

17 April 2012

Burberry Group plc

Second Half Trading Update

Burberry Group plc, the global luxury company, today reports on trading for the six months to 31 March 2012. The financial information contained herein is unaudited.

Highlights

- Total revenue of £1,027m, up 18% underlying
- Retail revenue of £743m, up 23% underlying
 - Retail now 72% of group revenue
 - 12% growth in comparable store sales
 - Led by flagship markets in UK, France and Greater China
 - Balanced growth across all four product divisions
- Wholesale revenue of £230m, up 7% underlying, as guided
 - Double-digit % growth in US, Emerging Markets and Asia Travel Retail, excluding impact of planned rationalisation of distribution
 - Core outerwear and large leather goods sales underpinned by replenishment
- Licensing revenue of £54m, up 5% underlying, as guided
- Further operational progress
 - Eleven store openings including first flagships in Paris and Taipei
 - Momentum in social media; Facebook fans doubled to over 12m in the year
 - Increased focus drove men's accessories and tailoring
- Looking forward, Burberry is planning
 - 12-14% increase in average retail selling space for FY 2012/13; weighted towards larger stores
 - Mid single-digit % growth in wholesale revenue for H1 2012/13; double-digit % growth excluding planned rationalisation
 - Broadly unchanged licensing revenue for FY 2012/13; double-digit % growth from global products offset by Japanese non-apparel

Angela Ahrendts, Chief Executive Officer, commented:

“With underlying revenue up 18% in the second half, we are pleased with Burberry’s finish to the year across all channels, regions and product divisions. Looking ahead, while we remain vigilant about the external environment, our global teams continue to focus on optimising our core brand, digital and cultural initiatives, while investing to drive sustainable, profitable growth.”

Underlying change is calculated at constant exchange rates

Revenue by channel of distribution

£ million	2012	2011	% change	
			reported	underlying
			FX	
Retail				
- Q3	417	335	24	23
- Q4	326	261	25	23
Six months to 31 March	743	596	25	23
Wholesale				
- Q3*	130	112	16	15
- Q4*	100	102	(2)	(2)
Six months to 31 March	230	214	7	7
Licensing				
- Q3	27	23	19	12
- Q4 [#]	27	27	1	(1)
Six months to 31 March	54	50	10	5
Revenue – continuing operations				
- Q3	574	470	22	21
- Q4	453	390	16	15
Six months to 31 March	1,027	860	19	18
Discontinued Spanish operations	-	17		
Total revenue	1,027	877		

* Q3 and Q4 2012 wholesale revenue growth affected by re-phasing of deliveries into Q3 from Q4

[#] Q4 2012 licensing revenue growth impacted as step-up in income from Japanese apparel licence renegotiation took effect from January 2011

Retail/wholesale revenue by region

£ million	Six months to 31 March		% change	
	2012	2011	reported	underlying
			FX	
Asia Pacific	387	281	37	34
Europe*	282	254	11	12
Americas [#]	244	228	7	6
Rest of World	60	47	27	27
Revenue – continuing operations	973	810	20	19

* Europe revenue growth slowed in Q4 compared to Q3 due to re-phasing of wholesale deliveries

[#] Americas H2 revenue growth impacted by planned rationalisation of wholesale distribution

Retail

Retail sales, which accounted for 72% of total revenue in the second half, grew by 23% on an underlying basis (up 25% at reported FX).

Comparable store sales in the half increased by 12% (Q3: +13%; Q4: +11%). The UK, France and Greater China remained strong, especially in flagship markets. In mainline, average retail selling price was again the key driver of sales growth, helped by greater penetration of Burberry London in both women's and men's apparel. Knitwear, men's tailoring and accessories grew strongly, as did fragrance and watches.

During the second half, Burberry opened 11 mainline stores and closed six. Openings included an 11,000 square foot store in Taipei, the first flagship in this market, an 8,000 square foot flagship in Paris, a third store in Brazil and a second in Mexico. Average retail selling space for the second half increased by 13%.

Wholesale

Wholesale revenue in the second half increased by 7% at constant and reported FX, compared to guidance of mid single-digit percentage growth. Growth was impacted by the planned shift from wholesale to retail in Saudi Arabia and Spain and further rationalisation of the brand's distribution in the United States and Europe.

Excluding these actions, there was double-digit percentage growth in Emerging Markets, Asia Travel Retail and US department stores, driven by brand momentum and new dedicated shop-in-shops. Core outerwear and large leather goods performed solidly, helped by replenishment.

Licensing

Total licensing revenue in the second half increased by 5% on an underlying basis (up 10% at reported FX), consistent with full year guidance. Japanese licence income was slightly down in the half, largely reflecting the planned termination of certain non-apparel licences. There was excellent growth from the three global product licences (fragrance, watches and eyewear), led by the new Burberry Body fragrance and current season watch collections.

Discussions continue between Burberry and Interparfums regarding the potential establishment of a new operating model for the Burberry fragrance and beauty business.

Outlook

Retail: In the year to 31 March 2013, Burberry plans a 12-14% increase in average retail selling space, with a shift from smaller to larger stores, especially in flagship markets. Burberry expects to open about a net 15 mainline stores, biased towards Emerging Markets and cities with high tourist inflows.

Wholesale: In the six months to 30 September 2012, Burberry projects underlying wholesale revenue to increase by a mid single-digit percentage. Despite further rationalisation of the brand's distribution in both Europe and the United States, double-digit percentage growth is again expected in key US department store doors, Emerging Markets and Asia Travel Retail.

Licensing: In the year to 31 March 2013, Burberry expects licensing revenue at constant and reported exchange rates to be broadly unchanged year-on-year. The global product licences are again expected to deliver double-digit percentage growth. This will be offset by the planned termination and downsizing of Japanese non-apparel licences.

Enquiries

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Certain financial data within this announcement have been rounded.

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 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 March 2012, Burberry had 192 retail stores, 208 concessions, 44 outlets and 57 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.