18 January 2011

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 2010.

Highlights*

- Total revenue up 27% underlying (up 30% reported)
  - Strong consumer demand in both retail and wholesale
  - Consistent double-digit growth across all product divisions
  - Double-digit comp growth across the Americas, Asia Pacific and Europe

- Retail sales up 36% underlying (up 40% reported)
  - Comparable store sales growth of 14%
  - Acquired stores in China comp up over 30%
  - Outerwear and large leather goods drove about half of growth

- Wholesale revenue up 15% underlying (up 15% reported)
  - Up 35% underlying excluding China
  - Second half underlying revenue now expected up high teens % excluding China
    - Revenue upgrade of over £10m evenly split between Americas, Asia Pacific and Europe
    - Strong consumer demand leading to higher in-season orders

- Further strategic and operational progress
  - Seven mainline stores opened, including São Paulo, Brazil and Puebla, Mexico
  - Rapid integration of Chinese operations on track
    - Digitally advanced flagship opened in Beijing
  - More dynamic replenishment capabilities supported growth

Angela Ahrendts, Chief Executive Officer, commented:

"The Burberry team delivered a 30% increase in revenue in the third quarter, with strong, consistent growth in both retail and wholesale and in every product division and region. As a result, we now expect adjusted profit before tax for the current financial year to be at the top end of market expectations. Ongoing initiatives in retail, digital, product development and new markets underpin our confidence in the future."

* Highlights exclude the discontinuing business in Spain affected by restructuring
Underlying change is calculated at constant exchange rates

Revenue by channel of distribution

£ million	Three months to 31 December 2010	2009	% change reported FX	underlying
Retail*#	335	239	*40*	*36*
Wholesale*#	112	97	*15*	*15*
Licensing	23	26	*(11)*	*(7)*
Total excluding Spain	**470**	**362**	***30***	***27***
Spain	10	18	-	-
Reported total	480	380	*27*	*24*

* Q3 2009 restated to exclude discontinuing business in Spain affected by restructuring (retail £10m; wholesale £8m). Q3 2010 Spain sales are retail £7m; wholesale £3m

Burberry acquired its Chinese operations with effect from 1 September 2010. Excluding China in both Q3 2009 and Q3 2010 gives underlying growth of 22% in retail and 35% in wholesale

Retail/wholesale revenue by destination excluding Spain*

£ million	Three months to 31 December 2010	2009	% change reported FX	underlying
Europe#	133	117	*13*	*17*
Americas	141	115	*24*	*19*
Asia Pacific	150	89	*68*	*59*
Rest of World	23	16	*42*	*39*
Total excluding Spain	**447**	**337**	***33***	***30***

* Excludes discontinuing business in Spain affected by restructuring

Q3 2009 restated to include continuing parts of Spain business

The following commentary excludes the discontinuing business in Spain affected by restructuring.

Retail

Retail sales in the third quarter increased by 36% on an underlying basis (up 40% at reported FX). New space generated 8% of this underlying growth, while China, which transferred from wholesale to retail on 1 September 2010, contributed a further 14%.

Comparable store sales in the third quarter grew by 14%, with mainline stores significantly outperforming. The Americas, Asia Pacific and Europe all delivered double-digit comparable store sales growth, with particular strength in the UK, France, Hong Kong and Taiwan. Comparable store sales growth in China was over 30% in the acquired stores. These Chinese sales were not included in Burberry's 14% comparable growth for the quarter.

In mainline retail, all four product divisions (non-apparel, women's, men's and children's) delivered strong, consistent growth, with outperformance from Prorsum, shoes, small leather goods and men's accessories. Helped by improved replenishment capabilities, outerwear and large leather goods again accounted for about half of the growth. This mix benefit contributed to a further increase in average price per unit sold.

During the third quarter, Burberry opened seven mainline stores, including São Paulo, Brazil; Puebla, Mexico; the first Brit store in Europe in Milan; and a flagship store in Beijing, showcasing its most advanced digital in-store technology. For the second half, average selling space is expected to increase by about 25% as previously guided. About 15% of this is in China (both acquired stores and new openings), with the balance of about 10% across other regions.

