

Mulberry

Interim Results

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Agenda

1. FINANCIAL REVIEW

2. STRATEGY

3. CURRENT TRADING AND OUTLOOK

4. APPENDIX

Highlights

1. SALES GROWTH, CASH GENERATION

- Total revenue up 10% to £74.5 million (2015: £67.8 million)
- Strong balance sheet with cash of £11.3 million at the end of the period (2015: £4.1 million)

2. INVESTING IN NEW, EXCITING PRODUCT

- Nine new bags launched under creative direction of Johnny Coca, including the evolution and re-interpretation of Bayswater
- Well received by our existing customers and a new audience

3. FORMING A NEW BUSINESS IN ASIA

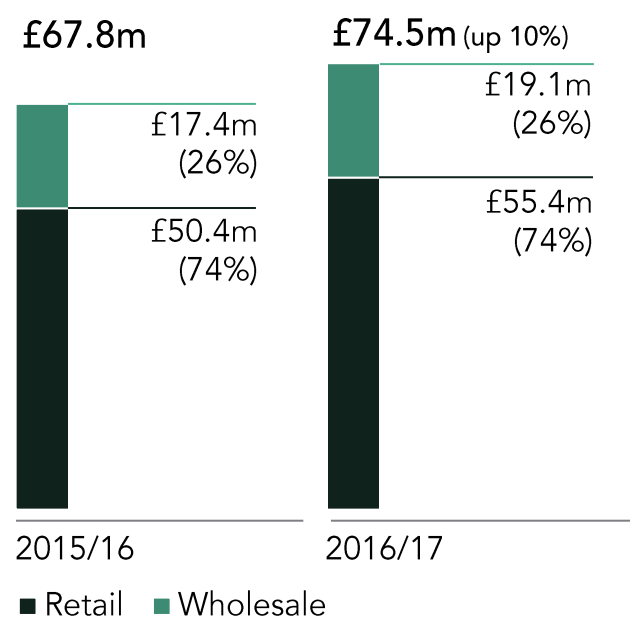
- Building direct representation in China, Hong Kong and Taiwan through new business partnership with Challice
- Improving customer experience with Chinese website and new stores planned in key locations

1. Financial Review



Revenue by channel

TOTAL REVENUE



Note: Digital included in Retail sales

RETAIL UP 10%, LIKE-FOR-LIKE UP 7%:

- UK Retail (including Digital) up 12%
- International Retail (including Digital) up 2%
- Global Digital up 32%

WHOLESALE UP 10%:

- Positive reaction to new product ranges

Income Statement — For six months ended 30 September 2016

£ MILLION	30 SEPTEMBER 2015	30 SEPTEMBER 2016	VARIANCE
Revenue	67.8	74.5	+10%
Gross profit	41.7	44.0	+6%
Gross margin	61.5%	59.1%	
Other operating expenses (net)	(41.9)	(44.6)	+6%
Exceptional items*	0.1	-	n/a
Operating loss	(0.1)	(0.6)	n/a
Profit/(loss) before tax	0.1	(0.5)	n/a
Adjusted** loss before tax	(0.1)	(0.5)	n/a
Basic earnings/(loss) per share (pence)	0.2	(0.6)	n/a

