

Mulberry

Preliminary Results

FOR THE PERIOD ENDED 30 MARCH 2019

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3. CURRENT TRADING AND OUTLOOK

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Highlights

1. INTERNATIONAL BUSINESS DEVELOPED

- International revenue up 7%, representing 31% of Group revenue (2018: 28%)
- New business entities created in Japan and South Korea
- Important digital partnerships established in China
- Group now represented globally through 5 international offices (Paris, New York, Hong Kong, Tokyo, Seoul)

2. DIRECT TO CUSTOMER STRATEGY PROGRESSED

- Retail store network further expanded with a focus on Asia
- New store concept established, enhancing customer and brand experience
- Strong digital performance with sales up 27%, representing 22% of sales (2018: 17%)

3. UK CHALLENGING

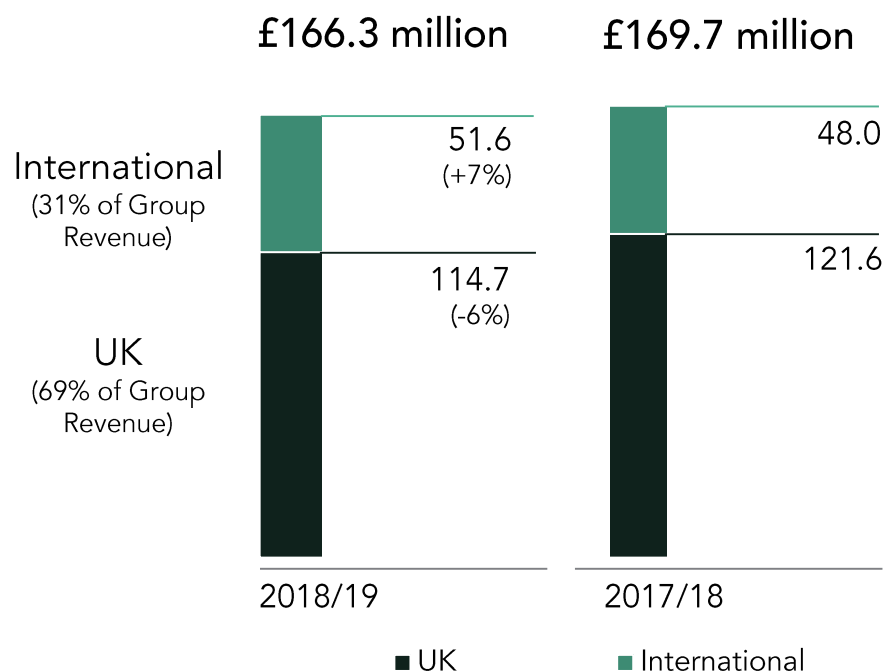
- Performance materially affected by House of Fraser entering into administration
- John Lewis successfully converted from wholesale to concession
- Tourist and domestic traffic down on last year
- Focus on maximising profitability, enhancing Retail stores and Digital and omni-channel network



1. Financial Review

Revenue by region

TOTAL REVENUE (£ MILLIONS)



Note: Digital included in Retail sales

INTERNATIONAL REVENUE UP 7%:

- Total International revenue up £3.6 million (up 7%)
- International mix rising to 31% of revenue (2018: 28%)
- Growth driven by conversion of South Korea from wholesale to retail, Japan store expansion, China growth and Digital

UK REVENUE DOWN 6%:

- House of Fraser disruption and weaker trading environment affecting UK stores
- Successful conversion of John Lewis to concession (November 18)

GLOBAL DIGITAL SALES UP 27%:

- 22% of Group revenue (2018: 17%)
- Strategic digital partnerships established, mulberry.com enhanced

Income statement

£ MILLION	53 WEEKS TO 30 MARCH 2019	52 WEEKS TO 24 MARCH 2018
Revenue	166.3	169.7
Gross profit	102.3	107.7
Gross margin	61.5%	63.5%
Operating expenses (net)	(107.3)	(100.6)
Operating (loss)/profit	(5.0)	7.1
Other operating expenses	(0.0)	(0.2)
Statutory (Loss)/Profit Before Tax	(5.0)	6.9
Basic (loss)/earnings per share (pence)	(8.2)	8.3
Adjusting items*	(6.0)	(1.1)
Adjusted (Loss)/Profit Before Tax*	1.0	8.0
Adjusted basic (loss)/earnings per share (pence)*	0.9	10.0

