

BURBERRY

NOVEMBER/DECEMBER 2010

BURBERRY

- **AUTHENTIC BRITISH HERITAGE**
 - Rooted in integrity of outerwear
- **BROAD CONSUMER APPEAL**
 - Across genders and generations
- **UNIQUE DEMOGRAPHIC POSITIONING WITHIN THE LUXURY ARENA**
- **GLOBAL REACH**
- **DIVERSIFIED BUSINESS MODEL**
 - By product
 - By region
 - By channel
- **UNDERPINNED BY OPERATIONAL EFFICIENCIES**
- **STRONG FINANCIAL POSITION**



FIRST HALF ACHIEVEMENTS

- **RECORD FIRST HALF PROFIT**
 - Revenue up 21% to £641m
 - Adjusted PBT up 49% to £129m
 - £181m cash
 - Dividend up 43% to 5.0p
- **CHINA ACQUISITION**
 - Rapid integration on plan
- **FURTHER STRATEGIC PROGRESS**
 - Investing for growth in business
 - Digital content and technology
 - Retail expansion
 - Retail productivity
 - New markets
 - While correcting legacy issues



3

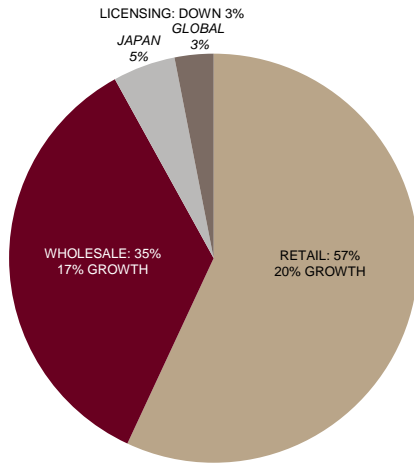
WELL-POSITIONED FOR LONG-TERM GROWTH

- **BY CHANNEL**
 - Retail expansion: 10% more space p.a.
 - Selective wholesale growth: Americas to double
 - Digital commerce
- **BY REGION**
 - Drive growth in core markets
 - Emerging Markets growth and evolution
- **BY PRODUCT**
 - Non-apparel: to double
 - Womenswear: share gains
 - Menswear: to double
 - Childrenswear: to be 10% of sales
- **DELIVERING EFFICIENCIES**
 - Supply chain
 - Systems and planning
 - Marketing



4

BY CHANNEL



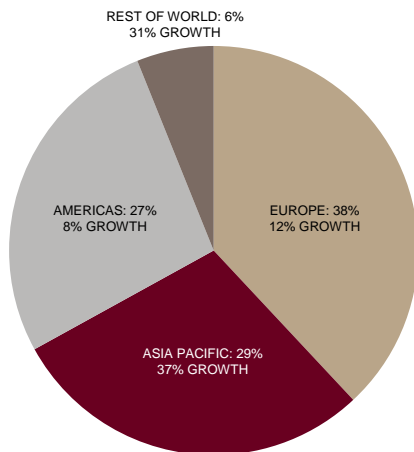
H1 2010 REVENUE
% growth on underlying basis

	H1 09/10 %	H2 09/10 %	H1 10/11 %
RETAIL	14	15	20
WHOLESALE	(23)	(6)	17
LICENSING	(6)	(6)	(3)
	(5)	6	17
RETAIL COMPS	2%	10%	9%

UNDERLYING REVENUE GROWTH

5

BY REGION



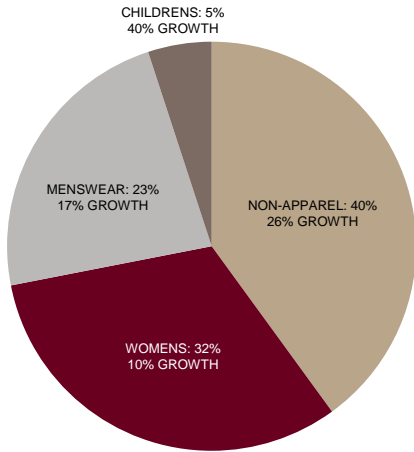
H1 2010 RETAIL/WHOLESALE REVENUE
% growth on underlying basis

