

# STRONG PROGRESS TO ACHIEVE OUR AMBITIONS



## Dear Shareholder,

It has been a challenging year. Since our CEO Jonathan Akeroyd laid out his strategy to realise Burberry's potential as the Modern British Luxury brand, there has been a slowdown in luxury demand globally that has impacted our FY 2023/24 financial results and made it harder to achieve our ambitions as quickly as we would have liked.

Jonathan sets out in the following pages the progress made in FY 2023/24 and his plans to adapt and evolve Burberry's creative expression, collections and customer experience to reflect market conditions and our own recent learnings. The Board remains confident that Burberry's strategic direction is right and that Jonathan and our executive team have the talent, energy and plans in place to deliver Modern British Luxury for all of our stakeholders.

## Governance and Board matters

In the context of a more challenging macroeconomic environment the Board is mindful, more than ever, of the need to operate within a robust governance framework. During the year, I have spoken to investors on a variety of topics, including strategy, capital allocation, board composition and environmental and social matters. We have concentrated on improving our governance disclosures within this Annual Report and I look forward to continued engagement with shareholders in the coming year.

There have been a number of Board changes during FY 2023/24. On behalf of the Board, I would like to thank Matthew Key, who retired from the Board on 12 July 2023, for his service to Burberry, including as Audit Committee Chair. We welcomed Kate Ferry, who joined the Board as Chief Financial Officer on 17 July 2023. Kate joined us from McLaren Group where, as Chief Financial Officer, she oversaw financial strategy and investor relations.

It was also my pleasure to welcome Alessandra Cozzani who joined the Board as an independent Non-Executive Director on 1 September 2023. Alessandra previously served as Chief Financial Officer of Prada Group SpA and her financial and luxury fashion expertise make her a valued addition to our Board. Further information on Board recruitment and the induction processes for Kate and Alessandra is provided in the Nomination Committee Report on pages 113 to 117.

Finally, Debra Lee will retire as a Non-Executive Director following the 2024 Annual General Meeting (AGM). Since joining the Board in October 2019, Debra's insights and wise counsel have helped influence how we do business. On behalf of the Board, I thank her for her valuable contribution to Burberry.

## Shareholder returns

During FY 2023/24, we undertook a £400 million share buyback programme and paid dividends of £233 million.

In accordance with our established Capital Allocation Framework and progressive dividend policy, the Directors are pleased to recommend a final dividend of 42.7p per ordinary share, making the full year dividend 61.0p, subject to approval at the 2024 AGM. This is consistent with FY 2022/23, representing a pay-out ratio of 83%, and reflects the Board's continued confidence in Burberry's future growth, notwithstanding current trading challenges.

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## Looking ahead

As custodians of this extraordinary 168-year-old British brand, we are committed to continuing to build on our founder Thomas Burberry’s legacy. We are harnessing creativity to drive responsible growth so that future generations can look back and be proud of the steps we are taking to drive long-term sustainable value, while making a positive contribution to our people, our communities and our planet. Further information on our Burberry Beyond sustainability strategy can be found on pages 35 to 62.

With a shared vision of what it means to be the Modern British Luxury brand, our colleagues across the world are building a rich and exciting future for Burberry. I would like to thank them for their passion and commitment over the past year. I would also like to thank the Board and our shareholders for their continued support.

Gerry Murphy  
Chair

# DELIVERING THE TRANSITION TO MODERN BRITISH LUXURY

“I am confident in our ability to successfully navigate this period and continue to leverage the unique attributes that make Burberry special to achieve our growth ambition.”



## Dear Shareholder,

Over the past year, we have focused on executing our plan to realise Burberry's potential as the Modern British Luxury brand. While the progress we have made on our journey is not yet reflected in our results, which underperformed our original expectations for FY 2023/24, we have made advances, starting with the launch of our new creative expression and building to the delivery of Daniel Lee's first collections.

Since September, we have seen a slowdown in luxury demand globally. We are adapting to the additional challenges that this presents while in a creative transition. I am confident in our ability to successfully navigate this period and continue to leverage the unique attributes that make Burberry special to achieve our growth ambition.

## FY 2023/24 performance

In terms of our financial performance in FY 2023/24:

- Revenue was £2.97 billion, flat at constant exchange rates (CER) and down 4% on a reported basis
- Adjusted operating profit was £418 million, down 25% at CER
- Reported operating profit was £418 million, down 36%
- Adjusted diluted earnings per share (EPS) was 73.9p, down 30% at CER
- Reported diluted EPS was 73.9p, down 41%

Regionally, Europe, Middle East, India and Africa (EMEIA) and Asia Pacific grew in the full year at CER, while the Americas continued to underperform. Tourism supported growth in Europe, Japan and Southeast Asia, led by customers from Mainland China.

