ANNUAL RESULTS FY15/16
ESPRIT HOLDINGS LIMITED
20 September 2016

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AGENDA

Business Highlights	Jose Manuel Martínez, Group CEO
Annual Results Review	Thomas Tang, Group CFO
Strategic Update	Jose Manuel Martínez, Group CEO
Q&A	

BUSINESS *HIGHLIGHTS*

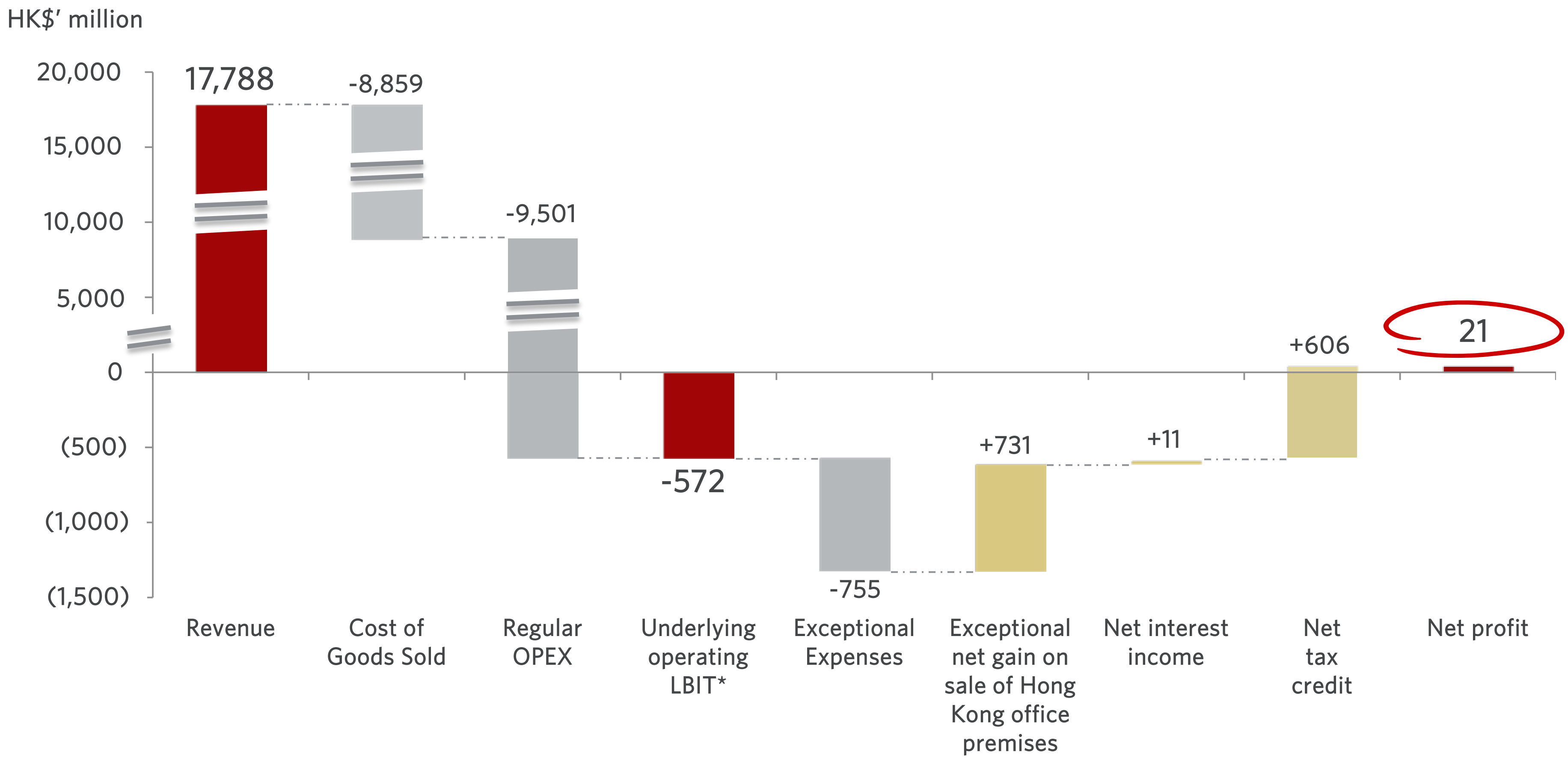
BUSINESS HIGHLIGHTS

- **Positive financial performance in FY15/16**
  - Net profit of +HK$21 million
  - Result from underlying operations LBIT (excl. exceptional items) improved by 20.7% yoy in LCY
  - Revenue almost flat yoy -1.1% in LCY, a positive development against -13.1% reduction of controlled space, driven by positive retail sales performance (offline and online)
  - Stable GP margin of 50.2% (+0.3% points vs last year) despite weakness of Euro currency
  - Operating expenses (excl. exceptional items) reduced by 1.9% in LCY, especially on most important cost lines, i.e. Staff (-9.8%) and Occupancy (-5.4%)
  - Net cash increased by HK$324 million to HK$5.3 billion, with zero debt

- **Successful development of the Strategic Plan**
  - Vertical Model: more competitive products resulting in the first retail space productivity growth in nine years i.e. retail comparable store sales (incl. e-shop) grew +8.1% yoy in LCY
  - Omnichannel Model: improved sales channels performance through different online and offline initiatives e.g. e-shop, representing 23.3% of Group revenue, grew +15.3% yoy in LCY
  - Moving forward main focus on: achieving excellence in our Vertical and Omnichannel models, executing specific plans to tackle current weaknesses in the wholesale business and the Asia Pacific region and further reducing HK$1 billion of operating expenses

ANNUAL RESULTS
REVIEW

NET PROFIT



* *Loss before interest and tax*

INCOME STATEMENT

(in HK$'m)	FY15/16	FY14/15	YoY change HKD	YoY change LCY
Revenue	**17,788**	**19,421**	▼ **8.4%**	▼ **1.1%**
COGS	(8,859)	(9,726)	▼ 8.9%	▼ 1.6%
Gross profit	8,929	9,695	▼ 7.9%	▼ 0.5%
GP margin	*50.2%*	*49.9%*	▲ *0.3%pt*	▲ *0.3%pt*
OPEX	(9,525)	(13,378)	▼ 28.8%	▼ 23.3%
(LBIT)*	(596)	(3,683)	▼ 83.8%	▼ 83.2%
Net interest income	11	16		
Taxation (credit/(charge))	606	(29)		
Net profit / (loss)	21	(3,696)		

Revenue stabilized after four consecutive previous years of declines

A positive development against -13.1% reduction in total controlled space

Driven by a significant sales productivity gain (sales per sqm) in our retail operations for the first time in nine years, and strong sales growth in our e-shops

* *Loss before interest and tax*

▲/▼ *year-on-year change*

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Slight improvement driven by a higher proportion of retail revenue

Partly offset by slightly increased markdowns and the negative impact of the weakness of the Euro

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▲/▼ *year-on-year change*

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OPEX, excluding non-recurring exceptional items, slightly lower than last year by -1.9% in LCY

If also excluding marketing and advertising expenses (up 33.6% in LCY due to the new brand campaigns), and logistics expenses (up 5.5% in LCY caused by e-commerce growth), OPEX reduced by -6.2% year-on-year in LCY

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▲/▼ *year-on-year change*

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Significant exceptional items with limited impact on the LBIT, as exceptional expenses and gains nearly offset each other (-HK$24m net impact)

Excluding exceptional items, underlying operating LBIT of –HK$572m, an improvement of 20.7% from last year in LCY

* *Loss before interest and tax*

▲/▼ *year-on-year change*

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Net tax credit, primarily comprising:

- HK$409m write-back of tax provisions as a result of favorable assessment by the Inland Revenue Department concerning the taxability of the income generated by subsidiaries engaged in the distribution operation of the Group
- HK$197m net tax credit mainly due to tax deductibility of exceptional OPEX and the release of tax provision from previous years

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▲/▼ *year-on-year change*

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Net profit of +HK$21m thanks to improved retail sales performance (incl. e-shops), cost reduction and net credit from taxation

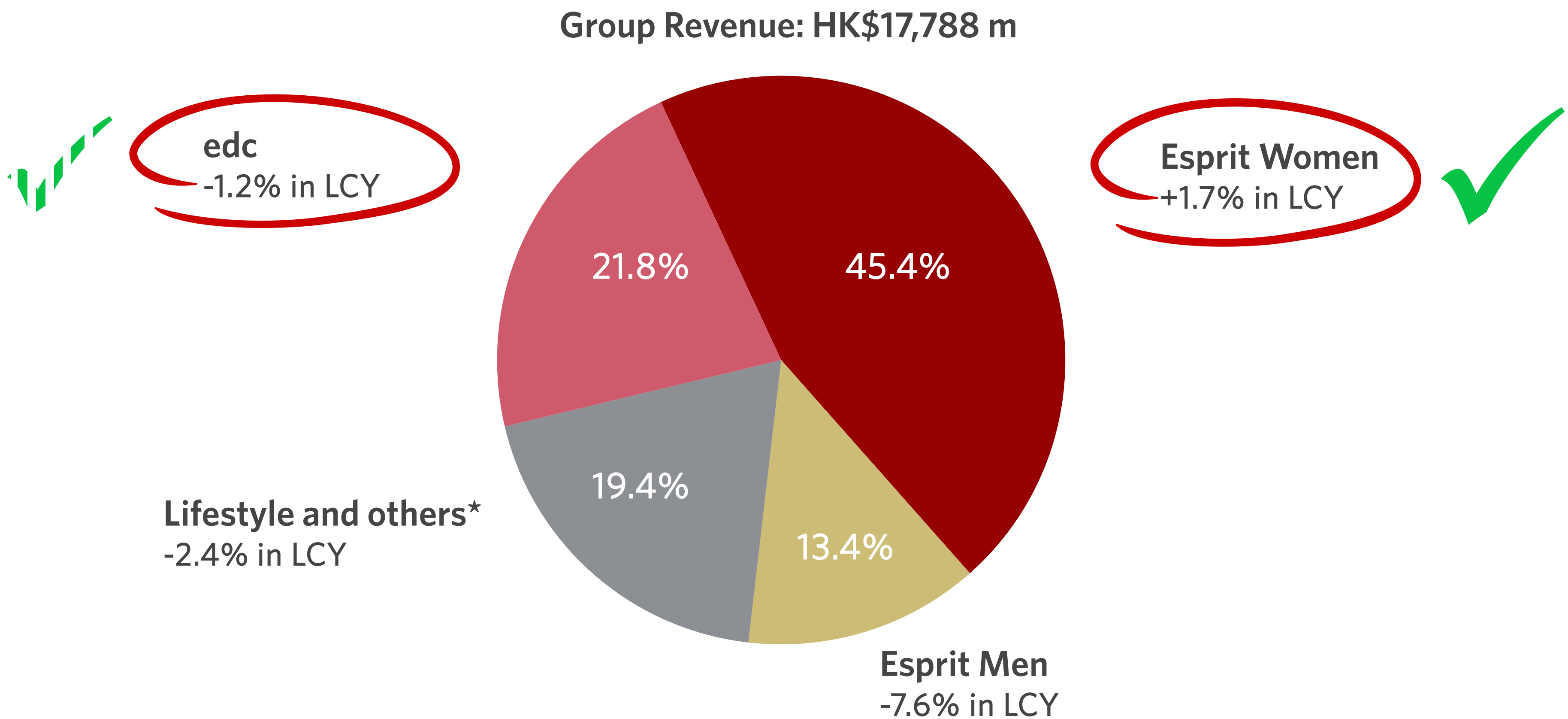
In view of a small net profit, the Board has not recommended the payment of a final dividend

