

BURBERRY

Burberry Group plc

First Quarter Trading Update – Analyst Call

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Burberry

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Questions From

Louise Singlehurst, Goldman Sachs

Thomas Chauvet, Citi

Antoine Belge, Exane BNP Paribas

Rogério Fujimori, Stifel Europe

Luca Solca, Bernstein

Anne-Laure Bismuth, HSBC

Elena Mariani, Morgan Stanley

Julie Brown, Chief Operating and Chief Financial Officer

Good morning. My name is Julie Brown, Chief Operating and Financial Officer of Burberry, and with me this morning is Julian Easthope, our Head of IR. Slides are available to accompany this presentation on the IR section of our website and a transcript will also be made available. We will be happy to take your questions at the end of the presentation and please note in this presentation we're referring to comparative sales against two years ago as last, last year, LLY. I will mainly refer to LLY, as it is more representative of the underlying trading performance.

Turning to slide two. In May we outlined our plan to accelerate growth, building on the strong platform we have built over the past three years. Despite a continuing challenging macro environment, in Q1 we have made excellent progress. We drove a significant acceleration in full-price sales as our collections continued to attract new, younger clientele to the brand.

We generated strong growth across the core categories, with full-price sales of leather up double digits versus last, last year, and outerwear seeing significant strength in jackets, quilts and downs. In addition, full-price shoes increased triple digits, helping drive customer acquisition.

We exited from markdown in stores which resulted in a low double digit headwind to comparable store sales growth, versus last year in the period. We inspired our customers with campaigns and brand activations; the most recent being for our new Olympia handbag that included a series of global pop-ups and pop-ins in iconic locations. Enhancing the way we connect with our customers, we continue to innovate in digital where we saw full-price sales more than double against last, last year.

In July we opened our first flagship, carrying our new global design concept at No 1 Sloane Street in London that will transform how our customers experience our brand and product in a uniquely British luxury setting. At the same time, in line with our commitment to ESG, we pledge to become climate positive by 2040, going beyond net zero to a new industry standard.

Turning to slide three. In terms of our financial performance in the quarter compared with last year, comparable store sales grew 90% and space contributed 8%, bringing revenue growth to 98% before the currency headwind.

On the right we show growth in Q1 versus last, last year and on a two year view both space and comp have grown 1%, resulting in total constant exchange rate growth of

2%, meaning retail sales have recovered to pre COVID-19 pandemic levels, with our full-price business considerably ahead, with comparable still sales growth of 26%. Overall sales were £479m, after a 6% headwind from currency.

Turning to slide four. Looking at the quarterly progression we continue to build momentum versus last year in both comparable store sales and full price comparable sales growth. The last two quarters are shown against two years ago, given the COVID disrupted base. We made gains in Q4 and Q1 on both measures against last, last year, with full price sales significantly ahead of pre-COVID levels, underpinned by the strong platform for growth we've created over the last three years.

The comp this quarter was impacted by a number of major factors. Firstly, it was hurt by the exit of markdowns, impacting growth by a low double digit percentage, together with the continued reduction in outlets. We now have a significantly better quality mix within our revenues, when compared with two years before.

Secondly, it was impacted by closures, with an average of 11% of stores closed in the quarter, easing to 3% of stores closed at the end of June. And finally, growth was driven by local customers, as tourism also remained at a low level, generating only 7% of our sales this quarter, versus 30% two years ago.

Moving on now to slide five. The strength of our brand can be seen in the quarterly performance in the Americas and Asia Pac against two years ago. The Americas saw a significant acceleration with 34% comp and 114% full-price comp growth. Within this, the US was particularly strong, with comp growth up almost 50%, driven by new younger customers, in particular in menswear, attracted to our key housecodes, with a good level of repeat business. We also saw excellent traction in shoes and jerseys, with AUR up significantly.

Asia Pac grew by 7%, with full-price up 23%, with a strong performance in Korea and Mainland China. Mainland China grew in the mid 30% range, with full-price up more than 55%. This was driven by new young clients with good traction in our core product categories of outerwear and leather.

Korea also showed a strong performance in the 30% range, with full-price up over 90% and leather and outerwear the main growth rises. This was partially offset by Japan and the rest of Asia Pac that continued to be impacted by reduced tourist flows and increased store closures.

EMEIA remained the most difficult market and declined by 38% in the first quarter. The performance continued to be impacted by COVID related store closures, with an

average of 25% of stores closed and a significant reduction in tourist travel compared with Q1 FY20. This resulted in both Continental Europe and the UK seeing declines in the mid 40% range, compared with FY20.

