

# **BURBERRY**

**LONDON ENGLAND**

PRELIMINARY RESULTS 2020

MARCO GOBBETTI

CHIEF EXECUTIVE OFFICER

# AGENDA

INTRODUCTION

COVID-19 IMPACT AND RESPONSE

FINANCIAL RESULTS

STRATEGY AND OUTLOOK

Q&A



## KEY MESSAGES

Excellent strategic progress, ahead of expectations

Material impact from COVID-19, but mitigating actions implemented rapidly and brand heat remains strong

Strong balance sheet and protecting liquidity

Well positioned to navigate next 12 months,  
and overall strategy confirmed



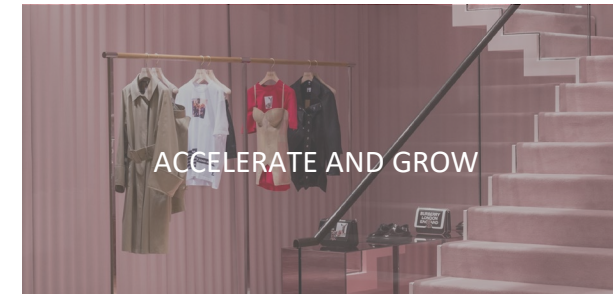
# WHERE WE ARE IN OUR JOURNEY



- Ignite brand heat with influencers & key opinion leaders
- Manage product transition and invest in image-driving channels



- Continue to strengthen the brand
- Complete product transformation
- Adapt the business to the new consumer environment, focusing on DTC and digital



