

BURBERRY


LONDON ENGLAND




BURBERRY IN A SNAPSHOT

BRITISH LUXURY BRAND

- Authentic British heritage
- Made in England
- Founded in 1856 by Thomas Burberry




OVER 10,000 EMPLOYEES WORLDWIDE

FTSE 100 MEMBER

- Ordinary shares traded in London
- ADR programme



SUSTAINABILITY AGENDA

- Dow Jones sustainability Index member
- Principal Partner Living wage foundation
- Five year responsibility agenda

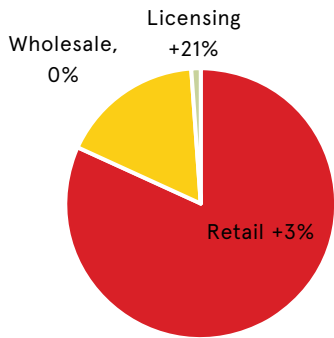


FY 2018

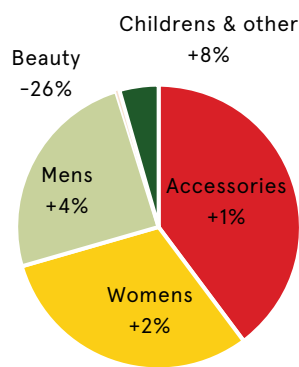
- £2.7bn revenues
- £467m adj. EBIT



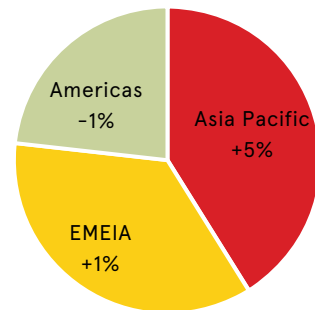
GROUP REVENUE* BY CHANNEL



RETAIL/WHOLESALE REVENUE* BY PRODUCT

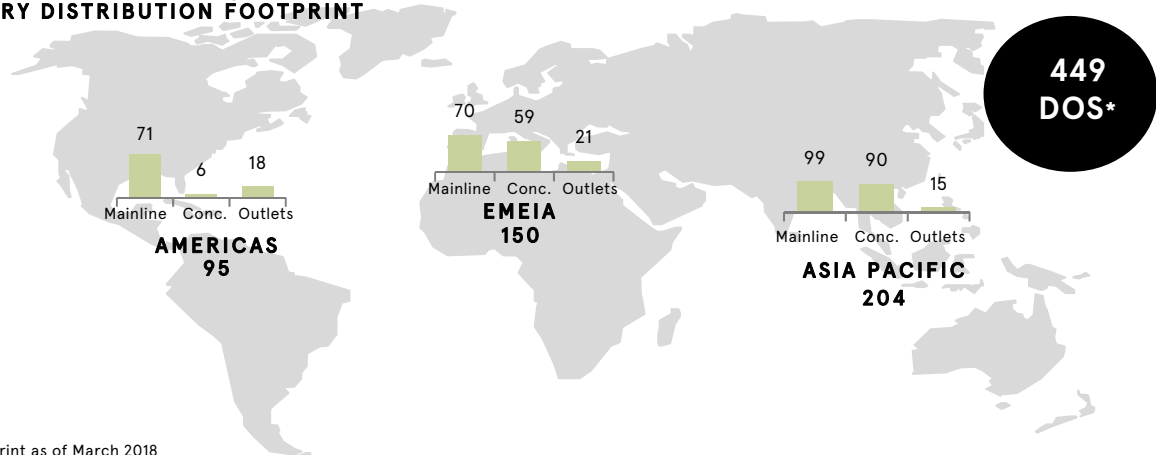


BY REGION



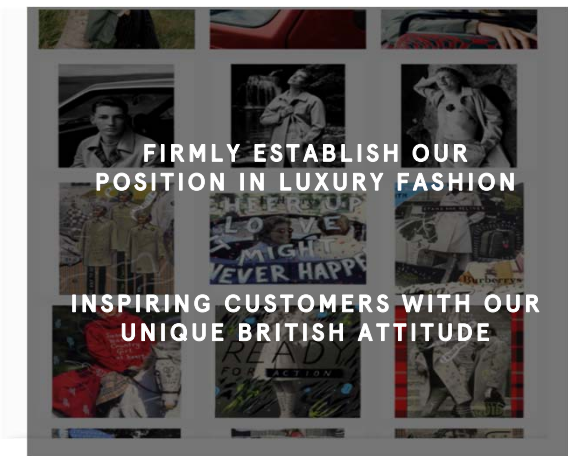
Group FY 2018 revenue: £2,733m
*Growth is CER, excluding Beauty wholesale

WE HAVE AN EXTENSIVE, LUXURY DISTRIBUTION FOOTPRINT

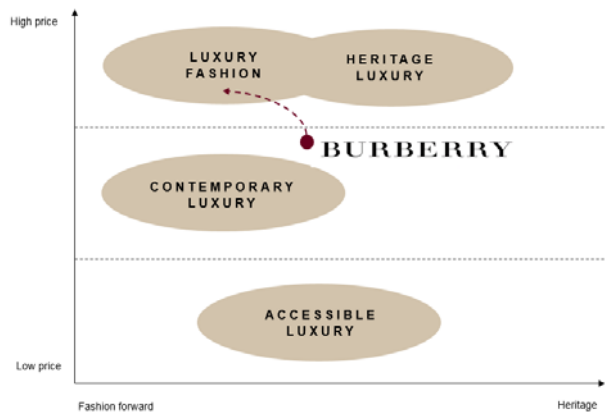


*Footprint as of March 2018
Burberry also has 46 franchise stores

OUR VISION



SHARPENING OUR BRAND POSITIONING



REVENUE DRIVERS TO REIGNITE THE BRAND



Luxury fashion house

- Increase fashion content
- Transform leather goods
- Continuous engagement
- Wardrobe the customer
- Rebalance price architecture



Luxury network

- Transform in-store customer service experience