* *Loss before interest and tax*

▲/▼ *year-on-year change*

REVENUE

REVENUE BY PRODUCT DIVISION

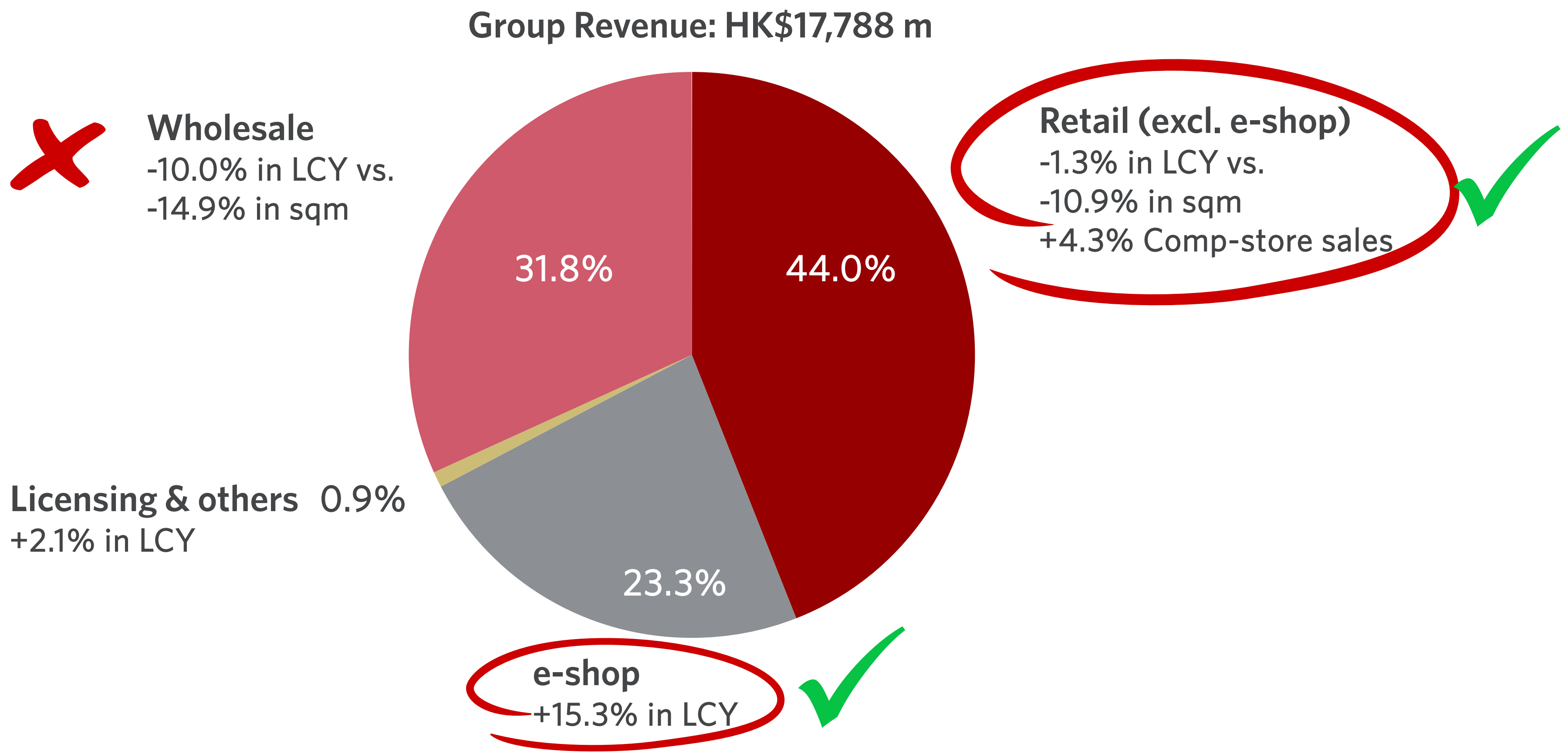


Positive impact more visible in the divisions where the Vertical Model was implemented earlier, i.e. Esprit Women and edc

* *Lifestyle and others include mainly bodywear, accessories and shoes under the Esprit and edc brand, Esprit kids, licensing income & licensed products like timewear, eyewear, jewelry, bed & bath, houseware etc.*

+ / - yoy change

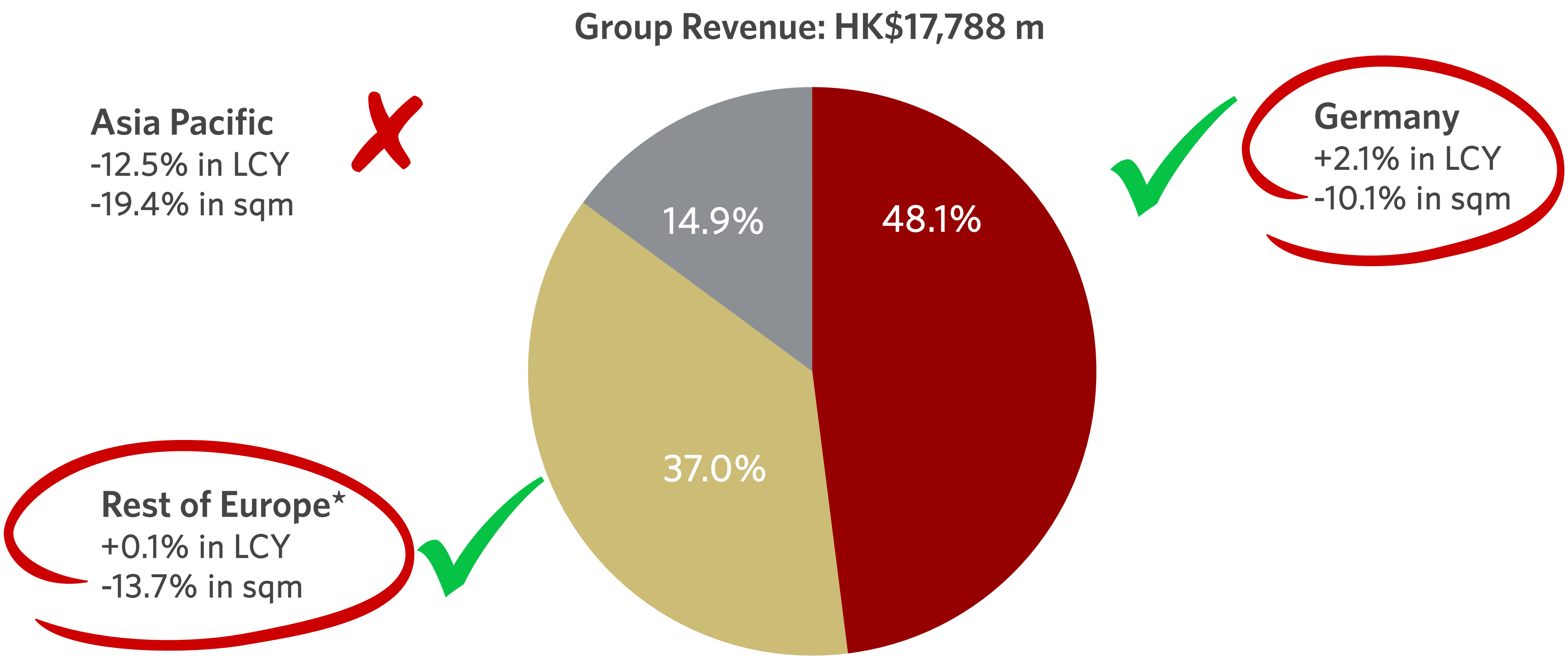
REVENUE BY DISTRIBUTION CHANNEL



Positive impact of the Vertical and Omnichannel models on the retail channels (offline and online), while the wholesale channel remained challenging across the industry and for Esprit

+ / - yoy change

REVENUE BY REGION



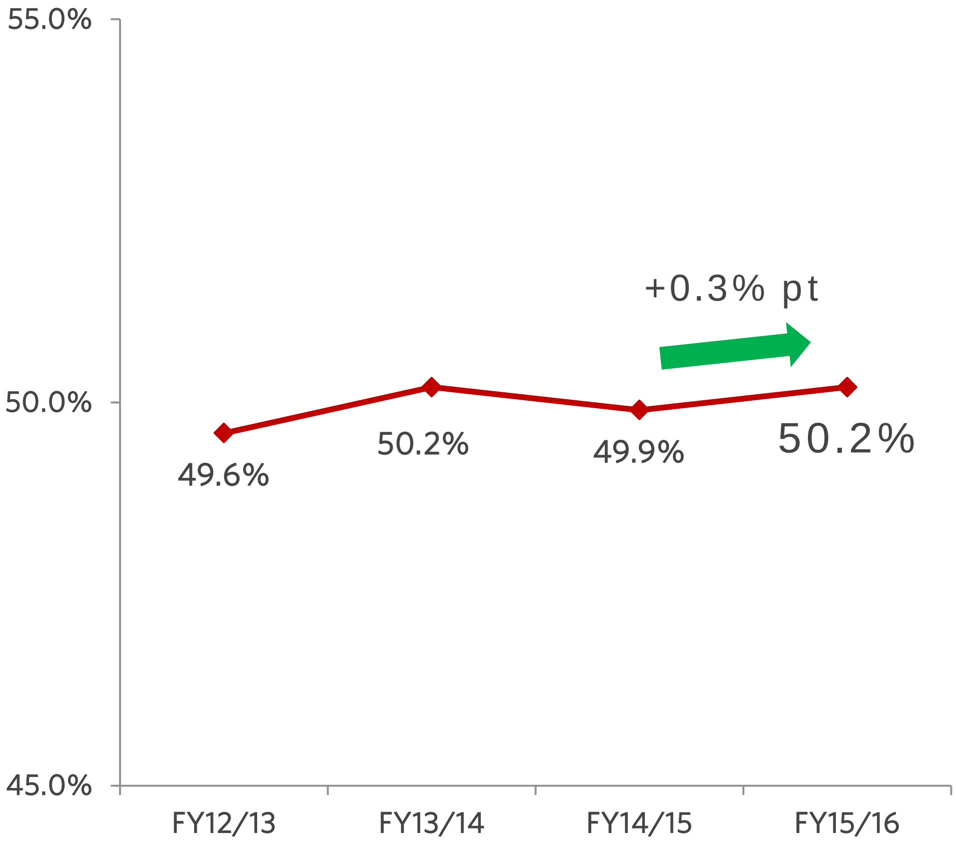
Positive impact of new models in Europe (revenue growth in LCY against double-digit reduction in controlled space) but not yet in Asia Pacific

+ / - yoy change

* *The Rest of Europe region includes our business in America and the Middle East*

PROFITABILITY

GROSS PROFIT MARGIN



Relatively stable gross profit margin:

+ Benefited from a higher retail turnover proportion to Group turnover (67.3% in FY15/16 vs 64.0% in FY14/15)

Offset the negative impact from:

- Continued weakness of the Euro against the US dollar
- Slightly increased markdowns to drive faster retail sales

OPERATING EXPENSES

(in HK$'m)	FY15/16	FY14/15	Change in % LCY
Operational OPEX	9,501	10,413	▼ 1.9%
Staff costs	3,018	3,562	▼ 9.8%
Occupancy costs	2,793	3,160	▼ 5.4%
Logistics expenses	1,022	1,048	▲ 5.5%
Marketing & advertising expenses	1,015	820	▲ 33.6%
Depreciation	591	713	▼ 10.6%
Other operating costs	1,062	1,110	▲ 5.9%
Net Exceptional Expenses	24	2,965	
Total OPEX	9,525	13,378	▼ 23.3%

Significant savings in the two largest cost lines thanks to:

- Acceleration of store closures
- Streamlining of overheads

Increased due to growth of e-shop business (+15.3% in LCY)

Brand Marketing and Omnichannel initiatives to fuel top line growth

A normalized inventory provision of HK$45m this year versus an inventory write-back of HK$266m last year

▲/▼ *year-on-year change*

EXCEPTIONAL EXPENSES

(in HK$'m)	FY15/16	FY14/15
Operational OPEX	9,501	10,413
Exceptional Expenses and Gains	24	2,965
One-off costs in relation to staff reduction plans	462	-
Net provision for store closures and onerous leases	186	282
Impairment of fixed assets	59	171
Impairment of IT applications for Kids Division	48	-
Impairment of China goodwill	-	2,512
Net gain on disposal of Hong Kong office premises	(731)	-
Total OPEX	9,525	13,378

Primarily related to staff reduction at HQs and affiliates in Europe

	HK$'m
• New store closures in APAC	198
• European stores	(174)*
• Store in 34th Street, New York	162
Total	186

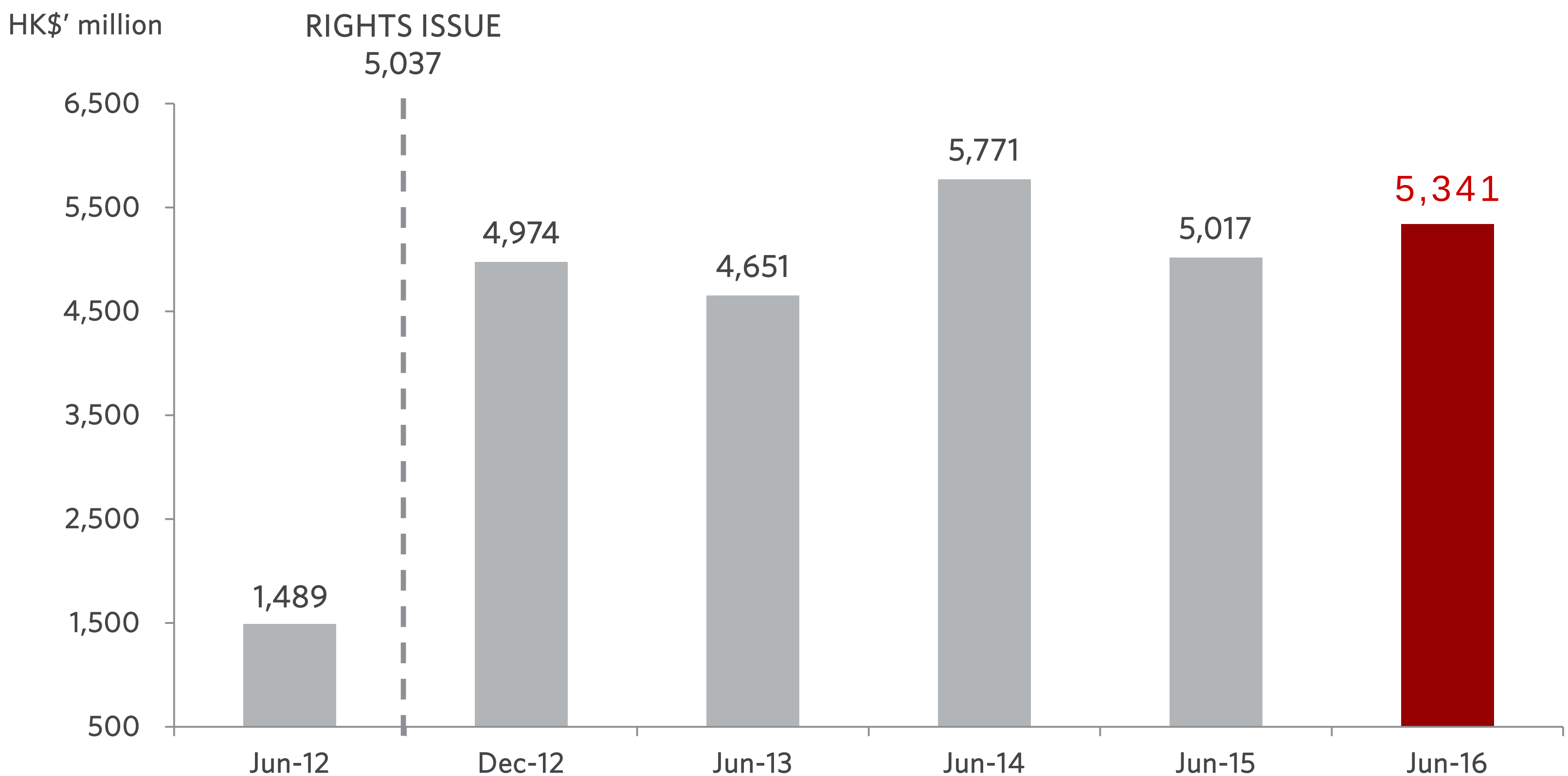
IT applications no longer in use due to licensing of Kids business