- Complete brand repositioning
- Accelerate growth

FY18/19

TODAY

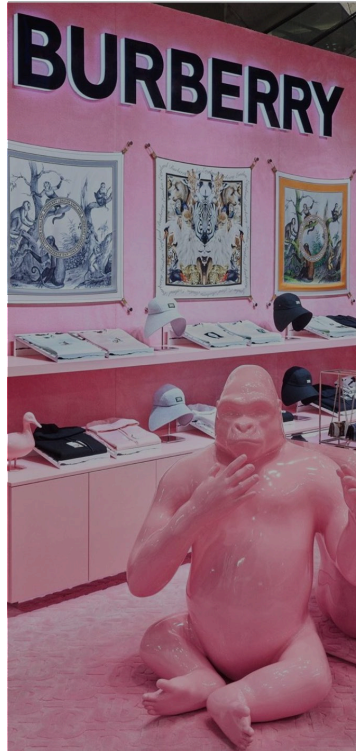
# OUR PROGRESS TO DATE



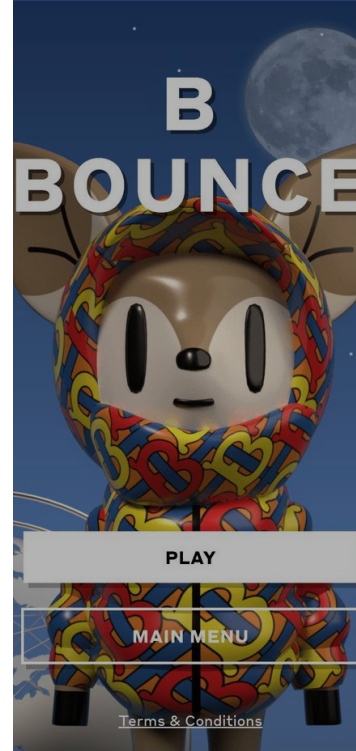
BRAND



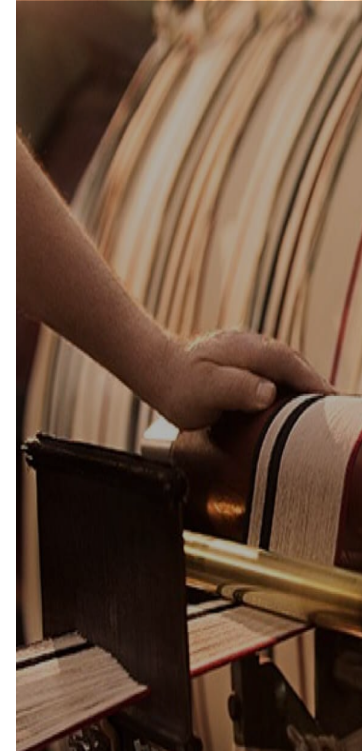
PRODUCT



DISTRIBUTION



DIGITAL



OPERATIONAL  
EXCELLENCE



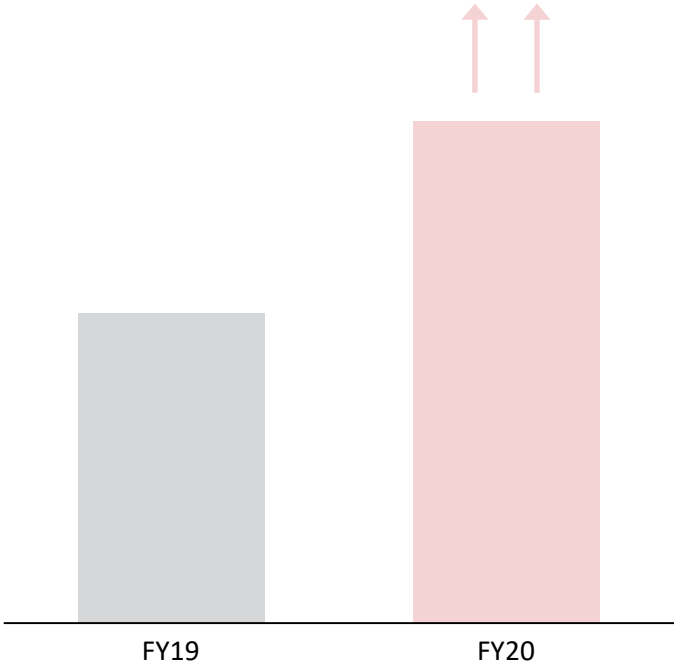
PEOPLE

# STRONG BRAND MOMENTUM

↑↑ Double digit growth

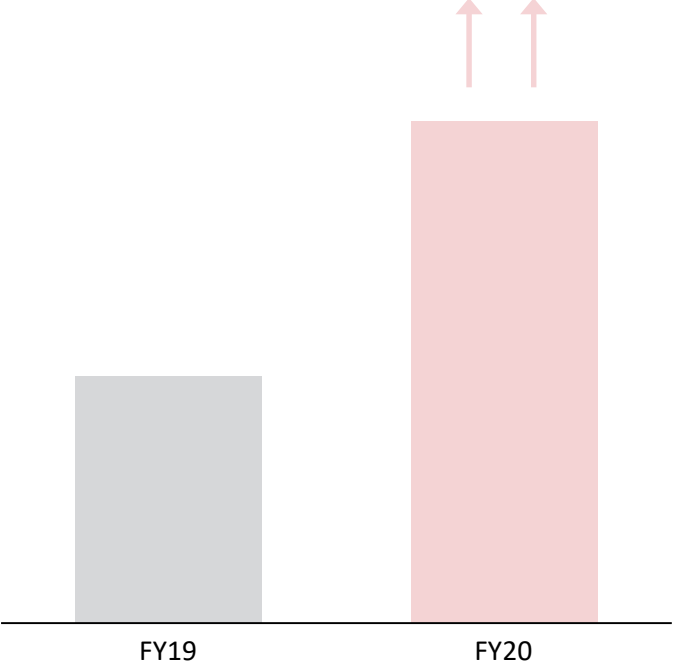
INSTAGRAM - ENGAGEMENT RATE

%



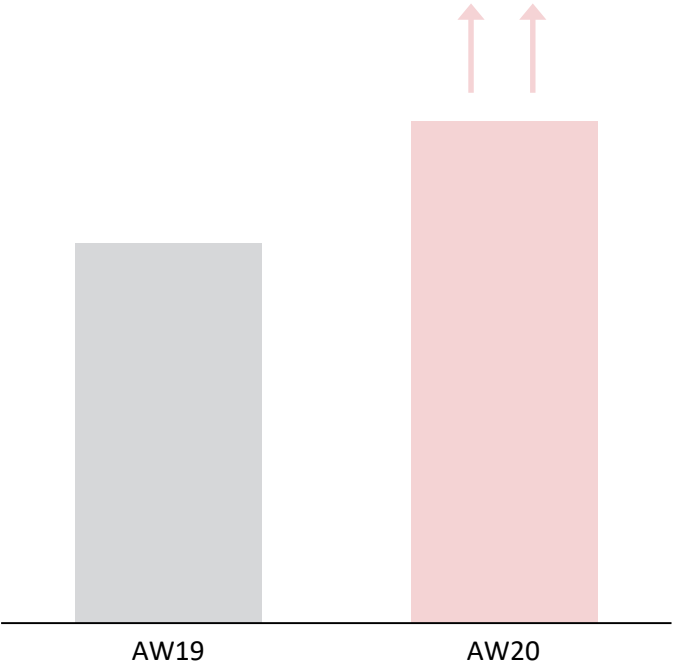
WECHAT- ENGAGEMENT RATE

%



AW20 SHOW – PRESS MENTIONS

#



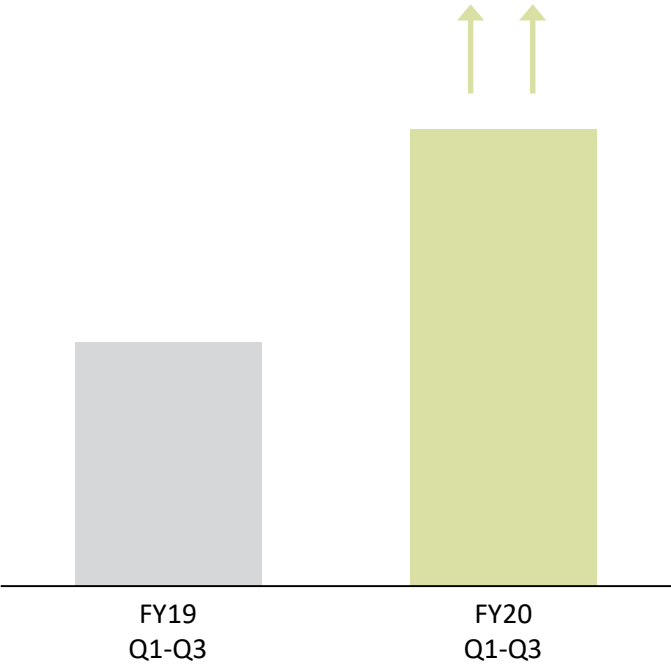
Note: Graph not to scale

# STRONG COLLECTION PERFORMANCE FOR THE FIRST 9 MONTHS

↑↑ Double digit growth

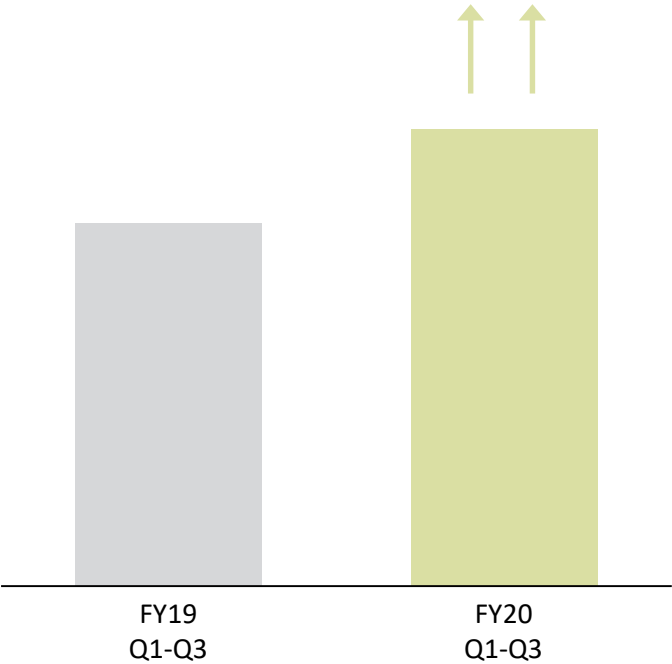
SUMMER 19 TOTAL SALES

£M



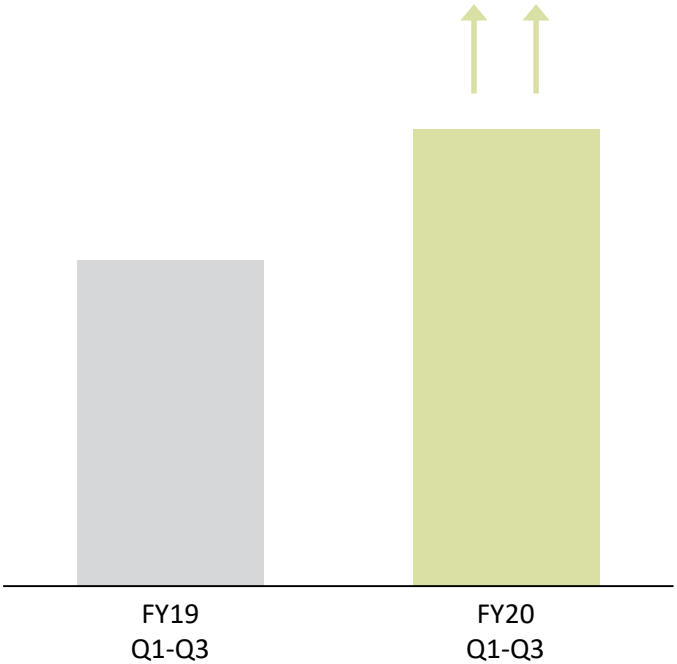
AUTUMN 19 / WINTER 19 TOTAL SALES

£M



SPRING 20 TOTAL SALES

£M



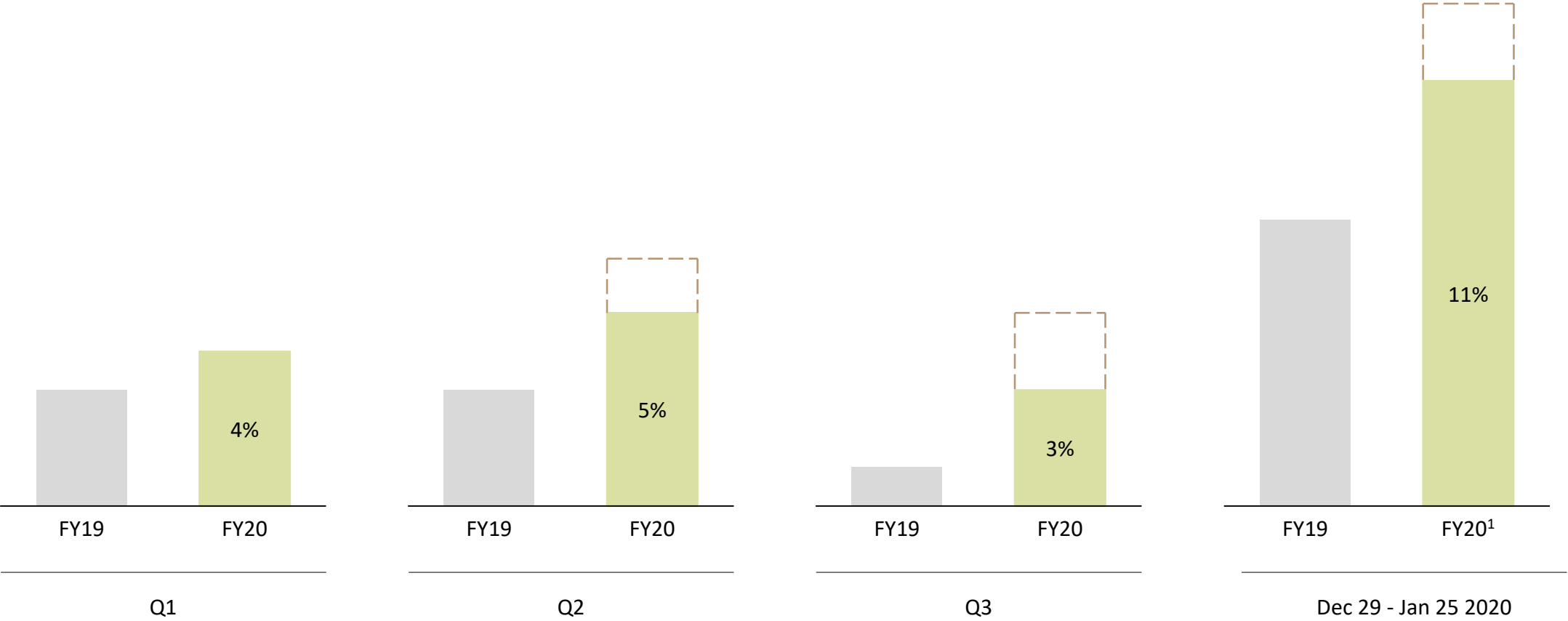
Note: Graph not to scale

# STRONG QUARTERLY COMP SALES

TOTAL COMP SALES – BY QUARTER

%

Excluding Hong Kong S.A.R  
and accounting for likely shift  
of spend to China and Korea



1 Impact of Hong Kong S.A.R and spend shift to China and Korea in December 29, 2019-January 25, 2020 assumed to be equal to Q3

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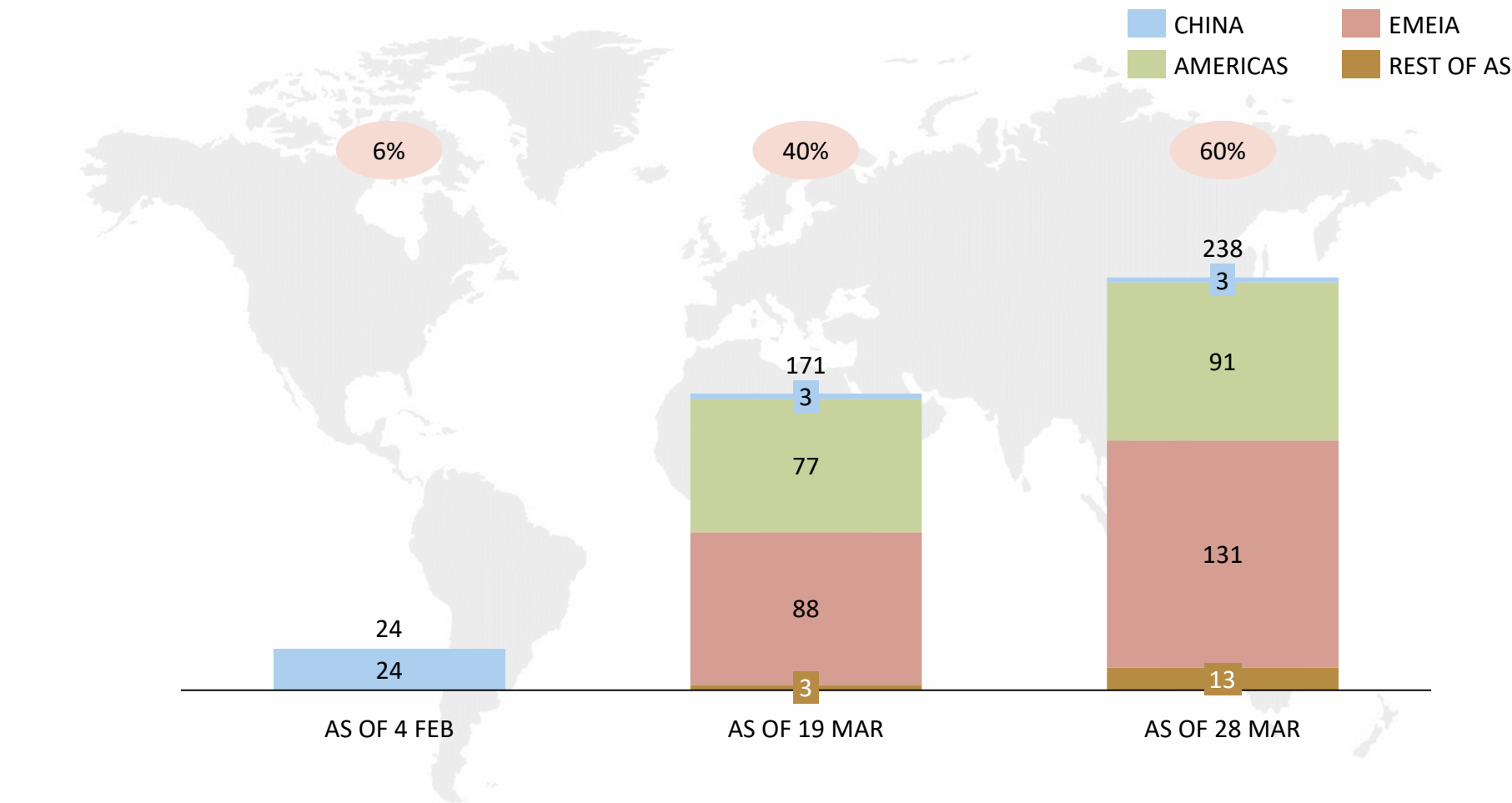
STRATEGY AND OUTLOOK

