

BURBERRY

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2013**

SIR JOHN PEACE

—

CHAIRMAN

CHRISTOPHER BAILEY
—
CHIEF CREATIVE OFFICER

ANGELA AHRENDTS
—
CHIEF EXECUTIVE OFFICER

FIRST HALF ACHIEVEMENTS

- **FIRST HALF PERFORMANCE**
 - Revenue grew 17% to £1,031m
 - Adjusted PBT unchanged at £174m
 - £208m cash
 - Interim dividend up 10% to 8.8p
- **CONSISTENT EXECUTION OF KEY STRATEGIES**
 - Unlocking power of regional teams
 - Digital
 - Beauty



STRONG BRAND MOMENTUM



BURBERRY KISSES BY GOOGLE



HONG KONG

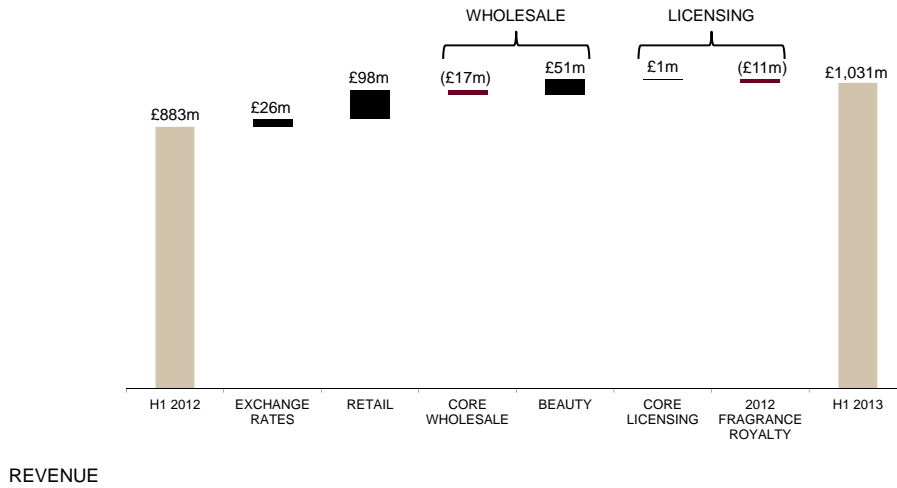


SS 14 RUNWAY SHOW CAPTURED ON IPHONE 5S



#THISISBRIT

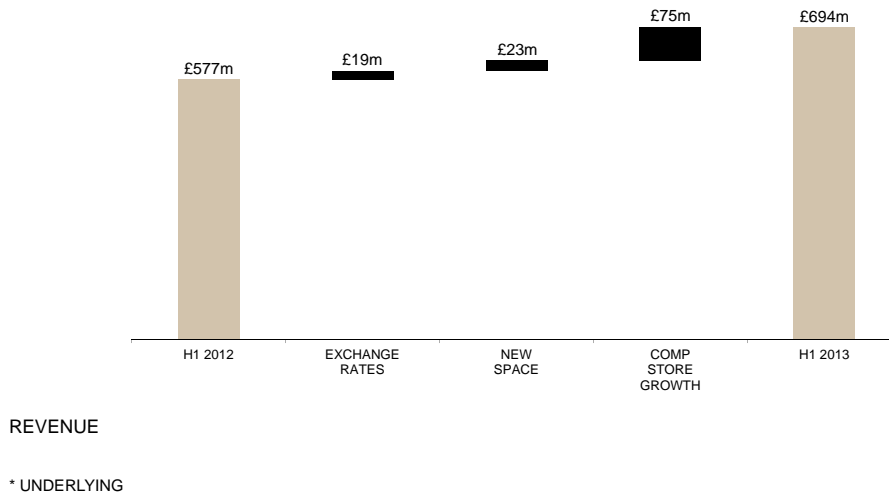
REVENUE GREW 17%



REVENUE GREW 17%

- **REVENUE GREW 14% UNDERLYING**
- **RETAIL**
 - 67% of revenue
 - 17% underlying growth
- **WHOLESALE**
 - 29% of revenue, including first time contribution from Beauty (£51.0m)
 - 13% underlying growth; down 7% excluding Beauty
- **LICENSING**
 - 4% of revenue
 - H1 2012 included £10.6m from terminated fragrance licence relationship
 - 19% underlying decline; up 2% excluding 2012 fragrance royalty

