

BURBERRY

LONDON ENGLAND

INTERIM RESULTS 2020

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER

AGENDA

INTRODUCTION

PROGRESS TO DATE

FINANCIAL RESULTS

STRATEGY AND OUTLOOK

Q&A



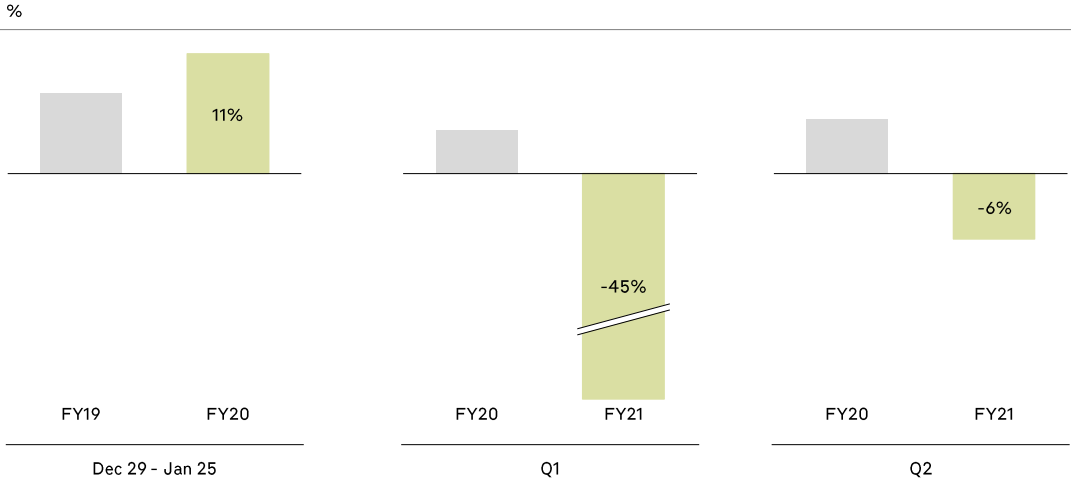
HALF YEAR RESULTS

Total revenue £878m

Adjusted operating profit £51m

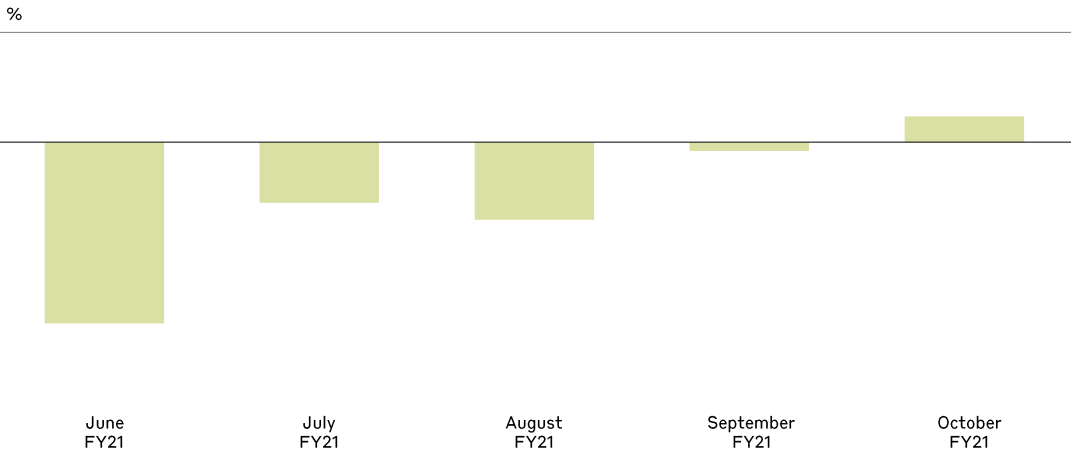
MOMENTUM DISRUPTED BY COVID, BUT RAPIDLY RECOVERING

