

BURBERRY

LONDON ENGLAND

PRELIMINARY RESULTS 2020

MARCO GOBETTI

CHIEF EXECUTIVE OFFICER

AGENDA

INTRODUCTION

COVID-19 IMPACT AND RESPONSE

FINANCIAL RESULTS

STRATEGY AND OUTLOOK

Q&A



KEY MESSAGES

Excellent strategic progress, ahead of expectations

Material impact from COVID-19, but mitigating actions implemented rapidly and brand heat remains strong

Strong balance sheet and protecting liquidity

Well positioned to navigate next 12 months, and overall strategy confirmed

WHERE WE ARE IN OUR JOURNEY



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



- Continue to strengthen the brand
- Complete product transformation
- Adapt the business to the new consumer environment, focusing on DTC and digital



- Complete brand repositioning
- Accelerate growth

FY18/19

TODAY

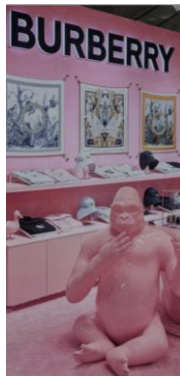
OUR PROGRESS TO DATE



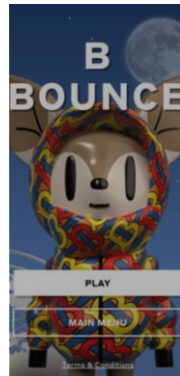
BRAND



PRODUCT



DISTRIBUTION



DIGITAL



OPERATIONAL EXCELLENCE



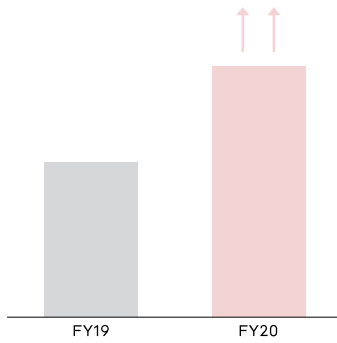
PEOPLE

STRONG BRAND MOMENTUM

↑↑ Double digit growth

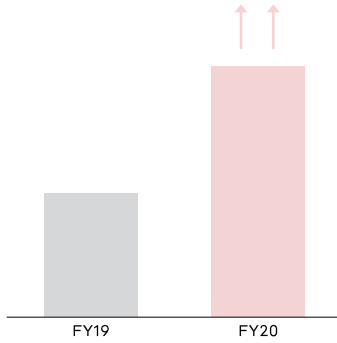
INSTAGRAM - ENGAGEMENT RATE

%



WECHAT- ENGAGEMENT RATE

%



AW20 SHOW – PRESS MENTIONS

#



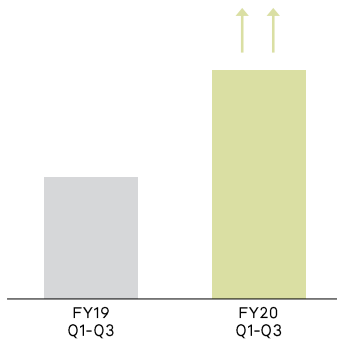
Note: Graph not to scale

STRONG COLLECTION PERFORMANCE FOR THE FIRST 9 MONTHS

↑↑ Double digit growth

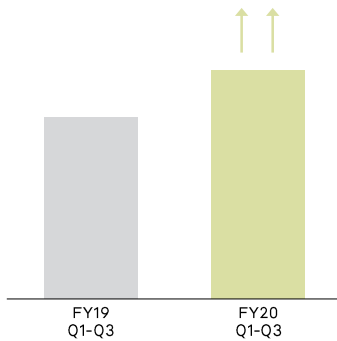
SUMMER 19 TOTAL SALES

£M



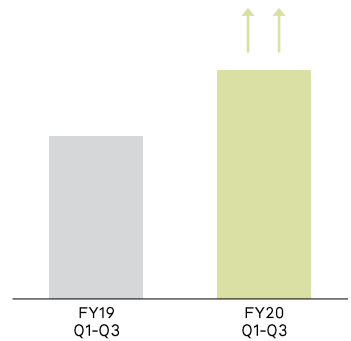
AUTUMN 19 / WINTER 19 TOTAL SALES

£M



SPRING 20 TOTAL SALES

£M



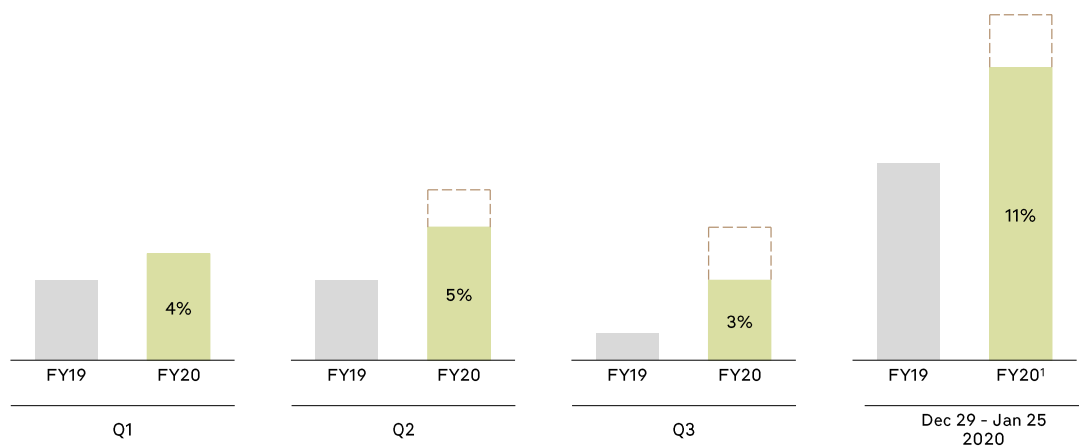
Note: Graph not to scale

STRONG QUARTERLY COMP SALES

TOTAL COMP SALES – BY QUARTER

%

Excluding Hong Kong S.A.R and accounting for likely shift of spend to China and Korea



¹ Impact of Hong Kong S.A.R and spend shift to China and Korea in December 29, 2019-January 25, 2020 assumed to be equal to Q3

