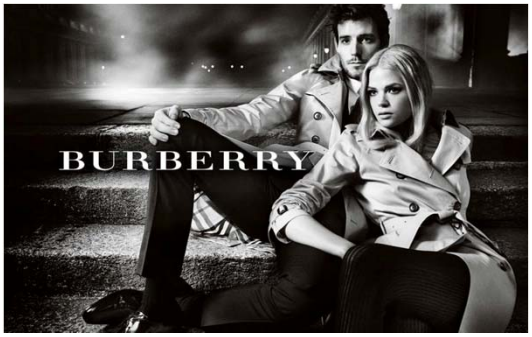
BURBERRY

JULY 2012

BURBERRY

- **AUTHENTIC BRITISH HERITAGE**
  - Rooted in integrity of outerwear
- **BROAD CONSUMER APPEAL**
  - Across genders and generations
- **UNIQUE DEMOGRAPHIC POSITIONING**
- **GLOBAL REACH**
- **DIVERSIFIED BUSINESS MODEL**
  - By channel
  - By region
  - By product
- **BRAND MOMENTUM DRIVEN BY DIGITAL INITIATIVES**
- **UNDERPINNED BY STRONG OPERATIONAL FOUNDATION**
- **STRONG FINANCIAL POSITION**

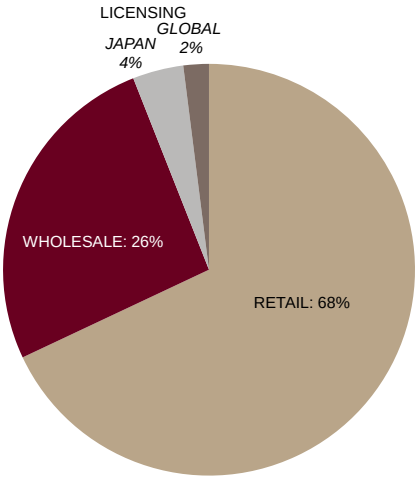


STRONG FOUNDATION FOR SUSTAINED PROFITABLE GROWTH

- **BY CHANNEL**
  - Retail expansion: c.12-14% new space in FY 2013
  - Selective wholesale growth: Americas, Travel Retail
  - Digital commerce
- **BY REGION**
  - Drive growth in core regions, especially flagship markets
  - Emerging Markets growth and evolution
- **BY PRODUCT**
  - Non-apparel
  - Womenswear
  - Menswear
  - Childrenswear
- **EARLY BENEFITS FROM STRATEGIC INVESTMENTS IN**
  - Supply chain
  - Systems, planning and replenishment
  - Digital marketing

3

REVENUE BY CHANNEL



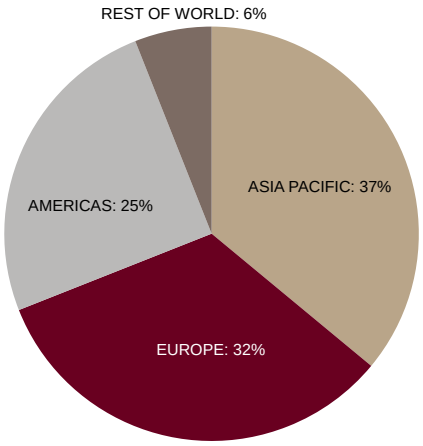
	FY 09/10 %	FY 10/11 %	FY 11/12 %
RETAIL	**15**	**32**	**31**
WHOLESALE	**(15)**	**16**	**8**
LICENSING	**(6)**	**(4)**	**5**
	1	**24**	**23**
RETAIL COMPS	**7%**	**11%**	**14%**

FY 2011/12 REVENUE £1,857M

UNDERLYING REVENUE GROWTH

4

REVENUE BY REGION



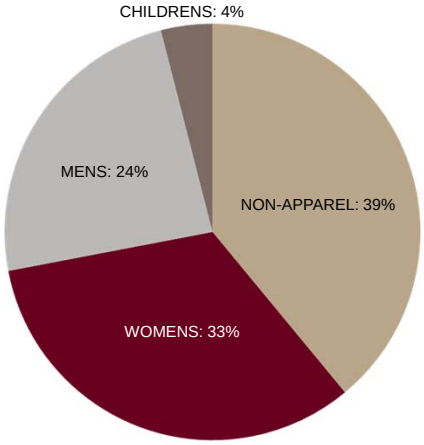
	FY 09/10 %	FY 10/11 %	FY 11/12 %
ASIA PACIFIC	**13**	**53**	**41**
EUROPE	**3**	**15**	**15**
AMERICAS	**2**	**16**	**15**
REST OF WORLD	**27**	**43**	**31**

FY 2011/12 RETAIL/WHOLESALE REVENUE
£1,748M

UNDERLYING REVENUE GROWTH

5

REVENUE BY PRODUCT CATEGORY



	FY 09/10 %	FY 10/11 %	FY 11/12 %
NON-APPAREL	**10**	**32**	**22**
WOMENSWEAR	**(3)**	**21**	**27**
MENSWEAR	**(7)**	**29**	**26**
CHILDRENS	**39**	**23**	**19**

