

BURBERRY

INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2010

FINANCIAL REVIEW

—

BURBERRY IN ASIA PACIFIC

—

SECOND HALF PRIORITIES

—

QUESTIONS

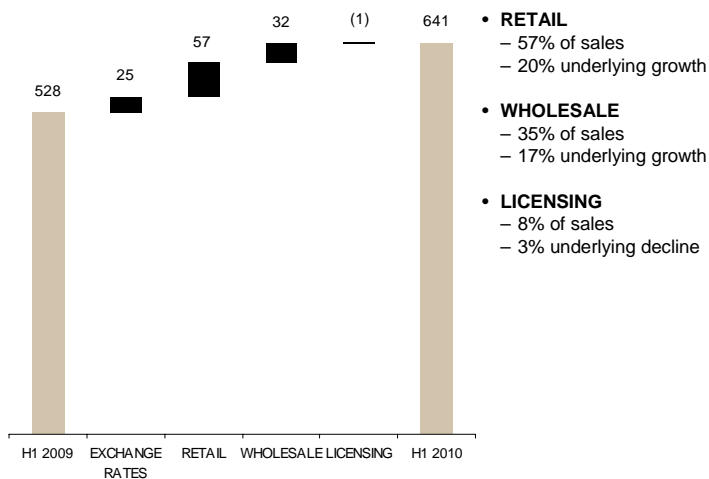
FIRST HALF ACHIEVEMENTS

- **RECORD FIRST HALF PROFIT**
 - Revenue up 21% to £641m
 - Adjusted PBT up 49% to £129m
 - £181m cash
 - Dividend up 43% to 5.0p
- **CHINA ACQUISITION**
 - Rapid integration on plan
- **FURTHER STRATEGIC PROGRESS**
 - Investing for growth in business
 - Correcting legacy issues



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REVENUE UP 21%, UP 17% UNDERLYING



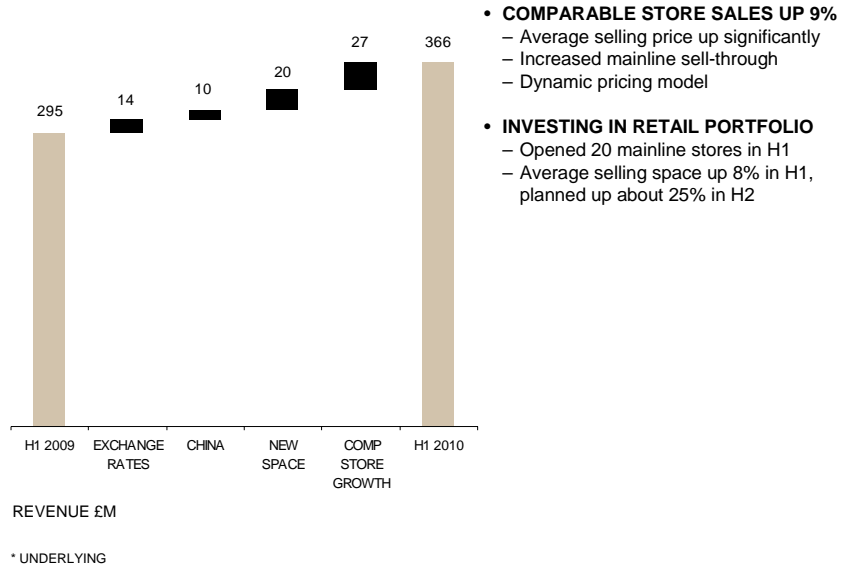
- **RETAIL**
 - 57% of sales
 - 20% underlying growth
- **WHOLESALE**
 - 35% of sales
 - 17% underlying growth
- **LICENSING**
 - 8% of sales
 - 3% underlying decline