HK office premises disposed with a lease back contract

** Positive sales in European retail have resulted in release in provisions for store closures and onerous leases*

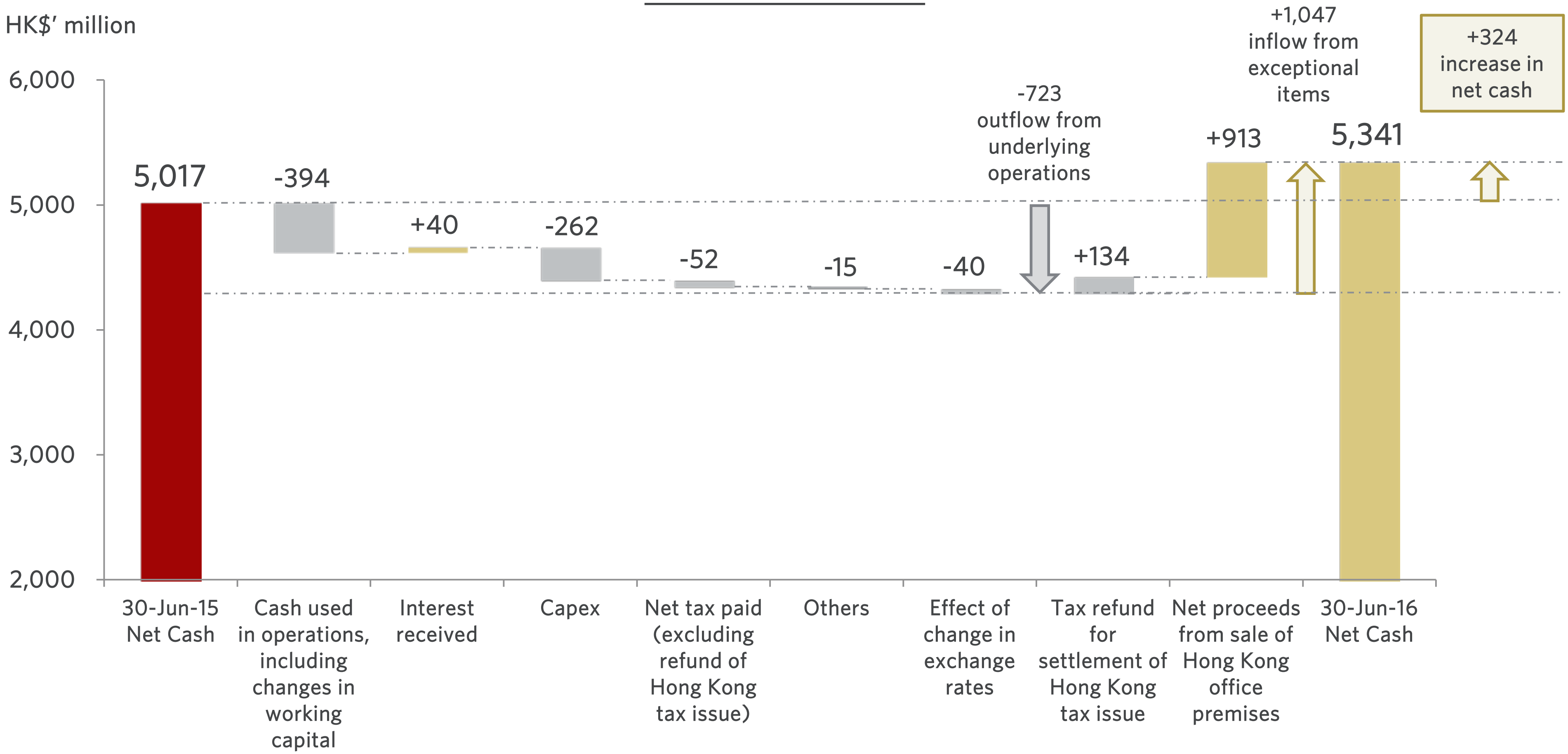
WORKING
CAPITAL

RECENT DEVELOPMENT OF NET CASH POSITION



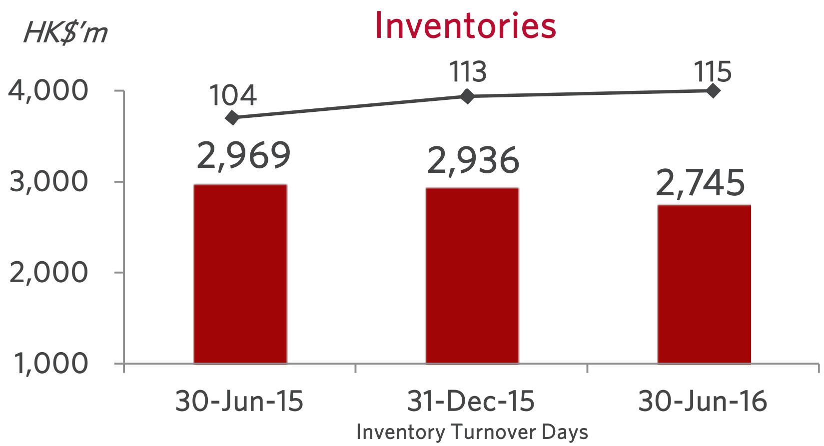
Prudent cash management to maintain a sound financial position that enables the execution of our Strategic Plan and growth efforts over the coming years

CASHFLOW AND NET CASH POSITION



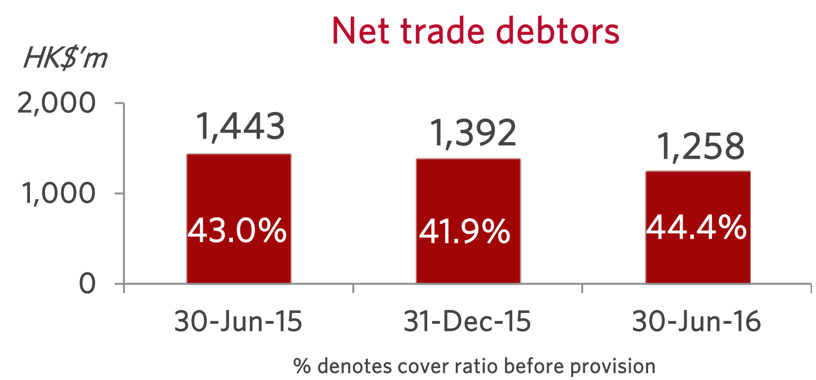
Controlled cash outflow from operations due to sales initiatives (marketing, Omnichannel, inventories) fully offset by exceptional cash inflow in FY15/16

WORKING CAPITAL



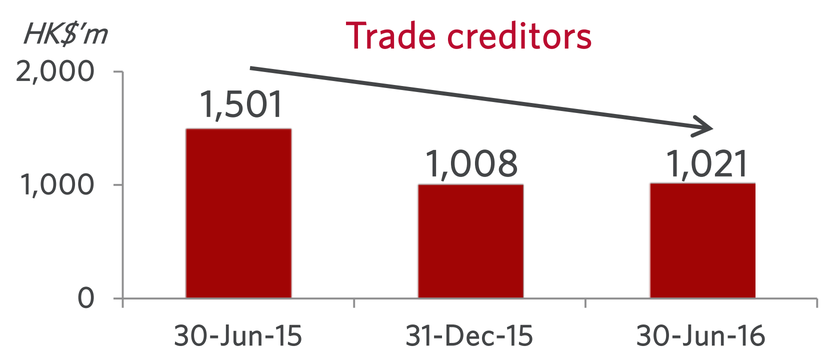
Inventories value ▼ 7.5% yoy due to:

- Benefited from positive retail and e-shop development
- Inventory turnover days ▲11 days due to strategic decision to increase purchase to push retail sales
- ▼ 0.9% depreciation in EUR/HKD closing rate



Net trade debtors ▼12.8% yoy:

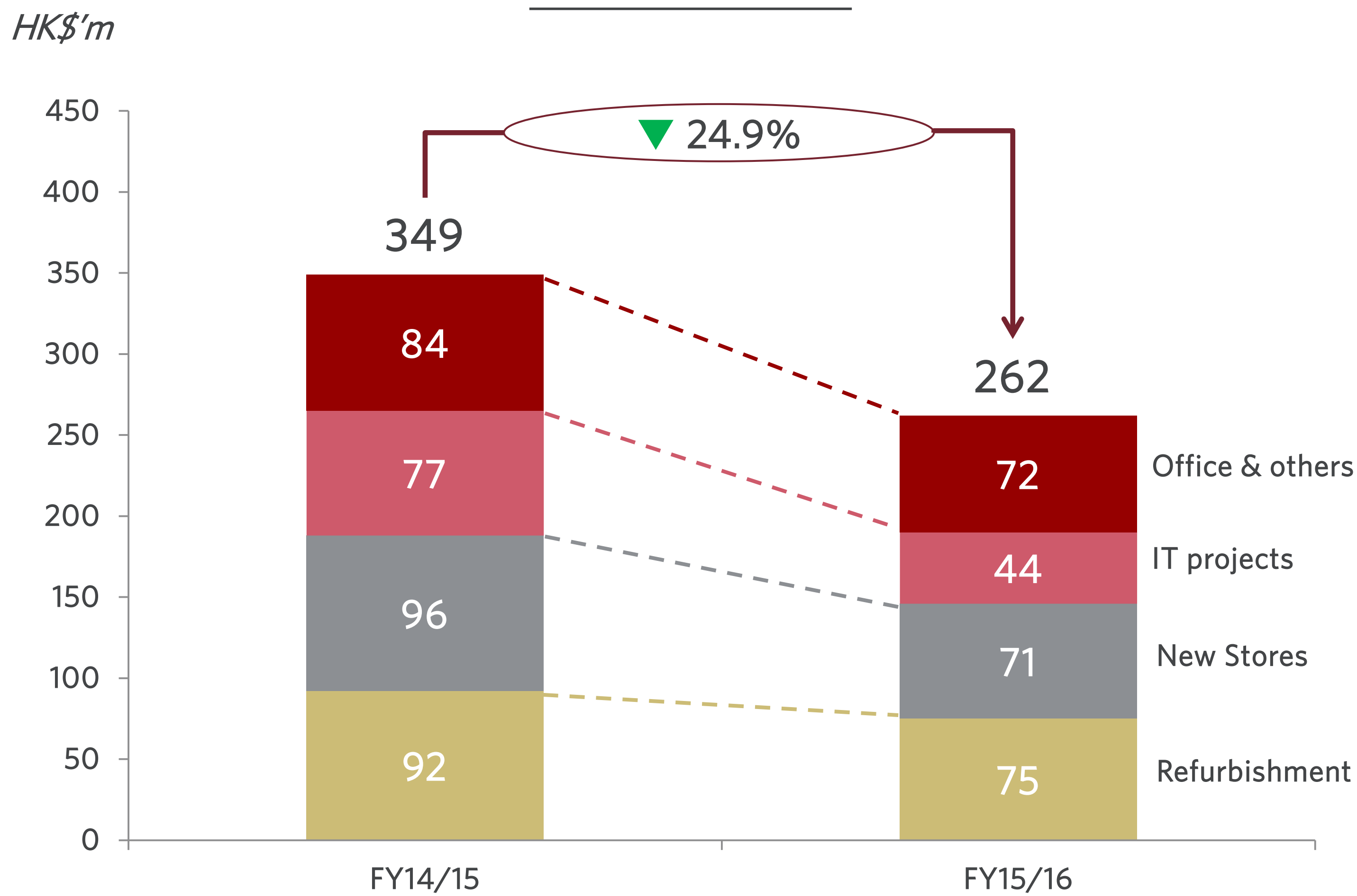
- Largely in-line with the development of wholesale revenue (▼ 10.0% yoy in LCY)
- ▼ 0.9% depreciation in EUR/HKD closing rate (30 Jun 16: 8.6332; 30 Jun 15: 8.7104)
- Cover ratio before provision of 44.4% increased by 1.4%pts yoy



