



# INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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# AGENDA

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1. FINANCIAL REVIEW
2. STRATEGY
3. CURRENT TRADING AND OUTLOOK
4. DIGITAL UPDATE

## HIGHLIGHTS FOR THE SIX MONTHS

ENDED 30 SEPTEMBER 2014

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### TOTAL REVENUE DOWN 17% TO £64.7 MILLION (2013: £78.1 MILLION)

- Results in line with guidance given in October
- Total Retail sales down 9%
- UK Retail down 16%; Full price down 12% and outlet down 23%
- International Retail up 20%
- Wholesale down 31%

### FINANCIAL HIGHLIGHTS

- Loss before tax of £1.1 million (2013: £7.2 million profit) in line with expectations; reflecting lower sales, the increase in costs associated with new stores opened this year and last year (£2.8 million) and the lower gross margin
- Gross margin was 59.9% as expected (2013: 63.0%), reflecting in part the impact of the new factory as its production efficiency increases

### OPERATING HIGHLIGHTS

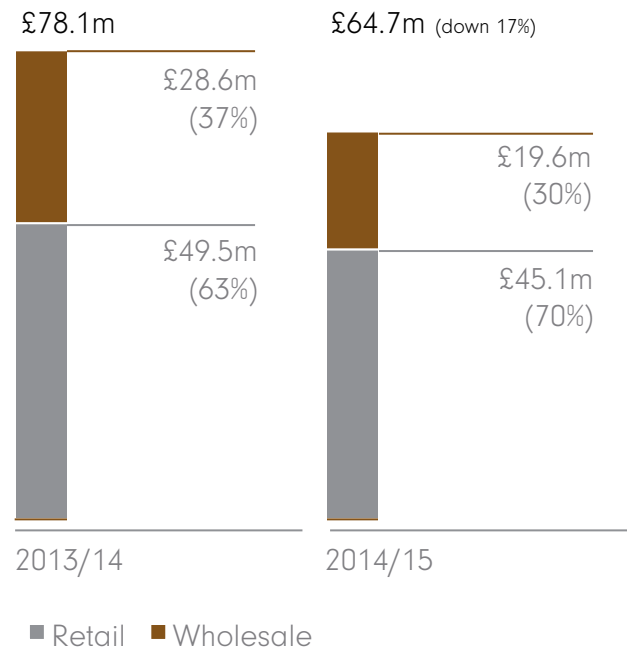
- Successful launch of the Tessie and Cara Delevingne bag families
- Two new directly operated international stores opened during the period (Las Vegas, Hamburg)
- Click & Collect service introduced for full price standalone stores in the UK



## 1. FINANCIAL REVIEW

## REVENUE BY CHANNEL

VALUE OF SALES



Note: Online included in retail sales

### RETAIL DOWN 9%, -13% LIKE-FOR-LIKE:

- UK Retail down 16%
- International Retail up 20%
- Online up 1%

### WHOLESALE DOWN 31%:

- Inventory reduction and conservative ordering by our Asian and European partners

