

press release

26 May 2011

Burberry pulls it out the bag

- Burberry announce a 27% increase in revenue to £1.5bn
 - Emerging markets are key for Burberry
 - The Share Centre upgrades Burberry to a 'hold'

As emerging markets prove vital to Burberry Nick Raynor, investment adviser at The Share Centre, upgrades the retailer to a 'hold' for investors.

"This morning Burberry announced adjusted pre-tax profit of £298m up 39% and revenue £1.5bn up 27% for last year. This was largely driven by growth in emerging markets – particularly China where it has added 50 franchise stores since July 2010. Profits were also helped by better management of its stock as Burberry sold fewer items at sale prices.

"Going forward Burberry plans to increase its retail space by 12-13% during 2011, focusing on China, Latin America and the Middle East. It is worth noting the retailer has said it will be spending more on store openings in the first half of the year - impacting figures.

"We are still cautious of the retailer's performance in previously traditional markets, such as the UK, Spain and Europe, however after another set of positive results we have upgraded Burberry from a 'sell' to a 'hold'. Growth in emerging markets shows no signs of slowing down and we believe the luxury retailer will continue to profit from these regions for another 12 – 18 months.

"In early morning trading, the share price fell 2% and we would see any further weakness as an opportunity to build a holding in the retailer."

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The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

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