	H1 09/10 %	H2 09/10 %	H1 10/11 %
EUROPE	2	4	12
ASIA PACIFIC	3	20	37
AMERICAS	(9)	10	8
REST OF WORLD	36	21	31

UNDERLYING REVENUE GROWTH

6

BY PRODUCT



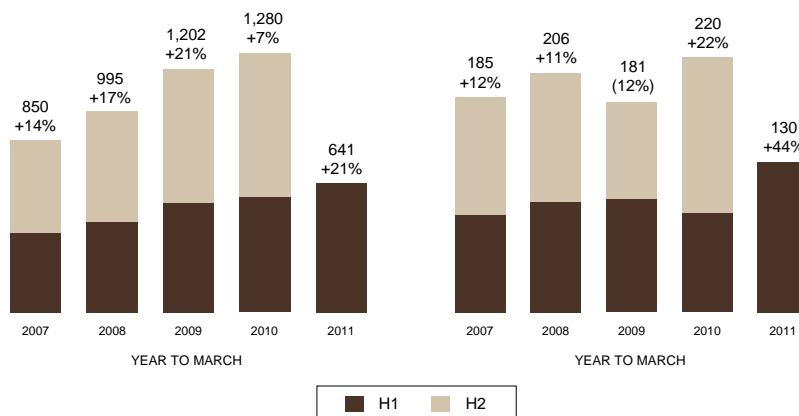
	FY 08/09 %	FY 09/10 %	H1 10/11 %
NON-APPAREL	12	10	26
WOMENSWEAR	6	(3)	10
MENSWEAR	5	(7)	17
CHILDRENS	37	39	40
	8	2	19

H1 2010 RETAIL/WHOLESALE REVENUE
% growth on underlying basis

UNDERLYING REVENUE GROWTH

7

REVENUE AND OPERATING PROFIT



REVENUE
£M

ADJUSTED OPERATING PROFIT
£M

8

STRONG CASH GENERATION

- **NET CASH OF £181M AT SEPTEMBER 2010**

- **INVESTMENT TO GROW BUSINESS**

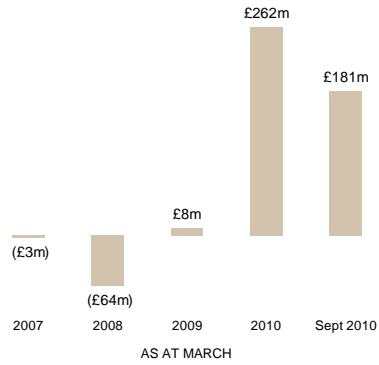
- £130m of capital expenditure in FY 2010/11, nearly double last year
- Working capital to support sales growth
- China acquisition
- Spain restructuring

- **40% DIVIDEND PAYOUT POLICY**

- H1 2010 dividend increased by 43%, rebalancing between halves

- **£260M BANKING FACILITIES**

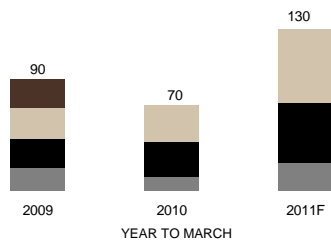
- Run to 2011 and 2012



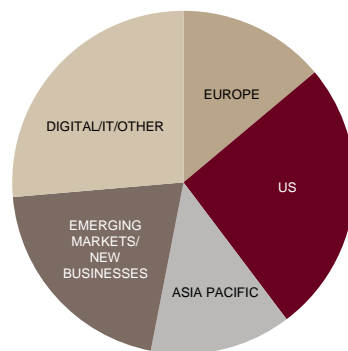
NET CASH/(DEBT)

9

INCREASING CAPITAL EXPENDITURE



CAPITAL EXPENDITURE £M



FY 2010/11F CAPITAL EXPENDITURE BY REGION

10

OUTLOOK

RETAIL	H2 average selling space up about 25% - 15% in China - 10% elsewhere
WHOLESALE	H2 underlying growth of around 10% excluding China - Down low single-digit % including China
LICENSING	FY underlying mid single-digit % decline - Marginal FX benefit
UNDERLYING TAX RATE	c.28%
CAPITAL EXPENDITURE	About £130m
DIVIDEND POLICY	Full year 40% payout based on adjusted diluted EPS
SECOND HALF	Tougher comps for sales and margin Cash outflow on fixed assets, working capital, Spain and China