FY 2011/12 RETAIL/WHOLESALE REVENUE
£1,748M

UNDERLYING REVENUE GROWTH

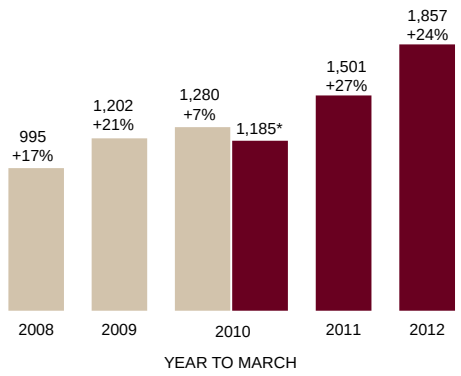
6

Q1 TRADING UPDATE

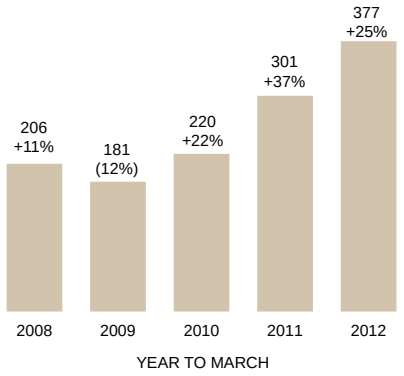
3 MONTHS TO 30 JUNE 2012	UNDERLYING GROWTH
RETAIL	14%
WHOLESALE	9%
LICENSING	(5%)
TOTAL	11%

7

REVENUE AND OPERATING PROFIT



REVENUE £M



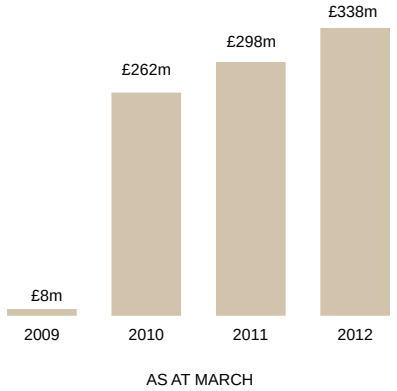
ADJUSTED OPERATING PROFIT £M

* FY 2010 re-presented to exclude the discontinued Spanish operations

8

STRONG CASH GENERATION

- **NET CASH OF £338M AT MARCH 2012**
- **INVEST TO GROW BUSINESS**
  - £180-200m of capital expenditure planned in FY 2013
  - Focus on retail, especially flagship markets
- **40% DIVIDEND PAYOUT POLICY**
  - 25% increase in FY 2012 dividend
- **£300M BANKING FACILITIES**
  - Mature June 2016

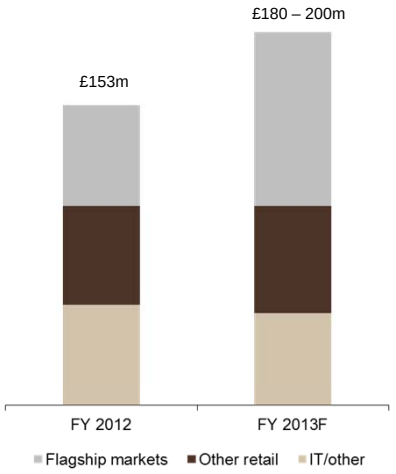


NET CASH

9

CAPITAL EXPENDITURE FOCUSED ON RETAIL

- **CAPITAL EXPENDITURE PLANNED AT £180-200M IN FY 2013**
  - Increase in flagship markets
    - New stores and refurbishments
    - Larger format, mainline stores and concessions
- **12-14% SPACE GROWTH IN FY 2013**
  - Increasingly biased to larger format stores in flagship markets
  - Larger stores are typically lower sales densities than small stores



CAPITAL EXPENDITURE

10

OUTLOOK

RETAIL	12-14% increase in average selling space in FY 2013 - Higher proportion of larger format stores
WHOLESALE	Mid single-digit % underlying growth in H1
LICENSING	Broadly unchanged year-on-year in FY 2013 - At constant and reported FX
INTEREST	Small positive credit in FY 2013
DEPRECIATION	£100-110m in FY 2013
UNDERLYING TAX RATE	25-26% for FY 2013
DIVIDEND POLICY	40% full year payout based on adjusted diluted EPS
CAPITAL EXPENDITURE	£180-200m in FY 2013
INVENTORIES	Grow less than retail sales

