Burberry Group plc
Q1 Trading Update
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Julie Brown, Chief Financial and Operating Officer

Good morning and welcome to Burberry's first quarter conference call. Slides are available to accompany this presentation on the IR section of our website.

In today's presentation, I'll spend the first few minutes running through our retail performance in the quarter, sharing the progress we've made against our strategy and then close with guidance.

With me this morning is Annabel Gleeson, our Head of Investor Relations and we will be happy to take your questions at the end.

Turning to slide one:

This quarter, Riccardo-designed products became a meaningful proportion of our offer, building from 10-15% of the assortment at Q4 to around 50% by the period end.

The customer response to the new product has been very positive.

We saw strong double digit percentage growth across runway, Summer and Autumn 19 collections compared to the equivalent collections in the prior year.

Sales from the new product were ahead of the prior year in all regions with Chinese and Japanese customers delivering the strongest trends

Consumers reacted positively to the new aesthetic and the new Burberry house codes.

Men's and women's benefited from the outfitting initiative with strong growth in tops and bottoms. And in accessories, we continued to build out our product architecture and increase emphasis on solid leather bag collections.

Whilst the new product is performing well, lines from previous collections continued to weigh on the overall performance of the business, resulting in comparable store sales growth of 4%.

Turning to the second slide

By region, Asia Pacific led the growth delivering a high single digit improvement year on year. Mainland China grew mid-teens as customers responded positively to the new product lines and the country benefited from some repatriation of spend to Mainland China. By nationality, Chinese spending globally was up high single digit, a marked sequential improvement on the low single digit trend in the prior year.

In Japan, we continued to expand our retail footprint, gaining concessions in Hankyu and Isetan.

On a comp basis, Japanese sales were up mid-single digit, but including the benefit of new space, Japan grew mid-teens, as our new product resonated well with fashion forward consumers.

Elsewhere in Asia, Korea grew low single digits, whilst Hong Kong was lower year on year, impacted by the protests.

EMEIA grew low single digits with a mixed performance across countries. The UK and Italy both delivered good growth, whilst France was softer year on year. And the Middle East remained challenging impacted by the macro situation. And finally, the Americas was flat year on year The US grew low single digits, but offset by Canada, which was impacted by a later markdown period.

Turning to slide three

This slide shows the major components of retail sales. And again, you can see the 4% growth in comparable store sales.

Space was -2% in this quarter and we still anticipate space being flat for the full year. During Q1, we continued to invest in our store network, opening 9 stores including 3 larger new stores in China: IFC and IAPM in Shanghai and China World in Beijing, and two additional concessions in Japan.

Offsetting these openings were 12 closures, including 4 from the previously announced rationalisation programme.

We also continued our store refurbishment programme, which included completing store refreshes in Canton Road and the Ocean Centre in Hong Kong.

In aggregate, 23 of our stores are now aligned to our new creative vision and we remain on track for 80 stores to be complete by the end of the year.

In total, retail revenue was up 2% at constant exchange rates

And finally, currency had a 2% benefit this quarter, resulting in reported sales of £498m, up 4% year on year.

Now before I turn to guidance, I wanted to talk you through some brand highlights in the quarter on slide four.

We engaged frequently with consumers through our monthly B-Series drops and the newly launched monogram capsule, which continued our investment in the Thomas Burberry print as a new house code.

The monogram collection resonated strongly with consumers, particularly with Chinese millennials.

We supported its launch with high impact activations, including pop up stores, and department store window takeovers. This was highly successful in driving brand heat, reaching 120 million consumers globally.

And social posts of the monogram product drove higher than average engagement rates

More widely, our traction across Instagram and WeChat continued to progress positively. We saw growth in the number of followers and DD gains in the engagement rate per post compared to the previous quarter.

And we continued to innovate on new platforms like TikTok and Douyin in China. For example on Douyin, users generated content, which drove over 1 billion views by taking up our monogram challenge.

In addition, key influencers continued to organically endorse Burberry product and our editorial ROI was higher than an already strong Q4.

Turning to slide 5, I wanted to talk about the top-line dynamics for the remaining quarters this year.

Over the coming months, the new product will build from around 50% now to around three quarters of our offer by the end of the financial year.

In terms of comparable store sales growth, mainline is expected to accelerate as the new product builds through the year.

However, we anticipate this will be partially offset, in the second half, by reduced markdown inventory compared to the prior year.

