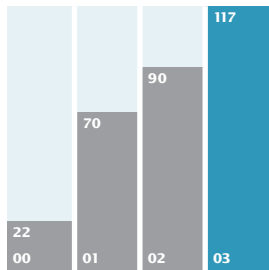


# Burberry continued to build on its unique positioning as the authentic British luxury brand.



**Burberry operating profit**  
£ million

## Burberry

This was an eventful year for Burberry, both strategically and financially, during which it established a strong platform for future growth.

The year began with Burberry's successful IPO, which took place during some of the most difficult stock market conditions in more than a decade. It was a significant milestone in a five-year transformation of Burberry that saw a new management team undertake a series of initiatives to create a distinctive luxury brand with international recognition and broad appeal.

Burberry ended the year with an excellent set of financial results, ahead of expectations at the time of the IPO in July 2002. At constant exchange rates, sales increased by 21% and profit by 34%.

## Products

Burberry products include apparel for women, men and children, together with accessories such as handbags, scarves and small leather goods.

The continuing development of high-margin accessories was a primary objective during the year. These now account for 29% of the product mix. Womenswear, which led the revitalisation of the Burberry brand, maintained its strong momentum, with sales up 20% on the previous year. This was led by strong demand for new interpretations of traditional Burberry classics such as the trench coat and by new core classics such as quilted jackets and kilt-inspired skirts. In menswear, Burberry continued to capitalise on the masculine heritage of the brand by broadening and intensifying its product range.

The Burberry Prorsum men's and women's collections were showcased on the catwalks during Milan's quarterly fashion weeks. These strategically important collections received outstanding press reviews.

## Distribution

Burberry sells products in Europe, North America and Asia through its own directly operated stores and wholesale customers.

The company made further strategic progress with the acquisition of its Korean distributor, which completed Burberry's programme of taking direct control of its primary Asian markets outside Japan. The licensing arrangements in Japan, which is the most important luxury market in the world, continued to flourish with retail sales in excess of an estimated £1 billion.

In North America, which represents a key area of future growth, Burberry continued to expand its presence through increased sales in existing and new stores. The new 24,000 square foot store in New York City was one of five to be opened in North America. It also became the largest of Burberry's flagship stores to date and the most complete expression of the Burberry brand in the US market.

Within Europe, the brand's repositioning in the domestic Spanish market made encouraging progress, led by the opening of a store in Barcelona, Burberry's first in this important market.

**New York:** The new 24,000 square foot flagship store in New York City was opened in November 2002. It was one of 12 Burberry stores to be opened or refurbished last year.

**Apparel:** Burberry's apparel collections were showcased in London and Milan during the year, with significant editorial recognition from fashion and lifestyle media.

**Barcelona:** Burberry's repositioning in the important Spanish market progressed with the opening of a store in Barcelona.

**Accessories:** Burberry accessories were 29% of the sales mix, compared to 25% in the previous year as a result of continued product development.