RETAIL REVENUE GREW 17%*



RETAIL REVENUE GREW 17%

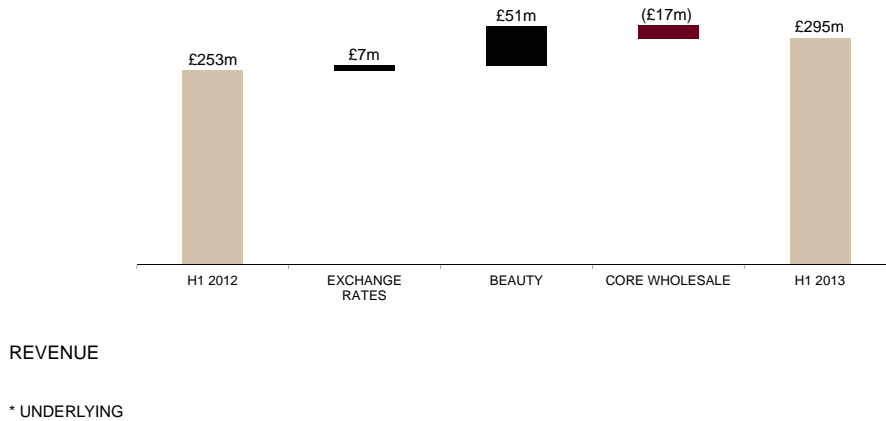
- **COMPARABLE STORE SALES GREW 13%**
 - Uneven trading
 - Q1 and Q2 both averaged 13%
- **INCREASED AVERAGE SELLING PRICES HELPED GROWTH**
 - Prorsum and London penetration increased
 - Outerwear and LLGs drove about half the growth
- **CHANGING CONSUMER BEHAVIOUR**
 - Footfall soft offline but grew online
 - Conversion improved in both
- **CONTRIBUTION FROM NET NEW SPACE OF 4%**
 - Opened 14 mainline stores and closed eight
 - Biased towards China and high potential markets
 - On track to open about 25 mainline stores and close about 15 in FY 2014

EMBRACING DIGITAL

- **IPADS IN STORE**
- **CUSTOMER 1-2-1**
- **COLLECT IN STORE**
- **DRIVE REVENUE THROUGH**
 - Increased conversion
 - Personalisation
 - Improved customer loyalty



WHOLESALE REVENUE GREW 13%*

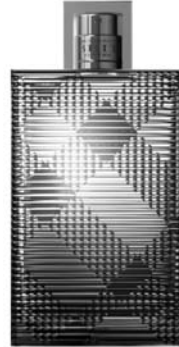


WHOLESALE REVENUE GREW 13%

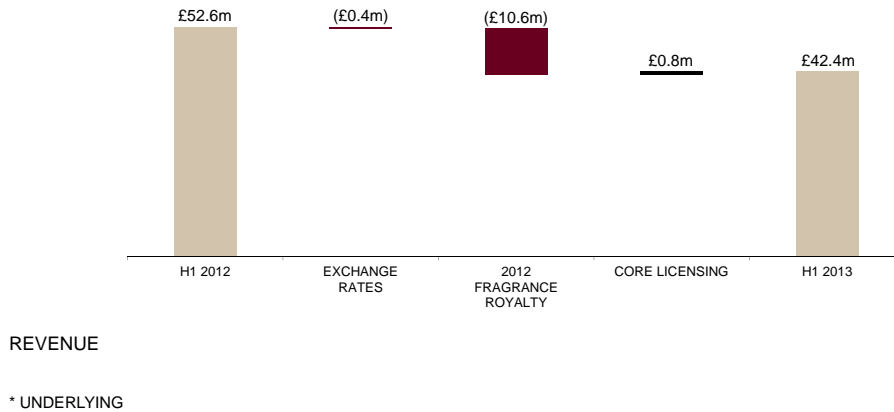
- **EXCLUDING BEAUTY, WHOLESALE REVENUE DOWN 7% UNDERLYING**
 - Marginally ahead of guidance
- **H2 OUTLOOK**
 - Expect mid to high single-digit % underlying growth excluding Beauty
 - Key growth drivers are US, Asia travel retail and emerging market franchisees
 - Partly offset by continuing rationalisation of small European specialty accounts

