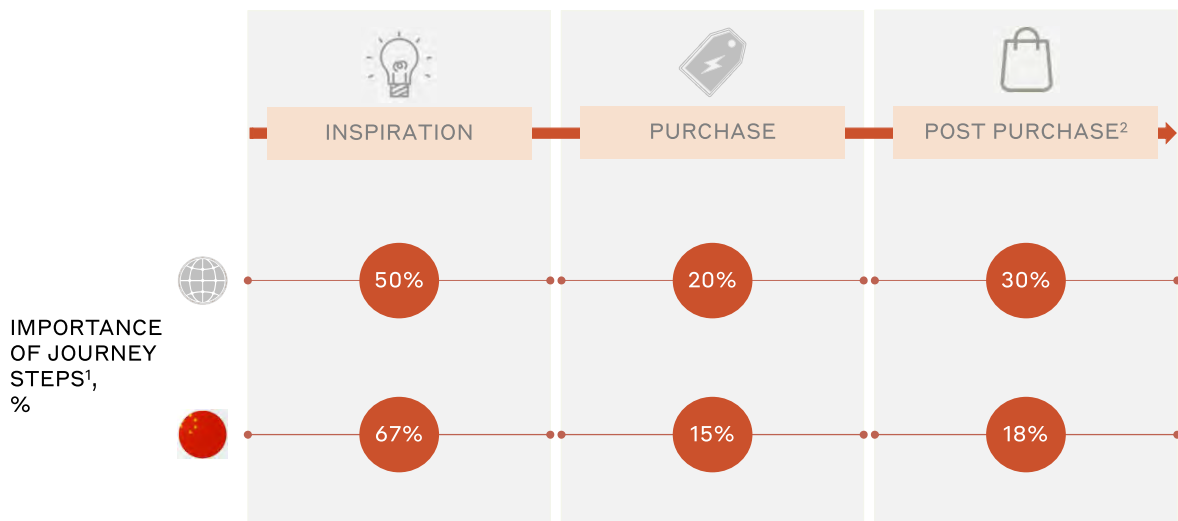
PRODUCT

LUXURY PRODUCT

PERCEPTIBLE QUALITY

FREQUENT NEWNESS

IMPORTANCE OF INSPIRATION

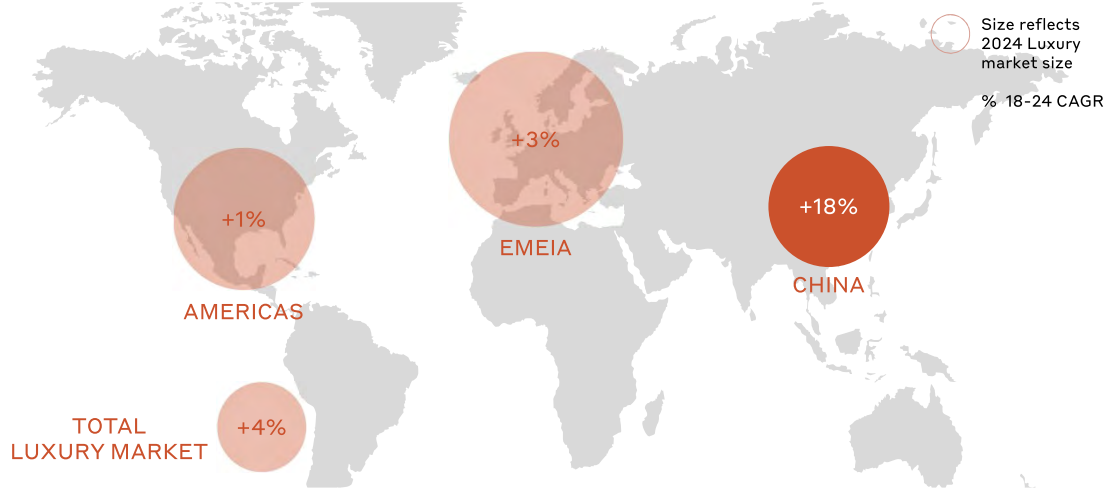


¹ Based on time spent at each stage by a luxury consumer
² Consumer activities after point of purchase – including online (e.g., posting purchase on social media) and offline (e.g., after sales care)