# INCOME STATEMENT

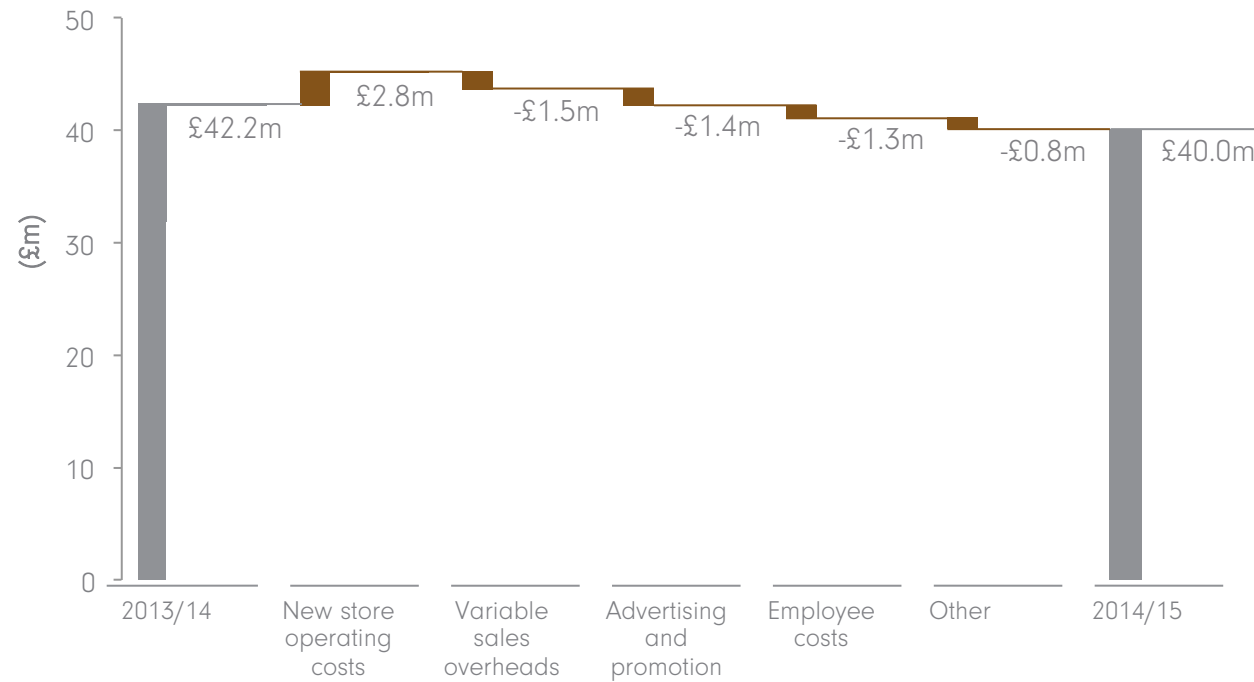
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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£ MILLION	30 SEPTEMBER 2013	30 SEPTEMBER 2014	VARIANCE
Revenue	78.1	64.7	-17%
Gross profit	49.2	38.8	-21%
<i>Gross margin</i>	<i>63.0%</i>	<i>59.9%</i>	
Operating expenses (net)	-42.2	-40.0	
Operating profit/(loss)	7.1	(1.2)	
Profit/(loss) before tax	7.2	(1.1)	
Basic earnings/(loss) per share (pence)	8.7	(0.7)	

## NET OPERATING EXPENSES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014



*Notes: New store operating costs include employee costs related to the new stores*  
*The advertising and promotional variance is a timing difference rather than an absolute saving*