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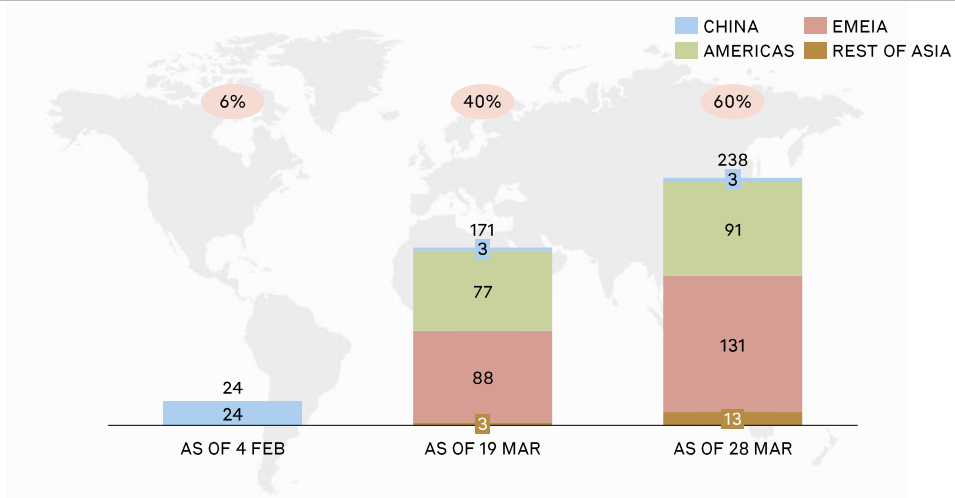
STRATEGY AND OUTLOOK

Q&A

DEMAND DISRUPTION

STORE CLOSURES BY REGION

X approx. % closed as % total



SUPPLY DISRUPTION

SHORT-LIVED SUPPLY CHAIN DISRUPTION IN CHINA

FACTORY CLOSURES IN EUROPE

REDUCED CAPACITY IN FULFILLMENT HUBS



BURBERRY IMMEDIATE RESPONSE

OUR RESPONSE



PROTECT OUR PEOPLE
& COMMUNITIES



TIGHTLY MANAGE CASH
AND COSTS



SECURE OUR
PRODUCT, INVENTORY
& SUPPLY CHAIN



DRIVE REVENUE

SUPPORTING THE FIGHT AGAINST COVID-19



PROVIDING PROTECTIVE EQUIPMENT



FUNDING VACCINE DEVELOPMENT



SUPPORTING COMMUNITIES IN NEED

FY20 PERFORMANCE

GROUP REVENUE -3% VS LAST YEAR

PRO FORMA ADJUSTED OPERATING PROFIT
-8% VS LAST YEAR

PRO FORMA REPORTED OPERATING PROFIT
-63% VS LAST YEAR



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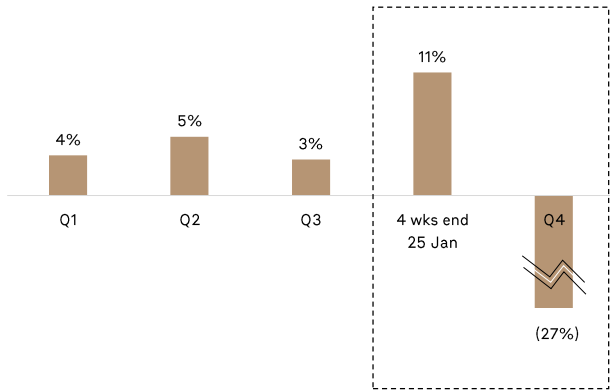
Q&A

JULIE BROWN

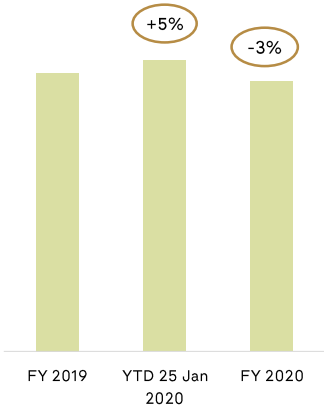
CHIEF OPERATING & FINANCIAL OFFICER

FY 2020 COMP SALES PROGRESSION

FY 2020 RETAIL COMPARABLE STORE SALES PROGRESSION YOY %

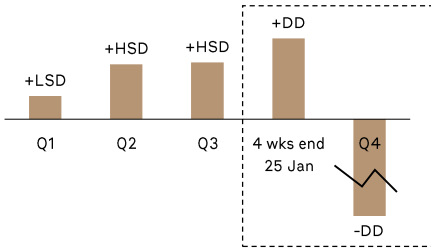


FY 2020 RETAIL COMPARABLE STORE SALES YOY %

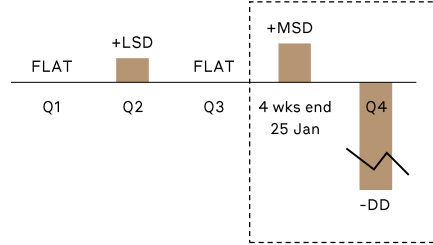


COMPARABLE RETAIL STORE SALES -3%

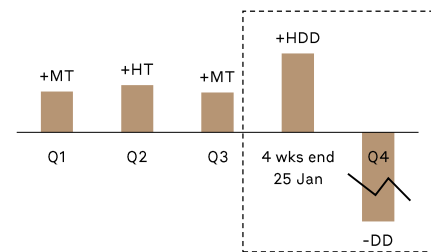
EMEIA: STABLE COMP STORE SALES YOY %



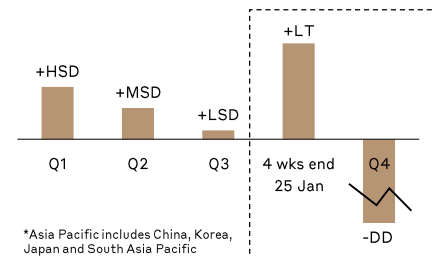
AMERICAS: -LSD COMP STORE SALES YOY %



MAINLAND CHINA: +LSD COMP STORE SALES YOY %



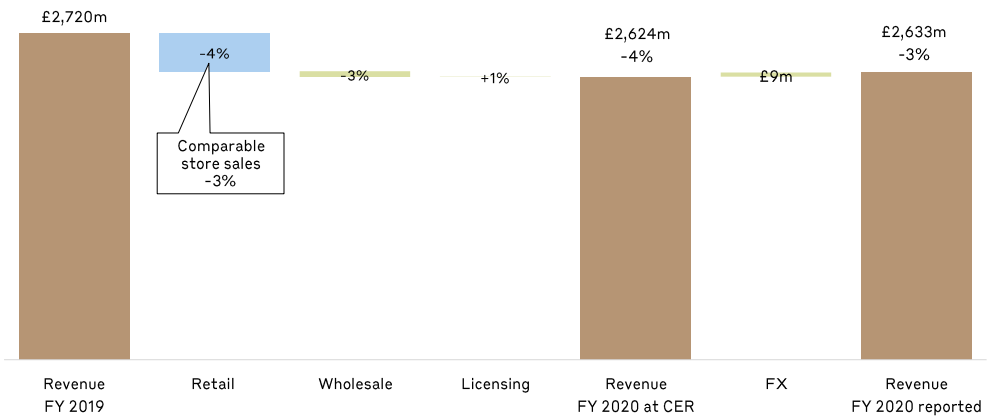
ASIA PACIFIC*: -MSD COMP STORE SALES YOY %