REVENUE £M

EXCLUDING BUSINESS IN SPAIN AFFECTED BY RESTRUCTURING

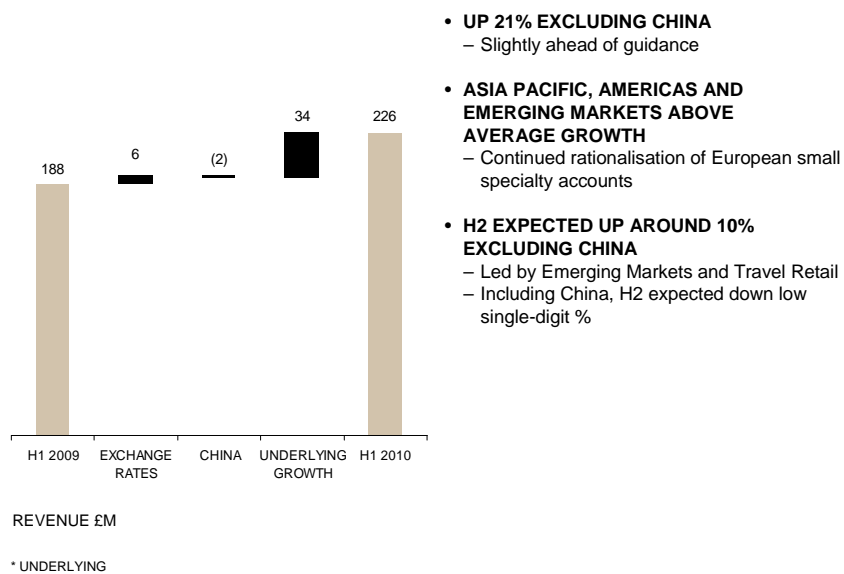
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RETAIL REVENUE UP 20%*



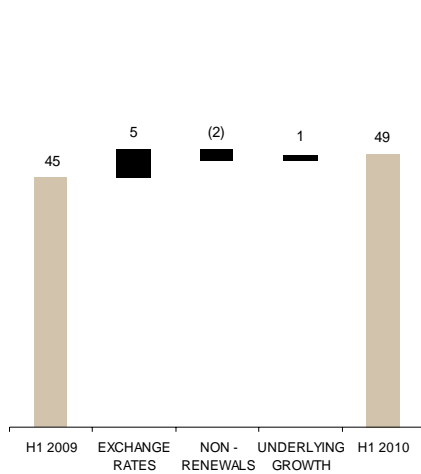
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WHOLESALE REVENUE UP 17%*



6

LICENSING REVENUE DOWN 3%*



REVENUE £M

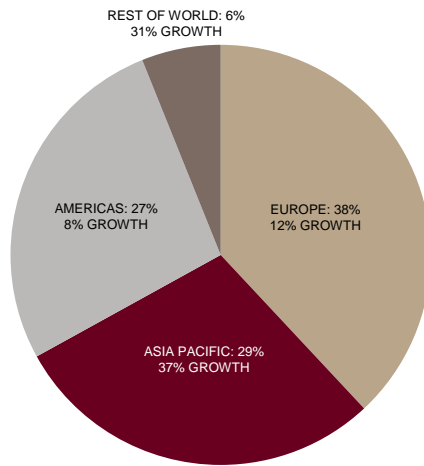
* UNDERLYING

- **UP 9% AT REPORTED FX**
 - Benefit from hedged yen rate
- **NON-RENEWALS CONTINUE**
 - Final menswear licences
 - Japanese leather goods licence
- **JAPAN DIFFICULT MARKET**
 - Apparel broadly flat
- **GOOD GROWTH FROM GLOBAL PRODUCT LICENCES**
 - Enhanced eyewear and watches product development
- **FY EXPECTED DOWN MID SINGLE-DIGIT % UNDERLYING**
 - Marginal benefit from yen hedge rate
- **CONTINUE TO EVALUATE INTEGRATION OPPORTUNITIES ACROSS LICENSING**

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REVENUE GREW IN ALL REGIONS

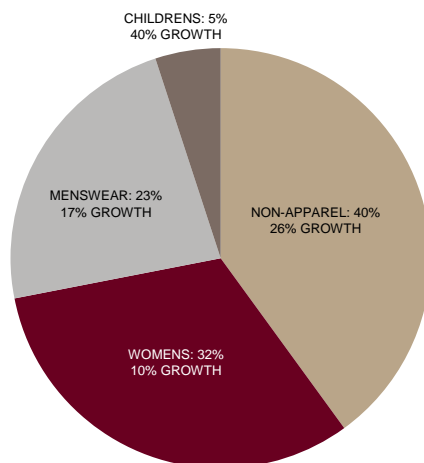


- **ASIA PACIFIC NOW LARGER THAN AMERICAS**
 - 32% of pro forma sales including China retail
- **EUROPE UP 12%**
 - Up strong double-digit in retail
 - Wholesale marginally up despite planned account rationalisation
- **AMERICAS UP 8%**
 - Focus on margins in retail
 - Wholesale still a growth opportunity
- **REST OF WORLD UP 31%**
 - Turkey, India and Lebanon strong
 - Entering new markets with franchise partners

