

Burberry Group plc

First Quarter Trading Update

13 July 2005. Burberry Group plc reports on trading for the first quarter ended 30 June 2005.

Highlights

- Total revenue increased 9% on an underlying* basis
- Retail sales rose 9% underlying driven primarily by new and refurbished stores
- Wholesale revenues increased 5% underlying; excluding the effect of the Taiwan Acquisition, Burberry continues to anticipate first half wholesale sales broadly flat relative to the previous year
- Licensing revenue increased 26% underlying; Burberry continues to anticipate moderate licensing revenue growth for the year
- Entered into agreements to acquire Taiwan distributors

£ million	Quarter to 30 June			% change	
	2005		2004	Reported	Underlying*
	Reported	Underlying*	Reported		
Retail	60.8	60.5	55.6	9	9
Wholesale	38.7	38.8	37.0	5	5
Licence	14.2	13.9	11.1	28	26
Total	113.7	113.2	103.7	10	9

* Underlying figures are calculated at the same exchange rates used in the previous year's quarterly reported results.

Commenting on the trading results, Rose Marie Bravo, Chief Executive, stated, *"Burberry has had a successful first quarter. We largely completed the seasonal transition of our stores and are encouraged by the initial consumer response to autumn/winter merchandise. At the same time, Burberry continued to strengthen the brand's presence in Asia by finalising terms for the acquisition of our distributors in Taiwan."*

Total revenue

Total revenue in the first quarter increased 9% on an underlying basis (i.e. at constant exchange rates), 10% reported, compared to the same period last year.

Retail

Retail sales in the quarter increased 9% underlying, 9% reported, driven by contributions from newly opened and refurbished stores and marginal gains at existing stores. Retail sales accounted for approximately 53% of total revenue in the period. During the quarter, Burberry opened four concessions in Spain and Korea and an outlet store. The Group also reopened several refurbished stores, including those in Boston, Denver, Philadelphia and Washington DC. Year on year average retail selling space increased approximately 8% in the quarter. Burberry remains on schedule to increase net retail selling area by approximately 8% for the financial year, excluding the impact of the Taiwan Acquisition.

Retail sales performance varied by region. In the US, strong sales growth at full price and outlet stores resulted from gains at existing stores, which benefited from end of season clearance activity, and selling space additions. Against strong comparatives, sales growth in Continental European markets was driven primarily by new stores and concessions. The UK market continued to be soft. In Asia, sales in Korea continued to be volatile as a result of the challenging retail environment, which produced a small decline for the quarter. Led by existing stores, Hong Kong and Southeast Asian markets achieved strong gains in the period.

Wholesale

In the quarter, total wholesale sales increased 5% on an underlying basis, 5% reported. The majority of autumn/winter product shipments are concentrated in the second quarter of each financial year. Excluding the impact of the Taiwan Acquisition, Burberry continues to anticipate first half wholesale sales broadly flat relative to the previous year. The Taiwan Acquisition will result in a modest shift of sales from Burberry's wholesale channel to its retail channel for the half and full financial year.

In conjunction with local partners, the Group opened franchised stores in Sao Paulo (Brazil), Jeddah (Saudi Arabia) and Riyadh (Saudi Arabia) in the quarter.

Licensing

Total licensing revenues in the quarter increased 26% on an underlying basis, 28% reported. In Japan, aggregate volumes declined as a result of Burberry's programme to restrict selectively distribution of certain products, a soft apparel market and licence transitions/cancellations. This decline was largely offset by increases in certain royalty rates. Licensing revenue growth also reflected

increased royalties from Burberry's global product licensees. These gains were led by fragrance revenues, which benefited from an improved royalty structure relative to the previous period. Burberry continues to anticipate moderate licensing revenue growth for the full financial year.

Taiwan Acquisition

In June, Burberry entered into agreements to acquire the operations and assets of its distributors in Taiwan (the "Taiwan Acquisition"). These operations consist of 12 retail stores and concessions located across Taiwan. Total consideration for the acquisition, including the value of a future contingent payment, is expected to be approximately £9 million in cash. Following the initial partial year of transition, the purchase is expected to contribute in the order of £2 million of operating profit in financial year 2006/07. The transaction is scheduled to close in August 2005.

Burberry will provide a first half trading update on 11 October and release interim results for the six months to 30 September 2005 on 15 November.

Enquiries:

Burberry

Stacey Cartwright
Matt McEvoy
John Scaramuzza

CFO
Strategy and IR
Strategy and IR

020 7968 0577

Brunswick

Susan Gilchrist
Robert Gardener
Laura Cummings

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 or GUS plc shares. Past performance is not a guide to future performance and persons needing advice should consult an independent financial adviser.