



Burberry (LSE: BRBY) 3Q17 Trading Update: Retail Sales Ahead of Expectations

- Burberry reported 3Q17 retail sales growth of 4% to £735 million in constant currency (22% growth in reported currency), above the consensus estimate of £721 million. Comparable-store sales increased 3% year over year, beating analysts' estimates of 1%.
- The strong sales performance in the retail business was driven by exceptional strength in the UK, where comparable sales grew 40% year over year, and a return to growth in the Asia Pacific region.
- The company did not report sales performance figures for the wholesale and licensing divisions. Burberry maintained its outlook for FY17.

3Q17 Trading Update

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The strong sales performance in the retail business was driven by strength in the UK and a return to growth in the Asia Pacific region.

Geographic Segment Sales

Asia Pacific: 3Q17 sales in Asia Pacific returned to growth, increasing in the low single-digit percentages. Hong Kong improved to a low single-digit percentage comparable-sales decline, with positive conversion offsetting footfall decline. Mainland China experienced high single-digit percentage comparable-sales growth.

Americas: Revenues were down in the low single-digit percentages at constant currencies in the Americas. In the US, domestic and tourist demand remained uneven.

Europe: Revenues in 3Q17 in the UK increased by 40% year over year on a comparable basis, driven by strong tourist spend, due to the weakness of sterling. Continental Europe remained weak, although the France business saw a sequential quarterly improvement compared to 2Q17.

Outlook

The company maintained its outlook for FY17.

FY17 revenue consensus estimates stand at £2,755.3 million, implying annual year-over-year growth of 9.6%. Consensus expects operating profit of £440.8 million, implying a year-over-year increase of 9.4%. The FY17 consensus EPS estimate is 76 pence, implying a year-over-year increase of 8.6%.



FLASH REPORT

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