

Mulberry

Preliminary Results

FOR THE YEAR ENDED 31 MARCH 2018

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Highlights

1. INTERNATIONAL PACE INCREASED

- Completion of set up phase in Asia with significant investment during the year
- New majority owned business agreed post year end to develop South Korea
- Business development underway on store network, digital, omni-channel and marketing

2. RATE OF PRODUCT INNOVATION CONTINUES

- Continued high pace of new products to market
- New silhouettes launched including Amberley, Bayswater Tote and Seaton
- Establishment of Artisan Studio in Somerset to produce limited edition products

3. GROWTH AND OPTIMISATION IN EXISTING BUSINESS*

- Growth in profit from existing business* before significant investment in new Asia entities
- Cash generation and strong balance sheet

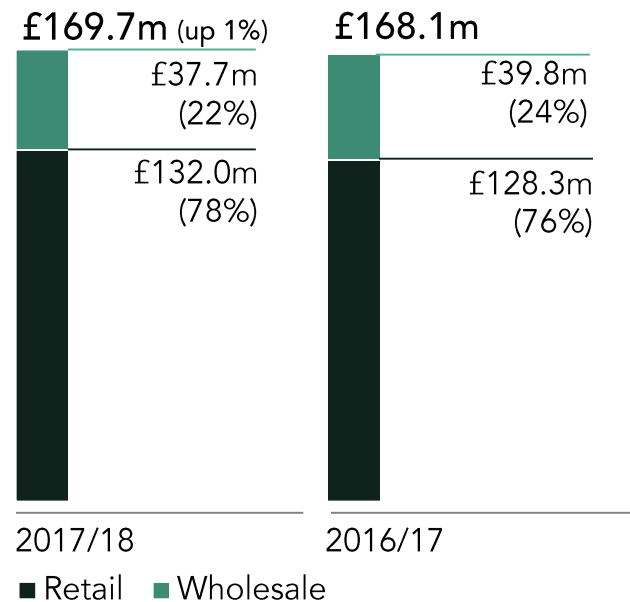
* Existing business = UK, Europe, North America, Wholesale and excludes new entities in Asia



1. Financial Review

Revenue by channel

TOTAL REVENUE



Note: Digital included in Retail sales

RETAIL UP 3%, LIKE-FOR-LIKE FLAT:

- UK Retail (including Digital) broadly flat (like-for-like down 1%)
- International Retail (including Digital) up 20% (like-for-like up 5%)
- Global Digital up 14%; now represents 17% of revenue (2017: 15%)

WHOLESALE DOWN 5%:

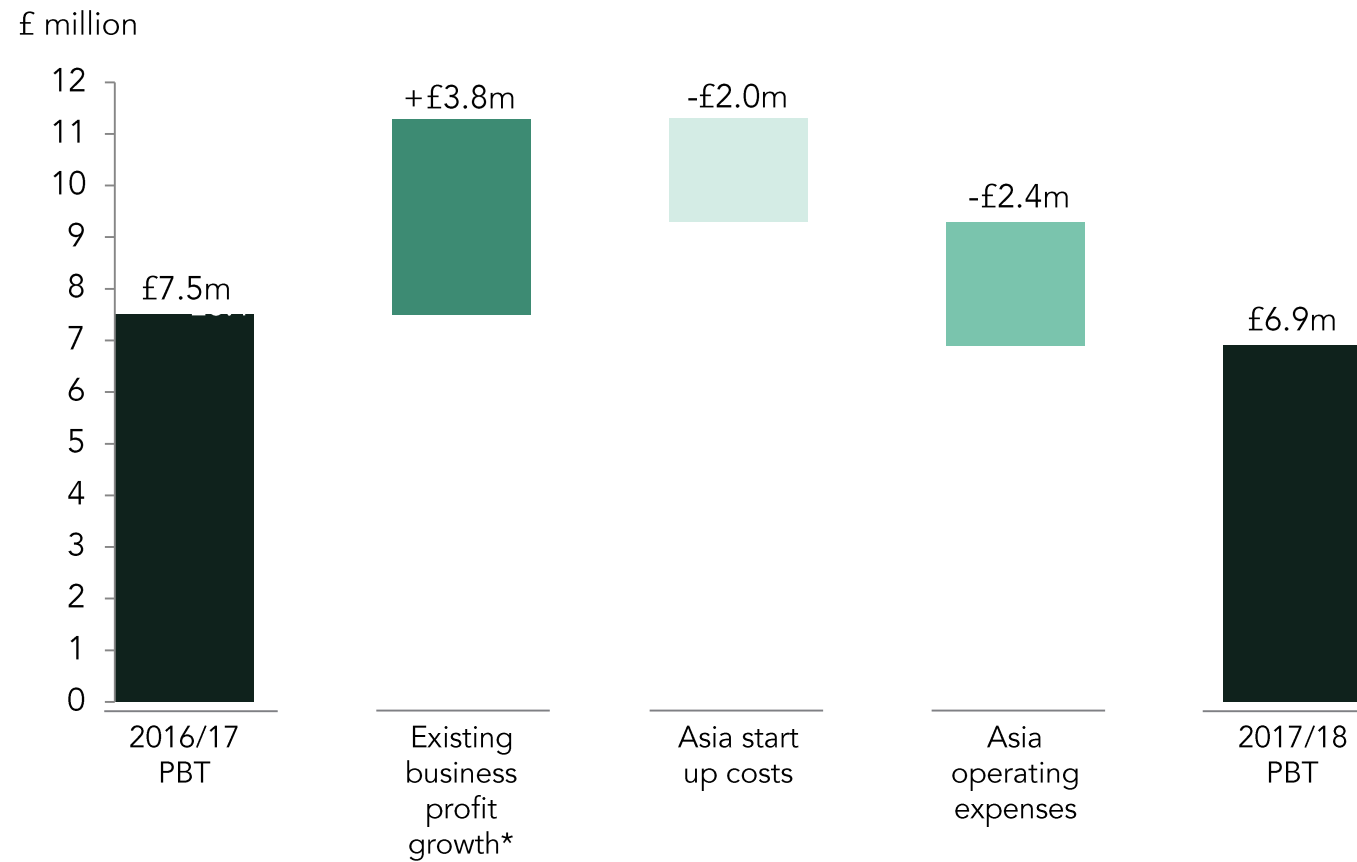
- Positive reaction to new collections
- Transfer of stores previously operated by partners in North Asia to owned retail subsidiaries

Income Statement

£ MILLION	31 MARCH 2018	31 MARCH 2017	VARIANCE
Revenue	169.7	168.1	+1%
Gross profit	107.7	103.6	+4%
Gross margin	63.5%	61.6%	
Operating expenses (net)	(101.0)	(96.5)	+5%
Operating profit	6.7	7.1	-5%
Other operating income	0.2	0.4	
Profit Before Tax	6.9	7.5	-8%
Profit Before Tax (existing business)*	11.3	8.3	+36%
Basic earnings per share (pence)	8.3	8.4	-1%

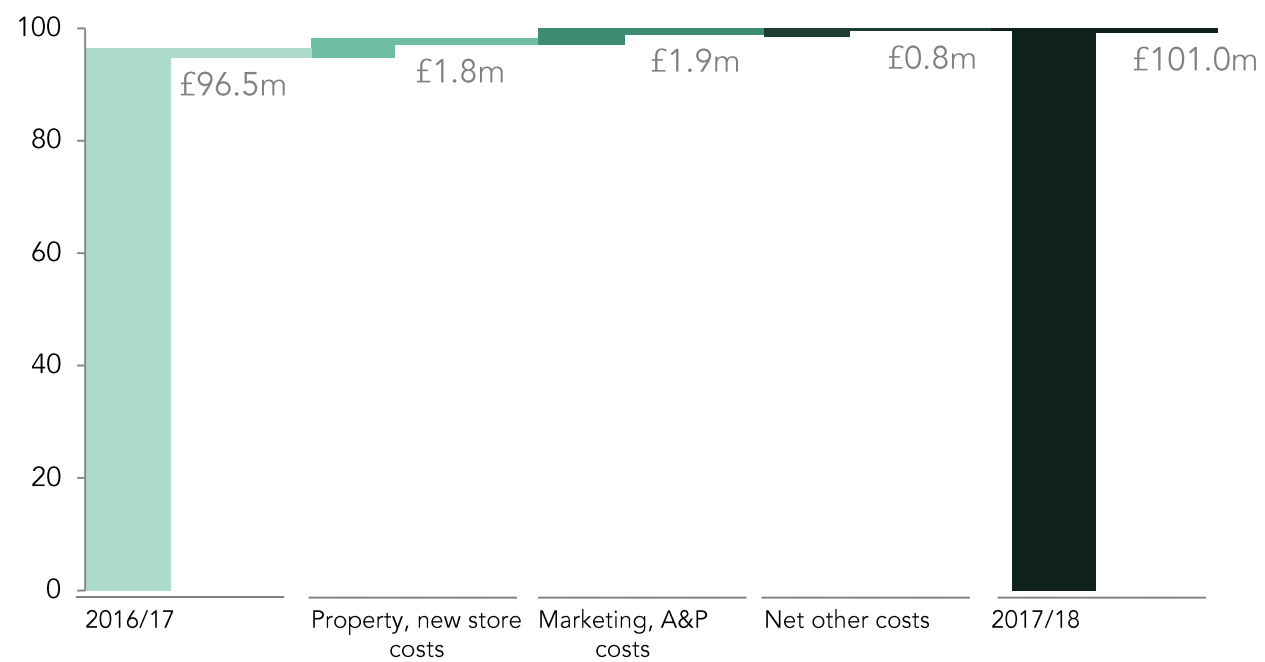
* Existing business includes the UK, Europe, North America, Wholesale