- Upgrade and reduce non-luxury PoS (net 20 store closures in FY 2018)
- New store concept
- Grow image-driving wholesale



Lead digital innovation

- Editorialised website and meaningful social content
- Omnichannel experience
- Strengthen third party partnerships (FarFetch)

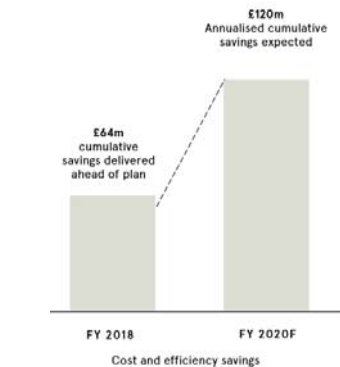
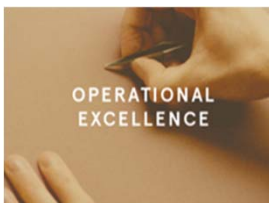


Inspire luxury consumers

- Product at the heart of communications
- Focus on experiences and collaborations

STRATEGY ENABLERS

An agile company



Highly engaged global team

- Increase employee engagement
- Promoting a creative culture
- Strengthen skills and capabilities
- Positively impacting community and environment
- Simplifying ways of working

OUR AMBITION

A TWO PHASED TRANSFORMATION JOURNEY

BUILD THE FOUNDATION

- Commence programme to re-energise the brand
- Rationalise and invest to align our distribution
- Manage creative transition

Broadly stable revenue and adjusted operating margin for FY 2019 and FY 2020 (CER)

ACCELERATE AND GROW

- Complete full brand transformation, including alignment of distribution
- Accelerate growth

High single digit revenue growth
Meaningful adjusted operating margin improvement (CER)

RESPONSIBILITY GOALS FOR FY 2022

DRIVE POSITIVE CHANGE THROUGH ALL PRODUCTS

Ensure 100% of products have >1 positive attribute (social and/or environmental)