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CONTINUED PROGRESS ON STRATEGIC INITIATIVES

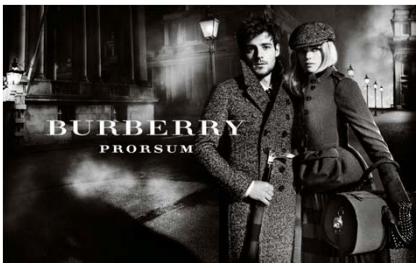
LEVERAGE THE FRANCHISE

INTENSIFY NON-APPAREL

ACCELERATE RETAIL-LED GROWTH

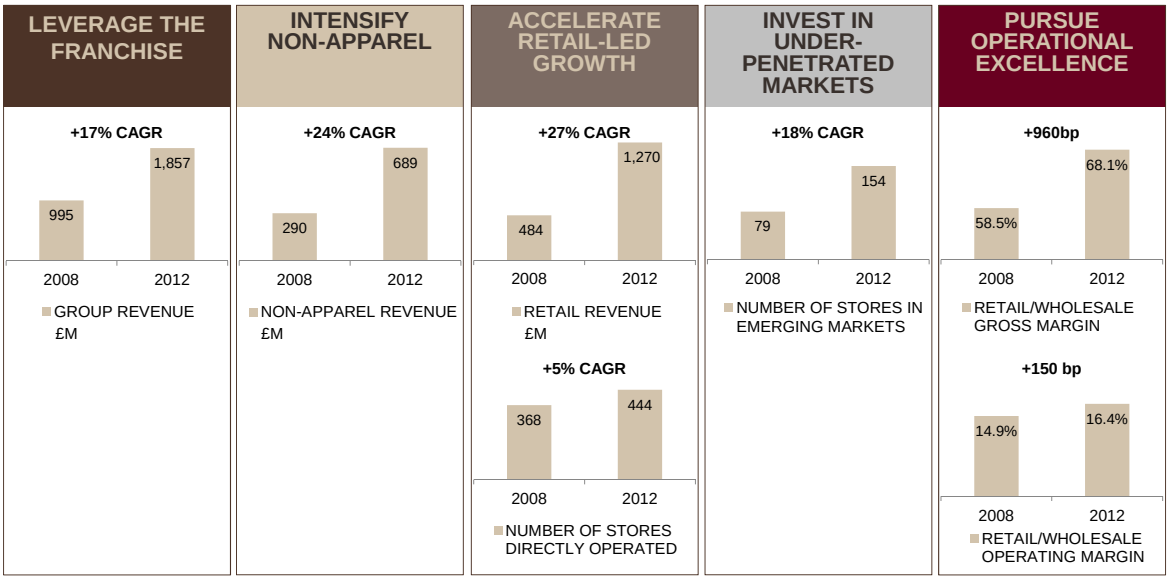
INVEST IN UNDER-PENETRATED MARKETS

PURSUE OPERATIONAL EXCELLENCE



12

KEY PERFORMANCE INDICATORS SHOW SUCCESS OF CORE STRATEGIES



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LEVERAGE THE FRANCHISE
ONE COMPANY, ONE BRAND

- **OUTERWEAR**
  - More than half of apparel sales
  - Reinforcing heritage and leadership
  - Accelerating innovation
  - Reduces fashion risk
- **SIGNIFICANT OPPORTUNITY IN MENSWEAR**
  - SS11 first collection designed in-house
  - Protect and defend outerwear
  - Grow tailoring
  - Reposition lifestyle
- **BURBERRY LONDON/BRIT SEGMENTATION**
  - Real estate gains in department stores
  - Five Burberry Brit trial stores in US and two in Europe
- **INCREASED SYNCHRONISATION ACROSS CHANNELS**
  - Monthly floorsets
  - Burberry World (burberry.com)
  - Retail theatre
- **UNLOCK THE POTENTIAL IN LICENSING**

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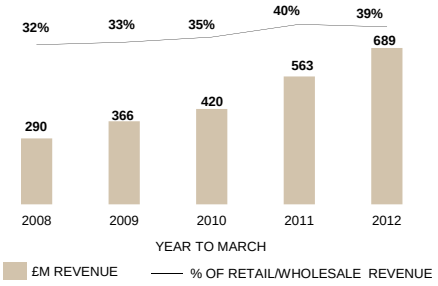
LEVERAGE THE FRANCHISE
EXTEND REACH THROUGH DIGITAL MEDIA

- **DIGITAL CRITICAL FOR REACH AND ENGAGEMENT**
  – Especially for younger luxury consumer
- **INNOVATION IN DIGITAL SPACE**
  – Immersive content on Burberry World
  – Livestream runway shows globally
  – Burberry Bespoke offering personalised trench coats
  – Retail theatre in nearly 200 stores
- **INNOVATION IN SOCIAL MEDIA**
  – Over 13m Facebook fans
  – Art of the Trench platform celebrating outerwear
  – Four Chinese social media platforms
  – Ten local Twitter accounts
  – First ever Tweetwalk
- **ICONIC OUTDOOR ADVERTISING**

INTENSIFY NON-APPAREL
BUILDING ON MOMENTUM



SS12/AW12 ORDER BOOKS
Soft includes scarves, mufflers, hats and umbrellas

- **NON-APPAREL 39% OF REVENUE IN FY 2012**
- **HALF FROM LARGE LEATHER GOODS**
  – Second core offering alongside outerwear
- **SIGNIFICANT OPPORTUNITY IN MEN'S ACCESSORIES**
- **APPLYING OPERATIONAL EXCELLENCE**
  – SAP
  – Global buy
  – Replenishment

ACCELERATE RETAIL-LED GROWTH
FOCUS INVESTMENT IN FLAGSHIP MARKETS

- **RETAIL REVENUE UP 31% UNDERLYING IN FY 2012**
  - Retail 68% of sales
  - 23 mainline stores opened
- **FY 2013 CAPITAL EXPENDITURE PLANNED AT £180-200M**
  - Enabled by brand momentum and improved store productivity
  - Focused in flagship markets
    - Flagship/cluster strategy
    - New stores and refurbishments
  - Biased to larger store formats
- **FOCUS ON RETAIL PRODUCTIVITY**
  - Replenishment
  - High impact monthly presentations
- **BUILDING CUSTOMER CENTRICITY**
  - Sales and service
  - VIC programme
  - Customer engagement
  - Customer insight

