



Released 14 June 2012

MULBERRY GROUP PLC (“Mulberry” or the “Group”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Mulberry Group plc, the English luxury brand, is pleased to announce its results for the year ended 31 March 2012.

FINANCIAL HIGHLIGHTS

- Total revenues increased by 38% to £168.5 million (2011: £121.6 million)
- Profit before tax up 54% to £36.0 million (2011: £23.3 million)
- Basic earnings per share up 47% to 43.9p (2011: 29.8p)
- Proposed dividend of 5.0p per share (2011: 4.0p per share)

OPERATING HIGHLIGHTS

- Bruno Guillon appointed CEO, with Godfrey Davis moving to Non-Executive Chairman
- 14 new stores opened during the year in the UK, the Netherlands, the USA, Korea, Singapore, Thailand and Taiwan
- Global expansion continued with international revenues growing 61% to £65.2 million (2011: £40.5 million), accounting for 39% of Group revenues (2011: 33%)
- Online sales grew 58% to £14.5 million, accounting for 9% of Group revenues (2011: 8%)
- UK factory extension completed, increasing UK production capacity by 30% and creating 60 jobs

CURRENT TRADING AND OUTLOOK

- Retail sales up 12% for the 10 weeks to 9 June 2012. UK full price stores like-for-like up 14%
- Autumn/Winter 2012 third-party wholesale orders 11% higher than the Autumn/Winter 2011 season at the same time last year
- 16 new international store openings confirmed for 2012/13
- Second factory to be built in Somerset, doubling UK capacity and creating 300 jobs

GODFREY DAVIS, CHAIRMAN COMMENTED:

“This year has seen us deliver another strong set of results and we have performed well against expectations.

While the current economic conditions make the short term trading outlook more challenging in some markets, we remain confident about Mulberry’s long term future. We continue to focus on developing our business internationally, opening new stores and building the foundations for long term growth.

The investment in a second factory in the UK will reinforce the Group’s position as the largest UK manufacturer of luxury leather goods.”

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Chairman's review

The Group has continued to deliver strong sales and profit growth. Sales increased 38% to £168.5 million for the year to 31 March 2012 (2011: £121.6 million) and profit before tax increased 54% to £36.0 million (2011: £23.3 million). International sales were £65.2 million, 61% up on the prior year. Gross margin increased to 66.2% (2011: 65.4%).

As a result of sustained investment over a number of years, we have been successful in developing international demand for the Mulberry brand. This investment in people, product design, marketing and new store openings is the driving force behind the growing international success of our business which continues to become less dependent upon customers in the UK or any other single market.

Looking forward, we will continue our strategy of building the brand in international markets by opening new stores and progressively increasing our marketing activity to drive sales growth.

RETAIL

Retail sales from our own stores, department store concessions and online have increased by 36% compared to the prior year to £99.7 million (like-for-like up 26%).

UK retail sales in our own 45 stores and department store concessions increased for the year by 30% to £77.2 million (like-for-like up 27%). In December, we opened a store in the Westfield development in Stratford ahead of the 2012 London Olympics.

Online sales grew by 58% to £14.5 million during the year, accounting for 9% of Group sales (2011: 8%). In addition to being a profitable and growing sales channel, the mulberry.com website is a key marketing tool for the brand. We are currently developing a new platform which will give us even greater functionality and creative freedom and this will be launched by the end of the 2012/13 financial year.

During the year we opened a flagship store on Spring Street, New York. This helped to increase North American retail sales to £5.4 million, up 69% compared to the prior year (like-for like up 20%).

In Europe, retail sales from France and the Netherlands were £2.6 million, up 53% compared to the prior year (like-for-like up 7%), reflecting the opening of a new full price store in Amsterdam during November and an outlet store in Roermond during March 2012.

WHOLESALE

Wholesale shipments to customers during the year were £68.8 million, up 43% compared to the prior year. The wholesale business includes sales to our European franchise partners, UK, European and North American independent retailers and department stores, as well as sales to our international distribution partners in Asia-Pacific and the Middle East. In Asia-Pacific, sales to our partner stores and wholesale accounts grew by 70% to £25.1 million. Asia-Pacific is now our largest geographical segment for wholesale sales, representing 36% of the total.

During the year, ten Mulberry stores have been opened by our partners in Singapore, Taiwan, Thailand and Korea (seven).

