

Burberry Group plc

Third Quarter 2004/05 Trading Update

Burberry Group plc reports on trading for the third quarter ended 1 January 2005.

Financial Highlights

- Total revenues increased 7% on an underlying* basis
- Retail sales increased 6% underlying driven by new and refurbished stores
- Wholesale revenues increased 5% underlying; Burberry continues to anticipate mid-to-high single digit wholesale sales growth for Spring/Summer 2005 season
- Licensing revenue increased 14% underlying driven by global licensee gains

£ million	Third Quarter					Nine Months				
	2004/05		2003/04	% change		2004/05		2003/04	% change	
	Reported	Underlying*	Reported	Reported	Underlying*	Reported	Underlying*	Reported	Reported	Underlying*
Retail	96	100	94	1	6	207	221	203	2	9
Wholesale	47	49	47	2	5	245	255	230	7	11
Licence	18	18	16	15	14	57	58	46	23	25
Total	161	167	157	3	7	509	534	479	6	12

* Underlying figures are calculated at constant exchange rates.

Commenting on the trading results, Rose Marie Bravo, Chief Executive, stated, *“In the context of a highly promotional environment, Burberry held its course and delivered a solid result for the quarter. With favourable initial consumer response to the spring product, strong editorial presence and an exciting advertising campaign, Burberry is well-positioned as we enter the season.”*

Total revenues

Total revenues in the third quarter ended 1 January 2005 increased by 7% on an underlying basis (i.e. at constant exchange rates), 3% reported, compared to the same period last year.

Retail

Retail sales accounted for approximately 59% of total revenue in the period.

Retail sales in the third quarter increased by 6% underlying, 1% reported, driven by contributions from newly opened and refurbished stores. In the context of highly promotional retail environments in the US and UK, Burberry maintained its end of season sales strategy with the timing of sale periods remaining consistent with that of the previous year. During the quarter, Burberry opened stores in Rome, Italy and Boca Raton, Florida, added two accessory concessions in Spain and completed major store refurbishments, including Paris and San Francisco. On a year over year basis, average selling space increased approximately 8% in the quarter.

Retail sales growth varied by region. In the US market, despite a challenging outerwear season, muted consumer response to some classic styles and deliberately restrained outlet store sales, retail sales increased in line with space growth in the period. In Europe, Continental markets generally continued to perform well, while the UK market was weak for the quarter. In Asia, sales in Korea continued to be volatile as a result of the difficult macro environment resulting in a flat overall performance for the quarter. Hong Kong experienced vigorous growth throughout the period, while Southeast Asia, boosted by new stores, achieved strong gains.

Burberry remains on schedule to open a minimum of two concessions during the fourth quarter, resulting in the addition of approximately 7% retail selling area for the 2004/05 financial year. In addition, several important store refurbishments will commence in the fourth quarter. For the 2005/06 financial year, the Group has to date signed leases for new stores in Naples, Florida and San Antonio, Texas.

Wholesale

Wholesale sales accounted for approximately 29% of total revenue in the period.

In the quarter, total wholesale sales increased 5% underlying, 2% reported. On the basis of orders received to date, Burberry continues to anticipate mid-to-high single digit growth for the Spring/Summer 2005 season. Spring/summer merchandise shipments are concentrated in the fourth quarter of each financial year.

During the quarter, franchise partners opened the following Burberry locations: 3 stores in China; a second store in Moscow (Russia); a second store in Dubai (UAE); and stores in Copenhagen (Denmark) and Sao Paulo (Brazil).

Licensing

Total licensing revenues in the quarter increased by 14% on an underlying basis, 15% reported, reflecting strong gains by global product licensees. In Japan, aggregate volumes declined as a result of licensee cancellations/transitions, a soft apparel market and Burberry's programme to reduce selectively the distribution of certain products in that market. These declines were partially offset by increases in certain royalty rates. Global product licences drove gains in the quarter led by fragrances, which benefited from the ongoing strength of the *Burberry Brit* product line.

Conclusion

As a whole, this performance is consistent with management's expectations for the financial year.

Burberry will provide a second half trading update on 13 April.

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