TAIPEI

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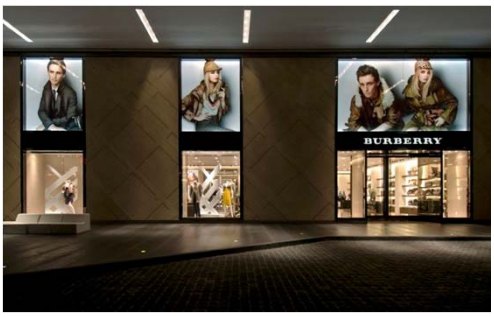
INVEST IN UNDER-PENETRATED MARKETS
GAINING SHARE

- **EMERGING MARKETS 21% OF REVENUE (FY 2008: 6%)***
  - Entering new markets with franchisees
  - Taking direct control at appropriate stage
  - Increasing investment in stores, infrastructure, retail disciplines, marketing and social media
- **GLOBAL OPPORTUNITIES**
  - Engage China
  - Develop Middle East, Central and Latin America and India
  - Japanese non-apparel trial
- **UPGRADE PRESENCE IN US DEPARTMENT STORES**
  - Pursue initiatives to drive productivity of existing space
  - Accelerated rationalisation of inappropriate distribution
  - Label segmentation helps to gain space in selected doors



MEXICO

* EMERGING MARKETS INCLUDE CHINA, INDIA, RUSSIA, TURKEY, EASTERN EUROPE, LATIN AMERICA AND THE MIDDLE EAST

18

PURSUE OPERATIONAL EXCELLENCE
EARLY BENEFITS FROM FIVE YEARS OF STRATEGIC INVESTMENT

- **ALL MAJOR MARKETS NOW LIVE ON SAP**
  - US and SE Asia went live FY 2010
  - Korea and Brazil went live FY 2011
  - Middle East and China went live FY 2012
  - Benefits of global implementation will be delivered over coming years
- **MONTHLY PRODUCT FLOW**
  - Synchronisation across all channels and functions
- **REPLENISHMENT**
  - Now approximately half of mainline revenue
- **SUPPLY CHAIN AND LOGISTICS**
  - Support business growth
  - Drive productivity and efficiency through existing infrastructure

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BURBERRY

APPENDIX

ADJUSTED MEASURES

Adjusted measures exclude

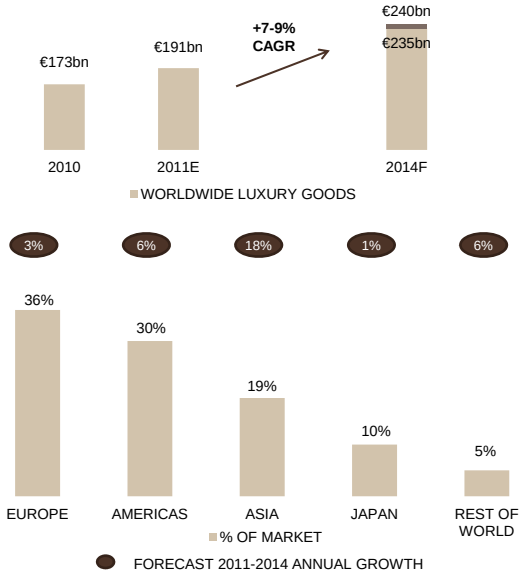
- Restructuring costs of nil in 2012 (2011: £1.0m credit relating to the Group's cost efficiency programme announced in January 2009)
- The put option liability finance charge relating to the third party 15% economic interest in the Chinese business in 2012 of £10.2m (2011: £3.2m)
- Losses from discontinued Spanish operations in 2012 of £0.3m (2011: £6.2m)

Underlying change is calculated at constant exchange rates

Certain financial data within this presentation have been rounded

LUXURY FORECAST TO GROW 7-9% CAGR TO 2014, LED BY ASIA PACIFIC

- **LUXURY GOODS TO CONTINUE TO GROW STRONGLY**
- **LED BY ASIA PACIFIC**
  - Both Mainland and Greater China
  - Tourist destinations in Asia and worldwide, especially Europe
- **EMERGING MARKETS BECOMING MATERIAL**
  - Including Latin America and India
- **CONTINUED CONSOLIDATION OF NORTH AMERICA AND EUROPE**
  - Move to retail from wholesale
  - Slowing local consumption in Italy and Spain
- **JAPANESE MARKET RECOVERING SLOWLY**