H1 2010 RETAIL/WHOLESALE REVENUE
% growth on underlying basis

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REVENUE GREW IN ALL PRODUCTS



- **CONTINUED PROGRESS ON KEY STRATEGIES**
 - Non-apparel now 40% of sales
 - Outerwear and large leather goods drove about half of retail growth
 - Excellent progress in shoes and childrens
- **GROWTH ACROSS PRODUCT PYRAMID**
 - Prorsum up 50% in retail
- **MENSWEAR GROWTH ACCELERATING**
 - Good reaction to Burberry London tailoring

H1 2010 RETAIL/WHOLESALE REVENUE
% growth on underlying basis

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STACEY CARTWRIGHT
—
EVP, CHIEF FINANCIAL OFFICER

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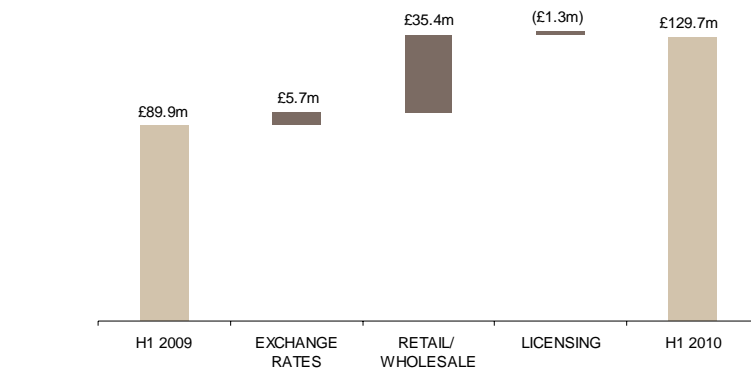
FINANCIAL HIGHLIGHTS

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M	GROWTH
ADJUSTED REVENUE*	641.1	527.8	21%
ADJUSTED PBT*	128.5	86.2	49%
REPORTED PBT	117.7	78.4	50%
ADJUSTED DILUTED EPS*	21.1p	14.2p	49%
DIVIDEND PER SHARE	5.0p	3.5p	43%
NET CASH	180.9	56.3	-

* EXCLUDING THE BUSINESS IN SPAIN AFFECTED BY RESTRUCTURING; SEE APPENDIX FOR FULL DEFINITION OF ADJUSTED

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**ADJUSTED OPERATING PROFIT £130M,
UP 44%**



ADJUSTED OPERATING PROFIT

SEE APPENDIX FOR FULL DEFINITION OF ADJUSTED

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**ACQUISITION OF CHINESE RETAIL
OPERATIONS**

- **TRANSACTION ANNOUNCED 16 JULY**
 - Acquired 50 stores and related assets for approximately £70m (now c.£65m)
 - 43 stores transferred on 1 September; seven expected in coming months
 - One strategic partner retains 15% economic interest
- **IMPACT ON REVENUE**
 - Positive for retail sales
 - Negative impact on wholesale revenue
 - Comp store growth not included in Burberry numbers until September 2011
- **IMPACT ON EARNINGS**
 - Broadly neutral to adjusted earnings in FY 2010/11 due to timing of profit recognition
 - Adds up to £20m to group adjusted operating profit in FY 2011/12

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SPAIN RESTRUCTURING

- **RESTRUCTURING ANNOUNCED FEBRUARY 2010 TO MOVE SPAIN TO GLOBAL BUSINESS MODEL**
 - Global collection from SS11
 - Final local collection is AW10
 - Barcelona facility closing with about 300 redundancies
- **OPERATING LOSSES**
 - Loss of £2.7m on sales of £32m in H1
 - Loss of around £10m expected on sales of £40-50m in FY 2010/11
 - Modest profit on lower sales in FY 2011/12
- **RESTRUCTURING CHARGE**
 - Final P&L charge of £7.6m in H1
 - Cash spend of £9.5m in H1; further £15-20m to come

