

16 July 2021

Burberry Group plc First Quarter Trading Update

Growth acceleration

“We have made an excellent start to the new fiscal year. Full-price sales accelerated as our collections and campaigns attracted new, younger luxury customers to the brand. We saw strong growth across our strategic categories, in particular leather goods and outerwear, and exited markdowns in digital and mainline stores. We continued to roll out our new store concept that will transform how customers experience our brand and product in a uniquely British luxury setting. Despite the continuing challenging external environment, we are very pleased with the progress against our strategy. With the Company firmly set on a path of growth and acceleration, we are confident of achieving our medium-term goals”

Marco Gobbetti, Chief Executive Officer

- Comparable store sales rebounded strongly, rising 90% vs LY and +1% vs LLY**
- Within comparable store sales, full-price sales growth accelerated to +26% vs LLY driven by new, younger clientele; exited markdowns in digital and mainline stores globally
- Strong growth across core strategic categories with both full-price leather and outerwear more than doubling against LY and triple digit in shoes.
- Since the end of Q1, we opened our first flagship carrying our new global design concept in Sloane Street, London, a new customer experience in a uniquely British luxury setting; three more flagships to follow over the next year
- Digital full-price sales more than doubled vs LLY. Continued digital innovation, including collaboration with Mythical Games to launch our new TB monogram collection
- Pledged to become Climate Positive by 2040, going beyond net zero to set a new industry standard

Retail revenue 13 weeks ended June

£ million	26 June	27 June	% change	
	2021	2020	Reported FX	CER*
Retail revenue	479	257	+86%	+98%
Comparable store sales*	+90% (+1% v LLY)	-45%		
Full-price comparable store sales*	+121% (+26% v LLY)	n/a		

*See page 4 for definition

**LLY is compared with Q1 FY20

Outlook

FY22 guidance remains unchanged except wholesale, which is now expected to increase by approximately 60% YoY in H1 due to a stronger order book and FX that we now expect to be a £114m headwind on sales and £40m headwind on adjusted operating profit for FY22 based on 25 June spot rates. The medium-term guidance for high single digit top line growth and meaningful margin improvement remains firmly on track.

The financial information contained herein is unaudited

Business review

Despite a continuing challenging environment in Q1, we delivered further acceleration in our full-price sales, achieving +26% comparable full-price sales growth in the quarter vs LLY. This strong traction was evident across markets where Americas saw full-price comparable store sales more than double, Mainland China increased more than 55% and Korea more than 90% vs LLY. This was driven by new, local, young customers buying across our core categories. At the same time, we exited in-store markdown this quarter and further reduced the weight of outlets in the mix. As a result, our overall comparable store sales were +1% vs LLY, despite the reduction of markdown and outlet sales, and continued disruptions in several markets which resulted in an average 11% of stores being closed in the period. By the end of June, the situation had improved to only 3% of stores closed, but 35% are still operating on reduced hours and business in Europe and much of Asia is still heavily impacted by the significant decline of international tourist traffic.

In terms of brand activity, in the last quarter we launched a dedicated handbag campaign centred around our new handbag shape, the Olympia. Featuring Kendall Jenner, FKA twigs and Shygirl, the campaign generated an excellent response from both press and consumers, particularly across social media where consumer engagement on our campaign posts grew double-digit compared to our Pocket campaign, and newsfeed posts reach and engagement grew +96% and +58% respectively vs Pocket campaign on Instagram. In June we launched our Men's SS22 show and collection – 'Universal Passport'. The Show celebrated youthful positivity and the discovery of new and unknown spaces through a presentation in the striking Millennium Mills at the Royal Victoria Docks in East London. Again, it resonated very well with both press and consumers, recording double-digit growth in consumer reach vs our AW21 Men's presentation.

Our new product collections have proven very successful, helping attract new customers to the brand with Q1 FY22 full-price sales to new customers growing mid 30% vs LLY. Strategic categories have been a particular area of strength. Leather goods full-price sales grew double-digits vs LLY and within outerwear we saw very strong growth in jackets, quilts and downs. We also achieved triple-digit growth vs LLY in shoes, an important customer acquisition category.