## BALANCE SHEET

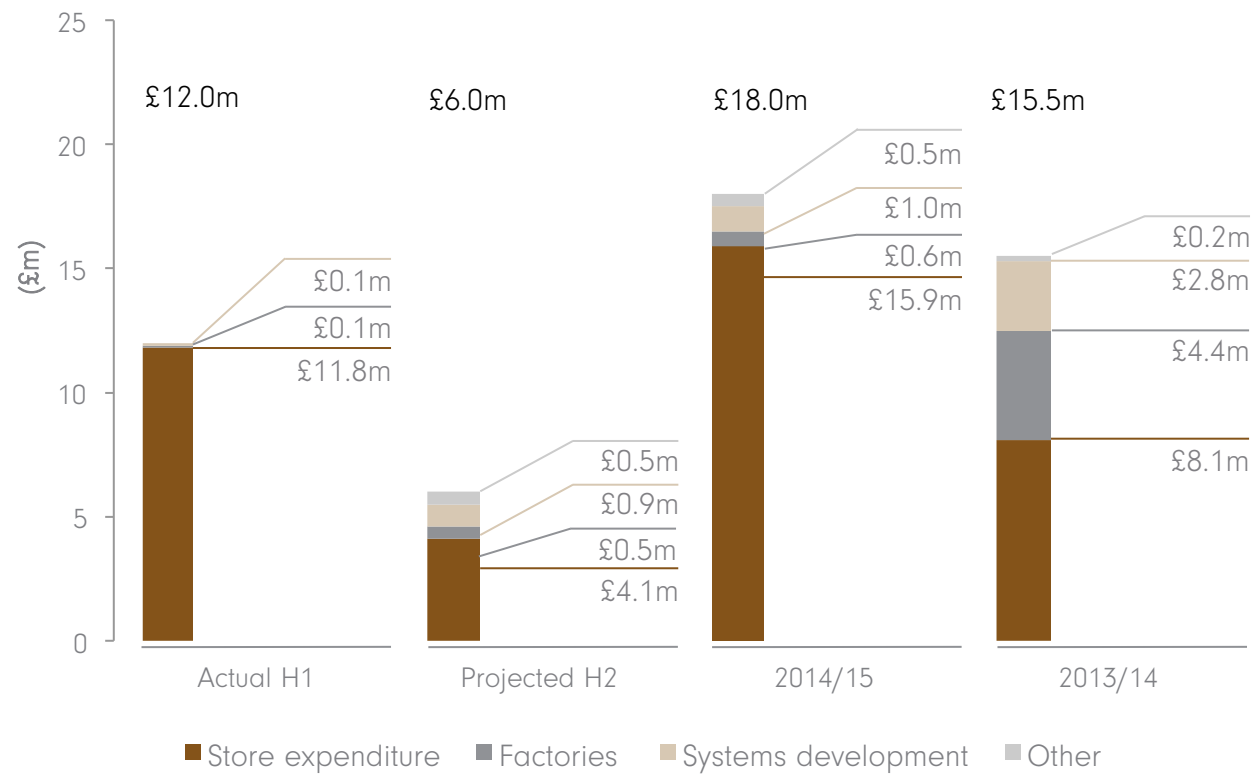
AS AT 30 SEPTEMBER 2014

BALANCE SHEET (£ MILLION)	30 SEPTEMBER 2013	<b>30 SEPTEMBER 2014</b>	VARIANCE
Fixed assets and investments	46.0	<b>50.9</b>	11%
Inventories	33.4	<b>39.3</b>	18%
Trade and other receivables	17.4	<b>14.0</b>	-20%
Current tax asset	-	<b>1.2</b>	n/a
Cash	11.1	<b>3.6</b>	-68%
Current liabilities	(26.9)	<b>(28.6)</b>	6%
Net assets	81.0	<b>80.4</b>	-1%



## CAPITAL AND INVESTMENT EXPENDITURE ANALYSIS

FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2014



## 2. STRATEGY

## KEY PRIORITIES

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1. PRODUCT
2. DISTRIBUTION
3. OPERATIONS
4. BRAND AND MARKETING

## 1. PRODUCT

REINVIGORATING OUR OFFERING HAS BEEN A TOP PRIORITY

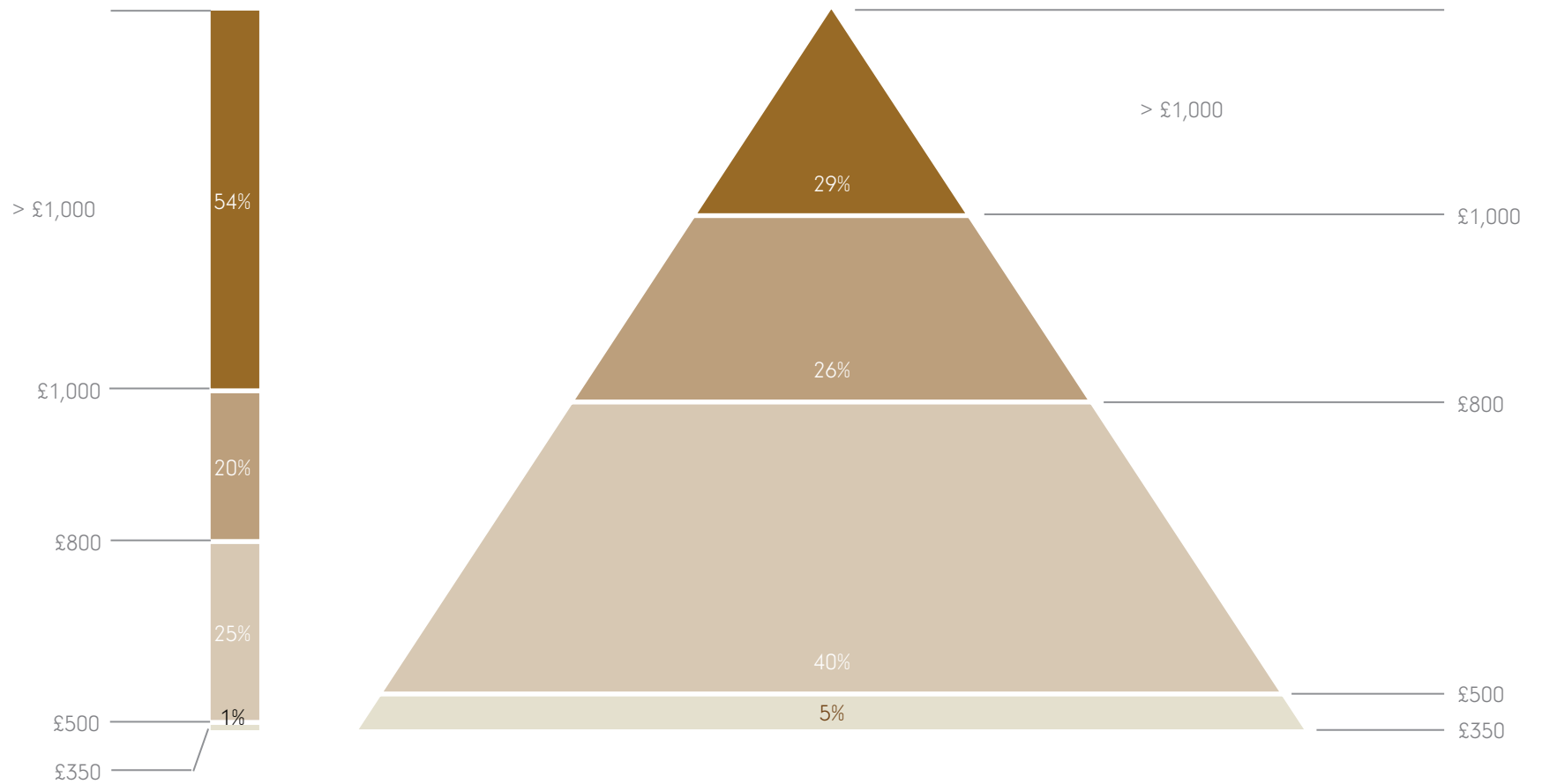
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- Introducing product across the complete price spectrum
- Successful launch of Tessie and Cara Delevingne bag families
- Spring Summer 15 collections introduced in stores during November:
  - New products include the Blossom tote, mini Lily and enhanced range of small leather goods
  - Encouraging customer response