11

CONTINUED PROGRESS ON STRATEGIC INITIATIVES

LEVERAGING THE FRANCHISE

INTENSIFYING NON-APPAREL
DEVELOPMENT

ACCELERATING RETAIL-LED
GROWTH

INVESTING IN UNDER-PENETRATED
MARKETS

PURSUING OPERATIONAL
EXCELLENCE



12

LEVERAGING THE FRANCHISE ONE COMPANY, ONE BRAND

- **OUTERWEAR**
 - Reinforcing heritage and leadership
 - Accelerating innovation
 - Now c.60% of womens; c.40% of mens
 - Reduces fashion risk in apparel
- **GROW MENSWEAR**
 - Licences now all terminated
 - Protect and defend outerwear
 - Grow tailoring
 - Reposition lifestyle
- **BURBERRY LONDON/BRIT SEGMENTATION**
 - Real estate gains in department stores
 - Four Burberry Brit trial stores in US
- **EVALUATE INTEGRATION OPPORTUNITIES IN LICENSING**



13

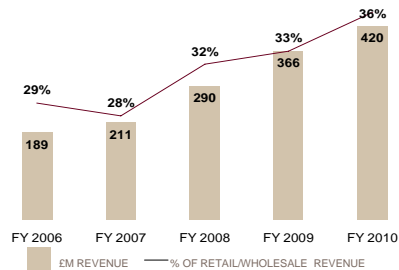
LEVERAGING THE FRANCHISE EMBRACING DIGITAL MEDIA

- **MARKETING SPEND BROADLY FLAT AS % OF REVENUE**
 - Shifting to digital
- **DIGITAL OF INCREASING IMPORTANCE IN ALL INDUSTRIES**
 - Changing consumer behaviour
 - Higher and more measurable ROI
- **DIGITAL CRITICAL FOR REACH**
 - Especially for younger luxury consumer
- **INNOVATION IN DIGITAL SPACE**
 - Social media; over 3m Facebook fans
 - Burberry Acoustic
 - Interactive advertising campaigns
 - Livestreaming runway shows
 - Testing and rolling out new digital commerce platform
 - Retail theatre



14

INTENSIFYING NON-APPAREL DEVELOPMENT INNOVATE TO BUILD ON MOMENTUM



NON-APPAREL REVENUE



AW09/SS10 ORDER BOOKS
Soft includes scarves, mufflers, hats and umbrellas

- **NON-APPAREL 40% OF REVENUE IN H1 2010**
- **HALF FROM LARGE LEATHER GOODS**
 - Second core offering alongside outerwear
- **IMPROVE RATIO OF SLGs TO LLGs**
 - Peers sell 2-3 SLGs per bag
 - Burberry sells less than one
- **CONTINUED OPPORTUNITY IN SHOES**
 - Strengthening offer throughout pyramid
 - Brand momentum from runway shoes
- **INNOVATION IN SOFT ACCESSORIES**
- **APPLYING OPERATIONAL EXCELLENCE**
 - SAP
 - Global buy
 - Replenishment improving

15

ACCELERATING RETAIL-LED GROWTH FOCUS INVESTMENT

- **RETAIL REVENUE UP 20% UNDERLYING IN H1 2010; 57% OF SALES**
- **NEW STORE CAPEX PLANNED UP OVER 50% IN FY 2010/11**
 - 20 mainline stores opened in H1;
 - Focused on Asia Pacific and Americas
 - About ten to open in H2
 - Invest in
 - New markets
 - Clustering in major cities
 - Trial concepts
- **ADDITIONAL CAPITAL VIA FRANCHISE STORES**
- **FOCUS ON RETAIL PRODUCTIVITY**
 - Replenishment
 - High impact monthly presentations
 - Sales and service programmes



ION ORCHARD - SINGAPORE

16

INVESTING IN UNDER-PENETRATED MARKETS GAINING SHARE

- **US WHOLESALE 8% OF GROUP REVENUE**
 - Continue to outperform in retail sell-through
 - Pursue initiatives to drive productivity of existing space and gain space in selected doors
- **EMERGING MARKETS 13% OF SALES**
 - Two stores in Brazil
 - Four stores in India
 - Increase investment in marketing across all media
 - Entering new markets with franchise partners
- **JAPAN NON-APPAREL JV**
 - Two stores and eleven concessions today
 - Terminated domestic premium handbag licence



