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## Conference Call Transcript

BRBY.L - Burberry Group plc Trading Update and Interim Management Statement  
Conference Call

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## CORPORATE PARTICIPANTS

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*Burberry Group Plc - EVP and CFO*

**Fay Dodds**

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## CONFERENCE CALL PARTICIPANTS

**Erwan Rambourg**

*HSBC - Analyst*

**John Guy**

*MF Global Securities - Analyst*

**Lisa Rachal**

*Redburn & Partners - Analyst*

**Antoine Colonna**

*Bank of America - Analyst*

**Katharine Wynne**

*Investec Securities UK - Analyst*

**Rogério Fujimori**

*Credit Suisse - Analyst*

**Warwick Okines**

*Deutsche Bank Securities - Analyst*

**Nick Coulter**

*Numis Securities - Analyst*

**Thomas Chauvet**

*Citigroup - Analyst*

## PRESENTATION

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**Operator**

Good morning, and welcome to Burberry Group's first quarter trading update and interim management statement. My name is Ena, and I'll be your coordinator for today's conference. For the duration of the call, you'll be on listen-only. However, at the end of the call, you'll have the opportunity to ask questions. (Operator Instructions).

I'm now handing you over to Stacey Cartwright, EVP, Chief Financial Officer, to begin today's conference. Thank you.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Good morning, ladies and gentlemen. Welcome to Burberry's first quarter trading update call. With me this morning is Fay Dodds, our IR Director. We're going to give you a brief overview of our performance, before taking your questions.

The total revenue in the quarter was up 8% reported, or down 4% at constant exchange rates. Retail sales were up 12% underlying, with comparable store sales flat versus the prior year. And this demonstrates the positive consumer response to spring/summer ranges in what is a really a promotional quarter. Remember that, like last year, we didn't start the sale until late May in the US, early June in Asia, and late June in Europe.

By region, we saw Europe and Asia deliver double-digit comparable store growth, helped by the UK, with a third quarter of exceptional growth driven by tourist spend, and Korea, where we saw a fourth quarter of 20% plus growth, reflecting the impact of the weak Korean won on domestic travel patterns. The US and Spain remain down double-digit.

Turning to Wholesale, our first quarter sales were down in every region and 28% in total, entirely consistent with our first half guidance of down around 25%. Remember that around 10% of that decline comes from our own actions, including closing the underperforming Thomas Burberry brand, and exiting certain small European wholesale accounts, whilst 15% of the decline reflects customers reducing inventory levels in line with sales. And Spain remains challenging.

Turning to Licensing, first quarter revenue was only down 3%, reflecting different timings on Japanese royalty receipts. But we still expect the full-year underlying revenue to be around 10% to 15% lower before we then have a significant currency benefit. We also made further operational progress in the first quarter.

By product, non-apparel performed well, especially with our new innovative iconic branding programs. Shoes and children's wear was strong. And the response to some of the more recent initiatives, such as more small leather goods, and the introduction of denim and sport, was pleasing.

In the brand, with the new autumn/winter advertising campaign featuring Emma Watson of Harry Potter fame, now clearly delineating the Prorsum, London, and Brit parts of the pyramid externally for the first time, and the opening of our new Americas headquarters and showrooms at 444 Madison Avenue being marked by the May 28 being declared Burberry Day in New York.

In emerging markets, we saw a further three stores opened, including the first one in Bahrain, and China showed good growth.

In operational excellence, we saw SAP go live in the US in April, and we've had the preliminary workshops for the Korean SAP deployment that have just kicked off. And, of course, we've got the benefits from the cost efficiency program now coming through on plan.

Just to remind you as you refine your models of what we said in May about profit trends, on Retail Wholesale gross margin, we're expecting a full-year improvement, but very much second half weighted. A decline in the first half is expected to be followed by a recovery in the second half, as we have planned our buy conservatively for autumn/winter '09, and this will enable us to repair the margins, even if at big expense of sales.

