BURBERRY

ESTABLISHED 1856

Preliminary Results

24th May 2007

John Peace

Chairman

Second Half Review

Stacey Cartwright
Chief Financial Officer

Full Year Financial Highlights

	2006/07 £m	2005/06 £m	Growth
Turnover	850.3	742.9	14%
Reported EBIT	157.0	154.5	2%
Adjusted EBIT*	185.1	165.6	12%
Adjusted diluted EPS*	29.1	24.1	21%
Dividend per share	10.5	8.0	31%
Atlas costs	21.6	11.1	
Plant closure costs	6.5		

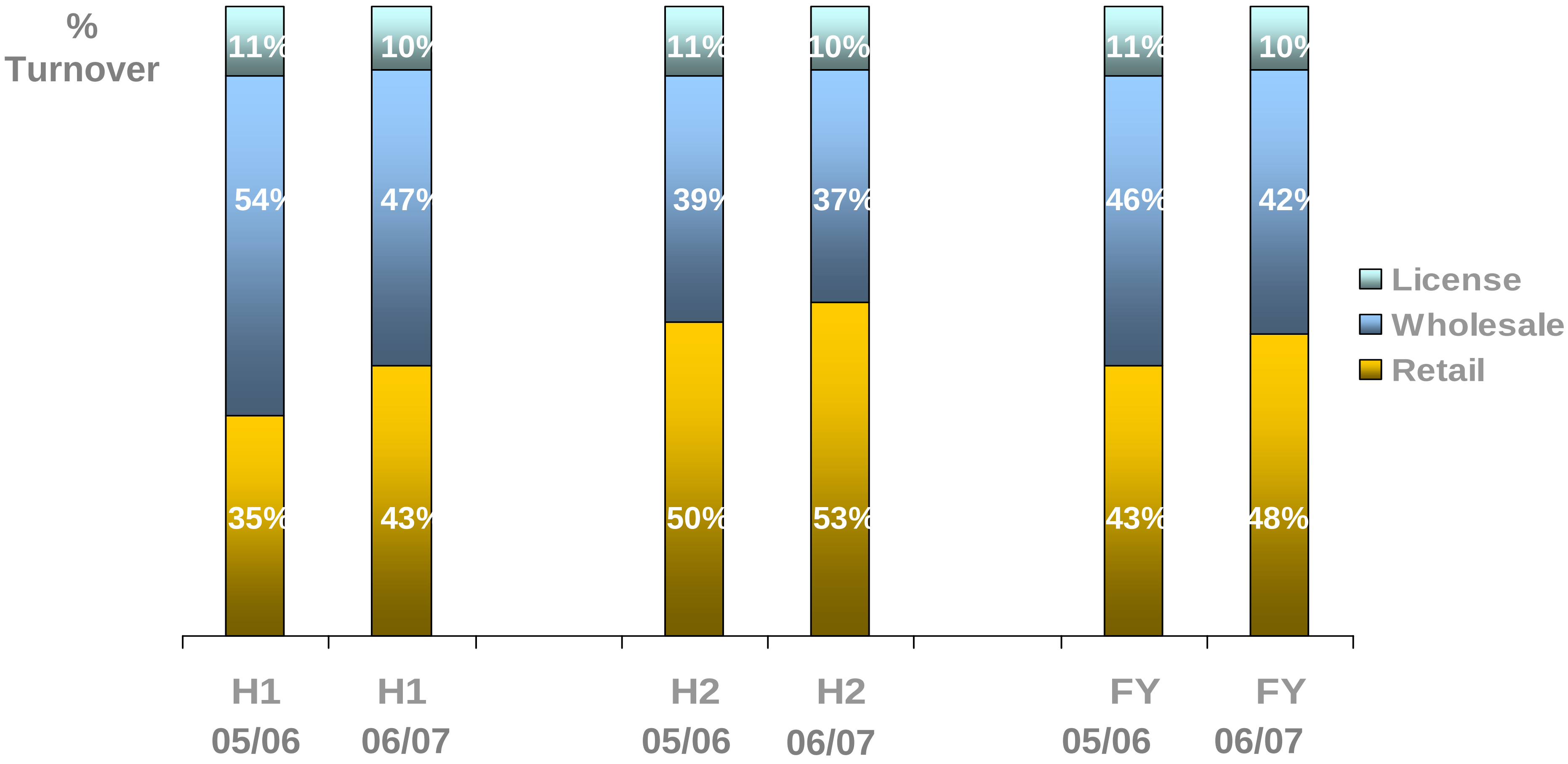
* Pre Atlas and plant closure costs

First Half / Second Half Split

	2006/07		2005/06		Growth	
	H1	H2	H1	H2	H1	H2
Turnover	392.0	458.3	354.9	384.3	11%	19%
Gross Profit %	61.6%	61.0%	57.8%	62.1%	7%	(2%)
Operating expenses % *	40.2%	39.0%	35.6%	39.7%	13%	(2%)
Adjusted EBIT *	84.2	100.9	78.8	86.1	7%	17%