BRASILIA



JAKARTA

17

INVESTING IN UNDER-PENETRATED MARKETS CHINA ACQUISITION

- **ACQUISITION OF RETAIL OPERATIONS**
 - 50 stores for c.£65m
 - 15% economic interest held by an existing franchisee
 - Neutral to adjusted earnings in FY 2010/11
 - Adding up to £20m to adjusted operating profit in FY 2011/12
- **IN LINE WITH STRATEGY**
 - High potential luxury market
 - Male-dominated
 - Outerwear
 - Non-apparel and gifting
 - Childrens
 - Young luxury consumer
- **RAPID INTEGRATION PLANS**
- **AGGRESSIVELY INVEST IN BRAND**
- **DRIVE RETAIL PRODUCTIVITY**
- **EVOLVE STORE NETWORK**



SPARKLE ROLL - BEIJING

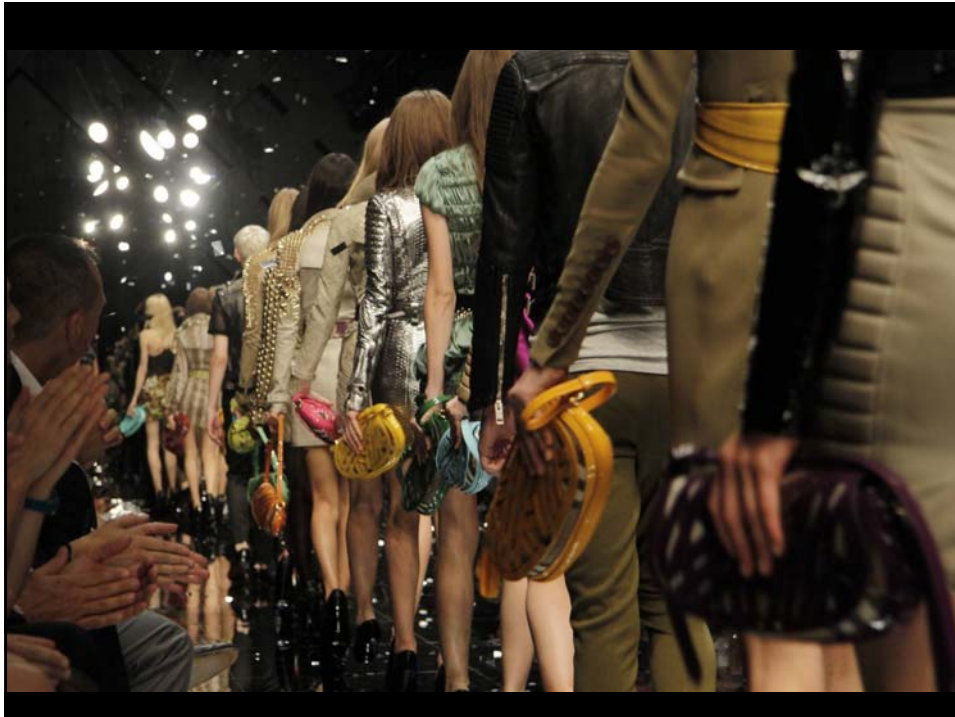
18

PURSUING OPERATIONAL EXCELLENCE
REDUCE COMPLEXITY THROUGHOUT BURBERRY

- **SAP ROLL-OUT**
 - US retail went live April 2009
 - Korea and SE Asia live in H1 2010
 - China and Middle East underway
- **BENEFITS OF SAP IN EUROPE RETAIL**
 - Improved planning
 - Margin by SKU
 - Profitability by channel, product and location
 - Long tail of benefits
- **PROGRESS ON SUPPLY CHAIN AND LOGISTICS CONTINUES**
 - Helping to mitigate raw material price increases



19



APPENDIX

BURBERRY

FINANCIAL HIGHLIGHTS

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M	GROWTH
ADJUSTED REVENUE*	641.1	527.8	21%
ADJUSTED PBT*	128.5	86.2	49%
REPORTED PBT	117.7	78.4	50%
ADJUSTED DILUTED EPS*	21.1p	14.2p	49%
DIVIDEND PER SHARE	5.0p	3.5p	43%
NET CASH	180.9	56.3	-