On operating expenses, we called out in May several factors that will increase the cost base, including increased depreciation, higher share scheme and bonus costs, the costs associated with the 10% to 12% increase in average selling space, as well as general inflation and FX impact, partly offset by cost savings. But as you know, the objective of that GBP50 million global cost efficiency program is to help offset these factors and support profitability into '09/'10.

And finally, just to note that, as you know, sterling has strengthened against the dollar in particular since we last spoke to you in May, and at this early stage of the year, and if, and it's a big if, today's rates were to be sustained through to the end of the year, there's an adverse translation impact on our reported profits of around GBP10 million versus what we were talking about in May.

So, with that, thank you for your attention. Let me now hand over to the operator for questions.

## QUESTION AND ANSWER

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### Operator

Thank you. (Operator Instructions). The first question is coming from the line of Erwan Rambourg from HSBC. Please go ahead.

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### Erwan Rambourg - HSBC - Analyst

Yes, hi. Good morning, again. Erwan Rambourg, HSBC. Three quick questions, if I can. Firstly, I saw a few comments on market share gains globally, and specifically in the US, can you tell us a bit more on that in terms of can you quantify market shares? And without naming names, can you tell us who you're taking share from?

Secondly, I also saw that you have no intention to resume buying back shares, and I remember that last year you had a sort of cash neutral target for the year. What would be your target for this year? Are you still looking to be cash neutral? And if you have excess cash and you're not buying back shares, does that mean anything for the dividend maybe?

And thirdly, I just want to get a sense of you're mentioning exceptional growth in the UK and Korea. I think you just mentioned Korea was 20% plus. Can you quantify the UK? And can you give us a sense of where customers are transferring from and what growth would be without actually tourists buying into London and so on?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Okay, right. There's a lot in there, Erwan, so I'll try and go back over them. In terms of market share gains, we're talking directionally here. But we know that we're seeing strong sell-throughs with our wholesale partners. We know, as they're coming in to talk to us about spring/summer '10, that there's the opportunity to take more real estate, again, because we're demonstrating that we've got strong sell-throughs with them, or relatively strong in this environment.

So this is directional as much as anything else. I wouldn't read too much into it other than the fact that if everybody's going to be planning their inventory level down for, say, spring/summer '10, we're expecting us to be planned down less than everybody else.

And bear in mind, we've got new product categories that we're adding in as well, which is helping us to take share and get more real estate. So you've got children's shoes. We've talked to you previously about this clearer delineation now in the product pyramid that enables us to have a separate label being launched for spring/summer '10 for the London, i.e., the tailored part of the collection, and then Brit, the lifestyle part of the collection. And that's proving to be a catalyst as well with wholesale partners for giving us two spaces instead of one in certain areas. So that's the first one on market share gains.

In terms of share buyback, there's no current intention to resume any share buyback activity. We had talked previously about whether it was putting on a modest amount of debt on the balance sheet or broadly holding cash neutral. I think in this environment, we would rather run with a certain amount of cash on the balance sheet than try and force ourselves back into cash neutral, or even a net debt position. And we'll wait to see how the environment pans out.

You shouldn't read into that, that that means that there's something disproportionate coming on the dividend. We've been quite consistent, I think, in talking about broadly a 40% payout ratio for the dividend, and there's no plan to change that.

The third question was around exceptional growth in the UK. We called out Korea because it's a fairly sizeable market in Asia. The UK is actually quite a small market for us globally, so we're not getting into specifically what the like-for-like growth is across the European regions. But Europe would still be positive, even without the UK like-for-like sales number in there.

And I think you were asking something about customers transferring. I wasn't quite sure what you meant there. All I would say is that the UK market is always a market, because of the London centric, that relies on tourist clothes. And whether, depending upon exchange rates, it's been the Japanese, or the Americans, or more recently the Chinese, or the Europeans, or the Middle Eastern customers coming in, that's still a large part of our London stores' customer base.

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**Erwan Rambourg - HSBC - Analyst**

Rough ballpark for the UK as a percentage of total sales, can you give us that?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

About 7%.