Turning to channels, we continued to drive appointments and engage our customers in-store through exciting activations, including a programme of 70 leather goods pop-ups and pop-ins in high visibility locations. Furthermore, the roll out of our new store concept has started at pace, with 7 stores across Asia now under the new concept and, at the start of Q2 FY22, our new flagship store in Sloane Street. The concept will transform how customers will experience our brand and product in a uniquely British setting.

In Digital, we sustained positive momentum, with full-price sales more than doubling vs LLY. We continued to enhance product discovery, launching our Handbag Hub on Burberry.com. We also introduced several pilots to further strengthen the integration between our offline and online channels, as well as a unique digital collaboration with Mythical Games to drop our first limited edition digital vinyl toy for the multiplayer video game Blankos Block Party.

On 10th June, we set a bold new ambition to 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, 10 years ahead of the 1.5°C pathway set out in the Paris Agreement. It also involves investing beyond our value chain to help safeguard our planet for generations to come, including programmes to protect and restore natural ecosystems by removing carbon from the

atmosphere and projects to help communities that are most vulnerable to adapt to climate change.

As part of our commitment to champion diversity and inclusion, we celebrated Pride with a special film, bringing together members of the LGBTQ+ community and their loved ones to share inspiring stories of their experiences. We also donated to a number of charitable organisations making a positive impact, including our longstanding partner the Albert Kennedy Trust.

Financial performance

We have seen strong recovery in Q1 FY22 with comparable store sales now in line with pre-COVID-19 trading despite a continuing challenging environment, a low double-digit headwind from the exit of markdowns compared with LY in our mainline and digital stores and the continued reduction of the outlet business.

Significant improvement in retail comparable store sales +90% LY and +1% LLY driven by full-price comparable sales up +121% LY (+26% LLY). Comparable store sales by region showed:

- Asia Pacific +27% LY (+7% LLY) with continued strong growth in Mainland China and Korea
- EMEIA +146% LY (-38% LLY) as the business continued to be impacted by weaker tourist footfall and COVID-19 related store closures in Continental Europe in particular
- Americas +341% LY (+34% LLY) with triple digit growth vs LLY in full-price sales driven by strong traction with new and younger clientele

Digital continued to see excellent growth with full-price sales more than doubling vs LLY with strong growth seen in every region.

Space growth contributed 8% to retail sales YoY while FX was a 12% headwind. In total reported retail sales grew 86% YoY.

Enquiries

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- There will be a conference call for investors and analysts to discuss this update today at 9am (UK time). The conference call can be accessed live on the Burberry corporate website, www.burberryplc.com with a replay available later in the day.
- Burberry will announce its Interim results for the 26 weeks ending 25 September 2021 on 11 November 2021

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.

Notes to editors

- Burberry is a global luxury brand with a distinctly British attitude.

- At 26 June 2021, globally Burberry had 214 retail stores, 142 concessions, 56 outlets and 42 franchise stores, excluding pop up stores.
- Burberry is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index. Its ADR symbol is OTC:BURBY.
- BURBERRY, the Equestrian Knight Device, the Burberry Check and the Thomas Burberry Monogram and Print are trademarks belonging to Burberry.

Constant exchange rates (CER) removes the effect of changes in exchange rates compared to the prior period. This takes into account 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.

Comparable store sales is 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. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.

Full-price comparable store sales are sales from items sold at full retail price in our own mainline retail and online network. We have described the change in full-price sales based on the year on year change and measured at constant foreign exchange rates.

Markdown sales are from items that are sold at a discount to the full retail price in our own mainline retail and online network.

Store closures are based on the average stores closed due to COVID-19 as a percentage of the estate measured daily.

Certain financial data within this announcement have been rounded.

Appendix

At 25 June 2021 spot rates, there is a £40m impact of exchange rate movements on FY22 adjusted operating profit and a £114m headwind on revenue. This compares to guidance given in May for a £96m headwind to revenue and a £34m impact to adjusted operating profit.

Exchange rates £1=	Forecast effective rates for FY22		Actual average exchange rates FY21
	25 June 2021	30 April 2021	
Euro	1.17	1.15	1.12
US Dollar	1.39	1.39	1.30
Chinese Yuan	9.00	9.03	8.85
Hong Kong Dollar	10.82	10.82	10.08
Korean Won	1,577	1,545	1,514