## A new creative expression

We have a clear strategy to achieve our vision across brand, product and distribution, supported by operational excellence, people and talent, values and sustainability. In the past 12 months, we have made advances in each of these areas. Our brand is more focused, our offer is more elevated and we have continued to strengthen our distribution, while delivering operational improvements.

As we implement our strategy, we can see how customers are responding to our new creative expression and importantly where the opportunities are. We are using what we have learned to fine-tune our approach, while adapting to the external environment.

Our British heritage is a position of strength and we are leveraging and reinterpreting this to give a more contemporary, modern feel to our storytelling. Focusing on what makes us unique is helping to clarify what we stand for in the minds of consumers. At the same time, we have amplified our messaging through high-visibility activations, such as our takeover of Harrods, which have driven awareness and consideration among luxury consumers.

While we have received positive feedback from fashion insiders about our new creative expression, we recognise the power of the timeless, classic attributes that Burberry is known for and we are refining our storytelling so it incorporates more of these elements. We are also shifting the emphasis of our communications to place more focus on building desirability around our key categories. This is important not only in areas of strength, such as outerwear and softs, which outperformed in the year, but also in categories for which we are less well known, such as bags and shoes and where we see significant opportunities for expansion.

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## Evolving our collections

Since Daniel's debut collection, which landed in stores in September, we have started to evolve our collections. Our seasonal fashion offer is now more elevated and relevant, and this is resonating with our top clients. We will build on this with our Winter 2024 collection, celebrating outerwear.

In parallel, we have begun to refresh our core offer with Burberry Classics, released in March. With this collection, we have animated the Burberry Check in new colourways across an edit of essential wardrobe pieces that include items made with at least 50% organic or recycled materials. The initial response from customers has been very encouraging and we are excited about the opportunity here.

As Daniel grows in the role of Chief Creative Officer, we will continue to build a more balanced offer between seasonal fashion and core collections, which are particularly important in the current market environment. We will also continue to expand our offer across categories so we can provide our clients with a full range of wardrobe staples.

We have invested significantly in the quality of our offer and in the choice of materials we are using, particularly in leather goods. Our assortment of handbags is much more elevated than before with new image-driving shapes, such as the Knight and Rocking Horse, which complement our existing core offer. Building credibility in this area will take time, as it will in shoes where we have started to establish a new, broader range. I remain excited about our plans for both categories and convinced of the opportunity.

## Elevating the customer experience

Burberry has a well-established retail network in high-visibility locations that we have continued to strengthen over the year, including a new store on Avenue Montaigne in Paris and our newly refurbished store in Ocean Centre in Hong Kong S.A.R., China. The majority of our stores are now new or refurbished and continue to perform ahead of comparable stores in terms of productivity. We will continue to roll out our programme this year, while increasing control of distribution in EMEIA to ensure it reflects our elevated positioning.

E-commerce has been impacted by changes in consumer behaviour, which have been widely reported across the sector. We continue to believe that digital is an important part of the omnichannel journey and as such we are investing in elevating the shopping experience on Burberry.com and in tools to support our client advisors with remote selling.

## Enabling delivery

Operational excellence remains key. Over the past year, we have reconfigured our supply chain to deliver our new elevated offer. We have also strengthened our internal manufacturing capabilities with the acquisition and integration of a product development business from one of our longstanding technical outerwear partners. We will continue to focus on delivering process and technology improvements to support the business.

I am proud that we have also continued to advance our sustainability agenda this year, particularly in the areas of responsible sourcing, circular business models, net zero and inspiring young people. We are fully committed to building on our momentum in this area in FY 2024/25.

## Looking ahead

As we reflect on the past 12 months and look to the year ahead, I would like to take this opportunity to thank my Burberry colleagues for their continued passion and commitment. I also want to thank our Burberry Board members for their support. A huge amount of work has gone into operationalising our strategy over the past year. We are fortunate to have such a strong and complementary team.

In the context of a still uncertain external environment, we expect the first half of FY 2024/25 to remain challenging and the benefit of the actions we are taking to start coming through from the second half. We remain confident in our strategy and clear about our priorities, and we will continue to focus on execution while staying agile.

Burberry remains an extraordinary brand and business with a unique position within the UK and the luxury industry globally. We are committed to seizing the opportunities that lie ahead to realise our potential as the Modern British Luxury brand.

Jonathan Akeroyd  
Chief Executive Officer