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**Erwan Rambourg - HSBC - Analyst**

Okay. Thank you very much. Thanks a lot.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Okay. Thanks, Erwan.

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**Operator**

Thank you. Our next question will come from the line of John Guy from MF Global Securities. John, please go ahead.

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**John Guy - MF Global Securities - Analyst**

Morning, Stacey. Morning, Fay.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Morning, John.

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**John Guy - MF Global Securities - Analyst**

Just a few questions, please. First of all, I noticed there's a headline comment with regards to your best sales coming from investment pieces, and does this mean that Prorsum has been the biggest and the best performer relative to Collection and Brit? That's the first question.

And I know that it's just a trading update and you've talked about the gross margin evolution over the first half relative to the second half, but can you give us any colour in terms of the level of mark-down that you've seen within the first quarter relative to the second half last year?

And the third question on Spain and the US, I know that you've said that those two markets are down double-digit, but could you just give us maybe any -- is there any change in terms of trend, or is it as bad as it was in the second half or in Q4? Has there been any specific movement at all within those two markets. Thanks very much.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Okay, the first question in terms of investment piece is what we're really referring to there are the sort of classics within the Burberry portfolio, so be it trench coats, be it other forms of outerwear, handbags, using the iconic branding platform that this is what customers are coming in for. So they are reverting to the icons, and they're reverting to pieces that they know will live on from season to season. So it's not the Prorsum is benefiting, it's more that, actually, it's the middle and the base of the pyramid, because that's where you see, for example, the Beat Check as the branding platform in the middle of pyramid, and then as you move down into the more classic check that we use at the base of the pyramid.

In terms of gross margin, John, it's very early. But we did say not a huge promotional quarter, Q1. We run the sales as we go through July. You'll remember what we did last year, or last season, apart from the fact that we had to start sales slightly earlier in some markets because there was a less disciplined approach to mark-downs, particularly in the US and some of the US department stores, the good news is that everybody held the line and broke sale according to the normal calendar for spring/summer '09. But literally, we're only in the first couple of weeks. We did run sale for longer in autumn/winter '08. We haven't yet decided what we will do for spring/summer '09. So it's really the second quarter where you'll see the more noticeable [impact], whatever that is, on gross margin.

In terms of Spain and the US, we wouldn't want to be the ones trying to call out that we've bottomed, if that's what you're getting at. Those markets remain down double-digits and we'll see how that goes through the second quarter.

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**John Guy - MF Global Securities - Analyst**

And just on that spend in the US, when you say double-digit, are we talking down 20%/25%, or can you give us some indication?

Jul. 15. 2009 / 4:00AM ET, BRBY.L - Burberry Group plc Trading Update and Interim Management Statement Conference Call

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, we always just say double-digits. If it was significantly high double-digits, we would say.

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**John Guy - MF Global Securities - Analyst**

So mid-teens to down 20%?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

That's what you said, John, not me.

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**John Guy - MF Global Securities - Analyst**

All right, fine, okay. Thanks very much.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Okay. Thanks, John.

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**Operator**

Thank you. (Operator Instructions). We have a question from the line of Lisa Rachal from Redburn & Partners. Lisa, please go ahead.

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**Lisa Rachal - Redburn & Partners - Analyst**

Hi, good morning.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Hi, Lisa.

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**Lisa Rachal - Redburn & Partners - Analyst**

I was wondering if you have noticed any change in traffic in the weaker areas. I guess Spain is less relevant because you've less access to the trends. But perhaps in the US, for example, and also the UK markets where you've been stronger, I'm just wondering how traffic appears to be trending over the course of the last quarter and into the beginning of the current one.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

I wouldn't call out anything significant to be honest, Lisa. No significant changes in traffic trends.

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**Lisa Rachal - Redburn & Partners - Analyst**

Okay, so the lack of change in actual sales trend is not including an increase in traffic and just lower conversion?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Jul. 15. 2009 / 4:00AM ET, BRBY.L - Burberry Group plc Trading Update and Interim Management Statement Conference Call

It's just there's not much change over the course of the quarter, whether you're talking about is there more or less traffic or is there more or less conversion. There's nothing significant that we would call out that's worthy of mention.