TOTAL COMP SALES GROWTH - BY QUARTER



RECOVERY ACCELERATING IN THE LAST TWO MONTHS

TOTAL COMP SALES GROWTH - BY MONTH





STRATEGIC PROGRESS

Momentum disrupted by COVID, but good strategic progress driving recovery

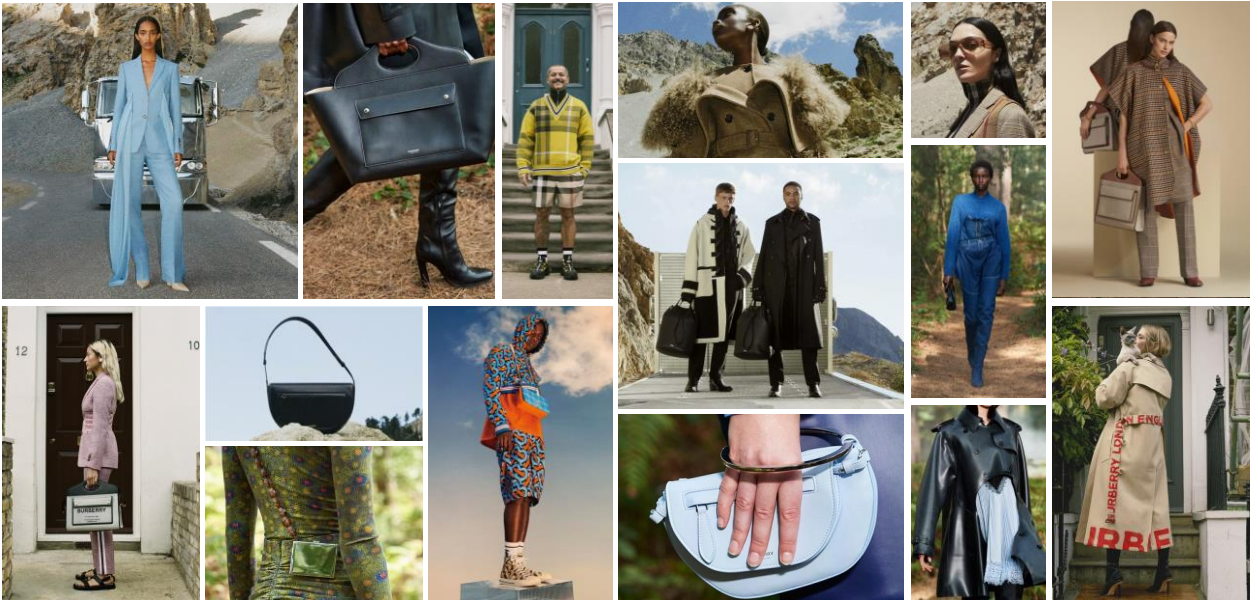
Outperformance of full-price channels

Traction in leather goods

High double-digit digital growth

High share of new and younger customers

COLLECTION PERFORMANCE

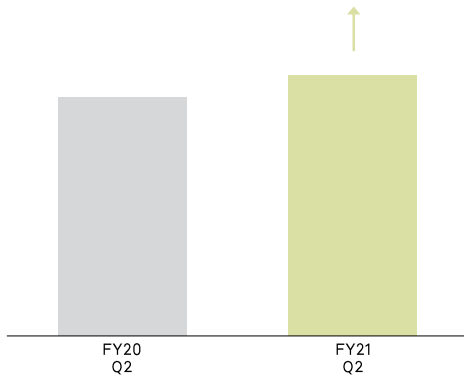


TRACTION IN LEATHER GOODS

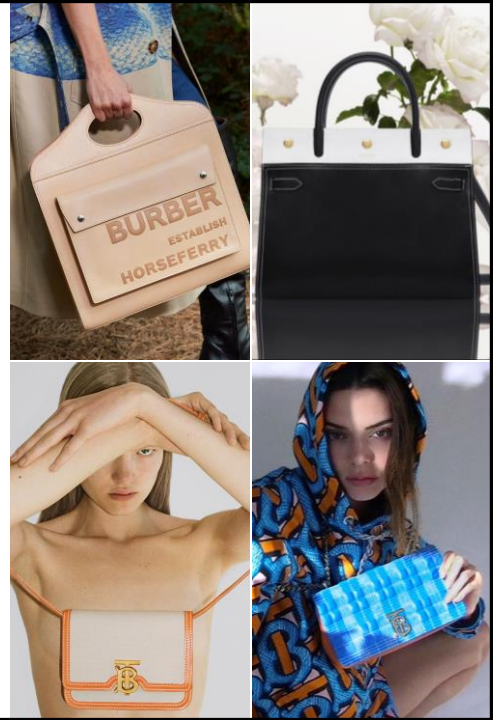
↑ % YoY sales growth

LEATHER GOODS - MAINLINE AND DIGITAL COMP SALES

£



Note: Graph not to scale

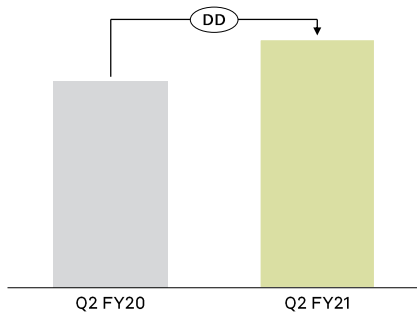


FULL PRICE CHANNEL MIX

○ Increase vs LY (p.p.)

