

Mulberry

Preliminary Results

FOR THE YEAR ENDED 31 MARCH 2017

Agenda

1. FINANCIAL REVIEW

2. STRATEGY

3. CURRENT TRADING AND OUTLOOK

4. APPENDIX

Highlights

1. INTERNATIONAL STRATEGY ADVANCED

- Creation of new entity to develop business in China, Hong Kong, Taiwan
- Acquisition of Australia business
- Omni-channel extended and enhanced internationally

2. GOOD FINANCIAL PROGRESS

- Sales and profit growing
- Cash generation and strong balance sheet

3. GENERATED STRONG CREATIVE MOMENTUM

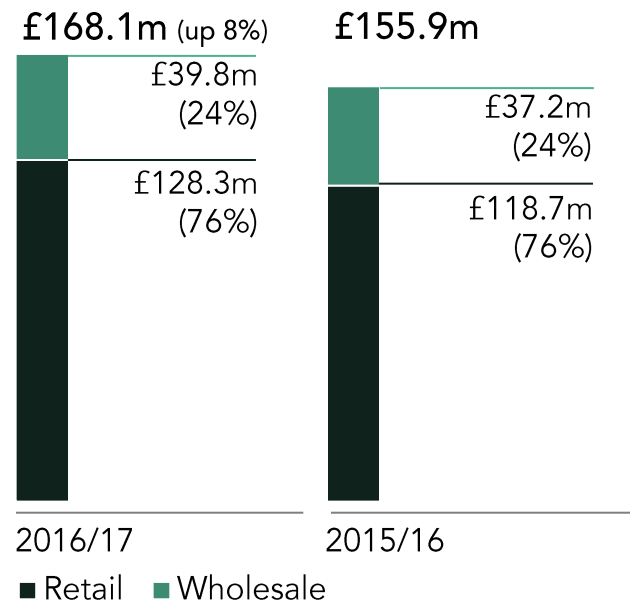
- Significant number of new product launches by our creative and production teams
- Proud of Somerset based factories which remain a point of distinction
- Well received by our existing and new customers

A woman with long brown hair is shown from the chest up, holding a blue pebbled leather Mulberry bag. She is wearing a dark green jacket. The background is a soft, out-of-focus sky. The text "1. Financial Review" is overlaid in white on the left side of the image.

1. Financial Review

Revenue by channel

TOTAL REVENUE



Note: Digital included in Retail sales

RETAIL UP 8%, LIKE-FOR-LIKE UP 5%:

- UK Retail (including Digital) up 10% (like-for-like up 5%)
- International Retail (including Digital) up 1% (like-for-like up 7%)
- Global Digital up 19%; now represents 15% of revenue (2016: 14%)

WHOLESALE UP 7%:

- Positive reaction to new product ranges
- Selective new accounts opened in Europe, North America and Asia

Income Statement

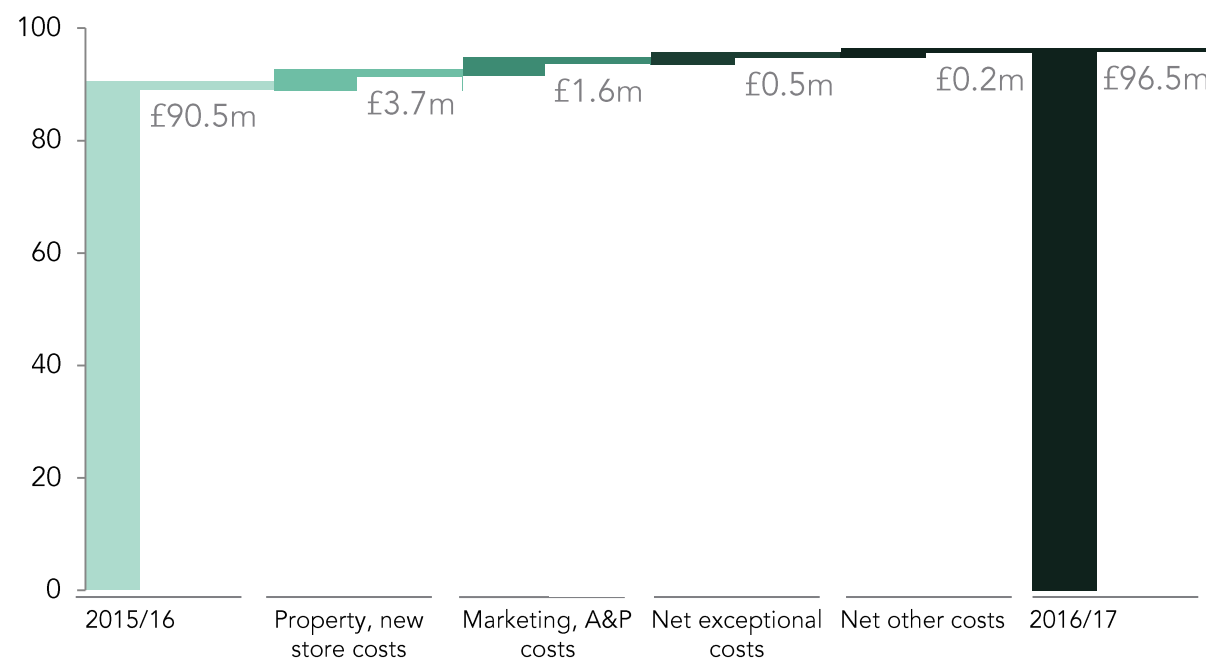
£ MILLION	31 MARCH 2017	31 MARCH 2016	VARIANCE
Revenue	168.1	155.9	+8%
Gross profit	103.6	96.6	+7%
Gross margin	61.6%	62.0%	
Operating expenses (net)	(96.5)	(90.5)	+7%
Operating profit	7.1	6.1	+16%
Other operating income	0.4	0.1	
Profit Before Tax	7.5	6.2	+21%
Adjusted* Profit Before Tax	8.6	6.8	+28%
Basic earnings per share (pence)	8.4	4.5	+87%