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**Lisa Rachal - Redburn & Partners - Analyst**

Okay, and in your sale, I noticed that there is still a fair bit of outerwear. I was just wondering if your -- you didn't really call that one out as much in the release, so I was just wondering if your outerwear sales in the most recent quarter were in line with your expectations.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, Lisa, outerwear continues to perform strongly. So when I talked about trench coats, it was more as an example of outerwear where we're seeing customers come for these investments pieces. So, yes, outerwear more broadly is a beneficiary of that trend.

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**Lisa Rachal - Redburn & Partners - Analyst**

Okay, great. Thank you.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Thanks, Lisa.

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**Operator**

Thank you, our next question will come from the line of Antoine Colonna from Bank of America. Please go ahead.

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**Antoine Colonna - Bank of America - Analyst**

Good morning, everyone. I just had three follow-up questions please. The first one is, you talked about the sell-through being a positive in Wholesale, and that's very interesting. Could you tell us what other markets where you see that sell-through being the most positive? That's my first question.

I had also a question or clarification maybe on the GBP10 million or so estimated impact that if, and only if, you'd said the sterling was to be sustained at the current level would be the impact. Could you explain? Is that the --? Would that be the impact over the full year that you would see? That's my second question.

And my third question is very simple, is on the product mix impact. Should we assume that over the course of the full year, accessories will be accretive to the margins at the EBIT level, or should we assume that there isn't much of a difference overall still for the time being, given the constituents within accessories? Thank you.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

The first point on sell-through, the point here is about our relative performance compared with the other brands. So when we talk about being positive in Wholesale, it's that we're not as adversely impacted as the others. So rather than saying that our like-for-like sales performance is positive, it's a relative statement, in fact.

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**Antoine Colonna - Bank of America - Analyst**

Okay, but is it fair to assume that America and emerging markets are the strongest areas, or is it also valid for the UK? How would you rank this sell-through data by region?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, we're talking principally about the Wholesale channel, because that's a great one to really get the definitive view of how we're performing in a particular department compared with the average for the department. And so, therefore, the US is a good Wholesale market to be able to base those numbers off. So yes, we believe that's what's happening in the US market.

Remembering in emerging markets, there's a lot of our business here that is franchised stores, so again, we haven't got the definitive metrics, we just know that, for example, China continues to perform very strongly. And we believe that the traffic trends are coming to us versus some of our peers. So it's more of a qualitative statement around a relatively positive performance within the Wholesale accounts.

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**Antoine Colonna - Bank of America - Analyst**

Very clear, thank you.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Then in terms of the GBP10 million FX, yes, it's a simple mathematical exercise, Antoine, of saying versus where we were in May and the exchange rates that were prevailing at the point we were talking to you then versus the exchange rates that we have today, that would take about GBP10 million off our EBIT for the full year. Now we're not expecting anybody to change consensus today, but that's just a note that that's a headwind that we're facing.

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**Antoine Colonna - Bank of America - Analyst**

Okay, and so just to understand, GBP10 million, including positive impact on licensing of about [GBP20 million] because that's --

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

No, no, this is just translation, so it's translation on our dollar denominated profits principally, plus euro denominated profits. That yen benefit that we talked to you about before, which is around GBP17 million, is locked in. That's more of a transaction benefit locked in through forward contracts that we will get over this 12 month period and that's just (inaudible).

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**Antoine Colonna - Bank of America - Analyst**

That's what it is. Yes, thank you; very clear.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

And then on the product mix impact, directionally, yes, non-apparel is accretive to margins, but remember, we've got certain categories in there, such as shoes, that actually, structurally, shoes always carry a lower percentage gross margin than other categories within non-apparel. So it really depends on how shoes picks up as a percentage of the mix within non-apparel.

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**Antoine Colonna - Bank of America - Analyst**

What's the contribution of shoes right now as a percentage of consolidated revenues roughly?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Low -- sorry, contribution as a percentage of sales you mean?