Profit bridge



* Existing Business includes the UK, Europe, North America, Wholesale and excludes new entities in Asia

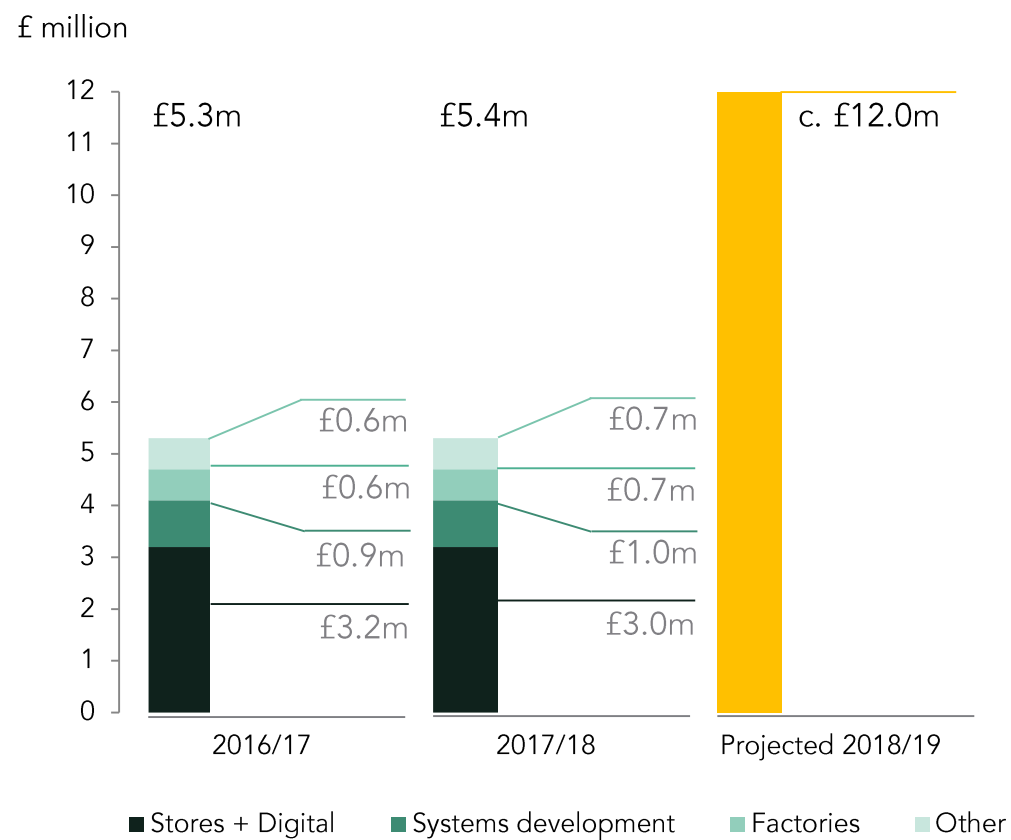
Operating expenses (net)