On a positive note, the European and British nationalities showed growth in the period, and recovery has gained momentum since the stores reopened and we saw improving trends in both new and repeat business in most markets. The Middle East increased by a low double digit percentage and Russia showed excellent growth in the mid double-digit range.

Turning to slide six. Our new product collections have proved very successful, helping to attract new and younger customers to the brand. Total full-price leather goods increased 24% compared with last, last year, and this was especially strong in the US, Mainland China and Korea. Within this, the five women's handbag pillars accounted for around 75% of women's handbag sales, with all shapes, including Olympia, contributing a good level of sales.

The Olympia campaign this quarter with Shygirl, Kendall Jenner, and FKA Twigs was accompanied by a series of global pop-ups and pop-ins, in iconic locations, including Harrods and Bergdorf in New York City, together with an interactive augmented reality experience.

The response to the campaign has been excellent from both press and consumers, generating significant reach and engagement, particularly across social media where consumer engagement on our campaign posts grew double digit compared with our Pocket campaign. Our newsfeed post reach and engagement grew 96% and 58% respectively, versus Pocket on Instagram. Outerwear showed strong growth, with jackets more than doubling and quilts and downs delivering more than 70% versus last, last year.

Digital continued to see excellent growth with full-price sales more than doubling versus last, last year and this has been supported by innovative campaigns, including a collaboration with Mythical Games. We also launched an immersive handbag hub on Burberry.com to support our Olympia campaign. The hub complements the campaign by leveraging digital-first content to support Olympia, with a strong focus on craftsmanship whilst embedding online to offline services.

In June we launched our Men's Spring/Summer '22 show and collection, Universal Passport. The show was filmed in the striking Millennium Mills at the Royal Victoria Docks in East London. This resonated very well with both press and consumers,

recording double-digit growth in consumer reach versus our Autumn Winter '21 Men's presentation.

Turning to slide seven. Last week we achieved a major milestone, opening our new flagship on No 1 Sloane Street, London. The first flagship to carry our new global store concept was designed in collaboration with the architect, Vincenzo De Cotiis, and represented all that is new Burberry; authentic, bold, elevated, with creativity at its core. The store concept will transform how our customers experience the brand and products in a uniquely British luxury setting.

The store has just received a BREEAM Excellent standard for its environmental, social and economic sustainability status, with the costs being eligible for the use of bond proceeds underlining our focus on sustainability. In addition to Sloane Street, in Q1 we transformed seven Asian stores into the new concept, and later this year we will open two more flagships with the new concept in Paris and Shanghai, and with Bond Street planned for next summer.

In addition to our store refurbishment programme we will continue to create immersive instore experiences to inspire and engage customers, including building on our test lab social retail store in Shenzhen, where we plan to scale successful experiences and activations across our store network globally over the year.

Turning to slide eight. Building on our progress in sustainability, we set a bold new ambition to go beyond net zero and become climate positive by 2040. Underpinning this pledge is a series of actions within our value chain, including accelerating our emissions reduction target across our extended supply chain to 46% by 2030, and reaching net zero by 2040 and beyond. This is ten years ahead of the 1.5 degree pathway set out by the Paris Agreement. However, we will aim to go beyond net zero to become climate positive, which we will achieve through supporting carbon removal initiatives beyond our footprint alongside the significant emissions reductions.

It also involves investing in initiatives beyond our value chain, to help safeguard our planet for generations to come. These include programmes that protect and restore our national ecosystems, that remove carbon from the atmosphere, and projects that help communities that are most vulnerable to climate change. This is underpinned by the Burberry regeneration fund that will invest in projects to remove carbon, fund climate resilient projects and deliver a climate positive goal for the Group.

Turning to the outlook on slide nine. The execution of our strategy is on track. Growth has accelerated, led by full price sales, with a strong performance across

core strategic categories. Our decision to exit mark downs was executed to plan, and we expect it to result in a mid-single digit headwind to FY22 comp versus last year.

A strong order book has resulted in us increasing our expectations of wholesale sales. We are now anticipating them to increase by around 60% in H1, from 50% previously. Foreign exchange is now expected to be a £40m headwind to adjusted operating profit in FY22. Medium term guidance remains unchanged, with high single digit topline growth and meaningful margin improvement with a target to reach of 20% plus operating profit margin barring any further macroeconomic events.