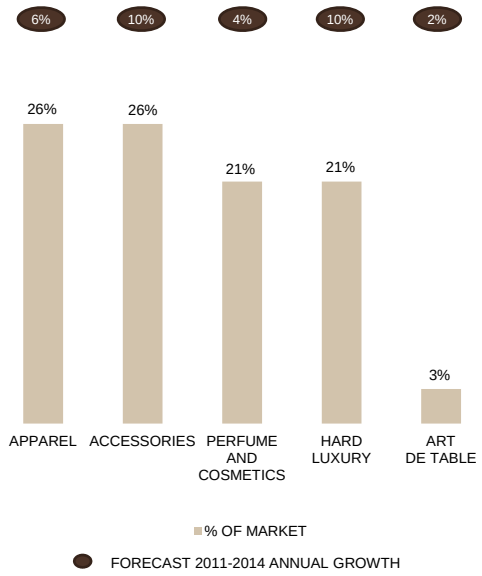


SOURCE: BAIN/ALTAGAMMA

23

BROAD-BASED PRODUCT GROWTH FORECAST

- **MENSWEAR OUTPERFORMING BROADER APPAREL**
  - Driven by "new formal" in mature markets and "upper casual" in China
  - Top end brands outperforming aspirational brands
- **STRONG GROWTH ACROSS GEOGRAPHIES FOR LEATHER**
  - Increasing male spending especially in Asia
  - No compromise on quality, craftsmanship and durability
- **BIG BRANDS INVESTING HEAVILY IN SHOES**
  - Men's shoes outperforming the market
  - Aspirational segment seeing strong growth
- **STRONG RECOVERY OF WATCHES IN 2010 AND 2011**
  - Growth across geographies and price segments
  - Segment starting to invest in retail having been historically wholesale led
- **REBOUND IN FRAGRANCES**
  - Driven by restocking and innovation



SOURCE: BAIN/ALTAGAMMA

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FINANCIAL HIGHLIGHTS

12 MONTHS TO 31 MARCH	2012 £M	2011 £M	GROWTH
REVENUE	1,857	1,501	24%
ADJUSTED PBT	376.2	297.9	26%
ADJUSTED DILUTED EPS	61.6p	48.9p	26%
DIVIDEND PER SHARE	25.0p	20.0p	25%
NET CASH	338.3	297.9	14%

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RETAIL/WHOLESALE PROFIT UP 31%

12 MONTHS TO 31 MARCH	2012 £M	2011 £M	CHANGE
RETAIL/WHOLESALE REVENUE	1,748.6	1,402.9	*25%*
GROSS MARGIN	1,190.3	911.3	
AS % OF REVENUE	*68.1%*	*64.9%*	*320bp*
OPERATING EXPENSES	(903.4)	(691.8)	
AS % OF REVENUE	*(51.7%)*	*(49.3%)*	*(240bp)*
ADJUSTED OPERATING PROFIT	286.9	219.5	*31%*
AS % OF REVENUE	*16.4%*	*15.6%*	*80bp*

GOAL IS TO MANAGE GROSS MARGIN AND OPERATING EXPENSES DYNAMICALLY TO DELIVER FURTHER MODEST RETAIL/WHOLESALE OPERATING MARGIN IMPROVEMENT IN FY 2013, WITH H1 MARGIN EXPECTED TO BE LOWER THAN IN THE SAME PERIOD LAST YEAR

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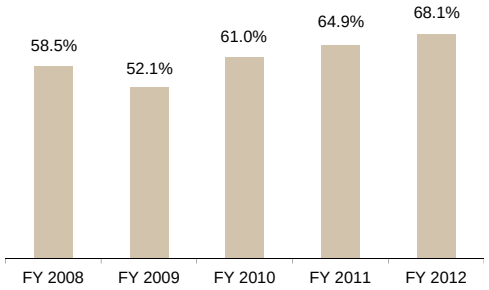
RETAIL/WHOLESALE GROSS MARGIN UP 320BP

- **GROSS MARGIN AT 68.1%**
  - Up 320 basis points
- **DRIVEN BY**
  - China conversion and outperformance
  - Pricing and sourcing
  - Channel and regional shifts



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
RETAIL AS % OF GROUP SALES	49%	52%	60%	64%	68%

RETAIL/WHOLESALE GROSS MARGIN

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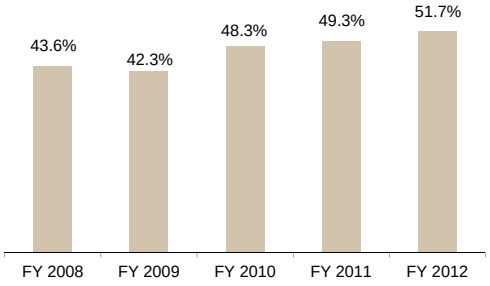
RETAIL/WHOLESALE OPERATING EXPENSES/REVENUE AT 51.7%

- **INCREASE REFLECTS SHIFT TO RETAIL**
  - Retail 68% of revenue (2011: 64%)
- **THREE KEY AREAS OF INCREASED INVESTMENT**
  - New space
  - New markets (China, Latin America, Saudi, India)
  - Central functions, especially marketing, IT/digital technology and customer services and insight



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
RETAIL AS % OF GROUP SALES	49%	52%	60%	64%	68%