PRODUCTS

Leather goods and accessories remain our core business, with women's and men's bags accounting for 77% of Group sales (2011: 76%). In Spring/Summer 2010 we launched the Alexa bag, which was an immediate success and added an extra dimension to sales growth in the year to 31 March 2011. A key challenge for the year to 31 March 2012 was to consolidate this bag family into our core business and build upon it. The results for the year show that this has been achieved and the Alexa has joined the Bayswater, Daria and Lily families of best-selling bags which underpin sales from one season to the next.

We continue to develop the women's apparel and women's footwear businesses which were the fastest growing categories during the year.

NEW CHIEF EXECUTIVE

One of the strengths of our business is the quality of our people. We pay particular attention to succession planning in order to meet the needs of the business as it grows and roles change. In keeping with this approach, Bruno Guillon joined Mulberry as Chief Executive on 1 March 2012. He brings with him a wealth of luxury goods experience, having previously worked for Hermès and LVMH. We have worked closely together for his first few months to ensure a smooth management transition and, from the end of June 2012, I will move to Non-Executive Chairman. On a personal note, I would like to thank all of the Mulberry team, our partners around the world and our shareholders for their enthusiasm, commitment and support over the last ten years whilst I have been Chief Executive. I would also like to wish Bruno every success in his new role.



Chief Executive's report

I have joined Mulberry at a very exciting time. The team has produced another set of strong results for the year to 31 March 2012, continuing to build market share internationally, whilst generating positive cash flows that will allow us to invest for future growth.

The opportunity for the Mulberry brand is significant, with the profits earned from its strong domestic position supporting the increasing pace of international expansion. The challenge for the next few years is to build upon the solid foundations that have been laid, seize the international opportunity in a way that maintains the careful positioning of the brand within the luxury market, whilst continuing to make the enduring quality of our products central to everything we do.

UK MANUFACTURING

Mulberry is a luxury fashion brand, anchored by the quality of our products and our heritage of English craftsmanship. With this in mind, during the year we completed the extension of our Somerset factory allowing us to increase UK capacity by 30% and create 60 jobs. We are also delighted to announce that we will be opening a second factory in Somerset. This project will create 300 jobs and double our UK capacity. Our investment in the new factory will be approximately £7.5 million, with £2.5 million coming from the Regional Growth Fund to support the recruitment and training of new employees. We expect to open the new factory by December 2013.

CURRENT TRADING

Demand for Mulberry products has continued since the year-end. During the 10 weeks to 1 June 2012 total retail sales were 12% above the same period last year (like-for-like up 3%). UK full price retail sales have grown by 14% like-for-like and the outlet business has decreased by 24% like-for-like largely due to the tough comparative figures during the same period last year, when outlet sales increased by 56%.

Within the 10 week period, April saw slower growth, but over the last six weeks UK full price sales have improved, up 21% like-for-like. However, we remain cautious as a result of the adverse macro-economic climate.

The Autumn/Winter 2012 season has started well with the third-party wholesale order book 11% higher than the Autumn/Winter 2011 season at the same time last year.

OUTLOOK

During May 2012, we launched the new Del Rey bag, inspired by the American artist Lana Del Rey. The product illustrates the elegance and timeless luxury of Mulberry and has been well received which is encouraging for the rest of the Autumn/Winter 2012 season. Sales of women's apparel and footwear remain strong. These categories remain central to our strategy and we will also expand other product categories, such as small leather goods, men's accessories and other fashion accessories.

The Group's balance sheet remains strong with cash of £27.3 million and no debt at 31 March 2012. This means that we continue to have the capacity to invest in new retail opportunities and other projects.

In Europe, we opened a store in Zurich on 24 May. In Germany, we will be opening shop-in-shops within the KaDeWe and Oberpollinger department stores in Berlin and Munich respectively and a store in Frankfurt Airport. We have signed leases for stores in Cologne and Berlin which will open around the end of the financial year.

In North America, a store opened in the Short Hills Mall, New Jersey on 23 May and our first West Coast store will open in San Francisco during June. We will open a store in Washington DC later in the year.

Our partner in Korea, which started the current year with 19 stores, has already opened another store and is planning a further four before the end of March 2013.

Club 21, our partner for the rest of Asia-Pacific, plans to open stores in Singapore, Japan and Shanghai.

In total, we are targeting 15 to 20 new international store openings for the current financial year (with three already opened and another 13 confirmed to date).

DIVIDEND

The Board is recommending the payment of a dividend on the ordinary shares of 5.0p per ordinary share (2011: 4.0p) which will be paid on 17 September 2012 to shareholders on the register on 17 August 2012.



Financial review

GROSS MARGIN

The Group's gross profit as a percentage of revenue has increased to 66.2% from 65.4% for the prior year. This increase is due primarily to the economies of scale achieved from increased volume.