Source: BCG consumer surveys; BCG X Tencent Luxury Study, 2019

CHINA REMAINS GREATEST CONTRIBUTOR TO LUXURY GROWTH

EVOLUTION OF PERSONAL LUXURY DEMAND¹ BY REGION, 2018-2024 CAGR

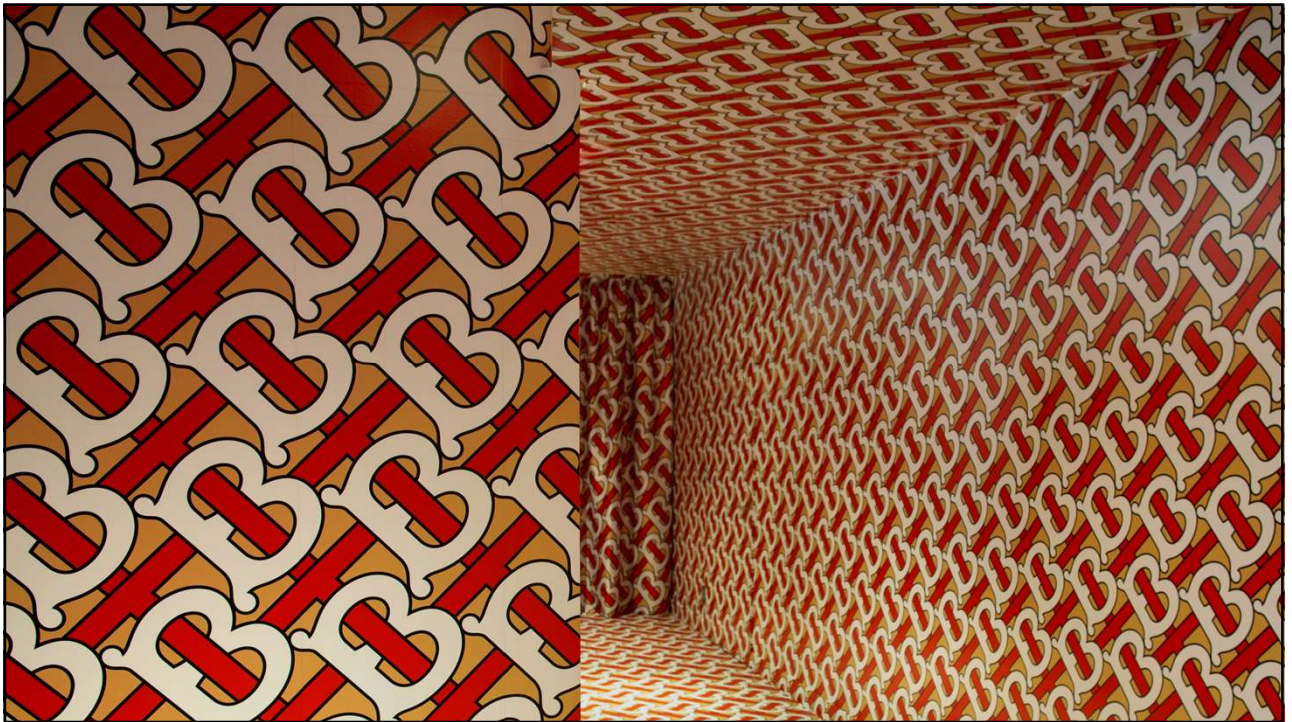


¹Including accessories, apparel, watch & jewellery, perfumes & cosmetics
Source: BCG Luxury Model; Altgamma; Canback Global Income Distribution Database (CGIDD); Oxford Economics

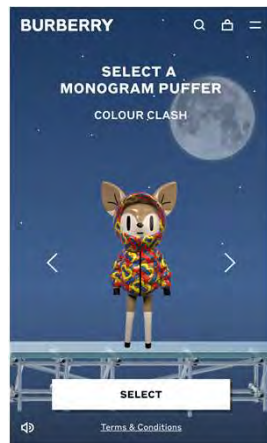
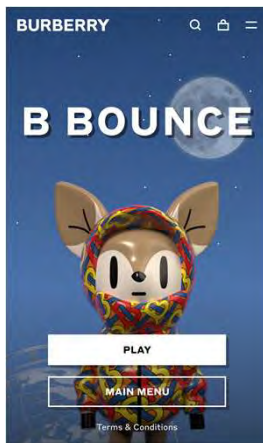








DIGITAL







Tencent 腾讯

Tencent apps reach 98% of Chinese netizens and 55% of mobile time spent online



1.1 BILLION
WeChat monthly active users



707 MILLION
QQ monthly active users

Source: Tencent; Business Insider





CONCLUSION

BUILDING MOMENTUM

DELIVERING RESULTS

PREPARING FOR NEXT PHASE

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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- Twitter: @BurberryCorp
- LinkedIn: Burberry

