

18 October 2016

Burberry Group plc

First Half Trading Update

Ambitious revenue growth and productivity plans on track Successful implementation of straight-to-consumer runway collection

Highlights for the six months to 30 September 2016

- Total revenue £1,159m, down 4% underlying (up 5% at reported FX)
 - Retail growth offset by a decline in wholesale and licensing, in part reflecting strategic brand elevation
- Retail revenue £859m, up 2% underlying (up 11% at reported FX)
 - Comparable sales improved in the second quarter (Q1: down 3%; Q2: up 2%), unchanged for the half
 - Asia Pacific positive excluding Hong Kong and Macau
 - EMEIA positive with significant outperformance in the UK in the second quarter
 - Continued uneven demand in the Americas
- Wholesale revenue £287m (down 14% underlying), in part reflecting strategic brand elevation in the US and Beauty, broadly in line with guidance
- Licensing revenue £13m (down 54% underlying), reflecting planned expiry of Japanese Burberry licenses, consistent with guidance
- Plans to drive revenue growth and improve productivity well underway
 - Brand momentum strong
 - Exceptional brand reach from September runway show and strong response to inaugural straight-to-consumer collection
 - Innovation and newness resonating with customers
 - Strength in bags and emerging growth categories of dresses and ponchos
 - Intense focus on customer cultivation and retail service
 - Increased number of personal appointments and expansion of Burberry Private Client team
 - Digital continued to outperform and grew in all regions
 - Successful launch of redesigned burberry.com site
 - On track to deliver planned cost savings of around £20m in FY 2017
 - Recognised as industry leader in the Dow Jones Sustainability Index
- Completed £34m of initial £100m share buyback programme

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

“In a challenging external environment, we continue to focus on product innovation, retail productivity and digital leadership, against a backdrop of sustained action and investment to deliver long-term outperformance of our brand and business. The progress we are making to improve our ways of working, the agility of our teams to react to changes in consumer behaviour and the strength of our brand give us confidence for the future. We remain on track to deliver our financial goals.”

The financial information contained herein is unaudited.

Revenue by channel

£ million	Six months to 30 September		% change	
	2016	2015	<i>reported FX</i>	<i>underlying</i>
Retail	859	774	11	2
Wholesale	287	305	(6)	(14)
Licensing	13	26	(51)	(54)
	<u>1,159</u>	<u>1,105</u>	<u>5</u>	<u>(4)</u>

Retail/wholesale revenue by destination

£ million	Six months to 30 September		% change	
	2016	2015	<i>reported FX</i>	<i>Underlying</i>
Asia Pacific	410	377	9	(1)
EMEIA	456	416	10	1
Americas	280	286	(2)	(12)
	<u>1,146</u>	<u>1,079</u>	<u>6</u>	<u>(3)</u>

Retail/wholesale revenue by product division

£ million	Six months to 30 September		% change	
	2016	2015	<i>reported FX</i>	<i>Underlying</i>
Accessories	426	393	8	(1)
Womens	324	316	3	(6)
Mens	271	248	9	-
Childrens	49	40	21	9
Beauty	76	82	(7)	(17)
	<u>1,146</u>	<u>1,079</u>	<u>6</u>	<u>(3)</u>

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

Retail

Retail sales in the half increased by 2% underlying (up 11% at reported FX). Comparable sales were unchanged year-on-year, with an improvement in the second quarter (Q1: down 3%; Q2: up 2%).

By region,

- Asia Pacific saw a low single-digit percentage comparable sales decline in the half, broadly similar across both quarters.
 - Mainland China improved with mid single-digit percentage comparable sales growth in the second quarter, despite the impact of the planned elevation of the store portfolio in Beijing, Burberry's largest market in the country.
 - Hong Kong continued to experience negative footfall throughout the half, with comparable sales down a double-digit percentage. Excluding Hong Kong and Macau, comparable sales in the region were positive in the half.
- EMEIA delivered low single-digit percentage comparable sales growth in the half.
 - Improved performance from the travelling luxury customer in the second quarter was most significant in the UK, with comparable sales up over 30%, given sterling's depreciation.
 - Major markets in Continental Europe remained weak, where growth from domestic customers was more than offset by declines in tourist spend.
- The Americas saw comparable sales for the first half down a low single-digit percentage.
 - Domestic customer demand remained uneven and spend from the travelling luxury customer remained down by a double-digit percentage.

Digital continued to outperform in the half, with growth in all three regions. The redesign of burberry.com launched globally on desktop in September, delivering a full refresh of the brand aesthetic and enhanced the browsing and purchasing experience. Progress on other initiatives included, improved payment options, the launch of store stock look up and increased product personalisation for heritage scarves.

By product, in mainline, fashion outperformed replenishment as customers responded positively to innovation and newness. Growth in bags was led by the runway rucksack and new Buckle bag collection. We also saw a good response to the Bridle bag, the number one selling item, from the September runway collection. Emerging growth categories of dresses and ponchos outperformed.

Wholesale

Wholesale revenue in the half decreased by 14% underlying (down 6% at reported FX), broadly consistent with guidance.

Excluding Beauty, underlying wholesale revenue in EMEIA and Asia Pacific was largely unchanged year-on-year. The Americas saw a significant decline, principally reflecting tighter inventory control by wholesale customers and further strategic brand elevation.

In Beauty, underlying wholesale revenue declined by approaching 20%, reflecting cautious ordering and strategic brand control including the rationalisation of distribution in key markets. My Burberry and Mr Burberry performed well, with market share gains in key markets.

Licensing

Primarily reflecting the planned expiry of the Japanese Burberry licenses, revenue declined by 54% underlying (down 51% at reported FX) in the half, consistent with full year guidance.

Outlook

Retail: In FY 2017, net new space is still expected to contribute low single-digit percentage growth to total retail revenue. Around 15 mainline store openings are planned, with a similar number of closures.

Wholesale: Burberry expects total wholesale revenue at constant exchange rates in the six months to 31 March 2017 to be down by a mid-teens percentage on the same period last year (H2 2015/16: £330m), with the trends similar to those in the first half of the current year.

Retail/wholesale profit: Using 30 September exchange rates*, FY 2017 reported adjusted retail/wholesale profit would benefit by about £105m compared to FY 2016 rates* (this compares to an expected benefit of about £90m based on 30 June rates*.) Given the significant movement in exchange rates since 30 September, the benefit using 12 October rates would be at least £20m higher than the £105m.

Licensing: Total licensing revenue for FY 2017 is still planned to be down by about £20m at constant exchange rates (FY 2016: £42m), primarily reflecting the expiry of the Japanese Burberry licences.

FY Adjusted PBT: Our expectations for FY 2017 adjusted PBT on an underlying basis remain unchanged.

* See Appendix

Enquiries

Investors and analysts

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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 announce its Interim Results for the six months to 30 September 2016 on 9 November 2016.

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 September 2016, Burberry globally had 211 retail stores, 205 concessions, 60 outlets and 49 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.

Exchange rates

£1=	Forecast full year effective rates for FY 2017		Average exchange rates FY 2016	
	30 September 2016	30 June 2016	31 March 2016	
Euro	1.19	1.22	1.36	
US Dollar	1.33	1.35	1.50	
Chinese Yuan Renminbi	8.85	8.94	9.57	
Hong Kong Dollar	10.34	10.46	11.67	
Korean Won	1,483	1,557	1,740	
Yen [~]	157	159	177	

[~] For licensing revenue, taking into account the current hedged positions