SHARE OF FULL PRICE CHANNELS¹ WITHIN TOTAL COMP SALES

%



¹ Includes full price and markdown sales from mainline and digital channels



BRAND ACTIVATIONS



UNEXPECTED VISIBILITY



FASHION SHOW



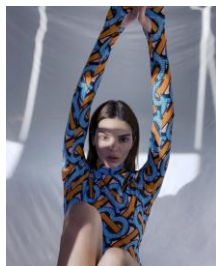
CAMPAIGNS



INNOVATIVE CLIENT FORMATS



NATIVE & CREATIVE COLLABORATIONS



CAPSULES



B SERIES



NEW COLLECTIONS



BURBERRY COMMUNITY

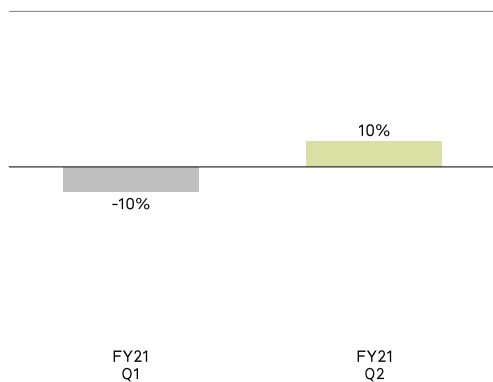


POP-UPS AND VM

STRONG RECOVERY IN ASIA AND AMERICAS

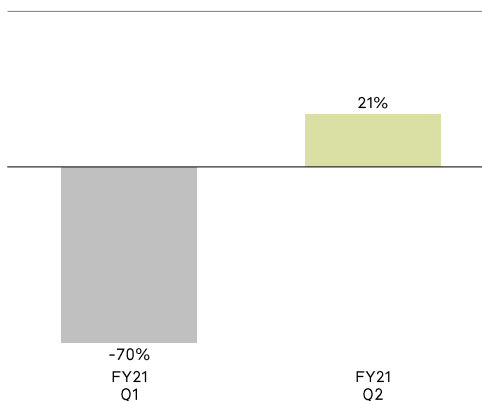
TOTAL COMP SALES – ASIA

% GROWTH



TOTAL COMP SALES – AMERICAS

% GROWTH



MAINLAND CHINA



LOCAL CAMPAIGNS AND CONTENT

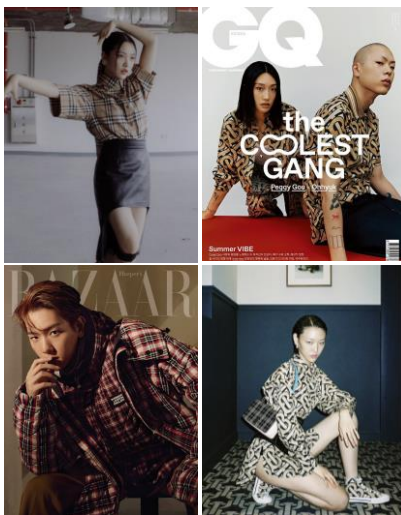


NEW ACTIVATIONS



DIGITAL

KOREA



NATIVE CONTENT COLLABORATIONS



POP-UPS AND IN-STORE INSTALLATIONS

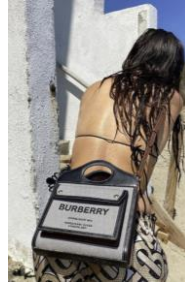
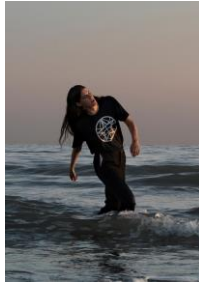