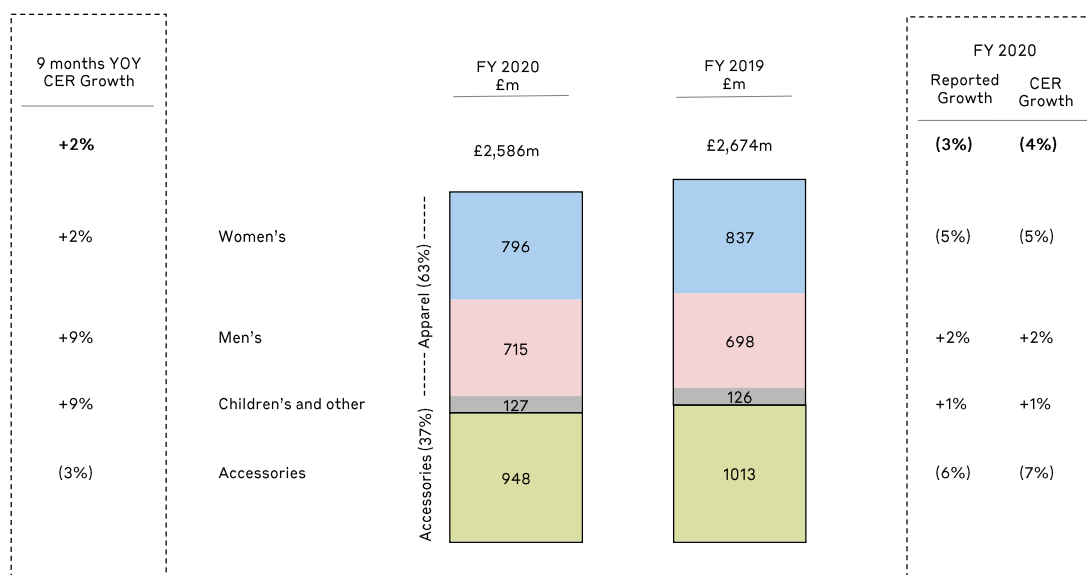
*Asia Pacific includes China, Korea, Japan and South Asia Pacific

GROUP REVENUE -4%

FY 2019 TO FY 2020 REVENUE BRIDGE



RETAIL AND WHOLESALE REVENUE BY PRODUCT



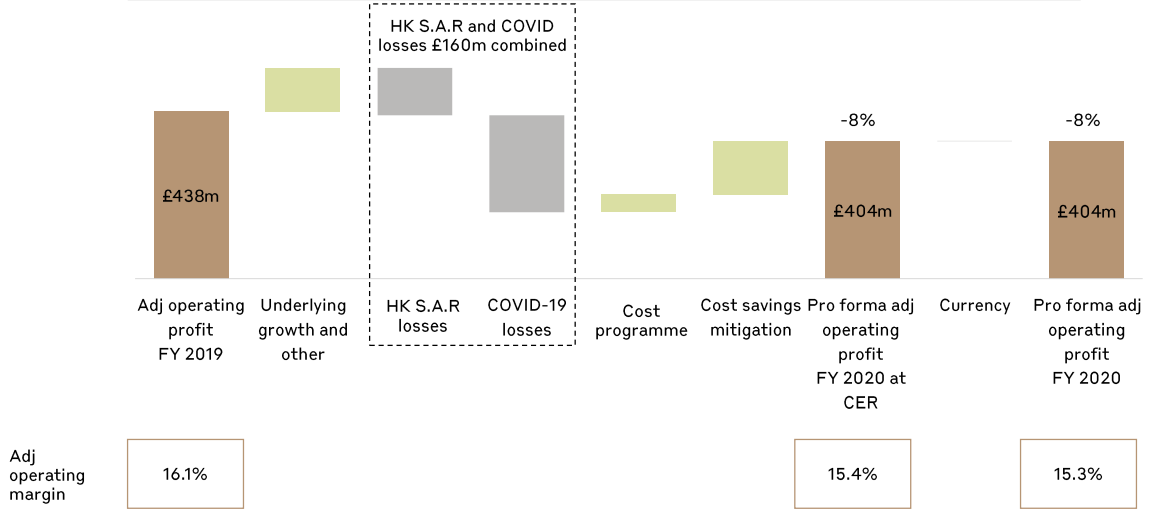
INCOME STATEMENT

----- FY 2020 pro forma results -----					- Reported under IFRS 16 -	
	FY 2020 pro forma £m	FY 2019 £m	Change pro forma vs FY 2019		FY 2020 £m	YOY reported FX
			Reported FX	CER		
Revenue	2,633	2,720	(3%)	(4%)	2,633	(3%)
Gross profit (ex adj items)	1,774	1,861	67.4%	68.4%	1,774	67.4% (5%)
Operating expenses (ex adj items)	(1,370)	(1,423)	(4%)		(1,341)	
Adjusted operating profit	404	438	15.3%	16.1%	433	16.4% (1%)
Adjusting operating items	(244)	(1)			(244)	
Operating profit	160	437	(63%)		189	(57%)
Tax*	(46)	(102)			(47)	
Adjusted diluted EPS	77.9p	82.1p	(5%)	(5%)	78.7p	(4%)
Reported diluted EPS	29.0p	81.7p	(65%)		29.8p	(64%)

*Effective tax rate on adjusted profit before tax improved 80bps to 22.3%. Note the table above shows the reported tax

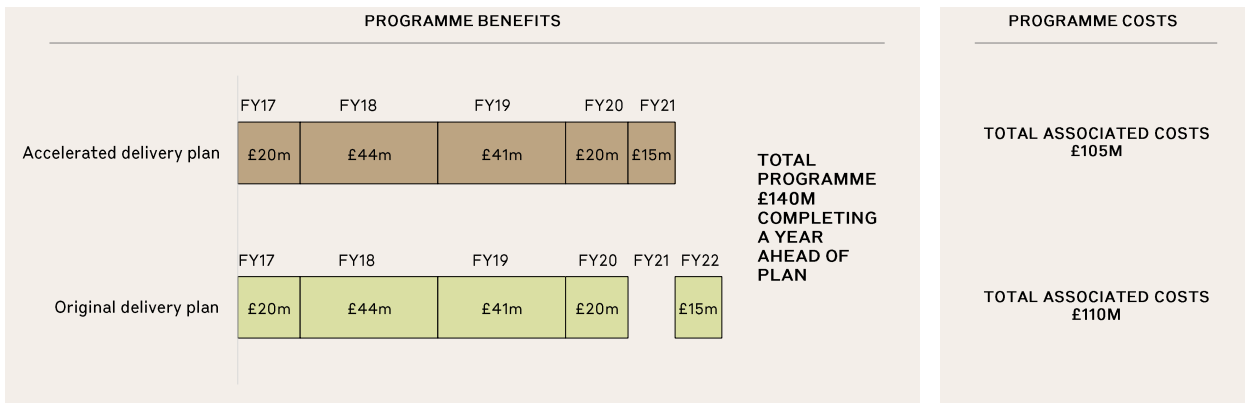
PRO FORMA ADJUSTED OPERATING PROFIT REVIEW