* Pre Atlas and plant closure costs

Full Year Revenue Channel Shift



Retail +8% points shift

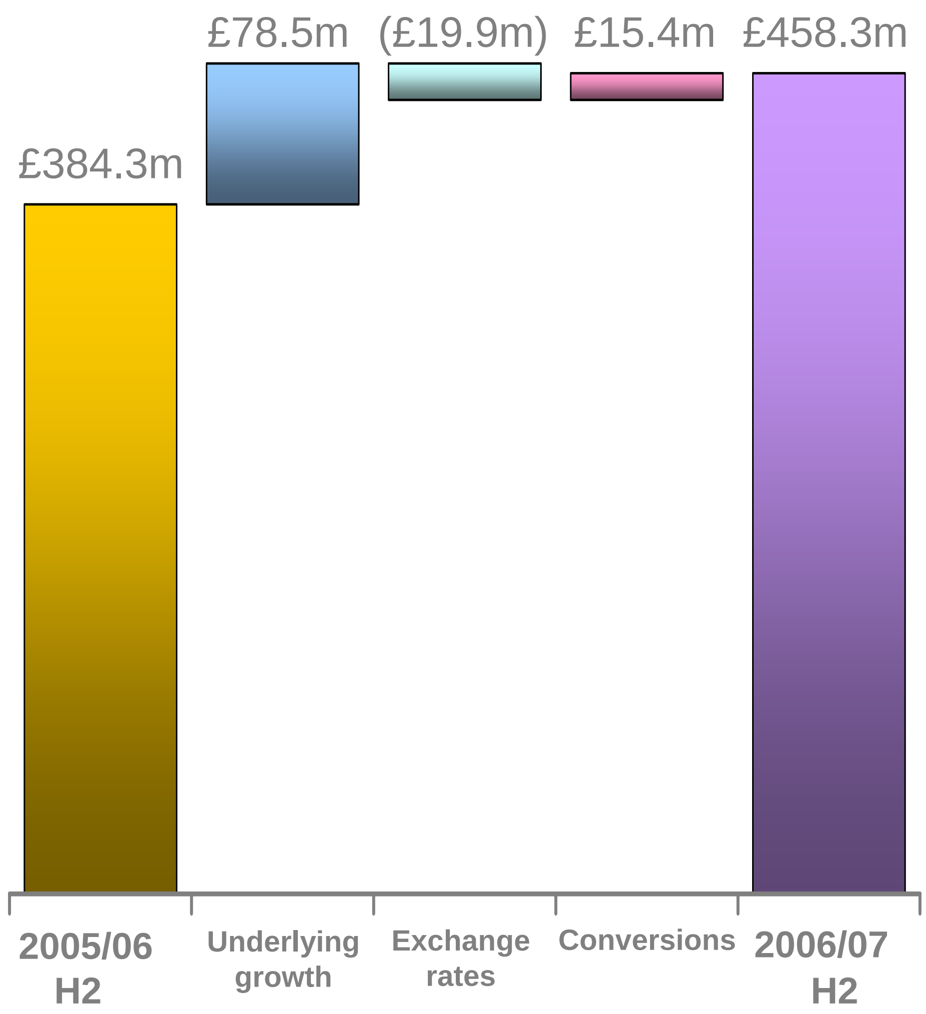
Retail +3% points shift

Retail +5% points shift

Turnover

Second Half Review

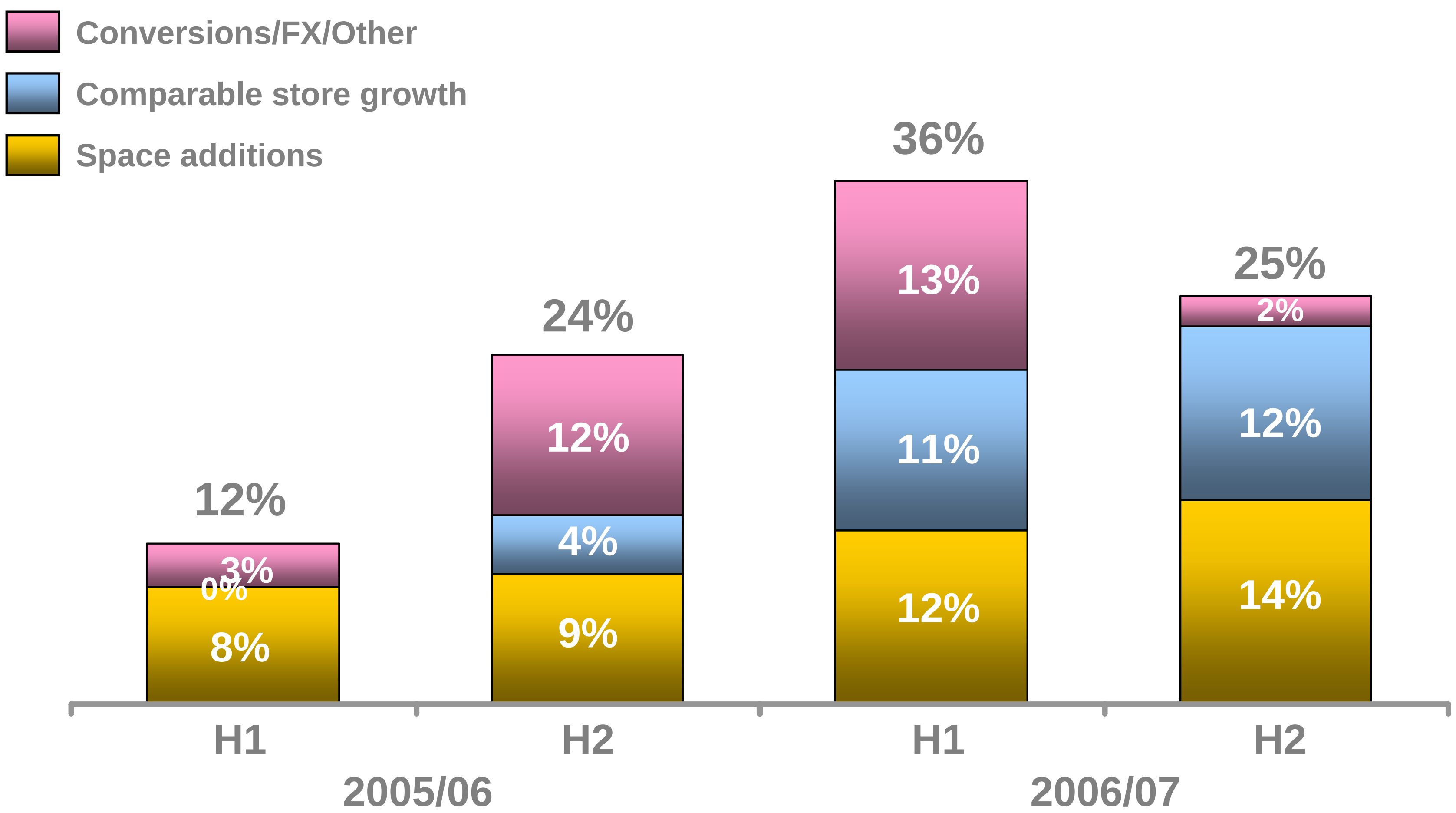
- **Growth**
  - **19% reported**
  - **20% underlying**



Accelerated Retail Growth

Second Half Review

Retail Revenue Growth Components



Second Half Store Activity

Second Half Review

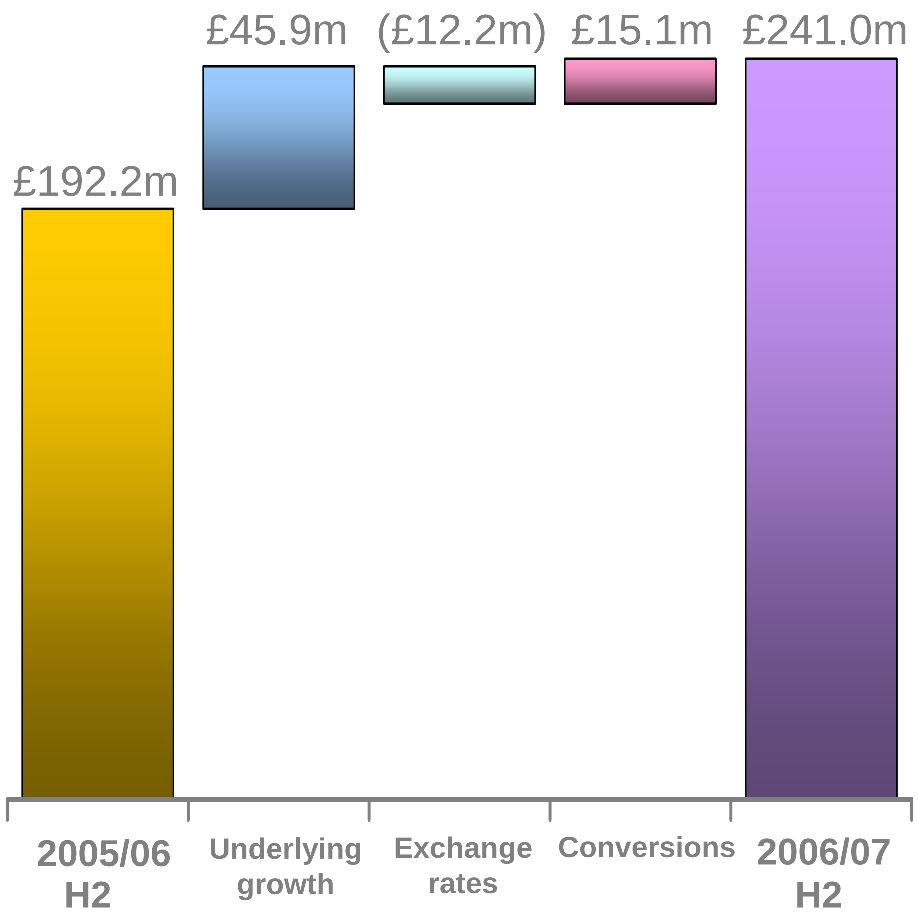
- 15 new openings
- 14% space growth
- Channel shift
  - Spain concessions