INNOVATIVE CLIENT FORMATS

AMERICAS



CULTURALLY RELEVANT CONTENT



BURBERRY COMMUNITY

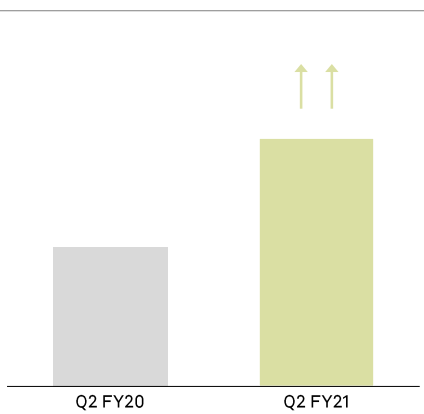


NEXT GENERATION STORE EXPERIENCE

DIGITAL SALES

DIGITAL COMP SALES

£



↑ % YoY sales growth

Note: Graph not to scale



DIGITAL ACTIVATIONS



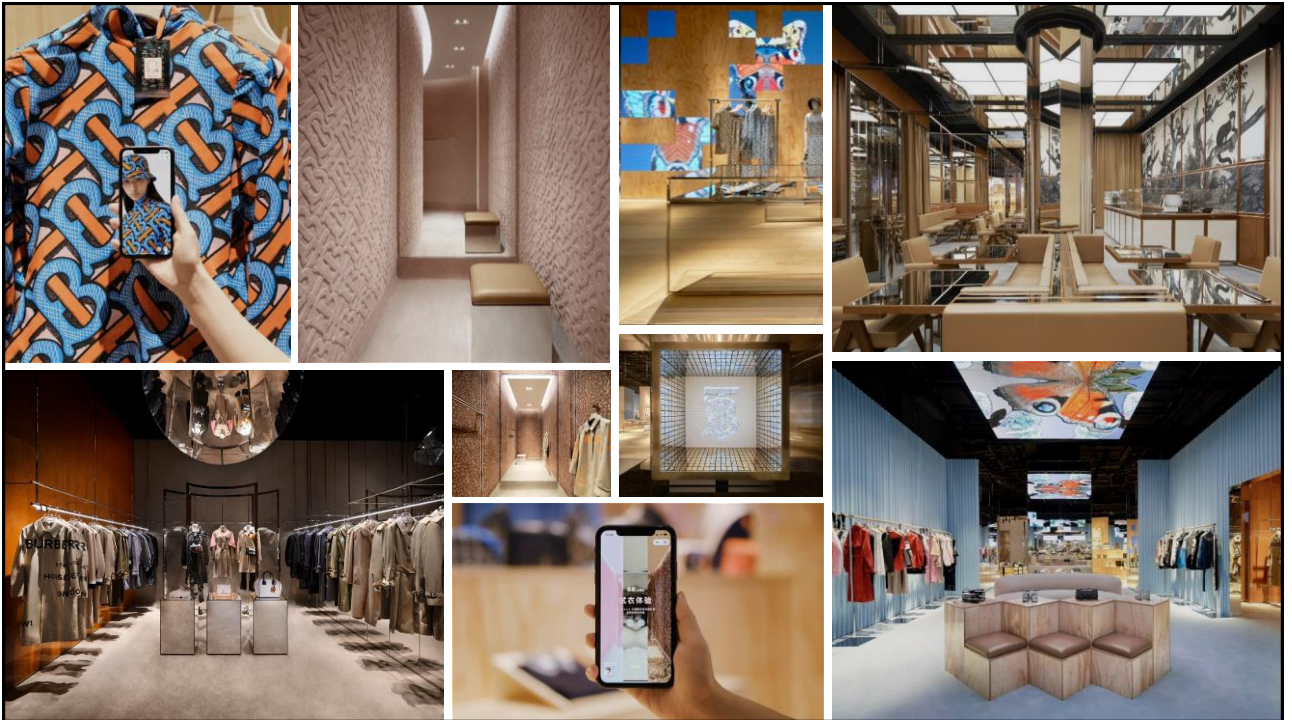
IMMERSIVE WORLDS ON .COM



DIGITAL POP-UPS



ACTIVATIONS ON THIRD PARTY PLATFORMS

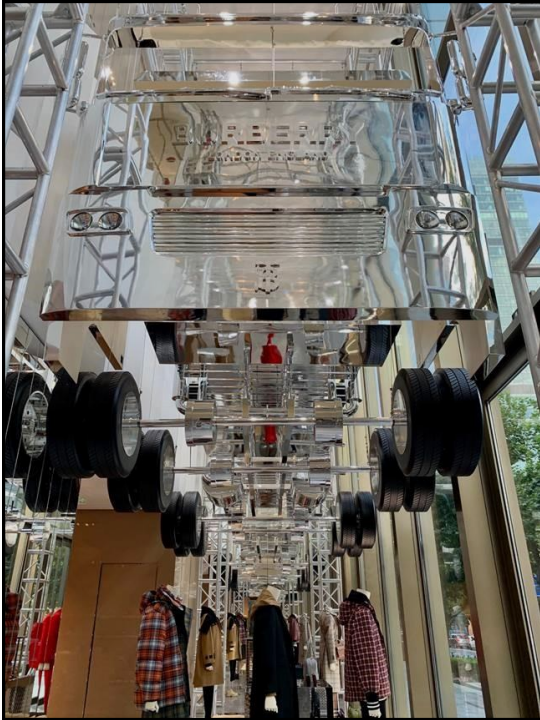
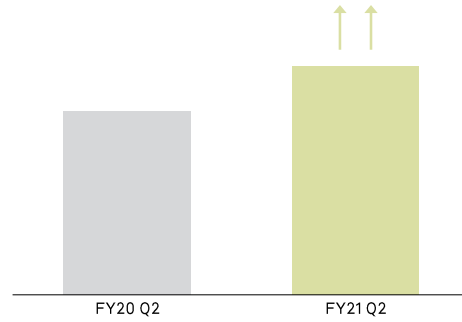


ADAPTING IN-STORE EXPERIENCES

↑↑ % YoY sales growth

MAINLINE REVENUE GENERATED FROM APPOINTMENTS

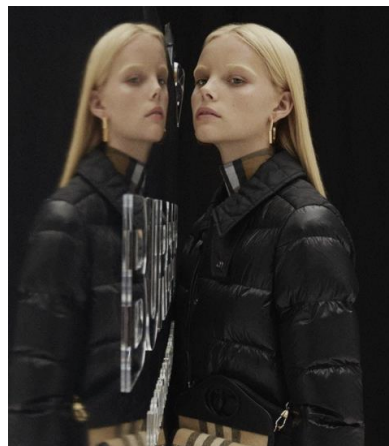
£M



BALANCE SHEET AND LIQUIDITY



CASH AND LIQUIDITY



COST MANAGEMENT

PEOPLE AND RESPONSIBILITY



OUR PEOPLE AND COMMUNITIES



RESPONSIBILITY

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JULIE BROWN

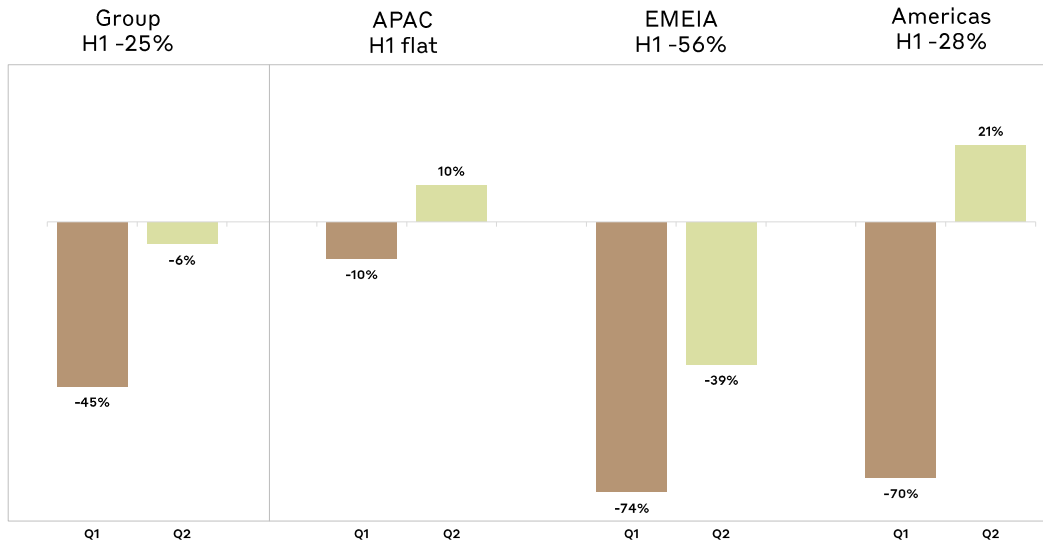
CHIEF OPERATING & FINANCIAL OFFICER

H1 2021 SUMMARY FINANCIALS

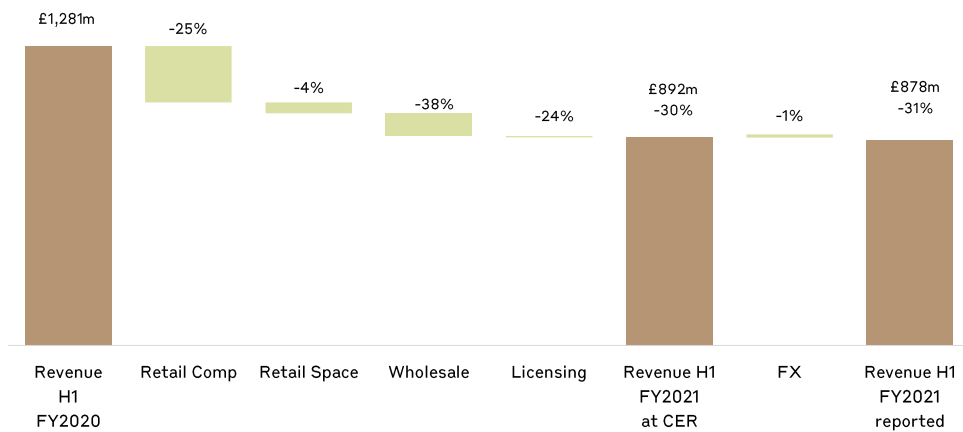
	H1 2021 £m	H1 2020 £m	----- CHANGE -----		
			Reported FX	CER	
Adjusted	Revenue	878	1,281	(31%)	(30%)
	Adjusted operating profit	51	203	(75%)	(71%)
	Adjusted operating margin	5.8%	15.9%	(10.1% pts)	(9.3% pts)
	Adjusted diluted EPS	4.6p	36.9p	(88%)	(85%)
	Free cash flow	(45)	(29)		
	Dividend per share	0p	11.3p	(100%)	
Reported	Operating profit	88	202	(56%)	
	Reported diluted EPS	12.2p	36.4p	(66%)	