BEAUTY

- **SIGNIFICANT OPPORTUNITY**
 - Large market; under-penetrated compared to peers
 - Most widely encountered projection of brand
 - Halo effect across all product divisions
- **COMPLEX TRANSITION PERIOD**
 - Supply chain
 - Regulatory/compliance
 - Distributor relationships and high inventory levels
- **INVESTING FOR GROWTH**
 - Successful launch of Brit Rhythm for Men
 - Building team
 - Product development, especially make-up



LICENSING REVENUE DOWN 19%*



LICENSING REVENUE DOWN 19%

- **EXCLUDING 2012 FRAGRANCE ROYALTY**
 - Revenue up 2% underlying (up 1% at reported FX)
 - Japan unchanged year-on-year
 - Higher minimums from apparel licence
 - Offset by downsizing remaining short-term licences
 - Double-digit % growth from watches and eyewear together
 - Working to reposition and rationalise distribution over time
- **OUTLOOK FOR FY 2014**
 - In FY 2013, licensing revenue excluding fragrance royalty income was £82m
 - In FY 2014, expect slightly positive growth at constant FX from this level

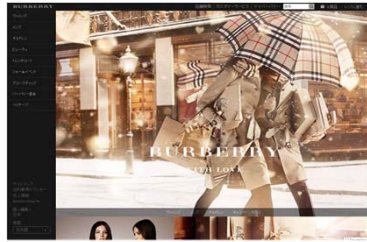
PREPARING FOR JAPAN TRANSITION



ROPPONGI HILLS, TOKYO



BURBERRY TWITTER JAPAN

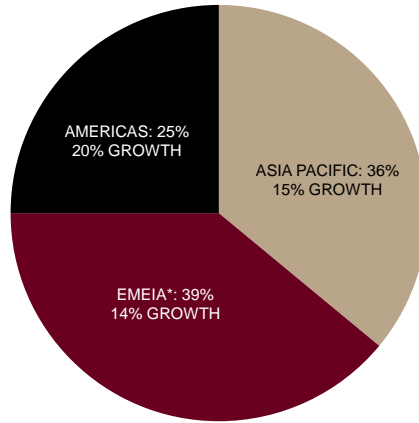


BURBERRY.COM JAPAN



EDITORIAL COVERAGE

BALANCED BY REGION



H1 2013 RETAIL/WHOLESALE REVENUE
% growth on underlying basis including first time contribution from Beauty

