

11 October 2012

Burberry Group plc

First Half Trading Update

First half highlights

- Total revenue £883m, up 8% underlying
- Retail revenue £577m, up 10% underlying
 - Comparable store sales growth 3% (Q1: 6%; Q2: 1%)
 - Q2 lower footfall countered by higher quality sales and average spend
 - Prorsum and London penetration up six percentage points
 - New mens tailoring and mens accessories performed strongly
 - Hong Kong, France and Germany robust; UK and China slowed in Q2
- Wholesale revenue £253m, up 5% underlying
 - In line with guidance
 - H2 underlying wholesale revenue expected to be broadly unchanged
- Licensing revenue £53m, down 5% underlying
 - Consistent with full year guidance of broadly unchanged revenue year-on-year
 - H2 global launch of The Britain watch
 - Fragrance and beauty to be directly operated from 1 April 2013
- Ongoing investment in retail
 - 13 new mainline stores
 - Openings in flagship markets including Milan, Rome, Hong Kong and Regent Street, London
 - H2 average retail selling space expected to increase by about 14%
 - FY capital expenditure plans unchanged at £180-200m

Angela Ahrendts, Chief Executive Officer, commented:

“Against record prior year comparatives, Burberry delivered 8% total revenue growth and 10% retail growth in the first half, albeit slowing in the second quarter. In a more challenging external environment, footfall declined but brand momentum remained strong, particularly with our higher spending luxury consumer.

Our highly experienced team remains very focused on the consistent execution of our key strategies, engaging consumers through innovative retail and digital marketing initiatives as we enter the most important quarter of the year. We continue to invest for long term growth in flagship and emerging markets, while tightly controlling discretionary spend.”

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

Revenue by channel of distribution

£ million	2012	2011	% change	
			reported FX	underlying
Retail				
- Q1	280	245	14	14
- Q2	297	283	6	7
Six months to 30 September	577	528	9	10
Wholesale				
- Q1*	102	95	8	9
- Q2*	151	153	(1)	3
Six months to 30 September	253	248	2	5
Licensing				
- Q1	26	27	(2)	(5)
- Q2	27	27	(4)	(5)
Six months to 30 September	53	54	(3)	(5)
Total revenue				
- Q1	408	367	11	11
- Q2	475	463	3	5
Six months to 30 September	883	830	6	8

Q1 is the three month period to 30 June; Q2 is the three month period to 30 September

*Q1 and Q2 2012 wholesale revenue growth affected by re-phasing of deliveries into Q1 from Q2

Retail/wholesale revenue by region

£ million	Six months to 30 September		% change	
	2012	2011	reported FX	underlying
Asia Pacific	299	266	13	11
Europe	272	271	1	8
Americas	203	190	7	5
Rest of World	56	49	14	14
Total	830	776	7	8

Revenue in the first half increased by 8% on an underlying basis. Retail revenue increased by 10%, with wholesale up 5% and licensing down 5%, both consistent with guidance. Retail/wholesale operating margin in the six months to 30 September 2012 is now expected to be at least in line with the same period last year (14.9%), rather than lower as previously guided. This reflects the quality of the revenue performance and tight control of discretionary spend.

Retail

Against record prior year comparatives, retail sales in the first half increased by 10% on an underlying basis (up 9% at reported FX). Comparable store sales growth was 3% (Q1: 6%; Q2: 1%), with the balance from new space (Q1: 8%; Q2: 6%).

Following last month's announcement that comparable store sales were unchanged year-on-year in the 10 weeks to 8 September 2012, growth of 1% was delivered in the second quarter as a whole, with a modest improvement in all three major regions at the end of the period.

The key driver of the softer second quarter performance was footfall, mitigated by higher average transaction values. The penetration of Prorsum and London increased by six percentage points year-on-year and there were more full price sales in mainline stores. Soft accessories and mens non-apparel and tailoring performed strongly, while replenishment remained at around half of mainline revenue.

For the second quarter, Americas and Europe comparable store sales were unchanged year-on-year, while Asia Pacific delivered slightly positive comparable store growth. Compared to the first quarter, Hong Kong, France and Germany maintained their robust performance, while the UK and China slowed. Korea and Italy remained weak.

During the first half, Burberry opened 13 mainline stores and closed seven. Openings were focused in flagship markets including Regent Street, London, Burberry's largest and most innovative brand environment; Pacific Place, Hong Kong; Milan and Rome. Average retail selling space increased by 12% in the first half, biased towards Asia Pacific and Europe.

Wholesale

Wholesale revenue grew by 5% on an underlying basis in the first half (up 2% at reported FX). This was in line with guidance, with some re-phasing of deliveries into the first quarter from the second quarter. There was double-digit growth in the United States and with Emerging Markets franchise partners, while Europe was broadly unchanged year-on-year, reflecting further planned rationalisation of the brand's specialty store distribution.

During the first half, five franchise stores were opened, including two with a new partner in the Baltic region and the first Burberry store in Jordan, bringing the total to 62.

Licensing

Licensing revenue decreased by 5% on an underlying basis in the first half (down 3% at reported FX), consistent with full year guidance. Against the anniversary of the Burberry Body launch last year, global product licences delivered solid growth in the half, helped by deliveries to distributors ahead of the launch of The Britain watch in early October. In Japan, apparel royalty income was broadly unchanged, while non-apparel income was down due to continuing licence rationalisation.

As announced separately today, in order to capitalise on the significant opportunities available for the brand in fragrance and beauty, Burberry will directly operate these product categories with effect from 1 April 2013. Further information will be provided with the interim results on 7 November 2012.

Outlook

Retail: For the second half of FY 2012/13, average retail selling space is on plan to increase by about 14%. Openings in flagship markets will include Chicago, Shanghai and a standalone menswear store in Knightsbridge, London, as well as further stores in Brazil, Mexico and the Middle East.

Wholesale: For the second half of FY 2012/13, Burberry expects broadly unchanged underlying wholesale revenue year-on-year (H2 2011/12: £230m), reflecting the rationalisation of certain opening price point products in core accessories and outerwear. With a more cautious approach from customers globally, the United States, Asia Travel Retail and Emerging Markets are expected to continue to grow, offset by further contraction of small speciality wholesale accounts, especially in Southern Europe.

Licensing: With timing benefits in the second half, Burberry continues to expect licensing revenue for FY 2012/13 at constant and reported exchange rates to be broadly unchanged year-on-year.

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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.

Burberry will announce its Interim Results for the six months to 30 September 2012 on 7 November 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 some of the most recognised icons in the world.
- Burberry designs and sources apparel and accessories, selling through a diversified network of retail (including digital), wholesale and licensing channels worldwide.
- Burberry has five strategic themes to underpin its growth: leverage the franchise; intensify non-apparel; accelerate retail-led growth; invest in under-penetrated markets; and pursue operational excellence.
- At 30 September 2012, Burberry globally had 198 retail stores, 215 concessions, 49 outlets and 62 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.