FY 2020 PRO FORMA ADJUSTED OPERATING PROFIT BRIDGE



OPERATIONAL EXCELLENCE ACCELERATION OF SAVINGS PROGRAMME TO £140M IN FY 2021

CUMULATIVE £140M SAVINGS BY YEAR OF DELIVERY AND PROGRAMME COSTS



ADJUSTING ITEMS

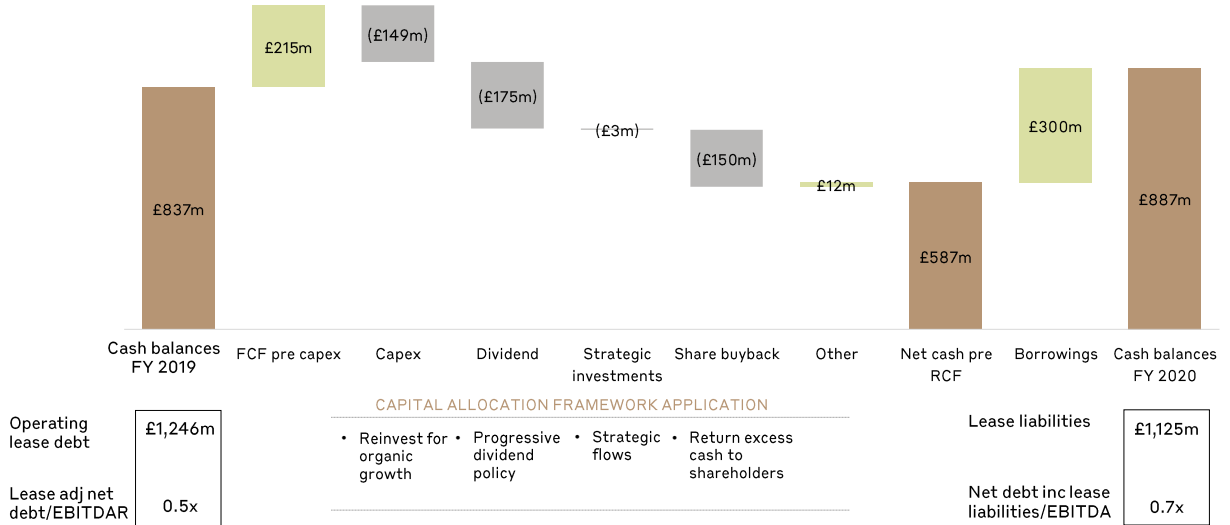
	FY 2020 £m	FY 2019 £m
COVID related inventory provisions (recognised in COGS)	(68)	-
COVID related store impairments	(157)	-
Other COVID related items	(16)	-
COVID-19 related adjusting items	(241)	-
Restructuring costs	(10)	(12)
Disposal of beauty business	5	7
BME deferred consideration income	2	4
Total adjusting operating items	(244)	(1)
Adjusting financing items	(1)	(1)
Adjusting items	(245)	(2)

FREE CASH FLOW

	FY 2020 £m	FY 2019 £m
Adj operating profit	433	438
Depreciation and amortisation*	331	116
Working capital	(130)	(45)
Other	(9)	7
Cash inflow from operations	625	516
Payment of lease liabilities	(244)	-
Capex net of proceeds on disposal	(146)	(110)
Interest	(19)	6
Tax	(150)	(111)
Free cash flow	66	301

*FY 2020 includes the impact of the adoption of IFRS 16

MOVEMENT IN NET CASH



This bridge shows the movement in cash net of overdrafts

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COVID-19 IMPACT AND RESPONSE

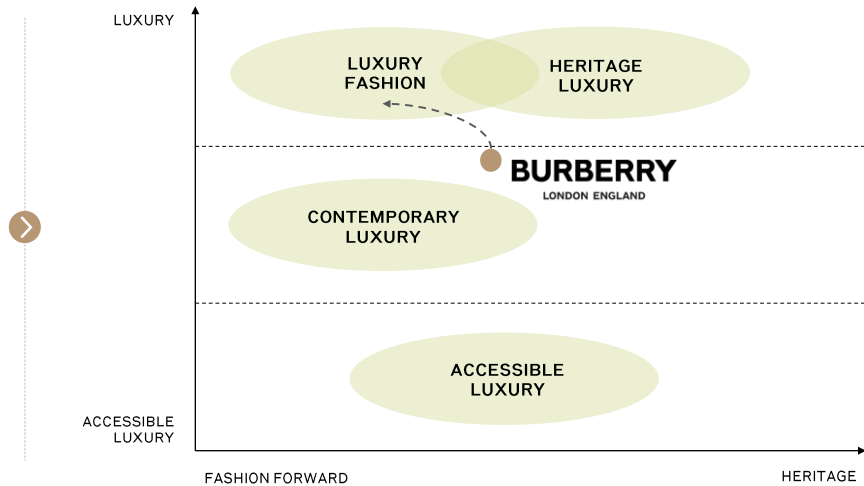
FINANCIAL RESULTS

STRATEGY AND OUTLOOK

Q&A

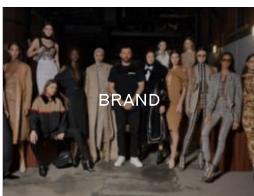
IN THIS ENVIRONMENT, OUR STRATEGY IS CRITICAL...