* EUROPE AND REST OF WORLD INTEGRATED TO FORM EMEA FROM 1 APRIL 2013

ASIA PACIFIC



ART OF THE TRENCH EVENT, SEOUL



K11, SHANGHAI



ART OF THE TRENCH EVENT, SHANGHAI



L'AVENUE, SHANGHAI

EUROPE, MIDDLE EAST, INDIA AND AFRICA



PRINTEMPS, PARIS



REGENT STREET, LONDON

KNIGHTSBRIDGE, LONDON

AMERICAS



BLOOMINGDALES, NEW YORK



CURITIBA, BRAZIL

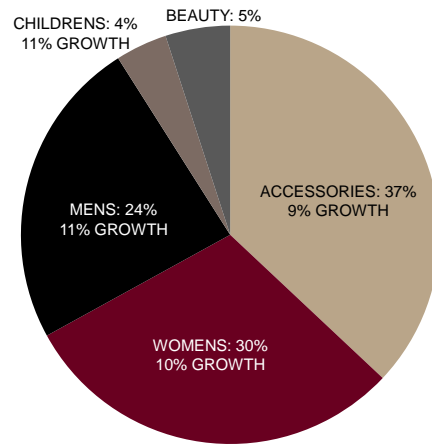


NORDSTROM.COM



MEXICO CITY, MEXICO

BALANCED BY PRODUCT DIVISION



H1 2013 RETAIL/WHOLESALE REVENUE
% growth on underlying basis

BALANCED BY PRODUCT DIVISION



FESTIVE - BURBERRY WITH LOVE



CAROL FAIRWEATHER
—
CHIEF FINANCIAL OFFICER

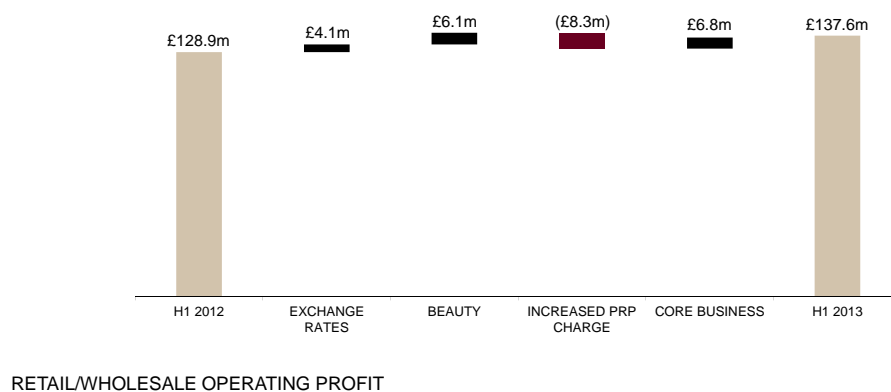
FINANCIAL HIGHLIGHTS

SIX MONTHS TO 30 SEPTEMBER	2013 £M	2012 £M	CHANGE
REVENUE	1,031	883	17%
ADJUSTED PBT	173.9	173.4	nc
ADJUSTED DILUTED EPS	28.4p	29.0p	(2%)
NET CASH	208	237	(12%)
DIVIDEND PER SHARE	8.8p	8.0p	10%

FINANCIAL HIGHLIGHTS

- **DELIVERED UNCHANGED ADJUSTED PBT OF £174M**
- **BETTER THAN GUIDANCE GIVEN IN MAY 2013**
 - Adjusted PBT for H1 to be below the level of the prior year driven by
 - Revenue weighted to second half
 - Wholesale excluding Beauty down year-on-year
 - Higher performance-related pay charge
 - Dilutive impact of Beauty

