

15 July 2024

BURBERRY GROUP PLC

FIRST QUARTER TRADING UPDATE

"Our Q1 FY25 performance is disappointing. We moved quickly with our creative transition in a luxury market that is proving more challenging than expected. The weakness we highlighted coming into FY25 has deepened and if the current trend persists through our Q2, we expect to report an operating loss for our first half. In light of current trading, we have decided to suspend dividend payments in respect of FY25. We are taking decisive action to rebalance our offer to be more familiar to Burberry's core customers whilst delivering relevant newness. We expect the actions we are taking, including cost savings, to start to deliver an improvement in our second half and to strengthen our competitive position and underpin long-term growth."

Gerry Murphy, Chair of Burberry

RETAIL REVENUE 13 WEEKS ENDED 29 JUNE

	29 June	1 July	% change	
£ million	2024	2023	Reported FX	CER*
Retail revenue	458	589	-22%	-20%
Comparable store sales*	-21%	18%		

*See page 3 for definition

Comparable store sales by region

Q1 FY25 vs LY	Asia Pacific*	EMEA	Americas
Comparable store sales	-23%	-16%	-23%

*Asia Pacific consists of: Mainland China -21%, South Asia Pacific -38%, Japan +6%, South Korea -26%

We believe there is an opportunity to reconnect with our core customer base and capitalise on the enduring appeal of Burberry's iconic products and brand whilst delivering relevant newness. Against a backdrop of slowing luxury demand across all key regions, our immediate focus is on:

- Rebalancing our product offer to include a broader everyday luxury offer and a more complete assortment across key categories
- Refining our brand communication to emphasise more of the timeless, classic attributes that Burberry is known for. Our refocused marketing plans include a dedicated outerwear campaign to be launched globally in October, building on the established resilience of our house icons
- Improving customer conversion online with a more edited assortment and better functionality. The refresh of our website will be completed by the end of August
- Driving operational efficiencies and delivering cost savings to offset the impact of inflation.

Burberry also separately announced today the appointment of Joshua Schulman as Chief Executive Officer and Executive Director, replacing Jonathan Akeroyd who is stepping down and leaving the Company with immediate effect by mutual agreement with the Board.

OUTLOOK

The slowdown in trading we experienced in Q1 FY25 continued into July. If this trend were to continue through the current quarter, we would expect to report a H1 FY25 operating loss and FY25 operating profit to be below current consensus. As we navigate this period, we have decided to suspend dividend payments in respect of FY25 in order to maintain a strong balance sheet and our capacity to invest in Burberry's long term growth¹.

We expect the actions we are taking to start to deliver an improvement in our second half and to strengthen our competitive position and underpin long-term growth.

In FY25, we expect:

- Retail space to be broadly stable
- Wholesale revenue to decline by around 25% in H1 and decline by around 30% for the full year
- Capital expenditure to be around £150m
- A currency headwind of c.£55m to revenue and c.£20m to operating profit in FY25, based on foreign exchange rates effective as of 28 June 2024.

¹ There is no change to the final dividend for the period ended 30 March 2024, which is currently scheduled for payment 2 August 2024 (subject to approval at AGM on 16 July 2024).

REGIONAL COMPARABLE SALES PERFORMANCE

We are operating against a backdrop of slowing luxury demand with all key regions impacted by macroeconomic uncertainty and contributing to the sector slowdown.

In this context, Q1 FY25 comparable store sales fell 21%. All regions declined outside of Japan:

- Asia Pacific decreased 23% with Mainland China -21%, South Asia Pacific -38%, South Korea -26% and Japan +6%.
 - Globally, the Chinese customer group also declined but held up better than Mainland China as spend was diverted offshore.
 - Japan continued to grow, benefitting from strong tourism spend mainly from Chinese and near shore customers in Asia, whilst locals remained soft.
- Americas decreased 23%, driven by declining locals. Globally, the Americas customer group performed broadly in line with the region.

- EMEA fell 16% with local spend deteriorating versus last quarter. Tourists accounted for just over half of retail revenues but declined by a high single digit percentage.

By product, outerwear and scarves continued to outperform globally.

The contribution from space was 1%, leading to a 20% decline in retail sales at constant exchange rates.

Currency was a 2% headwind this quarter, with retail revenue landing at £458m, down 22% at reported exchange rates.

The financial information contained herein is unaudited

All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise.

Constant exchange rates (CER) removes the effect of changes in exchange rates. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and on foreign currency procurement and sales through the Group's UK supply chain.

Comparable store sales are 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. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period.

Certain financial data within this announcement have been rounded. Growth rates and ratios are calculated on unrounded numbers.

This announcement contains information that qualified or may have qualified as inside information for the purposes of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). The person responsible for arranging the release of this announcement on behalf of Burberry Group plc is Gemma Parsons, Company Secretary.

This trading update constitutes our quarterly trading update which was originally scheduled for 19 July 2024.

ENQUIRIES

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- There will be a virtual presentation for investors and analysts today at 8am (UK time) that can be viewed live on the Burberry website <http://www.burberryplc.com> you can also click [here](#) to register.
- Burberry will issue its Interim results for the 26 weeks ending 28 September 2024 on 14 November 2024

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. Nothing in this announcement should be construed as a profit forecast. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

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Notes to editors

- Burberry is a British luxury brand, headquartered in London
- Burberry is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index. ADR symbol OTC: BURBY. BURBERRY, the Equestrian Knight Device, the Burberry Check, and the Thoms Burberry Monogram and Print are trademarks belonging to Burberry.
- At 29 June 2024, globally Burberry had 229 retail stores, 145 concessions, 56 outlets and 33 franchise stores, excluding pop-up stores.

APPENDIX

Based on effective FX rates as of 28 June 2024, we now expect a c.£55m headwind to revenue and a c.£20m headwind to operating profit in FY25.

Exchange rates £1=	Forecast average effective rates for FY25		Actual average exchange rates
	28 June 2024	25 April 2024	FY24
Euro	1.18	1.17	1.16
US Dollar	1.26	1.25	1.26
Chinese Yuan Renminbi	9.18	9.06	9.01
Hong Kong Dollar	9.87	9.80	9.84
Korean Won	1,747	1,720	1,657
Japanese Yen	202	195	182

Detailed guidance for FY25

Item	Financial impact
Impact of retail space on revenues	Space is expected to be broadly stable in FY25.
Wholesale revenue	Wholesale is expected to decline by around 25% in H1 FY25 and around 30% for the full year.
Capex	Capex is expected to be around £150m.
Currency	At 28 June 2024 spot rates, the impact of year-on-year exchange rate movements is expected to be a c.£55m headwind on revenue and c.£20m headwind on operating profit.

Note: Guidance based on CER at FY24 rates

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