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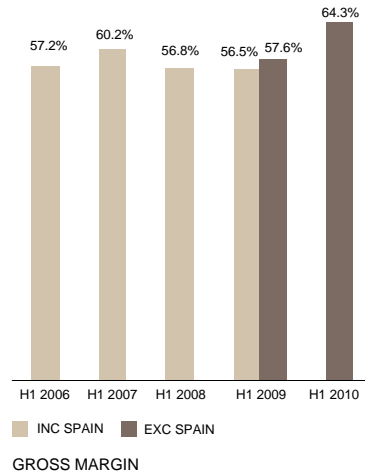
RETAIL/WHOLESALE PROFIT UP 69%

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M	CHANGE
ADJUSTED REVENUE	592.3	483.1	23%
GROSS MARGIN	380.8	278.4	
<i>AS % OF REVENUE</i>	<i>64.3%</i>	<i>57.6%</i>	<i>670bp</i>
OPERATING EXPENSES	(293.4)	(226.8)	
<i>AS % OF REVENUE</i>	<i>(49.5%)</i>	<i>(46.9%)</i>	<i>(260bp)</i>
ADJUSTED OPERATING PROFIT	87.4	51.6	
<i>AS % OF REVENUE</i>	<i>14.8%</i>	<i>10.7%</i>	<i>410bp</i>

- **FY 2009/10 REPORTED**
 - H1 retail comps up 2%, operating margin down 380bp
 - H2 retail comps up 10%, operating margin up 630bp

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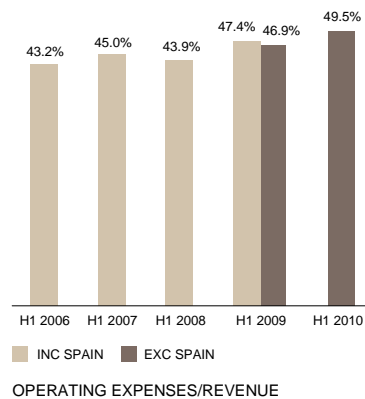
RETAIL/WHOLESALE GROSS MARGIN UP 670BP



- RECORD GROSS MARGIN
- DRIVEN BY INCREASED MAINLINE SELL-THROUGH
- MODEST INCREASE EXPECTED IN H2
 - Tougher comparatives in H2
 - Raw material prices

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RETAIL/WHOLESALE OPERATING EXPENSES/SALES AT 49.5%



- IN LINE WITH GUIDANCE
- £67M INCREASE
 - Investment in creative media, digital and IT, customer services and new businesses
 - FX
 - Higher share scheme costs
- FULL YEAR PLANNED AT AROUND 50% OF SALES

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LICENSING PROFIT

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
REVENUE	48.8	44.7
GROSS MARGIN AT 100%	48.8	44.7
OPERATING EXPENSES	(6.5)	(6.4)
OPERATING PROFIT	42.3	38.3
<i>OPERATING MARGIN</i>	<i>86.7%</i>	<i>85.7%</i>
YEN RATE	145	170

2010 INCLUDES FX BENEFIT OF £5.2M IN REVENUE AND £0.1M IN OPEX

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INCOME STATEMENT

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
ADJUSTED OPERATING PROFIT	129.7	89.9
NET FINANCE CHARGE	(1.2)	(3.7)
ADJUSTED PROFIT BEFORE TAX	128.5	86.2
EXCEPTIONAL ITEMS	(10.8)	(7.8)
PROFIT BEFORE TAX	117.7	78.4
TAXATION	(36.0)	(21.1)
NON-CONTROLLING INTEREST	1.4	(0.5)
ATTRIBUTABLE PROFIT	83.1	56.8

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EXCEPTIONAL ITEMS

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
SPAIN OPERATING LOSS	(2.7)	(3.6)
RESTRUCTURING COSTS	(7.6)	(4.2)
CHINESE PUT OPTION CHARGE	(0.5)	-
TOTAL	(10.8)	(7.8)

