

ESPRIT

Interim results for six months ended 31 December 2011

23 February 2012

Key business highlights – Ronald van der Vis

Financial results review – Fook Aun Chew

Updates on Transformation Plan 2014/15 – Ronald van der Vis

Q&A

Key business highlights
Transformation Plan on track

ESPRIT

- Transformation Plan started off well and in line with targets
- Important implementation milestones achieved
- Continued challenging macro economic environment in Europe
- Significant improvement in Retail performance in 2Q
- Deliberate rationalization of Wholesale customer base in progress
- Gross margin impacted by materializing sourcing cost inflation and warm weather conditions in 2Q
- Margins and cash flow affected by transformation initiatives in line with expectations
- Balance sheet and cash position remain strong

Key business highlights

Transformation Plan on track

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Brand

- Brand campaigns featuring Gisele Bündchen delivering good results
- Successful launch of new store concept in Cologne in Nov 2011

Products

- New Chief Product & Design Officer on board
- Good sell through of new collection
- Trend division, Denim division, China design centre launched
- New China CEO on board to drive China growth plan

Channels

- Over 50% of planned closures executed or in final negotiations
- Finalizing wind-down of North America operations by 31 Mar 2012
- New Wholesale approach in roll-out and well received by partners

Supply Chain

- Implementation of sourcing strategy ahead of plan
- 2 additional sourcing offices in India and Indonesia in 2012

Key business highlights
Transformation Plan on track

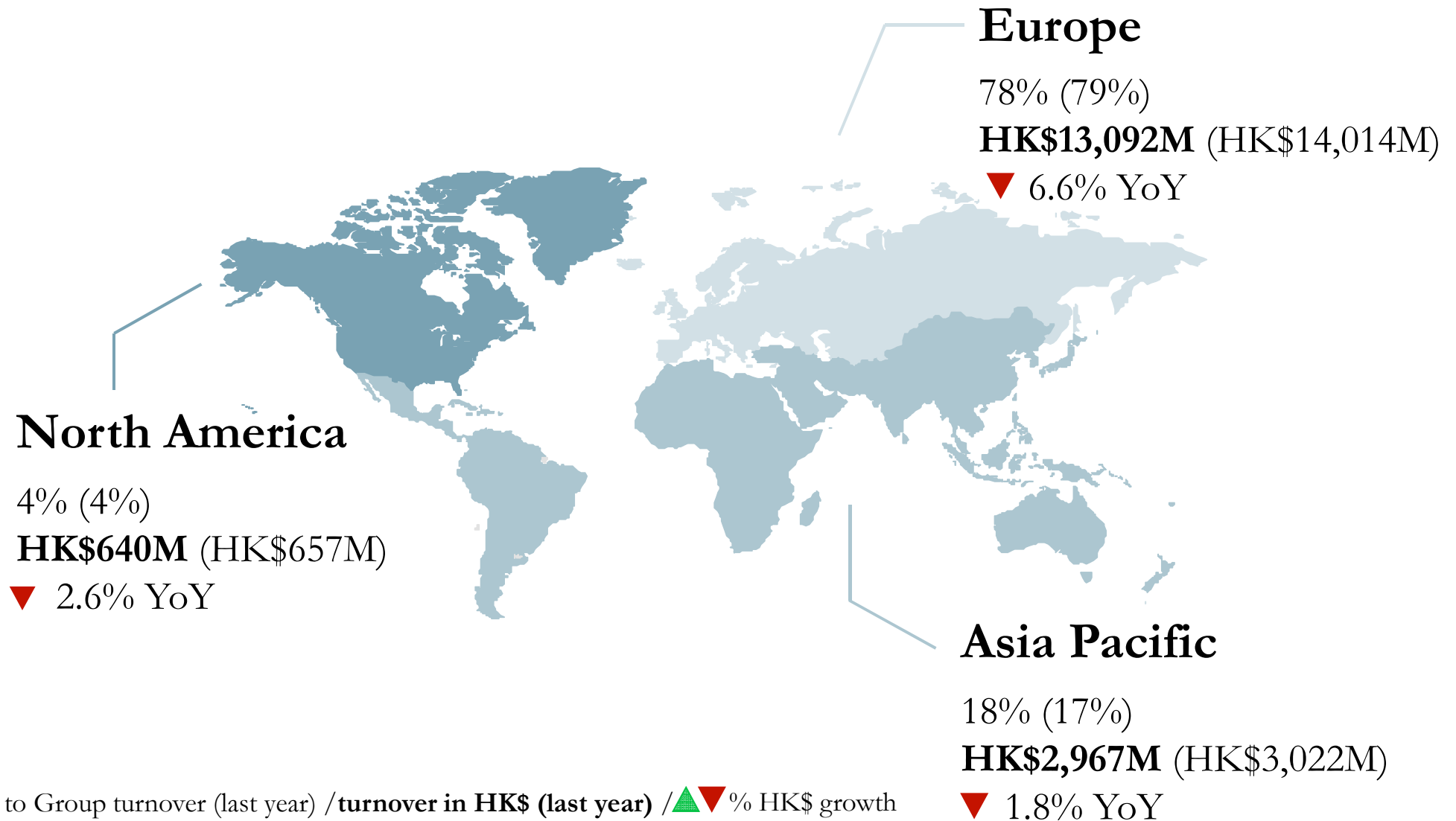
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(HK\$'M)	Actual 1H FY11/12	Plan
YoY Turnover growth	-5.6%	-3% to -5%
Operating profit	787	
Operating profit margin	4.7%	1% to 2%
Net profit	555	