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

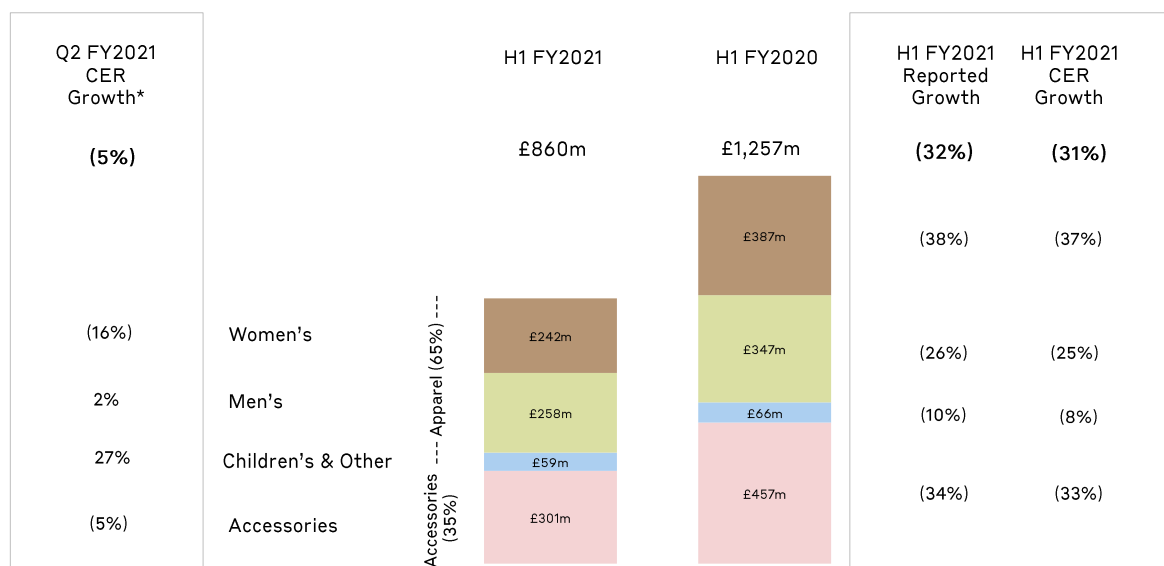
RETAIL COMP GROWTH IMPROVING QUARTERLY PERFORMANCE



GROUP REVENUE -30% (CER)



RETAIL & WHOLESALE REVENUE BY PRODUCT

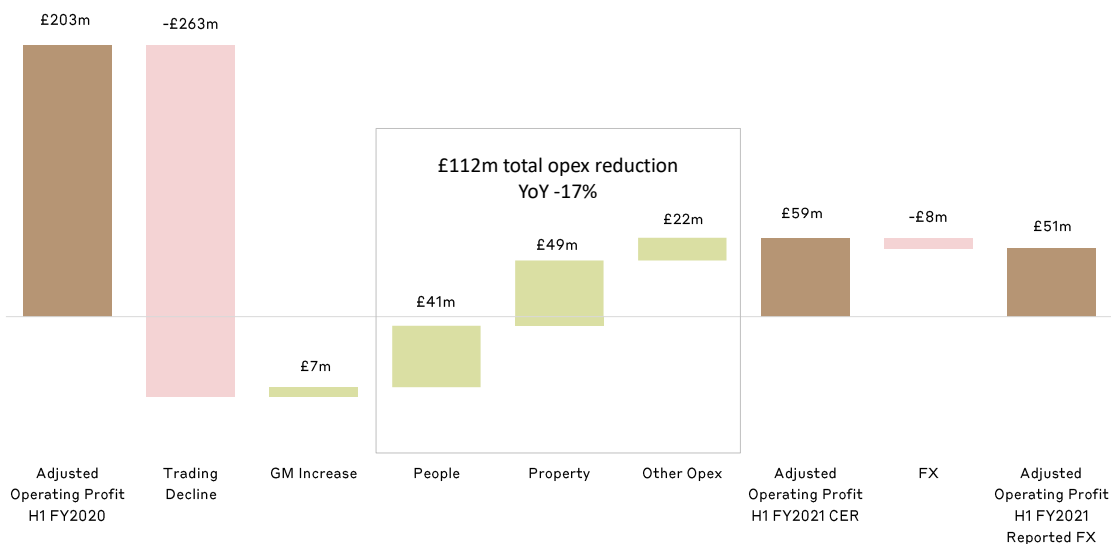


INCOME STATEMENT

	H1 2021 £m	H1 2020 £m	Reported FX	CER
Revenue	878	1,281	(31%)	(30%)
Gross profit	598	865	(31%)	
Operating expenses	(547)	(662)	(17%)	
Adjusted operating profit	51	203	(75%)	(71%)
Adjusting operating items	37	(1)		
Tax*	(25)	(43)		
Adjusted diluted EPS	4.6p	36.9p	(88%)	(85%)
Operating profit	88	202	(56%)	
Reported diluted EPS	12.2p	36.4p	(66%)	