* EXCLUDING THE BUSINESS IN SPAIN AFFECTED BY RESTRUCTURING

22

RETAIL/WHOLESALE PROFIT UP 69%

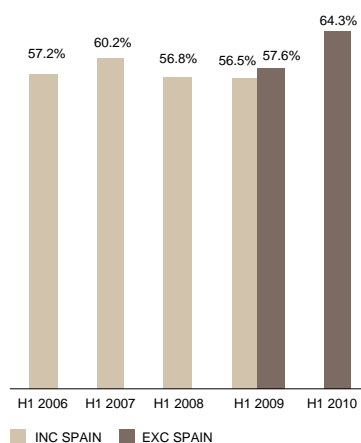
SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M	CHANGE
ADJUSTED REVENUE	592.3	483.1	23%
GROSS MARGIN	380.8	278.4	
<i>AS % OF REVENUE</i>	64.3%	57.6%	670bp
OPERATING EXPENSES	(293.4)	(226.8)	
<i>AS % OF REVENUE</i>	(49.5%)	(46.9%)	(260bp)
ADJUSTED OPERATING PROFIT	87.4	51.6	
<i>AS % OF REVENUE</i>	14.8%	10.7%	410bp

- **FY 2009/10 REPORTED**

- H1 retail comps up 2%, operating margin down 380bp
- H2 retail comps up 10%, operating margin up 630bp

23

RETAIL/WHOLESALE - GROSS MARGIN UP 670BP



GROSS MARGIN

- **RECORD GROSS MARGIN**

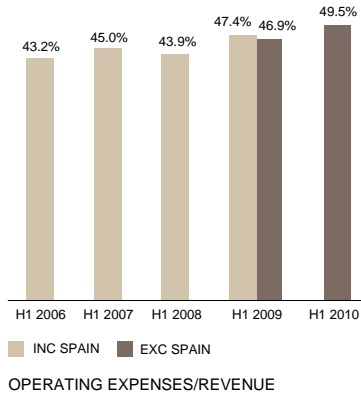
- **DRIVEN BY INCREASED MAINLINE SELL-THROUGH**

- **MODEST INCREASE EXPECTED IN H2**

- Tougher comparatives in H2
- Raw material prices

24

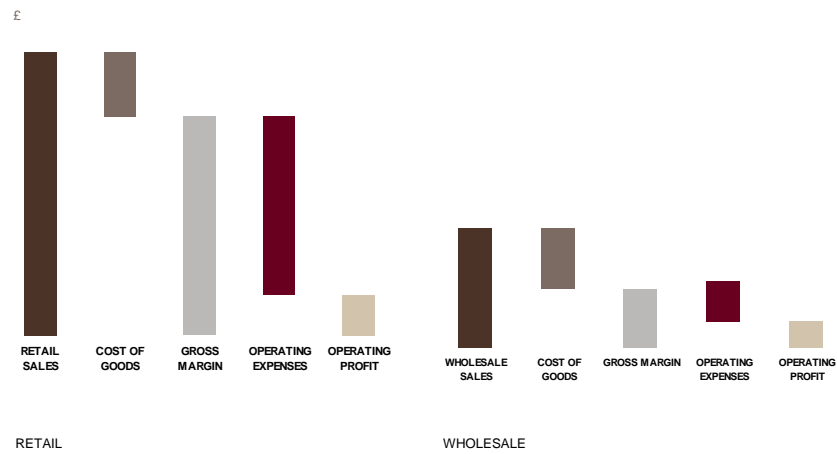
RETAIL/WHOLESALE - OPERATING EXPENSES/SALES AT 49.5%



- **IN LINE WITH GUIDANCE**
- **£67M INCREASE**
 - Investment in creative media, digital and IT, customer services and new businesses
 - FX
 - Higher share scheme costs
- **FULL YEAR PLANNED AT AROUND 50% OF SALES**