Financial results review

Turnover by regions

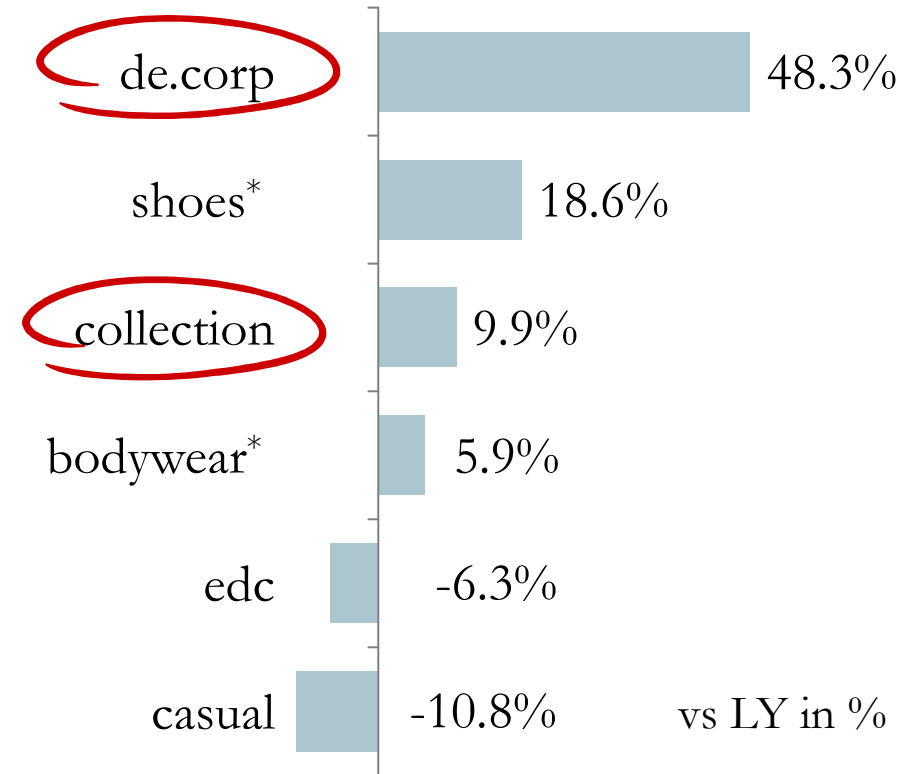
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% to Group turnover (last year) / turnover in HK\$ (last year) / ▲▼ % HK\$ growth

- New China CEO on board to drive growth plan
- Wholesale sales grew 7% YoY mainly driven by network expansion
- Retail comp-store sales grew 0.4% notwithstanding warmer weather which led to negative comp-store sales development in 2Q
- Continued expansion in China - Footprint increased to 194 cities (vs 185 on 30 Jun 2011)
- Accelerating expansion in second half

Turnover by products



- Lines with higher degree of fashionability and style (de.corp/ collection) show strong sales performance
- Development confirms new brand direction of higher fashion level