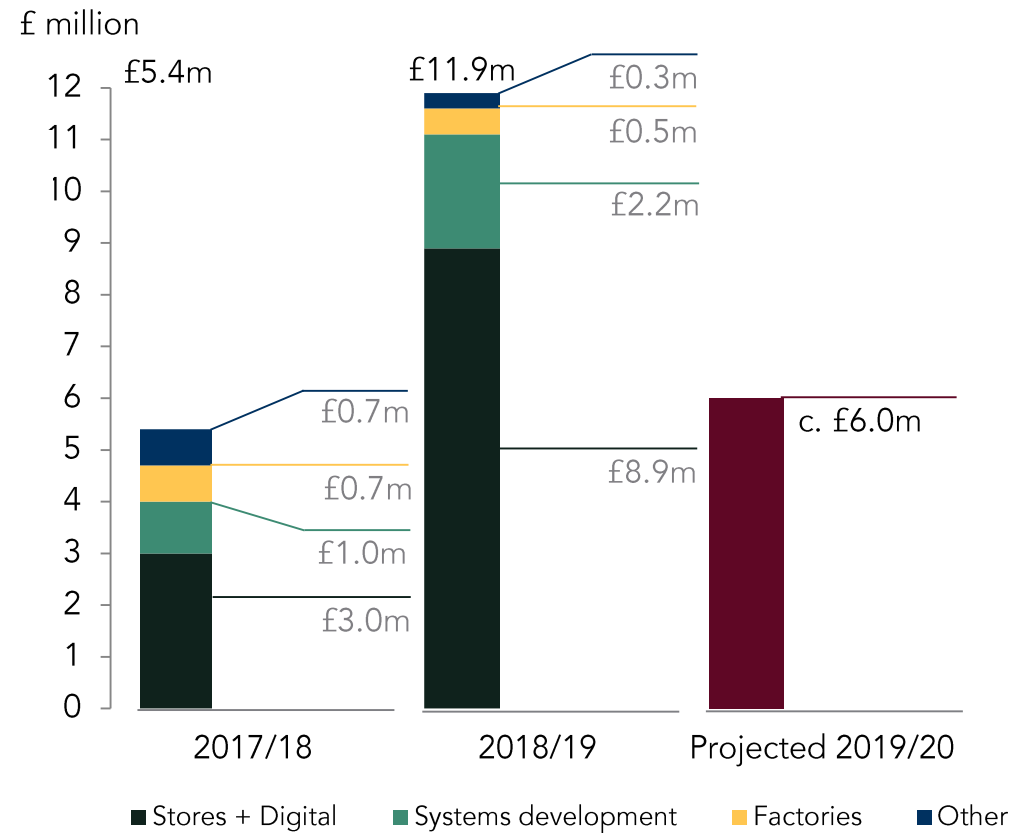
* Adjusting items include South Korea launch costs (£1.8 million), a profit write back on the conversion of John Lewis from a wholesale to concession business model (£1.3 million), House of Fraser administration write offs (£2.1 million) and fixed asset impairment costs (£0.8 million)

** Adjusted profit before tax and adjusted earnings per share are stated prior to adjusting items as defined above

Balance sheet

BALANCE SHEET (£ MILLION)	30 MARCH 2019	24 MARCH 2018
Non-current assets	41.6	34.4
Inventories	39.7	44.6
Trade and other receivables	13.7	15.2
Net cash	11.1	25.1
Current tax	1.8	(0.9)
Current liabilities	(25.4)	(28.8)
Non-current liabilities	(1.8)	(1.4)
Net assets	80.7	88.2

Capital expenditure analysis





2. Strategy

Strategy overview

FOUR STRATEGIC PILLARS TO DEVELOP MULBERRY AS A GLOBAL LUXURY BRAND:

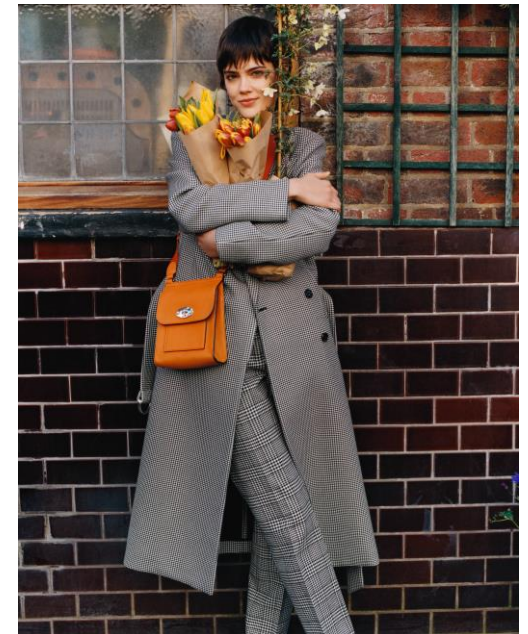
1. BRITISH LUXURY BRAND WITH GLOBAL ASPIRATIONS
2. BRITISH MANUFACTURING
3. INTERNATIONAL DEVELOPMENT WITH FOCUS ON ASIA
4. DIRECT TO CUSTOMER MODEL