First Half	Second Half
Atlantic City	Topanga
Hackensack	Vienna
Northbrook	Seville
Kansas City	Manchester
Madrid	Prague
Sydney	
2 outlets	1 outlet
5 concessions	8 concessions (net)

Retail Revenue

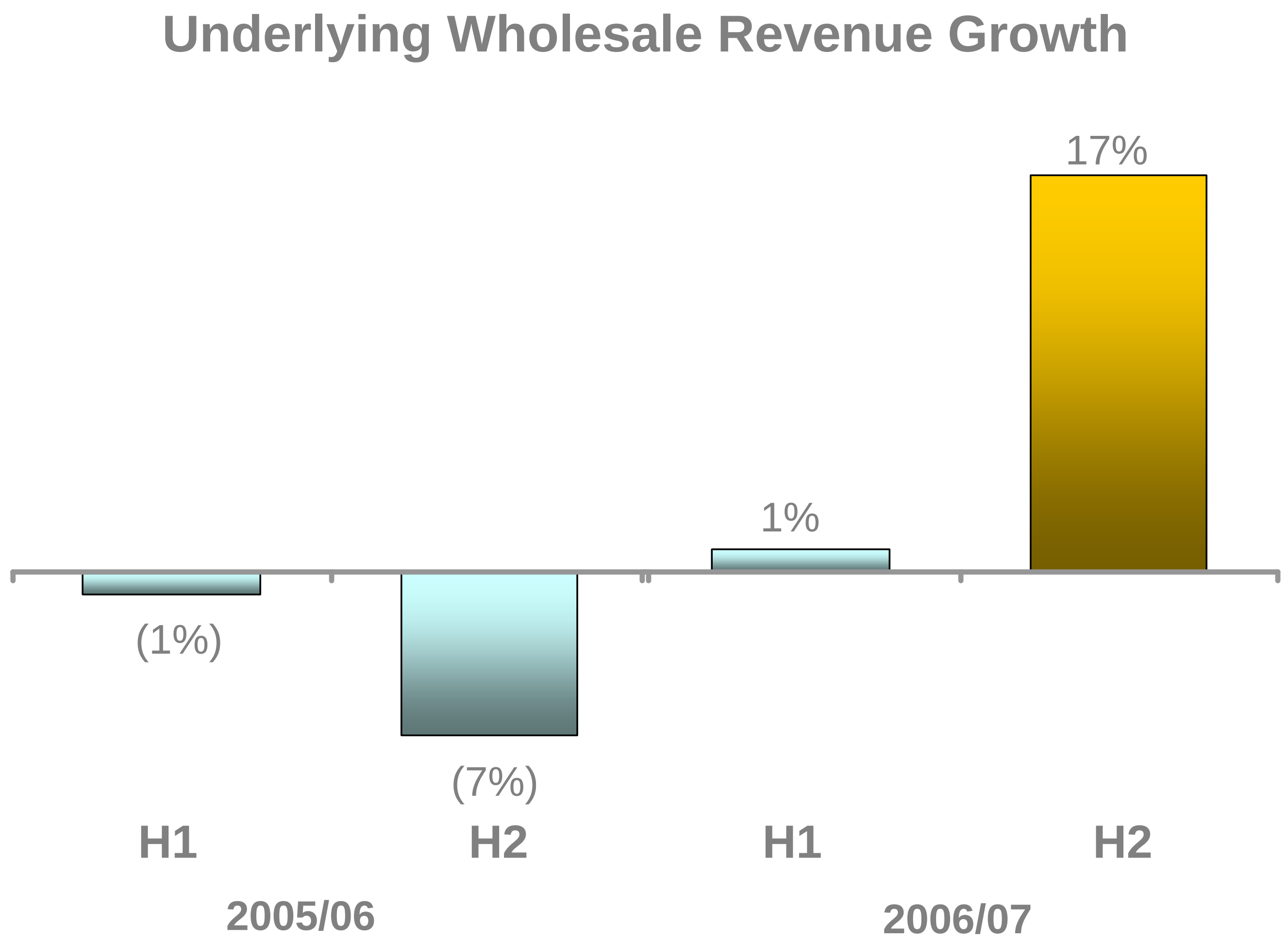
Second Half Review

- Growth
  - 25% reported
  - 24% underlying
- 14% space increase
- 12% comp
- 6% exchange
- 8% conversion