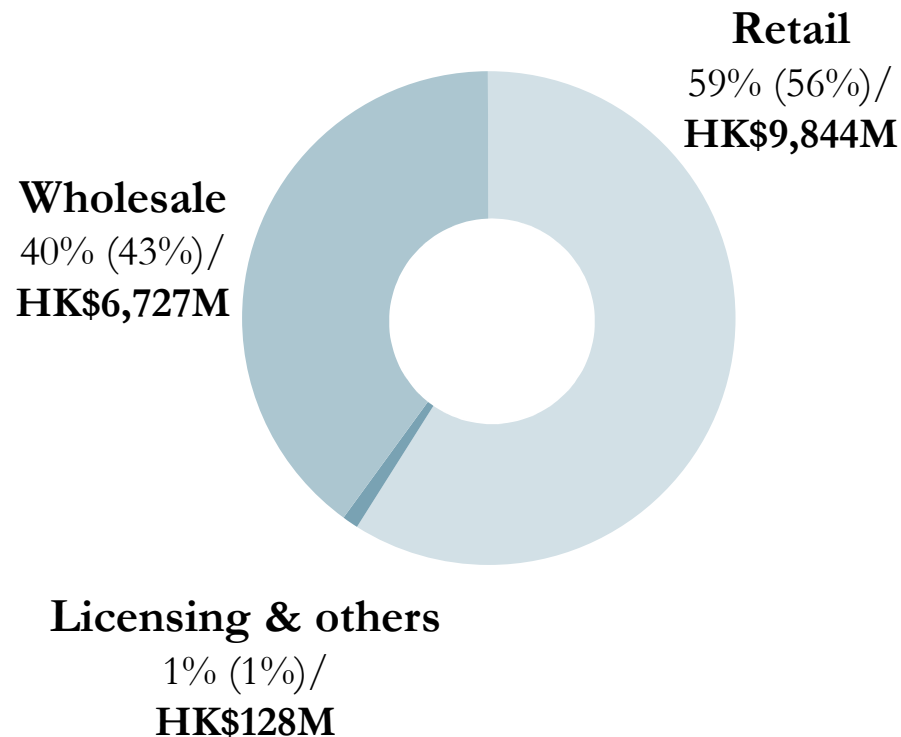
* Excluding edc

Turnover by channels

Continued shift towards Retail

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Group turnover: HK\$16,699M



- Continued shift towards Retail
- Rationalization of Wholesale space ongoing and impacting sales
- Retail with net space growth (60 stores opened)
- China is second biggest market for Esprit at 8.4% Group turnover and continues to grow

% to Group turnover (last year)/turnover in HK\$

Retail turnover

Significant improvement in 2Q

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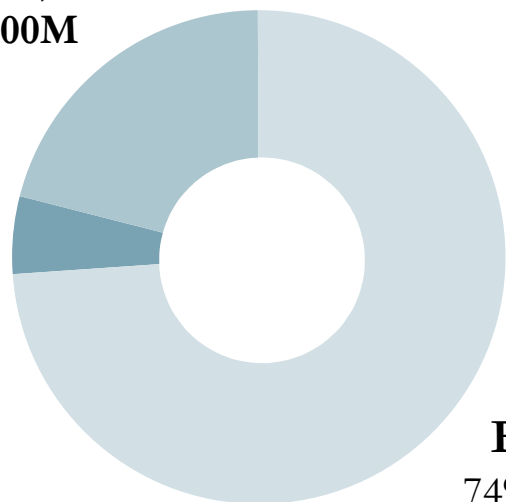
Retail turnover: HK\$9,844M

Asia Pacific

21% (22%)/

HK\$2,100M

**North
America**
5% (5%)/
HK\$467M



Europe
74% (73%)/
HK\$7,277M

% to Retail turnover (last year)/turnover in HK\$

Comp-store sales growth

	1Q	2Q	1H
Europe	-9.6%	-0.8%	-4.8%
Asia Pacific	-2.3%	-4.9%	-3.6%
Total	-8.5%	-1.5%	-4.6%

- Warm weather with high impact on traffic and sales in Autumn/Winter 2011
- Positive signs on traffic and conversion rate subsequent to implementation of brand and product initiatives supporting 2Q

