

17 February 2010

Burberry Group plc

Restructuring of Spanish operations

Burberry Group plc, the global luxury company, has today announced the planned restructuring of its Spanish operations consistent with its strategy of aligning Burberry in Spain with its global business model.

With the continued economic downturn in Spain, it is no longer viable for Burberry to design and sell collections produced exclusively for this market. Losses are now expected from Spain in 2009/10 and beyond. Burberry is therefore implementing a restructuring plan which includes the following measures:

- Introduction of the global collection with effect from Spring/Summer 2011 across all channels in Spain.
- Cessation of the local collection after Autumn/Winter 2010.
- Closure of the facility in Barcelona responsible for this local collection. Burberry will shortly be entering into a consultation process which could lead to around 300 redundancies.

The one-off charge associated with this planned restructuring will be between Euro50m-70m, with the principal costs being fixed asset and inventory write-offs; as well as the costs of the associated social plan. Further details of the impact of this planned restructuring on revenue, profit & loss and cash, especially in the transitional year 2010/11, will be given at the Group's preliminary results in May 2010. Adjusted group profit before tax for 2009/10 remains in line with expectations.

Following this proposal, Burberry will continue to have a strong presence in Spain through its directly-operated stores, concessions and the wholesale channel, profitably distributing the global collection.

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The financial information contained in this announcement has not been audited. 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.

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.

Notes to Editors

- Retail/wholesale revenue in Spain for the financial year 2008/09 was £145m. For the first six months of financial year 2009/10, revenue in Spain at constant exchange rates was down by 37% year-on-year.
- Burberry is a global luxury brand with a distinctive British heritage, core outerwear base and has one of the most recognised icons in the world.
- Burberry designs and sources apparel and accessories, selling through a diversified network of retail, wholesale, licensing and e-commerce channels worldwide.
- Burberry has five strategic themes to underpin its growth: leverage the franchise; intensify non-apparel development; accelerate retail-led growth; invest in under-penetrated markets; and pursue operational excellence.
- At 31 December 2009, Burberry had 127 retail stores, 255 concessions, 47 outlets and 96 franchise stores, with e-commerce in over 25 countries.
- 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.