FY 2018 progress:
42% of products with 1 or more positive attribute

BECOME CARBON NEUTRAL AND REVALUE WASTE

Improving energy efficiency and reducing carbon consumption. Target 100% renewable sourced energy

FY 2018 progress:
20% reduction in market-based CO2e emissions

POSITIVELY IMPACT 1 MILLION PEOPLE

Primarily supporting the Burberry Foundation in delivering impactful community projects

FY 2018 progress:
23k people positively impacted in Yorkshire, London and Italy

OUR CAPITAL ALLOCATION FRAMEWORK

REINVEST FOR ORGANIC GROWTH

1

Capex
FY18: £106m
FY19&20: £160-£170m
FY21-23: £190-£210m

PROGRESSIVE DIVIDEND POLICY

2

Dividend
FY18: 41.3p up 6%

STRATEGIC INVESTMENTS

3

Acquiring a luxury leather goods business. Completion expected Sept 2018

RETURN EXCESS CASH TO SHAREHOLDERS

4

Share buyback
FY18: £350m
FY19: £150m

MAINTAIN STRONG BALANCE SHEET WITH SOLID INVESTMENT GRADE CREDIT METRICS

FINANCIAL REVIEW

Q1 trading update (11 July 2018):

Retail revenue +3% CER, with comp +3%

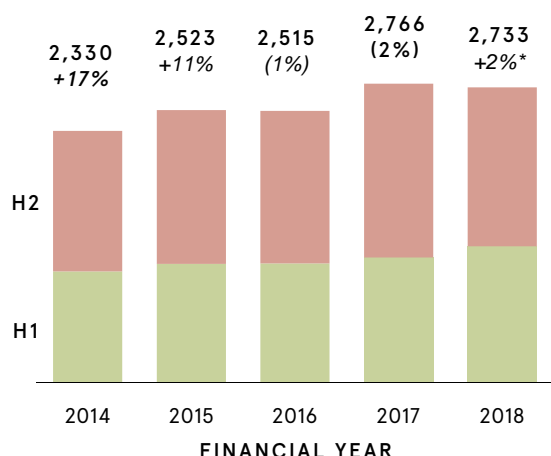
- **Asia Pacific:** mid-single digit percentage growth
 - Growth in Mainland China with other Asian countries benefiting from Chinese tourist spending
- **EMEA:** low single digit decline
 - Softer tourist demand in the UK and Continental Europe
- **Americas:** high single digit percentage growth
 - The improved trends seen in Q4 18 continued and footfall was positive

OPERATIONAL PROGRESS IN Q1 2019

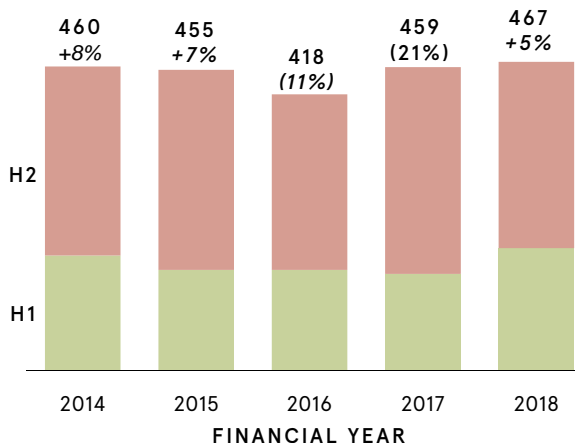
- Invested in key markets including relocating and expanding our Dubai flagship store and closing two additional outlets
- Pop up stores showcased new handbags globally
- Completed global roll out of new digital clienteling tool supporting enhanced customer service
- Farfetch collaboration performed ahead of expectations
- Announced a new model of engaging consumers with frequent, sometimes unexpected drops of fresh product
- Luxury leather goods acquisition proceeding as planned
- Commenced £150m share repurchase programme