ADJUSTED OPERATING EXPENSES/REVENUE

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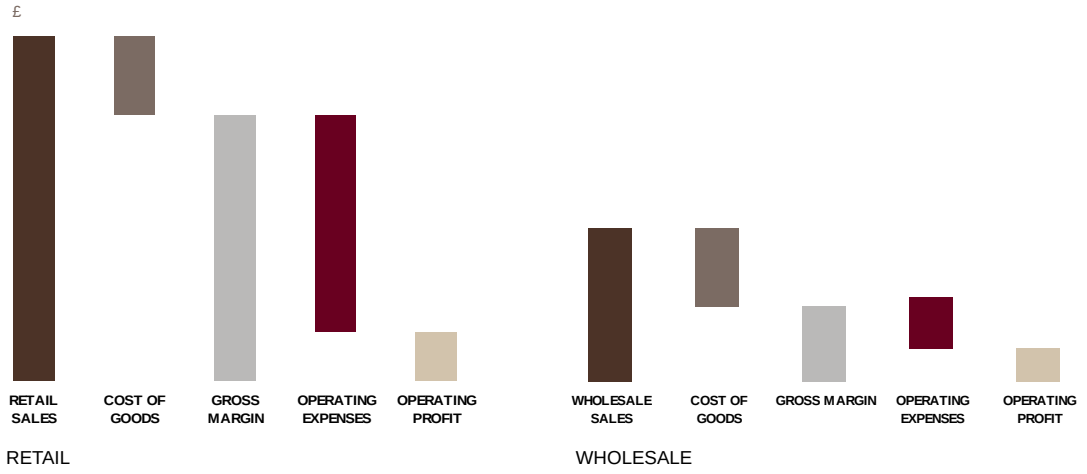
ILLUSTRATIVE IMPACT OF CHANNEL SHIFT
FROM INTERIMS, NOVEMBER 2006



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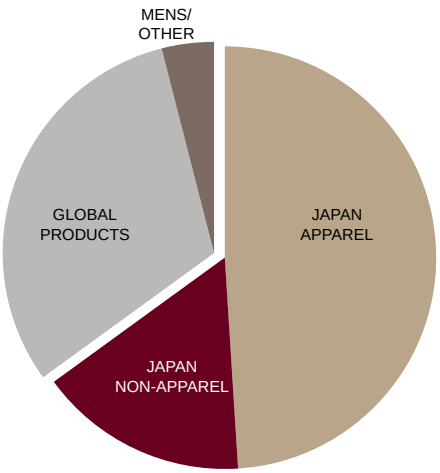
LICENSING PROFIT

12 MONTHS TO 31 MARCH	2012 £M	2011 £M
REVENUE	108.6	98.4
GROSS MARGIN AT 100%	108.6	98.4
OPERATING EXPENSES	(18.6)	(16.8)
OPERATING PROFIT	90.0	81.6
OPERATING MARGIN	*82.9%*	*82.9%*
YEN RATE	133	144

2012 INCLUDES FX BENEFIT OF £5.4M IN REVENUE AND £0.1M IN OPEX

30

LICENSING REVENUE



FY 2012 LICENSING REVENUE

- **JAPAN IS C. TWO-THIRDS OF LICENCE REVENUE**
  - Annual brand sales approaching £1bn
  - Premium positioning
- **APPAREL LICENCE**
  - Held by Sanyo Shokai and Mitsui
  - Licence ends 2015
  - Roughly half is their "London" range and childrenswear
    - AW12 transition of childrenswear to Burberry global collection
  - Roughly half is more contemporary Black/Blue labels
    - Two trial stores in Hong Kong
- **NON-APPAREL LICENCES**
  - Different licensees; short contracts
  - Terminated leather goods and other licences
- **NON-APPAREL OPERATION IN RETAIL/WHOLESALE**
  - Testing imported global non-apparel collection
  - Two stores in Ginza and Omotesando, Tokyo
  - 12 concessions on luxury floors in department stores
  - Less than 2% of group retail/wholesale revenue

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INCOME STATEMENT

12 MONTHS TO 31 MARCH	2012 £M	2011 £M
ADJUSTED OPERATING PROFIT	376.9	301.1
NET FINANCE CHARGE	(0.7)	(3.2)
ADJUSTED PROFIT BEFORE TAX	376.2	297.9
EXCEPTIONAL ITEMS	(10.2)	(2.2)
PROFIT BEFORE TAX	366.0	295.7
TAX	(100.6)	(83.2)
DISCONTINUED OPERATIONS	(0.3)	(6.2)
NON-CONTROLLING INTEREST	(1.8)	2.1
ATTRIBUTABLE PROFIT	263.3	208.4

32

CASH INFLOW FROM OPERATIONS

12 MONTHS TO 31 MARCH	2012 £M	2011 £M
ADJUSTED OPERATING PROFIT	376.9	301.1
SPAIN OPERATING PROFIT/(LOSS)	2.5	(2.1)
RESTRUCTURING SPEND	(8.6)	(20.3)
DEPRECIATION AND AMORTISATION	87.6	62.6
EMPLOYEE SHARE SCHEME COSTS	31.8	28.3
(INCREASE) IN INVENTORIES	(61.8)	(58.0)
(INCREASE) IN RECEIVABLES	(17.4)	(8.1)
INCREASE IN PAYABLES	70.1	68.0
OTHER NON-CASH ITEMS	1.4	(5.1)
CASH INFLOW FROM OPERATIONS	482.5	366.4

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TOTAL CASH FLOW

12 MONTHS TO 31 MARCH	2012 £M	2011 £M
CASH INFLOW FROM OPERATIONS	482.5	366.4
CAPITAL EXPENDITURE	(153.1)	(108.4)
CAPITAL CONTRIBUTIONS FROM JV PARTNERS	4.9	7.0
ACQUISITIONS	(23.5)	(51.9)
NET INTEREST	(0.6)	(3.2)
TAX PAID	(108.2)	(98.1)
FREE CASH FLOW	202.0	111.8
DIVIDENDS	(99.2)	(68.7)
ESOP TRUST CONTRIBUTION	(60.0)	(5.6)
EXCHANGE DIFFERENCE	(2.4)	(1.6)
TOTAL CASH FLOW	40.4	35.9
NET CASH AT 31 MARCH	338.3	297.9