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# DEMAND DISRUPTION

X % closed as % total

## STORE CLOSURES BY REGION







# SUPPLY DISRUPTION

SHORT-LIVED SUPPLY CHAIN DISRUPTION IN CHINA

FACTORY CLOSURES IN EUROPE

REDUCED CAPACITY IN FULFILLMENT HUBS



# BURBERRY IMMEDIATE RESPONSE

## OUR RESPONSE



PROTECT OUR PEOPLE & COMMUNITIES



TIGHTLY MANAGE CASH AND COSTS



SECURE OUR PRODUCT, INVENTORY & SUPPLY CHAIN



DRIVE REVENUE

# SUPPORTING THE FIGHT AGAINST COVID-19



PROVIDING PROTECTIVE EQUIPMENT



FUNDING VACCINE DEVELOPMENT



SUPPORTING COMMUNITIES IN NEED



# FY20 PERFORMANCE

GROUP REVENUE -3% VS LAST YEAR

PRO FORMA ADJUSTED OPERATING PROFIT  
-8% VS LAST YEAR

PRO FORMA REPORTED OPERATING PROFIT  
-63% VS LAST YEAR



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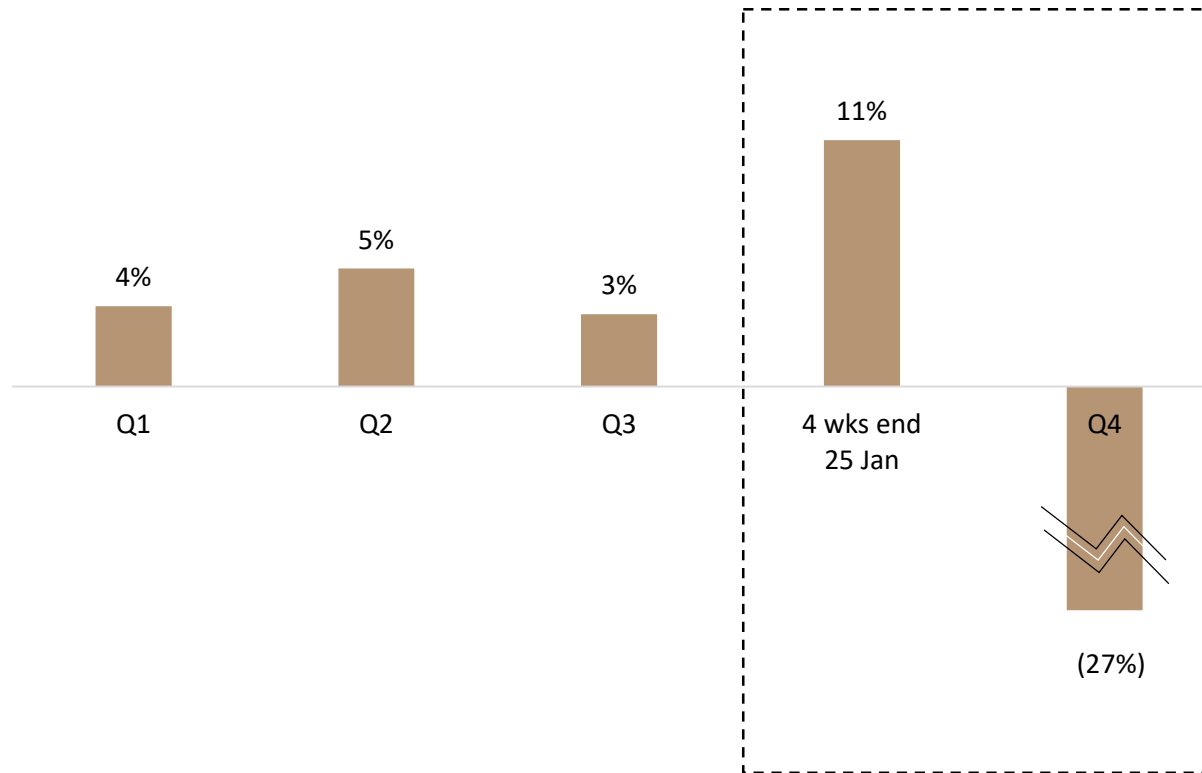
Q&A