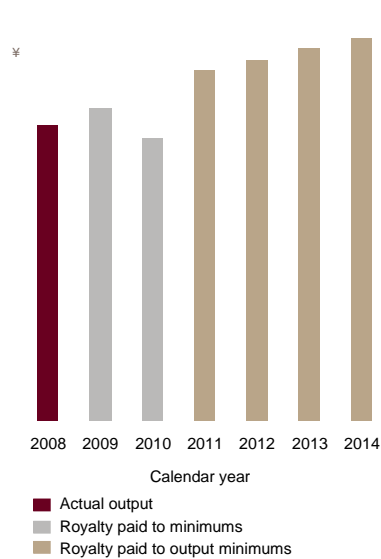
25

ILLUSTRATIVE IMPACT OF CHANNEL SHIFT FROM INTERIMS, NOVEMBER 2006



26

**AMENDED JAPANESE APPAREL LICENCE
IMPROVES PROFITS AND STRATEGIC FLEXIBILITY**



- LICENCE NOW ENDS JUNE 2015 (PREVIOUSLY 2020)
- ROYALTIES HISTORICALLY PAID ON OUTPUT
- WORKED WITH LICENSEES TO CONTROL PRODUCTION, INVENTORY AND DISTRIBUTION
- AMENDMENT INCREASES PROFITS FOR BURBERRY
 - Aligning to Burberry's financial years
 - Increased royalties in 2009/10
 - Broadly flat in 2010/11
 - Further step-up in 2011/12
- AMENDMENT INCREASES STRATEGIC FLEXIBILITY IN MEDIUM TERM

27

INCOME STATEMENT

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
ADJUSTED OPERATING PROFIT	129.7	89.9
NET FINANCE CHARGE	(1.2)	(3.7)
ADJUSTED PROFIT BEFORE TAX	128.5	86.2
EXCEPTIONAL ITEMS	(10.8)	(7.8)
PROFIT BEFORE TAX	117.7	78.4
TAXATION	(36.0)	(21.1)
NON-CONTROLLING INTEREST	1.4	(0.5)
ATTRIBUTABLE PROFIT	83.1	56.8

28

SPAIN RESTRUCTURING

- **RESTRUCTURING ANNOUNCED FEBRUARY 2010 TO MOVE SPAIN TO GLOBAL BUSINESS MODEL**

- Global collection from SS11
- Final local collection is AW10
- Barcelona facility closing with about 300 redundancies

- **OPERATING LOSSES**

- Loss of £2.7m on sales of £32m in H1
- Loss of around £10m expected on sales of £40-50m in FY 2010/11
- Modest profit on lower sales in FY 2011/12

- **RESTRUCTURING CHARGE**

- Final P&L charge of £7.6m in H1
- Cash spend of £9.5m in H1; further £15-20m to come

29

RECONCILIATION OF H1 2010

SIX MONTHS TO 30 SEPTEMBER 2010	STATUTORY REPORT £M	DISCONTINUING SPAIN £M	OTHER EXCEPTIONAL ITEMS £M	ADJUSTED £M
REVENUE	673.0	31.9	-	641.1
COST OF SALES	(229.0)	(17.5)	-	(211.5)
GROSS MARGIN	444.0	14.4	-	429.6
OPERATING EXPENSES	(324.6)	(17.1)	(7.6)	(299.9)
OPERATING PROFIT/ (LOSS)	119.4	(2.7)	(7.6)	129.7
NET FINANCE CHARGE	(1.7)	-	(0.5)	(1.2)
PROFIT BEFORE TAX	117.7	(2.7)	(8.1)	128.5

30

CASH FLOW FROM OPERATIONS

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
ADJUSTED OPERATING PROFIT	129.7	89.9
SPAIN OPERATING LOSS	(2.7)	(3.6)
RESTRUCTURING SPEND	(9.5)	(15.8)
DEPRECIATION AND AMORTISATION	28.6	24.1
EMPLOYEE SHARE SCHEME COSTS	10.0	7.7
(INCREASE)/DECREASE IN INVENTORIES	(69.8)	33.8
INCREASE IN RECEIVABLES	(39.6)	(25.2)
INCREASE IN PAYABLES	47.6	19.0
CASH INFLOW FROM OPERATIONS	94.3	129.9

