19 April 2017

Burberry Group plc

Second Half Trading Update

Highlights for the six months to 31 March 2017

- Retail revenue £1,268m, up 3% underlying (up 19% at reported FX)
  - Comparable sales up 3% (Q3 up 3%; Q4 up 2%)
    - Strength in Mainland China drove growth in Asia Pacific
    - Double-digit growth in EMEIA led by exceptional performance in the UK
    - Decline in the Americas impacted by the challenging environment
  - Accessories outperformed, with mid-teens percentage growth in leather goods

- Wholesale revenue £327m, down 13% underlying (down 1% at reported FX), in line with guidance, with over half the decline coming from a rationalisation of distribution in key markets and distributor de-stocking in Beauty

- Licensing revenue £12m, down 38% underlying, in line with guidance, primarily reflecting the planned expiry of the Japanese licences

- Total revenue £1,607m, down 1% underlying (up 14% at reported FX), with performance reflecting the implementation of strategic priorities and actions to improve brand positioning, notably in the US and in Beauty

- Announced strategic partnership in Beauty with Coty, subject to regulatory approvals

- Good operational and strategic progress
  - Brand: The February show generated record online reach and engagement and the number of visitors to Makers House increased 50% compared with September
  - Product focus: Strong commercial reaction to February collection, fashion outperformed with innovation in outerwear, including launch of tropical gabardine
  - Productive space: Mainline conversion improved globally
  - E-commerce leadership: Digital continued to outperform, led by mobile
  - Operational excellence and Inspired people: Simplifying our structure and processes; on track to deliver planned cost savings of £20m in FY 2017 increasing to at least £100m annualised in FY 2019

- Completed £100m of announced £150m share buyback programme

Christopher Bailey, Chief Creative and Executive Officer, commented:

“In an uncertain environment, we continue to take action to strengthen the brand and reposition Burberry for growth. The outperformance of fashion and the strong customer response to new products underline our renewed creative momentum. I am delighted that Marco and Julie have now joined the business. While we have more to do, as we build on our progress so far, we remain confident about Burberry’s prospects in the longer term.”

The financial information contained herein is unaudited.
Second half revenue
Performance in all channels reflects ongoing brand repositioning. Burberry delivered growth in retail, now c.80% of revenues compared with c.70% three years ago.

Revenue by channel

<table>
<thead>
<tr>
<th></th>
<th>Six months to 31 March</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Retail</td>
<td>1,268</td>
<td>1,064</td>
</tr>
<tr>
<td>Wholesale</td>
<td>327</td>
<td>330</td>
</tr>
<tr>
<td>Retail/wholesale</td>
<td><strong>1,595</strong></td>
<td><strong>1,394</strong></td>
</tr>
<tr>
<td>Licensing</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td><strong>1,607</strong></td>
<td><strong>1,410</strong></td>
</tr>
</tbody>
</table>

Retail
Retail, up 3% underlying (up 19% at reported FX), with comparable sales up 3% (Q3: up 3%; Q4: up 2%).

Comparable sales by region,

- Low single-digit growth in Asia Pacific
  - Mainland China delivered high single-digit percentage growth, accelerating through the half, but Hong Kong declined, experiencing negative footfall only partially offset by improved conversion
  - Korea, our third largest market in Asia, declined, impacted by both the macro environment and our own actions to reduce promotional activity

- Double-digit percentage growth in EMEIA
  - Continued exceptional performance in the UK. Continental Europe improved through the half, particularly France, while the Middle East remained challenging
  - Growth from both travelling and domestic customers

- Mid single-digit percentage decline in the Americas
  - The relative strength of the US dollar drove a strong increase in sales from US customers abroad, while demand at home reduced (both domestic and tourist)
  - In addition, strategic actions taken to protect brand positioning in the highly promotional US environment, contributed to the decline

Digital growth reflected strategic focus and investment

- With strong traffic and improved conversion, mobile delivered the majority of the growth, up c.50% year-on-year
- The enhanced local website in China delivered positive results with a near doubling of direct to consumer sales

By product, newness led growth in all categories with a strong customer response to the February runway collection and its commercial extensions, innovation performing in outerwear and strength in leather goods.
**Wholesale**
In line with guidance, wholesale revenue was down 13% underlying (down 1% at reported FX), with over half of the decline from Beauty.

Reflecting the rationalisation of distribution in key markets and distributor de-stocking, Beauty revenue declined by about 20% underlying. Emphasis placed on pillar fragrances, with My Burberry and Mr Burberry continuing to gain share in key markets.

Excluding Beauty, underlying wholesale revenue declined, in part reflecting our strategy to elevate the brand with a significant decline in the Americas, EMEIA also down year-on-year and Asia Pacific broadly unchanged.

**Licensing**
Primarily reflecting the planned expiry of the Japanese Burberry licences, as we moved to direct retail operation, revenue declined by 38% underlying, consistent with guidance.