*Effective tax rate on an adjusted basis. Note that the table above shows the reported tax of £25m. The reported tax rate is 34%

ADJUSTED OPERATING PROFIT BRIDGE



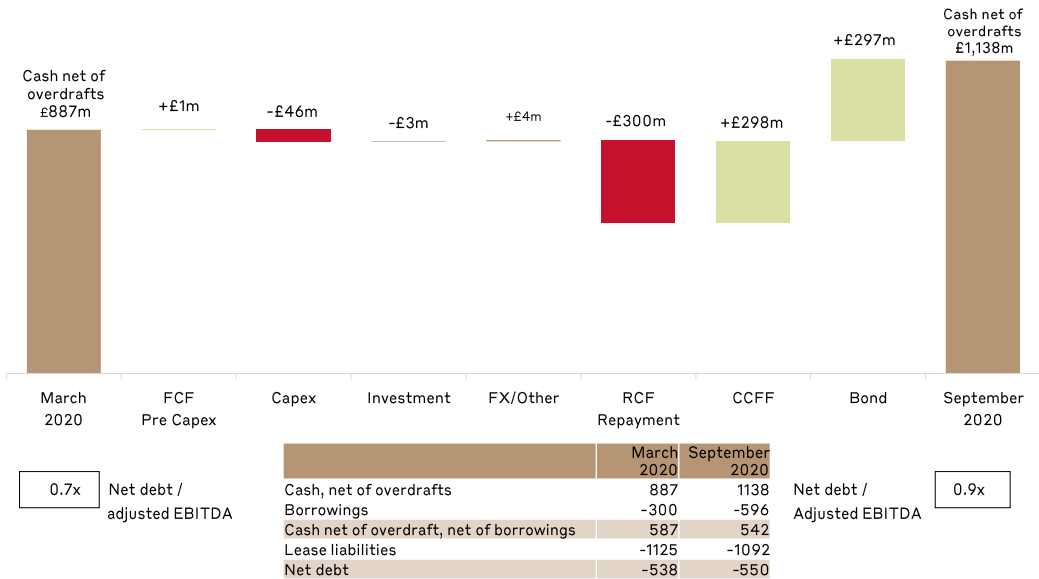
Note: £26m cash rent concessions treated as an adjusting item

FREE CASH FLOW

	H1 2021 £m	H1 2020 £m
Adjusted operating profit	51	203
Depreciation and amortisation	129	160
Working capital	(90)*	(120)
Other	(4)	18
Cash inflow from operations	86	261
Payment of lease liabilities	(62)	(125)
Capex	(46)	(68)
Interest	(14)	(9)
Tax	(9)	(88)
Free cash flow	(45)	(29)

* Inventory outflow £34m, Receivables outflow £23m, Payables outflow £33m
All figures based on Reported FX

CASH MOVEMENT



SUSTAINABILITY BOND

Sustainability Bond: 5 yr, £300m 1.125% senior, unsecured, unsubordinated

- Baa2 credit (stable outlook) rating from Moody's
- 8x over-subscribed
- Provides medium term financing
- Sustainability bond framework reviewed by Sustainalytics

Use of proceeds

- Finance eligible projects in Sustainability Bond Framework
- Three eligible categories:
 - Green buildings
 - Procurement of more sustainable raw materials (BCI Cotton)
 - Expenditure relating to sustainable packaging

BREXIT

Brexit planning for all outcomes

- Supply chain operations
- Incremental duty
- Authorised Economic Operator status
- Trade compliance
- Inventory management and logistics
- People



FY2021 FINANCIAL OUTLOOK

**Recovery well underway
but continuing impact of COVID-19 brings macro-economic uncertainty**

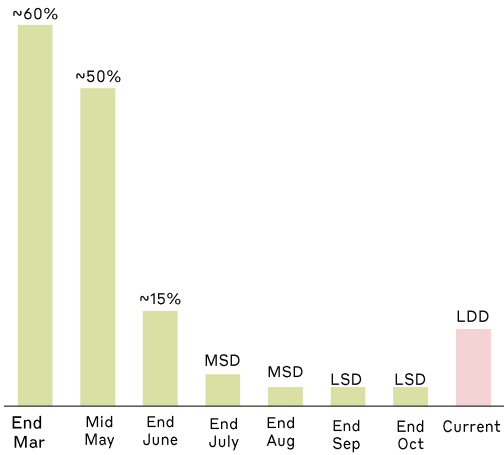
Guidance updates

- Impact of EMEIA lockdown
- Markdowns materially reduced in H2 FY2021 mainly falling in Q3 FY2021
- Space neutral in the FY (H2 FY2021 +3%)
- FY tax rate expected to be around 30%
- FX tailwind of £5m on adjusted operating profit and tailwind of £16m on revenue*

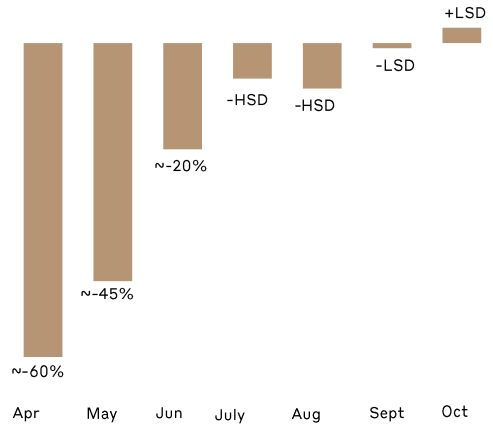
** Based on FX rates at 30 October*

H1 FY2021 IMPACTED BY STORE CLOSURES

H1 PERCENTAGE OF STORES CLOSED



H1 -25% AND MONTHLY COMPARABLE SALES GROWTH



Summary

- Good recovery from COVID-19
- Liquidity strengthened
- Capex focused on rebounding economies
- Opex redirected to customer facing areas from enabling areas