£ million			% change	
Twelve months to	2018	2017	reported	CER#
31 March			FX	
Revenue	2,733	2,766	(1)	(1)
Revenue ex. Beauty wholesale*	2,660	2,595	2	2
<i>Retail comparable store sales*</i>	3%	1%		
Adjusted operating profit*	467	459	2	5
Adjusted operating profit margin	17.1%	16.6%		
Reported operating profit	410	394	4	
Adjusted Diluted EPS (pence)*	82.1	77.4	6	10
Diluted EPS (pence)	68.4	64.9	5	
Free cash flow	484	465	4	
Dividend (pence)	41.3	38.9	6	

REVENUE £M



ADJUSTED OPERATING PROFIT £M



Growth at constant exchange rates * excluding beauty

FY 2019 OUTLOOK BROADLY STABLE REVENUE AND OPERATING MARGIN (@ CER)

REVENUE	Retail	Net space impact -1%
	Wholesale (ex. Beauty)	Low single digit % decline
	Licensing	+ £15m
PROFIT	Cumulative cost savings	£100m (incremental £36m)
	Restructuring charges	£35m
	Effective tax rate	c.24%, moving towards the range of 23-24% by FY2020
CASH	Capex	£160-170m
	Share buyback	£150m
FX	FX on Adjusted Operating Profit	£25m* negative impact vs FY 2018

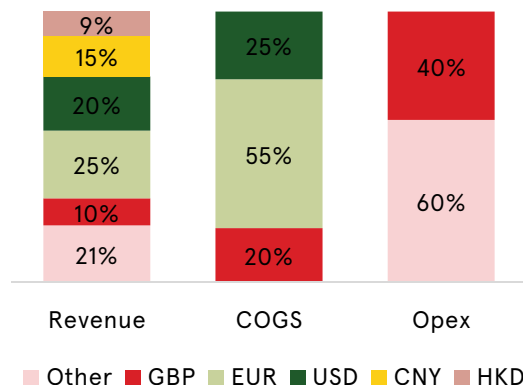
FOREIGN EXCHANGE

Exchange rates	Forecast effective rates for FY 2019		Actual average exchange rates
	29 June 2018	30 April 2018	
£1=			FY 2018
Euro	1.13	1.14	1.13
US Dollar	1.32	1.38	1.33
Chinese Yuan Renminbi	8.68	8.71	8.79
Hong Kong Dollar	10.34	10.81	10.37
Korean Won	1,466	1,473	1,473

Currency sensitivity:

In FY 2018, a +/-5% move in sterling would have resulted in a -/+£45-50m impact on the adjusted operating profit of £467m

FX EXPOSURES IN FY 2018



*This is a simplified view of Burberry's FX exposures to help with analyst modelling
Other includes HKD, USD, EUR and CNY in opex*



Marco Gobbetti became Chief Executive Officer on 5 July 2017. Marco joined Burberry from French luxury brand Céline where he was Chairman and CEO from 2008 to 2016. Prior to this, he served as Chairman and CEO of Givenchy and CEO of Moschino. He has also worked at Bottega Veneta and Valextra



Julie Brown became Chief Operating and Financial Officer on 18 January 2017. Julie was Chief Financial Officer of Smith & Nephew from 2013 to 2017. Prior to this Julie was with ICI and AstraZeneca plc from 1987, where she held the positions of Interim Group CFO, Vice President Group Finance, VP Corporate Strategy and Regional Vice President Latin America. She is also a Non Executive Director and Audit Committee Chair of Roche Holding Ltd.

CONTACT

Charlotte Cowley
VP, Investor Relations
charlotte.cowley@burberry.com

Annabel Gleeson
Senior Investor Relations Manager
annabel.gleeson@burberry.com

Laura O'Neill
Investor Relations Coordinator
laura.oneill@burberry.com

www.burberryplc.com investor.relations@burberry.com +44 (0)20 3367 3524

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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.

Revenue excluding Beauty wholesale is presented to exclude Beauty wholesale revenue of £73m (2017: £171m) from total revenue to provide an understanding of the revenue of the business following the disposal of the Beauty business in October 2017.

Comparable 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.

Cumulative costs savings are savings compared to FY 2016 operating expenses.

Certain financial data within this presentation have been rounded.