**JULIE BROWN**

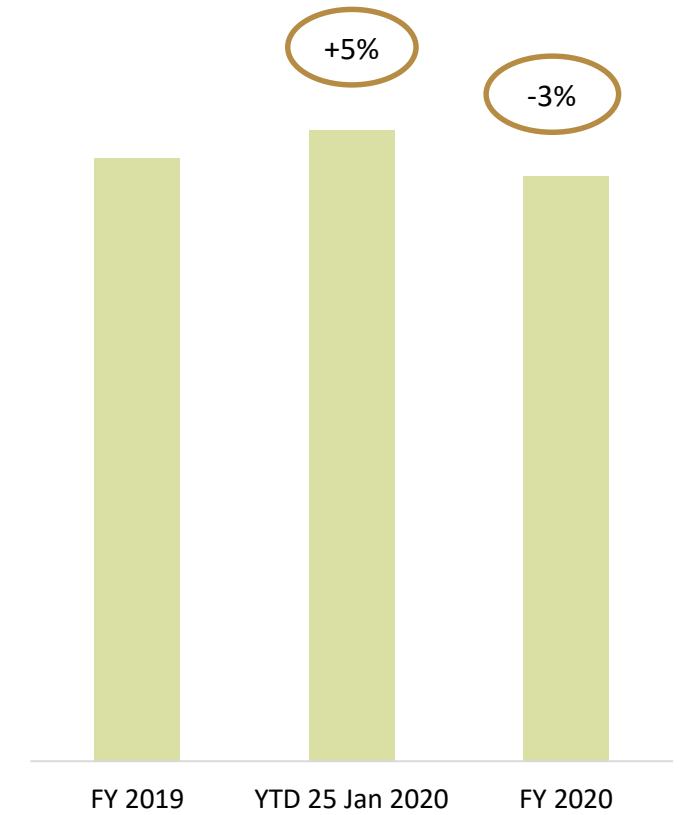
CHIEF OPERATING & FINANCIAL OFFICER

# FY 2020 COMP SALES PROGRESSION

FY 2020 RETAIL COMPARABLE STORE SALES PROGRESSION YOY %

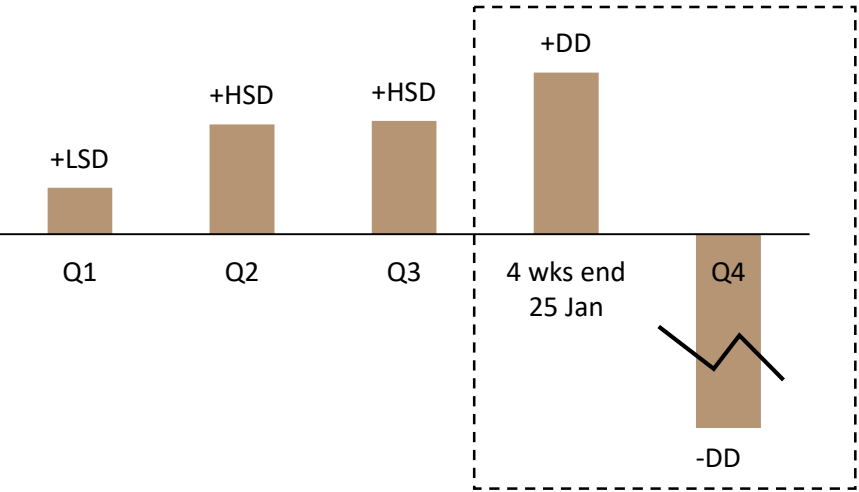


FY 2020 RETAIL COMPARABLE STORE SALES YOY %

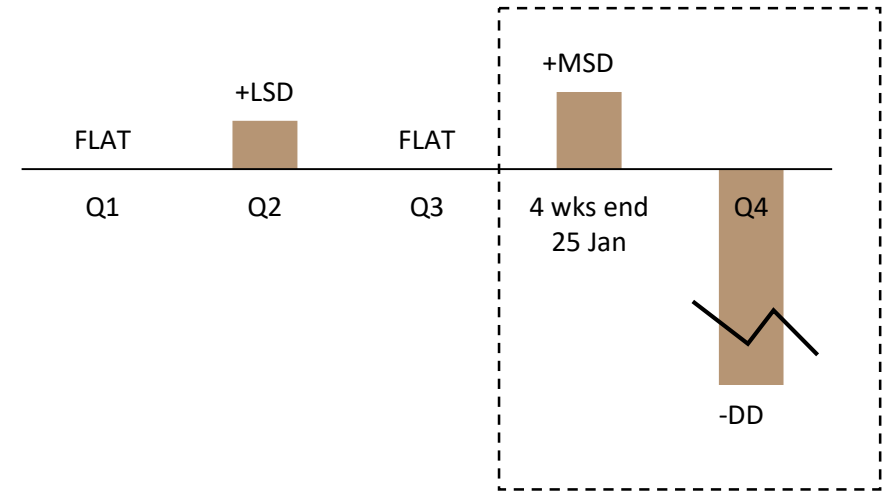


# COMPARABLE RETAIL STORE SALES -3%

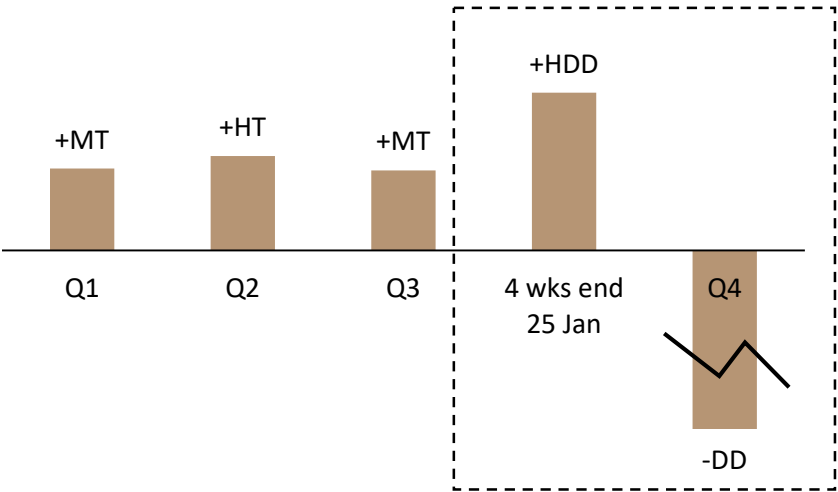
EMEIA: STABLE COMP STORE SALES YOY %



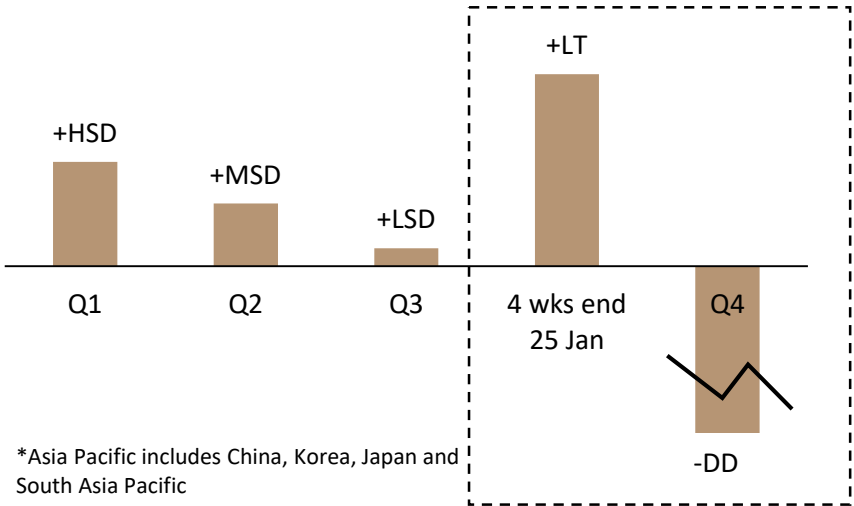
AMERICAS: -LSD COMP STORE SALES YOY %



MAINLAND CHINA: +LSD COMP STORE SALES YOY %



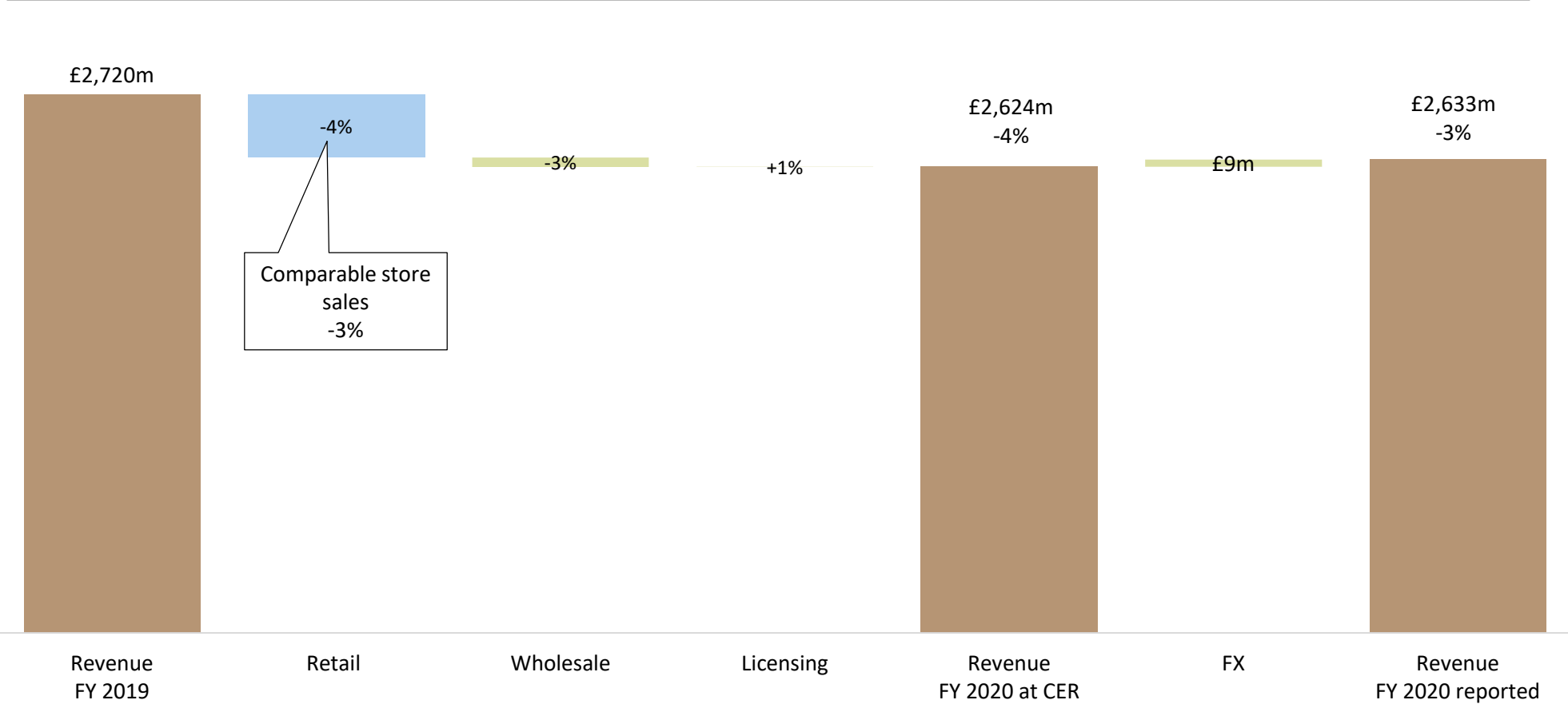
ASIA PACIFIC\*: -MSD COMP STORE SALES YOY %



\*Asia Pacific includes China, Korea, Japan and South Asia Pacific

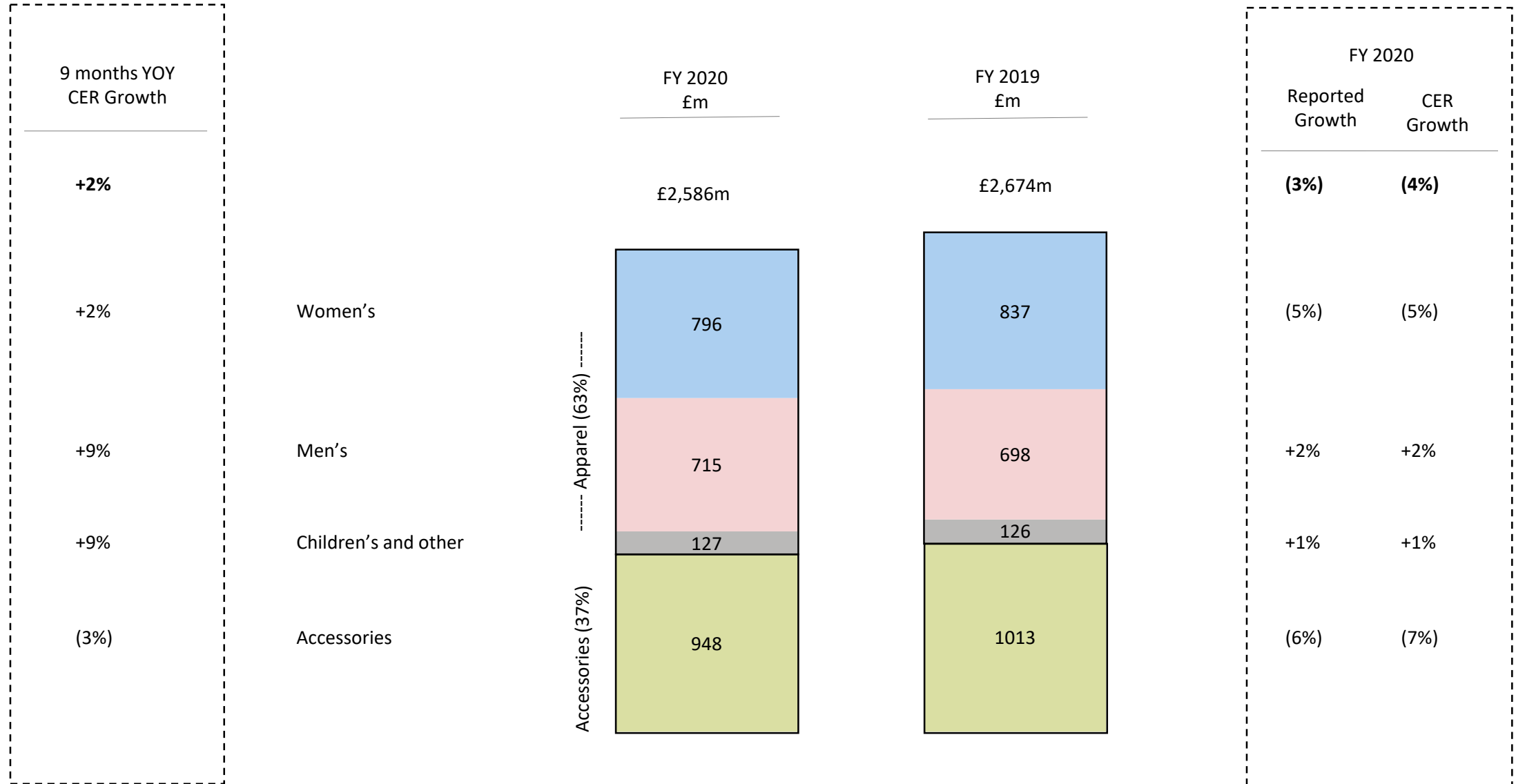
# GROUP REVENUE -4%

FY 2019 TO FY 2020 REVENUE BRIDGE





# RETAIL AND WHOLESALE REVENUE BY PRODUCT



# INCOME STATEMENT

----- FY 2020 pro forma results -----

	Change pro forma vs FY 2019					
	FY 2020 pro forma £m		FY 2019 £m		Reported FX	CER
Revenue	2,633		2,720		(3%)	(4%)
Gross profit (ex adj items)	1,774	67.4%	1,861	68.4%	(5%)	
Operating expenses (ex adj items)	(1,370)		(1,423)		(4%)	
Adjusted operating profit	404	15.3%	438	16.1 %	(8%)	(8%)
Adjusting operating items	(244)		(1)			
Operating profit	160		437		(63%)	
Tax*	(46)		(102)			
Adjusted diluted EPS	77.9p		82.1p		(5%)	(5%)
Reported diluted EPS	29.0p		81.7p		(65%)	