Trade creditors ▼32.0% yoy:

- Quicker payment to take advantage of higher discount from suppliers

CAPITAL EXPENDITURE



Remained selective in expansion and reduced spending in CAPEX items to align with business development

▲/▼ *year-on-year change*

STRATEGIC
UPDATE

STRATEGIC PLAN

SHORT TERM

FY13/14

✓ STABILIZATION

Build a sound and healthy platform for the introduction of the structural changes needed to regain competitiveness

MEDIUM TERM

FY14/15

✓ TRANSFORMATION

UNCERTAINTY SCENARIO IN FY14/15

Execute the ambitious transformation of our business model (**Vertical Omnichannel**) to enhance speed and efficiency of our product and sales management

LONG TERM

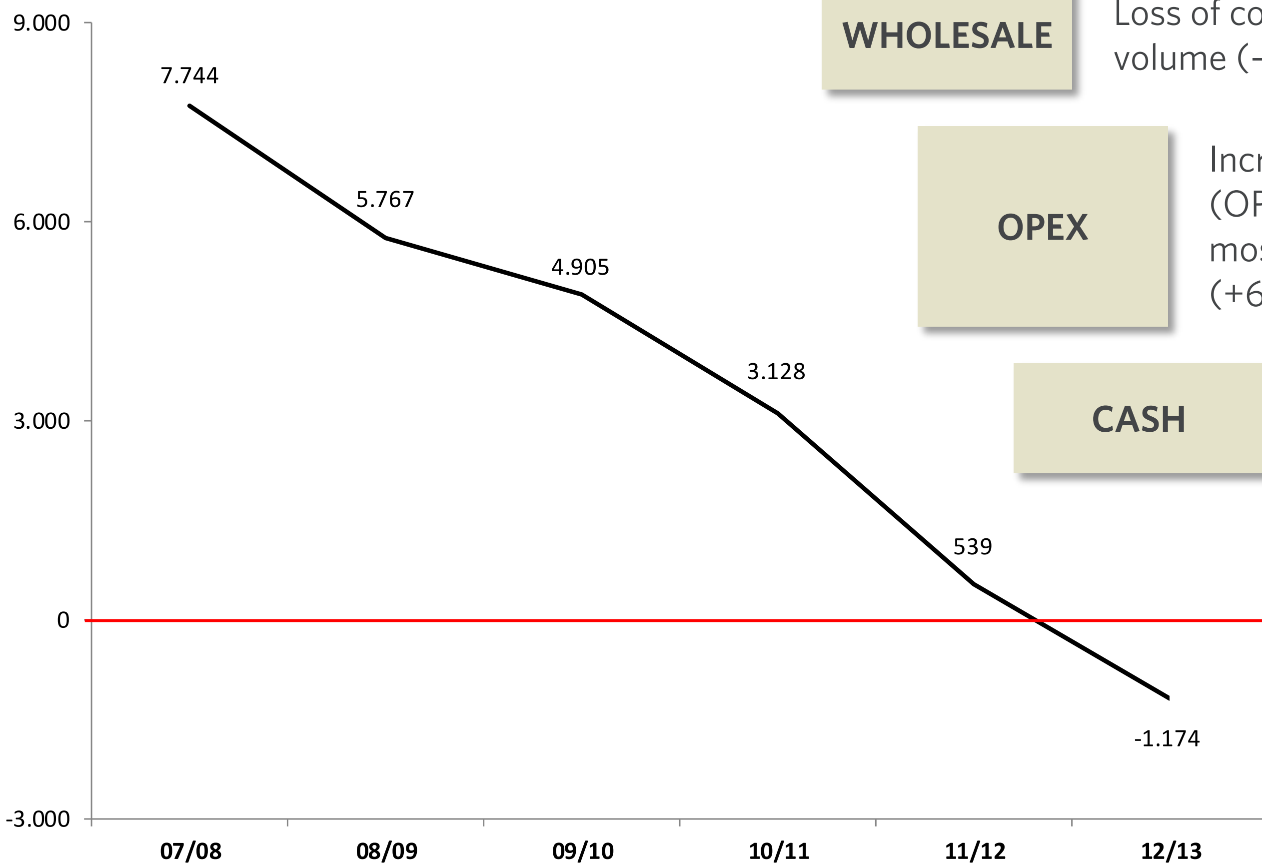
> 2 years

GROWTH

Leverage the benefits of the new model to drive sustainable top line growth, and the healthier cost base to increase profitability

EBIT* DEVELOPMENT UNTIL FY12/13

ESPRIT EBIT* (HK$ million)

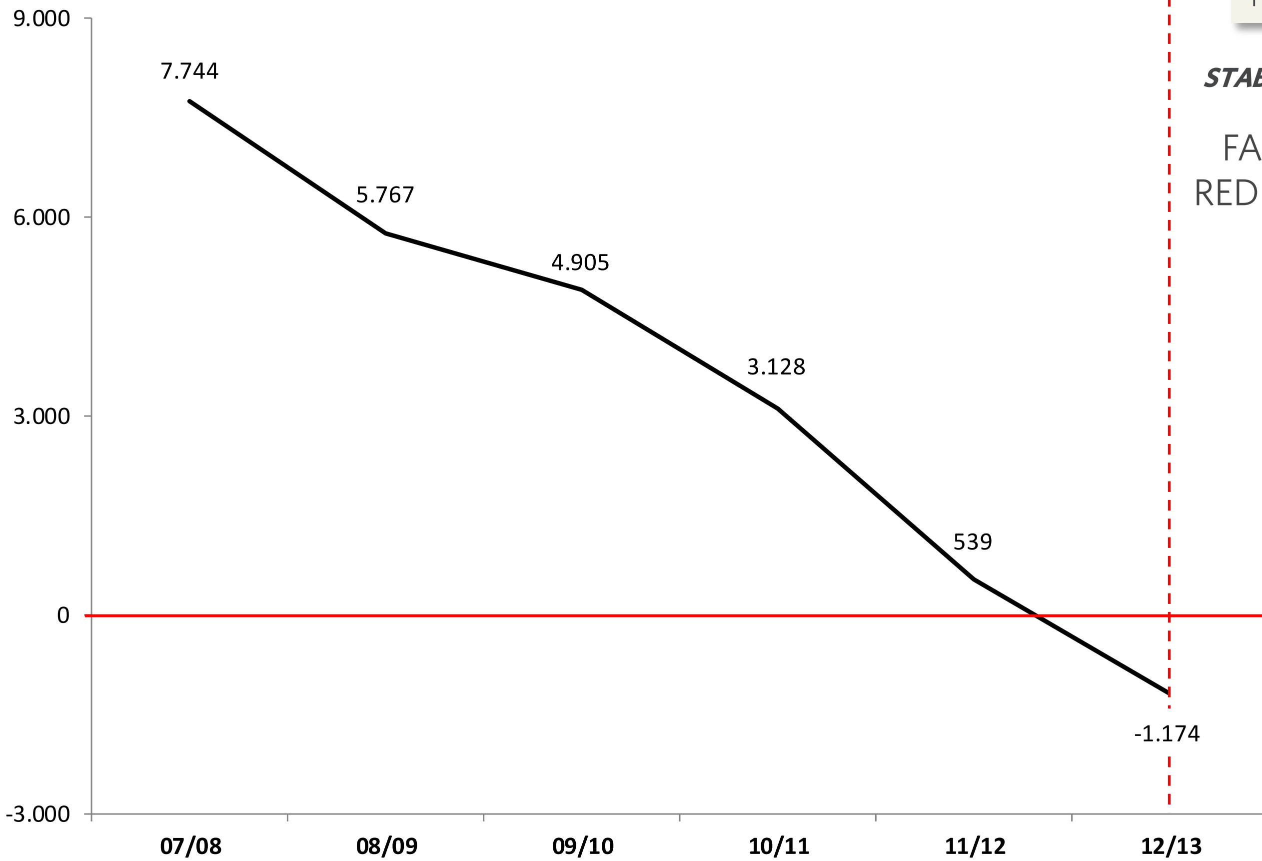


RETAIL	Sales productivity decline (-22% sales per sqm in LCY) due to non-competitive products and over distribution
WHOLESALE	Loss of controlled space and profitable business volume (-45% net sales in LCY)
OPEX	Increased cost of operations (OPEX from 33% to 54% of Net Sales) mostly due to unprofitable retail expansion (+67% sqm in the first four years)
CASH	From HK$5.5 billion cash generation to -HK$1.5 billion cash consumption

*EBIT from underlying operations, i.e. excluding exceptional items (e.g. closure of N.A. operations, impairment of China goodwill, sales of HK office space or provisions and impairments for store closures)

EBIT* DEVELOPMENT SINCE FY12/13

ESPRIT EBIT* (HK$ million)



SHORT TERM

FY13/14

STABILIZATION

FAST RECOVERY THROUGH OPEX REDUCTION AND ONE-OFF IMPACTS
STOPPED THE BLEEDING

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EBIT DEVELOPMENT SINCE FY12/13*

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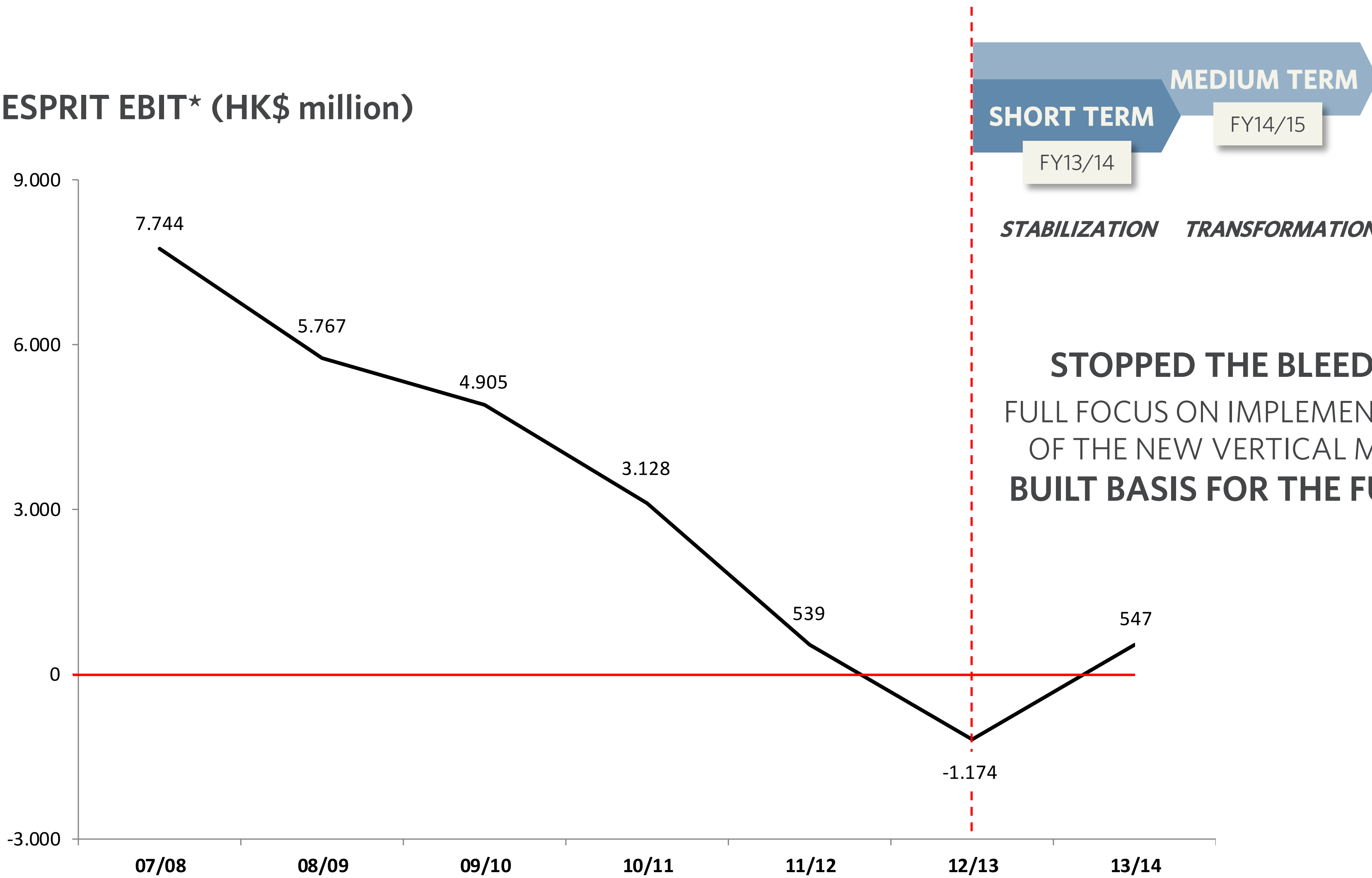