# 1. PRODUCT

## HANDBAG PRICE POSITIONING

PRODUCT MIX BY % OF SKUS



SPRING SUMMER 2014

SPRING SUMMER 2015

## 2. DISTRIBUTION

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BUILD THE BUSINESS INTERNATIONALLY WITH STRATEGICALLY PLACED STORES COMPLEMENTED BY:

- A strong digital presence
- Selective multi-brand relationships

120 STORES (INCLUDING, FRANCHISE) AS OF 30 SEPTEMBER 2014:

- Directly-operated stores: two opened during H1 (Las Vegas, Hamburg).
- Partner stores: two opened in Bangkok and Dubai, closures in South Korea, Hong Kong and Bahrain to optimise our distribution platform in those markets.



Dallas



Frankfurt

## 2. DISTRIBUTION

WORLDWIDE RETAIL FOOTPRINT: SEPTEMBER 2014

	Department store Shop-in-Shop	Free Standing Stores	Total Sept 2014	Changes from 31 March 2014	Total March 2014
<b>Directly Operated Stores</b>					
UK	25	21	46	1	45
Europe	3	9	12	1	11
North America	-	11	11	1	10
<b>Total Own Stores</b>	<b>28</b>	<b>41</b>	<b>69</b>	<b>3</b>	<b>66</b>
<b>Partner Stores</b>					
Scandinavia	2	7	9	-	9
Other European	-	1	1	-	1
South Korea	15	3	18	-5	23
Other Asia Pacific	5	14	19	-	19
Middle East	-	4	4	-	4
<b>Total Partner Stores</b>	<b>22</b>	<b>29</b>	<b>51</b>	<b>-5</b>	<b>56</b>
<b>Total Retail Footprint</b>	<b>50</b>	<b>70</b>	<b>120</b>	<b>-2</b>	<b>122</b>

### 3. OPERATIONS

#### SCALABLE PLATFORM

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##### COMPLETED ROLL-OUT OF NEW EPOS SYSTEM INTO OUR OWN STORES

- Better inventory control
- Supports the new CRM application

##### IMPLEMENTED FIRST PHASE OF OMNI-CHANNEL PROJECT FOR OUR UK FULL PRICE STORES

- Includes in-store collection of online orders (Click & Collect), in-store online ordering and in-store returns for items bought online
- The omni-channel service will be further extended in coming months and years



## 4. BRAND AND MARKETING

### LEVERAGE BETTER OUR ASSETS

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#### RE-ENGAGE WITH OUR CUSTOMERS BY REINFORCING OUR CORE BRAND VALUES

- Fashion-led, modern luxury, British lifestyle, Heritage/made in England

#### IMPLEMENTED SOPHISTICATED CRM APPLICATION

- Will enable us to gain a deeper insight into our customers' behaviour and better service their needs

#### DIGITAL MARKETING

- Gaining significance within our marketing spend
- Enhanced, more cost effective customer reach
- #WinChristmas video a good example of how we are marketing the brand in a cost effective and uniquely British way