IMPACT OF IFRS 16 ON OUR INCOME STATEMENT

| | H1 2020 £m | Impact of IFRS 16 | H1 2020 pro forma £m | |
|----------|----------------------------|----------------------|-------------------------|-------|
| Adjusted | Revenue | 1,281 | 1,281 | |
| | Gross profit | 865 | 865 | |
| | Operating expenses | 662 | 16 | 678 |
| | Adjusted operating profit | 203 | 16 | 187 |
| | Adjusted operating margin | 15.9% | | 14.6% |
| | Adjusted profit before tax | 195 | 4 | 191 |
| | Adjusted diluted EPS | 36.9p | 0.8p | 36.1p |
| Reported | Operating profit | 202 | 16 | 186 |
| | Reported diluted EPS | 36.4p | 0.7p | 35.7p |

IFRS 16 ADOPTED IN FY 2020

| IFRS 16 changes | Impact of IFRS 16 adoption |
|--|--|
| Modified retrospective adoption approach | No prior year restatement; adopted from opening balance |
| Balance Sheet Recognition of right of use asset ("ROU") Recognition of lease liabilities | Balance sheet at 28 September 2019 Right of use asset: £0.9bn Lease liability: c£1.1bn |
| Income statement Replacement of minimum lease payments with lease interest expense and depreciation of right of use asset | Income statement* Operating profit £16m higher in H1 2020 vs pro forma Operating margin 130bps higher in H1 2020 vs pro forma PBT £4m higher in H1 2020 vs pro forma |
| Cash flow Payment of lease principal moved from "Net cash generated from operating activities" to "Cash flows from financing activities" | No impact on net cash flow |

*For more detail see Appendix

FY 2020 OUTLOOK

BROADLY STABLE REVENUE AND ADJUSTED OPERATING MARGIN (@ CER)

| | | |
|--------------|--|--|
| REVENUE | Retail space | No impact from net space on our retail revenue including the non-strategic store programme |
| | Wholesale | Decrease low single digit % |
| GROSS MARGIN | Group | Down c150bps |
| PROFIT | Non strategic store rationalisation | £10m opex reduction (adjusted operating profit neutral) |
| | Cumulative cost savings | £120m (£15m incremental in FY20) |
| | Restructuring charges | c.£16m including the non strategic store rationalisation charges |
| | Effective tax rate | c.22% |
| CASH | Capex | c.£180m |
| | Share buyback | £150m |
| FX | FX on adjusted operating profit | £4m* benefit vs FY 2019 |
| IFRS 16 | Impact of IFRS 16 adoption on income statement | IFRS 16 is expected to benefit operating profit by £30m-£35m and profit before tax by £5m-£10m |

* Spot rates at 1 November 2019, taking into account the current hedged positions

ALTERNATIVE PERFORMANCE MEASURES

| APM | Description and purpose | GAAP measure reconciled to | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|--|--------------|--------------|--------------|------|--|--|------------------|----|----|-----------------|---|------|-------------------------|---|------|----|----|------|----------------|----|----|
| Pro forma results | This measure is an estimation of the results for the period when applying the previous accounting standard for leases, IAS 17 Leases. It has been included as IFRS 16 was adopted without restatement of the prior period. | <i>Reported results for the same period</i> | | | | | | | | | | | | | | | | | | | | | |
| Constant Exchange Rates (CER) | This measure removes the effect of changes in exchange rates compared to the prior period. It incorporates 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. | <i>Results at reported rates</i> | | | | | | | | | | | | | | | | | | | | | |
| Comparable sales | 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. This measure is used to strip out the impact of store openings and closings, allowing a comparison of equivalent store performance against the prior period. | <p><i>Retail Revenue:</i></p> <table border="1"> <thead> <tr> <th>Period ended</th> <th>28 Sept 2019</th> <th>29 Sept 2018</th> </tr> </thead> <tbody> <tr> <td>YoY%</td> <td></td> <td></td> </tr> <tr> <td>Comparable sales</td> <td>4%</td> <td>3%</td> </tr> <tr> <td>Change in space</td> <td>-</td> <td>(1%)</td> </tr> <tr> <td>IFRS 15/Retail Calendar</td> <td>-</td> <td>(1%)</td> </tr> <tr> <td>FX</td> <td>2%</td> <td>(1%)</td> </tr> <tr> <td>Retail revenue</td> <td>6%</td> <td>0%</td> </tr> </tbody> </table> | Period ended | 28 Sept 2019 | 29 Sept 2018 | YoY% | | | Comparable sales | 4% | 3% | Change in space | - | (1%) | IFRS 15/Retail Calendar | - | (1%) | FX | 2% | (1%) | Retail revenue | 6% | 0% |
| Period ended | 28 Sept 2019 | 29 Sept 2018 | | | | | | | | | | | | | | | | | | | | | |
| YoY% | | | | | | | | | | | | | | | | | | | | | | | |
| Comparable sales | 4% | 3% | | | | | | | | | | | | | | | | | | | | | |
| Change in space | - | (1%) | | | | | | | | | | | | | | | | | | | | | |
| IFRS 15/Retail Calendar | - | (1%) | | | | | | | | | | | | | | | | | | | | | |
| FX | 2% | (1%) | | | | | | | | | | | | | | | | | | | | | |
| Retail revenue | 6% | 0% | | | | | | | | | | | | | | | | | | | | | |