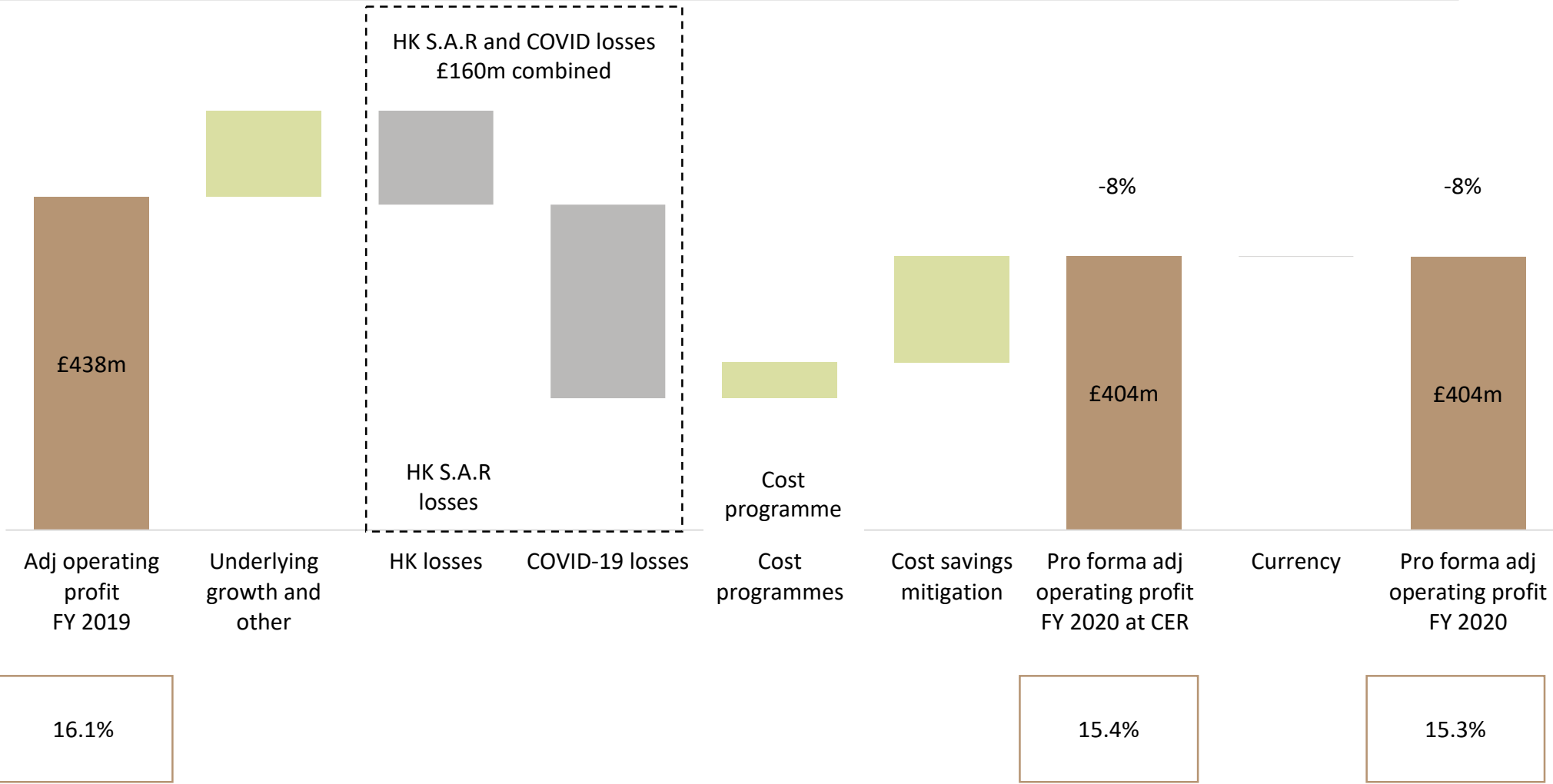
- Reported under IFRS 16 -

	FY 2020 £m		YOY reported FX
	2,633		(3%)
	1,774	67.4%	(5%)
	(1,341)		
	433	16.4%	(1%)
	(244)		
	189		(57%)
	(47)		
	78.7p		(4%)
	29.8p		(64%)

\*Effective tax rate on adjusted profit before tax improved 80bps to 22.3%. Note the table above shows the reported tax

# PRO FORMA ADJUSTED OPERATING PROFIT REVIEW

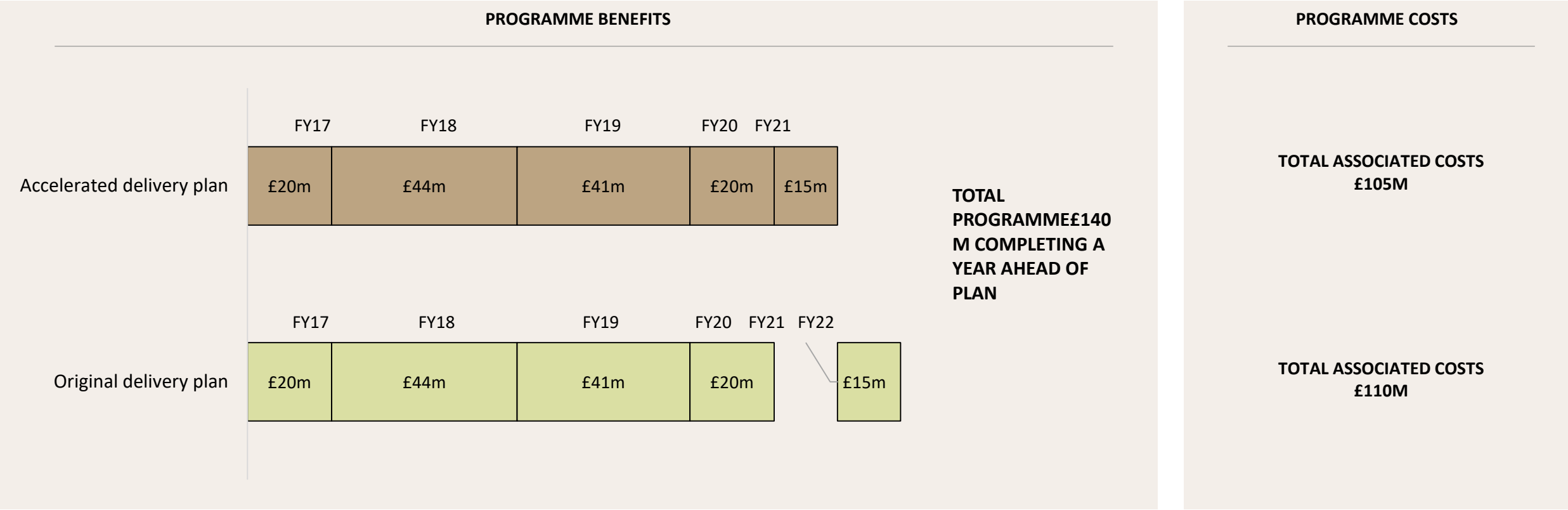
FY 2020 PRO FORMA ADJUSTED OPERATING PROFIT BRIDGE



# OPERATIONAL EXCELLENCE

## ACCELERATION OF SAVINGS PROGRAMME TO £140M IN FY 2021

CUMULATIVE £140M SAVINGS BY YEAR OF DELIVERY AND PROGRAMME COSTS



# ADJUSTING ITEMS

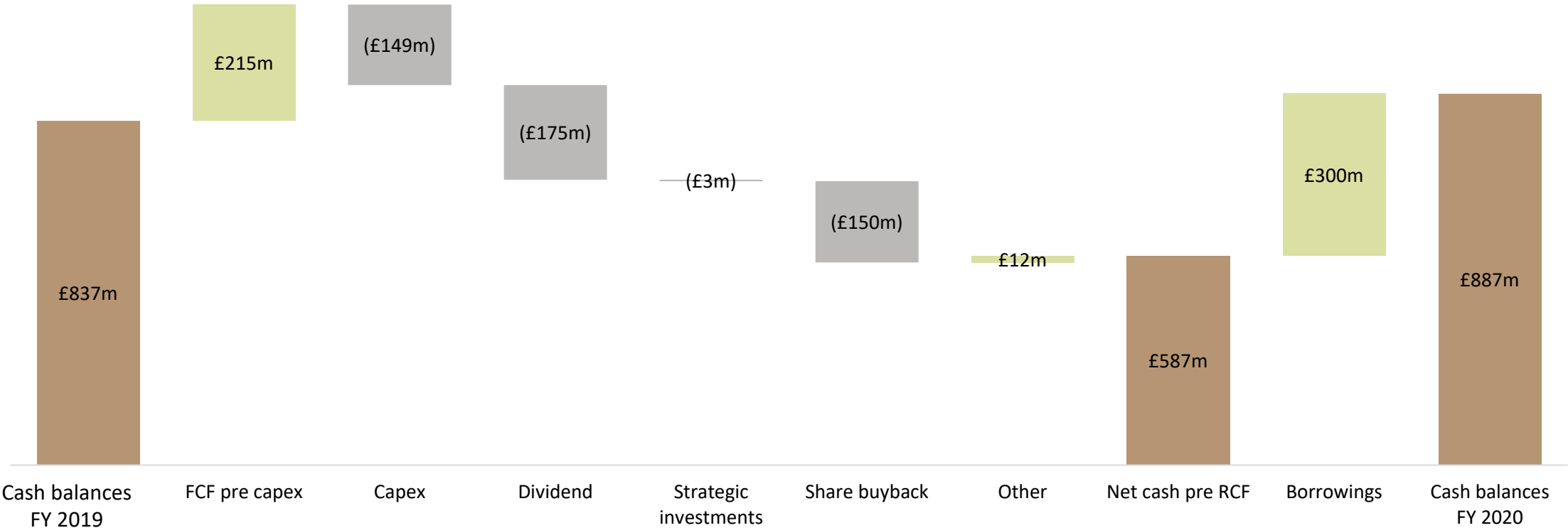
	FY 2020 £m	FY 2019 £m
COVID related inventory provisions (recognised in COGS)	(68)	-
COVID related store impairments	(157)	-
Other COVID related items	(16)	-
COVID-19 related adjusting items	(241)	-
Restructuring costs	(10)	(12)
Disposal of beauty business	5	7
BME deferred consideration income	2	4
<b>Total adjusting operating items</b>	<b>(244)</b>	<b>(1)</b>
Adjusting financing items	(1)	(1)
<b>Adjusting items</b>	<b>(245)</b>	<b>(2)</b>

# FREE CASH FLOW

	FY 2020 £m	FY 2019 £m
Adj operating profit	433	438
Depreciation and amortisation*	331	116
Working capital	(130)	(45)
Other	(9)	7
Cash inflow from operations	625	516
Payment of lease liabilities	(244)	-
Capex net of proceeds on disposal	(146)	(110)
Interest	(19)	6
Tax	(150)	(111)
Free cash flow	66	301

\*FY 2020 includes the impact of the adoption of IFRS 16

# MOVEMENT IN NET CASH



Operating lease debt

£1,246m

Lease adj net debt/EBITDAR

0.5x

## CAPITAL ALLOCATION FRAMEWORK APPLICATION

- Reinvest for organic growth
- Progressive dividend policy
- Strategic flows
- Return excess cash to shareholders

Lease liabilities

£1,125m

Net debt inc lease liabilities/EBITDA

0.7x

*This bridge shows the movement in cash net of overdrafts*

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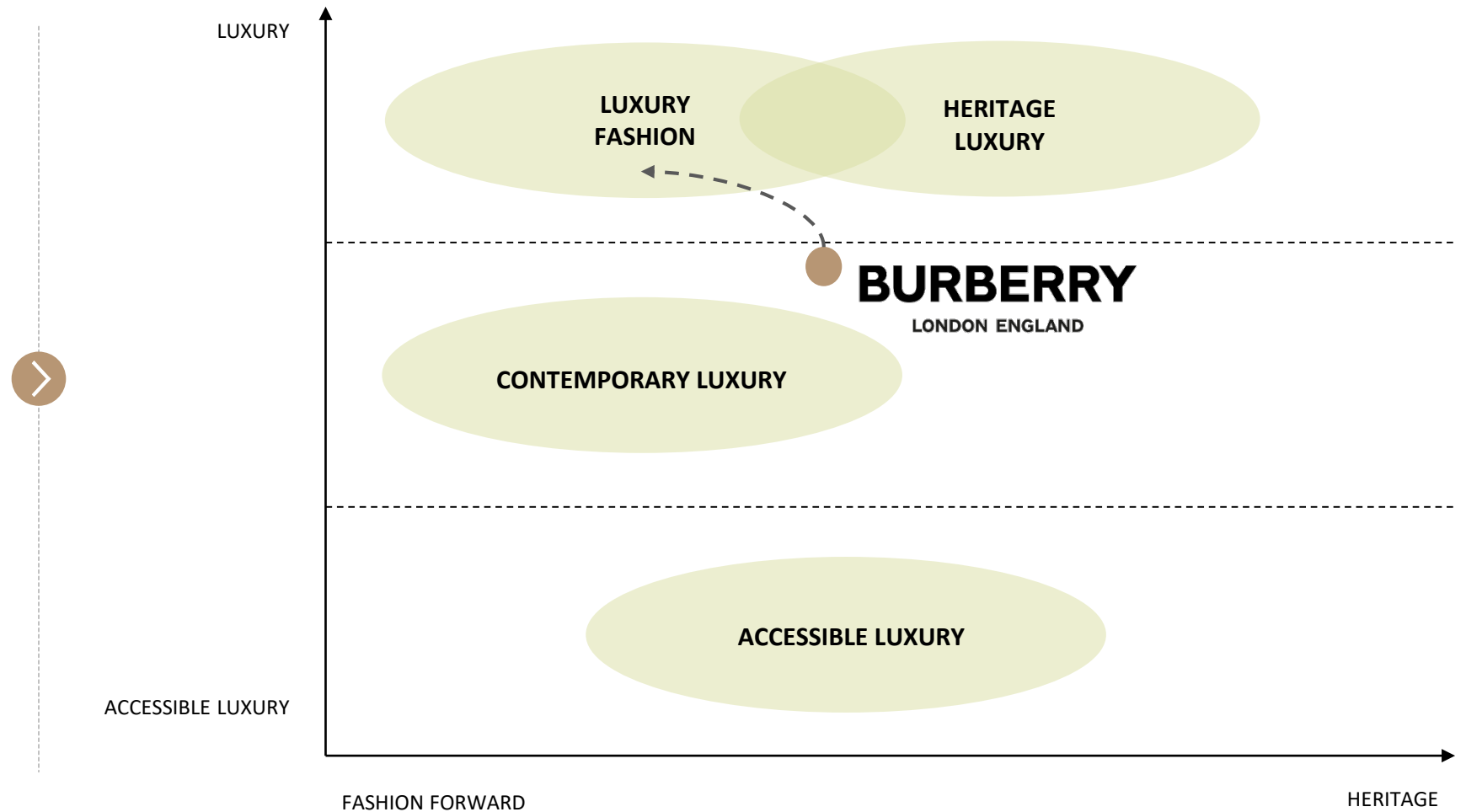
**STRATEGY AND OUTLOOK**