Thank you for listening, and we will now move on to the Q&A.

Q&A session

Question 1

Louise Singlehurst, Goldman Sachs

Morning Julie, morning Julian. Thank you very much for taking my questions. I wondered if we could just have a bit more detail around the two year stack growth if we can, particularly around Asia Pac. Obviously there is that slow down. We've got the 7% number. But if we think about China at 55%, and I think in the prior quarter it was up 53%, but I guess there's probably a full price and then overall like-for-like mix between those two, can we just talk about the other regions, Japan, Hong Kong? And just to clarify, are there any changes that you're seeing in terms of the underlying momentum specifically for the Chinese consumer?

And then secondly for Europe. Understandably, obviously the continued weakness from the lack of tourism continues and the lockdown activity would be an impact, particularly for apparel; is there anything in the numbers that you can talk to us about? I know we're not going to get an exit rate or anything on more recent trading but, Julie, is there anything that you see in the data or the, you know, whether it's traffic conversion, engagement, that you see gives you a bit more confidence as things have reopened anecdotally in Europe specifically? Thank you.

Julie Brown

Okay, thank you very much, Louise, for the questions. So just first of all taking the first part relating to Asia Pac and China, it's very important to say this, although the comp decelerated, the full-price in Asia actually increased, so it went from 21% in the fourth quarter to 23% in the first quarter. And the reason you saw the impact on the comp was entirely therefore due to the markdown exit. So we've got, just in terms of driving the growth, a very strong focus on locals. Within Asia we've seen some very strong trends in both China and Korea, so China we had growth of above 55%, Korea was above 90%. This is full-price data. And strong local trends, younger clientele coming in, and the two categories that are outstanding are leather and outerwear.

In terms of China, the full-price China, we still had very strong growth, up 55%, so we're very pleased with the China growth in terms of full-price. When it comes to the other regions within Asia, Japan was more challenged because of infection levels and the decision I think to go into lockdown ahead of the Olympics. Hong Kong was still under some pressure, again, largely due to levels of infection. And overall I think in

the other regions we did see, as the quarter went on, an increase in infection levels, and therefore local lockdowns were occurring to the more extent in the second part of the quarter rather than the first.

Turning to Europe, as with Chinese you wanted me to comment on Chinese as well. So if we take the full-price business, the full-price Chinese, it represented growth in the first quarter versus two years ago. However, due to the markdown loss we did see a slightly negative in Q1, whereas we were up in the fourth quarter, but it's entirely due to the markdown. So if you take a look at full-price Chinese it was up in the first quarter, which is a very good trend.

Coming on to Europe. So Europe of course is our most challenging region, and the reason for this is largely because it used to be, in the first quarter two years ago it was a 60% tourist business and now of course it's very little in terms of tourists. The other thing that Europe was contending with in the first quarter was that we had a quarter of the stores closed in the first quarter. So therefore our strategy is very much on driving local clientele, local activations, we had the Olympia pop-ups and the campaign and we also had the opening of Sloane Street just recently. And one of the offsets to this of course is the digital channel while lockdowns are occurring.

In terms of recent trading, we opened up. Basically towards the end of the quarter Europe was beginning to reopen, and now we're pleased to say we've only got 3% of the stores closed globally, and Europe's been a big contributor to that change. So we're really pleased with how it's now opened up and hopefully we will start to see a significant improvement as we now enter the second quarter.

Question 2

Thomas Chauvet, Citi

Good morning, Julie. A couple of questions please. Firstly on China. In your media interview you said the impact of Chinese costs and issues has been minimal. Obviously that's quite different from a number of international brands, particularly sportswear brands which are still down in May and June in a year-on-year basis. Do you think the bulk of this controversy is over for Burberry, and as part of the ESG commitment have you made adjustments to your sourcing strategy, I know that China is not a big sourcing country but any changes worth mentioning?

And secondly, on management transition, and particularly the commentaries you made earlier this morning on Riccardo being excited about Burberry, that you're confident about his commitment to the company. If we go back a few years, 2013,

when Angela Ahrendts left Burberry for Apple the Board at the time, different times, but felt the need to give an extra role to Christopher to retain him, and obviously he was made CEO as we all know. What do you think you need to maybe change in Riccardo's role to give him that maybe support he may need? Is it some input in the CEO search process? Is it a slightly broader role? Is it a seat at the Board, you know, so that in a way he doesn't maybe miss Marco Gobbetti too much, who obviously brought him to Burberry in 2018? Thank you.

