

Strategy Overview

Over the past five years, we have elevated our product offer and brand positioning to reflect Burberry’s unique qualities and extraordinary heritage. In the next phase of our strategy, we are focusing on revenue growth and acceleration.

In November 2022, we set out the next phase of our strategy to realise our potential as the modern British luxury brand. In the medium term, we are targeting revenue of £4 billion (at FY 2021/22 CER). Our longer-term ambition is to develop Burberry into a £5 billion revenue brand. This will drive significant

operating leverage, increasing our adjusted operating profit margin well above 20%.

Building on a very strong platform, we have identified opportunities across the business to unlock growth.

The key elements of our plan are as follows:



Harness the power of our brand

In this next phase of our strategy, we are reinterpreting the richness of our heritage with a modern vision and refreshed aesthetic to support revenue growth and acceleration. We are also improving brand clarity and broadening our appeal by strengthening the connection between our brand messaging and product.

In February 2023, we brought to life modern British luxury as a desirable and relatable lifestyle with the launch of Daniel Lee's first creative expression for Burberry. The campaign presented a sharper and more coherent brand image, which we consistently rolled out across customer touchpoints. We will continue to leverage our Britishness, and cement our connection with British design, craft and culture to enhance storytelling and encourage growth.

At the same time, we are strengthening our relationship with our customers and building loyalty to increase customer lifetime value, while setting ambitious targets to acquire new customers at pace.



Bringing all product categories to full potential

We are known for creating beautiful luxury products that are made to last. In line with our new strategy, we are elevating each of our product categories to reach their full potential.

Our long-term ambition is to grow accessories to more than 50% of our business, while also growing our leather goods and shoes businesses. We are bringing an even greater level of desirability to our leather goods offer and are creating icons in women's bags, expanding our small leather goods (SLGs) assortment, and taking advantage of the market growth opportunity in men's bags. In shoes, we are building an offer to cover both formal and casualwear, strengthening our existing sneaker business and seizing opportunities in the outdoors category.

We are developing a distinctive aesthetic for Burberry womenswear, creating an everyday and wearable luxury wardrobe. We are rebalancing our product range, particularly in underrepresented categories, such as dresses. We are also ensuring our new women's ready-to-wear offer is represented in depth across our store network, and we are taking a similar approach to men's ready-to-wear.

Within outerwear, we are building on our legacy of innovation by developing newer categories, such as quilts and downs, and diversifying our silhouettes while reinforcing our hero products.

Medium-term targets

Product

- **~2x** leather goods business
- **>2x** shoe sales
- **~2x** women's ready-to-wear, rebalancing offering and driving high-potential categories
- **~1.5x** outerwear sales



Strengthen distribution



Medium-term targets

Distribution

- All stores **refurbished** by FY 2025/26
- Increase store productivity to **£25,000** per square metre per annum
- Double e-commerce sales, reaching approximately **~15%** retail penetration

In recent years, we have been upgrading our store network, focusing on full-price sales and rationalising wholesale. In this next phase, we are strengthening our distribution, focusing on elevation and execution across all channels and regions.

We are increasing investment in our full-price stores to accelerate refurbishments and present a consistent brand image and experience to our customers. In addition, we are transforming our productivity by focusing on high average unit retail (AUR) categories, such as bags and outerwear, maximising opportunities to drive conversion with SLGs, belts and small accessories.

We are boosting momentum across our core markets while maintaining a well-balanced portfolio. We are accelerating store refurbishment in the Americas and Europe, Middle East, India and Africa (EMEA), while continuing to focus on Mainland China, and grow our business and gain market share in Japan.

We are developing a stronger presence in key wholesale doors, particularly to attract new customers as we grow our business in accessories and womenswear. In the medium term, we expect our wholesale penetration to decrease as our growth in full-price stores continues to outpace wholesale.

We are strengthening our omnichannel capabilities to improve productivity and achieve greater integration into the retail network. We have a significant opportunity to improve conversion and boost performance in several ways: a refreshed website in line with our new brand aesthetic; a compelling product assortment; improved customer experience; and a deeper relationship with our community through innovation.

Seamless execution

Execution is key to delivering our strategy. We are simplifying our supply chain and ensuring a stronger connection between merchandising and design.

At the same time, we are continuing to deliver on our bold sustainability commitments and are positively impacting our communities. Our people are fundamental to this, and we are passionate about ensuring they are supported and inspired to deliver great outcomes for our customers, communities and other stakeholders. More information on our Environmental and Social Responsibility strategy can be found on pages 50 to 93.

To support our ambition, we plan to make investments in key strategic priorities, which will deliver significant shareholder value:

- Maintain marketing and visual merchandising investment at a high single-digit percentage of sales to support our new creative vision
- Increase store capital expenditure to approximately £120 million in FY 2023/24 to accelerate refurbishments
- Increase total capex to approximately £200 million in FY 2023/24 to support other business investments, including IT, digital, Environmental and Social Responsibility and Horseferry House campus refurbishment