RETAIL/WHOLESALE PROFIT GREW 7%

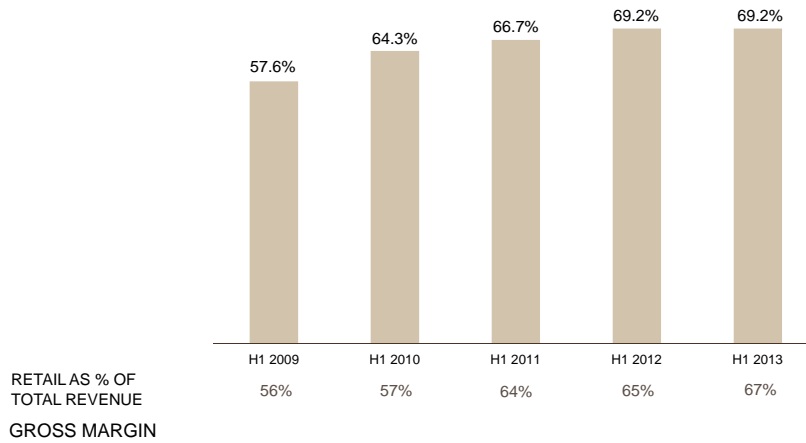


RETAIL/WHOLESALE PROFIT GREW 7%

SIX MONTHS TO 30 SEPTEMBER	2013 £M	2012 £M	CHANGE
RETAIL/WHOLESALE REVENUE	989.1	829.9	19%
GROSS MARGIN	684.3	574.4	
<i>AS % OF REVENUE</i>	69.2%	69.2%	<i>nc</i>
OPERATING EXPENSES	(546.7)	(445.5)	
<i>AS % OF REVENUE</i>	(55.3%)	(53.7%)	(160bp)
ADJUSTED OPERATING PROFIT	137.6	128.9	7%
<i>AS % OF REVENUE</i>	13.9%	15.5%	(160bp)

INCLUDES BEAUTY REVENUE OF £51.0M AND PROFIT OF £6.1M

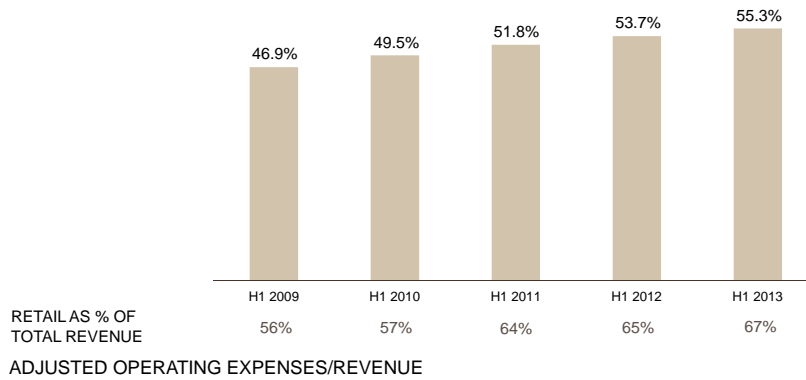
**RETAIL/WHOLESALE
GROSS MARGIN UNCHANGED**



**RETAIL/WHOLESALE
GROSS MARGIN UNCHANGED**

- **GROSS MARGIN UNCHANGED AT 69.2%**
 - Beauty dilutive
- **MODEST IMPROVEMENT EXCLUDING BEAUTY DRIVEN BY**
 - FX
 - Mix shift to retail
 - Modest price increases

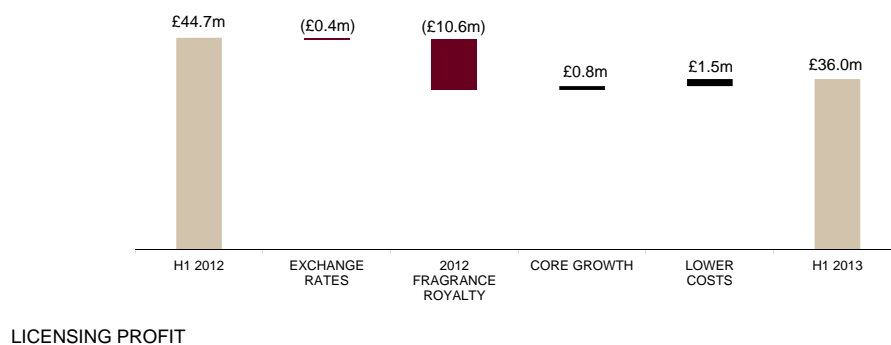
**RETAIL/WHOLESALE
OPERATING EXPENSES/REVENUE AT 55.3%**



**RETAIL/WHOLESALE
OPERATING EXPENSES/REVENUE AT 55.3%**

- **OPERATING EXPENSES/REVENUE INCREASES TO 55.3% FROM 53.7%**
- **OF THE £101M INCREASE TO £547M**
 - Roughly one-quarter is Beauty
 - Roughly one-quarter is new space
 - Balance
 - General inflation
 - Investment in marketing and IT
 - Volume-related
 - Higher performance-related pay charge