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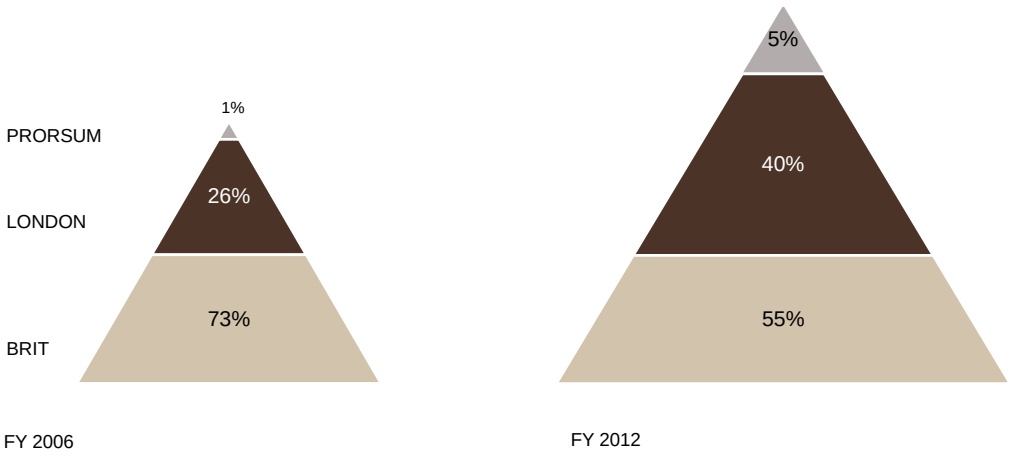
ORGANISATIONAL STRUCTURE

BY REGION	ASIA PACIFIC	EUROPE	EMERGING MARKETS	AMERICAS
BY PRODUCT	NON-APPAREL	WOMENS	MENS	CHILDRENS
BY FUNCTION	DESIGN	MARKETING	CUSTOMER RESOURCES	LICENSING
	DIGITAL	SUPPLY CHAIN	IT	STRATEGY/HR/ FINANCE/LEGAL

35

LEVERAGE THE FRANCHISE
BRAND ELEVATION



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STORE PORTFOLIO

GLOBAL

	Directly-operated stores				
	Mainline stores	Concessions	Outlets	Total	*Franchise stores*
At 31 March 2012	**192**	**208**	**44**	**444**	***57***
Additions	**6**	**3**	**4**	**13**	***1***
Closures	**(2)**	**(4)**	**-**	**(6)**	**-**
At 30 June 2012	**196**	**207**	**48**	**451**	***58***

BY REGION

	Directly-operated stores				
At 30 June 2012	Mainline stores	Concessions	Outlets	Total	*Franchise stores*
Asia Pacific	**55**	**151**	**12**	**218**	***17***
Europe	**39**	**53**	**17**	**109**	***23***
Americas	**75**	**1**	**17**	**93**	***3***
Rest of World	**27**	**2**	**2**	**31**	***15***
Total	**196**	**207**	**48**	**451**	***58***

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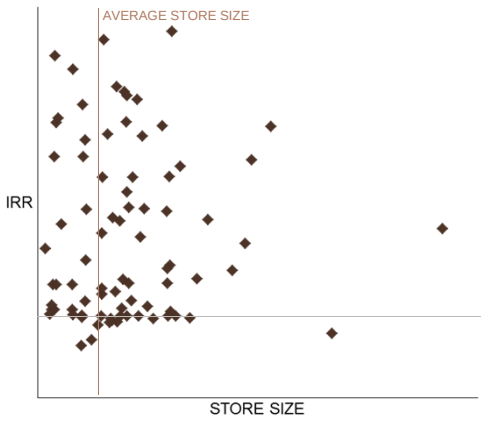
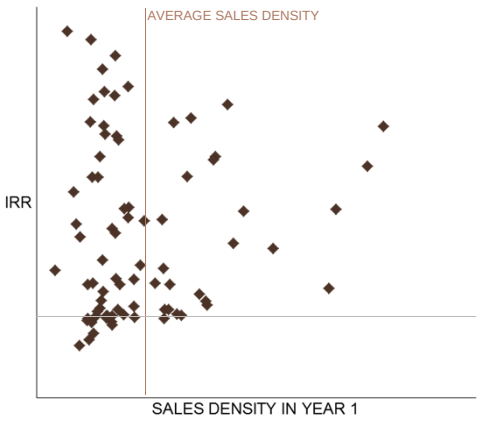
NO AVERAGE STORE



IRR VERSUS STORE SIZE



IRR VERSUS SALES DENSITIES

Excludes significant outliers

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CHINA
STRATEGIC RATIONALE

- **ATTRACTIVE ECONOMICS/DEMOGRAPHICS**
  - Government five year plan includes 7% GDP growth per annum 2011-15
  - Rapidly increasing disposable incomes
  - Economy in transition from export to consumption driven
  - Retail sales expected to exceed GDP growth
- **HIGH POTENTIAL LUXURY MARKET**
  - Young luxury consumer
  - Male-dominated
  - Outerwear
  - Non-apparel and gifting; childrenswear
  - Increasing domestic and international travel
- **SIGNIFICANT OPPORTUNITIES FOR BURBERRY TO OUTPERFORM THROUGH**
  - Application of global disciplines and processes
  - Upgrading retail footprint in China
  - Investing in flagship markets