* Adjusted to add back exceptional items:

2016: Profit on disposal of 2 stores offset by Retail asset impairment costs;

2017: Retail asset impairment costs

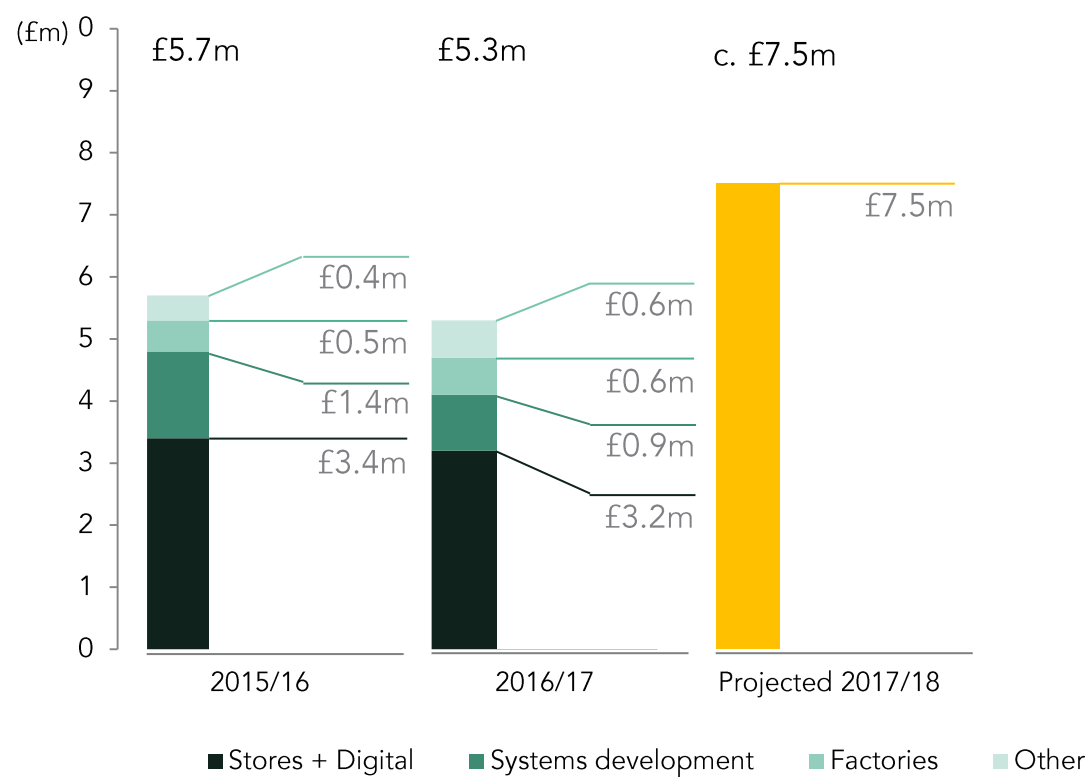
Operating expenses



Balance Sheet

BALANCE SHEET (£ MILLION)	31 MARCH 2017	31 MARCH 2016	VARIANCE
Fixed assets and investments	36.6	40.9	-11%
Inventories	42.8	44.4	-4%
Trade and other receivables	14.7	10.8	+36%
Cash	21.1	14.0	+51%
Current liabilities	(29.6)	(30.1)	-2%
Net assets	85.6	79.9	+7%