Now turning to the outlook on slide 6

With this top line dynamic in mind, we maintain our guidance for broadly stable revenue and adjusted operating margin at CER in FY2020.

As previously announced, we anticipate a more pronounced weighting of adjusted operating profit in H2 relative to H1, than in the prior year.

Cumulative cost savings of £120m will be delivered by the end of the year and our capex programme is on track.

Finally, turning to currency. We now expect a c£15m benefit to adjusted operating profit and £45m benefit to revenue as a result of a further weakening of sterling against major currencies. This compares with prior guidance of a headwind of £7m at operating profit.

Turning to the final slide.

In summary, this was a good quarter in our multi-year journey to transform Burberry.

We continued to build out the proportion of Riccardo’s product in our stores.

We continued our journey of aligning distribution to a luxury positioning and our new creative vison.

And we launched our monogram capsule, and improved brand heat and consumer engagement sequentially.

The implementation of our strategy is on track and we maintain our FY financial guidance.
And with that we're happy to take any questions.

Q&A

Elena Mariani, Morgan Stanley
Hi, good morning Annabel and Julie. A few questions from me please. The first one is on the underlying moving parts of your like-for-like in the quarter. 50% of your retail sales are now growing strong double-digit, what about the rest? So, how much are older collections and carry-overs and how much of this remaining 50% was discounted and perhaps going through outlets? I'm trying to better assess whether part of your comp was driven by higher discounting activity or whether the level of discounting was exactly in line versus last year.

The second question: you seem to manage expectations on the like-for-like in the upcoming quarters, suggesting it might not be progressing in a linear way. Could you help us understand why this might be the case if the new collection is growing high double digit then it's going to represent 60-70% of sales by the end of the next quarter. In theory you should see like-for-like progressing positively given also that the overall like-for-like comp-base gets easier in the second half.

Then perhaps one final question on the gross margin guidance. You haven't changed it and you're still talking about higher profits in the second half of the year versus the first half. But how should we tie in your gross margin guidance what you're expecting in your top line? Should we see the higher gross margin decline in the first half, the reflection of higher discounting and then in the second half there should be less gross margin downside because you're going to discount less, so to help us understand this better would be great, thank you.

Julie Brown
So the first one relating to the underlying like-for-like in the first quarter, the strength has really come from Riccardo's collections in the first quarter, and as we mentioned, Summer 2019, the Pre-collection for Autumn and the Runway have performed very strongly so have delivered a strong double-digit performance. It's not been driven by the discounting, obviously outlets are always a proportion of our sales, we don't disclose the amount, but the success this quarter has been driven by the strong response to the new product.

Within the number, as we mentioned, the older lines and previous collections and the replenishment business is going through a softer period and facing declines. What we're doing now in this next phase is rebuilding some of the main Burberry icons to support that replenishment business going forward, but the focus to date has been on establishing the new collections and establishing Riccardo as the great designer that he is.

In terms of the like-for-like progression, Riccardo's product as a percentage of our sales at the end of this quarter was 50%, as we mentioned. We expect it to be around 60-65% by September and 75% by the end of the year. So overall, what we're flagging in terms of forecasting this through the quarters, is the main sale periods for Burberry and major luxury brands are post the main seasons. So we have sale periods in Q1 and also in Q3, with Q3 being the most significant. And what we're flagging this year, is reduced inventory going into markdown in Q3, and so for the purposes of modelling, we're guiding towards the comp in Q3, in aggregate across all channels, in all likelihood being lower than Q1.

In terms of the gross margin guidance, the major thing that we highlighted is the investment that we're making in product. It started last year with the investment in design and the new product and so the gross margin was under pressure in the second half of last year, already from this feature, and we therefore anticipate a greater degree of pressure in the first half of this year for the same reason. When we come to the second half of this year, that impact will be more muted, because we're lapping an investment period in H2 of the prior year. So absolutely no change to the guidance on gross margin. We are anticipating a headwind of around 100 basis points, largely due to product investment and we expect a more pronounced effect of this in H1. Basically as we guided it.

Elena Mariani
And two very small follow-ups: the first one is if I understood correctly then we should expect like-for-like to sequentially improve in Q2 versus Q1, given that we're going to have more products from Riccardo in stores, and then we might see a bit of a deceleration in Q3 and then a reacceleration Q4, this is the sort of trend we should expect?