NET OPERATING EXPENSES

Net operating expenses for the year increased by £19.6 million to £76.1 million (2011: £56.5 million). The main elements of this increase were: £5.7 million increased employee costs; £4.3 million additional spend on advertising and promotion; £3.8 million variable rents and agents' commissions directly linked to the sales growth and £3.3 million costs relating to the operating costs of new stores.

EXCEPTIONAL ITEMS

There are no exceptional items in the current year. In the prior year, an exceptional cost of £1.0 million was incurred in relation to deferred consideration for the USA business and £0.9 million of exceptional income was recognised following the surrender of the lease on the former flagship store on New Bond Street.

SHARE OF RESULTS OF ASSOCIATES

Our associate in Norway had another successful year with our share of its results increasing to £0.6 million (2011: £0.3 million).

FINANCE INCOME AND EXPENSE

The decrease in net finance income to £22,000 (2011: £30,000) has resulted from the continued low rates of interest available in the market.

TAXATION

The Group has an effective tax rate of 29.7% for the year (2011: 26.9%) resulting in a tax charge of £10.7 million (2011: £6.3 million). We expect to see a future decrease in the effective tax rate in line with the announced reduction in the UK corporation tax rates over the next three years to 22%.

BALANCE SHEET

Investments in property, plant and equipment for the year totalled £10.0 million (2011: £12.8 million) and included £1.2 million investment in the extension of our existing Somerset factory and £8.2 million investment in new stores. The expenditure of £2.4 million on intangible assets reflects the on-going development of the Group's ERP system online capabilities.

Inventory levels have increased by £10.1 million to £32.5 million (2011: £22.4 million) which reflects the increased scale of the business and a build-up of inventory to meet Autumn/Winter orders.

CASH FLOW

The cash generated from operations for the year amounted to an inflow of £30.1 million (2011: inflow of £26.6 million). The net cash balance has increased to £27.3 million at 31 March 2012 (2011: £21.4 million) due to the operational performance of the Group.

EARNINGS PER SHARE

The basic earnings per share for the year increased by 47% to 43.9p (2011: 29.8p).



Consolidated income statement Year ended 31 March 2012

| | Note | 2012 £'000 | 2011 £'000 |
|---|------|----------------|---------------|
| Revenue | | 168,451 | 121,645 |
| Cost of sales | | (56,964) | (42,144) |
| Gross profit | | <u>111,487</u> | <u>79,501</u> |
| Administrative expenses | | (76,565) | (58,147) |
| Other operating income | | 495 | 1,656 |
| Operating profit | | <u>35,417</u> | <u>23,010</u> |
| Operating profit before exceptional items | 3 | 35,417 | 23,110 |
| Share of results of associates | | 562 | 305 |
| Finance income | | 72 | 74 |
| Finance expense | | (50) | (44) |
| Profit before tax | | <u>36,001</u> | <u>23,345</u> |
| Tax | | (10,700) | (6,282) |
| Profit for the year | | <u>25,301</u> | <u>17,063</u> |
| Attributable to: | | | |
| Equity holders of the parent | | <u>25,301</u> | <u>17,063</u> |
| | | Pence | pence |
| Basic earnings per share | 5 | 43.9 | 29.8 |
| Diluted earnings per share | 5 | 43.4 | 29.1 |

Consolidated statement of comprehensive income Year ended 31 March 2012

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Profit for the year | 25,301 | 17,063 |
| Exchange differences on translation of foreign operations | (207) | 1 |
| Total comprehensive income for the year | <u>25,094</u> | <u>17,064</u> |
| Attributable to: | | |
| Equity holders of the parent | <u>25,094</u> | <u>17,064</u> |



Consolidated balance sheet
At 31 March 2012

| | 2012 £'000 | 2011 £'000 |
|--------------------------------|-----------------------------|-----------------------------|
| Non-current assets | | |
| Intangible assets | 3,984 | 2,134 |
| Property, plant and equipment | 24,212 | 18,207 |
| Interests in associates | 357 | 210 |
| Deferred tax assets | - | 69 |
| | <u>28,553</u> | <u>20,620</u> |
| Current assets | | |
| Inventories | 32,546 | 22,408 |
| Trade and other receivables | 14,912 | 12,186 |
| Cash and cash equivalents | 27,293 | 21,373 |
| | <u>74,751</u> | <u>55,967</u> |
| Total assets | <u>103,304</u> | <u>76,587</u> |
| Current liabilities | | |
| Trade and other payables | (34,627) | (30,476) |
| Current tax liabilities | (6,188) | (4,079) |
| | <u>(40,815)</u> | <u>(34,555)</u> |
| Non-current liabilities | | |
| Deferred tax liability | (26) | - |
| Total liabilities | <u>(40,841)</u> | <u>(34,555)</u> |
| Net assets | <u>62,463</u> | <u>42,032</u> |
| Equity | | |
| Share capital | 2,982 | 2,943 |
| Share premium account | 11,578 | 7,007 |
| Own share reserve | (3,966) | (621) |
| Capital redemption reserve | 154 | 154 |
| Special reserves | 1,467 | 1,467 |
| Foreign exchange reserve | 179 | 386 |
| Retained earnings | 50,069 | 30,696 |
| Total equity | <u>62,463</u> | <u>42,032</u> |