31

FREE CASH FLOW

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
CASH INFLOW FROM OPERATIONS	94.3	129.9
CAPITAL EXPENDITURE	(47.3)	(32.5)
CAPITAL CONTRIBUTIONS FROM JV PARTNERS	4.2	2.2
CHINA ACQUISITION	(39.4)	-
NET INTEREST	(1.3)	(3.7)
TAX PAID	(34.7)	(7.4)
OTHER NON-CASH ITEMS	(3.2)	(5.1)
FREE CASH FLOW	(27.4)	83.4

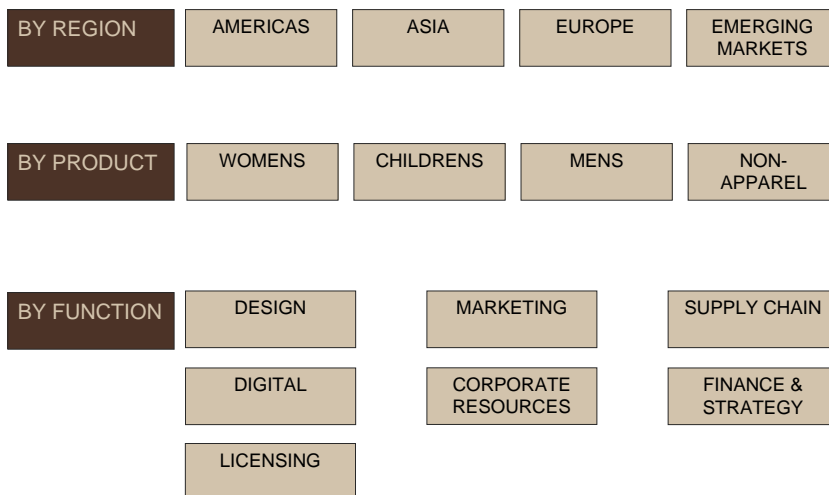
32

TOTAL CASH FLOW

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
FREE CASH FLOW	(27.4)	83.4
DIVIDENDS	(45.7)	(37.4)
OTHER CASH ITEMS	(6.3)	(1.1)
EXCHANGE DIFFERENCE	(1.7)	3.8
TOTAL CASH FLOW	(81.1)	48.7
NET CASH AT 31 MARCH	262.0	7.6
NET CASH AT 30 SEPTEMBER	180.9	56.3