STOPPED THE BLEEDING

FULL FOCUS ON IMPLEMENTATION OF THE NEW VERTICAL MODEL

BUILT BASIS FOR THE FUTURE

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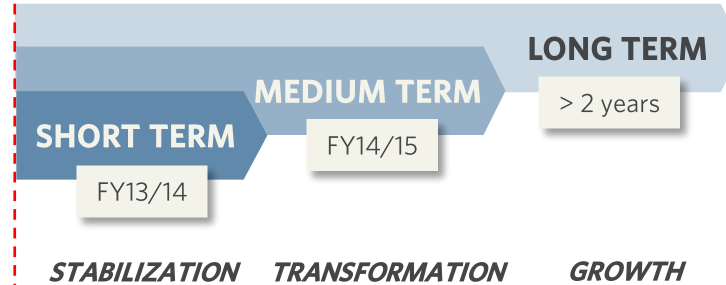
EBIT* DEVELOPMENT SINCE FY12/13



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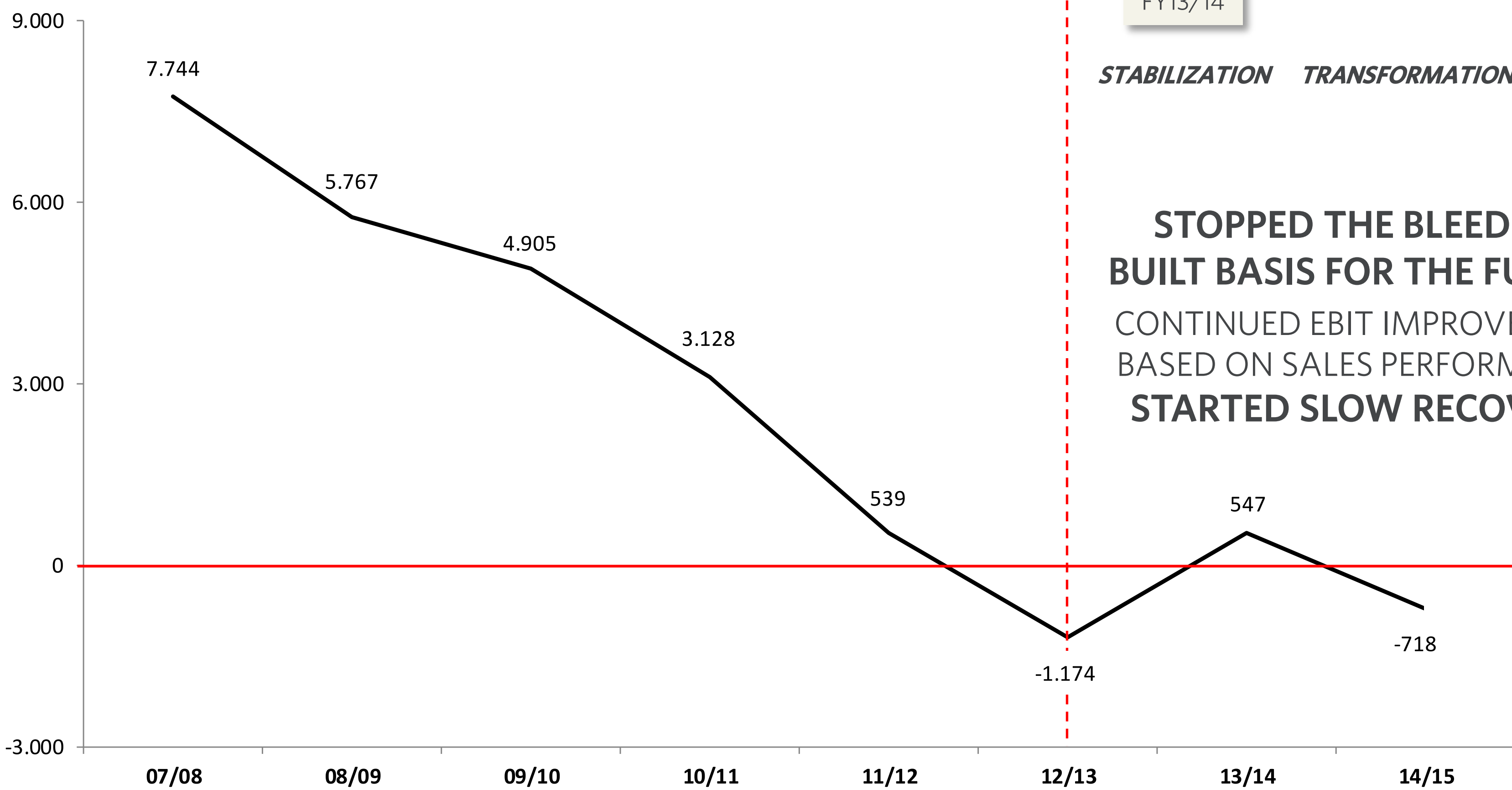

STOPPED THE BLEEDING
BUILT BASIS FOR THE FUTURE
CONTINUED EBIT IMPROVEMENT
BASED ON SALES PERFORMANCE
STARTED SLOW RECOVERY

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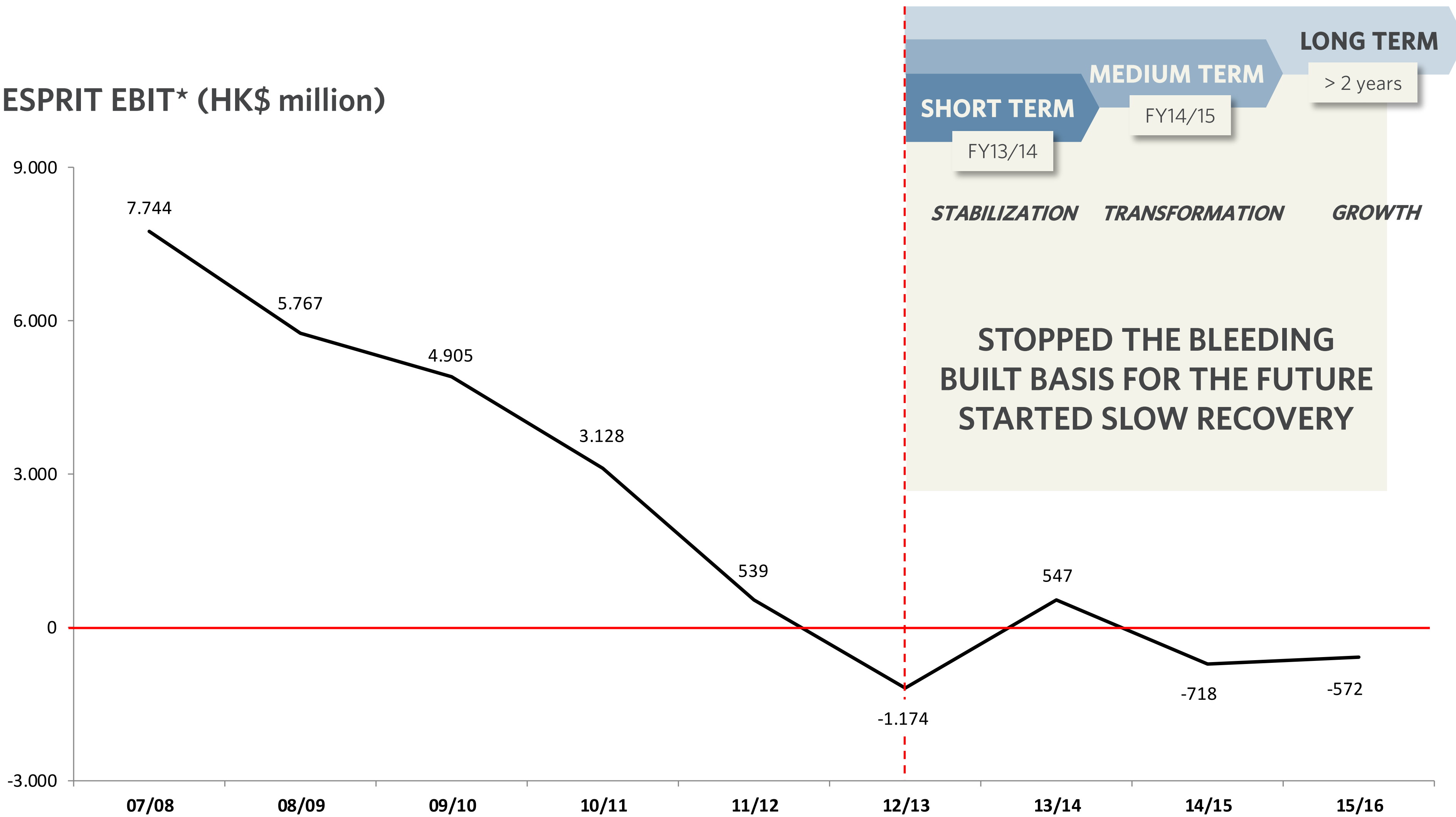
EBIT* DEVELOPMENT SINCE FY12/13



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KEY CHALLENGES AHEAD

		FY15/16	Key Challenges
RETAIL	✓	Improved sales productivity in Retail Europe (9.2%* growth in comparable stores, incl. eshop) after implementation of the new Vertical and Omnichannel models	1. **Sales productivity** – Continue to improve retail sales performance by achieving excellence in the three core elements of our Business Model: • **Brand** – Strengthen and rejuvenate image • **Product** – Complete **Vertical Model** • **Channels** – Develop **Omnichannel Model**
	✗	Declining productivity in APAC stores (1.0%* growth in comparable stores, incl. eshop; -4.1%* excl. eshop)	2. **APAC** – Turnaround business performance through a specific strategic plan for the region (repositioning of our brand and retail footprint)
WHOLESALE	✗	Continued loss of space, revenue and profit from wholesale partners (-14.9% sqm and –10.0%* revenue)	3. **Wholesale** – Stabilize contribution through specialized solutions for each type of partner
OPEX	✓	Reduced operational expenses and identified potential for further improvement	4. **OPEX** – Complete target reduction of HK$1 bn over the next 2 years (complete store closures and reduction of overhead expenses)
CASH	✓	Net cash position of HK$5.3bn	5. **Growth** – Reignite top line growth by deploying cash reserves into sales initiatives and expansion

* *In local currency terms*

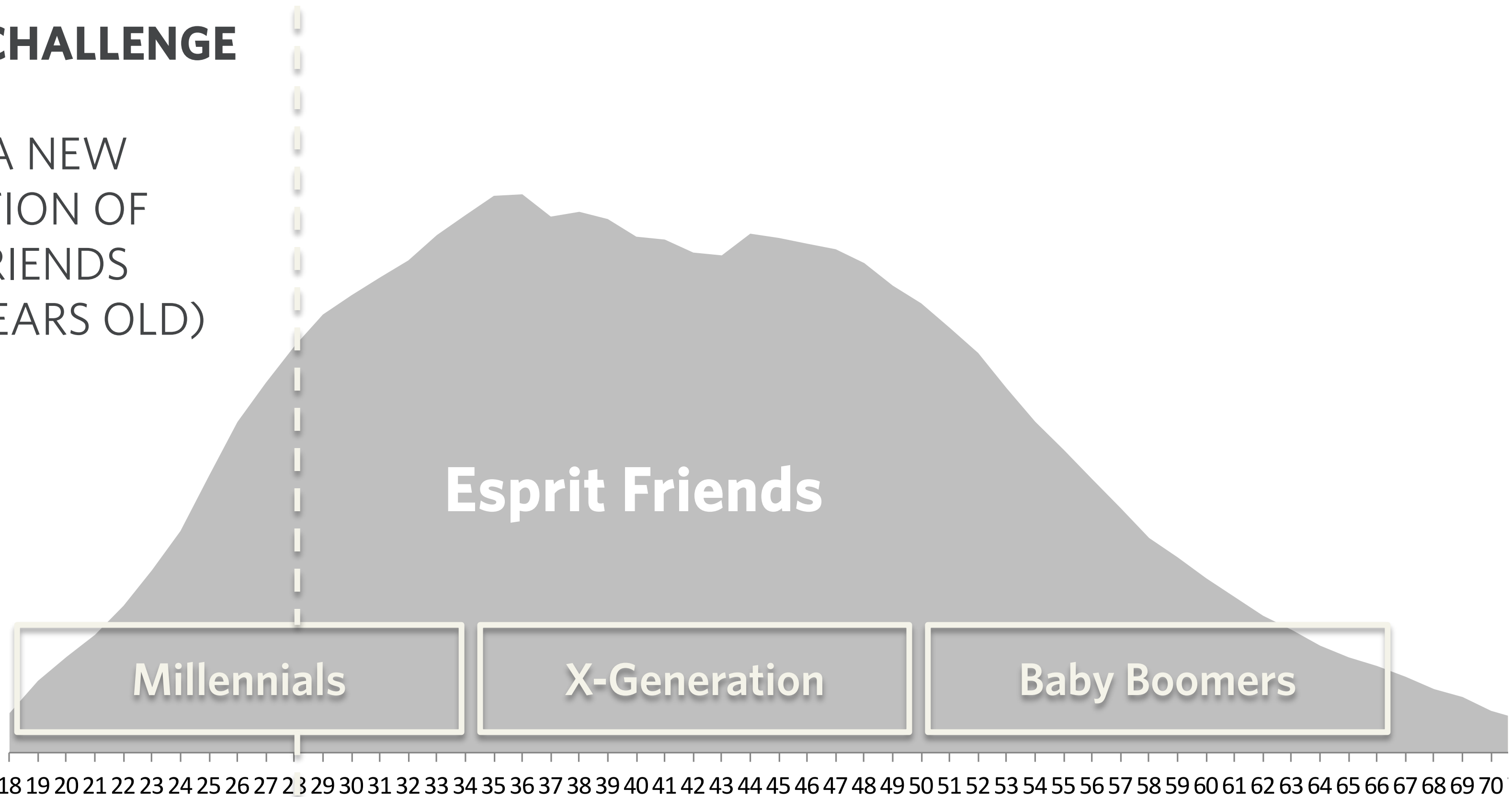
BRAND

REJUVENATE IMAGE

ESPRIT CONSUMER

BRAND CHALLENGE

TO WIN A NEW GENERATION OF ESPRIT FRIENDS (25-30 YEARS OLD)