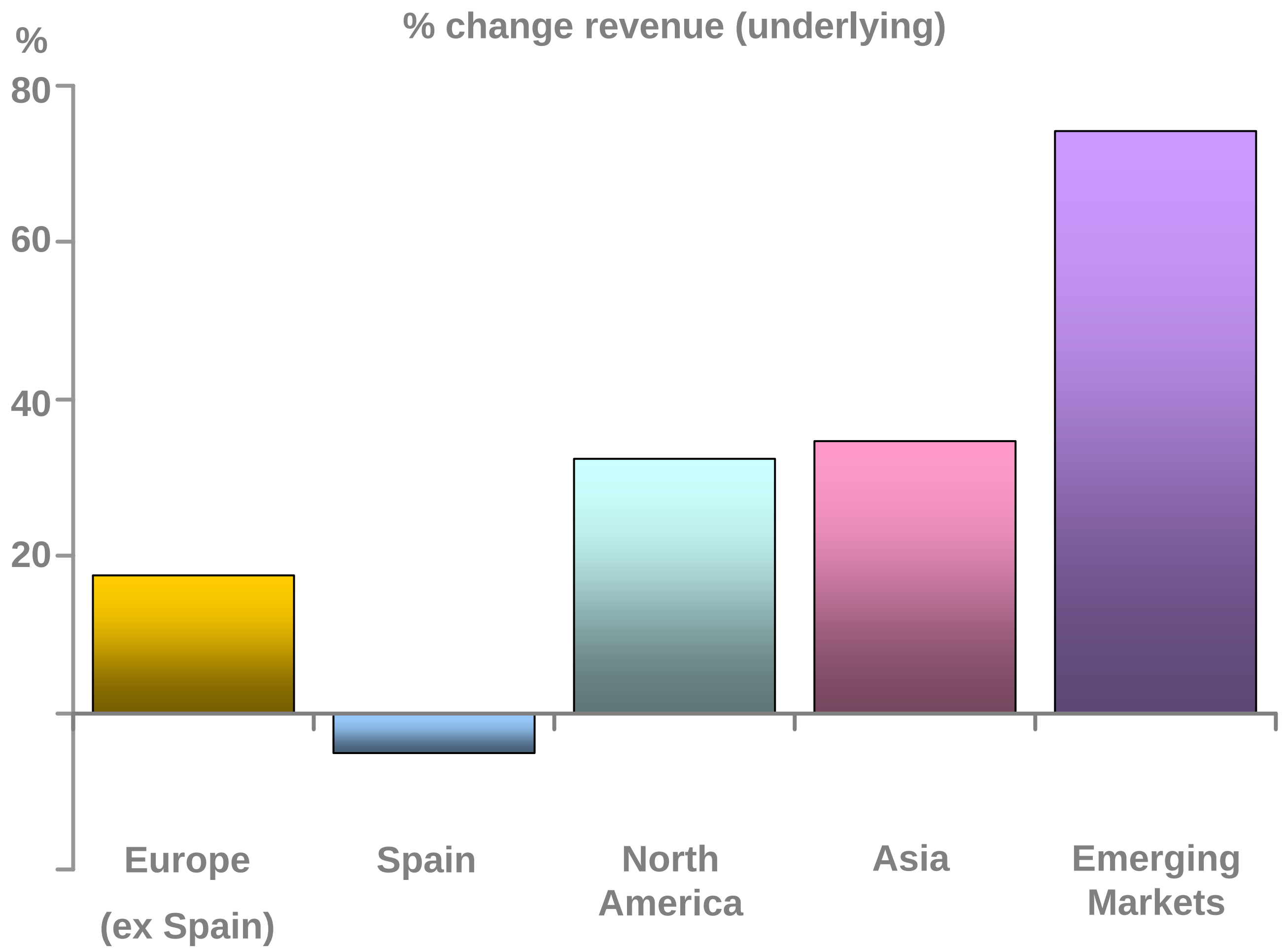
Wholesale Trajectory

Second Half Review



Wholesale Performance

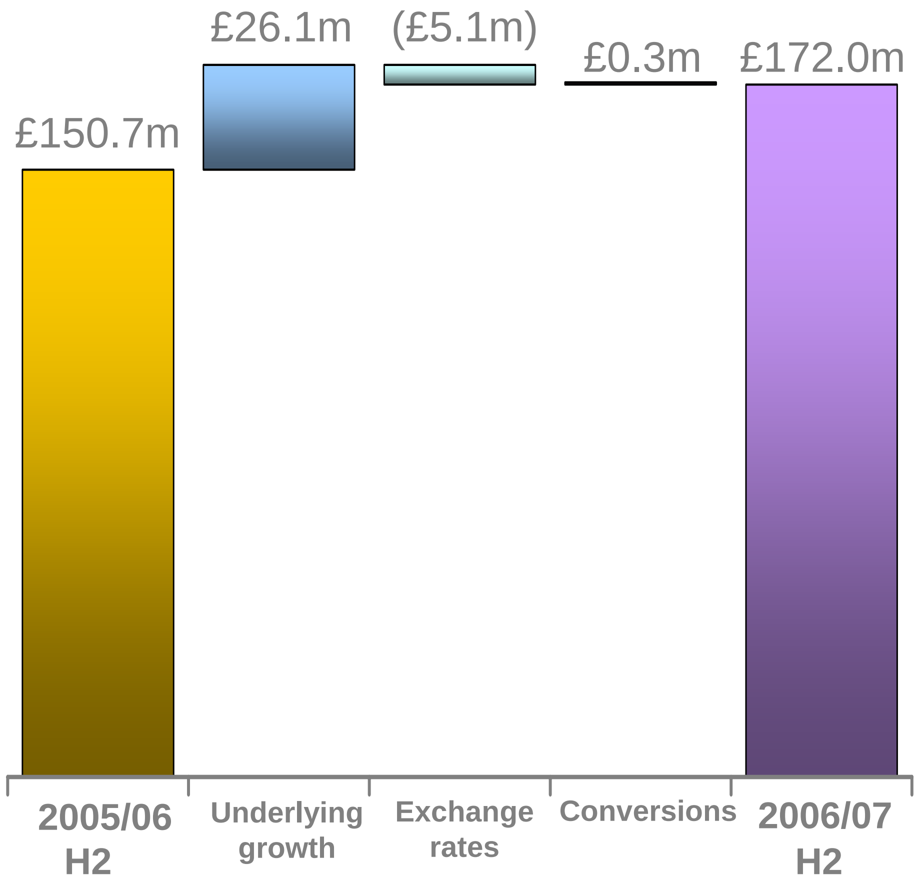
Second Half Review



Wholesale Revenue

Second Half Review

- Growth
  - up 14% reported
  - up 17% underlying
- Replenishment added £4m
- New markets
  - September market for Spring delivery

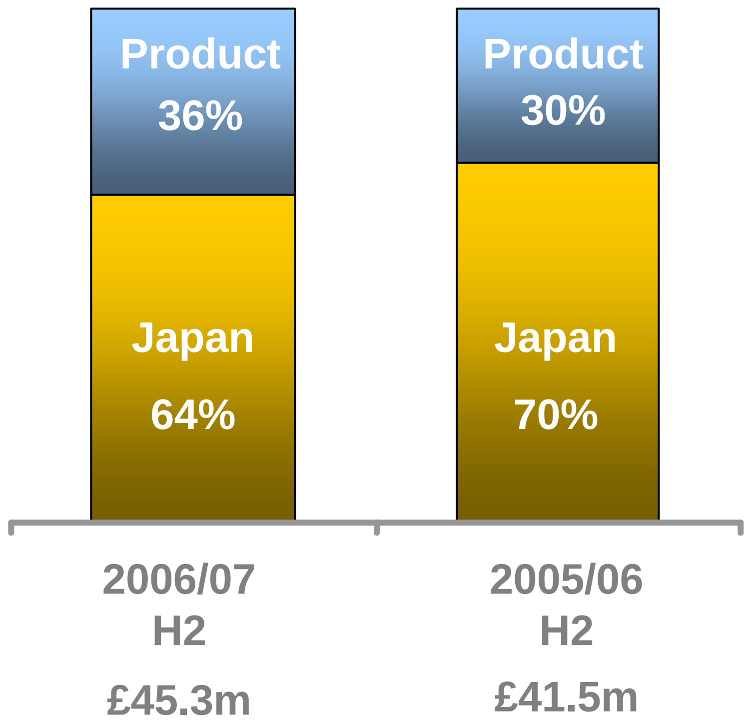


Licensing Revenue

Second Half Review

- 15% underlying growth
- Japan
  - MSD
  - Reported affected by Yen
  - Declining share of licensing mix
- Product
  - Strong DD underlying growth

