

15 January 2014

Burberry Group plc

Third Quarter Trading Update and Interim Management Statement

Highlights for the three months to 31 December 2013

- Retail revenue £528m, up 14%
- Comparable sales up 12%
 - Compelling and focused festive offer
 - Digital innovation continued to drive outperformance
 - Double-digit growth in Asia Pacific; mid to high single-digit growth in Americas and EMEIA
- Further retail portfolio evolution
 - Net five stores opened
 - Including first standalone Burberry Beauty Box in Covent Garden, London
 - As part of investment in under-penetrated markets, three stores acquired in Thailand

Angela Ahrendts, Chief Executive Officer, commented:

“In the all-important festive period, we are pleased with our 12% comparable sales growth, which was in line with our expectations. This performance reflects continuing strong brand momentum and our team’s intense focus on retail execution, supported by a planned increase in investment in marketing, customer service offline and online and our retail portfolio.

At current levels, exchange rates will be a significant headwind in the second half and beyond, and the macro environment remains uncertain, but we are confident that our proven strategies will continue to deliver long-term value for shareholders.”

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

Burberry today updates on retail revenue for the third quarter.

Retail

At £528m, retail revenue in the third quarter increased by 14% at both constant and reported FX rates. Comparable sales growth was 12%. The balance came from new space, consistent with the unchanged full year retail guidance below.

The key drivers of retail growth remained consistent with previous periods:

- Traffic remained weak offline but grew online, reflecting evolving consumer behaviour
- Conversion increased offline and online
- Digital outperformed, enabled by investment in areas such as service (including additional languages), collect-in-store and fulfilment

By product:

- Outerwear and large leather goods together contributed about half of mainline growth
- Mens accessories and tailoring again grew strongly
- The halo effect of the marketing campaign launching the Brit Rhythm for Men fragrance helped Burberry Brit apparel increase penetration slightly, particularly in menswear and womens outerwear
- Scarves, small leather goods and Beauty benefited from the co-ordinated festive offer across all customer touchpoints

Asia Pacific again delivered double-digit percentage comparable sales growth, led by Greater China and a continued improvement in Korea. Americas and EMEIA both delivered mid to high single-digit comparable sales growth. Performance was robust in the UK, France and Germany, while Italy remained weak.

During the third quarter, Burberry opened a net five mainline stores including two in China, a fourth store in Mexico and the first Burberry Beauty Box in Covent Garden, London. In addition, one store and two concessions previously operated by a franchisee were acquired in Thailand.

Outlook

The following outlook is unchanged from the interim results in November 2013.

Retail: In FY 2014, net new openings are still planned to contribute low to mid single-digit percentage growth to retail revenue.

Wholesale: Excluding Beauty, Burberry expects underlying wholesale revenue to increase by a mid to high single-digit percentage in the six months to 31 March 2014 (2013: £220m).

For FY 2014, Beauty is planned to deliver wholesale revenue of about £140m and incremental retail/wholesale profit of around £10m, reflecting the complex transition period and additional marketing investment behind fragrance launches.

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

Retail/wholesale profit: In FY 2013, Burberry achieved an operating margin of 17.1%, excluding the benefit of a lower performance-related pay charge. For FY 2014, Burberry continues to aim for a modest increase from that level, although there will be a dilutive impact from Beauty in this transitional year.

Financial position

Except for the trading activities described above, there has been no significant change to the financial position of the company.

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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), with a replay available later.
- Burberry will release its Second Half Trading Update for the six months to 31 March 2014 on 16 April 2014. It will announce its Preliminary Results for the twelve months to 31 March 2014 on 21 May 2014.

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 31 December 2013, Burberry globally had 218 retail stores, 216 concessions, 55 outlets and 68 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. ADR symbol OTC:BURBY.
- BURBERRY, the Equestrian Knight Device and the Burberry Check are trademarks belonging to Burberry which are registered and enforced worldwide.