### 3. CURRENT TRADING AND OUTLOOK

## CURRENT TRADING AND OUTLOOK

	Retail like-for-like sales		Retail total sales	
This year vs. last year (%)	26 weeks to 30-Sep-14**	9 weeks to 29-Nov-14	26 weeks to 30-Sep-14**	9 weeks to 29-Nov-14
UK full price	-12%	+5%	-12%	+2%
UK outlet	-25%	-9%	-23%	+6%
UK Retail total*	-17%	-1%	-16%	+4%
International Retail total*	-2%	+1%	+20%	+23%
Online total	+1%	+18%	+1%	+18%
Group Retail total	-13%	+2%	-9%	+8%

\* Regional splits exclude online sales

\*\* Retail sales for the 26 weeks to 30-Sep-14 have been previously reported

## CURRENT TRADING AND OUTLOOK

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### INTERNATIONAL EXPANSION

- Since the end of September, two further directly-operated stores opened (Frankfurt, Dallas) and one concession opened in Paris (Galeries Lafayette), reaching our target of five new DOS for the financial year
- Since the end of September, one partner store opened in China and one partner store closed in Singapore.
- We are on track to open our Paris flagship store during April 2015.

### CONTINUED INVESTMENT

- Capital and investment expenditure for 2014/15 expected to be c. £18.0 million, of which £15.9 million on stores
- This includes the significant investment in the important Paris flagship store
- Some effect on gross margin in 2014/15 as second factory is building up to full efficiency

### OUTLOOK

- While progressive improvement in Retail sales trends is encouraging, the next few weeks of trading are very important to the full year result
- Fewer new stores to be opened while we build the sales and operating performance of the 20 stores opened in North America and Europe over the last three years



#WINCHRISTMAS



## CONTACTS

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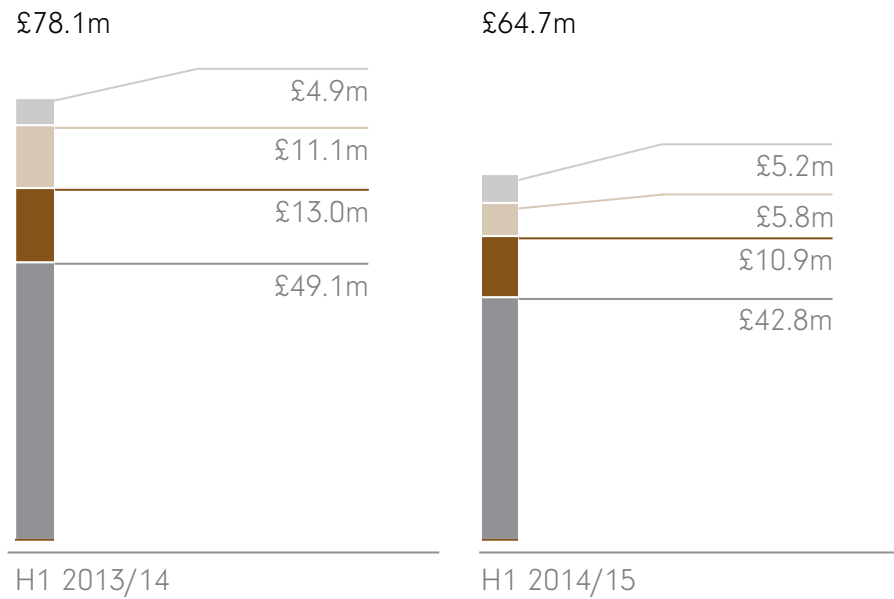
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## APPENDIX

### REVENUE BY REGION



■ UK   ■ Europe   ■ Asia Pacific and Middle East  
 ■ North America

## APPENDIX

### REVENUE BY REGION / CHANNEL

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	H1 2013/14 £m			H1 2014/15 £m		
	Retail	Wholesale	Total	Retail	Wholesale	Total
UK	41.6	7.5	49.1	35.8	7.0	42.8
Europe	3.5	9.5	13.0	4.1	7.3	11.4
Asia Pacific and Middle East	0.1	11.0	11.1	0.2	5.1	5.3
North America	4.3	0.6	4.9	5.0	0.2	5.2
Total Revenue	49.5	28.6	78.1	45.1	19.6	64.7



## APPENDIX

### REVENUE BY PRODUCT

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#### REVENUE BY PRODUCT (H1 2014/15)

