

# Burberry Group plc

## First Quarter Trading Update Interim Management Statement

11 July 2007. Burberry Group plc reports on trading for the first quarter ended 30 June 2007.

### Highlights

- Total revenue increased 30% on an underlying\* basis
- Retail sales rose 25% underlying driven by new and existing stores
- Wholesale revenue increased 51% underlying
  - Burberry continues to anticipate a mid-teens percentage underlying increase in wholesale revenue for the first half
- Licensing revenue increased 6% underlying

### Revenue by geographical origin (statutory accounts format)

£ million	First Quarter to 30 June		% change
	2007	2006	
Europe (ex Spain)	63.1	44.1	43
Spain	17.9	15.2	18
North America	40.9	35.5	15
Asia Pacific	45.6	40.6	12
Total	167.5	135.4	24

### Revenue by channel of distribution

£ million	First Quarter to 30 June		% change	
	2007	2006	Reported	Underlying*
Retail	97.0	82.0	18	25
Wholesale	55.3	37.7	47	51
Licensing	15.2	15.6	(3)	6
Total	167.5	135.4	24	30

\* Underlying change is calculated at constant exchange rates. 2007/08 underlying figures are calculated at the same exchange rates used in the 2006/07 year's reported results for the period.

Commenting on the trading results, Angela Ahrendts, Chief Executive Officer, stated, *"The year is off to a good start. Our key strategies continue to drive strong retail performance and we are pleased that these retail-oriented initiatives are benefiting wholesale partners as well. Results for the quarter are consistent with our expectations for the full financial year."*

**Total revenue**

Total revenue in the first quarter increased 30% on an underlying basis (i.e. adjusted for year over year exchange rate differences). Total reported revenue increased 24% in the period.

**Retail**

Retail sales accounted for approximately 58% of total reported revenue in the quarter.

Retail sales in the period increased 25% underlying, 18% reported. Comparable store sales increased 9%, against a strong prior year comparison. Average selling space increased approximately 14%. During the quarter, Burberry opened four stores, in Antwerp (Belgium), Bologna (Italy), Puerto Banus (Spain) and Tampa (Florida). The Group opened a net six concessions, including those in Italy, Spain, Singapore and the UK, and three outlet stores. Burberry remains on schedule to increase average net retail selling space by approximately 13% for the financial year.

Retail performance was broadly consistent across the regions. In the US, gains were balanced between existing and new store contributions. New space additions were complemented by good gains at existing stores to produce strong performance in Europe, where Italy and Spain were the best performing markets. Led by Hong Kong, Malaysia and Australia, Asia Pacific continued to achieve strong sales growth through a combination of new and existing store contributions. Throughout the retail channel, key merchandise categories included outerwear, runway apparel, luxury handbags and shoes.

**Wholesale**

Wholesale sales accounted for approximately 33% of total reported revenue in the quarter.

Wholesale sales increased 51% underlying, 47% reported. In this typically small wholesale quarter, the gain partially reflected the acceleration of shipments in advance of second quarter requirements, as well as the impact of key strategies, including the new market calendar and replenishment. The majority of autumn/winter product shipments continue to be concentrated in the second quarter of each financial year. Burberry continues to anticipate a mid-teens percentage underlying increase in first half wholesale sales relative to the previous year.

In conjunction with a local partner, the Group opened a franchise store in Mexico City during the quarter.

**Licensing**

Total licensing revenue in the quarter increased 6% underlying. In Japan, revenue increased moderately on gains from ongoing licences. Product licences produced solid gains led by eyewear. Exchange rate differences

between reporting periods, primarily yen, resulted in a 3% reported decline in licensing revenue for the quarter. Burberry continues to expect broadly flat underlying licensing revenue relative to 2006/07 for the full financial year.

### **Operations**

In advance of the planned 2008 headquarters relocation, Burberry completed the sale of its central London building during the quarter. Inclusive of one-time costs associated with the move, the Group expects to record a net pre-tax gain of approximately £15 million associated with the transaction in the 2007/08 financial year.

Burberry will provide a first half trading update on 16 October and release interim results for the six months to 30 September on 14 November.

### **Enquiries:**

#### **Burberry**

Stacey Cartwright  
Matt McEvoy

CFO  
Strategy and IR

020 7968 0577

#### **Brunswick**

David Yelland  
Laura Cummings  
Robert Gardener

020 7404 5959

The financial information contained in this Trading Update has not been audited.

Certain statements made in this Trading Update 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.

This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares. Past performance is not a guide to future performance and persons needing advice should consult an independent financial adviser.