Strong foundations in place to position us well to drive long term growth

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER

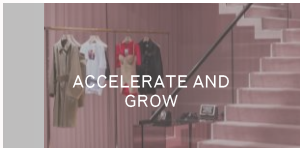
WHERE WE ARE IN OUR JOURNEY



- Ignite brand heat with influencers and key opinion leaders
- Manage product transition and invest in image-driving channels



- Adapt business to the COVID environment
- Continue to strengthen brand and product



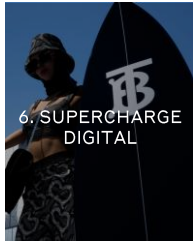
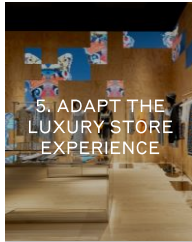
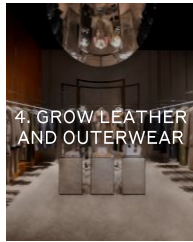
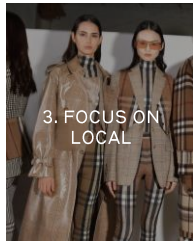
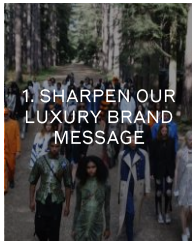
- Accelerate growth

FY18/19

TODAY

Next 12-18 months

CLEAR PLANS IN PLACE TO DRIVE PERFORMANCE



FLEXIBILITY AND AGILITY

SUPPORT OUR PEOPLE AND COMMUNITIES

BALANCE SHEET AND LIQUIDITY

SHARPEN OUR LUXURY BRAND MESSAGE



SOCIAL CONTENT AT SCALE



LOCAL AND GLOBAL BURBERRY COMMUNITIES



INNOVATIVE FORMATS TO DRIVE ENGAGEMENT



ACCELERATE MAINLAND CHINA



DRIVE LOCAL RELEVANCE



HERO NEW PRODUCT



CONNECT WITH REPATRIATED CUSTOMERS



FOCUS ON LOCAL CONSUMER



PROGRAMME OF LOCALLY RELEVANT EVENTS



NEW FORMATS TO ENGAGE LOCAL CONSUMERS

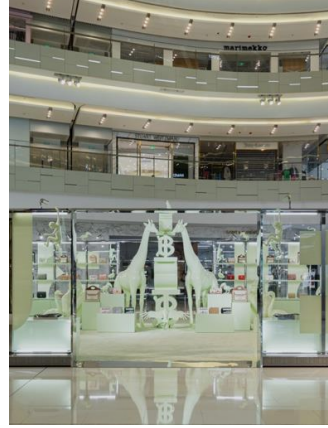
GROW LEATHER AND OUTERWEAR



REINFORCE LEATHER
GOODS ARCHITECTURE



CONTINUE BUILDING DESIRE
FOR OUTERWEAR

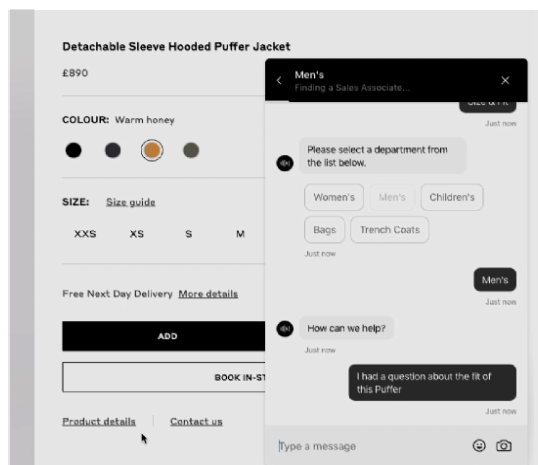


SUPPORT WITH BAGS AND
OUTERWEAR-DEDICATED
CALENDAR MOMENTS

ADAPT LUXURY STORE EXPERIENCE



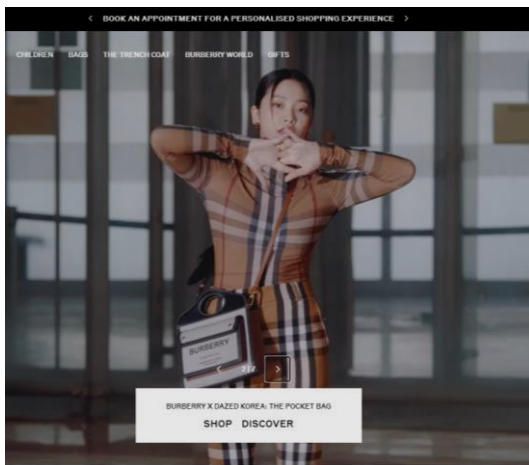
SUPERCHARGING APPOINTMENTS



INTRODUCING NEW ONLINE TO OFFLINE
CUSTOMER JOURNEYS



SUPERCHARGE DIGITAL



STEP-CHANGE INSPIRATION



CURATED PRODUCT

STRONG BUSINESS FOUNDATION

LOCAL EXECUTION

CASH AND COST MANAGEMENT

AGILITY AND OPERATIONAL EFFICIENCY

DRIVING POSITIVE CHANGE



KEY MESSAGES

Strong strategic progress despite COVID

Still a challenging period ahead, but clear plans in place to drive performance in the next 12-18 months

Q&A

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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FY2021 OUTLOOK

