

13 July 2011

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 2011.

Highlights

- Total revenue of £367m, up 34% underlying
 - Double-digit growth in retail and wholesale, all regions and all product categories
- Retail revenue of £245m, up 49% underlying
 - 15% comparable store sales growth (excluding China)
 - Outerwear and large leather goods contributed nearly half of mainline growth
 - Revenue growth of around 30% continued in acquired stores in China
- Wholesale revenue of £95m, up 11% underlying
 - Up 19% underlying excluding China
 - High teens % underlying growth now projected for H1 2011 excluding China
 - New product strategies driving growth (men's tailoring and accessories, shoes and childrenswear)
- Licensing revenue of £27m, up 6% underlying, in line with guidance
- Further strategic and operational progress
 - Five stores opened including Hong Kong, Sydney and Chennai
 - Joint venture for five stores in Saudi Arabia now operational
 - Investment plans on track in FY 2011/12, with focus on flagship openings and refurbishments in high profile locations
 - Modest improvement in full year retail/wholesale operating margin planned; H1 margin down year-on-year reflecting weighting of revenue and costs, as previously guided

Angela Ahrendts, Chief Executive Officer, commented:

"We are pleased with Burberry's start to the year, with double-digit growth balanced across retail and wholesale and all regions and product categories. Our exceptional team continues to capitalise on our unique British and outerwear heritage, develop our global retail presence and employ innovative digital technology, specifically marketing to the younger luxury consumer.

While mindful of global macro challenges and increasingly tough comparatives in the balance of the year, we remain confident in our strategies and will continue to invest to drive profitable growth."

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

Revenue by channel

£ million	Three months to 30 June		% change	
	2011	2010	reported FX	underlying
Retail	245	171	44	49
Wholesale	95	87	9	11
Licensing	27	24	11	6
Revenue – continuing operations	367	282	30	34
Discontinued Spanish operations	-	9		
	367	291		

Burberry acquired its Chinese operations with effect from 1 September 2010. Excluding the acquired business in China in both Q1 2010 and Q1 2011 gives underlying growth of 29% in retail and 19% in wholesale.

Retail/wholesale revenue by region

£ million	Three months to 30 June		% change	
	2011	2010	reported FX	underlying
Asia Pacific	121	75	62	67
Europe	107	87	23	21
Americas	88	76	16	26
Rest of World	24	20	22	27
Revenue – continuing operations	340	258	32	36

Total revenue in the first quarter increased by 34% underlying (up 30% at reported FX). Excluding the acquired business in China in both Q1 2010 and Q1 2011, underlying growth was 24%.

Retail

Retail sales in the first quarter increased by 49% on an underlying basis (up 44% at reported FX). The stores acquired in China last year contributed 20% to this underlying growth, with new space in all regions generating a further 14%. Comparable store sales increased by 15%. Hong Kong and Taiwan, France and Germany, the United States and the Middle East and India were among the best performing markets.

Continued innovation in Burberry's two core categories, outerwear and large leather goods, drove nearly half of the growth in mainline sales, while Burberry Prorsum and London again outperformed, resulting in double-digit average selling price increases. Monthly flow of new fashion product, supported by synchronised digital initiatives, attracted the local luxury customer, while the increased penetration of core replenishment styles supported high tourist markets.

In the quarter, Burberry opened five and closed three mainline stores, with new stores including flagships in Canton Road, Hong Kong and Sydney, Australia and a sixth store in India, in Chennai.

The global buy, better planning and inventory investment enabled the acquired Chinese stores to deliver comparable sales growth of around 30% again in the quarter. These sales are not included in Burberry's 15% comparable growth in the period. These acquired stores are now expected to add about 11% to average selling space in the first half of the year (13% in Q1).

Approval has also been received for a joint operation in the Kingdom of Saudi Arabia. Burberry has a 60% stake in this new venture which operates five stores. These stores transferred from franchise (wholesale) to directly-operated (retail) during June 2011. Average retail selling space for Burberry is now planned to increase by around 15% in the year to 31 March 2012 (previously 12-13%).

Wholesale

Excluding China, wholesale revenue in the first quarter increased by 19% on an underlying basis (up 16% at reported FX). Including China, wholesale revenue grew by 11% underlying (up 9% at reported FX).

With higher than planned in-season orders received to date, Burberry now projects wholesale revenue excluding China to increase by a high teens percentage at constant exchange rates in the first half (previously mid teens growth). This includes strong performances in key product strategies including men's tailoring, men's accessories, shoes and childrenswear. Good progress is expected from the Americas, Travel Retail and Emerging Markets, offsetting further rationalisation of small specialty stores. Sales of the global collection in Spain are expected to contribute a low single-digit percentage to this growth as previously guided.

Including China, wholesale revenue in the first half is projected to increase by a mid to high single-digit percentage at constant exchange rates (2010: £226m).

Licensing

Total licensing revenue in the first quarter increased by 6% on an underlying basis (up 11% at reported FX). The step-up in royalty income from the Japanese apparel licence and good growth from the global product licences more than offset the planned impact of terminating legacy Japanese non-apparel licences. A new fragrance will again be launched during the second quarter.

In the year to 31 March 2012, Burberry continues to expect licensing revenue at constant exchange rates to increase by a mid single-digit percentage. This assumes all Japanese apparel and non-apparel royalty income is received at contractual minimum levels as originally planned. Licensing revenue at reported FX is now expected to increase by around 10% (previously a high single-digit percentage), reflecting recent movements in the euro/sterling exchange rate.

Financial condition

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

Enquiries

Burberry

Stacey Cartwright EVP, Chief Financial Officer
Fay Dodds Director of Investor Relations
Jenna Littler Director of Corporate Relations

020 3367 3524

Brunswick

Nick Claydon
Laura Cummings

020 7404 5959

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), with a replay available later.

Burberry will release its First Half Trading Update for the six months to 30 September 2011 on 12 October 2011. It will announce its Interim Results for the six months to 30 September 2011 on 15 November 2011.

Certain statements made in this announcement 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. Burberry Group plc undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

Notes to editors

- Burberry is a global luxury brand with a distinctive British heritage, core outerwear and large leather goods base and 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 digital channels worldwide.
- Burberry is driven by innovative design, digital marketing and retail-led strategies.
- 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 2011, Burberry globally had 181 retail stores, 197 concessions, 45 outlets and 52 franchise stores.
- Burberry, which is headquartered in London, was founded in 1856. It is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index.