1. British luxury brand with global aspirations

CORE FOCUS ON LEATHER GOODS WITH COMPLEMENTARY LIFESTYLE RANGE

- Category of mini bags further enhanced and developed, appealing to modern customer's needs
- Lifestyle offering enhanced with recent launch of eyewear collection, enhancement of technology range, soft accessories and jewellery and new direction introduced for men's leather accessories
- Build global brand awareness, acquire international customers
- Seasonal customer events with 360 degree experiences, partnerships and storytelling



2. British manufacturing

DISTINCTIVE “MADE IN ENGLAND” POSITIONING

- Largest manufacturer of luxury leather goods in the UK, rich heritage in craftsmanship and innovative design
- 2 factories in Somerset manufacture approximately 50% of bags in the UK
- Agile supply chain with investment in IT and production technology enhancing market reactivity and reducing lead times
- Extensive apprenticeship programme to develop the next generation of craftspeople
- Best in class customer service, with lifetime repair and aftercare service



3. International development, focus on Asia

FURTHER EXPANSION AND ENHANCEMENTS WITH A FOCUS ON ASIA

- Store network in Asia Pacific grown to 34 stores at the end of period (2018: 6 stores)
 - Japan: 5 acquired, 2 new opened
 - South Korea: 18 acquired as part of Mulberry Korea, 2 new opened
 - China, Hong Kong, Taiwan: net increase of 2
- Omni-channel service remains a key focus
 - Local currency and language sites launched in Japan, adding local fulfilment in Japan and Australia
 - Strategic digital concessions established in China with Tmall (Alibaba) and Secoo
- Fully operational offices set up in Tokyo and Seoul, adding to existing offices in Paris, New York and Hong Kong

