

10 July 2013

## **Burberry Group plc**

### **First Quarter Trading Update and Interim Management Statement**

#### **Highlights for the three months to 30 June 2013**

- Retail revenue £339m, up 18% underlying
- Comparable store sales up 13%, in line with our expectations for the quarter
  - Driven by exceptional performance of Spring/Summer 2013 fashion
  - Facilitated by investment in digital
  - Growth broad-based by product and region; offline and online
- Further strategic and operational progress
  - Opened seven mainline stores, including two in Shanghai flagship market
  - Online commerce integrated into regional infrastructure
  - Burberry Kisses launched in partnership with Google
  - Integration of Beauty division on plan
- No change to guidance
  - Plan is to modestly increase normalised retail/wholesale margin in full year
  - First half adjusted PBT still expected to be below prior year

Angela Ahrendts, Chief Executive Officer, commented:

“We are pleased with our first quarter retail performance. Spring/Summer 2013 was a standout season driven by innovative marketing, cohesive monthly fashion groups and exceptional execution from all corporate and regional teams.

Looking forward, the macro outlook remains uncertain and we will continue to focus our investment on profitable high growth opportunities by channel, region and product categories.”

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

In line with the modification of disclosure previously announced, Burberry today updates on retail revenue for the first quarter.

### **Retail**

At £339m, retail sales in the small first quarter increased by 21% at reported FX and 18% at constant FX (Q1 2012: £280m). Of this 18%, comparable store sales growth was 13%, with the balance from new space.

In what remained an uneven trading environment, there was an exceptional consumer response to Spring/Summer 2013, helped by cohesive monthly fashion groups and record reach and engagement generated by the advertising campaign and runway shows. Consistent product strategies drove growth in mainline, with outerwear and large leather goods accounting for over half the growth, mens accessories and tailoring outperforming and Prorsum and London again increasing penetration. Reflecting changing consumer behaviour, footfall was soft offline but grew strongly online. Conversion rates improved again.

By region, there was double-digit comparable store sales growth in Asia Pacific and the Americas and high single-digit growth in Europe, Middle East, India and Africa (EMEIA), the newly formed region integrating Europe and Rest of World. Offline, growth was led by Hong Kong and China, while France and Germany remained robust and Korea showed early signs of improvement. Online performed strongly globally, benefiting from full integration into the regional infrastructure.

During the first quarter, Burberry opened seven mainline stores and closed six. Openings included two stores in Shanghai, a third store in Mexico and a relocation in Frankfurt.

### **Outlook**

The following outlook is unchanged from the preliminary results in May 2013.

*Retail:* Net new openings are planned to contribute low to mid single-digit percentage growth to retail revenue in FY 2014.

*Wholesale:* Excluding Beauty, Burberry expects underlying wholesale revenue to decrease by about 10% in the six months to 30 September 2013 (2012: £253m).

In addition, with Burberry directly operating Beauty from 1 April 2013, wholesale revenue of about £140m and incremental retail/wholesale operating profit of around £25m is expected in FY 2014. This will be weighted towards the second half, reflecting the impact in the first half of the move from licence to direct operation.

*Licensing:* In FY 2013, licensing revenue, excluding £27m royalty income from fragrance and beauty, was £82m. In FY 2014, Burberry expects growth from this level to be slightly positive at constant FX and broadly unchanged at reported FX.

*Retail/wholesale profit:* For FY 2014, the plan is to modestly increase from the operating margin achieved in FY 2013, which was 17.1% without the £12m benefit of a lower performance-related pay charge. Reflecting the evolution and phasing of the business, adjusted PBT for the six months to 30 September 2013 is currently expected to be below the level of the prior year (£173m).

## 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 corporate website ([www.burberryplc.com](http://www.burberryplc.com)), with a replay available later. The AGM will be held on 12 July 2013. Burberry will release its First Half Trading Update for the six months to 30 September 2013 on 15 October 2013. It will announce its Interim Results for the six months to 30 September 2013 on 14 November 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 accessories; accelerate retail-led growth; invest in under-penetrated markets; and pursue operational excellence.
- At 30 June 2013, Burberry globally had 207 retail stores, 212 concessions, 50 outlets and 64 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.