**Outlook**
**FY 2017**
No change to our expectation for FY 2017 adjusted PBT at FY 2016 rates.

The expected impact of year-on-year exchange rate movements on reported adjusted retail/wholesale profit at 31 December rates* was about £115m, at the time of the Q3 Trading Update it had become slightly more favourable towards £120m, and at 31 March rates is about £130m.

**FY 2018**
*Retail:* Burberry will focus on productivity from the current store footprint therefore no contribution from net new space is expected in FY 2018.

*Beauty:* On 3 April 2017, Burberry announced a strategic partnership with Coty for its Beauty business from October 2017, subject to regulatory approvals. The impact is expected to be broadly neutral to adjusted PBT in FY 2018 and accretive from FY 2019. From the second half of FY 2018 Beauty will transition from a wholesale business model to licensing. This is reflected in guidance below.

*Wholesale:* Burberry expects total underlying wholesale revenue in the first half of FY 2018 to be down by a mid single-digit percentage (H1 2016/17: £287m). This reflects some expected business disruption for Beauty. Excluding this, underlying wholesale revenue is expected to be broadly unchanged year-on-year (H1 2016/17: £217m).

*Licensing:* Total underlying licensing revenue for FY 2018 is expected to be up c.20% year-on-year.

*FX:* At 31 March spot rates, the expected impact of year-on-year exchange rate movements on reported adjusted PBT is expected to be about £10m adverse. At the time of the Q3 Trading Update this was estimated to be a benefit of c.£20-30m. The majority of the adverse foreign exchange movement since January is expected to be offset by an improvement in underlying performance.
Summary
In what remains a rapidly changing environment, Burberry will continue to take actions to elevate and strengthen its brand positioning, maintain tight discipline on costs and execute on its strategic agenda, including the transition of its Beauty business to a licence agreement. Our focus is on our brand, our products and the execution of our five strategic pillars to return Burberry to growth.

* See Appendix

Enquiries

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Paul Raeburn

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 Preliminary Results for the twelve months to 31 March 2017 on 18 May 2017.

Underlying performance is calculated before adjusting items and removes the effect of changes in exchange rates, compared to the prior period. This takes into account both the impact of the movement in exchange rates on the translation of overseas subsidiaries’ results and also on foreign currency procurement and sales through the Group’s UK supply chain. Comparable sales is the year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. Certain financial data within this announcement have been rounded.

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 31 March 2017, Burberry globally had 209 retail stores, 200 concessions, 60 outlets and 48 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.

Appendix

Retail/wholesale revenue by destination

<table>
<thead>
<tr>
<th>£ million</th>
<th>Six months to 31 March</th>
<th>£ million</th>
<th>Six months to 31 March</th>
<th>% change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td>reported</td>
<td>FX</td>
<td>underlying</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>659</td>
<td>556</td>
<td>19</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>EMEIA</td>
<td>536</td>
<td>463</td>
<td>16</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>400</td>
<td>375</td>
<td>7</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,595</strong></td>
<td><strong>1,394</strong></td>
<td><strong>14</strong></td>
<td><strong>(1)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Retail/wholesale revenue by product division

<table>
<thead>
<tr>
<th>£ million</th>
<th>Six months to 31 March</th>
<th>£ million</th>
<th>Six months to 31 March</th>
<th>% change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td>reported</td>
<td>FX</td>
<td>underlying</td>
</tr>
<tr>
<td>Accessories</td>
<td>607</td>
<td>509</td>
<td>19</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Womens</td>
<td>468</td>
<td>413</td>
<td>13</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Mens</td>
<td>353</td>
<td>301</td>
<td>17</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Childrens</td>
<td>59</td>
<td>50</td>
<td>18</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Beauty</td>
<td>108</td>
<td>121</td>
<td>(10)</td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,595</strong></td>
<td><strong>1,394</strong></td>
<td><strong>14</strong></td>
<td><strong>(1)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Exchange rates

<table>
<thead>
<tr>
<th>£1=</th>
<th>Spot rate</th>
<th>Average exchange rates for FY 2017</th>
<th>Average exchange rates FY 2016 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2017</td>
<td>31 March 2017 Actual</td>
<td>31 December 2016 Forecast</td>
</tr>
<tr>
<td>Euro</td>
<td>1.17</td>
<td>1.19</td>
<td>1.19</td>
</tr>
<tr>
<td>US Dollar</td>
<td>1.25</td>
<td>1.30</td>
<td>1.30</td>
</tr>
<tr>
<td>Chinese Yuan</td>
<td>8.62</td>
<td>8.73</td>
<td>8.75</td>
</tr>
<tr>
<td>Renminbi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong Dollar</td>
<td>9.74</td>
<td>10.11</td>
<td>10.06</td>
</tr>
<tr>
<td>Korean Won</td>
<td>1,402</td>
<td>1,487</td>
<td>1,504</td>
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