

Burberry is a global luxury brand with a distinctive British heritage

Profile

Founded in 1856, Burberry is a global luxury brand with a diversified product offering across apparel, accessories and leather goods. The company designs and manufactures its products, selling them through a diversified network of retail, wholesale, franchisees and licensing channels.

The company further developed its brand image over the last 20 years, by streamlining its product range, building on iconic items and expanding into the digital area.

#1

British Luxury Brand

209

Mainline stores

200

Concession stores

60

Outlets

Performance in 2017

2016/2017 was a year of transition during which Burberry took strategic actions to strengthen the long-term success of its brand.

Revenue stood at GBP 2.8 billion, down by 2% underlying but up by 10% reported, positively impacted by the GBP devaluation post Brexit.

Adjusted operating profit was down by 21% underlying to GBP 459 million (up by 10% reported), in part due to taking strategic actions to elevate the brand.

Net cash at 31 March 2017 was GBP 809 million, up by GBP 149 million compared to 31 March 2016 after a share buyback program of GBP 97 million, driven by the decrease in investments and the positive impact of the variation in working capital requirements.

In November 2017, Burberry released its new strategy focusing on elevating the brand towards luxury fashion, underpinned by:

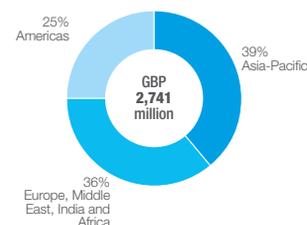
- focusing on product, which is at the heart of the transformation;
- putting product at the center of its communication, reinventing digital content and experiences in stores;
- ensuring alignment between brand positioning and distribution, through the rationalization of channels (e.g. closing of non-luxury wholesale and retail doors, mainly in the USA and EMEIA).

This reset has had an impact on the near term guidance. For FY 2018/2019 & 2019/2020, Burberry is expecting stable revenues and operating margin. During this period, Burberry will remain strongly cash generative and is committed to its capital allocation framework (dividend and share buyback).

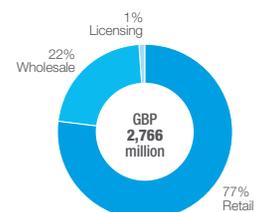
After this transition period (as from 2020/2021), Burberry is expecting high single digit growth and margin improvement.

Burberry in figures

Geographic breakdown of FY17 retail/wholesale revenue



Breakdown of FY17 revenue by channel



Key financial data

	31/03/ 2017	31/03/ 2016	31/03/ 2015
Simplified income statement (in GBP million)			
Revenue	2,766	2,515	2,523
Gross Margin (%)	70	70	70
Adjusted operating profit	459	418	455
Attributable profit	287	310	336
Simplified balance sheet (in GBP million)			
Shareholders' equity (group's share)	1,693	1,565	1,401
Non-controlling interests	5	56	51
Net cash/(net debt)	809	660	552
Debt-equity ratio (%)	n.a.	n.a.	n.a.
Net debt/EBITDA (x)	n.a.	n.a.	n.a.

BURBERRY

London, England

Investment case

- Luxury goods industry is expected to grow by 3-4% p.a. in the coming years, driven by demographics, increasing wealth and travel
- Burberry is a globally recognized brand, considered as the best-in-class digital player in the industry
- Burberry offers an attractive shareholders' cash return thanks to its solid balance sheet and strong cash conversion
- The company is committed to applying its capital allocation policy (dividend distribution and a share buyback)



Market data and information on GBL's investment

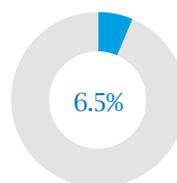
Stock market data	31/03/2017	31/03/2016	31/03/2015
Number of shares (in thousands)	445,173	445,037	444,744
Market capitalisation (in GBP million)	7,675	6,075	7,707
Closing price (in GBP per share)	17.24	13.65	17.33
Adj. diluted EPS (in GBp per share)	77.4	69.9	76.9
Dividend (in GBp per share)	38.9	37.0	35.2

GBL's investment	31/12/2017	31/12/2016	31/12/2015
Percentage of share capital (%)	6.5	3.0	-
Percentage of voting rights (%)	6.5	3.0	-
Market value of investment (in EUR million)	557	230	2
Dividends collected by GBL (in EUR million)	9	6	-
Representatives in statutory bodies	0	0	0

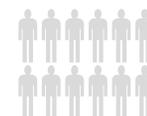
TSR annualised (%)

	1 year	3 years	5 years
Burberry	17.9	1.1	8.6
STOXX Europe 600 Personal & Household goods	12.5	13.0	13.7

Capital held by GBL



Representatives in statutory bodies



0 out of 12

Burberry's contribution to the net dividends collected on GBL's investments



Burberry's contribution to GBL's portfolio