Capital Expenditure Analysis



A photograph of a young woman with long, wavy blonde hair, looking directly at the camera. She is wearing a button-down shirt with a vibrant, multi-colored floral pattern. The shirt's collar is large and ruffled. She is standing outdoors, with a large tree covered in small white blossoms behind her to the right. The background to the left is a soft-focus landscape with greenery and a distant building under a cloudy sky. The text "2. Strategy" is overlaid in the center of the image.

2. Strategy

Product

CREATIVE MOMENTUM CONTINUES

- Creative momentum continues with good reception to new product by our customers
 - New Zipped Bayswater an immediate bestseller
- Continued focus on novelty in coming seasons with extension of existing bag families
- Reinforce Mulberry as a lifestyle brand
 - Strengthened complementary categories: footwear, ready-to-wear, soft accessories, jewellery



Marketing and Brand

ENGAGE WITH CUSTOMERS ACROSS ALL TOUCHPOINTS

- Integrated marketing approach
- Traditional events and press formats with extensive use of digital, mobile and social media
- Digital taking highest share of media investment

EVOLUTION OF SEASONAL COLLECTION LAUNCHES

- Private preview of Spring Summer 2018 during Sept 2017
- Collection unveiled and immediately available to buy during Feb 2018 (London Fashion Week) for an instantly shoppable, real-time global consumer experience



Retail, Digital and Omni-channel

ENHANCEMENT OF OMNI-CHANNEL CAPABILITIES

- Omni-channel roll-out to store network in Germany, France and the Netherlands from April 2016
- USA launch of local distribution centre and omni-channel services from July 2016
- Local language websites launched in China and Korea; full translation planned during Summer 2017
- Omni-channel to be introduced to newly controlled territories in Asia

Retail, Digital and Omni-channel

STRATEGIC REFINEMENT, ENHANCEMENT, EXTENSION OF STORE NETWORK

- UK enhancement: relocation of Covent Garden and Bicester stores
- International development:
 - Asia Pacific: Acquisition of Sydney, Australia store; through Mulberry Asia acquisition of one store in Hong Kong; plans to acquire two stores in China, one concession in Taiwan during 2017/18;
 - North America: closure of two stores (New York and Washington), sales to the Nordstrom department store chain commenced
- 119 stores (including partner) as at 31 March 2017



Retail, Digital and Omni-channel

WORLDWIDE RETAIL FOOTPRINT: 31 MARCH 2017

	Free Standing Stores	Department store Shop-in-Shop	Total March 2017	Changes from 31 March 2016	Total March 2016
<u>Own Stores</u>					
UK	21	25	46	+1	45
Europe	10	3	13	–	13
North America	7	–	7	-2	9
Asia Pacific	1	–	1	+1	–
Total Own Stores	39	28	67	–	67
<u>Partner Stores</u>					
Europe	8	3	11	-1	12
South Korea	4	17	21	+2	19
Other Asia Pacific	14	2	16	-4	20
Middle East	3	1	4	–	4
Total Partner Stores	29	23	52	-3	55
Total Retail Footprint	68	51	119	-3	122

A woman wearing a long, flowing dress with a colorful floral pattern in shades of yellow, orange, and purple. She is holding a large, structured brown leather bag with two top handles and a front flap featuring a gold-toned metal clasp. The bag has the 'Mulberry' logo embossed on the top handle. She is standing in front of a rustic wooden fence with a wire mesh. The background is slightly blurred, showing a natural outdoor setting.

