

12 October 2011

## **Burberry Group plc**

### **First Half Trading Update**

Burberry Group plc, the global luxury company, today reports on trading for the six months to 30 September 2011.

#### **Highlights**

- Total revenue of £830m, up 30% underlying
  - Retail momentum maintained throughout half
  - Wholesale and licensing in line with guidance
- Retail revenue of £528m, up 45% underlying
  - Comparable store sales growth of 16% (Q1: 15%; Q2: 16%)
  - Flagship markets including New York, London, Paris, Hong Kong and Dubai performed strongly
  - Continued comparable sales growth of around 30% in acquired China stores
- Wholesale revenue of £248m, up 9% underlying
  - Up 20% excluding China
  - Led by Americas, Emerging Markets and Travel Retail
  - Continued conversion to retail and rationalisation of distribution leading to mid single-digit % underlying wholesale growth expected in H2 2011/12
- Licensing revenue of £54m, up 4% underlying
- Further strategic and operational progress
  - Core outerwear and large leather goods drove half of retail growth
  - New initiatives including men's accessories and tailoring drove wholesale
  - Launch of Burberry Body fragrance via social media drove brand awareness
  - Opened net eight mainline stores with focus on flagship markets; capital expenditure still planned at £180-200m in full year

Angela Ahrendts, Chief Executive Officer, commented:

“Our first half performance, with 30% revenue growth, clearly demonstrates the continuing global momentum of the Burberry brand, underpinned by consistent and balanced double-digit growth in retail and wholesale, all regions and all product categories.

Looking forward, our focus remains on investing to drive growth and executing our innovative strategies in product design, digital marketing and retail, while being fully prepared to respond appropriately should we see any significant change in luxury demand.”

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

## Revenue by channel of distribution

£ million	2011	2010	% change	
			reported FX	underlying
<b>Retail*</b>				
- Q1	245	171	44	49
- Q2	283	195	44	42
Six months to 30 September	528	366	44	45
<b>Wholesale*</b>				
- Q1	95	87	9	11
- Q2	153	139	10	8
Six months to 30 September	248	226	10	9
<b>Licensing</b>				
- Q1	27	24	11	6
- Q2	27	25	12	2
Six months to 30 September	54	49	11	4
<b>Revenue – continuing operations</b>				
- Q1	367	282	30	34
- Q2	463	359	29	26
<b>Six months to 30 September</b>	<b>830</b>	<b>641</b>	<b>29</b>	<b>30</b>
<b>Discontinued Spanish operations</b>				
- Q1	-	9		
- Q2	-	23		
Six months to 30 September	-	32		
<b>Total revenue</b>				
- Q1	367	291		
- Q2	463	382		
Six months to 30 September	830	673		

Q1 is the three month period to 30 June; Q2 is the three month period to 30 September

\*Burberry acquired its Chinese operations with effect from 1 September 2010. Excluding these, underlying growth in the first half was 31% in retail and 20% in wholesale.

## Retail/wholesale revenue by region (re-presented)

£ million	Six months to 30 September		% change	
	2011	2010	reported FX	underlying
Asia Pacific	266	175	51	52
Europe	271	220	23	18
Americas	190	159	20	27
Rest of World	49	38	31	35
<b>Revenue – continuing operations</b>	<b>776</b>	<b>592</b>	<b>31</b>	<b>32</b>

Revenue in the first half increased by 30% at constant exchange rates. As a result of the strong revenue performance and some re-phasing of investments and costs, the expected retail/wholesale operating margin in the first half has improved and is now projected to be broadly unchanged year-on-year. As previously guided, Burberry expects a modest improvement in full year retail/wholesale operating margin.

## **Retail**

Retail sales in the first half increased by 45% on an underlying basis (up 44% at reported FX). Up to the anniversary of their acquisition, the stores in China contributed 14% to this underlying growth, with new space in all regions generating a further 15%.

Comparable store sales increased by 16% in the first half (Q1: +15%; Q2: +16%). Mainline stores further increased their penetration and all four regions delivered double-digit mainline comparable growth in the second quarter. Flagship markets including New York and San Francisco, London and Paris, Hong Kong, Taipei and Dubai were among the strongest performers.