SPARKLE ROLL - BEIJING

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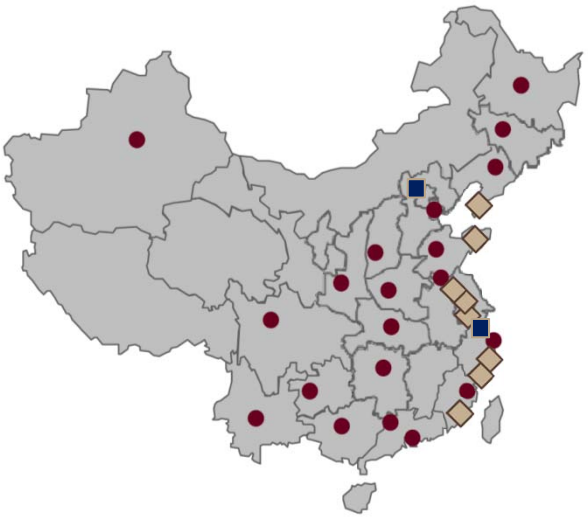
CHINA
KEY INITIATIVES

- **ACQUISITION OF RETAIL OPERATIONS**
  - 50 stores for c.£65m in September 2010
  - 15% economic interest held by an existing franchisee
  - Comp store sales well over 20% in FY 2012
  - Smooth integration
- **AGGRESSIVELY INVEST IN BRAND**
  - High impact digital marketing
- **DRIVE RETAIL PRODUCTIVITY**
  - Improve merchandising
  - Drive replenishment
  - Benefit from SAP implementation over time
  - Roll out Burberry Experience sales and service programme
- **UPGRADE STORE NETWORK**
  - Now 66 stores; goal c.100
  - Increase average size of acquired and new stores



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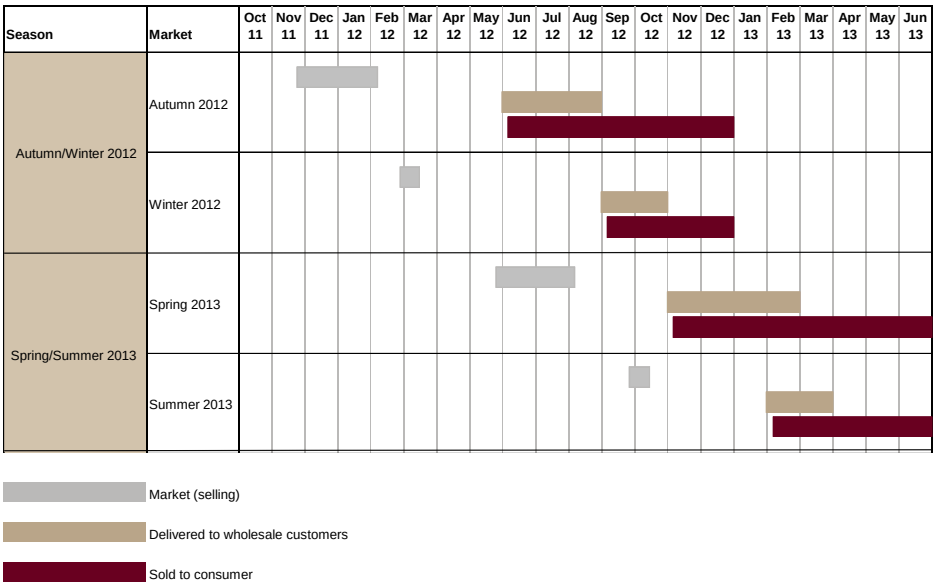
WHOLESALE CYCLE



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DIGITAL COMMERCE

http://www.burberry.com

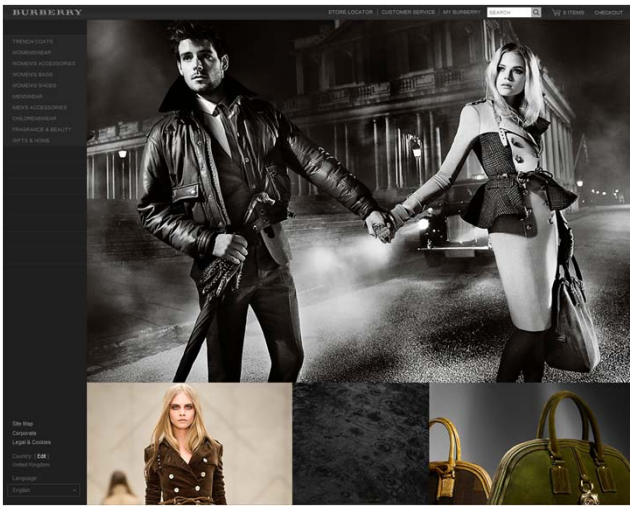
http://www.artofthetrench.com

http://www.facebook.com/burberry

http://twitter.com/burberry

http://www.youtube.com/burberry

https://plus.google.com/burberry



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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

OTC Markets: **http://www.otcmarkets.com/stock/burby/quote**

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CALENDAR

FIRST HALF TRADING UPDATE	11 October 2012
INTERIM RESULTS	7 November 2012
THIRD QUARTER TRADING UPDATE	January 2013
SECOND HALF TRADING UPDATE	April 2013

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