- In challenging environments, consumers favour strong brands and polarise even more between luxury and mass
- Diminished demand will increase competition and reinforce the importance of investing in the brand



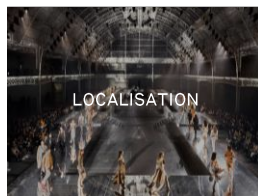
...AND WE WILL FOCUS ON THE KEY ELEMENTS THAT WILL DRIVE BRAND SUCCESS

BALANCE SHEET AND LIQUIDITY



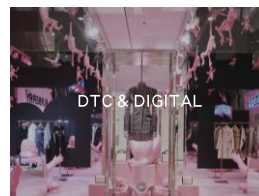
BRAND

- Strong luxury positioning
- Brand strength
- Authenticity
- Positive emotions through creativity



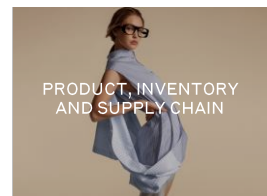
LOCALISATION

- Bespoke plans for each market, rapidly shifting investment as needed
- Focus on local consumers
- Ability to accelerate China and other Asian economies, even more than before



DTC & DIGITAL

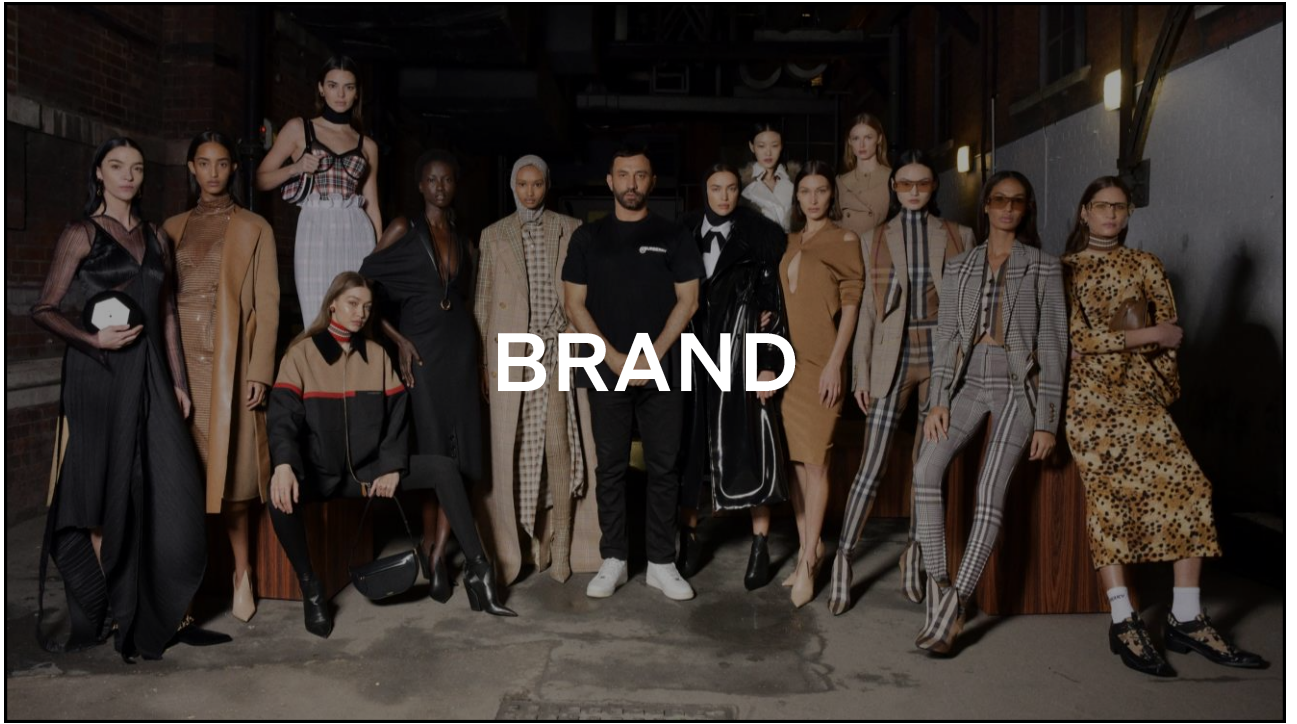
- Direct to consumer distribution at scale, online and offline
- Digital capabilities
- Strong connection between physical and digital, supported by CRM/data



PRODUCT, INVENTORY AND SUPPLY CHAIN

- High quality product
- Strong leather goods offering
- Casualwear
- Tight inventory management
- Flexible supply chains

SUPPORT OUR PEOPLE AND COMMUNITIES



BRAND



BRAND VALUES
AND AUTHENTICITY



CONTENT AND
STORYTELLING



PARTNERSHIPS
AND
COLLABORATIONS



INFLUENCE AND
COMMUNITY BUILDING



LOCALISATION



BESPOKE PLANS FOR EACH MARKET,
RAPIDLY REALLOCATE RESOURCES
BETWEEN ECONOMIES

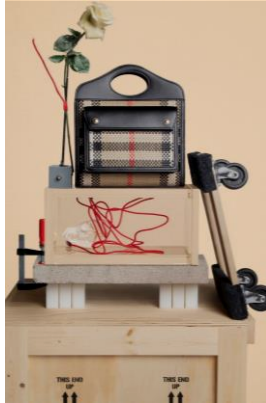


FOCUS ON LOCAL
CONSUMERS

CHINA FOCUS



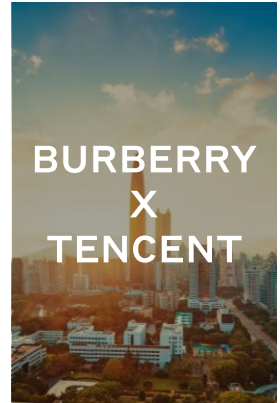
LOCALISED AND
INSPIRATIONAL OUTREACH



EXCLUSIVE CAMPAIGNS



NATIVE COLLABORATIONS

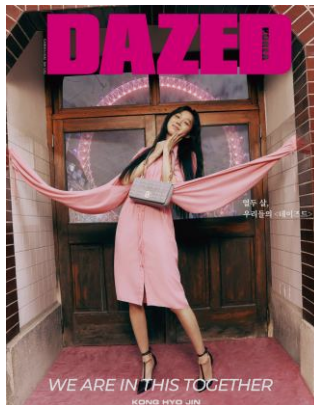


SOCIAL RETAIL

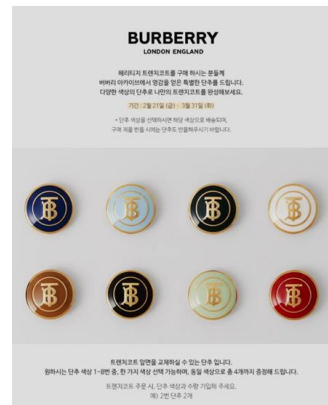
KOREA FOCUS



LOCALISED PRODUCT
STORYTELLING



NATIVE COLLABORATIONS



PARTNERSHIPS WITH LOCAL
THIRD PARTIES



SIGNS OF RECOVERY IN CHINA AND KOREA

SALES GROWTH ALREADY AHEAD
OF LAST YEAR

STRONG ONLINE PERFORMANCE

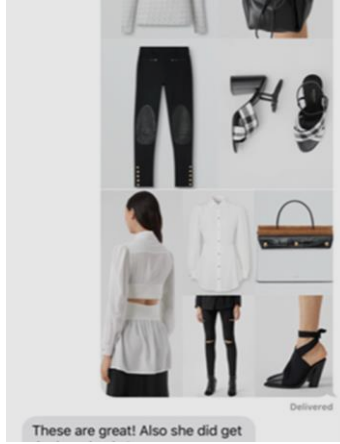
CLEAR TRACTION IN HANDBAGS
AND SMALL LEATHER GOODS