Balance Sheet

BALANCE SHEET (£ MILLION)	31 MARCH 2018	31 MARCH 2017	VARIANCE
Fixed assets and investments	34.4	36.6	-6%
Inventories	44.6	42.8	+4%
Trade and other receivables	15.2	14.7	+4%
Cash	25.1	21.1	+19%
Current liabilities	(31.1)	(29.6)	+5%
Net assets	88.2	85.6	+3%

Capital Expenditure Analysis



A woman with short reddish hair is sitting on a plush, olive-green velvet sofa. She is wearing a long-sleeved, teal-colored dress with a draped neckline. She is holding a small, red, textured handbag with two top handles. Her right hand is resting on her chin, and her left hand is holding the handle of the bag. The background is dark, and the lighting is soft, highlighting the textures of the dress and the sofa. The text "2. Strategy" is overlaid in white, serif font in the center of the image.

2. Strategy

Product

NEW PRODUCTS GAINED FURTHER MOMENTUM

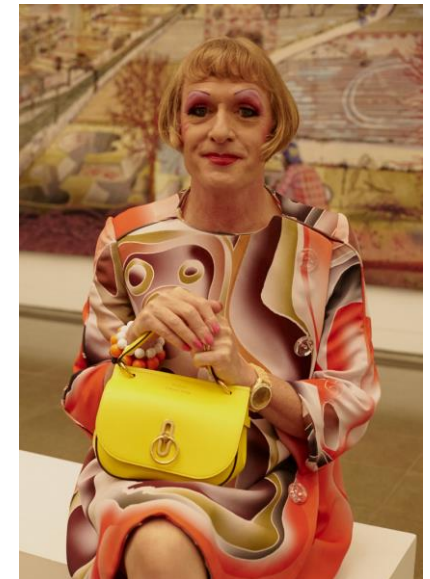
- New silhouettes established (e.g. Bayswater Tote, Seaton) and animations of recently established lines (Bayswater with Strap, Zipped Bayswater, Amberley)
- The Amberley range, featuring the distinctive “Rider’s Lock”, is proving to be an immediate bestseller
- Reinforce Mulberry’s lifestyle brand positioning, developing complementary categories: men’s leather goods, footwear, ready-to-wear, soft accessories, jewellery
- New Heritage bag family introduced as part of men’s range



Marketing and Brand

CUSTOMER DRIVEN, INTERNATIONAL FOCUS

- First customer event held in London during February 2018 with Spring Summer 2018 collection instantly shoppable across Retail and Digital platforms
- Increased focus on international with customer events in Japan, China and New York
- Continued 360 approach with extensive use of digital, mobile, social influencer and out of home



Retail, Digital and Omni-channel

FOCUS ON ENHANCING AND EXPANDING STORE NETWORK IN ASIA

- North Asia:
 - Hong Kong: Harbour City store relocated, became part of Group Retail Sales during April 2017
 - China: New store opened in Shanghai Plaza 66, Beijing China World store relocated; outlet in Tianjin was acquired by Mulberry Asia and these stores became part of Group's Retail sales during March 2018
 - Taiwan: Store in Breeze acquired during October 2017
- Omni-channel service remains a key area of focus and investment with enhancements launched:
 - Functionality to purchase store stock online, same day delivery (including on click and collect)
 - Local language sites in China and Korea and local currency sites in Sweden and Denmark
 - Partnership with Toplife, JD'com's luxury digital platform in China, to sell Mulberry products
- 114 global stores (including partner) as at 31 March 2018 (2017: 117)



Retail, Digital and Omni-channel

WORLDWIDE RETAIL FOOTPRINT: 31 MARCH 2018

	Free Standing Stores	Department store Shop-in-Shop	Total March 2018	Changes from 31 March 2017	Total March 2017
<u>Own Stores</u>					
UK	21	25	46	–	46
Europe	7	2	9	-4	13
North America	8	–	8	+1	7
Asia Pacific	6	–	6	+5	1
Total Own Stores	42	27	69	+2	67
<u>Partner Stores</u>					
Europe	8	3	11	–	11
South Korea	5	13	18	-1	19
Other Asia Pacific	8	4	12	-4	16
Middle East	3	1	4	–	4
Total Partner Stores	24	21	45	-5	50
Total Retail Footprint	66	48	114	-3	117

A person is seated, wearing a vibrant red, long-sleeved dress with a ruffled neckline and puffed sleeves. They are holding a small, silver, textured handbag with a gold-colored clasp. The background is a dark, textured wall. The overall mood is elegant and sophisticated.