KEY FOCUS OF BRAND COMMUNICATION

**"ESPRIT FRIENDS"
KEY FOCUS OF BRAND AND BUSINESS**

Source: ECDB, Age of active members: those who have purchased in the last 12 months, Europe incl. Germany

BRAND CAMPAIGN – "#ImPerfect"

ESPRIT BRAND VALUES

- Beauty of real people
- Celebration of diversity
- Personal styles vs. "high fashion"
- Friendly and approachable

NEW AUDIENCE

- New, louder & younger tonality
- Differentiated image/language
- Designed for online and social media
- Ambitious share of voice

COLLABORATION WITH OPENING CEREMONY

OPENING
CEREMONY

Est. 2002

Opening Ceremony

- Founded by Carol Lim (CEO) and Humberto Leon (Creative Director) in 2002
- Awarded with "Cooper Hewitt National Design Award for Fashion Design" in 2016 by the U.S. White House
- Carol and Humberto are also creative directors at KENZO (part of LVMH), leading the relaunch of the brand
- Carol and Humberto are judges at the LVMH prize alongside Karl Lagerfeld, Marc Jacobs, and more
- Opening Ceremony is one of the most influential fashion houses with locations in New York, Los Angeles & Tokyo
- Strong social media following and community engagement with influencers and opinion leaders in the industry
- Collaborative design has always been a key aspect of their retail philosophy (Chloe Sevigny, Lacoste, Adidas)

ESPRIT by Opening Ceremony

Launched September 11, 2016 at New York Fashion Week

- Unique co-branded collection
- Three seasonal collections between FW 16 and FW 17
- Exclusive and selective distribution by Opening Ceremony
- Below the line marketing activation including influencer seeding, social media and press activation

ESPRIT BY OPENING CEREMONY

ESPRIT BY OPENING CEREMONY

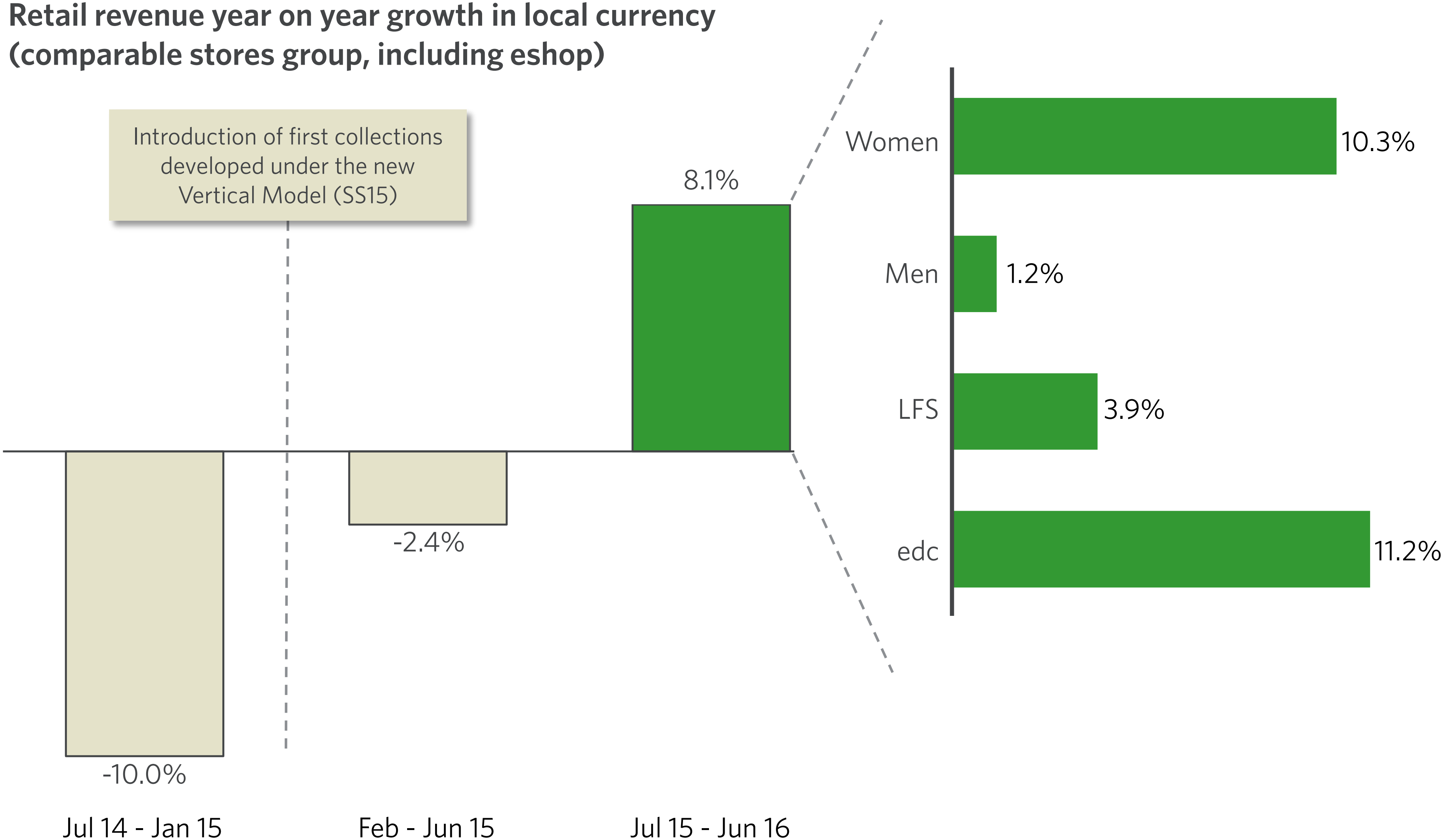
ESPRIT BY OPENING CEREMONY

PRODUCT

VERTICAL MODEL

VERTICAL PRODUCTS – RETAIL PERFORMANCE

Retail revenue year on year growth in local currency (comparable stores group, including eshop)



VERTICAL MODEL – NEXT STEPS

VERTICAL

- Product Development
- Merchandising
- Supply Chain
- Distribution
- Store / POS
- Stock

1. **Lean Supply Chain Management –** Accelerate introduction of best sustainability practices
2. **Category Management Teams –** Further integrate all divisions for larger synergies: teams, IT, supply, etc.
3. **New Merchandising Model –** Optimize merchandise management in every store by fine tuning divisional splits and layouts
4. **Seasonal Calendar –** 4 seasons fully consolidated
5. **Product Range –** Continue reduction in all divisions
6. **Fast to Market –** Grow scale of vertical and short lead time products in all channels
7. **Stock Management Optimization** – Develop capacity and capabilities for improved deliveries and store replenishment

NOTE: Initiative 8. "Vertical Wholesale Model" treated as an independent project in the future

7. STOCK MANAGEMENT OPTIMIZATION

DCE Extension in 2017

- Consolidation of 6 European DCs into 1 single location allowing an overall net reduction of 32,000 sqm
- Increase DCE footprint up to 80,000 sqm
- Increase DCE storage capacity between 30-40%
- Increase DCE sortation capacity with a second automated sorter

RETAIL

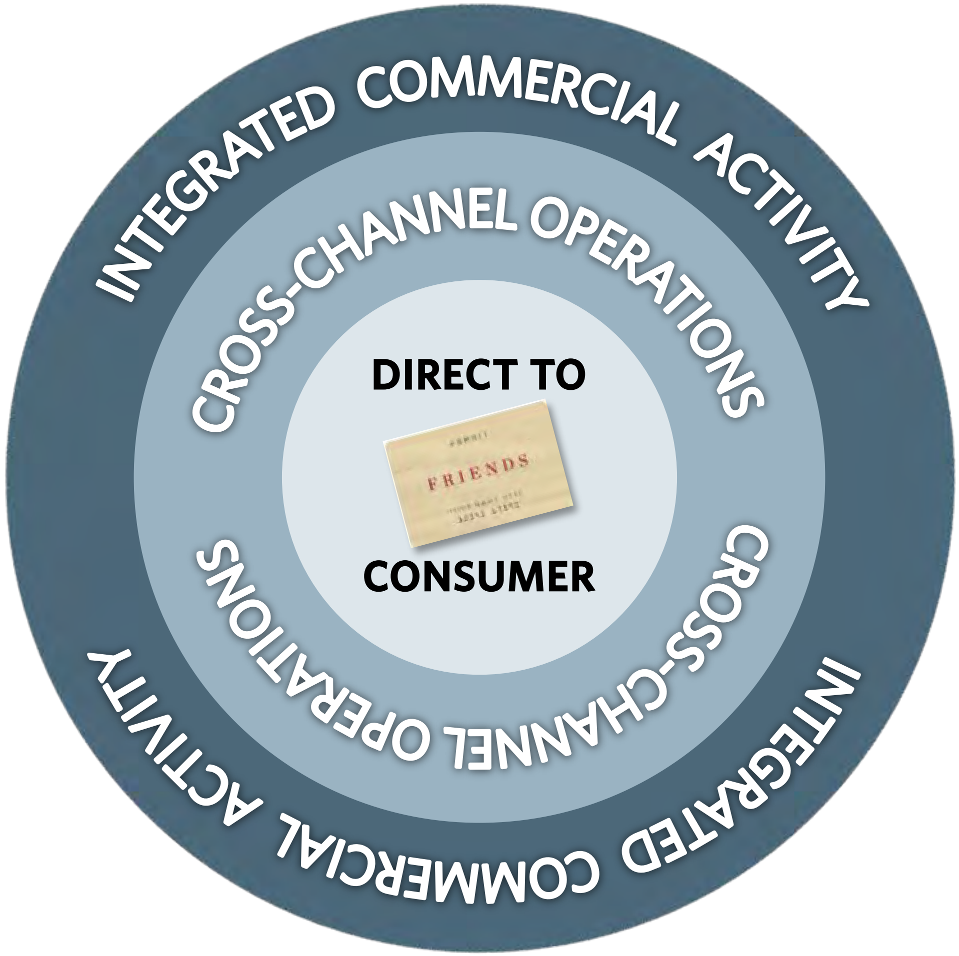
- ✓ Improved flow of products to the stores (buffer capacity)
- ✓ Improved stocks allocation by reducing initial deliveries and replenishing sales
- ✓ Reduced instore inventories i.e. risk of overstock
- ✓ Shortened time-to-store

LOGISTICS

- ✓ Reduced warehousing cost from synergies across operations
- ✓ Reduced transportation cost from consolidation of deliveries
- ✓ Reduced complexity to manage 1 vs 6 separate locations

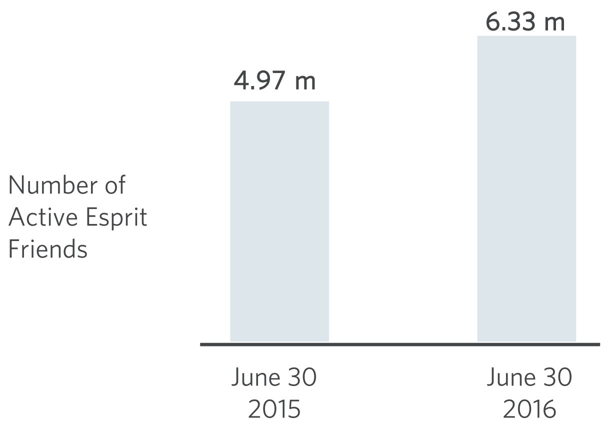
CHANNELS
OMNICHANNEL MODEL

OMNICHANNEL MODEL OF ESPRIT

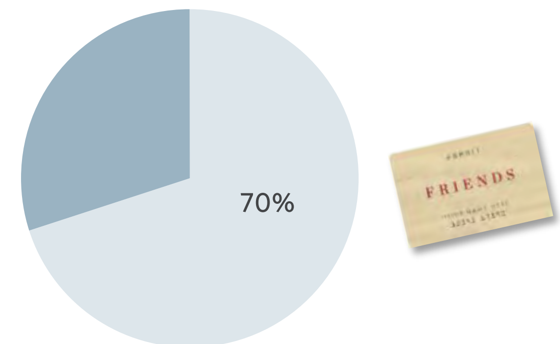


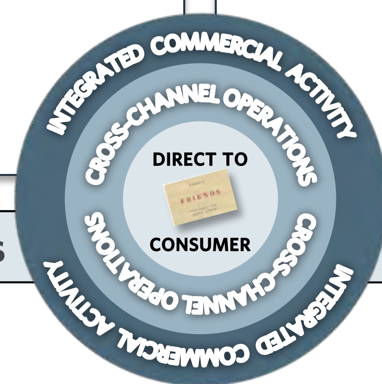
OMNICHANNEL MODEL – FY15/16

+27% active Esprit Friends

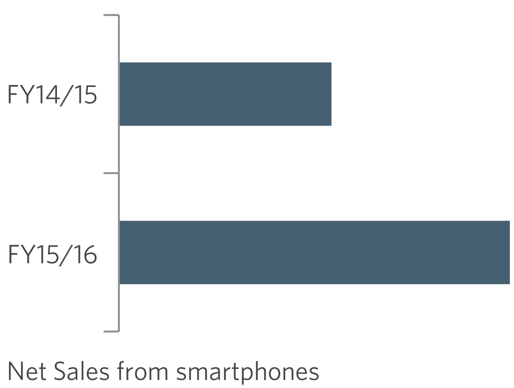


70% share of Esprit Friends in retail sales

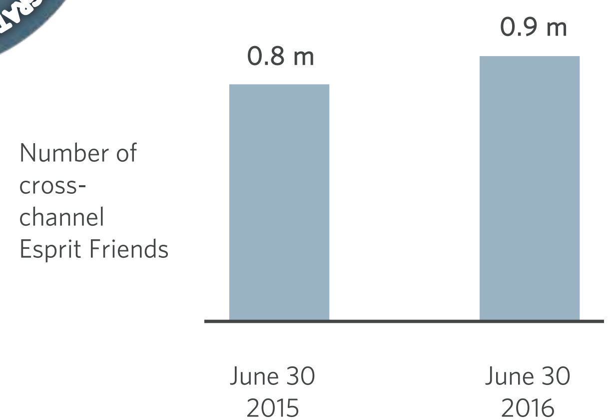




+84% sales from smartphones



+12% cross channel members



OMNICHANNEL MODEL– NEXT STEPS

1. **Direct to Consumer**
   - New Esprit Friends recruitment and reachability initiatives
   - Extend activations during the consumer lifecycle
   - Personalization of consumer experience
   - Integration of Esprit Friends in Tmall (for China)