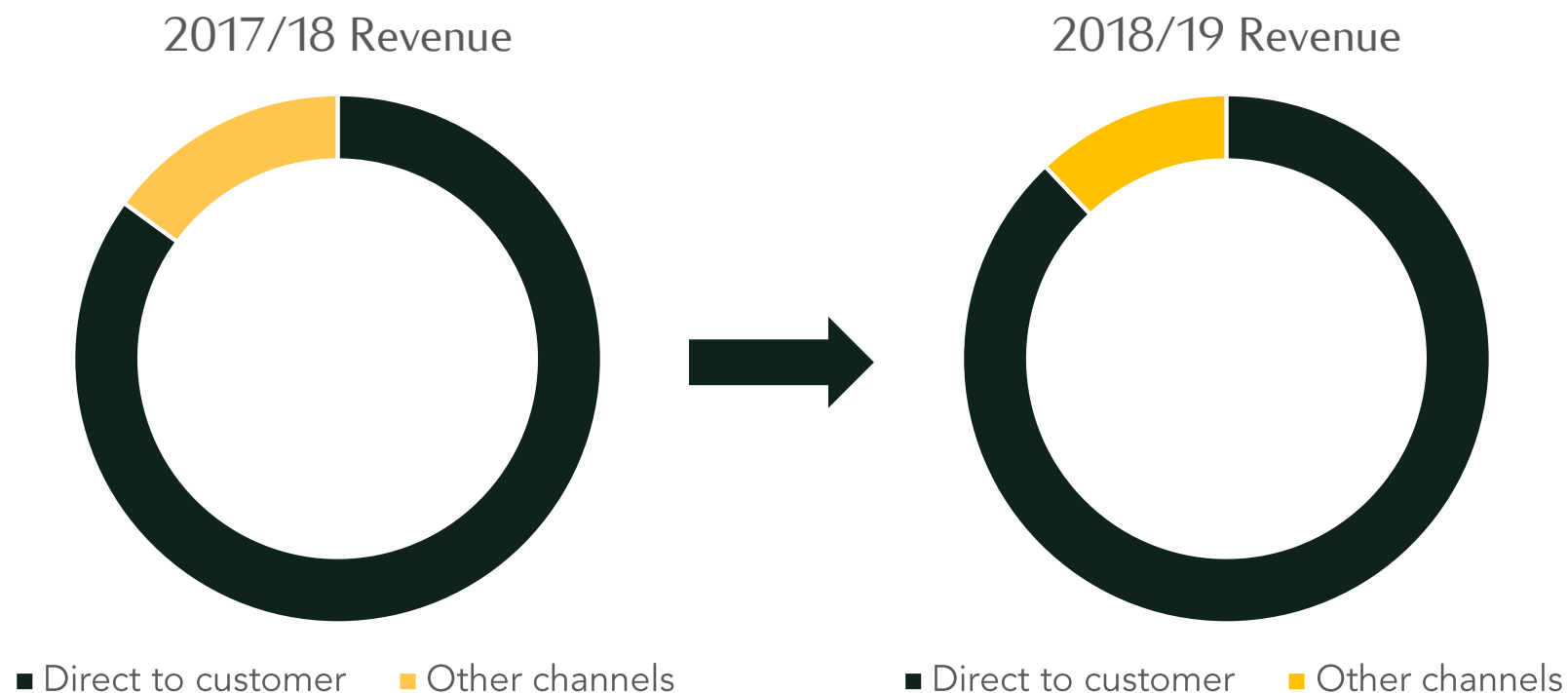


3. International development, focus on Asia

GLOBAL RETAIL AND FRANCHISE PARTNER STORE NETWORK

	Free Standing Stores	Department store Shop-in-Shop	Total 30 March 2019	Changes from 24 March 2018	Total 24 March 2018
<u>Own Stores</u>					
UK	20	35	55	+9	46
Europe	6	1	7	-2	9
North America	7	–	7	-1	8
Asia Pacific	15	19	34	+28	6
Total Own Stores	48	55	103	+34	69
<u>Franchise Partner Stores</u>					
Europe	8	3	11	–	11
South Korea	0	0	0	-18	18
Other Asia Pacific	7	2	9	-3	12
Middle East	1	1	2	-2	4
Total Franchise Partner Stores	16	6	22	-23	45
Total Retail Footprint	64	61	125	+11	114

4. Direct to customer model



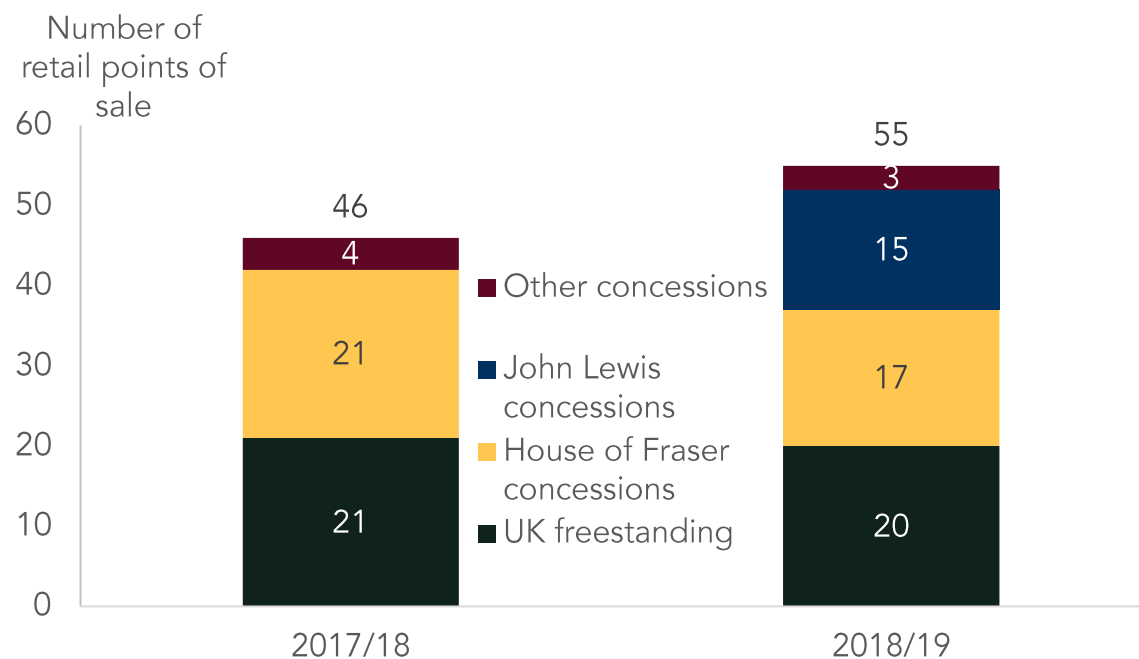
DIRECT TO CUSTOMER MODEL ADVANCED, NOW REPRESENTS C. 90% OF REVENUE

- Direct to customer includes retail stores, own digital platform and franchise partner stores
- Highly valued multi-brand, partner businesses remain in USA, Europe, Australia, Southeast Asia, UK
- Continued development of omni-channel offering with enhanced customer service
- New store concept enhancing customer experience in store