Julie Brown

Thank you very much, Thomas. So taking China first. Yes, we've seen a minimal impact in terms of the controversy at the beginning of the year, and we're in a very different position I think to the sportswear brands. I mean, we see a really strong growth rate in China. You know, as we mentioned, the full price is up over 55%. And we have had a lot of focus in terms of local clientele. The Olympia campaign went live in May, very, very successfully, and there has been some minor rephrasing of activity from the beginning of the year, but nothing really to call out in a major way. And as mentioned, in terms of the full-price business, the Chinese were up in the first quarter.

In terms of sourcing strategy, no change to the sourcing strategy. It is absolutely as it was before, and we obviously take sustainability into serious consideration when we're assessing our suppliers.

In terms of the management transition. You know, Riccardo is very bought into Burberry. In terms of his commitment to Burberry, as you saw from the men's fashion show he did recently he had an incredible reception. He obviously is sorry to see Marco leave, but he respects his decision and desire to be closer to his family. He remains wanting to inspire customers with his imprint on Burberry's identity, and it is reinforced by his response to the latest collection in terms of no additional support needed because he's committed to the brand.

Question 3

Antoine Belge, Exane BNP Paribas

Good morning. It's Antoine Belge at Exane BNP Paribas. Three questions, please. With regards to the impact of the markdown exit which you called out being low double digit, I think you had indicated it would be high single digit, so can you explain why it was a greater than anticipated impact?

Second question related to the leather goods category. I think Burberry put a price increase early May on a lot of SKUs, so can you maybe comment about how volume reacted to that, and also anymore anecdotal comments about the recent trend in leather goods?

The third question relates to wholesale where you increased the guidance. Can you maybe comment which region you saw the improvement, and also maybe on which product category you're driving most of the increase in the guidance?

Julie Brown

Thank you very much, Antoine, for the questions. In terms of first of all the markdown, yes we guided to a high single digit negative impact, and it's actually come in at a very low double digit impact. The amounts are very small in practice, it's just high in terms of percentage because of the base effect. There's absolutely no change to the full year guidance, we still anticipate the markdown exit to be a mid-single digit headwind against comparable store sales versus last year. The largest impact is going to be felt, and has been felt, in the first quarter. We're anticipating a less pronounced impact as we go through Q2 and Q3, and then the impact will be negligible in the fourth quarter. So that's how we see that transitioning.

In terms of leather goods, very, very pleased with the leather goods' performance. We've got over a 20% growth rate in terms of full-price over two years ago. We put the price increase through in May, and we've had the opportunity to look at the response to this, and again no adverse reaction at all, the volumes have proved to be very strong throughout since the price increase in May and through to June. We've also done a number of important activations in terms of leather goods, both in terms of the handbag hub on digital, but also the Olympia campaign that we launched just recently also in May.

In terms of wholesale guidance, the wholesale guidance has improved from 50% to 60%, and this is largely across the three major regions, so we've seen it across Americas, Asia, and also Europe. In Americas it's just a strong performance of the market, in Asia there's an impact there from travel retail, and in Europe it's department stores and digital. So those are the reasons for the increase.

Antoine Belge

Thank you. Maybe a follow-up on the question regarding Riccardo. Should we expect at some stage maybe an announcement, something around his contract or commitment, that would be more official in the next couple of weeks or months?

Julie Brown

I don't think so at all, because Riccardo is very committed to the brand. He's completely understanding of Marco's decision. Obviously I think as Gerry's mentioned, Riccardo's contract goes way beyond Marco's transition. Marco will be with us until the end of December very much leading the company, and we've got a very strong, in fact an outstanding leadership team, and we know exactly what we need to do because the strategy is absolutely crystal clear. So we're very confident in terms of the foundations in place, and we are in execution mode at the moment.

Question 4

Rogério Fujimori, Stifel

Hi, Julie and Julian. I have two questions. I think first on China, you talked about the impact from the cotton issues being minimal, and we can see from your strong full-price sales performance, and you talked about increasing WeChat engagement in the last two years in China recently. But I was just wondering if you could say a word or two about brand heat momentum remaining intact given that you don't have local brand ambassadors I think at the moment, and to what extent the use of global ambassadors, the global campaign for Olympia has been enough to affect the absence of local ambassadors in sustained brand heat in China.