Q&A



# IN THIS ENVIRONMENT, OUR STRATEGY IS CRITICAL...

- In challenging environments, consumers favour strong brands and polarise even more between luxury and mass
- Diminished demand will increase competition and reinforce the importance of investing in the brand



# ...AND WE WILL FOCUS ON THE KEY ELEMENTS THAT WILL DRIVE BRAND SUCCESS

## BALANCE SHEET AND LIQUIDITY



- Strong luxury positioning
- Brand strength
- Authenticity
- Positive emotions through creativity



- Bespoke plans for each market, rapidly shifting investment as needed
- Focus on local consumers
- Ability to accelerate China and other Asian economies, even more than before



- Direct to consumer distribution at scale, online and offline
- Digital capabilities
- Strong connection between physical and digital, supported by CRM/data



- High quality product
- Strong leather goods offering
- Casualwear
- Tight inventory management
- Flexible supply chains

## SUPPORT OUR PEOPLE AND COMMUNITIES





BRAND



# BRAND



BRAND VALUES  
AND AUTHENTICITY



CONTENT AND  
STORYTELLING



PARTNERSHIPS AND  
COLLABORATIONS



INFLUENCE AND COMMUNITY  
BUILDING



A wide-angle photograph of a large, empty hall with a high, arched glass and steel roof. The floor is highly reflective, showing a clear reflection of the ceiling and the interior. In the center, a grand piano is positioned on a small stage. The walls are lined with white, decorative lattice work. The overall atmosphere is one of grandeur and emptiness.