Julie Brown
Yes.

Elena Mariani
And then last point on the gross margin; so by next fiscal year, then we should start to see an improvement instead because you're done with your investments in your products and so you would expect to see a positive effect on the gross margin coming from perhaps the growth of leather goods and on your products in general, should we model it this way?

Julie Brown
I think we'll give further guidance in May when we come to the gross margin specifics. It obviously heavily depends on the product mix and in the first few years. We are investing in the leather franchise, we are elevating the leather that we are using, and the designs that we're using because we want the value to be perceptible and that's our number one objective. We are not putting the prices up commensurately in the early stages of implementing the strategy. I would see a recovery in gross margin as we gain scale in this area, but it won't happen immediately. So we would encourage you to model that gross margin headwind for a period of time until we guide otherwise.

Thomas Chauvet, Citigroup
Good morning Julie and Annabel, I have two questions please. The first one on Riccardo's strong double-digit like-for-like, would you be able to single-out some categories, collections or price points that did particularly well, and as you mentioned Julie, the replenishment business is still weak. I understand Tisci has not refreshed the heritage trench coat, that's a significant part of his profit, why is that? And when can we expect him to modernise perhaps this important category?

Secondly, on Greater China, you mentioned the benefit from repatriation of demanding too into the mainland driving that mid-teens like-for-like. With regards to Hong Kong, what are your teams saying on the ground; are they concerned about the situation, about the future traffic, do you have already a contingency plan in place on this profitable market in terms of staffing levels store closures, rent renegotiation? I think you took some action in 2015 after the student protests in autumn 2014 in Hong Kong. Thank you.

Julie Brown
Thank you. So Riccardo's product, as we mentioned, is growing strong double-digits across the two collections and the runway that he's launched. We have actually seen positive trends in all regions. We continue to build out the solid leather bag architecture and we have seen the new product resonate very strongly in particular with the Asian population and very strongly with the Chinese. Wholesale is also seeing a significantly higher sell-through than previous collections and the sell-in of the May market recently with wholesale was very encouraging.

In terms of specifically product categories, the apparel range has gone very well, so women's and men's apparel have seen a double-digit growth. Riccardo had the persona of the man and the boy, the woman and the girl, we have seen a success across all of those categories including the younger generation, which has been very positive.

Just moving onto the second part of your question relating to the Heritage Trench. Riccardo oversaw that at the time we were launching it, but it only had a modest impact. He will be turning his attention to some of the iconic Burberry styles as we approach this next year, but his first focus, as I'm sure everybody understands, has been on the main collection and on the runway.

With China, you're absolutely right, we've seen a mid-teen growth in Mainland China with a positive response from the Chinese consumer. But we've also seen, I think because the government has supported local consumption, we have seen a repatriation of spend away from some of the other Asian countries towards China, which, overall, I mean the key metric we look at is Chinese as a nationality, and here again we are very pleased with the trend because we were on a low-single-digit growth last year and we have just delivered a high-single-digit growth with the Chinese globally, so we're happy with that.

Coming onto Hong Kong, clearly we keep this situation under very close review. We did see an impact due to the protests, we saw an impact on Alexandra House and Pacific Place. We monitored the situation and decided to make closures to the stores to protect our employees. So they were closed in total for about 5 days. So it has had an impact on Hong Kong performance in the quarter. Not that material at the group level but we obviously keep the situation under close review. No change really to the rents, it happened a few years ago because of a downturn in the business, but not really any major change to the rent.

John Guy, Mainfirst
Thanks very much, good morning Julie and Annabel. Following on from Thomas's points there, I'm looking at the performance of the non-Tisci products during the first quarter. You mentioned that replenishment and old collections were in decline. Could you maybe flesh that out a little bit in terms of looking at the replenishment versus the older collections and maybe quantify that? The second point is, I think the average penetration of Riccardo's product is, of course, around 35%, I appreciate you end it at 50%. Can you give us the scale of the performance of Riccardo Tisci's sales within the accessories category during the quarter?

Can you also make a little bit more of a detailed comment around the performance of the refurbished stores against the non-refurbished stores? Thanks very much.

Julie Brown
So with regards to non-Riccardo product, we have got a number of categories within there; we have got the replenishment lines, and we have got the older collections. It's quite normal to expect to see a decline in older collections as fashions change. Replenishment, as I mentioned on the call, we are in the process of rebuilding the Burberry replenishment icons and that will be the next phase of our transition that Riccardo will turn his attention to. So at this stage in our transition we completely expected this to be the level of performance.