Then the second is just a question about phasing of profits, H1/H2. If you could say a word or two about the phasing of profits in H1/H2 to anticipate relative to a normal year. Anything you want to share in terms of gross margin or tax inflation for each one in particular?

Julie Brown

Thank you. Taking China first, we've seen a good response in terms of Chinese platforms. We look at earned mentions reach which grew double digits in Q1 versus last year, strong growth there. It's largely been driven by shows and activations from other markets. For example, ITZY for Harper's Bazaar, Korea, and also Billie Eilish was extremely popular. So we've really seen only a minimal impact overall.

Clearly we had made the decision to re-phase some activity where it made sense to do so for the beginning of the period. But the brand heat is still very strong, and we've compensated with other activations while we pause on the ambassadors. So nothing of major concern on that front. But the focus is very much also, and it has been

because of the travel restrictions, on locals and localisation, so local clientele activations.

In terms of the phasing of the profits, we normally have around 35-40% of our profits that occur in the first half, and we're really seeing or expecting a sort of normal trend with regard to that. Looking at the consensus phasing it seems to be in that realm, so that's okay.

In terms of the operating cost inflation levels, under a normal course of business we'd normally see operating costs rising, opex inflation pressures are normally around the 3% mark. But obviously we haven't got a normal base at the moment because of the impact of COVID. So in terms of our operating cost growth this year compared with last year, we're seeing about 10% of the growth in the cost is driven by variable. We've then got around 40% of the growth in the cost is driven by what we call normalisation, because we couldn't do normal activities last year we had to suspend some of the marketing campaigns. Then about 50% of the growth in the cost is down to choices that we're making in terms of investment in the business, so we're prioritising investment rather than letting that natural leverage drop through in full year '22, as we guided at the end of the year. I hope that answers all your questions.

Rogério Fujimori

That's great. And gross margin at 70% remains the sustainable guidance for H1 one as well?

Julie Brown

Yes, absolutely. We've got some drivers of gross margin improvement within the business. The full-price business is certainly driving that strongly. We've had some price increase as well taken at the beginning of the year, particularly on leather. So they're positives. But offsetting that we've got a couple of headwinds. We're likely to have a headwind from stock provisions, as we've talked about before, and we'll also have a headwind from Brexit duties, which of course is going to be new this year compared with last. Those are the main headwinds. But yes, we're committed to keeping that gross margin stable at around the 70% mark.

Question 5

Luca Solca, Bernstein

Good morning. Luca Solca from Bernstein. Maybe a question about the CEO recruitment process and logic. I wonder if you could share with us the criteria that

you are adopting, things like internal versus external candidates, things like industry experience that you are seeking, or anything else that you could potentially share that could help us understand the direction of your efforts. Connected to that, what you think could possibly be the time horizon for you to complete this process and appoint a new leadership to the company.

The second question, I would very much like to know how you're proceeding in penetrating European domestic consumers, and if you could give us any colour by country with a specific focus to the UK where you have your base and your heritage, that would also be very useful. As we anticipate that tourists, as you said, are not going to come back to Europe anytime soon, or at least for another year, as the Chinese Government anticipated.

Julie Brown

Thanks, Luca, for those questions. First of all, in terms of the CEO transition, it's being clearly led by Gerry, our Chairman. In terms of candidacy, there is both internal and external candidates being assessed. In terms of the qualities, clearly the industry, managing creative organisations are key, together with commercial leadership capability. As we mentioned, it's being led by Gerry and the Nomination Committee, and as soon as there's any information on that regarding timing or the appointment of the new leader, I know Gerry's very committed to making an announcement as soon as possible.

The good thing is, as we mentioned, that Marco still remains leader of the business. He's had a transformative impact on the business. But we're very clear in terms of a leadership team in terms of what we need to do, the strategy is clear, the strategy is working. The results of the company demonstrate that clearly with a 26% growth on full price versus two years ago, and double digit performance in many of the product categories, with phenomenal performance when you look at Americas, Korea and China in terms of full-price business. So we're very confident of the future, and committed to maximising the potential of the brand.

In terms of the European question, Europe as you've seen from the results is the most challenging of all the regions, largely because there was such a significant part of the business dependent on tourists, which is even more heightened in Q1 because it was a 60% tourist business in Q1 two years ago. Our strategy is very much focused on localisation. Activations we're delighted, and the team are so energetic about the opening of Sloane Street just recently. Do go and visit if you possibly can. Also the Olympia campaign has also been very successful. If you saw the image of the bags going down the Thames.