% share of licensing revenue



Product Licenses

Second Half Review

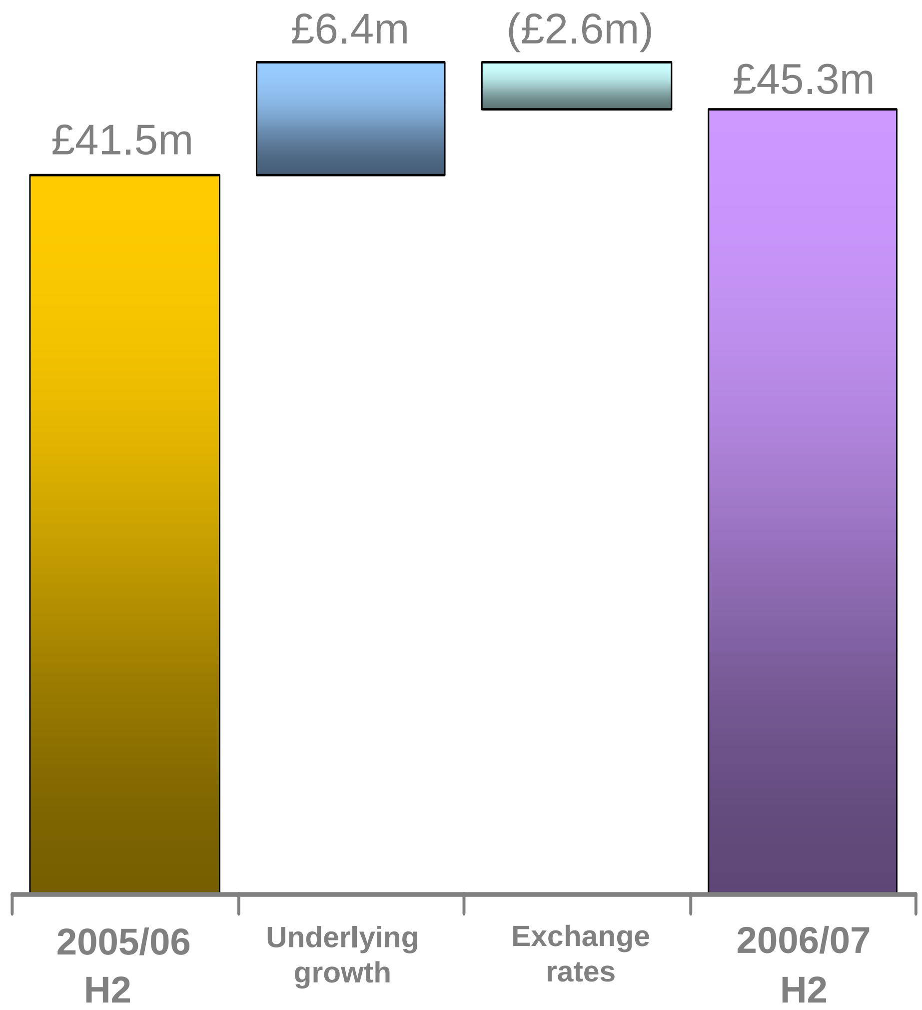
- Fragrances
  - Burberry London
  - Burberry Summer
  - FIFI award for Burberry London for men
- Eyewear
  - Launch of new collection with Luxottica
- Watches performed well

Eyewear

Licensing Revenue

Second Half Review

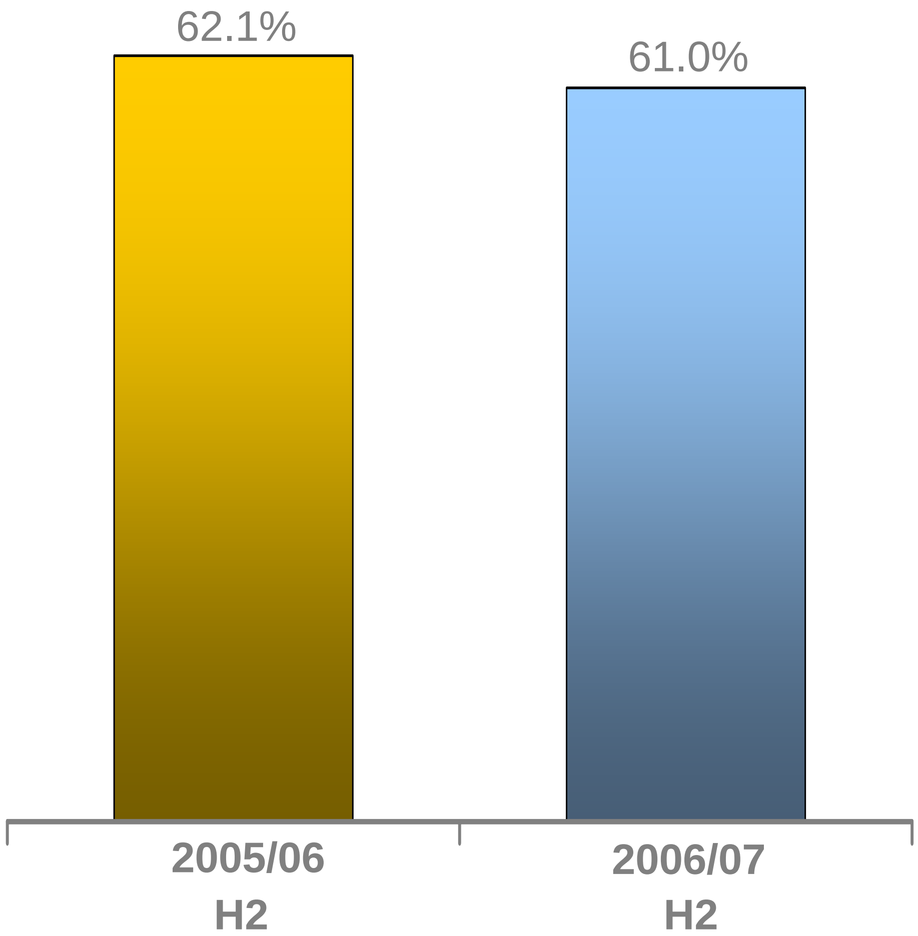
- Growth
  - 9% reported
  - 15% underlying



Gross Profit Margin

Second Half Review

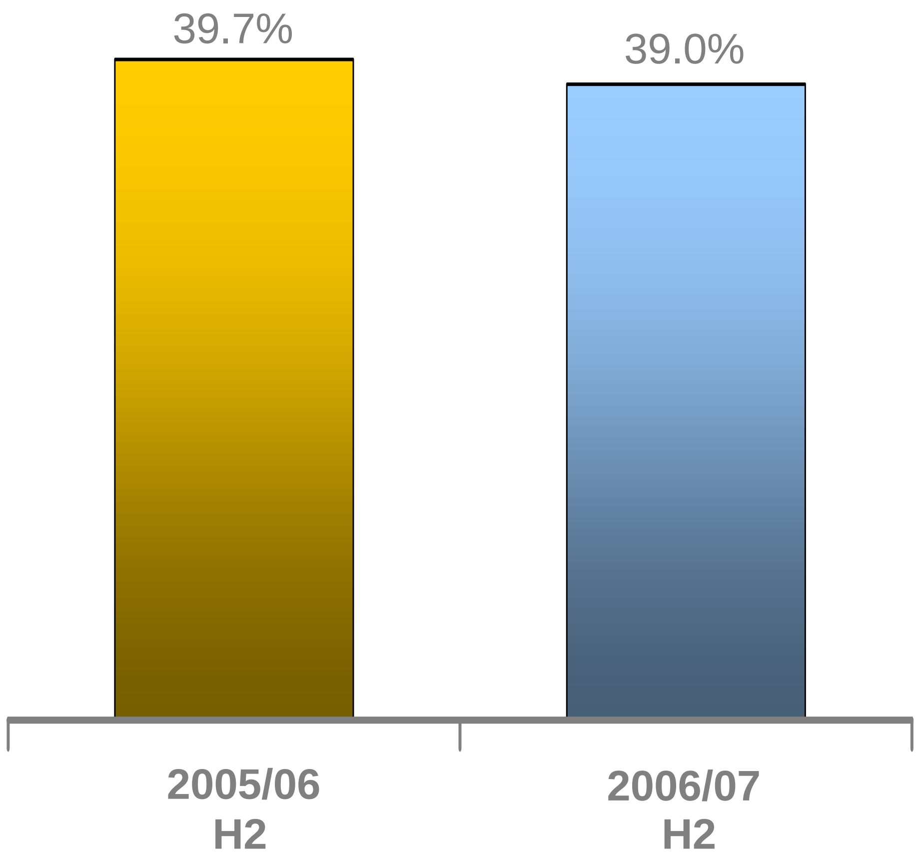
- **Retail mix**
- **Reduced markdowns**
- **Atlas sourcing benefits**
- **Offset by**
  - **Investment in sourcing, samples and product development**
  - **Spain stock write-offs**
  - **Licensing mix**



