

15 January 2008

Burberry Group plc

Third Quarter Trading Update and Interim Management Statement

Burberry Group plc, the global luxury company, today reports on trading for the three months to 31 December 2007.

Third quarter highlights (on an underlying basis*)

- Total revenue increased by 26%
- Retail revenue up 14%, with comparable store sales growth of 6%
- Wholesale revenue increased by 74%
 - Now expect over 20% growth for the second half (up from mid-teens growth previously)

As anticipated, the all-important third quarter was an intense period of activity for Burberry, with our new IT systems in warehousing and European retail operational for the first time. Volume growth overall was high, driven by the strength of our products, and we continued to increase infrastructure costs to support this strong growth. However, retail sales did come in modestly behind our plan, with proportionally more inventory sold during our usual sale period.

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

“In the third quarter, Burberry delivered 26% sales growth, with solid double-digit growth in all channels and regions, notwithstanding economic and internal infrastructure challenges. This performance reflects the continued appeal of our new product and marketing strategies globally, and particularly in our high growth, under-penetrated regions including the United States, China and Emerging Markets.”

There will be conference calls to discuss this update today at 9am and 3pm (UK time). The conference calls can be accessed live on the Burberry website (www.burberryplc.com), with replays of both calls available later today.

Burberry will release its Second Half Trading Update for the six months to 31 March 2008 on 15 April 2008. It will announce 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 has been rounded.

Revenue by origin of business

£ million	Three months to 31 December		% change	
	2007	2006	<i>reported</i>	
Europe (excluding Spain)	83	59	41	
Spain	26	23	16	
North America	85	71	19	
Asia Pacific	60	53	11	
Total	254	206	23	

Retail and wholesale revenue by destination

£ million	Three months to 31 December		% change	
	2007	2006	<i>reported</i>	<i>underlying</i>
Europe (excluding Spain)	67	47	43	41
Spain	26	22	16	10
North America	85	72	19	26
Asia Pacific	49	42	15	20
Other	8	4	90	90
Total	235	187	26	28

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

Revenue by channel of distribution

£ million	Three months to 31 December		% change	
	2007	2006	<i>reported</i>	<i>underlying</i>
Retail	161	144	12	14
Wholesale	74	43	71	74
Licensing	19	19	(1)	7
Total	254	206	23	26

Total revenue

Total revenue in the third quarter increased by 26% on an underlying basis (23% reported). There was solid double-digit growth in both retail and wholesale; with double-digit comparable store sales growth in major markets including the United States, Hong Kong and Emerging Markets. Luxury handbags, outerwear, shoes and other accessories, including scarves, were particularly strong.

Retail

Retail sales, which accounted for over 60% of total revenue in the period, increased by 14% on an underlying basis (12% reported), modestly behind our plan.

Comparable store sales grew by 6% in the three months to 31 December 2007, with proportionally more inventory sold during our usual sale period. In the United States, comparable store sales continued to show double-digit growth for the three month period, with better performances in major cities. Europe (excluding Spain) showed positive comparable store sales growth, with Italy again the best performing market. However, Spain declined year-on-year in the third quarter, reflecting a more difficult retail environment throughout the period. Hong Kong remained the strongest market within Asia.

During the third quarter, we opened six mainline stores, including Florence, an additional store in Hong Kong and our fifth icon store in the Beverly Center, Los Angeles. There was an 11% increase in average selling space year-on-year in the third quarter, with 12% expected for the second half as a whole.

Wholesale

In what is a small quarter for wholesale, revenue increased by 74% on an underlying basis (71% reported). This was driven by more replenishment and by new and earlier deliveries, including October gift and Spring accessories collections.

For the second half of the year, Burberry now expects wholesale revenue to increase by over 20% on an underlying basis (up from mid-teens growth previously). This reflects the successful execution of our new product strategies, leading to outperformance (and thus high sell-through rates) of our merchandise in our wholesale customers' stores. We also have growing confidence in our ability to deliver on a more timely basis following the implementation in September 2007 of our new IT system (SAP) for shipping.

In the second half, wholesale revenue in Spain is expected to show further weakness, while the rest of Europe and North America will deliver increases of over 40%. This strong growth will continue to incur some additional warehousing and distribution costs.

Emerging Markets again outperformed. During the third quarter, we opened two stores in conjunction with local franchisees, including one in St Petersburg, Russia. About six store openings are planned for the fourth quarter and about 15 in the next financial year.

Licensing

Total licensing revenue in the third quarter increased by 7% on an underlying basis (down 1% reported), with growth from both apparel and non-apparel licences in Japan. This performance, which benefited from phasing differences relative to last year, is consistent with our expectation for the full financial year of broadly flat licensing revenue on an underlying basis. We continue to expect the weakness of the yen to reduce reported revenue and profit by about £6m in the full year.

A new fragrance, Burberry The Beat, will be launched during the fourth quarter by our partner, Inter Parfums, which will fund a supporting global advertising campaign.

Financial condition

Except for the trading activities described above, there has been no significant change to the financial condition of the company.

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, distributing 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; pursue operational excellence.
- At 31 December 2007, Burberry had 94 retail stores globally, with 208 concessions, 35 outlets and 66 stores operated under franchise.
- Burberry was founded in 1856 and is listed on the London Stock Exchange (BRBY.L).