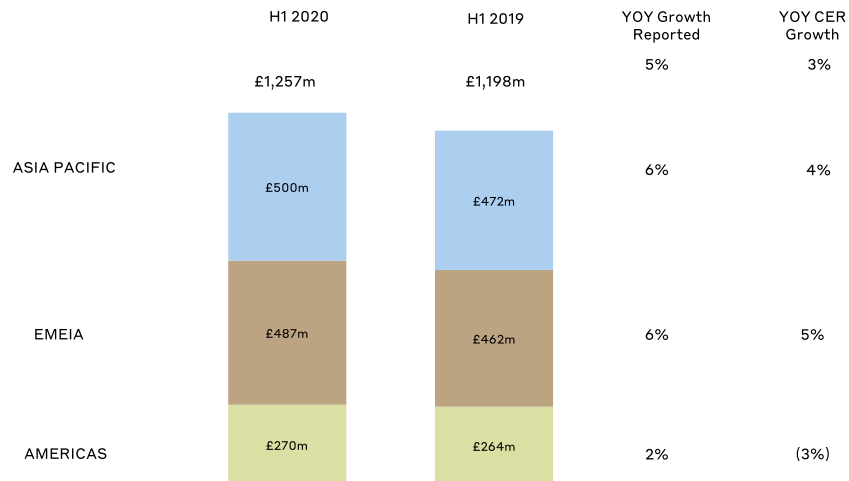
All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise. Certain financial data within this presentation have been rounded.