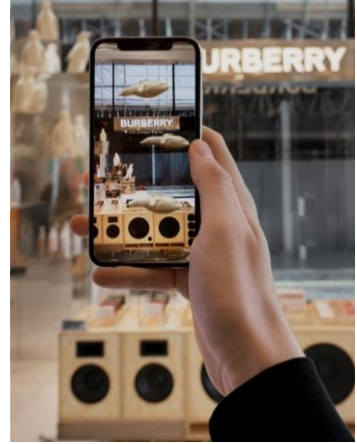
NEW WAYS OF REACHING CONSUMERS



LIVE STREAMING



REMOTE SELLING

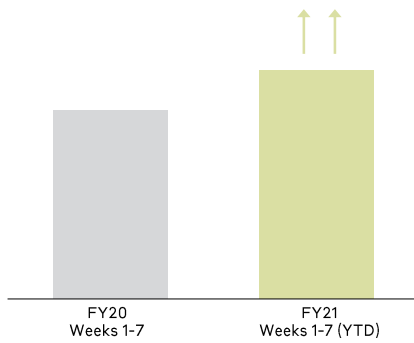


IMMERSIVE EXPERIENCES

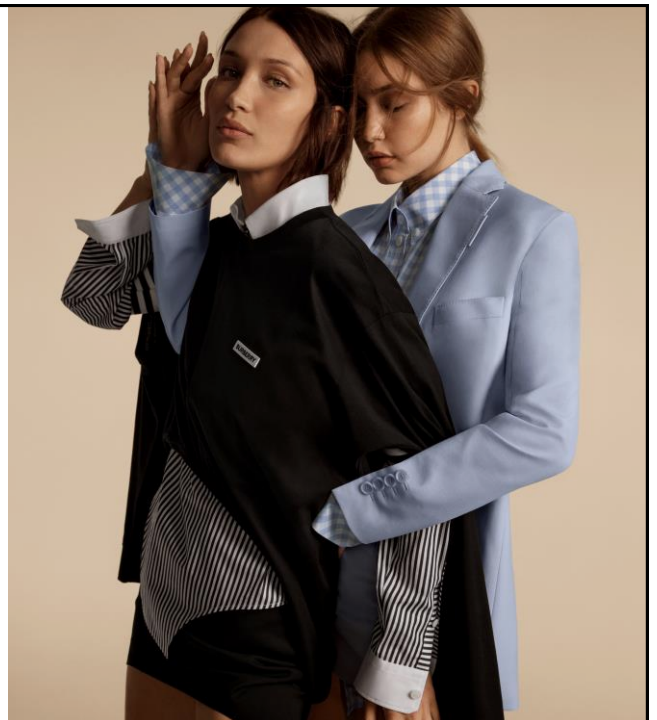
ONLINE DEMAND




↑ % YoY sales growth

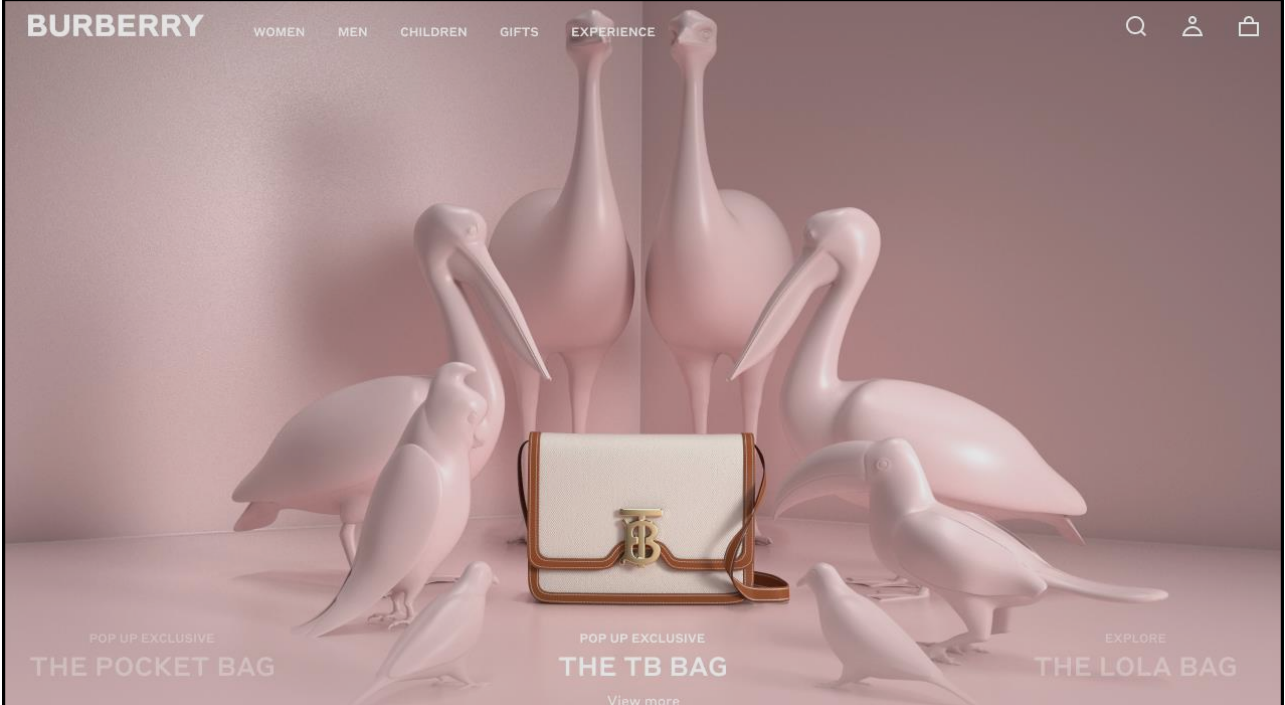
BURBERRY.COM GLOBAL DEMAND



Note: Graph not to scale, demand defined as total value of transactions on .com



BURBERRY WOMEN MEN CHILDREN GIFTS EXPERIENCE   

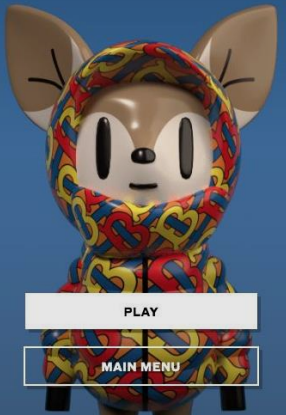


POP UP EXCLUSIVE POP UP EXCLUSIVE EXPLORE

THE POCKET BAG **THE TB BAG** **THE LOLA BAG**

[View more](#)