4. Direct to customer model (UK)

DIRECT TO CUSTOMER FURTHER ADVANCED IN THE UK

- 55 retail points of sale at the end of the period (2018: 46)
 - John Lewis: 15 stores converted to concessions as part of the transition from wholesale to retail
 - Store opened on Regent Street featuring new store concept (September 2018)
 - House of Fraser: 4 store closures following the department store's entry into administration
 - Closure of 2 stores in York and Stratford and 1 concession in Harvey Nichols Birmingham for network refinement
- Continued omni-channel enhancements introduced
 - johnlewis.com introduced as a new digital concession as part of transition of John Lewis (November 2018)



A close-up photograph of two women. The woman on the left has dark skin and is wearing large, dark sunglasses and a blue and black patterned scarf. The woman on the right has light skin and is also wearing large, dark sunglasses and a red, white, and blue patterned scarf. Both women are looking directly at the camera with neutral expressions. The background is dark and out of focus.

3. Current Trading and Outlook

Current Trading

	Retail total sales	
This year vs. last year (%)	53 weeks to 30-Mar-19**	11 weeks to 15-Jun-19
UK Retail*	-3%	+7%
International Retail*	+22%	+31%
Total Retail	+2%	+13%

• Regional splits include Digital sales; Digital sales increased by 27% in the period to 30 March 2019 and by 53% in the 11 weeks to 15 June 2019

** 53rd week accounted for £1.9 million in sales. Excluding the 53rd week, Group Revenue decreased by 3% during the comparable 52 week period

UK

- UK retail environment challenging
- Newly created John Lewis concession has performed ahead of expectations and a further 4 stores have opened since 30 March 2019, bringing the total store count to 19 as at 18 June 2019
- Looking ahead, the Group remains focused on maximising UK profitability whilst continuing to meet the demands of its customers through its Retail stores and Digital and omni-channel offering

Outlook

INTERNATIONAL RETAIL

- Revenue benefit from acquired growth in South Korea and Japan and digital growth
- New store opened in Rockefeller Center, New York on 5th Avenue during April 2019
- The Group anticipates that International will continue to grow and increase as a proportion of sales

DIGITAL AND OMNI-CHANNEL

- New digital concession agreement launched with Farfetch from April 2019
- Roll out of omni-channel services in key Asian and Middle Eastern markets and local fulfilment in South Korea
- Further enhancements planned to the Digital and omni-channel offering
- The Group anticipates that Digital and omni-channel will continue to grow and increase as a proportion of sales

WHOLESALE

- Wholesale and Franchise revenue for current financial year will reflect transfer of revenue to Retail from conversion of South Korea (August 2018) and John Lewis (November 2018)
- Australia will develop with the opening of a number of stores featuring the new store concept by the Group's partner in the market, LRG

Outlook

CAPEX

- Selective roll out of new store concept will continue during the year to 31 March 2020
- Capital expenditure for the full year ending 31 March 2020 is expected to be in the region of £6.0 million (2019: £11.9 million), of which the majority will be on stores