LICENSING PROFIT



LICENSING PROFIT

SIX MONTHS TO 30 SEPTEMBER	2013 £M	2012 £M
REVENUE	42.4	52.6
GROSS MARGIN AT 100%	42.4	52.6
OPERATING EXPENSES	(6.4)	(7.9)
OPERATING PROFIT	36.0	44.7
<i>OPERATING MARGIN</i>	<i>84.9%</i>	<i>85.0%</i>
YEN RATE	129	125

H1 2013 INCLUDES NEGATIVE FX IMPACT OF £0.4M IN REVENUE AND NIL IN OPEX

INCOME STATEMENT

SIX MONTHS TO 30 SEPTEMBER	2013 £M	2012 £M
ADJUSTED OPERATING PROFIT	173.6	173.6
NET FINANCE INCOME/(CHARGE)	0.3	(0.2)
ADJUSTED PROFIT BEFORE TAX	173.9	173.4
EXCEPTIONAL ITEMS	(14.9)	(61.5)
PROFIT BEFORE TAX	159.0	111.9
TAX	(42.5)	(26.5)
DISCONTINUED OPERATIONS	0.0	0.1
NON-CONTROLLING INTEREST	(3.8)	(0.5)
ATTRIBUTABLE PROFIT	112.7	85.0

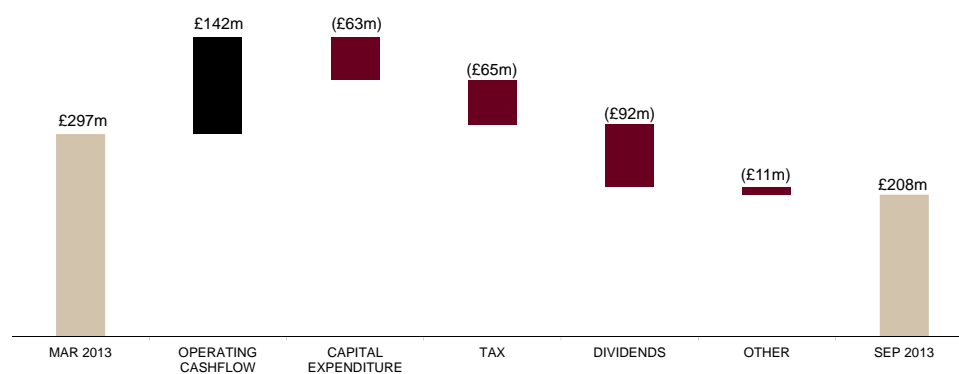
INCOME STATEMENT

- **NET FINANCE INCOME OF £0.3M**
 - Facility fees offset income on cash balance
- **EXCEPTIONAL ITEMS OF £14.9M**
 - £7.5m amortisation of beauty licence intangible asset charge
 - £7.4m China put option liability finance charge
- **EFFECTIVE TAX RATE OF 25.0% ON ADJUSTED PBT FOR FY 2014 (FY 2013: 25.8%)**
- **NON-CONTROLLING INTEREST OF £3.8M**
 - Taken effective full ownership of small loss-making retail business in Japan

CASH INFLOW FROM OPERATIONS

SIX MONTHS TO 30 SEPTEMBER	2013	2012
	£M	£M
ADJUSTED OPERATING PROFIT	173.6	173.6
DEPRECIATION AND AMORTISATION	61.5	48.6
EMPLOYEE SHARE SCHEME COSTS	17.0	10.2
INCREASE IN INVENTORIES	(79.1)	(42.3)
INCREASE IN RECEIVABLES/OTHER	(54.9)	(48.1)
INCREASE/(DECREASE) IN PAYABLES	24.2	(5.8)
OTHER	(0.1)	2.1
CASH INFLOW FROM OPERATIONS	142.2	138.3