In terms of the average penetration of 35% yes that's about right. We do see variability in that percentage across the store network. We put prioritisation on the flagship stores and the stores in the major cities so they tend to operate on a higher percentage. But basically yes, it was an average of 35%, 50% by the end, and we anticipate that moving to around 60-65% by September and absolutely in line with guidance of 75% by the end of the year – that's what drove the success in the quarter.

Just in terms of the categories and the scale of Riccardo's product, as we mentioned, the leather franchise and accessories or leather bags within that franchise, we anticipated this being a longer journey, partly because we are elevating the product in this category; investing in solid leather shapes, investing in high-quality leather, investing in new designs and fabrication, and therefore we anticipated this category being under some pressure in these initial stages and we have guided to that, it's within our guidance. We don't guide specifically by category on what's Riccardo's and what isn't, but it's not dissimilar to the overall shape that we have got.

In terms of the store refurbishment, we are really pleased with how this is progressing. As you know, we have got an ambitious plan of store refurbishment: we plan to reach 80 by the end of March 2020. And the reason we are focused on this is because what we see is when we have three ingredients together, we see an inflection in the performance. One is a refurbished store, two is a portion of Riccardo's product in the store, and three is a retail excellence programme having run-through raising the capability level of our teams. When we see the three together, we see an improvement. We track it rigorously as part of our KPI dashboard internally, but we don't disclose the performance of the stores externally but we do see a good return on that investment.

John Guy
Thanks Julie, just following up on that, over the course of the quarter and for the entire quarter, looking at the sales densities, they seem to have gone up by about a mid-single-digit rate over the quarter. That I would probably expect to be running at a double-digit pace for those refurbished stores. Would you be able to confirm that that's the kind of sense that you see, based on those three magic ingredients you just mentioned.

Julie Brown
We do overall see an improvement in the productivity of those stores when we have got the three factors in play, but we don't disclose sales densities, as you know John.

Anne-Laure Bismuth, HSBC
I have two questions, please. On your 80-store refurbishment plan this year, is there any particular

phasing for the next three quarters? And regarding the store openings, so you open 9 stores in Q1, 3 in China. Can you remind me of what is the plan for this year please in overall openings and store openings in China?

Julie Brown
In terms of the phasing of the stores, we would anticipate the second half to have a higher degree of store refurbishment. This is in our plan at the moment, we have done now 23 to date, and we would expect a pick-up in the second half, largely as the teams have gone through the planning stage and they can move more towards execution. We are still on-track with delivering 80 by the end of the year.

In terms of store openings this year the plan going forward…

Annabel Gleeson, Head of Investor Relations
So we don't guide specifically on the number of stores, but what we've said is that obviously space for the full year contribution to retail sales will be broadly stable, with -1% in the first half, +1% in the second half.

Melanie Flouquet, JP Morgan
Good morning, thank you for taking my questions. The first one is I was wondering whether you can help us understand a bit better the markdown impact, so the fact that you are aiming to reduce the markdowns activity and have already done so in Q1 I believe a little bit. Maybe you can share with us, I don't know whether you can, but directionally what sort of percentage in total were the markdowns and where you aim to get it over the course of the next year and the next two years in your business.?

The second is on handbags. When did you expect that the pressure on the former collections would stop and where we start seeing the most recent reference, positive momentum entering into your numbers? I know you said it was a long journey but when is that inflection point in your mind?

My third question is on Europe and local consumers. We find somewhere that the UK was particularly strong, helped by tourism inflows. So the European consumer appears to still be pretty weak in this turn around. What are you aiming to do to revitalise this market in particular? I appreciate Americas will maybe take longer because image issues that are stronger in the US but I was interested in the European market.

My last question is can you share with us how big Hong Kong is in percentage terms and what was actually the performance in this quarter? Thank you.

