

Could Burberry be a foreign takeover target?

With a weak pound, there are those looking to cash in on the brand's heritage. *Hannah Boland reports*

As news of Queen Elizabeth II's death broke, Burberry was among the first fashion houses to cancel its runway show at London Fashion week. The luxury heritage brand was, after all, one of the late Queen's favourite "weatherproofers" and the holder of two royal warrants.

Instead of a lavish show in Trafalgar Square, it opted for a more muted affair at a Bermondsey warehouse weeks later. The inspiration for the latest collection was the great British seaside. Fittingly, those invited battled through blustery wind and drizzle to attend.

Burberry's Britishness has been something of a cornerstone for the business. "I have long admired Burberry's position as the most iconic British luxury brand," chief executive Jonathan Akeroyd said when appointed to the post last October. "I have a deep affection for its storied heritage."

It is not only industry chiefs who have been lured by this heritage. With sterling languishing at near 37-year lows, Burberry's Britishness is, increasingly, placing it at the top of many people's lists of potential foreign takeover targets.

Industry experts say there is an "increasing interest in UK assets, particularly from the US, and this is both corporates and private equity". As Britain's only FTSE 100 luxury company, Burberry appears ripe for a swoop.

"There have been talks about a potential takeover of Burberry, on and off for the past 10 years," says Emilio Foa, a former executive at Burberry and current CEO of Otolenghi restaurant group. "I think it's still a possibility – and these days, it's a higher possibility than it was six months ago, because the fact is, the asset is less expensive."

Foa is not the first to suggest this. The company's second largest shareholder, Lindsell Train, this month warned against the risk that the "only resonant luxury brand that the UK" had could be snapped up on the cheap. Nick Train, the fund's star stockpicker, said he would be "adamantly opposed" to any offer that was "remotely" near Burberry's current valuation. "Burberry is irreplaceable, it's sui generis in the context of the UK stock market."

Still, Neil Sumner, head of mergers and acquisitions at Interpath Advisory, says it is true that more overseas businesses are considering "cheap" UK assets that either enable them to gain a strategically important foothold in the UK or allow them to acquire, say, a brand or technology which they can



brand. Yet less than a year into his tenure, chief financial officer Julie Brown has announced she is leaving to join pharmaceutical giant GSK next April. This will cause more disruption, and cast doubt on when detailed financial plans will come. "Does it make sense to wait for a successor?" asks one top-10 shareholder. "I think people would expect a medium-term financial plan at this point, but is Burberry in a position to give that, given the set-up?" More uncertainty also comes in the

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form of China, Burberry's largest market, which is continuing with Covid restrictions despite much of the rest of the world unlocking. In its latest update, Burberry said its comparable store sales were down 35pc in mainland China in the 13 weeks to July 2 compared with a year earlier, after lockdowns blocked up its distribution channels and shuttered its stores.

While recent announcements from the Chinese authorities suggest no easing of restrictions any time soon, analysts say there are some events in the calendar that might force China to unlock, having agreed to host them. "You've got the Grand Prix in April ... but the Asian Games in September is more important," says Jefferies analyst Flavio Cereda. A relaxation of the rules would boost luxury brands. "And Burberry is loved in China."

In his view, there is still some work to do for Burberry to get the full benefit of an unlocking. "All this comes down to whether you have the right product in place. And at the moment, I'm not sure that they do," Cereda says.

Leather goods, for example, are one area where Burberry has been under pressure to improve its collections. "But if you look at the people involved at the company, it's encouraging."

Such potential may attract more interest from suitors. "From an emotional point of view, I would love to see the company remain British," says Burberry veteran Foa. "But you have to remember, these companies have a pretty global, diversified shareholder list. I think it's more about protecting and preserving the essence of the brand and the Britishness of the brand. Do you need a pure British owner for that? I wouldn't say so."

exploit through their own business and/or in other overseas markets". With Burberry, it appears there is much to gain. Insiders are adamant that Burberry's board would try to resist a takeover. Yet, they say there is a price point that would be difficult to reject. "The current price plus 50pc would be hard to turn down," says one source close to the company.

Such a steep offer would see Burberry potentially go for even more than it was worth before the pandemic, with shares down around 20pc since early 2020 – although for foreign investors, there is the sterling slide to take into account.



There are factors that suggest it could be worth the premium. "China is fundamental to Burberry's growth," the source says, and a move to swoop now could be a play to make major inroads in the country.

What's more, the company is in a state of flux. "Maybe interested parties think it would be better to wait two years but then the price could be much higher."

By then, the expectation is that a host of uncertainties will be resolved. The brand is poised to go in a new creative direction after Riccardo Tisci stepped down as creative director last month to be replaced by Bradford-born Daniel Lee. The new

collections, analysts say, may create the "strong buzz" that was missing when Tisci launched his designs.