Consolidated statement of changes in equity
Year ended 31 March 2012

Equity attributable to equity holders of the parent

| | Share capital £'000 | Share premium account £'000 | Own share reserve £'000 | Capital reserve £'000 | Special reserve £'000 | Foreign exchange reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---------------------------|--------------------------------------|----------------------------------|-----------------------------|-----------------------------|---|-------------------------------|----------------|
| As at 1 April 2010 | 2,943 | 7,007 | (107) | 154 | 1,467 | 385 | 14,616 | 26,465 |
| Total comprehensive income for the year | - | - | - | - | - | 1 | 17,063 | 17,064 |
| Charge for employee share-based payments | - | - | - | - | - | - | 701 | 701 |
| Exercise of share options | - | - | - | - | - | - | (418) | (418) |
| Own shares | - | - | (514) | - | - | - | - | (514) |
| Ordinary dividends paid | - | - | - | - | - | - | (1,266) | (1,266) |
| As at 31 March 2011 | 2,943 | 7,007 | (621) | 154 | 1,467 | 386 | 30,696 | 42,032 |
| Total comprehensive income for the year | - | - | - | - | - | (207) | 25,301 | 25,094 |
| Issue of share capital | 10 | 3,782 | - | - | - | - | - | 3,792 |
| Charge for employee share-based payments | - | - | - | - | - | - | 701 | 701 |
| Exercise of share options | 29 | 789 | - | - | - | - | (4,319) | (3,501) |
| Own shares | - | - | (3,345) | - | - | - | - | (3,345) |
| Ordinary dividends paid | - | - | - | - | - | - | (2,310) | (2,310) |
| As at 31 March 2012 | 2,982 | 11,578 | (3,966) | 154 | 1,467 | 179 | 50,069 | 62,463 |



Consolidated cash flow statement

Year ended 31 March 2012

| | 2012 | 2011 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Operating profit for the year | 35,417 | 23,010 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,992 | 2,261 |
| Amortisation of intangible assets | 494 | 837 |
| Loss on sale of property, plant and equipment | (8) | 152 |
| Effects of foreign exchange | (109) | 24 |
| Share-based payments charge | 701 | 701 |
| Operating cash flows before movements in working capital | <u>40,487</u> | <u>26,985</u> |
| Increase in inventories | (10,151) | (13,318) |
| Increase in receivables | (2,750) | (3,848) |
| Increase in payables | 2,530 | 16,805 |
| Cash generated from operations | <u>30,116</u> | <u>26,624</u> |
| Corporation taxes paid | (8,495) | (3,856) |
| Interest paid | (50) | (44) |
| Net cash inflow from operating activities | <u>21,571</u> | <u>22,724</u> |
| Investing activities: | | |
| Interest received | 96 | 47 |
| Dividend received from associate | 408 | 308 |
| Purchases of property, plant and equipment | (8,632) | (11,176) |
| Proceeds from sale of property, plant and equipment | 33 | - |
| Acquisition of intangible fixed assets | (2,153) | (503) |
| Net cash used in investing activities | <u>(10,248)</u> | <u>(11,324)</u> |
| Financing activities: | | |
| Dividends paid | (2,310) | (1,266) |
| Proceeds on issue of shares | 818 | - |
| Settlement of share awards | (4,358) | (418) |
| Investment in own shares | 447 | (514) |
| Net cash used in financing activities | <u>(5,403)</u> | <u>(2,198)</u> |
| Net increase in cash and cash equivalents | 5,920 | 9,202 |
| Cash and cash equivalents at beginning of year | 21,373 | 12,171 |
| Cash and cash equivalents at end of year | <u>27,293</u> | <u>21,373</u> |



Notes

1. Basis of preparation

The financial information in this announcement, which was approved by the Board of Directors on 13 June 2012, does not constitute the Company's statutory accounts for the years ended 31 March 2012 or 2011, but is derived from those accounts.