ALTERNATIVE PERFORMANCE MEASURES

| APM | Description and purpose | GAAP measure reconciled to | | | | | | | | | | | | | | | | | | |
|--|---|---|--------------|--------------|---------------|--|-----|-----|--------------------------------------|---------|---------|----------------------------|-------|--------|---------------------------|------|---|----------------|------|----|
| Adjusted Profit | Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance. | <i>Reported Profit:</i> A reconciliation of reported profit before tax to adjusted profit before tax is included in the income statement. The Group's accounting policy for adjusted profit before tax is set out in the financial statements. | | | | | | | | | | | | | | | | | | |
| Free Cash Flow | Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items following the adoption of IFRS 16 in this period. | <p><i>Net cash generated from operating activities:</i></p> <table border="1"> <thead> <tr> <th>Period ended</th> <th>28 Sept 2019</th> <th>29 Sept 2018</th> </tr> </thead> <tbody> <tr> <td>Net cash generated from operating activities</td> <td>164</td> <td>97</td> </tr> <tr> <td>Capital expenditure</td> <td>(68)</td> <td>(51)</td> </tr> <tr> <td>Payment of lease principal</td> <td>(115)</td> <td>-</td> </tr> <tr> <td>Other lease related items</td> <td>(10)</td> <td>-</td> </tr> <tr> <td>Free cash flow</td> <td>(29)</td> <td>46</td> </tr> </tbody> </table> | Period ended | 28 Sept 2019 | 29 Sept 2018 | Net cash generated from operating activities | 164 | 97 | Capital expenditure | (68) | (51) | Payment of lease principal | (115) | - | Other lease related items | (10) | - | Free cash flow | (29) | 46 |
| Period ended | 28 Sept 2019 | 29 Sept 2018 | | | | | | | | | | | | | | | | | | |
| Net cash generated from operating activities | 164 | 97 | | | | | | | | | | | | | | | | | | |
| Capital expenditure | (68) | (51) | | | | | | | | | | | | | | | | | | |
| Payment of lease principal | (115) | - | | | | | | | | | | | | | | | | | | |
| Other lease related items | (10) | - | | | | | | | | | | | | | | | | | | |
| Free cash flow | (29) | 46 | | | | | | | | | | | | | | | | | | |
| Net Debt | <p>Net debt is defined as the lease liability recognised on the balance sheet, less net cash.</p> <p>*In the prior year lease adjusted net debt was defined as five times minimum lease payments, adjusted for charges and utilisation of onerous lease provisions, less net cash.</p> | <p><i>Net cash:</i></p> <table border="1"> <thead> <tr> <th>Period ended</th> <th>28 Sept 2019</th> <th>30 March 2019</th> </tr> </thead> <tbody> <tr> <td>Net cash</td> <td>670</td> <td>837</td> </tr> <tr> <td>Lease liability/Operating lease debt</td> <td>(1,086)</td> <td>(1,246)</td> </tr> <tr> <td>Lease adjusted net debt</td> <td>(416)</td> <td>*(409)</td> </tr> </tbody> </table> | Period ended | 28 Sept 2019 | 30 March 2019 | Net cash | 670 | 837 | Lease liability/Operating lease debt | (1,086) | (1,246) | Lease adjusted net debt | (416) | *(409) | | | | | | |
| Period ended | 28 Sept 2019 | 30 March 2019 | | | | | | | | | | | | | | | | | | |
| Net cash | 670 | 837 | | | | | | | | | | | | | | | | | | |
| Lease liability/Operating lease debt | (1,086) | (1,246) | | | | | | | | | | | | | | | | | | |
| Lease adjusted net debt | (416) | *(409) | | | | | | | | | | | | | | | | | | |

All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise. Certain financial data within this presentation have been rounded.

RETAIL & WHOLESALE REVENUE BY REGION



FOREIGN EXCHANGE RATES

| £1= | Forecast effective rates for FY 2020 | | Actual average exchange rates | | |
|------------------|--------------------------------------|--------------|-------------------------------|---------|---------|
| | 1 November 2019 | 28 June 2019 | H1 2020 | H1 2019 | FY 2019 |
| Euro | 1.14 | 1.12 | 1.12 | 1.13 | 1.13 |
| US Dollar | 1.28 | 1.27 | 1.26 | 1.33 | 1.31 |
| Chinese Renminbi | 8.92 | 8.73 | 8.71 | 8.78 | 8.82 |
| Hong Kong Dollar | 9.97 | 9.93 | 9.82 | 10.42 | 10.26 |
| Korean Won | 1,500 | 1,473 | 1,486 | 1,463 | 1,460 |

Currency sensitivity:

In FY 2019, a +/-5% move in sterling would have resulted in a -/+£45-50m impact on the adjusted operating profit of £438m

ADJUSTING ITEMS

| | H1 2020 £m | H1 2019 £m |
|---|---------------|---------------|
| Restructuring costs | (1) | (10) |
| Disposal of Beauty operations | - | 6 |
| Revaluation of deferred consideration liability | - | (1) |
| Adjusting operating items | (1) | (5) |
| Adjusting financing items | (1) | (1) |

STORE PORTFOLIO

| | Directly-operated stores | | | | Franchise stores |
|----------------------|--------------------------|-------------|---------|-------|------------------|
| | Stores | Concessions | Outlets | Total | |
| At 30 March 2019 | 233 | 146 | 52 | 431 | 44 |
| Additions | 7 | 8 | 3 | 18 | - |
| Closures | (17) | (6) | (3) | (26) | - |
| At 28 September 2019 | 223 | 148 | 52 | 423 | 44 |

| At 28 September 2019 | Directly-operated stores | | | | Franchise stores |
|----------------------|--------------------------|-------------|---------|-------|------------------|
| | Stores | Concessions | Outlets | Total | |
| Asia Pacific | 92 | 87 | 16 | 195 | 6 |
| EMEIA | 62 | 51 | 19 | 132 | 38 |
| Americas | 69 | 10 | 17 | 96 | - |
| Total | 223 | 148 | 52 | 423 | 44 |

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Reporting calendar

Q3 Trading update 22 January 2020
Preliminary results May 2020*

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*preliminary date