

15 July 2015

## **Burberry Group plc**

### **First Quarter Trading Update**

**Burberry announces retail sales up 8% underlying, with double-digit growth in EMEIA and British-made heritage trench coats and cashmere scarves**

#### **Highlights for the three months to 30 June 2015**

- Retail revenue £407m, up 8% underlying (up 10% at reported FX)
- Comparable sales up 6%
  - Double-digit % growth in EMEIA
  - High single-digit % growth in Americas
  - Low single-digit % decline in Asia Pacific
    - Further deceleration in Hong Kong, a challenging luxury market
  - Digital continued to outperform, driven by mobile
- Ongoing brand momentum supported by consistent execution of strategies
  - Record customer engagement through digital, including Los Angeles flagship event and mens runway show
  - Continuing strong customer response to British-made heritage trench coats and cashmere scarves
  - My Burberry fragrance launched in Japan
  - Five mainline stores opened, including a new store in New York and relocations in Dubai and London
  - Expansion of Regent Street flagship in London with exclusive gifting area

Christopher Bailey, Chief Creative and Chief Executive Officer, commented:

“We are pleased with our performance in this first quarter, with retail sales up 8% underlying and 6% comparable sales growth. This reflects our ongoing emphasis on serving our customers ever more effectively on and offline, and continued innovation in design and marketing – particularly around the iconic, British-made products that performed so well in the period.

While mindful that the external environment remains challenging, we will continue to focus on growth opportunities across channels, regions and products, with exciting plans for the year ahead.”

Underlying performance removes the effect of changes in exchange rates compared to the prior period. Certain financial data within this announcement have been rounded.

## **Retail**

At £407m, retail sales in the first quarter, which is historically the smallest for retail, increased by 8% underlying and 10% at reported FX (Q1 2014: £370m). Of this 8% underlying growth, comparable sales growth was 6%, with the balance from new space.

By region, there was double-digit percentage comparable sales growth in EMEIA, with strength from the travelling luxury customer in France, Italy and Spain in particular. The Americas delivered high single-digit percentage comparable growth, with footfall recovering through the quarter after a soft start. Asia Pacific experienced a low single-digit percentage comparable decline, impacted by the continued challenging environment in Hong Kong, which decelerated further to a double-digit percentage decline in comparable sales. Mainland China comparable sales grew by a low single-digit percentage and Japan saw exceptional growth, albeit off a small base. Digital continued to outperform, with mobile penetration of sales more than tripling compared to the prior year, supported by the investment we made in improved mobile functionality last year.

By product, in mainline, we saw continued strong growth from our core heritage trench coats and cashmere scarves, as well as ponchos, an emerging key category. Innovative marketing strategies focused on our British heritage, reinforcing our unique global brand positioning.

During the first quarter, we opened five mainline stores and closed three. Openings included a new store in Brookfield Place, New York and relocations in the Mall of the Emirates, Dubai and Westfield White City, London. We also expanded our Regent Street flagship store with an exclusive area dedicated to gifting.

## **Outlook**

*Retail:* In FY 2016, net new space is still expected to contribute low single-digit percentage growth to total retail revenue, with 15-20 mainline store openings and a similar number of closures.

*Wholesale:* Burberry continues to expect total wholesale revenue at constant exchange rates to be broadly unchanged in the six months to 30 September 2015 (H1 2014: £317m). Excluding Beauty, we still expect wholesale revenue to be down by a low single-digit percentage. For Beauty, wholesale revenue in FY 2016 is still expected to grow by 10-15% at constant exchange rates, with additional contributions from retail and digital channels.

*Retail/wholesale profit:* In FY 2016, if exchange rates\* remain at current levels, our latest expectation is that FY 2016 reported retail/wholesale profit would be about £20m higher than at FY 2015 rates. This is an increase of about £10m since the guidance at the Preliminary Results in May 2015. We currently expect this increase to be offset by a more adverse geographic mix, particularly from the high margin market of Hong Kong.

*Licensing:* Total licensing revenue for FY 2016 is still planned to be down by about 40% at constant exchange rates (FY 2015: £68m), due to the expiry of the Japanese licences. For FY 2016, we continue to expect double-digit percentage growth from the global product licences and about £25m from Japan, as previously guided. At current exchange rates\*, the impact of the movement in the sterling/yen rate on reported licensing revenue in FY 2016 is not expected to be material.

*H1/H2 weighting of group adjusted PBT:* In FY 2016, we still expect group adjusted PBT at constant exchange rates to be more second-half weighted than in FY 2015.

\* Full year effective rates for 2016 as at 8 July 2015 and current hedged positions

## **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 corporate website ([www.burberryplc.com](http://www.burberryplc.com)), with a replay available later. The AGM will be held on 16 July 2015. Burberry will release its First Half Trading Update for the six months to 30 September 2015 on 15 October 2015. It will announce its Interim Results for the six months to 30 September 2015 on 12 November 2015.

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. Nothing in this announcement should be construed as a profit forecast. 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, built around its core iconic outerwear.
- Burberry designs and sources apparel, accessories and beauty, selling through a diversified network of retail (including digital), wholesale and licensing channels worldwide.
- At 30 June 2015, Burberry globally had 216 retail stores, 208 concessions, 57 outlets and 65 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. Its ADR symbol is OTC:BURBY.
- BURBERRY, the Equestrian Knight Device and the Burberry Check are trademarks belonging to Burberry which are registered and enforced worldwide.

## Exchange rates

£1=	Full year effective rates for FY 2016			Average exchange rates
	8 July 2015	14 May 2015	31 March 2015	FY 2015
Euro	1.39	1.39	1.38	1.28
US Dollar	1.53	1.57	1.48	1.60
Chinese Yuan Renminbi	9.52	9.73	9.21	9.94
Hong Kong Dollar	11.90	12.17	11.51	12.42
Korean Won	1,727	1,711	1,646	1,709
Yen <sup>#</sup>	177	176	176	164

<sup>#</sup> For licensing revenue, taking into account the current hedged positions