Operating Expenses*

Second Half Review

- Retail mix shift
- Investment in merchandising and supply chain
- Marketing efficiencies
- Atlas savings
- Leverage

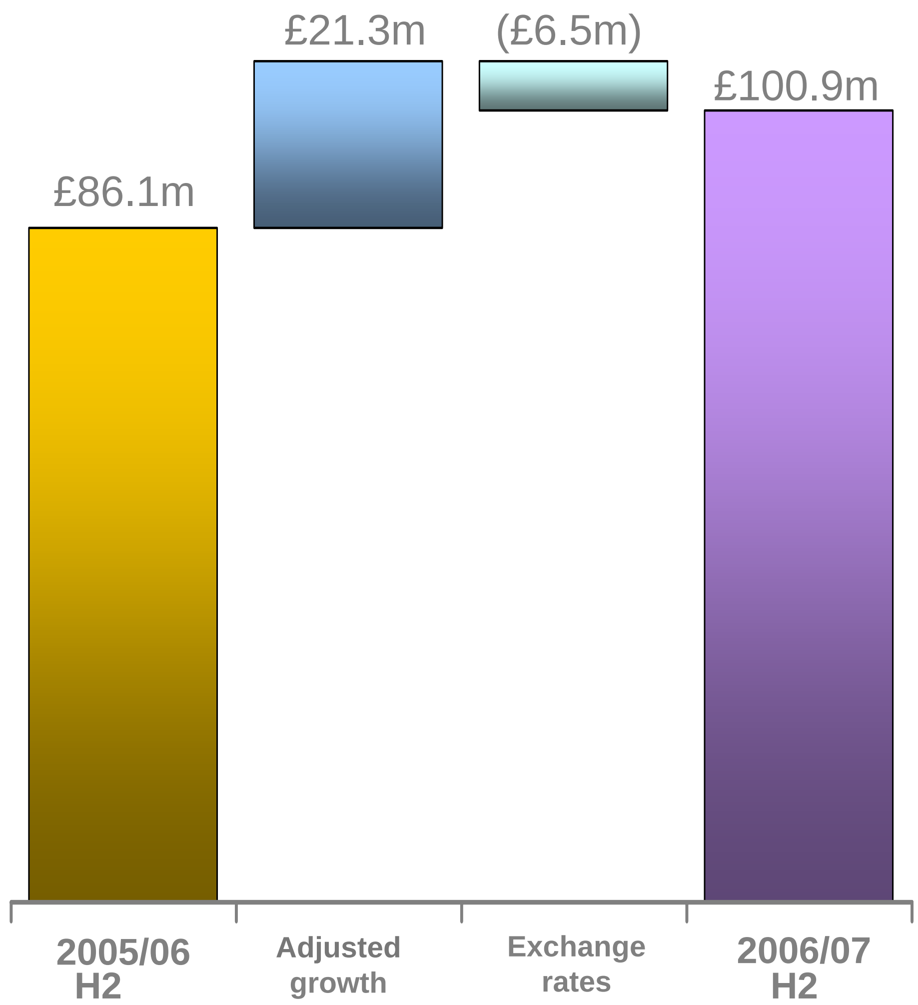


* Pre Atlas and plant closure costs

Adjusted EBIT*

Second Half Review

- Adjusted EBIT growth:
  - 17% reported
  - 25% underlying



* Pre Atlas and plant closure costs

Currency Impact

Second Half Review

			2006/07	2007/08
	H1	H2	FY	Outlook
Currency impact on EBIT				
- US dollar	0.4	2.2	2.6	1
- Euro	0.2	0.6	0.8	1
- Yen (hedge rate)	0.7	2.1	2.8	6
- Other	0.6	1.6	2.2	1
Total currency	1.9	6.5	8.4	10

Adjusted EBIT Margin*

Second Half Review

	Year	2006/07		
	2005/06	1H	2H	Year
Retail and Wholesale	**14. 5%**	**14.0%**	**15.1%**	**14.6%**
Licence	85.6%	85.8%	84.8%	85.2%
Total	22.3%	21.5%	22.0%	21.8%

*** Pre Atlas and plant closure costs**

Adjusted Net Income*

- Interest expense £0.7m
  - “cash neutral” balance sheet

- Tax rate 29.5% vs 32.2%
  - 1.5% one-off
  - 31% ongoing rate

- 21% adjusted diluted EPS* increase
  - tax
  - share repurchase

* Pre Atlas and plant closure costs

Cash Flow from Operations

	FY 2006/07 £m	FY 2005/06 £m
Adjusted EBIT*	185.1	165.6
Atlas & manufacturing closure costs	(28.1)	(11.1)
Depreciation and similar charges	26.7	24.9
Increase in stocks	(33.4)	(17.8)
(Increase) Decrease in debtors	(33.8)	2.2
(Decrease) Increase in creditors	32.8	(21.2)
Other	11.9	5.8
Cash inflow from operations	161.2	148.4

* Pre Atlas and plant closure costs

Total Cash Flow

	FY 2006/07 £m	FY 2005/06 £m
Cash inflow from operations	161.2	148.4
Net interest	(1.6)	1.6
Tax paid	(45.8)	(43.6)
Capital expenditures and acquisition related payments	(35.7)	(50.7)
Sale of shares by ESOP/ Issue of share capital	6.7	6.1
Free cash flow	84.8	61.8

Capital Management

- Cash neutral target

- Repurchase
  - £62m during the year
  - £312m since January 2005

- Progressively increasing dividend payout ratio
  - 20% in 2002/03
  - 36% in 2006/07
  - Dividend up from 3.0p in 2002/03 to 10.5p 2006/07
  - Final dividend up 39% to 7.625p
  - Target 40% payout ratio

Atlas Update

- £50m programme over 3 years
  - 05/06 £11.1m
  - 06/07 £21.6m
  - 07/08 outlook c. £15m

- Ongoing P&L benefits by 07/08 £20+m p.a.
  - £6m achieved in 06/07

- Fully owned by the business

- Firmly in implementation

Atlas Update – Implementation Status

- Completed
  - Corporate Treasury
  - UK/Europe Finance
  - UK/Europe Non-Stock Procurement
  - UK Manufacturing
  - Global sales & stock analytics

- In implementation
  - Core design/product development/merchandising/selling activities in London “engine room”
  - “Follow the calendar” approach
  - All completed by September 07

- Next:
  - US: Autumn 2007
  - Asia: Rolling basis throughout 2008

2007/08 Outlook

• Retail	- 13% space expansion
• Wholesale	- 1st half mid-teens percentage growth
• Licensing	- flat underlying - Yen adverse currency movement £6m
• Atlas	- c. £15m spend - £20m P&L benefits
• Tax rate	- c. 31%
• Capital expenditure	- c. £60m including renovations