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**Antoine Colonna - Bank of America - Analyst**

Yes.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, low single-digits.

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**Antoine Colonna - Bank of America - Analyst**

Okay.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

So it's small, but we have said, as you know, that we're looking to grow shoes to be around 10% of our revenue base over the medium term.

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**Antoine Colonna - Bank of America - Analyst**

Very clear. Thank you.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Thanks, Antoine.

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**Operator**

Thank you, the next question is coming from the line of Katharine Wynne from Investec. Katharine, please go ahead.

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**Katharine Wynne - Investec Securities UK - Analyst**

Yes, good morning.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Hi.

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**Katharine Wynne - Investec Securities UK - Analyst**

Hi, I just wanted to see if you could give us a bit more colour on the trends in Asian markets in the context of what you've already told us, both demand patterns in department stores and your performance relative to competitors?

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**Fay Dodds - Burberry Group Plc - Director, IR**

Yes, our Asian business is predominantly retail. Korea we've called out as the highlight of a 20% plus growth. Hong Kong has been a better market for us in the first quarter than it was perhaps in the second half. We're pleased with the performance of Taiwan where we've been doing a lot of work on really repositioning that brand. It's the same management team running Taiwan who did the turnaround in Korea.

Jul. 15. 2009 / 4:00AM ET, BRBY.L - Burberry Group plc Trading Update and Interim Management Statement Conference Call

Australia's very strong for us, and then South East Asia is a bit more difficult. So even within Asia, which is up double-digit as a whole, it's quite a mixed bag.

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**Katharine Wynne - Investec Securities UK - Analyst**

Okay, but are you seeing the same sort of product trends that you're seeing in other markets, i.e., heritage/iconic.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes.

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**Katharine Wynne - Investec Securities UK - Analyst**

Okay, thank you. And I have one follow-up with regards the Japanese department store trends as well. Can you talk us through whether there's been any particular change there in terms of revenues in those markets?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, you've seen the Japanese department store statistics that they're down mid-teens month-on-month it feels at the moment, which is why we are calling out in our guidance that we're expecting to be down 10% to 15% over the course of the year, driven by what's happening in Japan. Bear in mind we get paid on output rather than sales, but the two have to true up at some point in the future, and that's why despite the fact that from an output perspective we did very well in the quarter, we are expecting that to reverse.

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**Katharine Wynne - Investec Securities UK - Analyst**

Okay, thank you.

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**Operator**

Thank you. Our next question will come from the line of Rogerio Fujimori, Credit Suisse. Rogerio, please go ahead.

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**Rogerio Fujimori - Credit Suisse - Analyst**

Hi, everyone.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Hi.

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**Rogerio Fujimori - Credit Suisse - Analyst**

Could you just give us an indication on where your inventories stand at the end of June relative to your expectations? Thanks.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, we're not going to give a number as such, but we're pleased. We continue to eat into the inventory levels, and we have said we want to have a meaningful reduction again as we go through '09/'10, and that remains the case.

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**Rogério Fujimori** - *Credit Suisse - Analyst*

Thank you.

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**Stacey Cartwright** - *Burberry Group Plc - EVP and CFO*

Okay.

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**Operator**

Thank you. Our next question will come from the line of Warwick Okines from Deutsche Bank. Warwick, please go ahead.

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**Warwick Okines** - *Deutsche Bank Securities - Analyst*

Yes, good morning, I just wanted some clarification actually on what you said actually about the Japanese license. I think, Stacey, you were talking about the difference between output and sales being --

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**Stacey Cartwright** - *Burberry Group Plc - EVP and CFO*

Yes.

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**Warwick Okines** - *Deutsche Bank Securities - Analyst*

-- a reason for the distortion. Is that the only reason why you're talking about timing differences in royalty receipts and, if so, when would you expect that to unwind?

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**Stacey Cartwright** - *Burberry Group Plc - EVP and CFO*

It's the principal reason and, yes, you'd expect it to reverse as we go through the second half of the calendar year, so --

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**Warwick Okines** - *Deutsche Bank Securities - Analyst*

Rather than in Q2 or --?

