

15 January 2013

Burberry Group plc

Third Quarter Trading Update and Interim Management Statement

Highlights for the three months to 31 December 2012

- Total revenue £613m, up 9% underlying
- Retail revenue £464m, up 13% underlying
 - Comparable store sales grew 6%
 - Outerwear contributed about half of mainline growth
 - Prorsum and London further increased penetration
 - Scarves, mens tailoring and accessories outperformed
- Wholesale revenue £120m, down 5% underlying
 - H2 underlying wholesale revenue now expected to be down low to mid single-digit percentage year-on-year
 - Growth in US, Asia Travel Retail and Emerging Markets more than offset by weaker Europe
- Licensing revenue £29m, up 4% underlying
 - Double-digit growth from global product licences
 - Innovative launch of The Britain watch
 - Fragrance and beauty integration on plan
- Further strategic and operational progress
 - Opened seven stores, including new flagship in Chicago
 - Digital commerce outperformed
 - Spring 2013 advertising campaign generated record social media engagement

Angela Ahrendts, Chief Executive Officer, commented:

“Burberry delivered 13% underlying retail growth in the third quarter, benefiting from a particularly strong week in the run up to Christmas. In an otherwise difficult quarter, core outerwear, mens and digital all outperformed. We expect the external global environment to remain challenging, but see continued opportunities to drive productivity in our existing business, while investing for growth in under-penetrated regions, product categories, channels and mediums.”

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 | |
|--------------|--------------------------------|------------|------------------------|-------------------|
| | 2012 | 2011 | <i>reported FX</i> | <i>underlying</i> |
| Retail | 464 | 417 | 11 | 13 |
| Wholesale | 120 | 130 | (7) | (5) |
| Licensing | 29 | 27 | 5 | 4 |
| Total | 613 | 574 | 7 | 9 |

Retail/wholesale revenue by region

| £ million | Three months to 31 December | | % change | |
|---------------|--------------------------------|------------|------------------------|-------------------|
| | 2012 | 2011 | <i>reported FX</i> | <i>underlying</i> |
| Asia Pacific | 242 | 210 | 15 | 16 |
| Europe | 160 | 160 | 0 | 4 |
| Americas | 150 | 148 | 2 | 4 |
| Rest of World | 32 | 29 | 9 | 12 |
| Total | 584 | 547 | 7 | 9 |

Retail

Retail sales, which contributed three-quarters of group revenue in the period, increased by 13% on an underlying basis (up 11% at reported FX). Comparable store sales grew by 6%, with the balance from new space.

In mainline stores, consumers' preference for higher priced styles remained a key driver of revenue growth. A strong performance in outerwear contributed about half of the growth and the penetration of Prorsum and London increased by five percentage points year-on-year. Footfall remained soft partly offset by initiatives to increase customer conversion rates. Digital commerce outperformed, enabled by Burberry's consistent investment in creative content, innovative marketing and the digital platform, keeping pace with changing consumer behaviour.

Growth was evenly balanced between replenishment and fashion. Strong growth came from expanded assortments in soft accessories, a key festive category. Mens tailoring grew by over 50% and mens accessories were up nearly 40%.

By region, Asia Pacific (led by Hong Kong and China) and Emerging Markets saw double-digit comparable store sales growth, with low single-digit growth in Americas and Europe broadly unchanged. Korea and Italy remained weak.

During the quarter, Burberry opened seven stores and four concessions and closed two and five respectively. Openings included the rebuilt flagship store in Chicago, a menswear standalone store (Knightsbridge, London), the first concession in the United States (Herald Square, New York), as well as two more stores in Brazil bringing the total to six in that country. For the second half of FY 2012/13, average retail selling space is on plan to increase by about 14%, biased towards flagship markets in Asia Pacific and Europe.

Wholesale

Wholesale revenue declined by 5% on an underlying basis in the third quarter (down 7% at reported FX). For the second half of FY 2012/13, Burberry now expects underlying wholesale revenue to be down low to mid single-digit percentage year-on-year (previously broadly unchanged). This reflects lower sales to small specialty accounts in Europe. The United States, Asia Travel Retail and Emerging Markets are expected to continue to grow.

Licensing

Licensing revenue in the third quarter increased by 4% on an underlying basis (up 5% at reported FX). As planned, Japanese royalty income was lower than the same period last year, reflecting continuing non-apparel licence rationalisation. Global product licences delivered double-digit growth. The innovative launch of The Britain watch is successfully realigning Burberry's watch offer with its global brand positioning.

For FY 2012/13, Burberry continues to expect licensing revenue at constant and reported exchange rates to be broadly unchanged year-on-year.

As previously disclosed, Burberry will directly operate fragrance and beauty from 1 April 2013, following the end of its existing licence relationship with Interparfums SA. The transition is on plan, with Burberry starting to oversee product development, sourcing and logistics, while partnering with existing distributors worldwide. Burberry paid Euro181m in cash to Interparfums SA in December 2012 for the ending of the licence relationship.

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.burberrypc.com), with a replay available later today.

Burberry will release its Second Half Trading Update for the six months to 31 March 2013 on 17 April 2013. It will announce its Preliminary Results for the year to 31 March 2013 on 21 May 2013.

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 31 December 2012, Burberry had 203 retail stores, 214 concessions, 50 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.