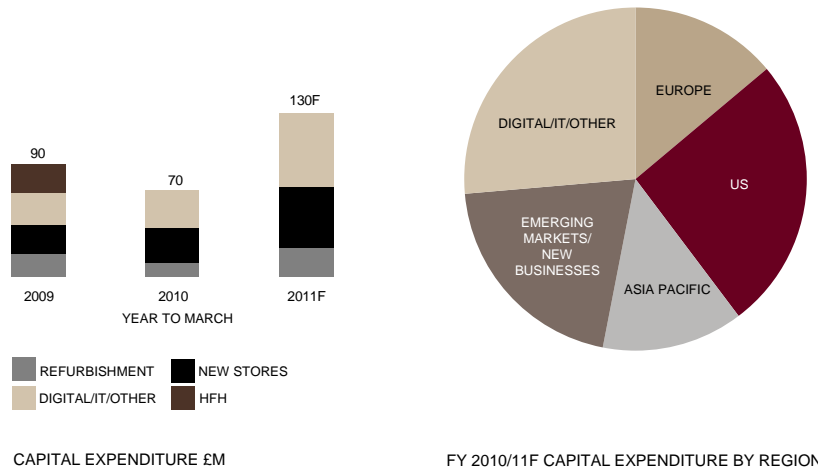
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CASH FLOW FROM OPERATIONS

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
ADJUSTED OPERATING PROFIT	129.7	89.9
SPAIN OPERATING LOSS	(2.7)	(3.6)
RESTRUCTURING SPEND	(9.5)	(15.8)
DEPRECIATION AND AMORTISATION	28.6	24.1
EMPLOYEE SHARE SCHEME COSTS	10.0	7.7
(INCREASE)/DECREASE IN INVENTORIES	(69.8)	33.8
INCREASE IN RECEIVABLES	(39.6)	(25.2)
INCREASE IN PAYABLES	47.6	19.0
CASH INFLOW FROM OPERATIONS	94.3	129.9

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INCREASING CAPITAL EXPENDITURE



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FREE CASH FLOW

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
CASH INFLOW FROM OPERATIONS	94.3	129.9
CAPITAL EXPENDITURE	(47.3)	(32.5)
CAPITAL CONTRIBUTIONS FROM JV PARTNERS	4.2	2.2
CHINA ACQUISITION	(39.4)	-
NET INTEREST	(1.3)	(3.7)
TAX PAID	(34.7)	(7.4)
OTHER NON-CASH ITEMS	(3.2)	(5.1)
FREE CASH FLOW	(27.4)	83.4

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TOTAL CASH FLOW

SIX MONTHS TO 30 SEPTEMBER	2010 £M	2009 £M
FREE CASH FLOW	(27.4)	83.4
DIVIDENDS	(45.7)	(37.4)
OTHER CASH ITEMS	(6.3)	(1.1)
EXCHANGE DIFFERENCE	(1.7)	3.8
TOTAL CASH FLOW	(81.1)	48.7
NET CASH AT 31 MARCH	262.0	7.6
NET CASH AT 30 SEPTEMBER	180.9	56.3

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OUTLOOK

RETAIL	H2 average selling space up about 25% - 15% in China - 10% elsewhere
WHOLESALE	H2 underlying growth of around 10% excluding China - Down low single-digit % including China
LICENSING	FY underlying mid single-digit % decline - Marginal FX benefit
UNDERLYING TAX RATE	c.28%
CAPITAL EXPENDITURE	About £130m
DIVIDEND POLICY	Full year 40% payout based on adjusted diluted EPS
SECOND HALF	Tougher comps for sales and margin Cash outflow on fixed assets, working capital, Spain and China

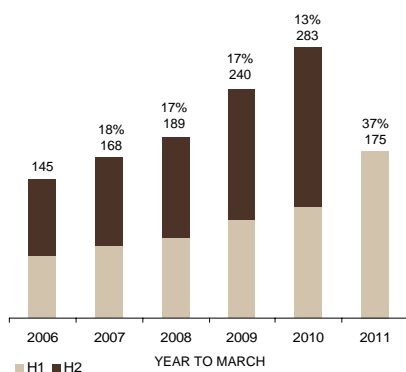
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PASCAL PERRIER
 —
PRESIDENT ASIA PACIFIC

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**BURBERRY IN ASIA PACIFIC
 A FAST GROWING BUSINESS**

ASIA/PACIFIC RETAIL/WHOLESALE



REVENUE £M

% numbers are growth at constant FX

- **REVENUE DOUBLED IN LAST FIVE YEARS**

- **HISTORICALLY, A FEDERATION OF SIX INDEPENDENT BUSINESSES**

- SE Asia acquired 2001
- Hong Kong acquired 2001
- Korea acquired 2002
- Taiwan acquired 2005
- China acquired 2010
- Japan largely under licence