B BOUNCE



PLAY

MAIN MENU

PRODUCT, INVENTORY AND SUPPLY CHAIN



PRODUCT

INJECT ENERGY AND NEWNESS WITH CAPSULES

HERO OUTERWEAR

FOCUS ON LEATHER







INVENTORY AND SUPPLY CHAIN

MANAGE OUR STOCK POSITION

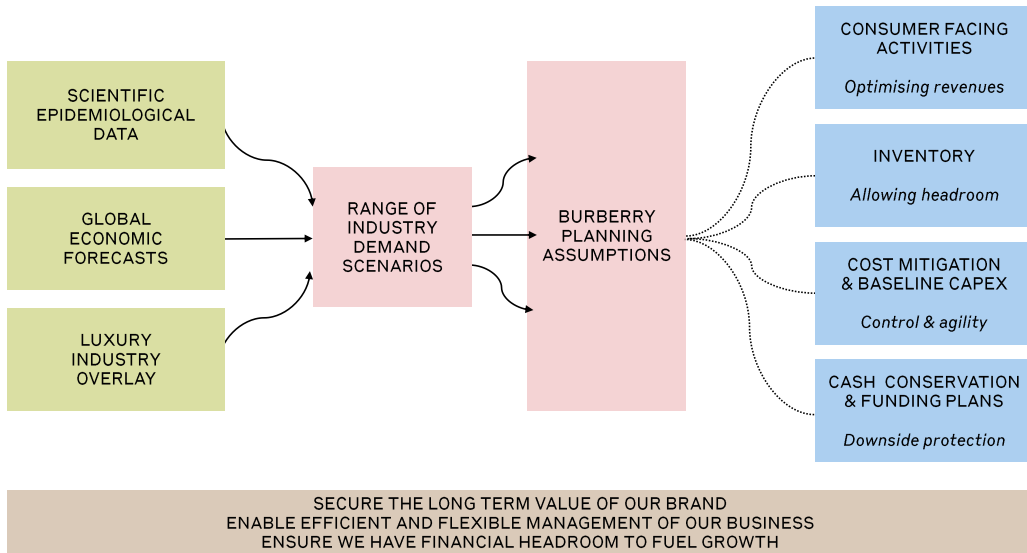
REALLOCATE STOCK TO MEET DEMAND

SECURE SUPPLY CHAIN CAPACITY

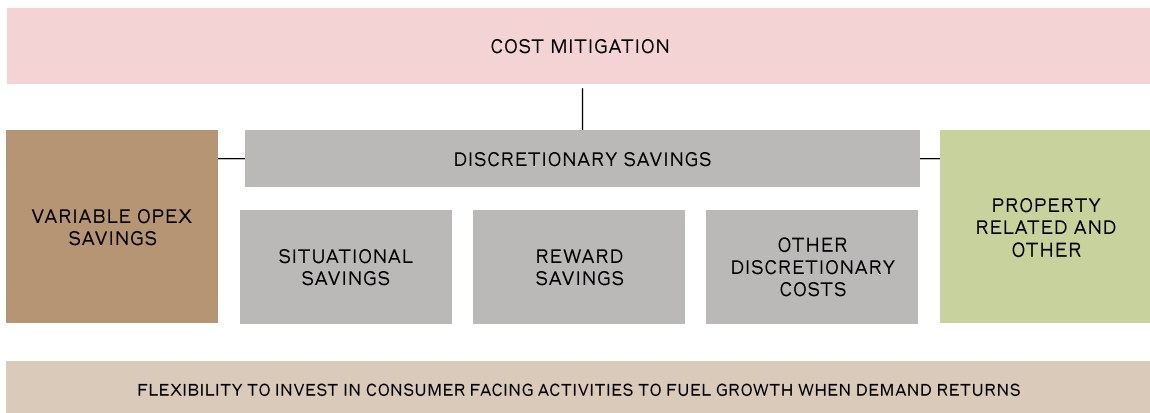


BALANCE SHEET AND LIQUIDITY

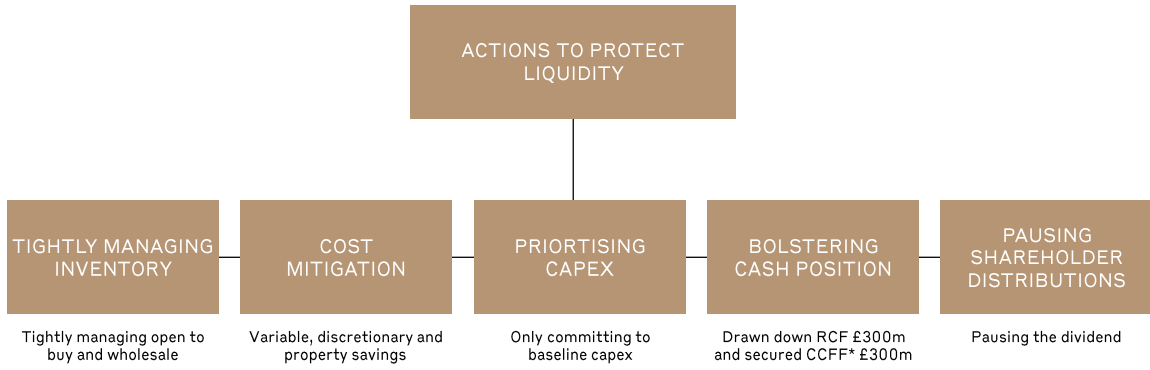
PLANNING FOR THE FUTURE



MITIGATING COST ACTIONS



PROTECTING OUR LIQUIDITY



* COVID Corporate Financing Facility

RECAP: KEY MESSAGES

Excellent strategic progress, ahead of expectations

Material impact from COVID-19, but mitigating actions implemented rapidly and brand heat remains strong

Strong balance sheet and protecting liquidity

Well positioned to navigate next 12 months, and overall strategy confirmed



Q&A

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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- www.burberryplc.com
- Twitter: @BurberryCorp
- LinkedIn: Burberry