Wholesale
Excluding China, wholesale revenue grew by 35% at constant exchange rates, benefiting from a re-phasing of deliveries into the third quarter from the fourth quarter compared to last year. Earlier deliveries were driven by monthly flow of product and strong demand from end consumers. Wholesale revenue including China increased by 15% at constant and reported exchange rates, as China transferred to retail.

Reflecting improved consumer demand, Burberry now expects a high teens percentage increase in second half wholesale revenue at constant currency excluding China (previously up around 10%). This revised guidance represents a revenue increase of over £10m, evenly split between the Americas, Asia Pacific and Europe. Improved replenishment capabilities enabled Burberry to respond effectively to strong in-season orders. The high teens expected growth also benefits by a low single-digit percentage from the first sales of the global collection in Spain.

For the second half, wholesale revenue including China is expected to increase by a mid single-digit percentage at constant currency (2009: £189m).

Licensing
As expected, total licensing revenue in the third quarter decreased by 7% on an underlying basis (down 11% at reported FX). Growth in the global product licences was offset by the impact of the planned termination of licences in menswear and Japanese non-apparel.

For the full year, Burberry still expects underlying licensing revenue to decline by a mid single-digit percentage. The yen hedge rate for the full year 2010/11 will give only a marginal benefit to reported numbers compared to 2009/10, with the exchange benefit already reported in the first half expected to reverse partly in the second half. In December 2010, Burberry and Interparfums extended by one year certain terms of their fragrance licence.

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), with a replay available later today.

Burberry will release its Second Half Trading Update for the six months to 31 March 2011 on 19 April 2011. It will announce its Preliminary Results for the year to 31 March 2011 on 26 May 2011.

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 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 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 December 2010, Burberry had 173 retail stores, 175 concessions (excluding Spain), 46 outlets and 59 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.

- The restructuring in Spain remains on track. The global collection is being sold for the first time from Spring/Summer 2011 through selected wholesale accounts and concessions.

APPENDIX

Spain restructuring

As announced in February 2010, Burberry is restructuring its Spanish operations. The global collection has been introduced from Spring/Summer 2011, with the final local collection being Autumn/Winter 2010. The group result excluding the discontinuing business in Spain affected by restructuring is given below.

Restatement of FY 2009/10

£ million	H2 2009/10 As reported	H2 2009/10 Excluding Spain	FY 2009/10 As reported	FY 2009/10 Excluding Spain
Retail/wholesale				
Retail	437.2	415.3	748.8	710.1
Wholesale	217.5	189.2	433.6	377.5
Adjusted retail/ wholesale revenue	654.7	604.5	1,182.4	1,087.6
Cost of sales	(246.2)	(219.2)	(475.9)	(423.9)
Gross margin	408.5	385.3	706.5	663.7
Gross margin	62.4%	63.7%	*59.7%*	*61.0%*
Operating expenses	(318.8)	(299.2)	(568.8)	(526.0)
Adjusted retail/wholesale operating profit	**89.7**	**86.1**	**137.7**	**137.7**
Operating expenses as % of sales	48.7%	49.5%	*48.1%*	*48.3%*
Adjusted operating margin	13.7%	14.2%	*11.6%*	*12.7%*
Licensing profit	**43.9**	**43.9**	**82.2**	**82.2**
Adjusted operating profit	**133.6**	**130.0**	**219.9**	**219.9**
Spain	-	3.6	-	0.0
Restructuring costs	(44.6)	(44.6)	(48.8)	(48.8)
Reported operating profit	**89.0**	**89.0**	**171.1**	**171.1**

In the current financial year, Burberry is disclosing the results of this Spanish business separately to aid investors' understanding of the ongoing global business. These Spanish losses will be excluded from adjusted operating profit and adjusted profit before tax.

In FY 2011/12, the sales of the global collection will be reported in continuing operations – in retail, wholesale and Europe as appropriate. As noted above, wholesale revenue for the six months to 31 March 2011 will include a small contribution from the first sales of the global collection in Spain.