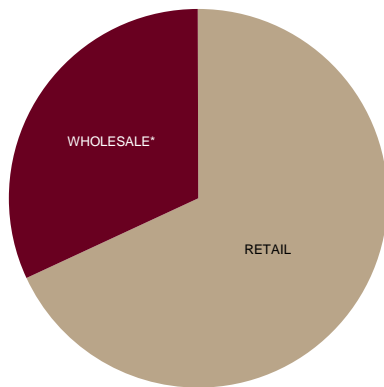
- **MOVED FROM COUNTRY-DRIVEN TO REGIONAL STRUCTURE**

- COO
- Planning and merchandising
- Marketing
- Finance
- HR
- Client services
- Strategy
- Local management teams

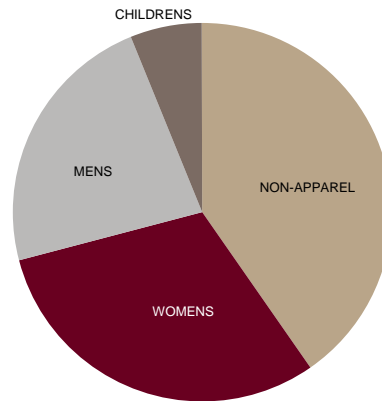
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BURBERRY IN ASIA PACIFIC A BROAD PORTFOLIO

BY CHANNEL



BY PRODUCT



FY 2009/10 ASIA PACIFIC RETAIL/WHOLESALE REVENUE

* PREDOMINANTLY TRAVEL RETAIL

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LEVERAGING THE FRANCHISE

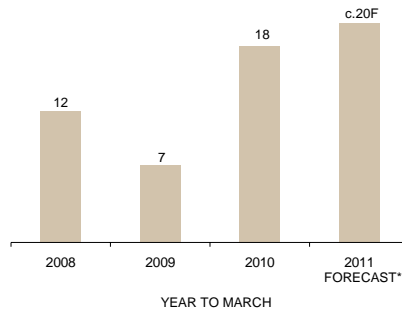
- **REGIONAL PLANNING AND MERCHANDISING**
 - Three years ago, <1% common styles
 - Today, 75% commonality across region
- **REGIONAL HUB AND INVENTORY**
 - Down from seven DCs to one regional hub and three local DCs
 - Create regional versus country specific inventory
- **SAP-ENABLED**
 - 2009: Hong Kong, Australia
 - 2010: Korea, Taiwan, South East Asia
 - 2011: China
- **INCREASED STORE PRODUCTIVITY**
 - Double-digit comparable store sales growth



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ACCELERATING RETAIL-LED GROWTH

STORE OPENINGS IN ASIA PACIFIC



NET NUMBER OF MAINLINE FREESTANDING AND CONCESSION OPENINGS

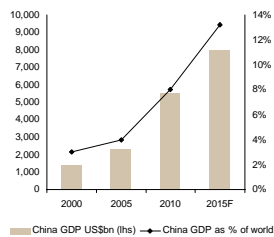
* INCLUDES CHINA OPENINGS

- **REGIONAL TEAM IN PLACE TO PURSUE OPPORTUNITIES**
- **FLAGSHIP/ CLUSTER STRATEGY IN KEY MARKETS**
- **FLAGSHIPS**
 - Singapore: July 2009 (6,500 sq ft)
 - Beijing: December 2010 (11,000 sq ft)
 - Sydney: Early 2011 (7,000 sq ft)
 - Hong Kong: Summer 2011 (6,000 sq ft)
- **HONG KONG CLUSTER STRATEGY**
 - Renovated/relocated store portfolio
 - Two flagships to open
 - Invest selectively in mainline stores
 - Develop childrens
 - High returns

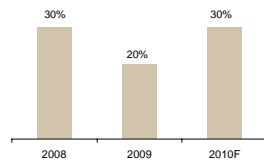
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CHINA THE OPPORTUNITY

CHINA GDP



CHINESE LUXURY GOODS GROWTH



SOURCE: IMF, BAIN & COMPANY

- **IN LINE WITH STRATEGY**
 - Leveraging the franchise
 - Accelerating retail-led growth
 - Investing in under-penetrated markets
- **ATTRACTIVE LUXURY MARKET**
 - Growth market
 - Wealth generation
 - 50m outbound trips and increasing
- **ATTRACTIVE TO BURBERRY**
 - Male-dominated luxury market
 - Outerwear
 - Non-apparel and gifting
 - Childrens
 - Young luxury consumer
- **WELL-POSITIONED TO ACQUIRE CHINA**
 - Brand
 - Scale
 - Team