Contacts

HEADLAND

Lindsay Dunford / Emma Ruttle — 020 3805 4822

MULBERRY INVESTOR RELATIONS

Allegra Perry — 020 7605 6795

GCA ALTIUM

Sam Fuller — 020 7484 4037

Tim Richardson — 020 7484 4040

BARCLAYS

Nicola Tennent / Stuart Muress — 020 3134 9801

DIGITAL PLATFORMS

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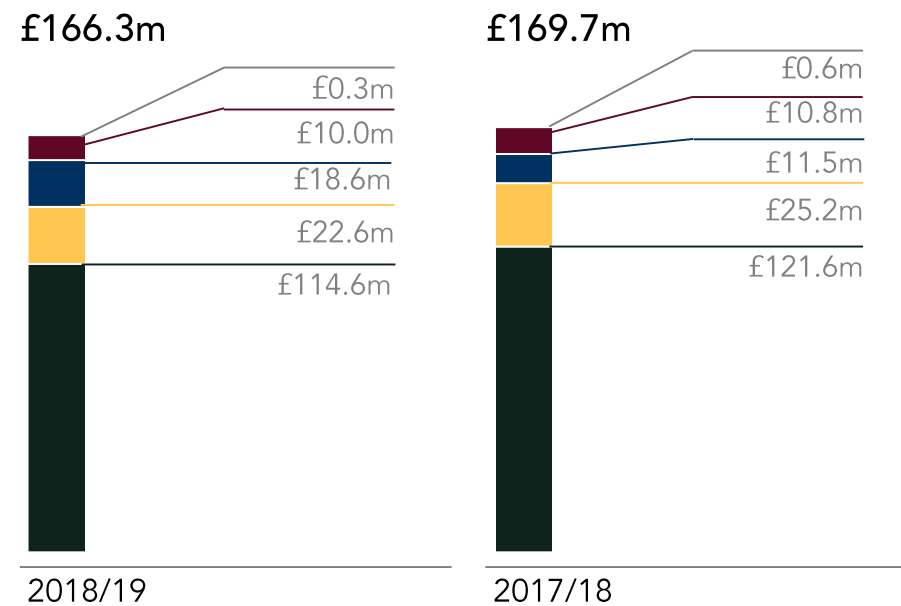
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4. Appendix

Appendix – Revenue by region

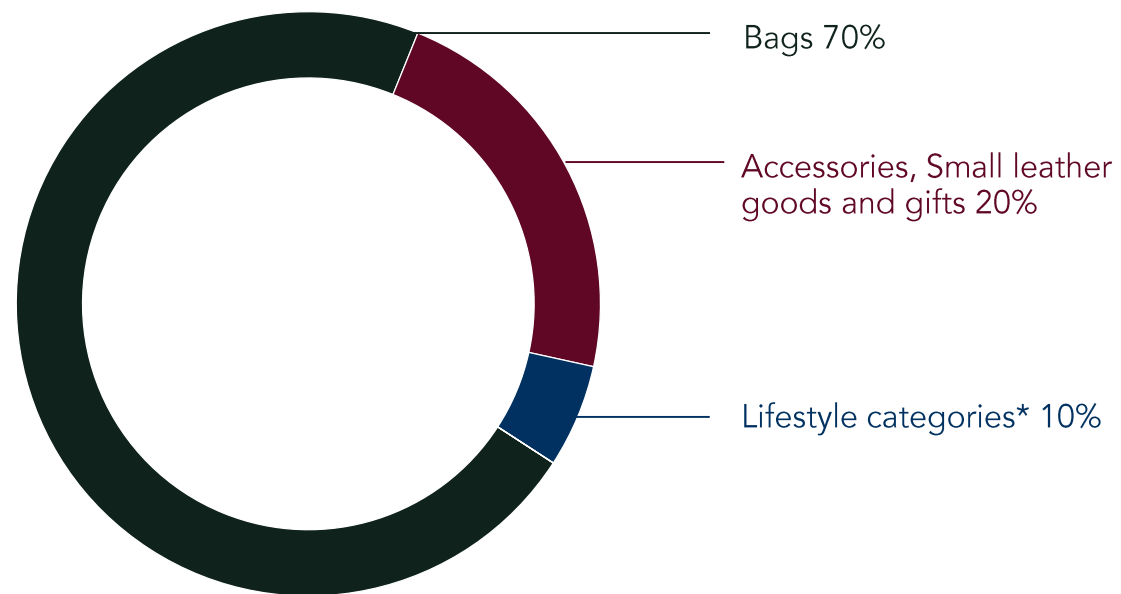


■ UK ■ Europe ■ Asia Pacific ■ North America ■ Middle East/Other

Appendix – Revenue by region/channel

	2018/19 £m			2017/18 £m		
	Retail	Wholesale	Total	Retail	Wholesale	Total
UK	103.5	11.1	114.6	106.3	15.3	121.6
Europe	9.5	13.1	22.6	11.5	13.7	25.2
Asia Pacific	12.3	6.3	18.6	3.8	7.7	11.5
North America	9.4	0.6	10.0	10.3	0.5	10.8
Middle East/Other	0.1	0.2	0.3	0.1	0.5	0.6
Total Revenue	134.8	31.5	166.3	132.0	37.7	169.7

Appendix – Revenue by product



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