3. Current Trading & Outlook

International development

NORTH ASIA

- Set up process completed with new entities operating in China, Hong Kong and Taiwan
- Portfolio consists of six stores and Chinese language mulberry.com site (Xian store opened in April 2018)
- Launch of partnership with Toplife, JD.com's luxury digital platform in China, to sell Mulberry products

JAPAN

- Store network developed in collaboration with OGF alongside business set up process
- Acquisition completed in May 2018 with transfer of five stores to Mulberry Japan
- Japanese mulberry.com site offering localised customer services to be launched in coming months

KOREA

- Agreement reached to form new entity, Mulberry Korea, with SHK to operate business in South Korea
- Transfer of the business to Mulberry Korea expected to be complete by Autumn 2018
- Current network consists of eighteen points of sale including concessions, outlets and duty free
- Korean mulberry.com site and omni-channel platform will form part of the new business

Current Trading

This year vs. last year (%)	Retail like-for-like sales*		Retail total sales	
	52 weeks to 31-Mar-18	10 weeks to 2-Jun-18	52 weeks to 31-Mar-18	10 weeks to 2-Jun-18
UK Retail**	-1%	-9%	0%	-10%
International Retail**	+5%	+1%	+20%	+13%
Total Retail	0%	-7%	+3%	-5%

* LFL is defined as the year-on-year change in sales from stores which have been trading for 12 months after the store opening

** Regional splits include Digital sales; Digital sales increased by 14% in the year to 31 March 2018 and by 5% in the 10 weeks to 2 June 2018

UK

- Although the first ten weeks represents a low proportion of annual trade, the UK has been trading down on last year due to lower footfall and a significant reduction in the number of tourists to the UK
- It is noted that House of Fraser has announced its intention to enter a Company Voluntary Arrangement ("CVA") during June 2018. The Group operates 21 concessions and has amounts due in relation to current trade. Under the CVA proposal, five existing Mulberry concessions would be closed.

Outlook

RETAIL

- UK outlook is uncertain
- International expected to grow: new businesses in Asia, growth in Europe and North America

INTERNATIONAL

- The Group anticipates that International will increase as a proportion of sales
- Customer event planned for Seoul during September 2018

OMNI-CHANNEL

- Further enhancements being introduced to the Digital and omni-channel offering
- Additional omni-channel functionality will be added to key markets including the UK, China, Japan with a new site due to launch in Australia
- Further potential Digital partnerships with a number of partners
- Omni-channel to remain a key area of investment for the Group

WHOLESALE

- Japan, Korea and North Asia will fully transition to Retail
- New franchise agreement signed with Luxury Retail Group to develop the brand in Australia

Outlook

CAPEX

- A new design concept for the Group's stores will be revealed with the new Regent Street store planned for Summer 2018.
- A roll out of the new concept across the global store network is expected to commence during 2019, leading to increased capital expenditure during the current financial year and in coming years.
- Capital expenditure for the full year ending 31 March 2019 is expected to be in the region of £12.0 million (2018: £5.5 million), of which the majority will be on stores.