Comparable store sales growth in China continued at around 30%, helped by the ongoing implementation of global processes and retail disciplines. Sales in the acquired stores were not included in Burberry's 16% comparable growth until 1 September 2011, the anniversary of the acquisition.

In mainline stores globally, the consistent execution of key strategies again drove revenue growth and average selling prices. Core outerwear and large leather goods contributed half of the growth, while the increased focus on Burberry London drove outperformance. Replenishment products increased as a percentage of sales in every major category.

Burberry opened a net eight mainline stores in the first half, including two in India and two childrenswear stores in the Middle East and Hong Kong. The brand's presence was strengthened in European department store concessions and the first concession in Canada was opened. Average retail selling space increased by 14% in the first half, with the acquired Chinese stores adding a further 11%.

## **Wholesale**

Wholesale revenue excluding China grew by 20% on an underlying basis in the first half, slightly ahead of guidance. There was particular strength in Americas, Emerging Markets and Travel Retail. Key merchandising strategies including shoes, childrenswear, men's tailoring and men's accessories performed strongly.

In June 2011, five stores in Saudi Arabia were converted from franchise to retail through a joint operation. Burberry finished the half with 52 franchise stores, mainly in Emerging Markets, with about five franchise openings planned for the second half.

Total wholesale revenue grew by 9% underlying in the first half (up 10% at reported FX).

## Licensing

Licensing revenue increased by 4% on an underlying basis in the first half (up 11% at reported FX), consistent with full year guidance. The step-up in royalty income from the Japanese apparel licence and good growth from the global fragrance, eyewear and timepiece licences more than offset the impact of the planned termination of certain Japanese non-apparel and the final regional menswear licences.

Burberry Body, the new fragrance for women, was launched in-store and online during September 2011, supported by the innovative use of both social media and outdoor advertising, further extending reach and awareness of the Burberry brand.

## Outlook

*Retail:* For the second half of FY 2011/12, average retail selling space is planned to increase by about 15%. Burberry expects to open a net eight to ten mainline stores, including in China, Latin America and a flagship in Paris.

*Wholesale:* In the second half, the planned shift from wholesale to retail continues, with the conversion of the five Saudi Arabia stores and menswear in Spain moving to a concession model. Further rationalisation of the brand's distribution in the US and Europe continues. As a result, against a period of tougher comparatives, Burberry expects wholesale revenue to increase by a mid single-digit percentage at constant exchange rates in the second half.

*Licensing:* For the full year, Burberry continues to expect licensing revenue at constant exchange rates to increase by a mid single-digit percentage. Licensing revenue at reported FX is still expected to increase by around 10%.

## Enquiries

### Burberry

Stacey Cartwright    EVP, Chief Financial Officer  
Fay Dodds            Director of Investor Relations  
Jenna Littler         Director of Corporate Relations

020 3367 3524

### Brunswick

Nick Claydon  
Laura Cummings

020 7404 5959

There will be a conference call for investors and analysts to discuss this update today at 9am (UK time). The conference call can be accessed live on the Burberry website ([www.burberryplc.com](http://www.burberryplc.com)), with a replay available later today.

Burberry will release its interim results for the six months to 30 September 2011 on 15 November 2011.

Certain statements made in this announcement 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. Burberry Group plc undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

## **Notes to editors**

- Burberry is a global luxury brand with a distinctive British heritage, core outerwear and large leather goods base and one of the most recognised icons in the world.
- Burberry designs and sources apparel and accessories, selling through a diversified network of retail, wholesale, licensing and digital channels worldwide.
- Burberry is driven by innovative design, digital marketing and retail-led strategies.
- Burberry has five strategic themes to underpin its growth: leverage the franchise; intensify non-apparel development; accelerate retail-led growth; invest in under-penetrated markets; and pursue operational excellence.
- At 30 September 2011, Burberry globally had 187 retail stores, 210 concessions, 44 outlets and 52 franchise stores.
- Burberry, which is headquartered in London, was founded in 1856. It is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index.
- BURBERRY, the Equestrian Knight Device and the Burberry Check are trademarks belonging to Burberry which are registered and enforced worldwide.