



BUSINESS

HSBC Heaps Praise on Burberry

- The bank noted Burberry, Coach, Ralph Lauren and Longchamp are “benefiting greatly” from aspirational consumers who feel left behind by the bigger, more expensive luxury brands.

BY SAMANTHA CONTI

LONDON – HSBC has gone bullish on Burberry with a glowing report about the company’s prospects under chief executive officer Josh Schulman, who’s been in the job for little more than a year.

“The question for us is not whether Burberry will come back, but the magnitude to which it will, and how much investors are ready to pay for it,” the bank said in a report on Tuesday, two days after Burberry posted promising first-quarter results.

As reported, in the three months to June 30 Burberry stemmed the double-digit sales declines of past months, and outstripped analysts’ expectations for growth.

The British brand reported 433 million pounds in retail revenue, with comparable store sales down 1 percent versus 21 percent in the corresponding period last year.

HSBC called its report “Knight Fever,” in reference to Burberry’s historic logo and the Bee Gees disco hit, and said the brand “has suddenly gone onto the radar of many consumers who may have forgotten about [it], and others who are just starting to discover it.”

The bank added that with the impetus of a renewed management team and actions taken by Schulman, “product initiatives, media campaigns and merchandising actions have landed well. Is Burberry booming yet? Not really, as the bulk of refreshed products should start to move the needle significantly” in the second fiscal half, which ends in March 2026.

The bank also believes Burberry’s 1 percent decline in like-for-like sales will look good in comparison to what fashion and luxury competitors serve up in the coming weeks when they report quarterly earnings.

“There are clear signs of life. Naysayers wondering if the brand could ever come back already have a hint, and should get proof shortly, as we believe growth should

be visible as early as the current quarter,” HSBC said.

The bank also praised Schulman’s focus on brand “authenticity,” and said competitors should take a closer look at his strategy.

“As premium European brands struggle from a lack of creativity and greedflation – prices are difficult to justify – they have undoubtedly lost in authenticity and appeal. Burberry used its outlet network swiftly to help move products from an overpriced, handbag-focused approach to go back to basics [that are] well-priced, authentic, outerwear-focused,” HSBC said.

It added that Burberry, Coach, Ralph Lauren and Longchamp “are seemingly benefiting greatly from the white space created by premium luxury brands being out of reach for many aspirational consumers.”

HSBC also noted that Burberry’s share price is up 75 percent since Schulman’s arrival, and added it expects “upward revisions” on the shares from other banks. Following the HSBC report on Tuesday morning, Burberry’s shares were broadly flat at 12.99 pounds.

HSBC isn’t the only financial institution that’s upbeat on Burberry.

Earlier this week, Wan Nurhayati, equity analyst at CFRA Research, said: “We continue to see potential recovery [in fiscal 2025-26] from the turnaround strategy and expect the market to focus on the progress of ‘Burberry Forward,’ including the decision to focus back on outerwear and cost savings.”

Nurhayati added that Burberry has committed to deliver “better margins with continued focus on simplification and productivity, while remaining on track to deliver 80 million pounds in annualized savings” by the end of the current fiscal year.





■ Rosie Huntington-Whiteley wearing a check bikini in Burberry's high summer 2025 campaign.