REVENUE	Lockdown impact	Currently more than 10% of stores closed due to COVID-19
	Trading	Markdown reductions to affect H2 FY21, with main impact in Q3 FY2021
	Retail space	Expect c.3% space growth in H2 FY2021
PROFIT	Non strategic store rationalisation	£10m opex reduction (adjusted operating profit neutral)
	Cumulative cost savings	Increased from £140m to £148m with annualised benefits in FY2021 increased to £23m from £15m
	Restructuring charges	c.£40m (£5m remainder to FY2022) for the £55m cost reduction programme – benefits to be reinvested
CASH	Cash cost of restructuring	Around £40m from the restructuring announced in Q1 and £7m from the previous restructuring programme
FX	FX on adjusted operating profit	£5m* tailwind for FY2021 (H1 FY2021 £8m headwind)
DIVIDEND	No interim – FY2021 reviewed in May	Zero cash cost in FY2021

* Spot rates at 30 October 2020, taking into account the current hedged positions

ALTERNATIVE PERFORMANCE MEASURES

APM	Description and purpose	GAAP measure reconciled to																		
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.	Results at reported rates																		
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 permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.	<table border="1"> <thead> <tr> <th>Retail Revenue:</th> <th>26 Sept 2020</th> <th>28 Sept 2019</th> </tr> </thead> <tbody> <tr> <td>Period ended YoY%</td> <td></td> <td></td> </tr> <tr> <td>Comparable sales</td> <td>-25%</td> <td>4%</td> </tr> <tr> <td>Change in space</td> <td>-4%</td> <td>-</td> </tr> <tr> <td>FX</td> <td>-1%</td> <td>2%</td> </tr> <tr> <td>Retail revenue</td> <td>-30%</td> <td>6%</td> </tr> </tbody> </table>	Retail Revenue:	26 Sept 2020	28 Sept 2019	Period ended YoY%			Comparable sales	-25%	4%	Change in space	-4%	-	FX	-1%	2%	Retail revenue	-30%	6%
Retail Revenue:	26 Sept 2020	28 Sept 2019																		
Period ended YoY%																				
Comparable sales	-25%	4%																		
Change in space	-4%	-																		
FX	-1%	2%																		
Retail revenue	-30%	6%																		
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.	<p>Reported Profit:</p> <p>A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the financial statements.</p>																		

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		
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.	Net cash generated from operating activities:		
		Period ended £m	26 Sept 2020	28 Sept 2019
		Net cash generated from operating activities	63	164
		Capital expenditure	(46)	(68)
		Payment of lease principal	(62)	(115)
		Other lease related items	-	(10)
		Free cash flow	(45)	(29)
Net Debt	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.	Cash net of overdrafts:		
		Period ended £m	26 Sept 2020	28 March 2020
		Cash net of overdrafts	1,138	887
		Lease liability	(1,092)	(1,125)
		Borrowings	(596)	(300)
		Net debt	(550)	(538)

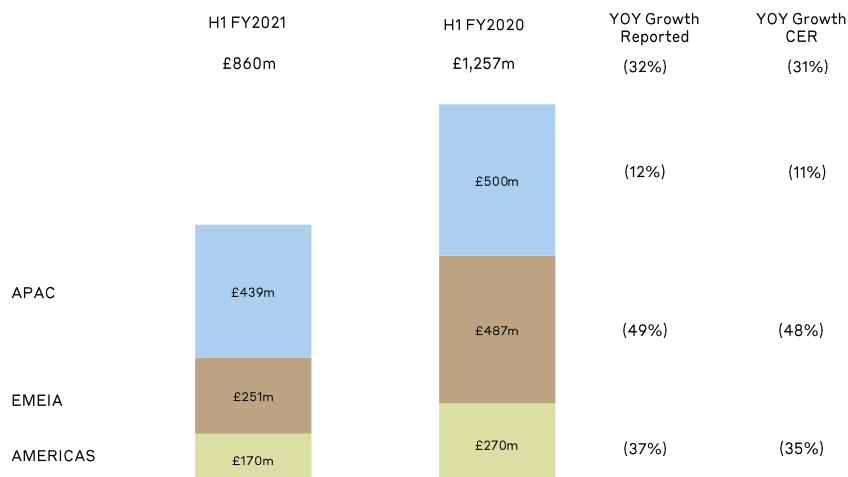
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ALTERNATIVE PERFORMANCE MEASURES

APM	Description and purpose	GAAP measure reconciled to		
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted.	Reconciliation from operating profit to adjusted EBITDA:		
		Period ended £m	26 Sept 2020	28 Sept 2019
		Operating profit	88	202
		Adjusted operating items	-37	1
		Amortisation of intangible assets	15	12
		Depreciation of property, plant and equipment	31	40
		Depreciation of right-of-use assets	83	108
		EBITDA	180	363

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 2021		Actual average exchange rates		
	30 October 2020	27 June 2020	H1 2021	H1 2020	FY 2020
Euro	1.11	1.11	1.12	1.12	1.14
US Dollar	1.27	1.24	1.26	1.26	1.27
Chinese Renminbi	8.76	8.79	8.87	8.71	8.88
Hong Kong Dollar	9.88	9.62	9.79	9.82	9.89
Korean Won	1492	1,498	1,525	1,486	1,504

ADJUSTING ITEMS

	H1 2021 £m	H1 2020 £m
Inventory impairments (recognised in COGS)	7	-
Rent concessions	26	-
Store impairments	23	-
Receivable impairments	2	-
COVID-19 related adjusting items	58	-
Restructuring costs	(22)	(1)
Revaluation of deferred consideration liability	1	-
Adjusting operating items	37	(1)
Adjusting financing items	-	(1)
Adjusting items	37	(2)

STORE PORTFOLIO

	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 28 March 2020	218	149	54	421	44
Additions	9	-	3	12	1
Closures	(9)	(1)	(2)	(12)	(1)
At 26 September 2020	218	148	55	421	44

At 26 September 2020	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
APAC	97	89	20	206	7
EMEIA	57	50	18	125	37
Americas	64	9	17	90	-
Total	218	148	55	421	44

IR CONTACTS

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Reporting calendar

Q3 Trading update	20 January 2021
Preliminary results	May 2021

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