Strategy Update

Angela Ahrendts

Chief Executive Officer

Strategic Themes

- Leverage the franchise
- Intensify non-apparel development
- Accelerate retail-led growth
- Invest in under-penetrated markets
- Pursue operational excellence

Building the Luxury Quotient

Leverage the Franchise

- Commercial opportunity
- Benefits design and development
- Brand aura

SS07

Building the Top of the Pyramid

Leverage the Franchise

SS07

SS07

SS07

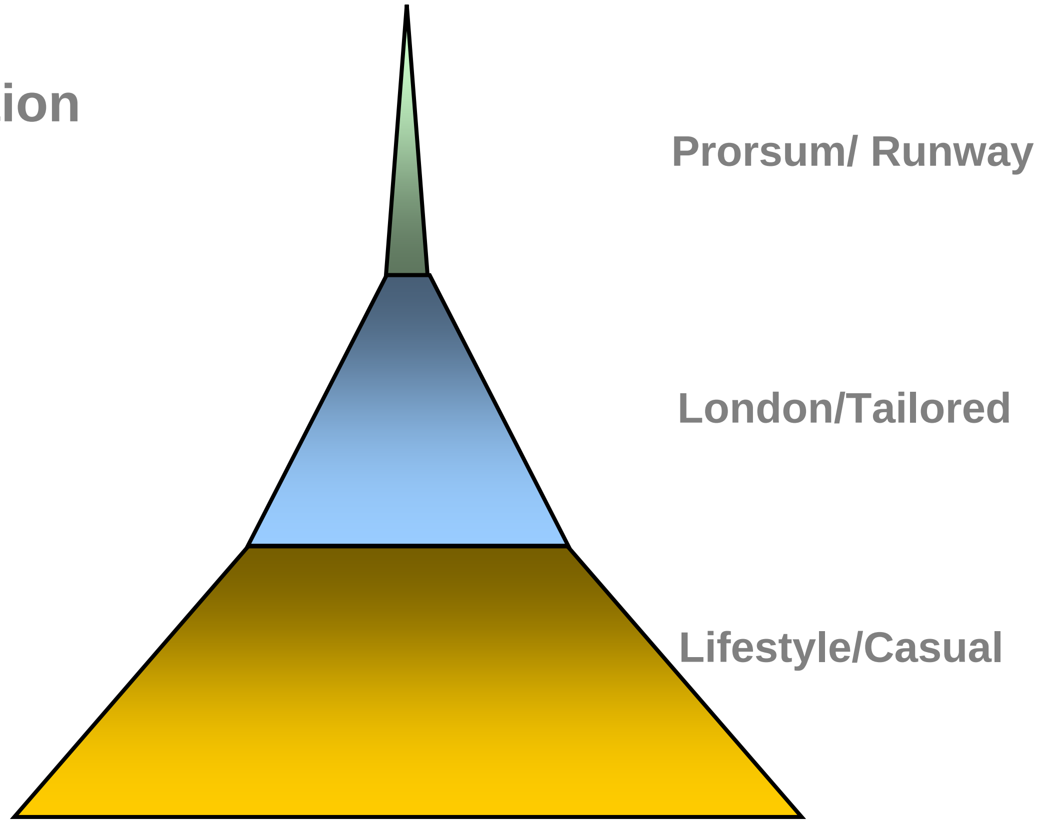
Building the Top of the Pyramid

Leverage the Franchise

Reshaping the Pyramid

Leverage the Franchise

- Historical casual concentration
- Early efforts to build centre
- AUR progress



Product Pyramid

Outerwear Intensification

Leverage the Franchise

- Merchandising cornerstone
- Product initiatives
- Back-of-house initiatives
- Extensions to other categories

AW07 Runway

AW07 Runway

Outerwear Intensification

Leverage the Franchise

SS07 Sartorial

Outerwear Intensification

Leverage the Franchise

SS07 Lifestyle

New Businesses for the Future

Leverage the Franchise

- Icons learning
  - Power of theme internally
  - Drive sales
- AW07 tests
  - Sport
  - At Home
  - Evening
- Maintain operational emphasis

Burberry Sport Autumn 2007

Integrating Selected Product Licenses

Leverage the Franchise

- Historical legacies
- Initiated integration process
- Brand and economic benefits

SS07

Synchronised Marketing Strategy

Leverage the Franchise

- Enhance appeal to younger fashion luxury customer
- Consistent imagery
- Strategic segmentation of campaign
- Synchronised with product flow
- Reallocating spend

SS07

Synchronised Marketing Strategy

Leverage the Franchise

Catalogue

Website

Store

Synchronised Marketing Strategy

Leverage the Franchise

SS07 Runway

Synchronised Marketing Strategy

Leverage the Franchise

SS07 Sartorial

Synchronised Marketing Strategy

Leverage the Franchise

SS07 Lifestyle

Enhancing the Luxury Quotient

Intensify Non-Apparel Development

- Icons as luxury relaunch
- Demonstrated opportunity
- Developing execution
- Building backend

Icons Collection

Extending to Additional Categories

Intensify Non-Apparel Development

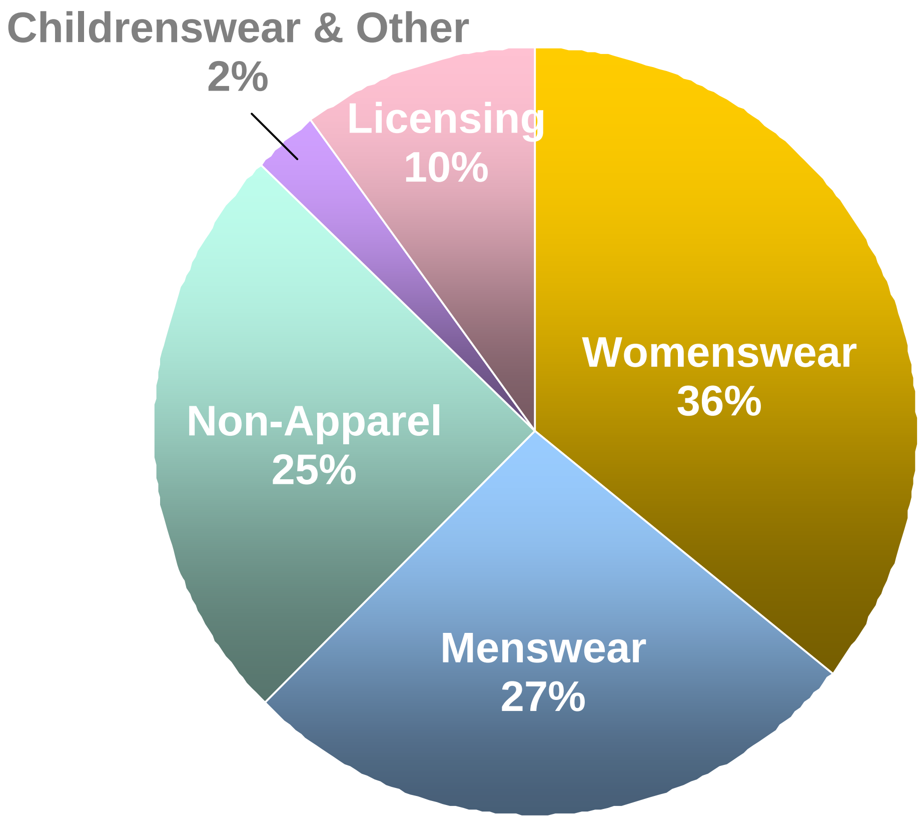
- Building the pyramid
  - Shoes
  - SLG
  - Soft