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CHINA WHAT WE ACQUIRED



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RAPID INTEGRATION PLANS

- **BUILDING TEAM**
 - New MD
 - 45 person infrastructure already built
 - Offices in Shanghai and Beijing
- **550 SALES ASSOCIATES TRANSFERRED TO BURBERRY**
 - Initial training already complete
- **STORE OPERATIONS IMPROVED**
 - Visual merchandising
 - Investment in inventory
- **FOUR STORES ALREADY OPENED IN H1**
 - About five planned in H2



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AGGRESSIVELY INVEST IN BRAND

- **UTILISE GLOBAL MARKETING STRATEGIES**
- **LEVERAGE BRAND ATTRIBUTES**
 - Britishness
 - Heritage and authenticity
 - Outerwear and large leather goods
 - Icons
- **CONNECTING WITH CUSTOMER**
 - Social media
 - Digital media
 - Traditional channels



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DRIVE RETAIL PRODUCTIVITY

BEFORE

- **MANAGED REMOTELY FROM HONG KONG**
- **INCONSISTENT RANGING**
- **OUT OF STOCK IN KEY ITEMS**
- **INCONSISTENT TRAINING**
- **NO VISIBILITY ON STORE SALES AND MARGIN**

AFTER

- **STRONG LOCAL MANAGEMENT TEAM**
- **IMPLEMENT EFFECTIVE REGIONAL MERCHANDISING**
- **INTRODUCE EFFECTIVE PLANNING AND REPLENISHMENT PROGRAMMES**
- **INTRODUCE GLOBAL TRAINING AND SALES AND SERVICE PROGRAMME**
- **ROLL OUT SAP DURING 2011**

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EVOLVE STORE NETWORK

- **SELECTIVE STORE EXPANSION**
 - Renovations/expansion/relocations
 - Partner with luxury developers
 - Open alongside peers
- **TARGET 100 STORES**
 - Flagship/cluster strategy
 - Explore markets outside flagship and provincial capitals
 - Childrenswear stores



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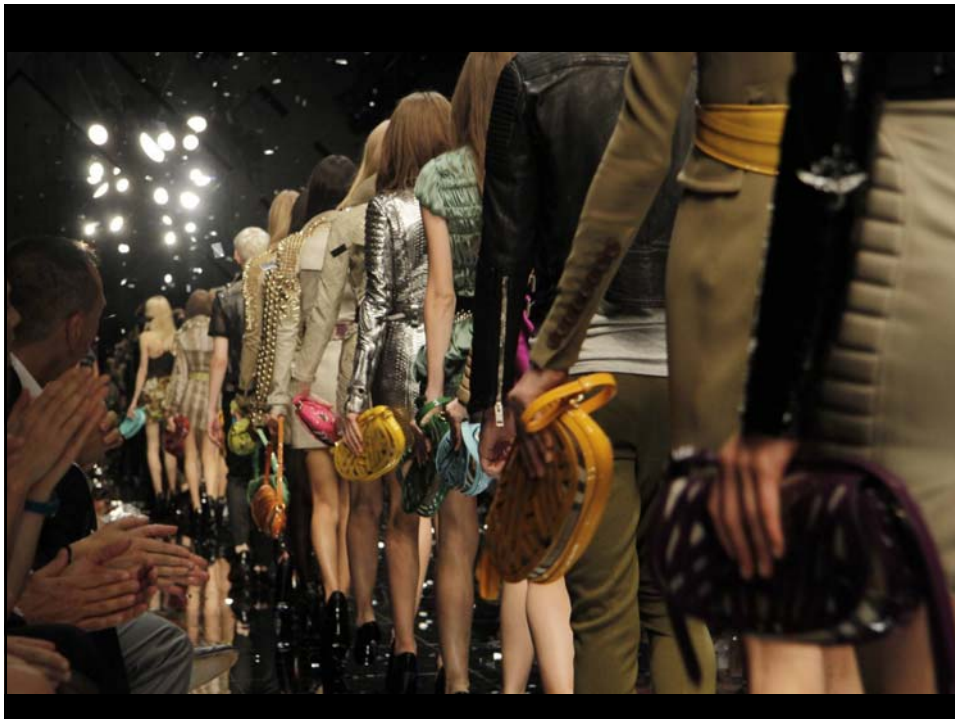