Contacts

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DIGITAL PLATFORMS

mulberry.com

blog.mulberry.com

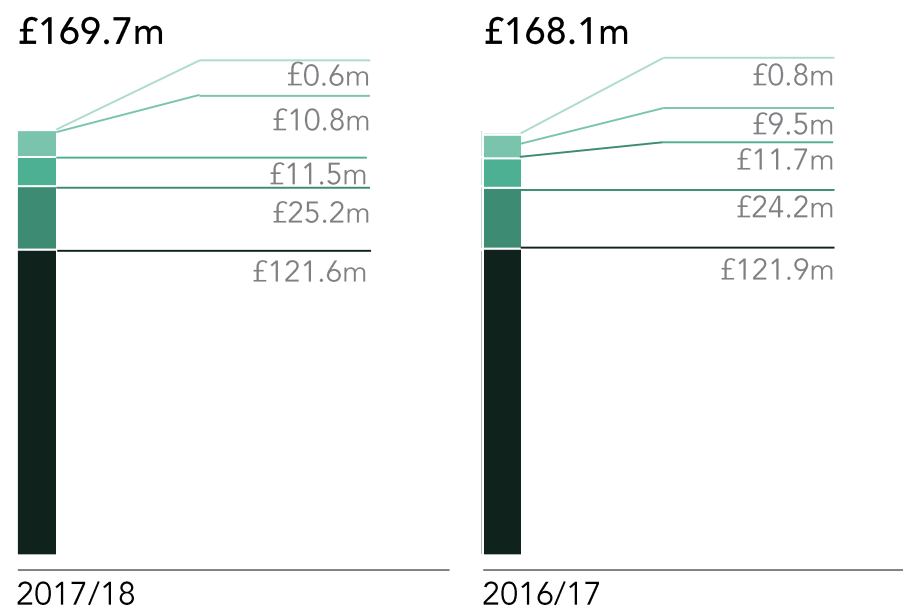
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A photograph of two women standing in front of a historic building with stone walls and a window featuring a grid of diamond-shaped panes. The woman on the left is wearing a dark grey coat and skirt, carrying a bright orange handbag with a gold clasp, and wearing black pointed-toe pumps. The woman on the right is wearing a dark blue plaid coat and skirt, carrying a tan handbag with a gold clasp, and wearing black pointed-toe pumps with ankle straps. The text "4. Appendix" is overlaid in the center of the image.

4. Appendix

Appendix – Revenue by region

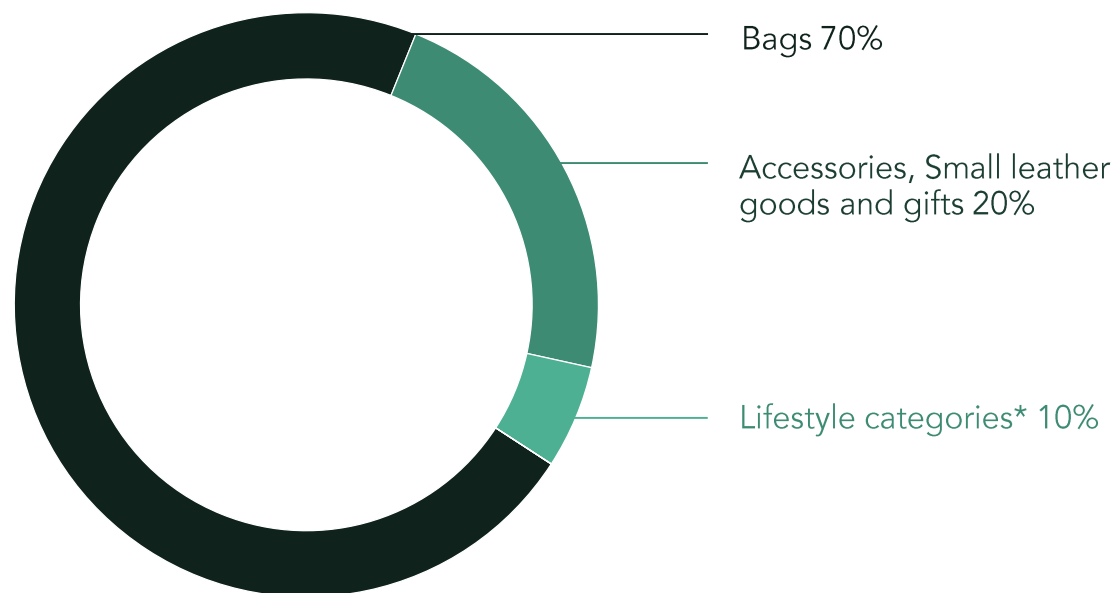


■ UK ■ Europe ■ Asia Pacific ■ North America ■ Middle East/Other

Appendix – Revenue by region/channel

	2017/18 £m			2016/17 £m		
	Retail	Wholesale	Total	Retail	Wholesale	Total
UK	106.3	15.3	121.6	106.8	15.1	121.9
Europe	11.5	13.7	25.2	10.9	13.3	24.2
Asia Pacific	3.8	7.7	11.5	1.6	10.1	11.7
North America	10.3	0.5	10.8	8.9	0.6	9.5
Middle East/Other	0.1	0.5	0.6	0.1	0.7	0.8
Total Revenue	132.0	37.7	169.7	128.3	39.8	168.1

Appendix – Revenue by product



* Lifestyle categories includes Luggage, Footwear, Ready-to-wear