

13 July 2016

Burberry Group plc

First Quarter Trading Update

Burberry announces unchanged underlying retail revenue year-on-year. Implementation of ambitious plan to drive revenue growth and improve productivity is well underway.

Highlights for the three months to 30 June 2016

- Retail revenue £423m, unchanged underlying (up 4% at reported FX)
- Comparable sales down 3%
 - Asia Pacific up excluding Hong Kong and Macau
 - UK delivered mid single-digit percentage growth
- Operational progress
 - Digital grew strongly in all regions
 - o Driven by mobile, now approaching 60% of traffic to the site
 - o Supported by further expansion of single pool of inventory model
 - Fashion apparel and accessories outperformed
 - o Good customer response to innovation and newness
 - Main campaign launched end of May
 - o More product focused, featuring Patchwork bag with new buckle hardware
 - Elevated retail service
 - o Increased number of personal appointments
 - o More in-store craftsmanship events to enhance customer engagement

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

“In what remained a challenging external environment, underlying retail sales were flat in the first quarter. In this context, we continue to focus on managing our business with agility whilst implementing the ambitious evolution of our strategies and ways of working we outlined in May, to position Burberry for long-term growth. These plans are now well underway and on track to deliver our financial goals.

This progress, together with our recent management appointments, gives us real confidence for the future.”

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

In the first quarter, retail comparable sales declined by 3%, with a similar performance in all three regions. The external environment remains challenging and underlying cost inflation pressures persist. Since May, our outlook for wholesale revenue, particularly in the US, is more cautious for both the first and second halves of the year, in fashion and Beauty.

Our initiatives, announced in May, to deliver enhanced revenue growth (through focusing on key products, retail productivity and e-commerce) and improved efficiency (through changing our ways of working) are well underway. As a result, we remain confident in delivering the financial goals outlined at the Preliminary Results.

Retail

At £423m, retail sales in the first quarter were unchanged on an underlying basis and were up 4% at reported FX (Q1 2015: £407m). Within this, comparable sales declined by 3%, while net new space contributed 3%.

All three regions experienced a low single-digit percentage comparable sales decline.

- Within Asia Pacific, Hong Kong showed some improvement compared to the fourth quarter, but continued to see a double-digit percentage decline in comparable sales. Mainland China comparable sales were broadly unchanged year-on-year, impacted by the evolution of the store portfolio in Beijing, our largest market in the country. Japan saw weaker tourism, offset in part by growth from domestic customers. Excluding Hong Kong and Macau, comparable sales in the first quarter in the region were positive.
- In EMEA, the UK, which is our largest market in the region, improved in the final weeks of the quarter, to deliver mid single-digit percentage comparable growth. Continental Europe remained depressed, with double-digit declines in sales to travelling luxury customers, in particular in France and Italy, offset in part by growth from domestic consumers in all major markets.
- The Americas continued to experience uneven demand from domestic customers, while spend by the travelling luxury customer remained down by a double-digit percentage.

Digital continued to outperform and grew strongly in all regions. Mobile delivered the majority of the growth, with approaching 60% of traffic to the site now via a mobile device. The single pool of inventory model has been further expanded, with about 90 stores now live globally, improving stock availability for all online markets.

By product, in mainline, fashion outperformed replenishment as customers responded positively to innovation and newness. Relative strength in bags was driven by the runway rucksack, while lightweight outerwear performed well, in particular cashmere trench coats and newly-launched menswear styles.

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: We now expect total wholesale revenue at constant exchange rates in the six months to 30 September 2016 to be down by over 10% on the same period last year (H1 2015: £305m). This reflects significantly tighter inventory control by US wholesale customers, continued cautious ordering in other regions and the elevation of Beauty distribution in key markets.

FX impact on retail/wholesale adjusted profit: In FY 2017, if exchange rates* remain at current levels, we expect FY 2017 reported adjusted retail/wholesale profit to benefit by about £90m compared to FY 2016 rates. This compares to an expected benefit of about £50m at the time of the Preliminary Results based on 30 April 2016 effective rates.

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

FY 2017 adjusted PBT: We continue to expect FY 2017 adjusted profit before tax to be more second-half weighted than in FY 2016.

Share buyback: Following the announcements about new leadership roles, we are now in a position to commence the previously announced share buyback programme of up to £150m starting in FY 2017.

* See page 4

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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), with a replay available later. The AGM will be held on 14 July 2016. Burberry will release its First Half Trading Update for the six months to 30 September 2016 on 18 October 2016. It 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.

Additional information

- 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 2016, Burberry globally had 214 retail stores, 213 concessions, 60 outlets and 58 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=	Forecast full year effective rates for FY 2017			Average exchange rates FY 2016
	30 June 2016	30 April 2016	31 March 2016	
Euro	1.22	1.29	1.26	1.36
US Dollar	1.35	1.46	1.44	1.50
Chinese Yuan Renminbi	8.94	9.44	9.29	9.57
Hong Kong Dollar	10.46	11.33	11.16	11.67
Korean Won	1,557	1,661	1,640	1,740
Yen [#]	159	172	174	177

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