"It also communicates something to the consumer that if you are a British brand, you probably need to have a British designer," says Allyson Stewart-Allen, chief executive of International Marketing Partners and a former adviser to Burberry. "This is really about brand integrity."

It is not just the designs that could change. Operationally, the business is going through a shake-up, after huge efforts by previous CEOs and creative directors to rebuild the Burberry brand as a higher-end name, following years in which it was dubbed "chav check".

Akeroyd is leading a drive to continue improving the cache of the

Burberry has become increasingly popular in China in recent years, though lockdowns there have taken their toll. Left, Daniel Lee, who joined the luxury brand this month as chief creative officer

How the rich and famous are being tracked flying around the world

Enthusiasts have the tech to spy in the sky unless, like Arnault, you rent a plane, says *Gareth Corfield*

The rich and famous insist that private jets, which can emit up to two tonnes of CO2 every hour, are a necessary "work tool".

But that didn't stop Bernard Arnault from being forced to give up using his thanks to flight tracking enthusiasts.

"Now no one can see where I go because I rent planes when I use private planes," the Louis Vuitton boss, who is worth more than \$150bn (£135bn), told a company podcast.

While Arnault's decision to abandon his aircraft may have upset plane-tracking enthusiasts, it shows how technology has made it trivially easy to track almost anyone.

Antoine Arnault, son of Bernard and Louis Vuitton's PR director, said: "We haven't found anything better than a private plane to win that race every day and be just a small step ahead of our competitors."

Data company Wingx says there were 3.3m private jet flights last year, while other estimates say there were around 22,000 private jets registered around the world in 2019.

As the world's second-richest person, Arnault's movements are of interest to many, including the 37,000 people who follow the Twitter account @LAvionDeBernard. Arnault isn't

alone in wanting to discourage easy sharing of information about his flights. Earlier this year, Elon Musk offered Jack Sweeney, a teenager running a similar account, \$50,000 (£44,986) to stop tweeting his movements.

"I don't love the idea of being shot by a nutcase," Musk wrote to Sweeney in a private message. Other celebrities such as Kylie Jenner, Taylor Swift and Mark Zuckerberg have had their whereabouts revealed online using flight tracking software. Getting an aircraft removed from flight tracking

'If you use certain apps, you can download the exact flight plan. Very handy for nasty purposes'

apps isn't as simple as complaining to the operator, according to Ian Petchenik, spokesman of plane tracking site Flight Radar 24.

Flight Radar 24 follows an American government list of which aircraft can and cannot have their details displayed publicly, he says.

Private jet operators wanting to hide their aircraft's details from Flight Radar 24 and similar websites must apply to the US Federal Aviation Authority. FAA officials maintain a list called Limiting Aircraft Data Displayed, or LADD.

"Generally speaking, it applies mainly to aircraft registered in the US,"

says Petchenik. "But it can include operators from all over the world."

Steffan Watkins, an open-source intelligence expert who specialises in tracking and logging aircraft movements, says the LADD list is only a partial solution. Owning a private jet is as good as publicly sharing your travel itinerary, he says, because international aviation rules say civil aircraft must have a transponder aboard that broadcasts their locations: "If there is something to be gleaned, that information will come out via transponder tracking."

While the transponder signal is intended for air traffic controllers, enthusiasts can set up systems to receive these radio broadcasts too – and the LADD list doesn't apply to them.

Alan Turnbull, editor of the Secret Bases website and a flight tracking enthusiast, explains that the equipment needed to track an aircraft in midflight can be bought off the shelf for a few hundred pounds.

"All these latest Twitter accounts are doing is using cheap USB dongles – about the size of Amazon firesticks, or sometimes smaller – with open-source software and decent aerials," he explains.

One plane-tracking website, ADSB Exchange, uses crowdsourced signals to generate a very similar display to Flight Radar 24 – except this one sometimes shows aircraft that aren't displayed by its rival.

A simpler option for keeping out of the public eye is to sign up to one of the membership-based airlines that operates executive-grade aircraft to order. The amount of information available on such flights matches those of owners' personal aircraft, however.

Retired NetJets pilot Mike Jenvey says security fears had sometimes played on his mind when carrying certain passengers.

"For some royalty and high net worth individuals, there's always the risk of someone looking out for them in particular countries and locations," Captain Jenvey says. "If you use certain apps, you can download the exact flight plan. Very handy for nasty purposes."

No matter who's on board an aircraft, it seems no amount of money or power can stand in the way of an enthusiast with a radio aerial and an internet connection.

Unless, that is, you abandon the exclusivity of private aviation and rent or share a jet with others.



It seems the only way you can use a private plane without being tracked is to rent one

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