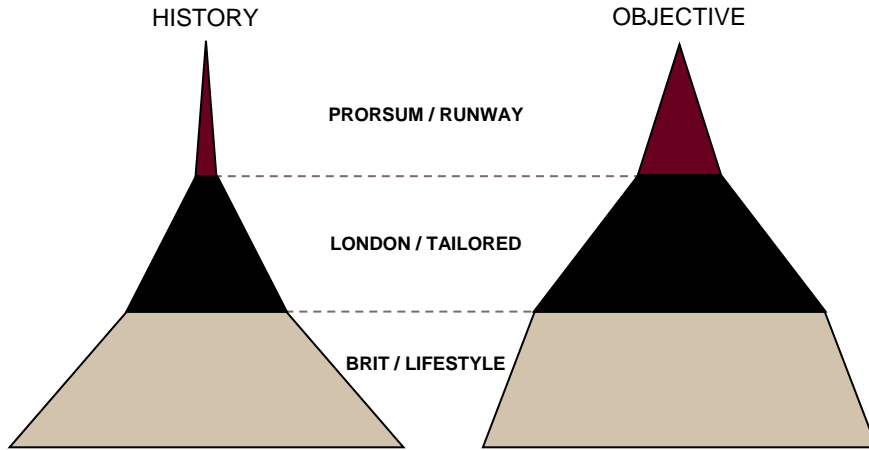
33

ORGANISATIONAL STRUCTURE



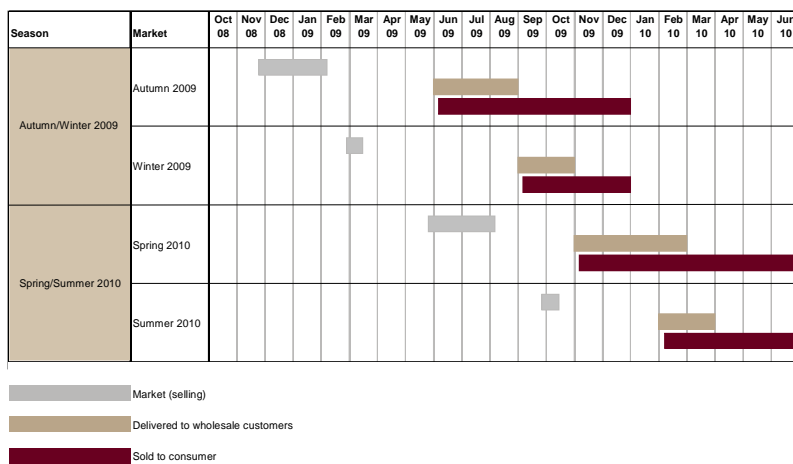
34

REBALANCE PRODUCT PORTFOLIO



35

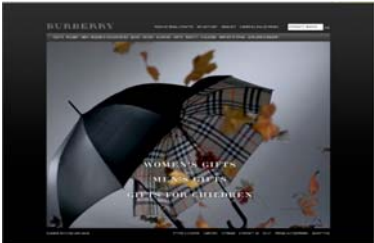
WHOLESALE CYCLE



36

DIGITAL COMMERCE

- <http://www.burberry.com>
- <http://www.artofthetrench.com>
- <http://www.facebook.com/burberry>
- <http://twitter.com/burberry>
- <http://www.youtube.com/burberry>



37

**CHINA
WHAT WE ACQUIRED**



38

STORE PORTFOLIO

GLOBAL (EXCLUDING SPAIN)

	Directly-operated stores				Franchise stores
	Mainline stores	Concessions	Outlets	Total	
At 31 March 2010	131	134	47	312	97
Additions	20	14	1	35	3
Closures	-	(7)	(3)	(10)	(2)
Transfers	13	30	-	43	(43)
At 30 September 2010	164	171	45	380	55

BY REGION (EXCLUDING SPAIN)

	Directly-operated stores				Franchise stores
	Mainline stores	Concessions	Outlets	Total	
At 30 September 2010					
Europe	37	29	19	85	15
Americas	69	-	20	89	3
Asia Pacific	42	142	5	189	22
Rest of World	16	-	1	17	15
Total	164	171	45	380	55

39

AMERICAN DEPOSITARY RECEIPT PROGRAMME

Burberry has an American Depositary Receipt (ADR) programme that trades on the Over-The-Counter ('OTC') market in the US.

An ADR is a receipt that is issued by a depositary bank representing ownership of a company's underlying ordinary shares. ADRs are quoted in US dollars and trade just like any other US security. The company has a sponsored Level 1 ADR programme for which the Deutsche Bank Trust Company Americas acts as Depositary.

Ratio: 1 ADR = 2 ordinary shares

Exchange: OTC

Symbol: BURBY

CUSIP: 12082W204

Pink Sheets: <http://www.pinksheets.com/pink/quote/quote.jsp?symbol=burby>

40

DISCLAIMER

"Adjusted" excludes:

1. The discontinuing business in Spain affected by the restructuring, which in H1 2010 generated revenue of £31.9m (2009: £44.6m) and an operating loss of £2.7m (2009: £3.6m)
2. Restructuring costs of £7.6m (2009: £4.2m) relating to the Spanish restructuring and the Group's cost efficiency programme
3. The put option liability finance charge relating to the 15% economic interest in the Chinese business of £0.5m (2009: nil)

All revenue metrics and commentary in this presentation exclude the results of the discontinuing business in Spain

Underlying change is calculated at constant exchange rates
Certain financial data within this presentation have been rounded

Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward looking statements.

This presentation does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares. Past performance is not a guide to future performance and persons needing advice should consult an independent financial adviser.

41

IR CONTACTS

Fay Dodds
Director of Investor Relations
fay.dodds@burberry.com

Charlotte Cowley
Investor Relations Manager
charlotte.cowley@burberry.com

Kim Warren
Investor Relations Associate
kim.warren@burberry.com

Horseferry House
Horseferry Road
London
SW1P 2AW
Tel: +44 (0)20 3367 3524

www.burberryplc.com
www.burberry.com
www.artofthetrench.com
www.facebook.com/burberry
www.twitter.com/burberry
www.youtube.com/burberry

42