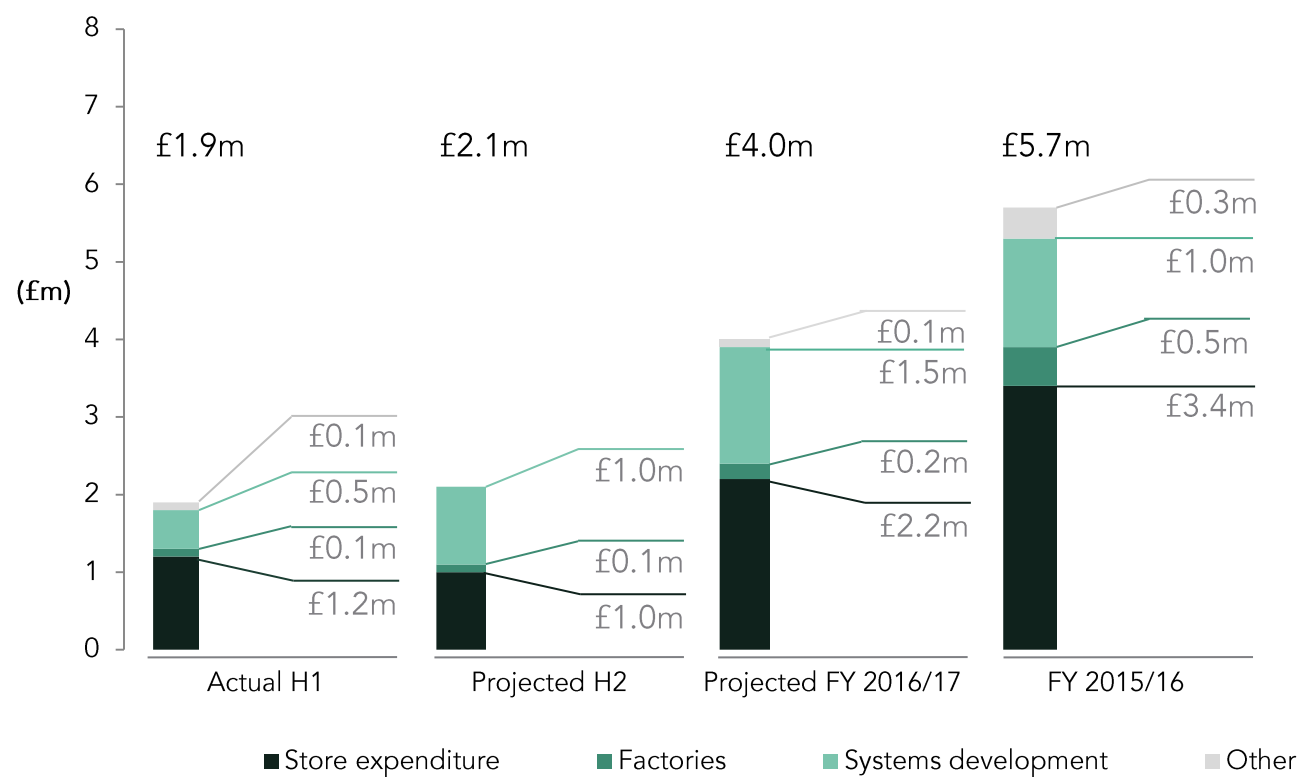
* 2015: Profit on disposal of 2 stores offset by Retail asset impairment costs

**Adjusted to add back exceptional items

Balance Sheet — As at 30 September 2016

BALANCE SHEET (£ MILLION)	30 SEPTEMBER 2015	30 SEPTEMBER 2016	VARIANCE
Fixed assets and investments	41.6	39.5	-5%
Inventories	47.7	43.7	-8%
Trade and other receivables	12.9	13.6	+6%
Cash	4.1	11.3	+176%
Current liabilities	(27.4)	(27.3)	-
Net assets	78.9	81.1	+3%

Capital Expenditure Analysis



2. Strategy



Product

NEW PRODUCT INTRODUCED CREATING BRAND INTEREST

- Nine new bags introduced, including the evolution and re-interpretation of the Bayswater
- Continued investment in new product with additional bags and sizes planned for coming seasons



Marketing and Brand

EMPHASISE BRITISH DNA AS A POINT OF DISTINCTION

- Commitment to “Made in England” and UK manufacturing
- Conveyed across all customer touch points including Mulberry stores globally and mulberry.com

DIGITAL MARKETING

- Digital and social content marketing continues to represent the majority of media investment
- New digital formats trialled with increased usage of video and social sites
- Target new audience with more interactive use of social media

Retail, Digital and Omni-channel

ENHANCE OMNI-CHANNEL CAPABILITIES

- Omni-channel roll-out to European retail network in Germany, France and the Netherlands from April 2016
- USA launch of local distribution centre and omni-channel services from July 2016

STRATEGIC REFINEMENT OF STORE NETWORK

- Continue to strategically refine store network with relocations, strategic closures and selective openings
- Improve productivity of Retail through merchandising, seasonal messaging and staff training
- 122 stores (including partner) as at 30 September 2016

Retail, Digital and Omni-channel

WORLDWIDE RETAIL FOOTPRINT: 30 SEPTEMBER 2016

	Department store Shop-in- Shop	Free Standing Stores	Total September 2016	Changes from 31 March 2016	Total March 2016
Directly Operated Stores					
UK	24	21	45	–	45
Europe	3	10	13	–	13
North America	–	8	8	-1	9
Asia Pacific	–	1	1	1	–
Total Own Stores	27	40	67	–	67
Partner Stores					
Scandinavia	3	7	10	–	10
Other European	–	2	2	–	2
South Korea	17	4	21	2	19
Other Asia Pacific	2	14	16	-4	20
Middle East	1	2	3	-1	4
Total Partner Stores	23	29	52	-3	55
Total Retail Footprint	50	69	119	-3	122