Statutory accounts for the year ended 31 March 2011 have been delivered to the Registrar of Companies and those for the year ended 31 March 2012 have been approved and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts, their reports were unqualified and did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been completed in accordance with International Financial Reporting Standards (IFRS), this announcement itself does not contain sufficient information to comply with IFRS.

2. Accounting policies

The Group's financial statements for the year ended 31 March 2012 have been prepared in accordance with the measurement criteria of the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

During the current year the following new and revised Standards and Interpretations have been adopted but have not had an impact on the Group:

- IAS 24: Related party disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9: Financial instruments
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- Amendment to IAS 27: Separate Financial Statements
- Amendment to IAS 28: Investments in Associates and Joint Ventures
- IFRS 13: Fair Value Measurement
- IAS 19: Employee Benefits

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

For the year ended 31 March 2012, the financial year runs for the 53 weeks to 31 March 2012 (2011: 52 weeks ended 26 March 2011).

3. Exceptional income and expenses

There was no exceptional income or expenses in the current year.

On 5 October 2009, a transaction to assume operational control of the two New York stores and the distribution rights to the North American market previously held by our joint venture partner, Mulberry USA LLC, was completed. As part of this agreement, deferred consideration of up to £1,000,000 would become payable to Challice Limited (the remaining shareholder of Mulberry USA LLC and the majority shareholder of Mulberry Group plc) on a stepped basis if sales generated from the USA operations during the third year post-completion exceeded certain agreed thresholds. The consideration was to be payable in cash or, at Mulberry Group plc's option, new Mulberry shares, the number of shares being calculated at the then prevailing share price. Following the growth in the USA operations, as at 31 March 2011 the Directors concluded that it was probable that the deferred consideration would become payable and as such a provision for £1,000,000 was made and disclosed as an exceptional cost. This has subsequently been paid in full during April 2012.

As part of the Group's future growth strategy, the decision was made during the year ended 31 March 2010 to relocate the flagship New Bond Street store to an alternative site on New Bond Street. An agreement was made with the landlord to take back the lease of the old New Bond Street store in return for a payment to the Group of £900,000. This was received during January 2011 and disclosed as exceptional income.



4. Dividends

The dividends approved and paid during the year are as follows:

| | 2012 £'000 | 2011 £'000 |
|--|-----------------------------|-----------------------------|
| Final dividend for the year ended 31 March 2011 of 4p (2011: 2.2p) per share paid in August 2011 | <u>2,310</u> | <u>1,266</u> |
| Proposed final dividend for the year ended 31 March 2012 of 5p per share (2011: 4p) | <u>2,982</u> | <u>2,367</u> |

This proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

5. Earnings per share ('EPS')

| | 2012 pence | 2011 pence |
|-------------------------------------|-----------------------------|-----------------------------|
| Basic earnings per share | 43.9 | 29.8 |
| Diluted earnings per share | 43.4 | 29.1 |
| Adjusted basic earnings per share | 43.9 | 30.4 |
| Adjusted diluted earnings per share | 43.4 | 29.7 |

Earnings per share is calculated based on the following data:

| | 2012 £'000 | 2011 £'000 |
|--|-----------------------------|-----------------------------|
| Profit for the year for basic and diluted earnings per share | 25,301 | 17,063 |
| Deferred consideration | - | 1,000 |
| Lease income | - | (900) |
| Tax impact of exceptional lease income | - | 252 |
| Adjusted profit for the year for adjusted basic and diluted earnings per share | <u>25,301</u> | <u>17,415</u> |

| | 2012 million | 2011 million |
|---|-------------------------------|-------------------------------|
| Weighted average number of ordinary shares for the purpose of basic EPS | 57.6 | 57.3 |
| Effect of dilutive potential ordinary shares: share options | 0.7 | 1.4 |
| Weighted average number of ordinary shares for the purpose of diluted EPS | <u>58.3</u> | <u>58.7</u> |

The weighted average number of ordinary shares in issue during the year excludes those held by the Mulberry Group Plc Employee Share Trust.

6. Information

Copies of the Annual Report and financial statements will be posted to shareholders. Further copies can be obtained from Mulberry Group plc's registered office at The Rookery, Chilcompton, Somerset, BA3 4EH.

Copies of this announcement are available for a period of one month from the date hereof from the Company's registered office, and from the Company's nominated adviser, Altium Capital Limited, 30 St James's Square, London, SW1Y 4AL.

