



Burberry turnaround gets rocking

Isabella Fish Retail Editor

Music festivalgoers wishing to stand out from the crowd in Burberry wellies, scarves and jackets helped a sales recovery at the luxury British label.

Shares in the trenchcoat-maker rose almost 6 per cent on Friday after it posted its strongest sales performance in 18 months and its chief executive, Joshua Schulman, expressed "conviction" about his turnaround plan.

Schulman, who joined a year ago, acknowledged that trading remained "challenging" and said the brand still had a long way to go. However, he pointed to progress in slowing the pace of decline in sales, as well as "stabilisation" in its key China market.

Comparable retail sales fell 1 per cent in the three months to June 28, compared with a 6 per cent fall in the previous quarter and a 21 per cent slump a year earlier. Analysts had forecast a 4 per cent drop.

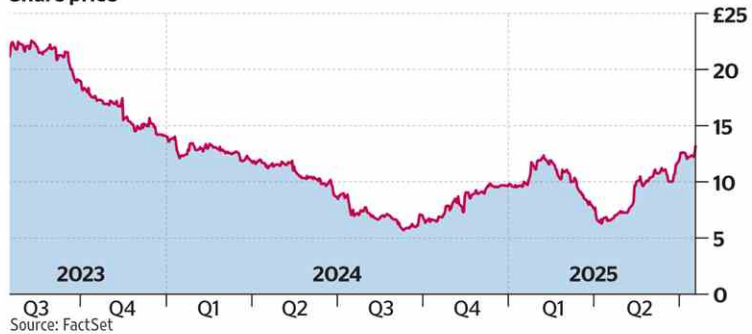
Total retail revenue declined 6 per cent to £433 million, which the company attributed in part to a 4 per cent currency headwind. On a constant currency basis, sales were down 2 per cent.

The company said demand for seasonal items such as its lightweight coats with checked trims, pool slides, silk scarves and wellies had helped support performance in the run-up to summer.

New marketing campaigns and events have played a central role. Burberry launched adverts featuring Liam Gallagher and his children Lennon, Gene and Molly Moorish-Gallagher before the Oasis reunion tour.

Back in fashion

Share price



Alexa Chung features in Burberry's latest festival-themed campaign

Schulman said Burberry had appealed to both younger luxury shoppers via festival-linked pop-ups featuring DJ sets in shopping centres — which showed a "different side of Burberry" — and to "elite VIP" customers, through exclusive events linked to its partnership with the King's Highgrove estate.

Since Schulman joined, the company's share price has gained about 66 per cent, but is still trading well below its peak as investors remain wary after several failed turnarounds under previous bosses.

Schulman admitted that Burberry was still "in the early stages of our turnaround", but said he was optimistic about its future. He was paid £2.5 million for the year to the end of March.

The company refrained from issuing full-year guidance, citing ongoing macroeconomic uncertainty.

Shares in Burberry closed up 69½p, or 5.6 per cent, at £13.17½ yesterday.