Julie Brown
Yes, sure. So first of all, in terms of the markdown impact, to start with, our strategy has been really clear about removing non-luxury distribution from our network, and this has been focused initially on wholesale with some outlet closures. Simultaneously, our objective is to drive full-price, mainline and digital growth and therefore we expect over the years of the strategy to have a reduced element of markdown. Last year, we were obviously going through a creative transition and in the third quarter in particular, we were managing those inventory levels accordingly. This

year, what we are trying to do is be as open and transparent as possible and assist with the guidance around the comp over the quarters, and because the main sale period in our industry is occurring in the third quarter, we are really flagging to you that we will have reduced levels of inventory going into markdown into Q3.
Just for the purposes of modelling, we are anticipating that the Q3 comp in aggregate will probably be lower than Q1 due to this factor. Over the next 1-2 years we would expect this sort of trend to continue, with more focus on mainline and digital full-price.

If we move on to the question about handbags and the collection becoming positive, we have always said that in terms of leather we are building out the architecture; we are using much more solid leather shapes as opposed to canvas material. We definitely focus on the value being perceptible to the consumer, hence one of the pressures on the gross margin. We have got the headwind from some of the older style bags and some of the previous collections and we would anticipate that remaining a headwind, probably during the course of this year, but expect to see some signs of improvement in the next financial year, but clearly we will keep you updated on the progress.

In terms of the tourism flow in Europe and how we intend to revitalise Europe, in terms of our brand and the image of our brand, when we did the brand work a couple of years ago now, our brand was the strongest in Asia. As you mentioned, Melanie, we had a weaker positioning in the US with our wholesale presence in non-luxury. What we have seen is the first traction is coming through Asia. We have also seen an improvement in European performance - you mentioned about Europe – in terms of Europe overall, last year we were low-single-digit, we have had a slight improvement in this quarter and a more marked improvement coming through in the UK, partly impacted by tourists.

The revitalisation of Europe is very much part of the revitalisation of the Burberry brand holistically. So the use of social media, the use of influencers, the collections, the B-Series, the monogram collection recently, are all designed to reignite heat around the Burberry brand. And that has been successful. As you know, we have seen a double-digit increase in the levels of engagement around this and Europe is very much part of that activation campaign. The store refurbishment programme runs globally with a focus also on Europe, so we do expect to gain traction although I think inherently it is a more difficult market than say, Asia, at the moment.

In terms of Hong Kong, Hong Kong is 6% of our sales and the performance in Hong Kong has generally been somewhat mixed largely because we have tourists going through Hong Kong and we have recently had the impact of the protests that we mentioned in answer to John's question earlier and we have had some store closures relating to those protests as we mentioned, 5 days in total. So Hong Kong is reasonable, but it's still slightly in decline in this quarter.

Rogerio Fujimori, RBC Capital Markets
Good morning, Julie and Annabel, two questions please. Could you talk about the ASP trend in Q1 with the great availability of Riccardo's new collections?

My second question is on e-commerce, I appreciate if not disclosed, but if you could give a qualitative idea of how online retail growth in Q1 2020 compared to online growth in Q1 2019 or Q4 2018? And if you could talk about the performance of burberry.cn it would be helpful.

My third question is just if you could talk a little bit about what you think of the US luxury market trends in the June quarter versus the March quarter. Thank you.

Julie Brown
So first of all, in terms of the ASP trend, we have seen Q1 driven largely by mix, so product mix and certain categories have done extremely well; as we mentioned, apparel across men's and women's, and a little volume, so it's come from those sources. No major changes to like-for-like prices, but obviously there has been a change to the product range, which has affected the mix performance.

In terms of e-commerce, the performance in digital has been led by China and we have seen strong double-digit growth through targeted innovation, like social gifting on WeChat. We launched a WeChat mini-programme on Chinese Valentine's Day, that's one example of what we have done. We have continued the success in generating inspiration through the B Series and the monogram programme was very successful in terms of exclusive product being available on Instagram and on WeChat. And as you probably know, we received a prestigious Webby Award in April 2019 for the best social content within fashion and beauty.

Recent innovation also on the Chinese platform was the use of Douyin where we had a monogram challenge, and again that was reaching 1bn views from users generating their own content, so I think we've been really successful within that space. In China the digital performance has been very strong equally across burberry.com and our third-party providers, so both have been performing extremely well.

In terms of the US luxury trend, we have certainly seen a softness in tourist flows into the US and particularly when we look at airline flight bookings etc. from the Chinese, we have seen a weakening of tourist flows from the Chinese. It's largely a domestic market and when we look at US alone, not Americas, we actually saw an improvement from Q4 to Q1, so we were slightly negative in Q4 then we delivered a low-single-digit growth in Q1, so we are starting to see improved traction in the US market.