2. **Cross-Channel Operations**
   - Completion of e-incentive rollout (PSS/Wholesale)
   - Installation of WiFi in the stores (Retail)
   - Rollout of online-offline integrated features: click & collect - return in store - reserve in store (Retail & PSS/Wholesale)
   - Responsive Webdesign
   - Native Esprit App

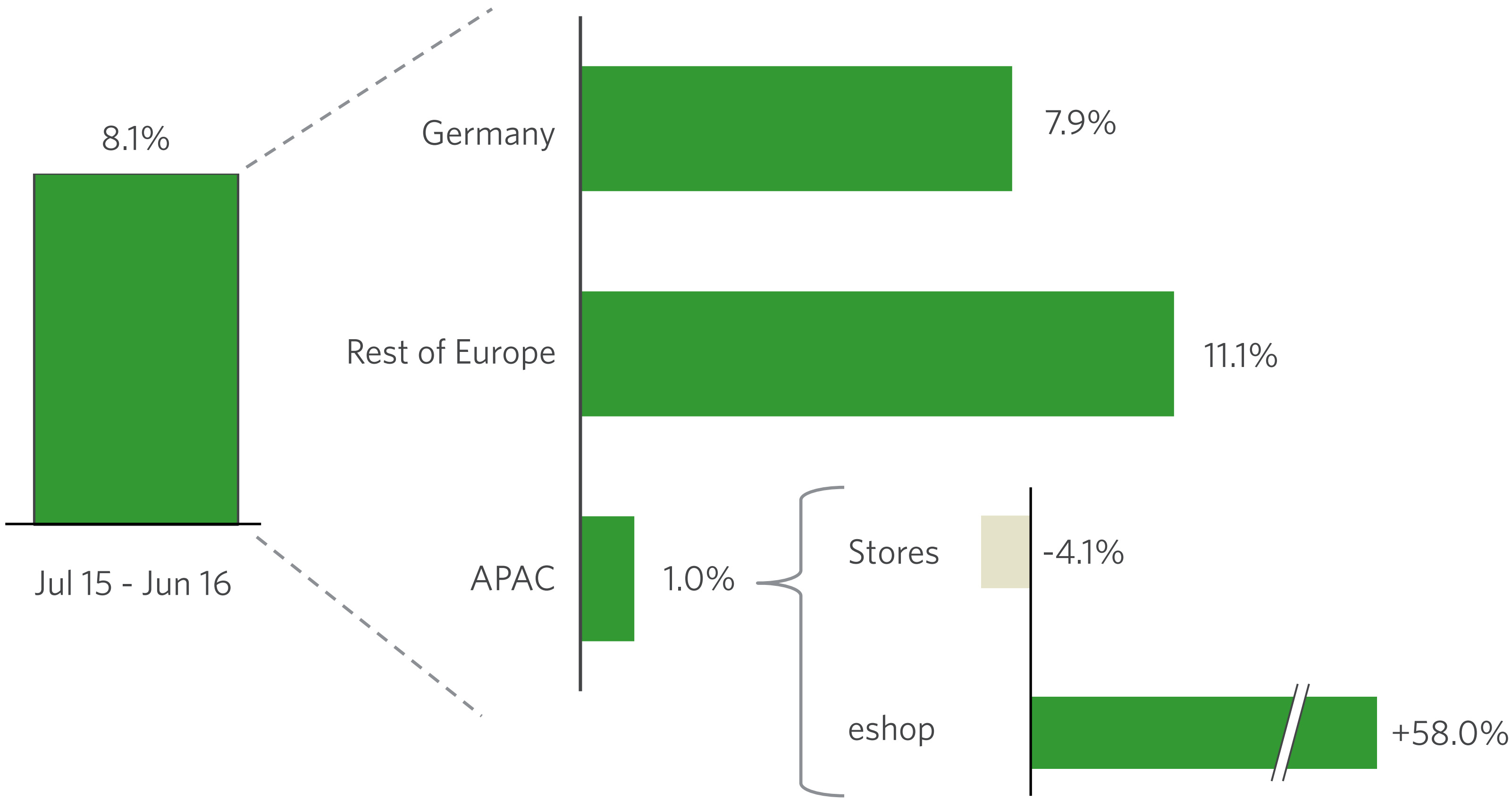
3. **Integrated Commercial Activity**
   - Full development of Omnichannel theme marketing
   - In-house photo-studio

APAC

REPOSITIONING

APAC – RETAIL PERFORMANCE FY15/16

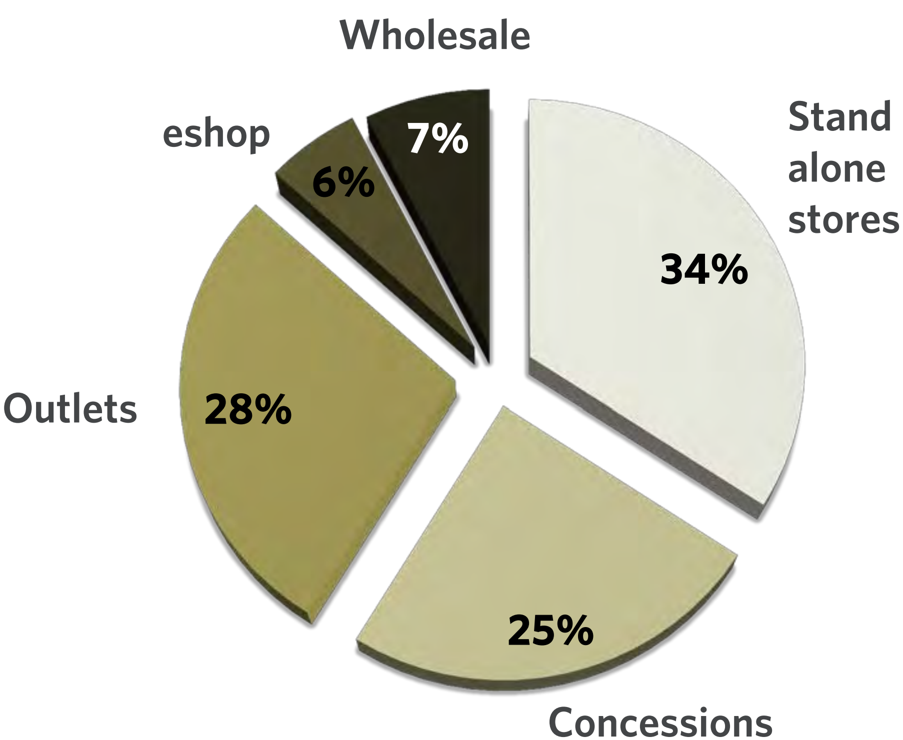
Retail revenue year on year growth in local currency (comparable stores group, including eshop)



Vertical and Omnichannel models so far insufficient to turnaround performance of the retail stores in APAC

ESPRIT APAC

APAC revenue by channel in FY15/16



Diluted positioning as an international brand

- Only one third of the sales from Esprit stand alone stores aiming to compete with international brands (mostly “flagships”)
- More than half of the sales from locations with a brand “disconnected” positioning:
  - 25% from concessions in department stores, often placed in B or C locations and only competing with local brands
  - 28% from discount outlets presenting the brand on a low end
- Late development of e-commerce in the region (only since 2012)
- Efforts to locally adapt products and marketing further reinforcing local brand character over time

REPOSITIONING OF ESPRIT APAC

Channels

- **Retail** – Reconstruction of the distribution footprint in line with main international brands:
  - **Stand alone** – Downsize large flagships and grow more profitable/smaller format in prime shopping malls
  - **Concessions** – Relocate to "international" floors with a more efficient/larger format for both genders together
  - **Outlets** – Premiumize and downsize network to focus on clearing inventories
- **Wholesale** – Leverage channel for strong partnerships in new large countries
- **eshop** – Maximization of online growth by strengthening internal capabilities and developing a strategic partnership with the dominant market player

Products

- Global product offer with increased voice of Asia
- Strengthened merchandising for better adaptation of APAC's assortment

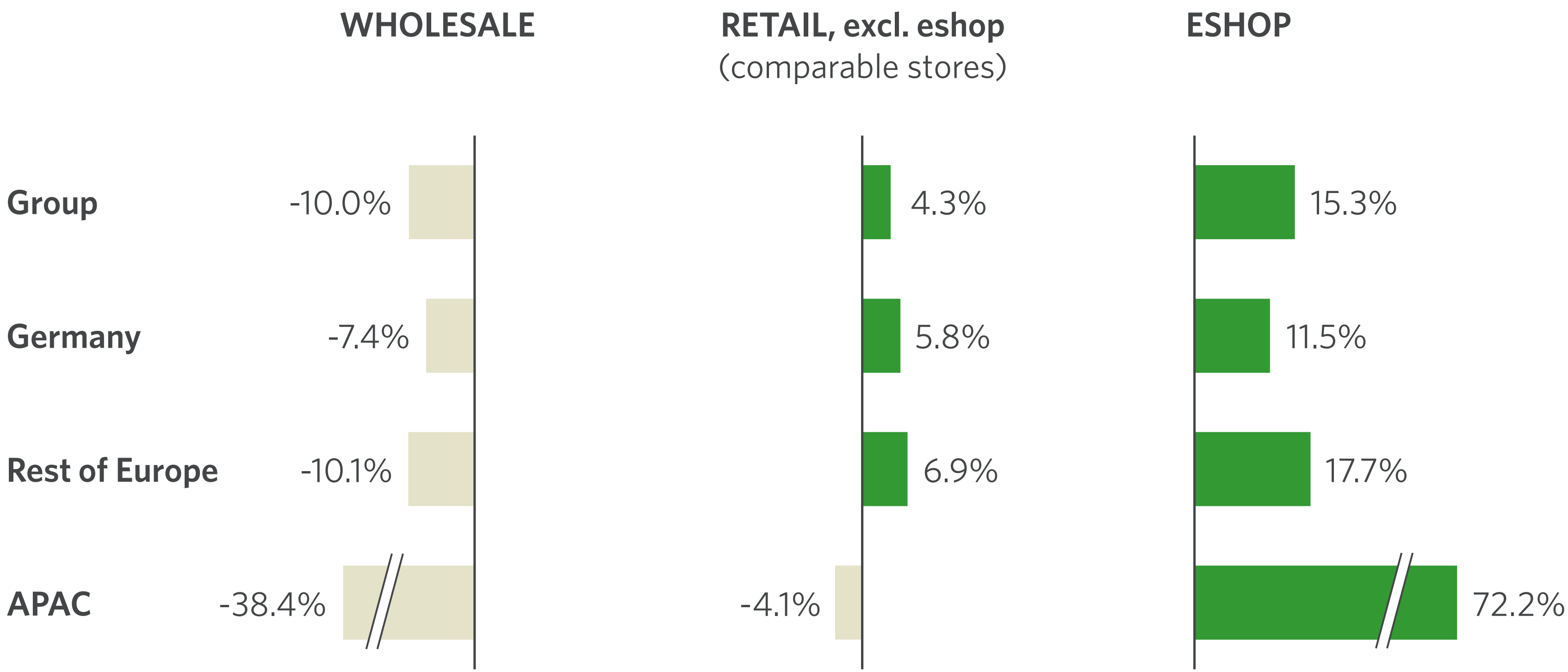
Marketing

- Communication of Esprit based on Global brand image and complemented by tactical and modern local initiatives

WHOLESALE
SPECIALIZED SOLUTIONS

CHANNELS PERFORMANCE FY15/16

Global revenue year on year growth in local currency by channel



Wholesale channel under pressure from low price vertical retailers, sales shift to online, declining traffic etc., that create business and financial difficulties for many partners.

