

18 January 2017

Burberry Group plc

Third Quarter Trading Update

Retail sales up 4% underlying, with strategies for long-term growth delivering early results and efficiency plans on track

Highlights for the three months to 31 December 2016

- Retail revenue £735m, up 4% underlying (up 22% at reported FX)
- Comparable sales up 3%
 - Asia Pacific returns to growth
 - Acceleration in Mainland China and improvement in Hong Kong
 - Double-digit percentage growth in EMEIA
 - Continued exceptional performance in the UK and improvement in France
 - Americas low single-digit percentage decline
 - Similar trends in the US to the first half, with American customer spend globally increasing
- Operational and strategic progress, in line with plans announced in May
 - Brand strength
 - Engagement with festive campaign more than doubled to over 22 million film views
 - Enhanced product strategies
 - Growth led by newness across all categories with particular strength in bags
 - Customer cultivation and service
 - Increased mainline conversion globally and double-digit uplift in spend from returning customers
 - Digital outperformed with growth in all regions
 - Significant growth in mobile and China reflecting strategic focus and investment
 - Plans to enhance efficiency and effectiveness on track
 - Cost savings of around £20m to be delivered in FY 2017 as planned
- £77m of £150m share buyback programme completed to date

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

“With a record number of views of our festive film and strong demand for new products in our collections, this third quarter improvement reflects early progress from our plans to drive Burberry’s performance for the long term. We continue to take action to position the business for growth over time and our plans to enhance efficiency are on track.”

The financial information contained herein is unaudited.

Retail revenue

Retail sales increased by 4% underlying (up 22% at reported FX), with comparable sales up 3% and the balance from net new space.

Comparable sales by region,

- Low single-digit percentage growth in Asia Pacific
 - Acceleration in Mainland China, with high single-digit percentage comparable sales growth, despite the impact of the elevation of the store portfolio in Beijing
 - Hong Kong improved to a low single-digit percentage comparable sales decline, with positive conversion offsetting the majority of the footfall decline
- Double-digit percentage growth in EMEIA
 - Continued exceptional performance in the UK with comparable sales growth of around 40%. Growth from both travelling luxury customers from all regions and from domestic customers
 - Continental Europe remained weak, although France saw an improvement compared to Q2
- Low single-digit percentage decline in the Americas
 - In the United States, domestic and travelling luxury customer demand remained uneven
 - Conversion improved and revenue from personal customer appointments and events grew significantly

Digital outperformed with growth in all regions, reflecting strategic focus and investment. Mobile led the growth, with continued strong traffic and a meaningful improvement in conversion, supported by the launch of new payment methods. The re-designed global site is receiving positive Net Promoter Score (NPS) results and the enhanced local website in China delivered strong growth.

By product, fashion again outperformed replenishment and led growth across all categories. Accessories outperformed, led by strength in bags. Customers responded positively to our festive assortment, with good growth in SLGs. The September collection delivered strong results following the exceptional response to the runway show.

Outlook

No change in the outlook for retail, wholesale and licensing revenue to that given at the Interim Results in November 2016.

The expected benefit to FY 2017 reported adjusted retail/wholesale profit based on 31 October exchange rates* compared to FY 2016 rates was about £125m. This reduced to about £115m using 31 December rates. Since then the movement in exchange rates has become slightly more favourable.

We expect FY 2017 adjusted PBT to be in line with current market expectations.

* See Appendix

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 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 2017 on 19 April 2017. It 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. 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 December 2016, Burberry globally had 213 retail stores, 202 concessions, 61 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

Exchange rates

| £1= | Forecast full year average rates for FY 2017 | | Average exchange rates FY 2016 |
|-----------------------|---|--------------------|-----------------------------------|
| | 31 December 2016 | 31 October 2016 | 31 March 2016 |
| Euro | 1.19 | 1.16 | 1.36 |
| US Dollar | 1.30 | 1.29 | 1.50 |
| Chinese Yuan Renminbi | 8.75 | 8.54 | 9.57 |
| Hong Kong Dollar | 10.06 | 9.98 | 11.67 |
| Korean Won | 1,504 | 1,448 | 1,740 |
| Yen [~] | 158 | 154 | 177 |

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