# LOCALISATION



# LOCALISATION



BESPOKE PLANS FOR EACH MARKET, RAPIDLY  
REALLOCATE RESOURCES BETWEEN ECONOMIES

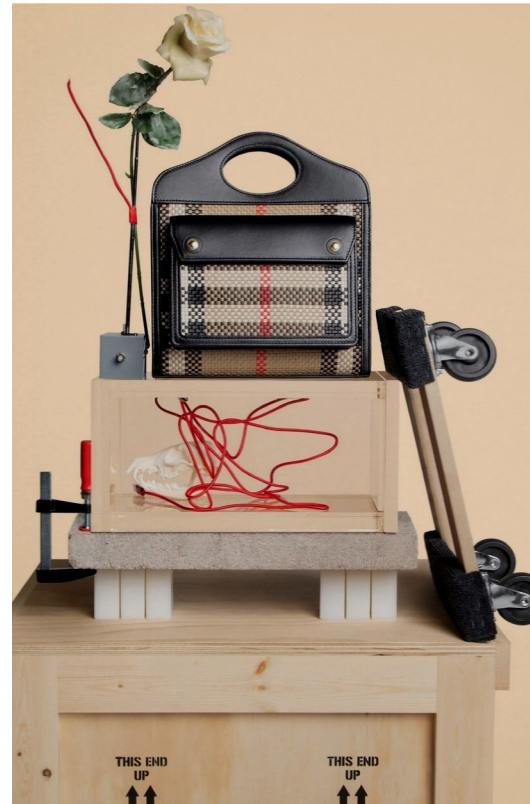


FOCUS ON LOCAL  
CONSUMERS

## CHINA FOCUS



LOCALISED AND INSPIRATIONAL  
OUTREACH



EXCLUSIVE CAMPAIGNS



NATIVE COLLABORATIONS



SOCIAL RETAIL



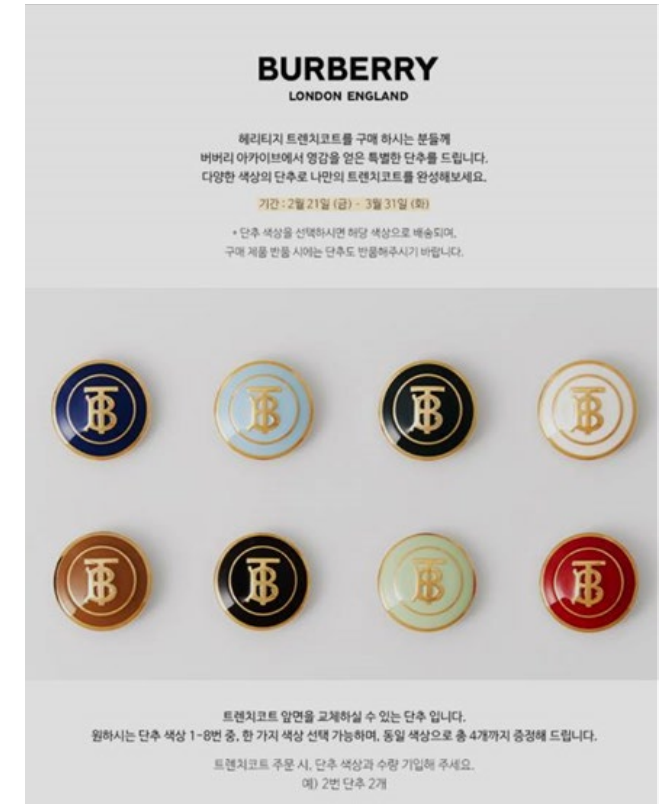
## KOREA FOCUS



LOCALISED PRODUCT STORYTELLING



NATIVE COLLABORATIONS



PARTNERSHIPS WITH LOCAL THIRD PARTIES





## SIGNS OF RECOVERY IN CHINA AND KOREA

SALES GROWTH ALREADY AHEAD  
OF LAST YEAR

STRONG ONLINE PERFORMANCE

CLEAR TRACTION IN HANDBAGS  
AND SMALL LEATHER GOODS



# DTC & DIGITAL

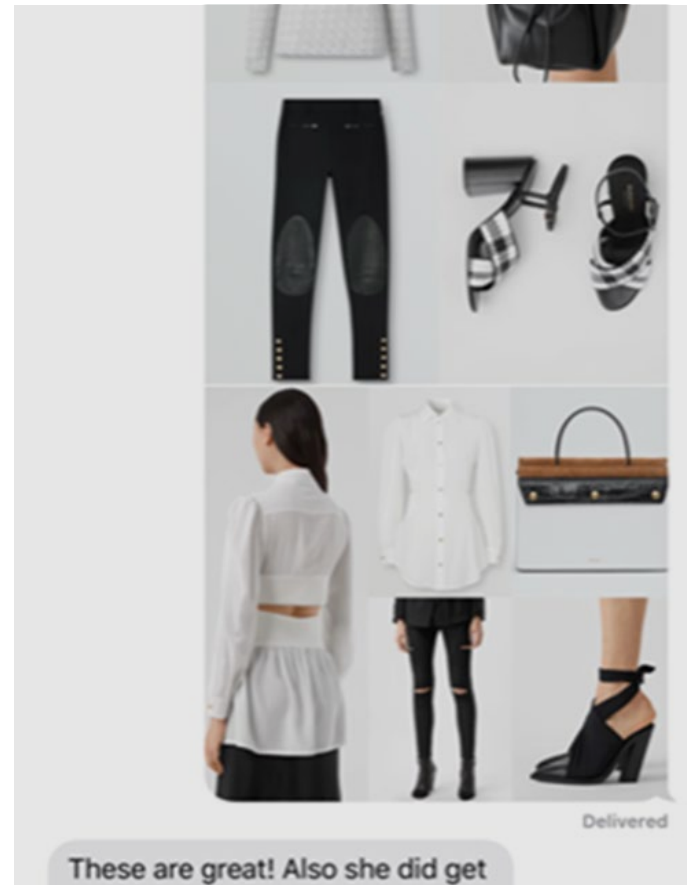




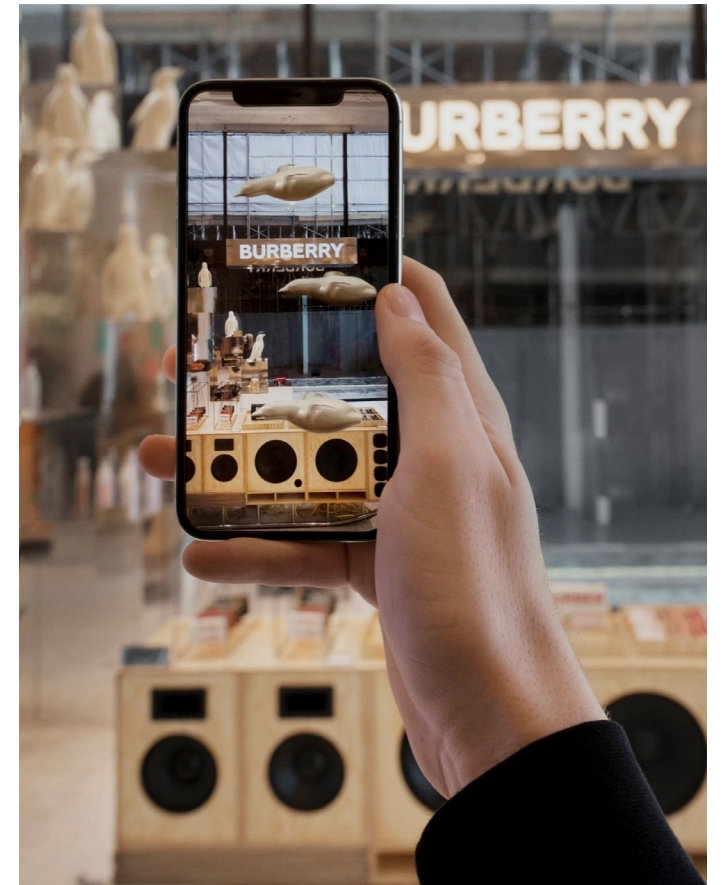
# NEW WAYS OF REACHING CONSUMERS



LIVE STREAMING



REMOTE SELLING

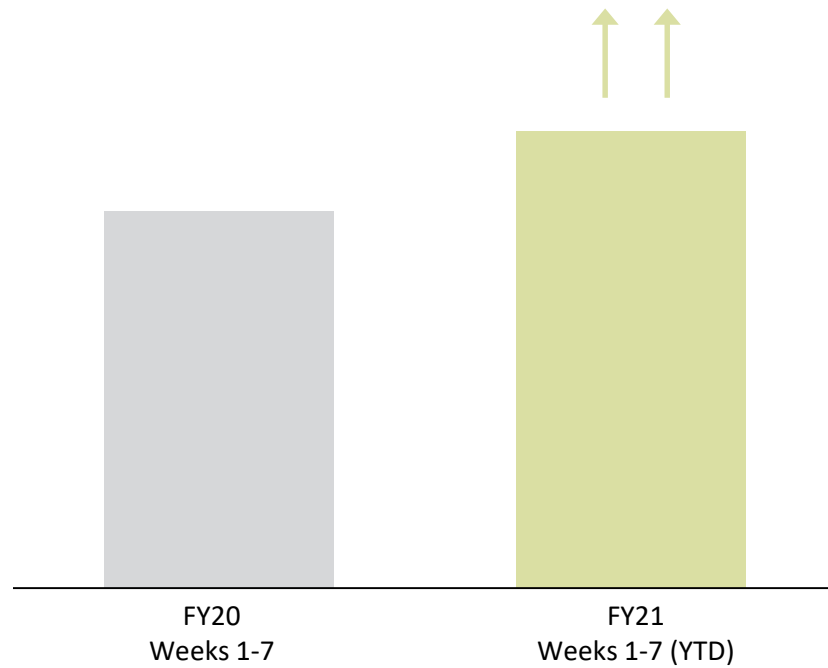


IMMERSIVE EXPERIENCES

# ONLINE DEMAND

↑  
% YoY sales growth

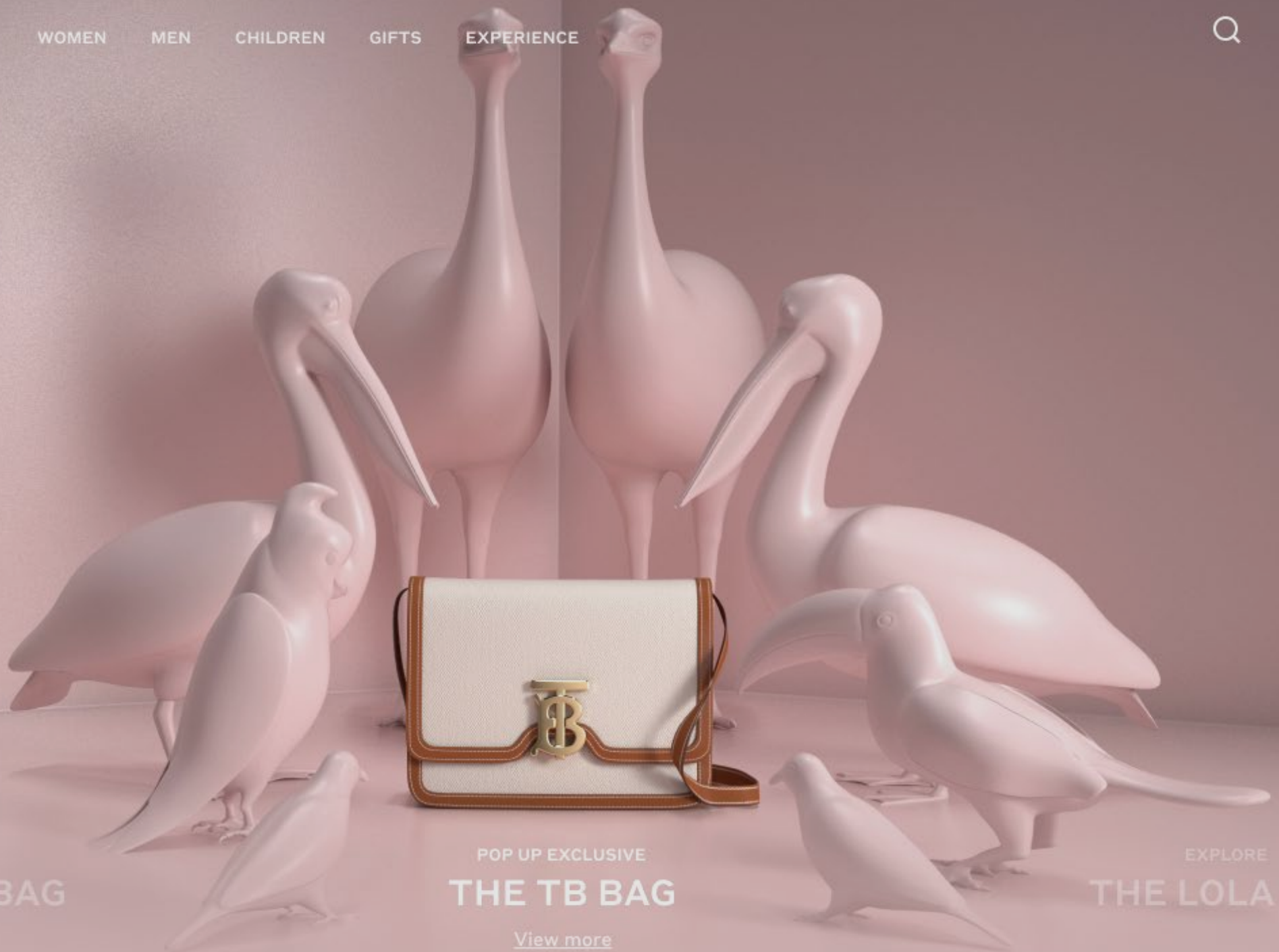
BURBERRY.COM GLOBAL DEMAND



Note: Graph not to scale, demand defined as total value of transactions on .com







POP UP EXCLUSIVE

THE POCKET BAG

POP UP EXCLUSIVE

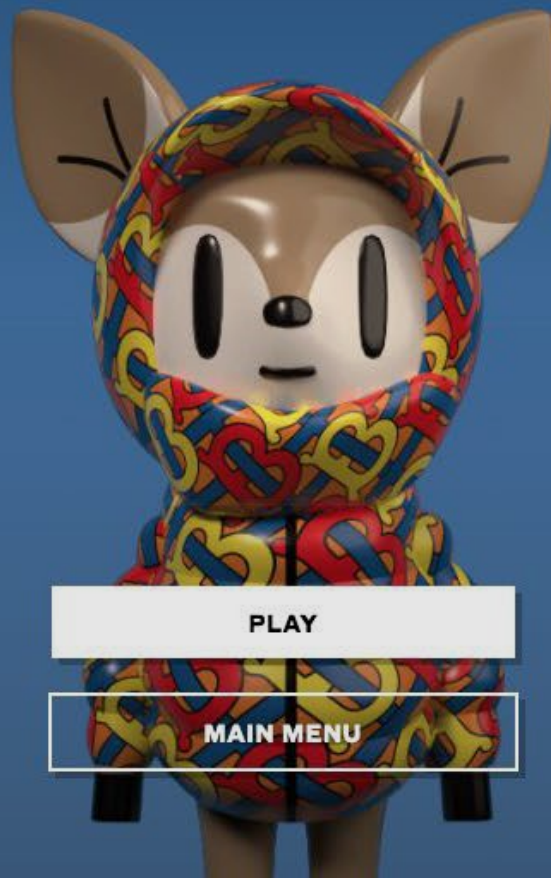
THE TB BAG

[View more](#)