VERTICAL MODEL FOR WHOLESALE

VERTICAL

- Product Development
- Merchandising
- Supply Chain
- Distribution
- Store / POS
- Stock

VERTICAL AND OMNICHANNEL MODELS (including Concession model for Wholesale PSS partners)

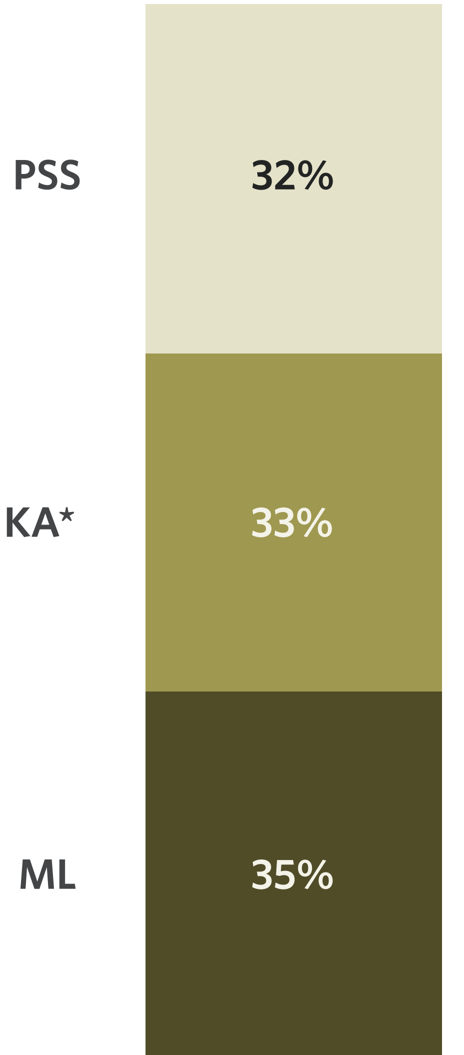
- Retail Stores
- Retail e-commerce
- Wholesale PSS

ADAPTED MODELS BEING DEVELOPED FOR THE REST OF WHOLESALE PARTNERS

- Wholesale Key Accounts*
- Wholesale Multi-Label

** Key Accounts represents TOP partners in Europe and APAC*

WHOLESALE NEXT STEPS (WIP)



Wholesale Revenue in FY15/16

CONCESSION MODEL FOR PSS
Merchandise management and inventory risk fully taken by Esprit (for selected PSS partners)

KEY ACCOUNT MANAGEMENT
Dedicated teams and showroom for top partners representing one third of the Wholesale revenue

NEW SALES MODEL
Combination of specialized sales team and first-class online tools for maximum flexibility and efficiency

GENERAL ENHANCEMENTS

- Enlarged product range
  - Flash & Specials
  - Repeats & Fast-to-Market
- Extended stock service
  - Increased offering of NOOS
  - Blind Buys on Main Line, OTB, Repeats & F2M
- Redefined terms & conditions (to incentivize vertical approach)
  - Markups, discounts, credit notes, etc. linked to sell-out performance
  - New returns model to maximize sell-through ratios
  - Increased trust limits
  - Introduction of e-incentive
  - Improved payment terms
- Strengthened store operations support to wholesale POS

** Key Accounts represents TOP partners in Europe and APAC*

OPEX

REDUCTION PLAN

OPEX REDUCTION - UPDATE

OPEX REDUCTION
(as presented in March 2016 – IR Day)

Reduce OPEX by at least - HK$1.0 billion over the next 2 years, excl. fx rate impacts:

- Closure of the heaviest loss-making stores and deep restructuring of the countries with negative bottom line contributions
- Downsizing of wholesale organizations to adapt to channel development
- Reducing all overhead costs in the affiliates and central headquarters
  - Streamlining internal processes and resources under new business model
  - Maximizing synergies between local and central structures
  - Enforcing ever more radical cost discipline across the organization

OPEX REDUCTION MEASURES
FY15/16

Closure of heaviest loss-making stores

- Germany (-10 stores, –6,517 sqm)
- Rest of Europe (-25 stores, -14,673 sqm)
- APAC (-31 stores, -11,628 sqm)

Downsizing of wholesale organizations

- Closure of UK showroom & affiliate
- Further showroom closures/downsizing in The Netherlands, Spain, Italy and Finland
- Reduction of own staff in department stores (e.g. -40 FTEs in France)
- Merger of APAC showrooms into one

Overhead restructuring plans

- Social Plan in Germany HQs (~200 FTE)
- Social Plan in France (~100 FTE incl. stores)
- Streamlining of local European and Asian country organizations

GROWTH

SALES & EXPANSION

ILLUSTRATIVE CHART

GROWTH PHASE

LONG TERM

Profitability

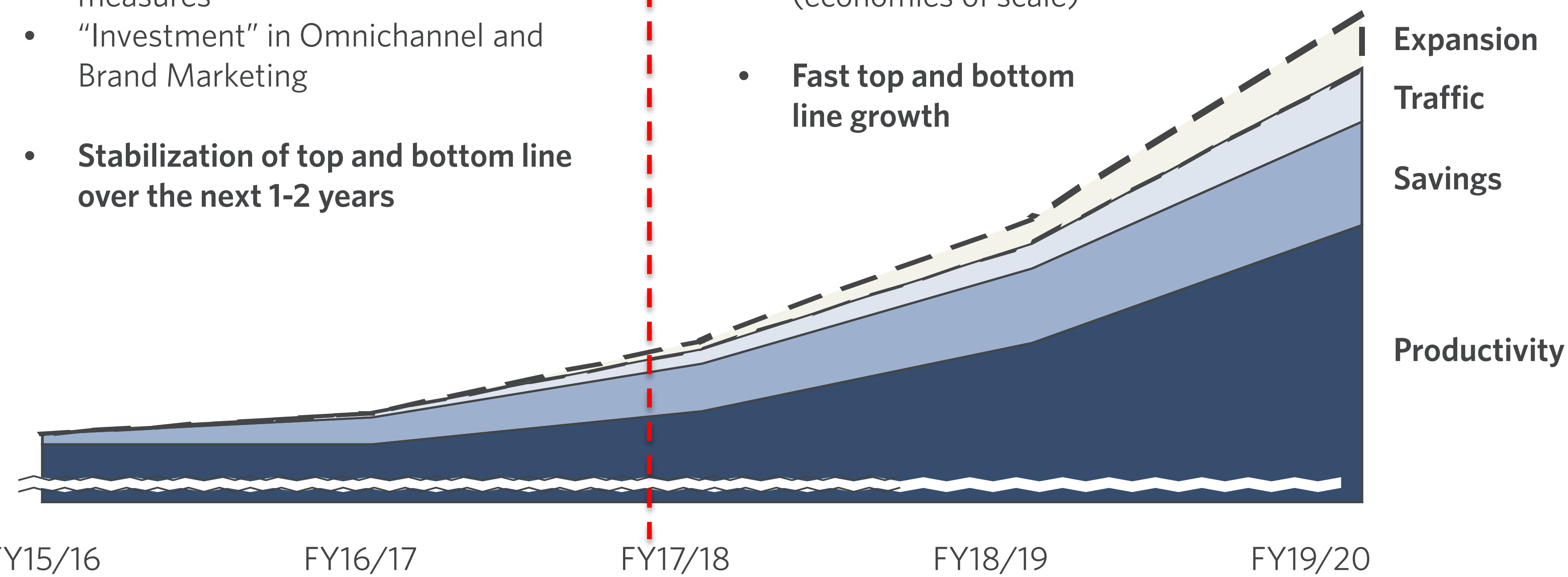
- Productivity gains (sales per sqm)
- Space reduction in Wholesale and Retail (closures)
- OPEX reduction through structural measures
- “Investment” in Omnichannel and Brand Marketing

- **Stabilization of top and bottom line over the next 1-2 years**

Growth

- Continued productivity gains
- SQM growth from Expansion in current and new markets
- Leveraging of cost and capital (economies of scale)

- **Fast top and bottom line growth**



OUTLOOK

FY16/17 OUTLOOK

CONTROLLED SPACE	Retail – high single digit decline expected due to faster closure of loss-making stores Wholesale – likely to decline at a rate similar to the one in previous years
PRODUCTIVITY (SALES/SQM)	Improvement in FY16/17 likely to be more moderate than in FY15/16 due to comparison against higher sales per sqm levels in most of the stores
E-SHOP	Strong growth by continuing Omnichannel initiatives (single-digit in Europe, high double-digit in APAC)
GP MARGIN	Stable level or modest increase
OPEX	Visibly reduced by the: • accelerated closure of loss-making stores • impact of cost restructuring measures being implemented • marketing and advertising expenditure brought to a lower level following the strong push in FY15/16
CAPEX	Similar level to that of FY15/16; moderate investment in retail store refurbishment, Omnichannel initiatives, and the extension of our distribution center in Europe

THANKS AGAIN!

Product

Offices

Showrooms

Stores

Logistics


Q&A


#ThankYou

ANNUAL RESULTS FY15/16

APPENDIX

REVENUE DEVELOPMENT – RETAIL (EXCL. E-SHOP)

	% to Group's Retail (excl. e-shop) Revenue	Revenue YoY Change (LCY)	Revenue Drivers	
			SQM YoY Change	Comp-Store-Sales Growth
Germany	39.4%	+5.0%	-3.4%	+5.8%
Rest of Europe	31.2%	+3.0%	-16.8%	+6.9%
Asia Pacific	29.4%	-12.6%	-14.1%	-4.1%
Total	100%	-1.3%	-10.9%	+4.3%

Germany: Positive Retail Sales

- Our largest market (39.4% of Group's Retail (excl. e-shop) revenue)
- Revenue up +5.0% YoY in LCY despite space reduction of -3.4% YoY (slow closures)
- Comp-store-sales +5.8%
- Full price brick and mortar stores* continued to outperform the market by an average of +9.5%pt#

Rest of Europe: Positive Retail Sales

- 2nd largest market (31.2% of Group's Retail (excl. e-shop) revenue)
- Revenue up +3.0% YoY in LCY despite space reduction of -16.8% YoY
- Space reduction mainly due to:
  i) bankruptcy of a local department store in the Netherlands; ii) accelerated closure of certain unprofitable stores (closed 12 stores)
- Comp-store-sales +6.9%, with positive growth observed across all countries in the region

Asia Pacific: Challenging environment

- Revenue down -12.6% YoY in LCY mainly due to weaker performance in China (-17.9% YoY in LCY)
- -14.1% YoY sqm from closure of unprofitable spaces
- Comp-store-sales -4.1%, impacted by deliberate decision to reduce promotions to restore a normalized gross profit margin, and overall decline of consumers traffic

** Only full price brick and mortar stores because this is the type of stores used by TextilWirtschaft to present the German retail market performance*

 # based on the comparable market data published by TextilWirtschaft

REVENUE DEVELOPMENT – E-SHOP

	% to Group's e-shop Revenue	Revenue YoY Change (LCY)	Revenue Driver
			Comp-Store-Sales Growth
Germany	59.7%	+11.5%	+10.4%
Rest of Europe	36.4%	+17.7%	+16.7%
Asia Pacific	3.9%	+72.2%	+58.0%
Total	100%	+15.3%	+13.8%

Europe: Sizeable with double-digit growth

- 96.1% of total e-shop revenue
- Started in Germany in FY1999/2000
- Revenue of comparable e-shops up by +12.7% in LCY
- Growth fueled by the implementation of Omnichannel initiatives, which leverage the key competitive advantages of Esprit (e.g. loyal consumers, CRM system, etc.)

Asia Pacific: Early stage of development with strong growth rate

- 3.9% of total e-shop revenue
- Initial roll out in China and Australia in 2012 and accelerated expansion into the rest of APAC (Australia, Singapore, Hong Kong, Malaysia and Taiwan)
- Revenue up +72.2% YoY in LCY with the introduction of Omnichannel initiatives this year

REVENUE DEVELOPMENT – WHOLESALE

	% to Group's Wholesale Revenue	Revenue YoY Change (LCY)	Revenue Driver
			SQM YoY Change
Germany	52.6%	-7.4%	-14.0%
Rest of Europe	44.2%	-10.1%	-11.8%
Asia Pacific	3.2%	-38.4%	-34.6%
Total	100%	-10.0%	-14.9%

- Channel under increasing pressure from low price vertical retailers, continued sales shift towards online, declining consumers' traffic etc., that create business and financial difficulties for many players.
- This exerts considerable pressure on our wholesale partners and results in reduction in controlled wholesale space.

Germany:

- Revenue declined -7.4% YoY in LCY, smaller than the space reduction of -14.0% YoY
- Space loss partly due to transfer of 713 Kids POS in preparation for our partnership with Groupe Zannier

Rest of Europe:

- Revenue declined -10.1% YoY in LCY, broadly in-line with the space reduction of -11.8% YoY
- Space loss partly due to transfer of 150 Kids POS in preparation for our partnership with Groupe Zannier

Asia Pacific :

- Revenue declined -38.4% YoY in LCY, broadly in-line with the space reduction of -34.6% YoY
- Space loss (-34.6% YoY in sqm) mainly due to business termination by wholesale partners in China