

14 July 2023

# BURBERRY GROUP PLC

## FIRST QUARTER TRADING UPDATE

*"We have made good progress in the quarter delivering high teens comparable revenue growth led by the ongoing recovery in Mainland China. We saw continued strength in our core outerwear and leather goods categories and are excited about Daniel's product arriving in stores in September. While mindful of the uncertain macroeconomic environment, we are confident of achieving our FY24 and medium-term guidance."*

Jonathan Akeroyd, Chief Executive Officer

- Q1 comparable store sales increased 18%
  - Group ex Mainland China +11%; EMEIA +17%, South Asia Pacific +39%, Japan +44%; South Korea +6% and Americas -8%
  - Strong recovery in Mainland China +46%
- Core categories of outerwear and leather goods performed well
  - Outerwear comparable store sales up 36%, led by heritage rainwear
  - Leather goods comparable store sales up 13%
- Compelling programme of brand and product activations driving customer engagement, including launch of Summer capsule
- Reopened flagship store on New Bond Street, London, offering an immersive shopping experience across all categories; 19 stores refurbished/opened in quarter
- Announced expansion of Burberry Inspire community programme to support 500,000 young people over next three years to unlock creativity and drive positive change
- Commenced a further share buy-back with the full £400m expected to be completed by end of the calendar year

### RETAIL REVENUE 13 WEEKS ENDED 1 JULY

£ million	1 July	2 July	% change	
	2023	2022	Reported FX	CER*
Retail revenue	589	505	+17%	+19%
Comparable store sales*	+18%	+1%		

\*See page 4 for definition

### OUTLOOK

We maintain our current year guidance of high single-digit revenue CAGR from FY20 base equating to a low double-digit growth in FY24 and around 20% adjusted operating margin at FY20 CER. Based on foreign exchange rates effective as of 29 June 2023, we expect a currency headwind of c.£150m to revenue and c.£70m to adjusted operating profit. We also maintain our medium-term target of £4bn revenue\*.

\*Base year FY22 exchange rates

The financial information contained herein is unaudited

## **BUSINESS REVIEW**

FY24 started well as comparable store sales advanced 18% in the first quarter. The Group benefitted from strong underlying growth in EMEA, South Asia Pacific and Japan as well as the recovery in Mainland China from COVID-19 related lockdowns last year.

During the quarter, we continued to invest in brand and product, with our new visual expression of Burberry driving the strong performance of outerwear, in particular heritage rainwear. Comparable store sales of leather goods also delivered double-digit growth, with women's bags, especially the Frances shapes and vintage Burberry Check line performing well. We look forward to building on this when Daniel Lee's debut runway collection launches in stores in September.

We continued to inspire and engage our younger consumer base with social media content iconising our brand codes. We achieved a record 20.8m views on TikTok, with a post featuring our new blue rose print.

In May, we introduced our new swimwear campaign 'A Burberry Summer', inspired by Burberry's heritage of adventure. The collection features a range of summer ready-to-wear, including swimwear, as well as beach totes, all featuring the iconic Burberry Check. This was supported by dedicated window displays in over 80 stores in key locations, as well as 15 seasonal pop ups in Turkey, Italy and Thailand.

In the same month, we attended the Met Gala, where we were joined by British and international talent including Jodie Comer and Stormzy wearing custom Burberry looks. We collaborated with director and choreographer Wayne McGregor to create the costumes for his latest work for The Royal Ballet, designed by Daniel. The new ballet production debuted with its world premiere in June and was performed at the Royal Opera House in London. Burberry also sponsored The National Gallery's Summer Party for the second consecutive year.

During the quarter, we continued to elevate the customer experience, refurbishing a further 19 stores in the period, including our New Bond Street store in London, which reopened in June. An evolution of our store concept, the flagship is home to an immersive shopping experience, offering womenswear, menswear, eyewear, shoes, and accessories with a stronger focus on leather goods, and a new VIP area. We also opened a store in 5<sup>th</sup> Avenue, New York that temporarily replaces the 57<sup>th</sup> Street store whilst under refurbishment. We remain on track to refurbish over 50% of the store network by end of FY24 and to complete the roll out across the rest of the portfolio by FY26.

At the same time, we maintained our support for our communities. In June, we awarded the annual Thomas Burberry Prize to artist Christine Wilkinson, building on our longstanding partnership with the Royal Academy of Arts. The award reflects Burberry's continued commitment to supporting the next generation of British creatives in contemporary arts and culture. To build on this, we announced the launch of an RA Schools Scholarship Grant and Bursary.

We also announced the expansion of our flagship community programme, Burberry Inspire. Designed in partnership between Burberry Group plc, The Burberry Foundation and International Youth Foundation (IYF), the initiative will support 500,000 young people over the next three years to unlock their creativity and drive positive change. We also announced a two-year partnership with The BRIT School to support fashion education and help young people from global majority backgrounds to enter the creative industry.

## REGIONAL COMPARABLE SALES PERFORMANCE

Q1 FY24 comparable store sales were up 18% in the period. All regions outside of the Americas saw growth with Mainland China recovering from COVID-19 related lockdowns in the previous year. EMEIA, Japan and South Asia Pacific showed good double-digit growth more than offsetting declines in the Americas.

- Asia Pacific increased 36% with Mainland China up 46%. Globally, we saw good strength from the Mainland Chinese customer that grew mid-teens against FY22 and helped drive a strong performance in South Asia Pacific 39% and contributed to the 44% increase in Japan. South Korea remained robust with growth of 6% broadly in line with last year.
- EMEIA grew 17% driven by tourists.
- Americas decreased 8%, broadly in line with Q4 FY23. Globally, the Americas customer decreased mid-single digit with the decline in locals partially offset by outbound tourist spend.

Space contributed +1% in the quarter while FX was a headwind of 2%. In total, reported retail sales grew 17% year on year at reported rates.

All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise.

Constant exchange rates (CER) removes the effect of changes in exchange rates. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and on foreign currency procurement and sales through the Group's UK supply chain.

Comparable sales are 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.

Certain financial data within this announcement have been rounded. Growth rates and ratios are calculated on unrounded numbers.

## 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 website [www.burberryplc.com](http://www.burberryplc.com) and can also be accessed live via a listen only dial-in facility, click [here](#) to register.
- The supporting slides and an indexed replay will be available on the website later in the day
- Burberry will issue its Interim results for the 26 weeks ending 30 September 2023 on 16 November 2023

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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### Notes to editors

- Burberry is a British luxury brand, headquartered in London
- At 1 July 2023, globally Burberry had 218 retail stores, 136 concessions, 57 outlets and 33 franchise stores, excluding pop-up stores.

## APPENDIX

Based on effective FX rates as of 29 June 2023, in FY24 there is a c.£150m headwind from exchange rate movements on revenue and a c.£70m headwind on adjusted operating profit. This compares to guidance given in May for a c.£70m headwind on revenue and a c.£40m headwind on adjusted operating profit.

Exchange rates £1=	Forecast average effective rates		Actual average exchange rates
	29 June 2023	21 April 2023	FY23
Euro	1.16	1.13	1.16
US Dollar	1.26	1.24	1.20
Chinese Yuan	9.07	8.57	8.27
Hong Kong Dollar	9.87	9.75	9.43
Korean Won	1,659	1,653	1,577