EXPLORE

THE LOLA BAG

# B BOUNCE



PLAY

MAIN MENU

# PRODUCT, INVENTORY AND SUPPLY CHAIN





# PRODUCT

INJECT ENERGY AND NEWNESS WITH CAPSULES

HERO OUTERWEAR

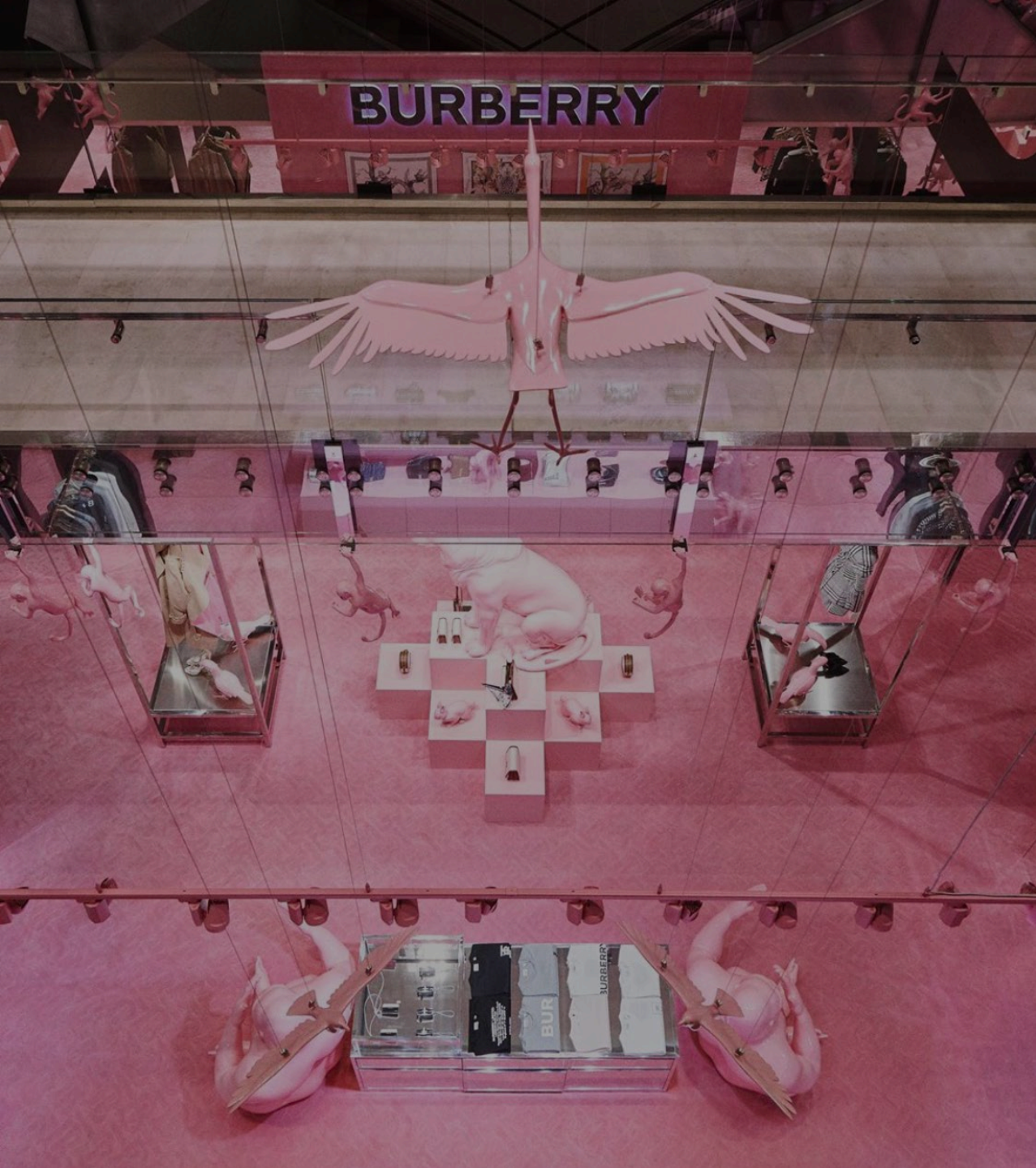
FOCUS ON LEATHER















# INVENTORY AND SUPPLY CHAIN

MANAGE OUR STOCK POSITION

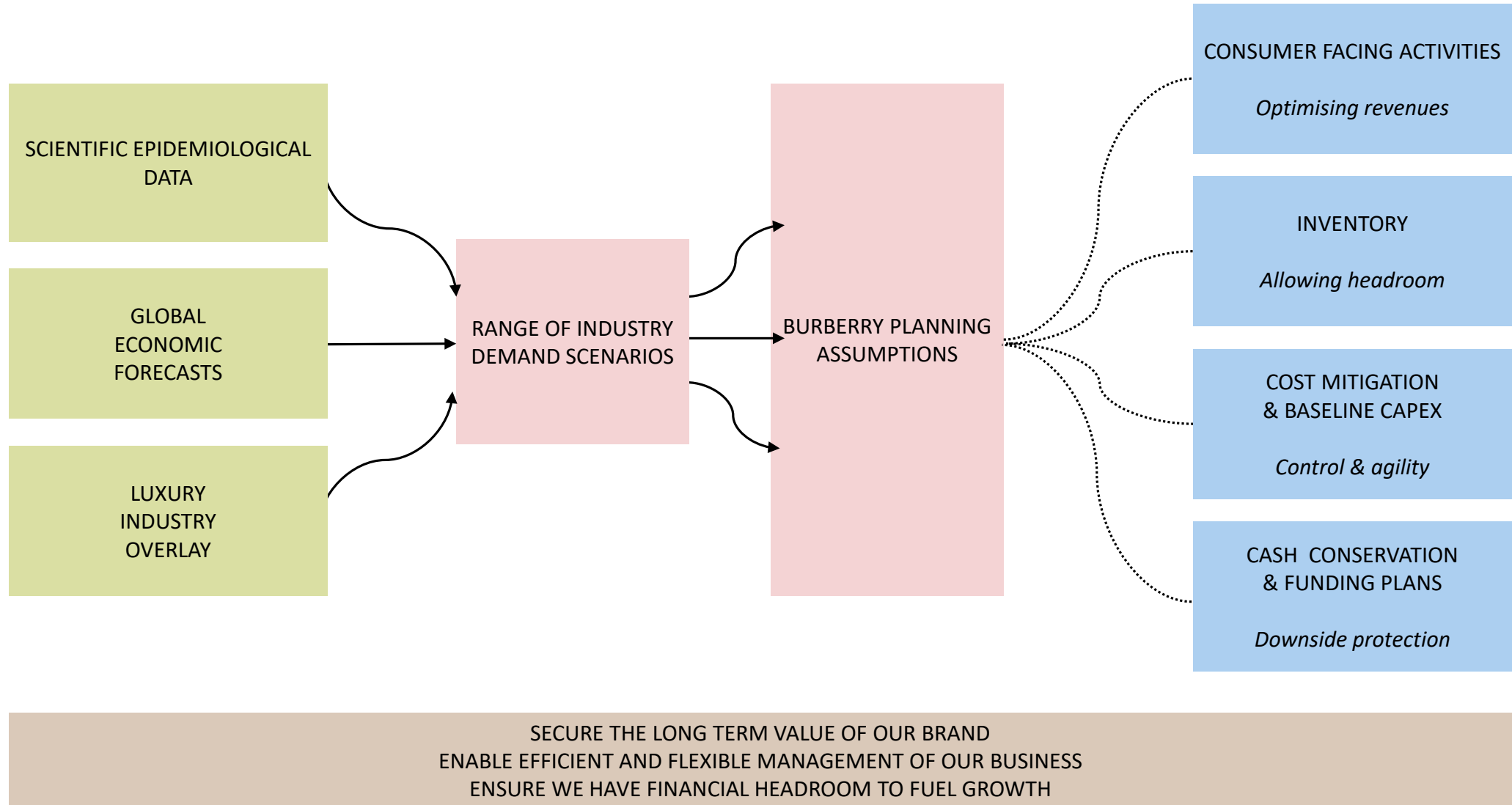
REALLOCATE STOCK TO MEET DEMAND

SECURE SUPPLY CHAIN CAPACITY

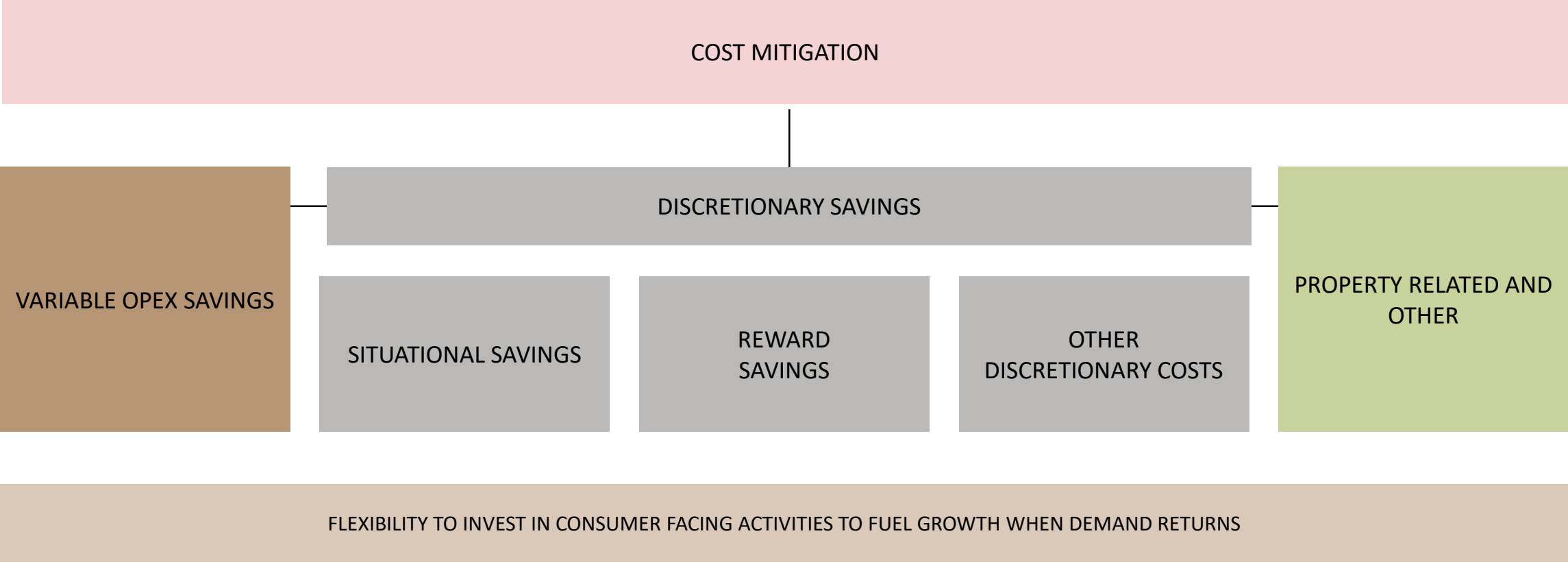


# BALANCE SHEET AND LIQUIDITY

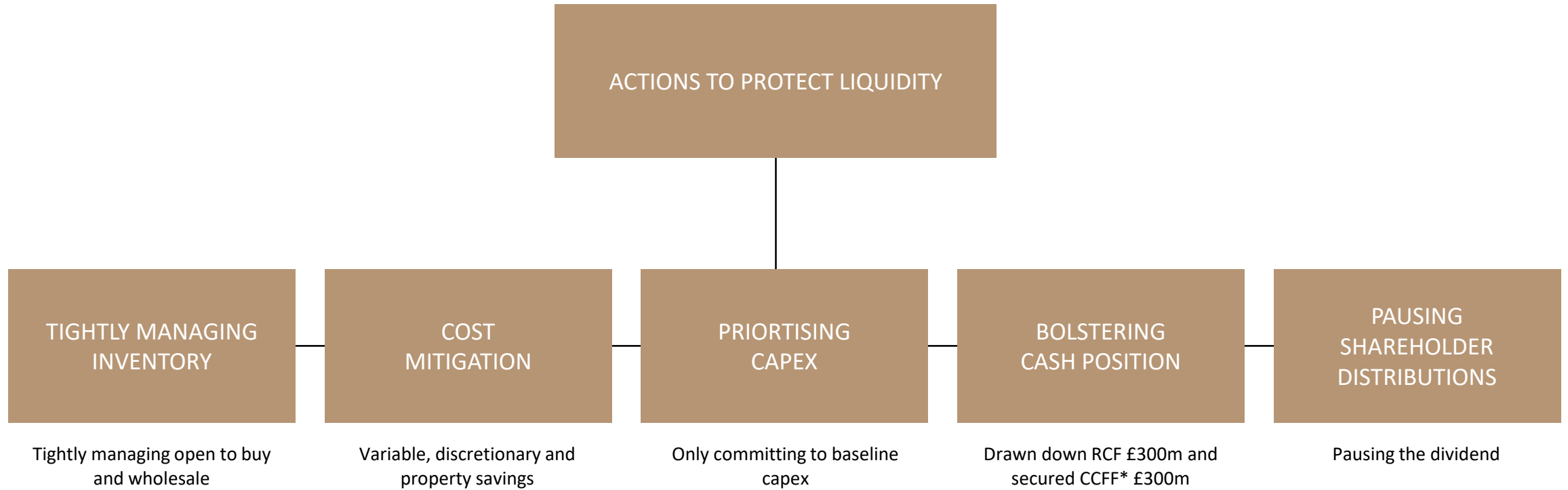
# PLANNING FOR THE FUTURE



# MITIGATING COST ACTIONS



# PROTECTING OUR LIQUIDITY



\* COVID Corporate Financing Facility





## RECAP: KEY MESSAGES

Excellent strategic progress, ahead of expectations

Material impact from COVID-19, but mitigating actions implemented rapidly and brand heat remains strong

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Q&A