IMPACT OF IFRS 16 ON OUR INCOME STATEMENT

	FY 2020 £m	Impact of IFRS 16	FY 2020 pro forma £m	
Adjusted	Revenue	2,633	-	2,633
	Gross profit	1,774	-	1,774
	Operating expenses	(1,341)	29	(1,370)
	Adjusted operating profit	433	29	404
	Adjusted operating margin	16.4%		15.3%
	Adjusted profit before tax	414	4	410
	Adjusted diluted EPS	78.7p	0.8p	77.9p
Reported	Operating profit	189	29	160
	Reported diluted EPS	29.8p	0.8p	29.0p

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 March 2020 Right of use asset: £0.8bn 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 £29m higher in FY 2020 vs pro forma Operating margin 110bps higher in FY 2020 vs pro forma PBT £4m higher in FY 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

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, 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Retail Revenue:</th> <th style="text-align: right;">28 March 2020</th> <th style="text-align: right;">30 March 2019</th> </tr> </thead> <tbody> <tr> <td>Period ended YoY%</td> <td></td> <td></td> </tr> <tr> <td>Comparable sales</td> <td style="text-align: right;">(3%)</td> <td style="text-align: right;">2%</td> </tr> <tr> <td>Change in space</td> <td style="text-align: right;">(1%)</td> <td style="text-align: right;">(1%)</td> </tr> <tr> <td>FX</td> <td style="text-align: right;">1%</td> <td style="text-align: right;">(1%)</td> </tr> <tr> <td>Retail revenue</td> <td style="text-align: right;">(3%)</td> <td style="text-align: right;">0%</td> </tr> </tbody> </table>	Retail Revenue:	28 March 2020	30 March 2019	Period ended YoY%			Comparable sales	(3%)	2%	Change in space	(1%)	(1%)	FX	1%	(1%)	Retail revenue	(3%)	0%
Retail Revenue:	28 March 2020	30 March 2019																		
Period ended YoY%																				
Comparable sales	(3%)	2%																		
Change in space	(1%)	(1%)																		
FX	1%	(1%)																		
Retail revenue	(3%)	0%																		

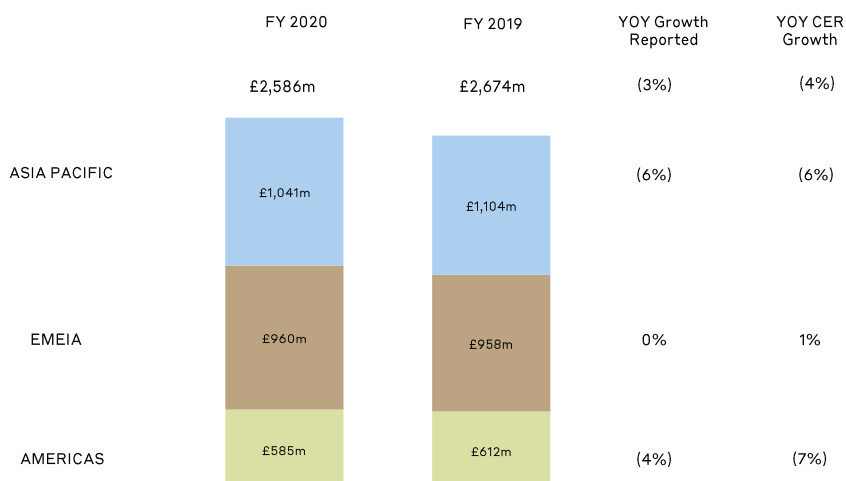
All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise. Certain financial data within this presentation have been rounded.

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.	Reported Profit: 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.	Net cash generated from operating activities: <table border="1"> <thead> <tr> <th>Period ended £m</th> <th>28 March 2020</th> <th>30 March 2019</th> </tr> </thead> <tbody> <tr> <td>Net cash generated from operating activities</td> <td>456</td> <td>411</td> </tr> <tr> <td>Capital expenditure</td> <td>(149)</td> <td>(110)</td> </tr> <tr> <td>Lease outflows</td> <td>(244)</td> <td>-</td> </tr> <tr> <td>Other items</td> <td>3</td> <td>-</td> </tr> <tr> <td>Free cash flow</td> <td>66</td> <td>301</td> </tr> </tbody> </table>	Period ended £m	28 March 2020	30 March 2019	Net cash generated from operating activities	456	411	Capital expenditure	(149)	(110)	Lease outflows	(244)	-	Other items	3	-	Free cash flow	66	301
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Capital expenditure	(149)	(110)																		
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Other items	3	-																		
Free cash flow	66	301																		
Net Debt	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts. *Prior to the adoption of IFRS 16, lease adjusted net debt was defined as five times minimum lease payments, adjusted for charges and utilisation of onerous lease provisions, less cash net of overdrafts.	Cash: <table border="1"> <thead> <tr> <th>Period ended £m</th> <th>28 March 2020</th> <th>30 March 2019</th> </tr> </thead> <tbody> <tr> <td>Net cash</td> <td>887</td> <td>837</td> </tr> <tr> <td>Lease liability/Operating lease debt</td> <td>(1,125)</td> <td>(1,246)</td> </tr> <tr> <td>Borrowings</td> <td>(300)</td> <td>-</td> </tr> <tr> <td>Lease adjusted net debt</td> <td>(538)</td> <td>(409)*</td> </tr> </tbody> </table>	Period ended £m	28 March 2020	30 March 2019	Net cash	887	837	Lease liability/Operating lease debt	(1,125)	(1,246)	Borrowings	(300)	-	Lease adjusted net debt	(538)	(409)*			
Period ended £m	28 March 2020	30 March 2019																		
Net cash	887	837																		
Lease liability/Operating lease debt	(1,125)	(1,246)																		
Borrowings	(300)	-																		
Lease adjusted net debt	(538)	(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=	Spot rates	Actual average effective exchange rates	
	1 May 2020	FY 2020	FY 2019
Euro	1.15	1.14	1.13
US Dollar	1.26	1.27	1.31
Chinese Yuan Renminbi	8.90	8.88	8.82
Hong Kong Dollar	9.76	9.89	10.26
Korean Won	1,529	1,504	1,460

STORE PORTFOLIO

	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 30 March 2019	233	146	52	431	44
Additions	19	15	5	39	1
Closures	(34)	(12)	(3)	(49)	(1)
At 28 March 2020	218	149	54	421	44

At 28 March 2020	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
Asia Pacific	92	89	18	199	7
EMEIA	61	51	19	131	37
Americas	65	9	17	91	-
Total	218	149	54	421	44

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Reporting calendar

Q1 Trading update	15 July 2020
AGM	15 July 2020

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