

17 January 2012

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 2011.

Highlights

- Total revenue of £574m, up 21% underlying
- Retail revenue of £417m, up 23% underlying
 - Comparable store sales growth of 13%
 - Flagship markets including London, Paris, Beijing and Hong Kong outperformed
 - Core outerwear and large leather goods again drove half of growth
 - Knitwear, men's accessories and tailoring, fragrance and watches grew strongly
- Wholesale revenue of £130m, up 15% underlying
 - Q3 deliveries benefited from improved supply chain and monthly flow of product
 - Mid single-digit percentage underlying wholesale revenue growth still expected in H2 as brand rationalisation continues
- Licensing revenue of £27m, up 12% underlying
 - Driven by success of Burberry Body fragrance launch
- Further strategic and operational progress
 - Six mainline stores opened including Paris and São Paulo
 - Extended luxury leadership position in social media, with over 10m Facebook fans and 10m views on YouTube

Angela Ahrendts, Chief Executive Officer, commented:

“Burberry has delivered another strong performance, with a 21% increase in revenue in this important third quarter. Our investment in flagship markets and digital technology has enabled our global teams to continue to drive customer engagement, enhance retail disciplines and improve operational effectiveness, further strengthening brand momentum.

Looking ahead, we remain focused on executing our proven core strategies to achieve long-term sustainable growth, while staying mindful of the challenging macro environment.”

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

Revenue by channel of distribution

£ million	Three months to 31 December		% change	
	2011	2010	<i>reported FX</i>	<i>underlying</i>
Retail	417	335	24	23
Wholesale	130	112	16	15
Licensing	27	23	19	12
Revenue – continuing operations	574	470	22	21
Discontinued Spanish operations	-	10		
Total revenue	574	480		

Retail/wholesale revenue by region

£ million	Three months to 31 December		% change	
	2011	2010	<i>reported FX</i>	<i>underlying</i>
Asia Pacific	210	150	39	36
Europe	160	133	21	20
Americas	148	141	4	4
Rest of World	29	23	30	31
Revenue – continuing operations	547	447	22	21

Retail

Retail sales, which contributed over 70% of group revenue in the third quarter, increased by 23% on an underlying basis (up 24% at reported FX). Comparable store sales grew by 13%, with the balance from new space.

Within comparable stores, mainline again outperformed, led by Greater China, the UK, France and Germany, with a robust outcome in the US. The travelling luxury consumer drove outperformance of flagship markets such as London, Paris, Hong Kong and Las Vegas. Comparable store growth in China continued at around 30%.

Key merchandising strategies underpinned growth in mainline retail. Core outerwear and large leather goods again delivered about half of the revenue increase which, together with the continued outperformance of Burberry London, led to further strong growth in average selling prices. Knitwear, men's accessories and tailoring, fragrance and watches were among the fastest growing categories.

During the third quarter, Burberry opened six mainline stores and closed four. New stores included the first flagship in Paris, a third store in Brazil in São Paulo and the fourth childrenswear store in the Middle East. Average retail selling space increased by 13% in the third quarter, with growth of between 13-14% now expected for the second half.

Wholesale

Wholesale revenue grew by 15% on an underlying basis (up 16% at reported FX), benefiting from a re-phasing of deliveries into the third quarter from the fourth quarter in Europe and Emerging Markets in particular. This was driven by an improved supply chain performance and increased orders for the November and December monthly floorsets. In the US, a strong performance in key department store doors and new shop-in-shops was offset by the planned rationalisation of distribution in this market.

For the second half, Burberry continues to expect wholesale revenue to increase by a mid single-digit percentage at constant exchange rates, against a period of tougher comparatives. Growth in Asia Travel Retail and Emerging Markets will be partly offset by the impact of the shift from wholesale to retail in Saudi Arabia and Spain and further rationalisation of the brand's distribution in the US and Europe.

Licensing

Licensing revenue in the third quarter increased by 12% on an underlying basis (up 19% at reported FX, largely reflecting a more favourable yen exchange rate year-on-year). Royalty income from Japan was broadly flat as the step-up in apparel income was largely offset by the planned termination of certain non-apparel licences. There was excellent growth in the quarter from the three global product licences - fragrance, eyewear and watches. Fragrance benefited from the successful Burberry Body launch, which further extended the reach and awareness of the Burberry brand globally.

For the full year, Burberry still expects licensing revenue to increase by a mid single-digit percentage at constant exchange rates and by around 10% at reported FX.

In December 2011, Burberry and Interparfums announced they are in discussions regarding the establishment of a new operating structure for the Burberry fragrance and beauty business. As part of this process, Burberry exercised its right to evaluate the purchase price for the unexpired term of the existing licence. Burberry has until 31 July 2012 to determine whether it wishes to buy out the unexpired portion of the licence or continue the existing licence which runs to 31 December 2017.

Financial position

Except for the trading activities described above, there has been no significant change to the financial position 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 2012 on 17 April 2012. It will announce its Preliminary Results for the year to 31 March 2012 on 23 May 2012.

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 31 December 2011, Burberry had 189 retail stores, 208 concessions, 46 outlets and 56 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.
- BURBERRY, the Equestrian Knight Device and the Burberry Check are trademarks belonging to Burberry which are registered and enforced worldwide.