MOVEMENT IN NET CASH



MOVEMENT IN NET CASH

SIX MONTHS TO 30 SEPTEMBER	2013 £M	2012 £M
CASH INFLOW FROM OPERATIONS	142.2	138.3
CAPITAL EXPENDITURE	(63.0)	(88.8)
CAPITAL CONTRIBUTIONS FROM JV PARTNERS	0.7	0.4
ACQUISITIONS	(1.1)	(1.0)
NET INTEREST	0.4	0.6
TAX PAID	(65.4)	(46.8)
FREE CASH FLOW	13.8	2.7
DIVIDENDS	(92.1)	(78.6)
ESOP TRUST PURCHASES/OTHER	(4.7)	(27.3)
EXCHANGE DIFFERENCE	(5.3)	2.1
MOVEMENT IN NET CASH	(88.3)	(101.1)
NET CASH AT 31 MARCH	296.6	338.3
NET CASH AT 30 SEPTEMBER	208.3	237.2

FY 2014 OUTLOOK

- **BEAUTY**
 - £140m wholesale revenue; around £10m profit
 - Complex transition period
 - Additional marketing spend to support launches
 - Confident in significant opportunity in Beauty
- **IMPACT OF FX ON TRANSLATION**
 - Benefit to revenue and profit in H1
 - Would be negative in H2 if current FX rates persist



FY 2014 OUTLOOK

BEAUTY	£140m wholesale revenue and around £10m incremental operating profit
FX IMPACT	Negative impact in H2 on revenue and profit if current rates persist
RETAIL	Low to mid single-digit % growth in retail revenue from net new openings
WHOLESALE	Mid to high single-digit % growth in underlying revenue in H2 excluding Beauty
LICENSING	Slightly positive growth at constant FX excluding Beauty
INTEREST	Broadly neutral
UNDERLYING TAX RATE	c.25%
DIVIDEND POLICY	About 40% full year payout based on adjusted diluted EPS
CAPITAL EXPENDITURE	c.£200m
DEPRECIATION/AMORTISATION*	Around £130m

* EXCLUDES £15M AMORTISATION OF BEAUTY LICENCE INTANGIBLE ASSET

**CONTINUED MOMENTUM IN THE
BUSINESS**

—

STRONG FINANCIAL POSITION

—

**GOAL REMAINS TO DRIVE PROFITABLE
GROWTH**

ANGELA AHRENDTS
—
CHIEF EXECUTIVE OFFICER

SOLID FIRST HALF
—
FOCUS ON FESTIVE
—
**EXCITING LONG-TERM GROWTH
OPPORTUNITIES BY CHANNEL, REGION
AND PRODUCT**

BURBERRY

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ADJUSTED MEASURES

All metrics and commentary in this presentation exclude the results of the discontinued business in Spain and exceptional items unless stated otherwise.

Exceptional items are:

- A charge of £7.5m in reported operating expenses being the amortisation of the beauty licence intangible asset (2012: nil)
- A put option liability finance charge of £7.4m in the reported net finance charge relating to the third party 15% economic interest in the Chinese business (2012: credit of £11.7m)
- A charge of nil in 2013 in reported operating expenses relating to the termination of the fragrance and beauty licence relationship (2012: £73.8m)
- A charge of nil in 2013 in reported operating expenses relating to restructuring (2012: credit of £0.6m)

Underlying change is calculated at constant exchange rates.

Certain financial data within this announcement have been rounded.

AVERAGE EXCHANGE RATES

£1 =	H1 2012	H1 2013	CURRENT SPOT RATE*
EURO	1.25	1.17	1.19
US DOLLAR	1.58	1.54	1.60
HK DOLLAR	12.27	11.99	12.43
KOREAN WON	1,810	1,722	1,705
CHINESE YUAN RENMINBI	10.02	9.49	9.78

* AS AT 5 NOVEMBER 2013

IR CONTACTS

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