

14 October 2008

## **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 2008.

#### **First half highlights** (on an underlying basis\*)

- Total revenue increased by 13%
- Retail revenue up 14%, with comparable store sales growth of 3.4%
  - Innovation in iconic outerwear and accessories driving sales
  - Growth in all regions except Spain
- Wholesale revenue increased by 15%
  - Boosted by strong product designs and more on-time deliveries
  - North America, Europe and Emerging Markets all performed well
- Licensing revenue down 3%
- Looking forward, Burberry is now planning
  - Average retail selling space in second half up 12%
  - Wholesale revenue in second half broadly flat
    - Progress in North America and Emerging Markets offset by continuing weakness in Spain
  - Licensing revenue in full year slightly down

Commenting on this performance, Angela Ahrendts, Chief Executive Officer, said:

“I am pleased with Burberry’s performance in the first half of the year, against the background of an increasingly challenging external environment. The strength of our diversified business model was again demonstrated as we delivered double-digit growth for the fifth consecutive six-month period.

While we expect trading conditions in the all-important third quarter to remain volatile and uncertain, we continue to focus on our proven product, regional and channel strategies to drive long-term growth.”

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 2008 on 18 November 2008.

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

## Revenue by origin of business

£ million	Six months to 30 September		% change	
	2008	2007	<i>reported</i>	
Europe*	211	169	25	
Spain	80	82	(2)	
Americas	124	96	30	
Asia Pacific	124	102	21	
Total	539	449	20	

\* Excluding Spain

## Retail/wholesale revenue by destination

£ million	Six months to 30 September		% change	
	2008	2007	<i>reported</i>	<i>underlying</i>
Europe*	177	138	28	19
Spain	71	75	(6)	(20)
Americas	126	98	28	23
Asia Pacific	103	83	25	23
Rest of World	22	15	44	44
Total	499	409	22	15

\* Excluding Spain

Comments in this announcement refer to revenue by destination which better reflects the regional demand for Burberry products

## Revenue by channel of distribution

£ million	2008	2007	% change	
			<i>reported</i>	<i>underlying</i>
<b>Retail</b>				
- Q1	115	97	19	14
- Q2	130	105	23	14
Six months to 30 September	245	202	21	14
<b>Wholesale</b>				
- Q1	80	56	45	43
- Q2	174	151	15	5
Six months to 30 September	254	207	23	15
<b>Licensing</b>				
- Q1	16	15	5	3
- Q2	24	25	(3)	(7)
Six months to 30 September	40	40	-	(3)
<b>Total</b>				
- Q1	211	168	26	22
- Q2	328	281	16	8
Six months to 30 September	539	449	20	13

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

Total revenue in the first half increased by 13% on an underlying basis (20% reported). The strength of Burberry's diversified business model was again demonstrated in the period, with double-digit underlying growth in both retail and wholesale; in all product categories; and in Americas, Europe, Asia and Rest of World. Improvements in the supply chain enabled more on-time deliveries of Autumn/Winter merchandise, which benefited both Burberry's retail stores and its wholesale customers.

Spain remains a difficult market for Burberry due to low consumer confidence in the poor economic environment. In the first half, total sales in Spain were down 20%. No improvement is planned in Spain wholesale for the second half of the year. Burberry continues to implement a series of initiatives in this market, as discussed at the time of the preliminary results in May 2008.

Operating profit for the first half of the year is expected to be in line with market estimates. A lower percentage of merchandise was sold at full price, impacting gross margin, which was offset by tight control of discretionary expenses. Inventory at 30 September 2008 is expected to be about £60m higher than at 31 March 2008 (£269m), including the currency translation impact.

### **Retail**

Retail sales, which accounted for 45% of total revenue in the first half, increased by 14% on an underlying basis (21% reported). Innovation in iconic outerwear and accessories helped drive sales. There was 10.7% growth from new space and a 3.4% increase in comparable store sales (Q1 +4.5%; Q2 +2.6%). This was achieved on top of a strong performance last year (comparable store sales up 9% in Q1 2007 and 13% in Q2 2007).

Americas remained the best performing region, while Europe and Asia both also showed growth in comparable store sales. There was good growth in Korea and smaller markets in Asia including Singapore and Australia and solid performances in France, Germany and the UK. Spain remained down double-digit.

In the first half, there was a 13% increase in average selling space year-on-year, with the net addition of five stores, 19 concessions and four outlets. Store openings included Bellevue (Washington), Burlington (Massachusetts) and Budapest, with additional space in Europe's premier department stores.

## **Wholesale**

Wholesale revenue for the first half of the year increased by 15% on an underlying basis (23% reported). As previously highlighted, supply chain improvements enabled more of the Autumn/Winter 2008 merchandise to be delivered on time in the first quarter, rephasing deliveries between quarters compared to last year.

There were good performances in the first half from North America and Europe (both up over 20%). This reflected share gains due to strong product designs, compelling global advertising campaigns and more on-time deliveries.

Wholesale revenue from Emerging Markets grew by over 50%, with particular strength in China, Russia, the Middle East and Eastern Europe. In the first half, a net five new stores were opened by Burberry franchisees, including those in Delhi, Cape Town and Kuwait. Spain remained challenging.

## **Licensing**

Total licensing revenue in the first half decreased by 3% on an underlying basis (unchanged on a reported basis). Volumes in Japan were marginally down in both apparel and non-apparel, with growth from global product licences offset by the planned termination of menswear licences.

## **Outlook**

*Retail:* In the second half, average selling space is expected to increase by 12% year-on-year.

*Wholesale:* For the second half, wholesale revenue in North America is expected to show further growth as the business continues to gain market share. Another strong performance is also expected from Emerging Markets. However, Spain is expected to decline by over 20%, reflecting the economic environment and the ongoing contraction of domestic independent retailers. As a result, Burberry is currently planning total wholesale revenue broadly flat on an underlying basis in the second half, dependent on final demand for in-season orders in these volatile markets.

*Licensing:* For the full financial year, Burberry now expects underlying licensing revenue to be slightly down, reflecting a modest softening in demand in Japan and lower output of certain global licensed products.

## **Enquiries**

### **Burberry**

Stacey Cartwright    Chief Financial Officer  
Fay Dodds            Director of Investor Relations

020 7968 5919

### **Brunswick**

David Yelland  
Laura Cummings

020 7404 5959

Photograph requests should be sent to burberry@brunswickgroup.com.

The financial information contained in this Trading Update has not been audited. Certain statements made in this Trading Update 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 announcement 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.

### **Notes to Editors**

- Burberry is a global luxury brand with a distinctive British heritage.
- Burberry designs and sources apparel and accessories, selling through a diversified network of retail, wholesale and licensing channels worldwide.
- 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 2008, Burberry had 102 retail stores globally, with 250 concessions, 44 outlets and 84 stores operated under franchise.
- Burberry was founded in 1856 and is listed on the London Stock Exchange (BRBY.L).