

15 July 2009

## **Burberry Group plc**

### **First Quarter Trading Update and Interim Management Statement**

Burberry Group plc, the global luxury company, today reports on trading for the three months to 30 June 2009.

Angela Ahrendts, Chief Executive Officer, commented:

“Burberry has made a solid start to the year in what remains a challenging environment. We continue to execute on our strategies by product, region and channel, while driving operational and cost efficiencies. Our brand momentum, strong product designs and continuing back-of-house improvements mean that we are well-placed to deliver sustainable long-term growth.”

#### **First quarter highlights**

- Total revenue down 4% underlying, up 8% reported
- Retail revenue up 12% underlying, with comparable store sales flat year-on-year
  - Europe and Asia up double-digit, driven by UK and Korea
  - United States and Spain remain difficult
- Wholesale revenue down 28% underlying in this small quarter
  - Consistent with guidance of down about 25% for H1
    - Around 15% down as wholesale customers adjust inventory levels
    - Around 10% down from Burberry's own actions and closures
  - Strong brand momentum supporting department store share gains
- Licensing revenue down 3% underlying
  - Guidance unchanged for full year
    - Underlying licensing revenue to decline by 10-15%
    - More than offset by currency benefits at reported level
- Further strategic and operational progress
  - Non-apparel and childrenswear performed strongly
  - Three franchise stores opened in Emerging Markets
  - SAP went live in US
  - New Americas HQ and showrooms opened at 444 Madison Avenue
  - Benefits from cost efficiency programme on track

Underlying change is calculated at constant exchange rates.

## Revenue by origin of business

£ million	Three months to 30 June		% change <i>reported</i>
	2009	2008	
EMEA*	95	87	8
Spain	17	18	(7)
Americas	56	52	8
Asia Pacific	61	54	13
Total	229	211	8

\* Excluding Spain, including Middle East

## Retail/wholesale revenue by destination

£ million	Three months to 30 June		% change	
	2009	2008	<i>reported</i>	<i>underlying</i>
Europe*	70	64	10	3
Spain	16	17	(6)	(15)
Americas	57	52	8	(14)
Asia Pacific	52	49	7	(4)
Rest of world <sup>#</sup>	16	13	16	8
Total retail/wholesale	211	195	8	(4)

\* Excluding Spain

<sup>#</sup> Including Middle East

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 30 June		% change	
	2009	2008	<i>reported</i>	<i>underlying</i>
Retail	148	115	28	12
Wholesale	63	80	(21)	(28)
Licensing	18	16	12	(3)
Total	229	211	8	(4)

As previously announced, the Burberry Middle East joint venture was formed on 30 September 2008. This transaction marginally increased total underlying sales in the quarter (slight positive impact in retail; slight negative impact in wholesale).

## **Retail**

Retail sales, which accounted for about two-thirds of total revenue in the period, grew by 12% on an underlying basis (up 28% reported). New space generated 8% of this growth, with Burberry Middle East contributing 4%.

Comparable store sales in the quarter were flat year-on-year, reflecting positive customer response to the Spring/Summer ranges, particularly to new accessory programmes and recent strategic initiatives, including mens tailoring, denim, sport and childrenswear. Europe and Asia both delivered double-digit percentage growth, with exceptional performances again in the UK and Korea (both helped by favourable currency movements). The United States and Spain remain more difficult markets, with comparable store sales in both markets again down double-digit in the quarter.

For the year as a whole, Burberry plans to open a net 10-15 mainline stores, with an increase in average selling space of 10-12%.

## **Wholesale**

In what is the smallest quarter of the year for wholesale, revenue in the period declined by 28% on an underlying basis (down 21% reported).

Burberry is projecting wholesale revenue to be down by about 25% at constant exchange rates for the six months to 30 September 2009. This includes the impact of the closure of Thomas Burberry; the continued planned rationalisation of many small speciality accounts in Europe; and the conversion of Burberry Middle East from wholesale to retail. Excluding these actions and closures, first half wholesale revenue is planned down around 15% at constant exchange rates as wholesale customers adjust their inventory levels in line with current sales trends. Spain remains challenging.

A further three franchise stores were opened in the quarter in Emerging Markets, including the first Burberry store in Bahrain. China continues to perform strongly, while Russia and parts of the Middle East remain difficult.

## **Licensing**

Total licensing revenue in the first quarter declined by 3% on an underlying basis (up 12% reported), benefiting from timing differences in royalty receipts, mainly in Japan.

In the year to March 2010, Burberry still expects underlying licensing revenue to decline by between 10% and 15%, although reported licensing revenue should increase year-on-year reflecting currency benefits.

## **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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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 First Half Trading Update for the six months to 30 September 2009 on 14 October 2009. It will announce its interim results for the six months to 30 September 2009 on 17 November 2009.

Certain financial data within this announcement have been rounded.

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, core outerwear base and has 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 e-commerce 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 June 2009, Burberry globally had 118 retail stores, 253 concessions, 47 outlets, 84 franchise stores and e-commerce in over 25 countries.
- Burberry was founded in 1856 and is listed on the London Stock Exchange (BRBY.L).