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Burberry profits take 21pc hit in fiscal 2017

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Burberry is confident for fiscal 2018 ahead; Image courtesy of Burberry

By STAFF REPORTS

British fashion house Burberry is continuing to take strategic actions to elevate its business in a challenging luxury retail market after reporting fiscal year 2017 revenues were down 2 percent.

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Burberry's revenues for FY 2017 ended March 31 totaled 2.8 billion pounds, or \$3.6 billion at current exchange rate. Currently, Burberry is readying for its transition period that will see creative director Christopher Bailey give the CEO title to Marco Gobetti in July and Coty Inc. assume distribution of the brand's cosmetics and fragrances.

Times of transition

Strategic progress for FY 2017 included key appointments made in product, customer experience and technology. Burberry also announced a new business service center in Leeds, Britain and its plans to relocate roles from London.

By category, Burberry has put stock in its beauty through its alliance with Coty Inc., which kicks off in October ([see story](#)).

Thus far, Burberry's transition period has seen success in product focus with new additions outperforming and leather goods showing strength led by handbags' mid-teens growth.



Iris Law for Burberry Beauty

Burberry has also improved its mainline retail conversion and retention, and its ecommerce leadership has paid off with digital growth and continued investment in omnichannel.

Financially, retail composed 77 percent of Burberry's revenue, but the company's wholesale business was down 14 percent and licensing decreased by 48 percent.

Burberry's adjusted profit before tax was up 42 million pounds, or \$54 million, to 462 million pounds, or \$600 million at current rates. This is a 21 percent underlying decrease for Burberry as it takes strategic to safeguard the brand from the market's challenges despite a recent boost from Brexit.

In a statement, Mr. Bailey said, "2017 was a year of transition for Burberry in a fast changing luxury market. The actions we have taken to lay the foundations for future growth are yielding early benefits and I remain confident that these will build over time.

"Marco Gobbetti assumes the role of CEO from July ([see story](#))," he said. "With his extensive experience in the sector, we will build on these foundations to elevate and strengthen the brand further and take Burberry to the next level as a global luxury retail and digital business.

"I am excited to work closely with him in this next chapter."