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**Stacey Cartwright** - *Burberry Group Plc - EVP and CFO*

Not all in Q2, no.

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**Warwick Okines** - *Deutsche Bank Securities - Analyst*

Okay, that's fine. Thanks.

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**Stacey Cartwright** - *Burberry Group Plc - EVP and CFO*

Right.

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**Operator**

Jul. 15. 2009 / 4:00AM ET, BRBY.L - Burberry Group plc Trading Update and Interim Management Statement Conference Call

The next question is coming from the line of Nick Coulter from Numis. Nick, please go ahead.

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**Nick Coulter - Numis Securities - Analyst**

Morning.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Hi, Nick.

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**Nick Coulter - Numis Securities - Analyst**

Hi, I managed to cut myself off right at the start of the call and just caught the tail end of your comments on clearance sale timing by geography.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes.

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**Nick Coulter - Numis Securities - Analyst**

I wonder if you would just be so kind as to just to repeat those comments.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Yes, we were basically just saying that, like last year, we haven't entered sales any earlier, any later. We entered sale late May in the US, early June in Asia, and late June in Europe, and the good news being that everybody maintained the line in terms of sticking to the normal clearance calendar rather than going early, which is what happened at the back end of last calendar year.

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**Nick Coulter - Numis Securities - Analyst**

Okay, so despite the fact that the sell-throughs are better, you've actually just gone under the same timing. You haven't seen any slippage at all. Have you modified your behavior at all, given --?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Not at this stage, but bear in mind again, what we did for autumn/winter '08 was to run the sale for longer.

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**Nick Coulter - Numis Securities - Analyst**

Yes.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

We're only in sale now; we haven't decided at what point we pull sale out of certain of our main line stores.

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**Nick Coulter - Numis Securities - Analyst**

Okay, great. Thank you very much indeed.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Okay. Thanks Nick.

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**Operator**

(Operator Instructions). We have a question from Thomas Chauvet from Citigroup. Thomas, please go ahead.

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**Thomas Chauvet - Citigroup - Analyst**

Good morning again, Stacey.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

Hi, Thomas.

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**Thomas Chauvet - Citigroup - Analyst**

Just coming back to licensing, could you tell us what the underlying revenue will be if this timing difference had not happened? So what would be the revenue there?

And just could you give us an update on the Japanese JV for the accessories business? Is there any impact expected in the first half?

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

It's almost impossible to tell in terms of the licensing underlying number because, in truth, you'd say, well it should be more like the mid-teens decline that you're seeing in the Japanese department stores if output and sales were in line with each other. So that's the only guidance I can give you, and that's why we're expecting that to true up as we go through the course of the year.

In terms of the Japanese joint venture, remember we talked about bringing onboard a new head in Japan. Masaki Iwase joined us at the back end of the calendar year last year; has been building his team; was here in market just a few weeks ago, basically doing the buy for spring/summer '10, because we'll be launching it in a small way in a handful of locations for spring/summer '10 in that market. So it won't impact the first half from a sales point of view, it'll start to impact the second half. But remember, this is small build in the first couple of seasons.

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**Thomas Chauvet - Citigroup - Analyst**

Okay, thank you very much.

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**Operator**

Thank you, we have no further questions coming through, so I'll hand you back to your host to wrap up today's call.

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**Stacey Cartwright - Burberry Group Plc - EVP and CFO**

So, in summary, in what remain challenging markets, we believe we've made a solid start to the New Year. We believe we're continuing to gain share in the luxury sector. And as Angela said in her quote this morning, we also believe that our brand momentum, strong product designs, and continuing operational improvements, mean we're well positioned to deliver sustainable long term growth, especially as and when the global economy has improved.

Jul. 15. 2009 / 4:00AM ET, BRBY.L - Burberry Group plc Trading Update and Interim Management Statement Conference Call

So thanks again for your attention. We look forward to speaking to you in October, when we release our first half trading update. Thanks very much.

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**Operator**

Thank you for joining today's conference. You may now replace your handsets.

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