So I think overall the team are very engaged, and since Europe has started to reopen, I think as I mentioned earlier we've now only got 3% of the stores closed worldwide, so it gives us a real opportunity to engage with our European consumers. The good news is in terms of locals we saw a return to growth of the European domestics, and we also saw a return to growth of the UK domestic compared with two years ago. I'm not comparing it with last year, I'm comparing it with two years ago. So yeah, some early signs are very promising.

Question 6

Anne-Laure Bismuth, HSBC

Good morning. I have two questions on the contribution from new space which in Q1 was higher than anticipated, I think it was 8%, and my understanding was that it would be around mid-single digit. So can you explain that?

The second question about the saving of the contribution from new space which is expected to be neutral for full year. Or should we think about this saving between the upcoming quarters or at least between H2 and H1 please?

Julie Brown

Thank you very much, Anne-Laure, for the questions. Just in terms of space, the 8% growth it ties in, maybe people expected there is a base effect within that number, so because the base level is lower than usual we have a relatively high amount of space. But it's really reflecting the openings over the last 12 months. We've done a number of refurbishments. We've also had the pop-ups, so the Olympia pop-up of which there were 70 across the world all together, they've also influenced the space contribution.

In terms of guidance, we're guiding space to be broadly stable on the full year. There's no change with regard to that. The first quarter is probably the most pronounced impact. The rest of the quarters are fairly muted. Low singles probably in the second quarter, and then moving to small numbers in the second half of the year.

Question 7

Elena Mariani, Morgan Stanley

Good morning. Just two small follow-ups from me, please. The first one is on the markdown impact. You talked about the amount being very low, but the higher

percentage is the base. So I was wondering if you could help us understand a little bit better how you calculate this number, because for us it's a little bit difficult to get it.

Then the second question is for you, Julie. I was wondering whether you would be open to take the CEO role, or whether this is something that you would exclude categorically? Thank you.

Julie Brown

Thank you, Elena. I'll take the easy one first, the markdown impact. Yes, in terms of the way we calculate the markdown, we look at the markdown level that we had in the prior period, compare it with this period, and obviously we take the percentage over the base. We guided high single digits impacting Q1, it's come out at a low double digit impact, but it's a relatively small amount of movement actually in absolute terms. It's just the way the percentages have worked out, largely impacted by the base effect.

In terms of the markdown impact as we go through the quarters, we always expected the first quarter to be the most pronounced just in terms of timing. Then in terms of Q2 and Q3, this is all versus last year, we're anticipating it being a round about the mid-single digit mark, and then very much neutral in the fourth quarter, because we actually did a lot of markdown activity already in the third quarter. Third quarter will be a little bit higher than the mid-single digit, but that's how we see it working through. And there's no change to our full year guidance, we're expecting markdown to be negative mid-single digits for the full year.

The important thing to say, just to emphasise, there's a significant difference now in the quality of the revenues you're seeing from Burberry in terms of the mix between markdown and full-price than you saw two years ago. So this is really the last stage of that transition. And most of it will be finished by the end of the third quarter. Did you want to follow up?

Elena Mariani

One small follow-up. What is the percentage of full-price sales you have right now versus markdown sales, given that you talk a lot about the growth in full-price over total sales. Is that something you could share? Thank you.

Julie Brown

We don't obviously disclose it. The business has got a very different composition to what it had two years ago. It's a very encouraging trend overall. Basically by the end of the third quarter the markdown will be exited, and it will then only be really a mix of the full-price in the mainline and digital stores together with the outlet. As we improve the sell through rates of the mainline stores it means there'll be continued pressure on the outlets as a result of that. So we're very encouraged. We've changed the mix of the business completely. The business is being driven by full-price. To have full-price growth now of 26% compared with two years ago, we're enormously proud of that.

Then in terms of the second question about the CEO role and whether I'll be a candidate, obviously you wouldn't expect me to comment on that. It's a confidential process. It's led by the Chairman and the Nomination Committee. Marco will remain with us until the end of the year, so he's with us until December, and during that time he will work closely with the leadership team on the transition. We're just basically focused on executing the strategy, driving performance, and we're confident about the next phase. As you've seen, no change to guidance.

Julie Brown: Concluding comments

Thank you very much for joining the call, it's very much appreciated. We hope that you'll be able to come and see us in Sloane Street. We're going to have a tour of Sloane Street probably in early September, so we'll look to inviting you to see that. And wish you all an amazing summer, hope you have a good break.