3. Current Trading & Outlook

International development

NORTH ASIA

- New entity, Mulberry Asia, launched to operate business in China, Hong Kong and Taiwan
- Group owns 60% of share capital of Mulberry Asia, with Challice holding the remaining 40%
- Mulberry Asia commenced trade in Hong Kong during April 2017 whilst a subsidiary in China and a branch in Taiwan will be formed and are expected to be operational during 2017
- Increasing marketing activity with recent event in Hong Kong being followed by further events planned for China

Current Trading

RETAIL

- Total Retail like-for-like sales up 1%
- UK Retail like-for-like sales up 2%; continue to benefit from an increase in tourist spending in London although domestic demand has been softer
- International Retail sales show a weakening in non-strategic locations with management continuing to focus on optimisation of the store network

This year vs. last year (%)	Retail like-for-like sales			Retail total sales		
	26 weeks to 30-Sep-16	52 weeks to 31-Mar-17	10 weeks to 3-Jun-17	26 weeks to 30-Sep-16	52 weeks to 31-Mar-17	10 weeks to 3-Jun-17
UK Retail*	+7%	+5%	+2%	+12%	+10%	-3%
International Retail*	+10%	+7%	-3%	+2%	+1%	0%
Total Retail	+7%	+5%	+1%	+7%	+8%	-3%

* The decline in total sales reflects the shift in timing of the half-yearly UK friends and family event which occurred during April 2016 but took place during March in 2017

** Regional splits include Digital sales

Digital sales increased by 19% in the year to 31 March 2017 and increased by 23% in the 10 weeks to 3 June 2017

Outlook

WHOLESALE

- North Asia will transition from a wholesale account to a Retail subsidiary during the financial year which will reduce Wholesale revenue and increase Retail revenue

INTERNATIONAL

- North Asia: operational since April 2017, China, Taiwan activities expected to launch during 2017; enhancement, extension of store network (Hong Kong, Shanghai)
- Europe: focus on improving productivity of stores, potential further refinement of store network
- USA: further omni-channel enhancements, potential further strategic refinement of store network

OMNI-CHANNEL

- Further enhancements introduced to the Digital and omni-channel offering
- 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

CAPEX

- A new design concept for the Group's stores is being developed which will lead to increased capital expenditure when it is rolled out (expected to commence 2018)
- Capex for the current financial year is expected to be c. £7.5 million, the majority of which will be on stores

Contacts

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DIGITAL PLATFORMS

mulberry.com

blog.mulberry.com

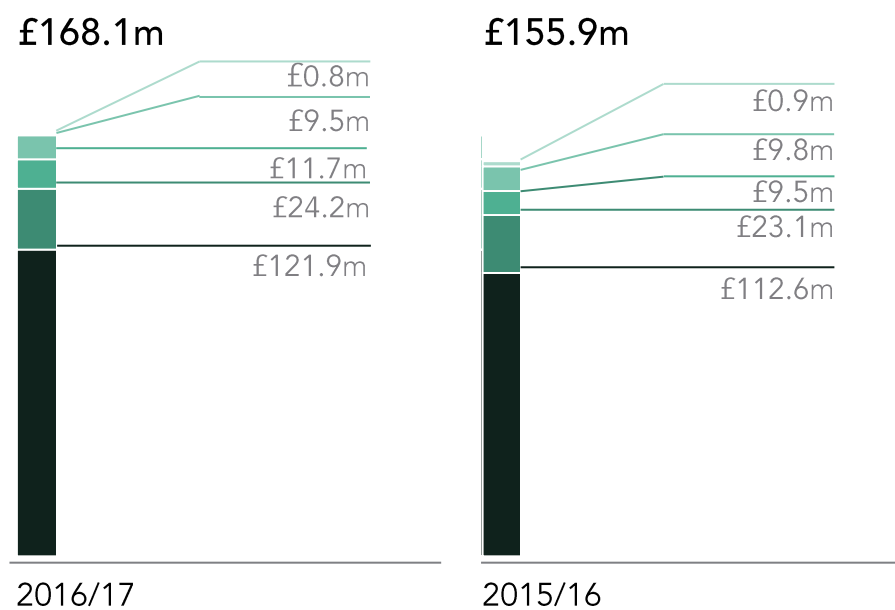
[Twitter@mulberry_editor](https://twitter.com/mulberry_editor)

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4. Appendix

Appendix – Revenue by region



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

Appendix – Revenue by region/channel

	2016/17 £m			2015/16 £m		
	Retail	Wholesale	Total	Retail	Wholesale	Total
UK	106.8	15.1	121.9	97.5	15.1	112.6
Europe	10.9	13.3	24.2	11.0	12.1	23.1
Asia Pacific	1.6	10.1	11.7	0.5	9.0	9.5
North America	8.9	0.6	9.5	9.6	0.2	9.8
Middle East/Other	0.1	0.7	0.8	0.1	0.8	0.9
Total Revenue	128.3	39.8	168.1	118.7	37.2	155.9

Appendix – Revenue by product