- Ongoing investment
  - Design and merchandising
  - Marketing
  - Supply Chain

SS07

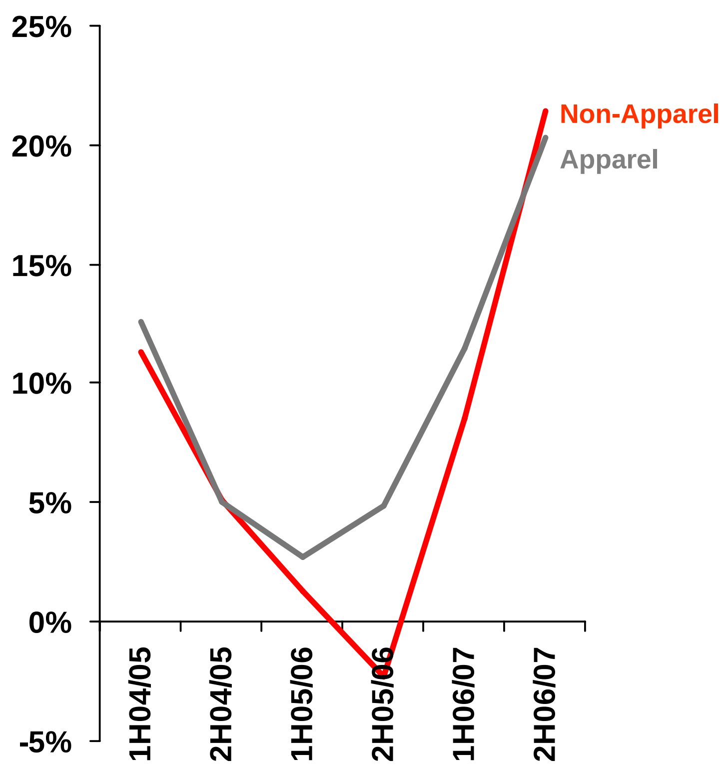
Executing Non-Apparel

Intensify Non-Apparel Development



2006/07

Non-Apparel vs Apparel Growth



Changing the Operating Model

Retail-led Growth

Retail Orientation

Design Development

- Design cycle
- Cross-category cohesion
- Floor set capsules

Merchandising

- Style economy
- Precise planning
- Product flow

Marketing

- Message precision
- Frequent communication
- Synchronisation with flow

Operations

- Replenishment
- Supply chain reconfiguration

Store Productivity

Retail-led growth

Drivers

Assortments (in store)
- Pyramid
- Category depth
- Flow

Availability
- In-store
- Accessible

Store ambiance
- Space allocation
- Visual merchandising

Sales and service
- Shopping experience
- After-sales service

Corporate factors
- Product initiatives
- Marketing initiatives
- Logistical measures

Key Metrics

Traffic

Conversion

Units per transaction

Average unit price

Margin

Store Productivity

Re-Invest in Existing Stores

Retail-led Growth

- Targeting 20+ stores
- Upgrade luxury aesthetic
- New category fixturing
- Enhance productive capacity
  - Increase selling area
  - Greater space efficiency

Manchester

Concessions

Retail-led Growth

- Successful model
- ECI womenswear performing well
  - childrenswear conversion
- Ongoing initiatives

Shinsegae Accessories
Seoul, Korea

2007/08 Store Plans*

Retail-led Growth

North America	Europe
Austin, TX	Antwerp, Belgium
Beverly Centre, CA	Bologna, Italy
Boston, MA	Puerto Banus, Spain
Natick, MA	
Palo Alto, CA	
Tampa, FL	
1 outlet	1 outlet

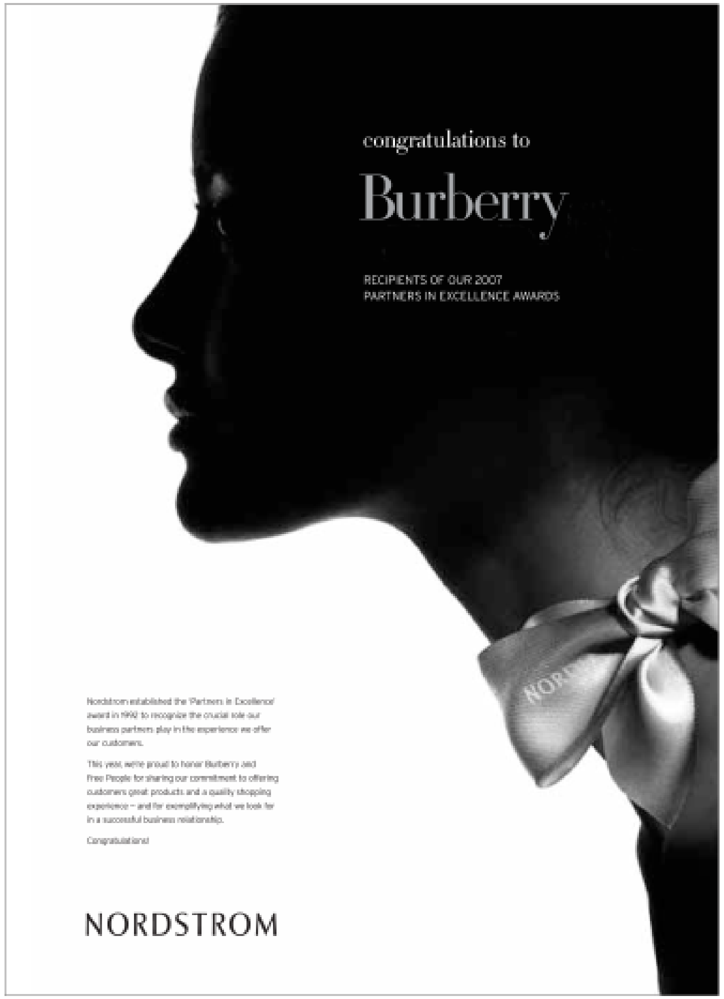
Puerto Banus

* Completed leases to date

Strengthening the Foundation

Underpenetrated Markets

- Asia
  - integrating region
  - evolving travel retail
  - eliminated local product
- US
  - upgraded wholesale approach



Emerging Markets

Underpenetrated Markets

- Appeal of Burberry's luxury offering
- Refining approach
- 10 new stores in 07/08
- China initiatives

Kiev

Work in Progress

Pursue Operational Excellence

- Margin management
- Global logistics task force
- New headquarters
- Strengthen the organisation

Strengthening the Organisation

Pursue Operational Excellence

Horseferry Road

Strengthening the Organisation

Pursue Operational Excellence

Horseferry Road

Spain

Phase II

- Completing strategic review
- Initial integration steps
- Store openings
- More work to do

Seville

Japan

Phase III

- Testing International product
- Expanded and elevated dialogue
- Launching comprehensive market review

Takashimaya Shinjuku

Burberry Foundation

PRORSUM

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Conclusion

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