

15 April 2008

## **Burberry Group plc**

### **Second Half Trading Update**

Burberry Group plc, the global luxury company, reports on trading for the six months to 31 March 2008.

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

- Total revenue increased by 18%
- Retail revenue up 17%, with comparable store sales growth of 6%
  - Retail sales over 50% of revenue
  - Nine mainline stores and nearly 40 concessions opened
  - 12% increase in selling space
- Wholesale revenue increased by 25%
  - North America and Emerging Markets outperformed
  - Around 10% growth expected in first half of 2008/09
- Licensing revenue unchanged, as expected

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

“Burberry had a good finish to the year, against the background of an increasingly challenging external environment. Looking forward, we are thrilled with the momentum of our brand as our core luxury, retail and non-apparel strategies continue to gain traction, while our seasoned management team focuses on improving the operational aspects of our business.”

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 preliminary results for the year to 31 March 2008 on 28 May 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 31 March		% change	
	2008	2007	reported	
Europe*	194	143	35	
Spain	91	87	4	
North America	135	113	20	
Asia Pacific	126	115	10	
Total	546	458	19	

\* excluding Spain

## Retail and wholesale revenue by destination

£ million	Six months to 31 March		% change	
	2008	2007	reported	underlying
Europe*	154	119	29	25
Spain	86	77	12	1
North America	137	115	19	24
Asia Pacific	106	92	16	18
Rest of World	18	10	87	87
Total	501	413	21	20

\* excluding Spain

## Revenue by channel of distribution

£ million	Six months to 31 March		% change	
	2008	2007	reported	underlying
<b>Retail</b>				
- Q3	161	144	12	14
- Q4	121	97	24	20
Six months to 31 March	282	241	17	17
<b>Wholesale</b>				
- Q3	74	43	71	74
- Q4	145	129	13	9
Six months to 31 March	219	172	28	25
<b>Licensing</b>				
- Q3	19	19	(1)	7
- Q4	26	26	1	(5)
Six months to 31 March	45	45	-	-
<b>Total</b>				
- Q3	254	206	23	26
- Q4	292	252	16	12
Six months to 31 March	546	458	19	18

Q3 is the three month period to 31 December; Q4 is the three month period to 31 March

## Total revenue

Total revenue in the second half increased by 18% on an underlying basis (19% reported), with consistent double-digit growth in both the retail and wholesale channels and in all regions except Spain. The modernisation of our core icons, our diversified product offering and consistent marketing message continue to appeal to consumers globally.

## **Retail**

Retail sales, which accounted for over 50% of total revenue in the second half, increased by 17% on an underlying and reported basis. Non-apparel continued to outperform, driven by handbags, shoes, soft accessories and men's accessories. Product innovation is driving strong growth in apparel in areas such as seasonless and fashion outerwear, knitwear and dresses.

Comparable store sales increased by 6% in the fourth quarter and the second half as a whole, although the competitive environment became more volatile as the period progressed. In the United States, there was double-digit comparable store sales growth in the second half, boosted by strong performances in tourist and oil-producing cities. Europe and Asia Pacific both showed positive comparable store sales growth, with Italy, Germany, Hong Kong and Singapore among our strongest markets. As expected, comparable store sales in Spain remained down year-on-year, reflecting a difficult retail environment.

In the second half, we opened a net nine mainline stores including one in Belgium, one in Aspen, Colorado and our first ever childrenswear standalone store, located in Hong Kong. We also opened nearly 40 concessions (including the conversion to retail of over 20 small Spanish babywear shop-in-shops) and five outlets. There was a 12% increase in average selling space year-on-year during the second half.

## **Wholesale**

Wholesale revenue, which accounted for 40% of total sales in the second half, increased by 25% on an underlying basis (28% reported), in line with our guidance. As with retail, non-apparel and outerwear were the best performing categories. A more balanced product offer, the more frequent flow of goods to customers and our basic replenishment programme contributed to growth in all ranges.

In North America, our product and marketing strategies resulted in increased penetration of our brand in department stores in key product categories. There were very strong performances from North America and Europe, where wholesale revenue by origin in both regions increased by over 40%. Sales growth in Asia was in excess of 20%, with particular strength in China. Spain remained weak year-on-year.

## **Licensing**

As expected, total licensing revenue in the second half was unchanged year-on-year on an underlying and reported basis. The weakness of the Yen reduced reported revenue and profit by nearly £2m in the second half, although the strength of the Euro countered this.

Reflecting phasing differences, licensing revenue from Japan was marginally down on an underlying basis in the second half. There was good volume growth in our global product licences, including the successful launch of our new fragrance, Burberry The Beat. The non-renewal of certain licences, predominantly in menswear, as part of our strategy to move to a more consistent global product offer, also affected revenue growth.

## **Outlook**

*Retail:* In the year to March 2009, Burberry expects average selling space to increase by 12-13% year-on-year, including about 15 mainline store openings.

*Wholesale:* Based upon orders received to date, Burberry expects wholesale revenue in the six months to September 2008 to increase by around 10% on an underlying basis. While Spain is expected to show further weakness, this will be countered by good growth in all other regions, especially North America (up by over 20%) and Emerging Markets, as we pursue our strategy of investing in under-penetrated markets.

*Licensing:* In the year to March 2009, Burberry again expects broadly flat underlying licensing revenue, with modest volume growth in apparel in Japan and good volume growth from our global product licences offset by the non-renewal of certain other licences. The impact of the Yen exchange rate on reported revenue and profits is expected to be minimal.

*Balance sheet:* Net debt at 31 March 2008 is expected to be approximately £70m (30 September 2007: £89.2m). There will be a mid to high single-digit million pound interest charge in the year to March 2008.

## **Enquiries**

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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 31 March 2008, Burberry had 97 retail stores globally, with 231 concessions and 40 outlets.
- Burberry was founded in 1856 and is listed on the London Stock Exchange (BRBY.L).