

# Burberry Group PLC

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## Burberry's catwalk turnaround still required, while UK retail sales growth could be grim

After this week's deluge of UK data, with the latest GDP, unemployment and inflation numbers all having been released by the Office for National Statistics over the past few days, Thursday will bring October retail sales numbers, a key measure of how the wider economy and consumer spending are doing.

Last month, trade body British Retail Consortium reported a 1.3% drop in sales for September, making it the worst month on record, so investors will be hoping that things are not looking quite so grim as the high street gears up for the key Christmas buying season, although the looming general election and Brexit uncertainties are sure to be a drag on sentiment.

The increasingly uncertain economic environment for retail is also keeping analysts cautious on turnaround developments at FTSE 100-listed Burberry Group plc (LON:BRBY) despite the benefits of a strong brand name and a seasoned management team.

The luxury goods firm, which releases half-year results on Thursday, will not have much room for error considering the so far mixed evidence for the success of new creative director Riccardo Tisci's collections.

Gross margin is expected to decline by 150 basis points to 66%, driven by product investments and promotional activity, with Burberry's underlying earnings forecast to fall 3% year-on-year to £173m.

Are Great Portland Estates' new projects keeping it real?

Meanwhile, in another under pressure sector, second liner Great Portland Estates PLC (LON:GPOR) may be doing better than its bluechip real estate peers British Land Company PLC (LON:BLND) and Land Securities Group PLC (LON:LAND), which reported grim numbers earlier this week.

Investors are looking for a detailed market commentary with Great Portland's interim results, including an update on its rental growth guidance as well as how it seeks to add value in a flat market.

The central London-focused landlord has a substantial pipeline but only a few projects are committed, with analysts wondering to what extent the economic uncertainty has weighed on property developments.

Strikes loom over FirstGroup's recovery

Wheeling over to another sector, transport firm FirstGroup PLC (LON:FGP) has been recovering from a slump but needs to show continued signs of improvement to prove its worth to investors.

Consensus estimates for the Aberdeen-based company look for 8% annual growth in sales to £7.7bn, with profits up 1% to £229m.

The recent announcement of 27 days of strikes on its South Western Railway during December will not be of help,

**Price:** 2024

**Market Cap:** £8.21 billion

### 1 Year Share Price Graph



### Share Information

**Code:** BRBY

**Listing:** LSE

**52 week High Low**  
2362 1678

**Sector:** Retail

**Website:** [www.burberry.com](http://www.burberry.com)

### Company Synopsis:

*Burberry Group designs, sources, manufactures and distributes luxury mens, womens and childrenswear and non-apparel accessories globally through its own retail stores, concessions and wholesale customers. Burberry also licenses third parties to manufacture and distribute products using the Burberry trademarks.*

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however, while analysts are also waiting for a solution for its US coach business Greyhound, even if that is to sell it off.

Significant announcements expected on Thursday 14 November:

**Interims:** Burberry Group PLC (LON:BRBY), FirstGroup PLC (LON:FGP), Great Portland Estates PLC (LON:GPOR), Mediclinic International Plc (LON:MDC), National Grid PLC (LON:NG.), NextEnergy Solar Fund Ltd (LON:NESF), Norcros PLC (LON:NXR), Stobart Group Ltd (LON:STOB), Urban Logistics Reit PLC (LON:SHED)

**Finals:** Tracsis PLC (LON:TRCS)

**Trading statements:** Bovis Homes PLC (LON:BVS), Grafton Group PLC (LON:GTFU), Genus plc (LON:GNS), QinetiQ Group PLC (LON:QQ.), Regional REIT Ltd (LON:RGL), Safestore Holdings PLC (LON:SAFE), TBC Bank Group PLC (LON:TBCG)

**Economic announcements:** UK retail sales, EU GDP, US jobless claims

**Ex-dividends to knock 15.9 points off FTSE 100 index:** Bunzl PLC (LON:BNZL), GlaxoSmithKline PLC (LON:GSK), Royal Dutch Shell PLC A (LON:RDSA), Royal Dutch Shell PLC B (LON:RDSB), J Sainsbury PLC (LON:SBRY)

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