

11 July 2018

Burberry Group plc First Quarter Trading Update

Continued progress executing plan with comparable sales +3%

“We are pleased with our progress in the quarter. The team has embraced Riccardo’s creative vision and is working well together as we prepare for his debut collection in September, the next step in our journey. While we know it will take time to achieve our ambitions, our progress to-date and the energy in and around the company give me confidence for the future.”

Marco Gobbetti, Chief Executive Officer

Highlights

- Solid performance in retail in a period of transition, with comparable sales +3%
- Strategically investing in key markets including relocating and expanding our flagship store in Dubai and closing an additional two outlets
- Pop up stores showcased new handbags in Beijing, Dubai, New York and Seoul
- Completed global roll out of new digital clienteling tool supporting enhanced customer service
- Farfetch collaboration performing ahead of our expectations
- Announced moving to a new model of engaging consumers with frequent and sometimes unexpected drops of fresh product, including:
 - Limited-edition pieces from Riccardo’s inaugural collection available to buy through a series of instant drops from September
 - Vivienne Westwood collaboration of re-imagined iconic styles to launch in select stores in December
- Luxury leather goods acquisition proceeding as planned
- Commenced £150m share repurchase programme

First quarter retail performance

- Growth led by local and returning top customers
- Newly launched handbags, such as the Belt and D-ring performed well, a positive early sign for the transformation of our leather offer
- Refreshed heritage trench rollout is now live in over 80 stores
- Rainwear grew with strength from Car Coats and seasonal tropical gabardine
- Customers are responding to our more complete wardrobe offer and full look merchandising

Retail revenue 13 weeks to 30 June

£ million	2018	2017	% change	
			Reported FX	CER*
Retail Revenue	479	478	0%	3%
Comparable sales	3%	4%		

*Growth at CER includes marginally negative net space contribution, impact of retail calendar +0.2% and IFRS 15 -0.5%. For more detail see Appendix

The financial information contained herein is unaudited.

- Comparable sales +3%
 - Asia Pacific grew by a mid-single digit percentage
Mainland China grew and Hong Kong, Korea and Japan all benefited from Chinese spend shifting more to Asian tourist destinations within the region
 - EMEIA declined by a low single digit percentage
Softer tourist demand impacted both the UK and Continental Europe and the Middle East remained weak due to macro factors
 - Americas grew by a high single digit percentage
Improved trends seen in the fourth quarter of FY 2018 continued, with footfall in the US positive
 - Strong growth in digital
Direct-to-consumer growth was led by Asia Pacific and mobile is now the largest digital channel

FY 2019 outlook

- No change to guidance at CER, some easing of currency headwind at current rates*
- On track to deliver cumulative cost savings of £100m

*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
- The AGM will be held on 12 July 2018
- Interim Results for the 26 weeks to 29 September 2018 will be announced on 8 November 2018

Constant exchange rates (CER) 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.

Cumulative cost savings are savings compared to FY 2016 operating expenses.

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 distinctly British attitude, renowned for extraordinary creativity and tireless innovation. Burberry designs and sources apparel and accessories, selling through a diversified network of retail (including digital), wholesale and licensing channels worldwide.
- At 30 June 2018, Burberry globally had 242 retail stores, 154 concessions, 52 outlets and 46 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.

Appendix

Exchange rates

At 29 June 2018 effective rates, the expected impact of year-on-year exchange rate movements on FY 2019 reported adjusted operating profit is around £25m adverse. This improvement of about £15m compared to our previous guidance of around £40m adverse at 30 April 2018 spot rates is principally due to Sterling depreciating against the US and Hong Kong dollars. For the full year we expect a marginal currency benefit to revenue, with a headwind in the first half more than offset by a benefit in the second.

Exchange rates	Forecast effective rates for FY 2019		Actual average exchange rates FY 2018
	29 June 2018	30 April 2018	
£1=			
Euro	1.13	1.14	1.13
US Dollar	1.32	1.38	1.33
Chinese Yuan Renminbi	8.68	8.71	8.79
Hong Kong Dollar	10.34	10.81	10.37
Korean Won	1,466	1,473	1,473

Retail calendar

With effect from 1 April 2018, Burberry is preparing its full year consolidated financial statements to the Saturday nearest to the 31 March.

- For FY 2019, there will be no material difference between the comparability of the prior year and current year income statement
- On a reported basis in FY 2019, there will be some phasing impact on quarterly revenues resulting from a difference in trading days under the new and old financial reporting calendars
- To aid with comparability, in FY 2019, any revenue differences arising from the changes in reporting calendar will be split out separately

IFRS 15

With effect from 1 April 2018, Burberry is preparing its full year consolidated financial statements according to the new accounting standard IFRS 15 relating to revenue from contracts with customers.

- Under the new standard, revenue is recognised when a customer obtains control of a good or service. The impact of adopting this standard has been assessed and will result in a delay in the timing of a portion of the Group's digital revenue
- Based on this assessment, the impact of IFRS 15 on FY 2018 results is not significant and hence FY 2018 will not be re-stated as a result of the adoption of the standard
- There will be some phasing impact on quarterly revenues. To aid with comparability, in FY 2019, any revenue phasing differences arising from the adoption of IFRS 15 will be split out separately.