3. Current Trading and Outlook



North Asia new business

AGREEMENT SIGNED TO FORM NEW ENTITY IN NORTH ASIA

- Covers China, Hong Kong and Taiwan
- Digital/Omni-channel and customer experience
- Growing business with Asian tourists
- Merchandising flexibility with new collections
- Local expertise of partner

Current Trading

RETAIL

- Increase in tourist spending in London but domestic demand has softened
- FY results subject to Christmas performance

This year vs. last year (%)	Retail total sales		Retail like-for-like sales	
	26 weeks to 30-Sep-16	10 weeks to 3-Dec-16	26 weeks to 30-Sep-16	10 weeks to 3-Dec-16
UK Retail*	+12%	+6%	+7%	+3%
International Retail*	+2%	-3%	+10%	+1%
Total Retail	+10%	+4%	+7%	+3%

* Regional splits include Digital sales; Digital sales increased 32% in the 26 weeks to 30 Sep 2016 and increased 1% in the 10 weeks to 3 December 2016

Outlook

WHOLESALE

- In H2, Wholesale business expected to grow, driven by interest in new collections

INTERNATIONAL

- North Asia: new business to progress strategy of developing retail and omni-channel model in key luxury markets; cost impact anticipated to be c. £2.0 million in current financial year
- Europe: Group will focus on improving productivity of stores with potential further refinement of store network, improvement of quality of wholesale distribution
- USA: developing omni-channel while further strategic refinement to store network

OMNI-CHANNEL

- USA omni-channel launched (Oct 2016)
- mulberry.com sites launched in key territories including Australia, Canada, China, Korea
- Omni-channel to remain a key area of investment for the Group going forward

Outlook

CURRENCY

- Recent devaluation of British pound relative to global currencies
- Operating costs of overseas subsidiaries will increase
- Increased cost of purchasing materials for production, high proportion sourced in euro and US\$
- Increase in tourism into the UK has boosted London store performance, but impacted sales in some European and US destinations
- Group has hedged currency positions through to mid-2017
- In total, currency factors expected to give rise to c. £1.0 million in additional costs in the current financial year

CAPEX

- Capex for the current financial year is expected to be c. £4.0 million, the majority of which will be on stores

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DIGITAL PLATFORMS

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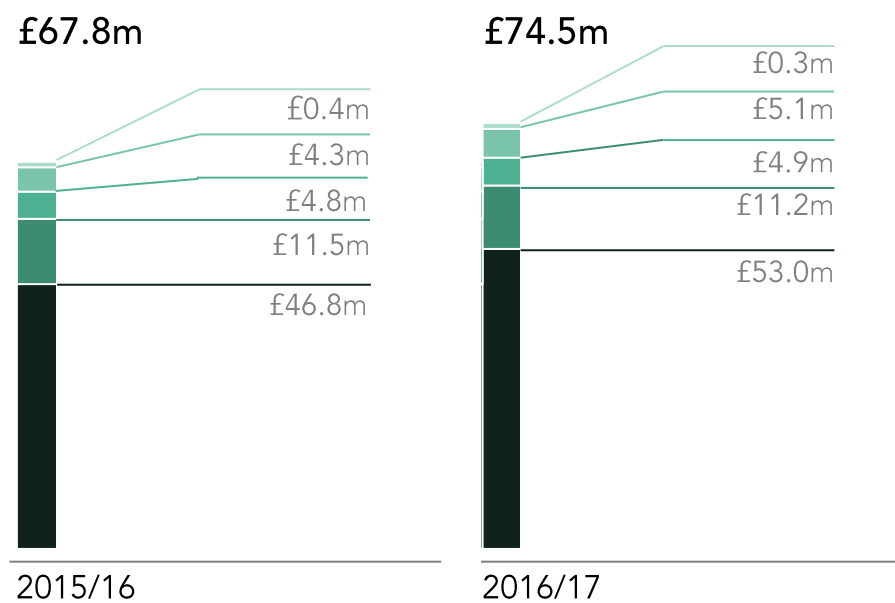
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4. Appendix



Appendix – Revenue by region



■ UK ■ Europe ■ North America ■ Asia Pacific ■ Middle East/Other

Appendix – Revenue by region/channel

	2015/16 £m			2016/17 £m		
	Retail	Wholesale	Total	Retail	Wholesale	Total
UK	40.0	6.8	46.8	45.0	8.0	53.0
Europe	5.4	6.1	11.5	5.1	6.1	11.2
Asia Pacific	0.3	4.0	4.3	0.8	4.3	5.1
North America	4.7	0.1	4.8	4.6	0.3	4.9
Middle East/Other	-	0.4	0.4	-	0.3	0.3
Total Revenue	50.4	17.4	67.8	55.4	19.1	74.5

Appendix – Revenue by product