Peter Testa, One Investments
Hi, thank you for taking the questions. I have three short questions, please. When you get to the end of the year you'll have about 25% that is not a Riccardo Tisci product. Can you give a sense of whether there's any particular category concentration of what will remain at that point?

Julie Brown
It's really the need for Riccardo to develop the replenishment lines, so that we have new icons of the future. It's really just building across those categories, there may be more focus there on the trench range but it's broadly across the categories.

Peter Testa
And then as Riccardo's product takes up a larger proportion of the range, is there a point to a threshold of Riccardo Tisci density that pulls through the balance of the range? Partly because maybe what's left is more simple but also just the general category is pulled by his product so people buy the balance of the category as well, do you see threshold points there?

Julie Brown

We haven't seen that particularly.

Peter Testa
Ok so if he crosses 60-70% you don't see the pull, say the simple black shirt or the trouser matching the top, this sort of thing?

Julie Brown
Not at this stage, his collections have been quite distinct from the previous replenishment line and the previous collections. So no, we haven't seen the pull-through factor at this stage, but I think as his collections build, there could be a halo effect from that but I don't think it will be worth calling it out at this stage.

Peter Testa
The last question was on the gross margin. As you talked about, the investment made last year primarily in leather and shoes impacting gross margin, rolling across, annualising through the first half of this year, then the base effect balances off. I was wondering, on the other side, if you could give any comment about how Riccardo Tisci-designed products, which is not so much affected by this, has an impact on gross margin through content or just through the heat and newness pulling a better price performance, a better ASP performance, which you highlighted earlier. Is that having an opposite or different effect on gross margin?

Julie Brown
Yes, at this stage what we see is that Riccardo's product across the board (at this stage) and particularly across the leather range is at a lower gross margin due to the investments we are making in the value being perceptible and in particular to new consumers. So there is increased investment in design fabrication in order to elevate that product, and at this stage we are being very careful about moving the price accordingly. So you have got this gross margin impact coming from the new range. As you say, in the second half that becomes more muted as we annualise that.

Peter Testa
But the second half last year you had very little Tisci product in leather, is that then in the second half being the higher amount of Tisci product being basically set-off by lower markdowns?

Julie Brown
We did have an impact, even though Riccardo's product was only launching in the final month, the design charges are going through the P&L ahead of that so we did have quite an impact on the gross margin in the second half of last year. As you say the markdown does have an impact, so that will give us some gain in the second half of this year also yes.

Charmaine Yap, Redburn
Hi there, good morning, thank you. I have two questions please: the first one, I wanted to clarify on your markdown strategy: does it mean, Julie, that you will be protecting all of Tisci's products from going into markdown and particularly the leather bags?

Julie Brown
I mean, we're going to take pragmatic decisions around it. We are not isolating any particular part

of the range, we are just saying that we will have reduced inventory. We have had improved sell-throughs this year compared with last year's range and we just expect to have reduced inventory but we are not going into the specifics of what we are marking down and what we are not.

Charmaine Yap
Ok, thank you. My second question will be, could you share some of the changes that you have done in terms of your store refurbishments, other than the optical changes to the aesthetic. For example, are you deploying less product density, are you reallocating staff differently or reallocating space, is there anything you can share there please?

Julie Brown
Yes, of course. What we are doing is, Riccardo's designed the new look of the stores using a new range of colours as you've probably seen, such as the honey and the pistachio are firmly there. The pistachio from the English rose and the honey from the trench. We have given more space allocation to the leather range, so you have probably seen, if you have been into some of our main stores, that there's a focus on leather, usually on the floor as you walk in. We are also using furniture that allows the consumer to test the bag, which is often what they want to do, not to see it on shelving on the wall, but actually to be able to put it on the table and test it. So we have organised stores accordingly relating to that. We have also thought through the zones in the store in terms of the red zones, the blue zones and making sure that the product is in the right location for ease for the consumer.

We have also done a huge amount of work on the back-of-house, making it easier for the retail associates to ensure a more streamlined service to the consumer, reorganising store rooms. In particular, in Asia that's been quite a major project, and has also driven the retail excellence programme which is designed to give our consumers a more elevated experience when they come into a Burberry store.

Thank you very much for joining this morning's call, our next update is on the 14th of November with our Half Year results. We look forward to seeing you then, if not before. Thank you.

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