ASIA PACIFIC

- **ASIA PACIFIC ALREADY A LARGE PROFITABLE REGION FOR BURBERRY**
- **VERY EXCITED ABOUT FUTURE GROWTH POTENTIAL**
 - Continue to apply key strategic initiatives throughout region
 - Capitalise on China opportunity



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ANGELA AHRENDTS
—
CHIEF EXECUTIVE OFFICER

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LEVERAGING THE FRANCHISE
—
**INTENSIFYING NON-APPAREL
DEVELOPMENT**
—
**ACCELERATING RETAIL-LED
GROWTH**
—
**INVESTING IN
UNDER-PENETRATED MARKETS**
—
**PURSUING OPERATIONAL
EXCELLENCE**

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INNOVATIVE MARKETING

- **CONNECTING WITH CONSUMERS THROUGH DIGITAL TECHNOLOGY**
 - Social media
 - Burberry Acoustic
 - Interactive advertising campaign
 - Livestreaming runway shows
- **TESTING AND ROLLING OUT NEW DIGITAL COMMERCE PLATFORM**
- **RETAIL THEATRE**
 - September show relayed into 25 flagship stores



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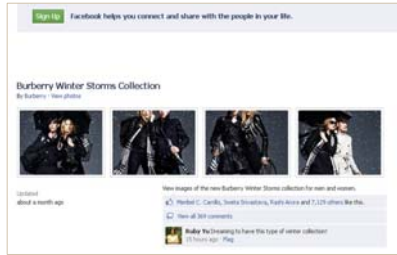
MONTHLY PRODUCT FLOW

- **HIGH IMPACT PRESENTATIONS TO CREATE NEWNESS**
- **APRIL SHOWERS AN EXCEPTION**
- **BUSINESS MODEL EVOLVING TO HIGH IMPACT MONTHLY PRESENTATIONS**
 - Design
 - Supply chain
 - Centralised buy
 - In store
 - Synchronised marketing and PR
 - Enabled by SAP



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WINTER STORMS



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REPLENISHMENT

- **REPLENISHMENT STYLES**
 - Core items never out of stock
 - Drive volume and gross margin
 - Reduce fashion risk
- **% OF SALES FROM REPLENISHMENT STYLES GROWING**
- **BUT STILL FURTHER OPPORTUNITY**
 - Womens
 - Childrens
 - Wholesale in-season orders
 - Improve/automate processes



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STRONG FIRST HALF

—

STRONG UNITED TEAM

—

**MORE DISCIPLINED IN DRIVING
GROWTH AND MARGIN**

—

FOCUS ON AND INVEST IN BRAND
DIGITAL CONTENT AND TECHNOLOGY
RETAIL EXPANSION
RETAIL PRODUCTIVITY
NEW MARKETS

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BURBERRY

APPENDIX

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ADJUSTED MEASURES

“Adjusted” excludes:

1. The discontinuing business in Spain affected by the restructuring, which in H1 2010 generated revenue of £31.9m (2009: £44.6m) and an operating loss of £2.7m (2009: £3.6m)
2. Restructuring costs of £7.6m (2009: £4.2m) relating to the Spanish restructuring and the Group’s cost efficiency programme
3. Put option liability finance charge relating to the 15% economic interest in the Chinese business of £0.5m (2009: nil)

Underlying change is calculated at constant exchange rates
Certain financial data within this presentation have been rounded

Certain statements made in this presentation 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.

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RECONCILIATION OF H1 2010

SIX MONTHS TO 30 SEPTEMBER 2010	STATUTORY REPORT £M	DISCONTINUING SPAIN £M	OTHER EXCEPTIONAL ITEMS £M	ADJUSTED £M
REVENUE	673.0	31.9	-	641.1
COST OF SALES	(229.0)	(17.5)	-	(211.5)
GROSS MARGIN	444.0	14.4	-	429.6
OPERATING EXPENSES	(324.6)	(17.1)	(7.6)	(299.9)
OPERATING PROFIT/ (LOSS)	119.4	(2.7)	(7.6)	129.7
NET FINANCE CHARGE	(1.7)	-	(0.5)	(1.2)
PROFIT BEFORE TAX	117.7	(2.7)	(8.1)	128.5

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IR CONTACTS

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