Expansion continues according to plan

Store closure program on track

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	Directly managed Retail stores (POS)			Net sales area (m ²)		
	As at 1 Jul 2011	vs Jun 2011		As at 31 Dec 2011	As at 31 Dec 2011	vs Jun 2011
		Opened	Closed			
Europe	343	+11	-4	350	213,702	2.4%
Asia Pacific	615	+46	-24	637	112,187	3.1%
North America	89	+3	-2	90	31,365	0.8%
<i>Total (ex store closure program)</i>	1,047	+60	-30	1,077	357,254	2.5%

Store closure program

- Over 50% closed, signed or in final negotiations
- Closure procedures and costs incurred well within time frame and provisions

Finalizing wind-down of North America operations by 31 March 2012

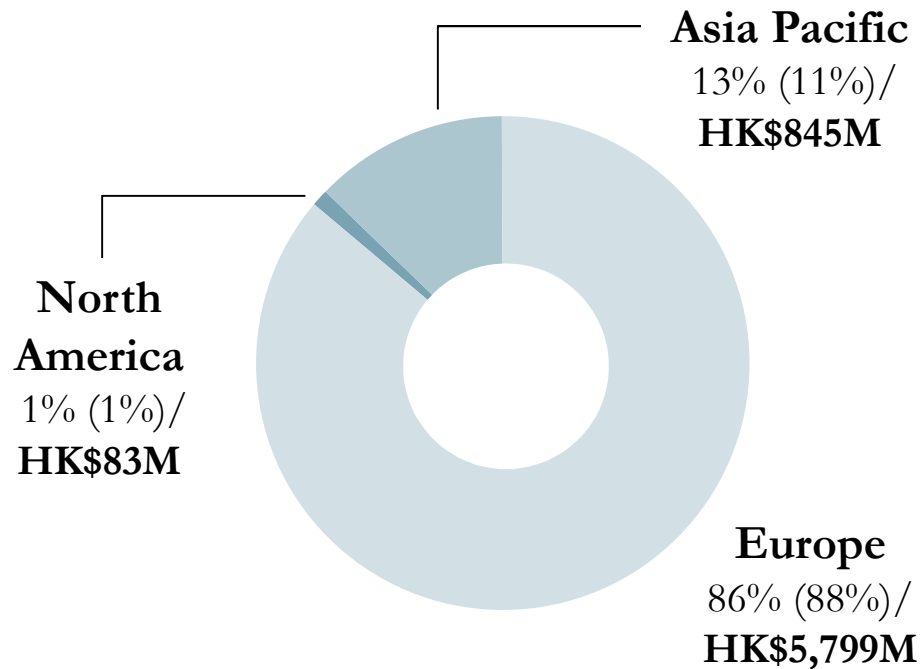
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- Sale scenario no longer pursued – Esprit not willing to compromise on brand positioning and distribution channels
- Wind-down of 41 retail stores and 53 outlets commenced
- 85 store leases with tentative agreements
- Last day of store operations: 31 March 2012
- Negotiations with interested license partners ongoing

Wholesale operating environment remained challenging

Wholesale turnover: HK\$6,727M



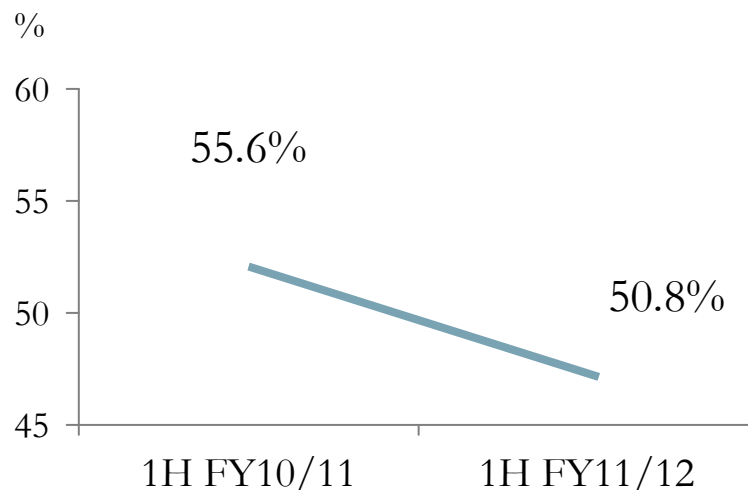
- Wholesale performance in line with Transformation Plan
- Active rationalization of Wholesale space
- Return initiative as part of targeted partner support
- Space growth continued to be affected by bank credit situation of franchise partners

% to Wholesale turnover (last year)/turnover in HK\$

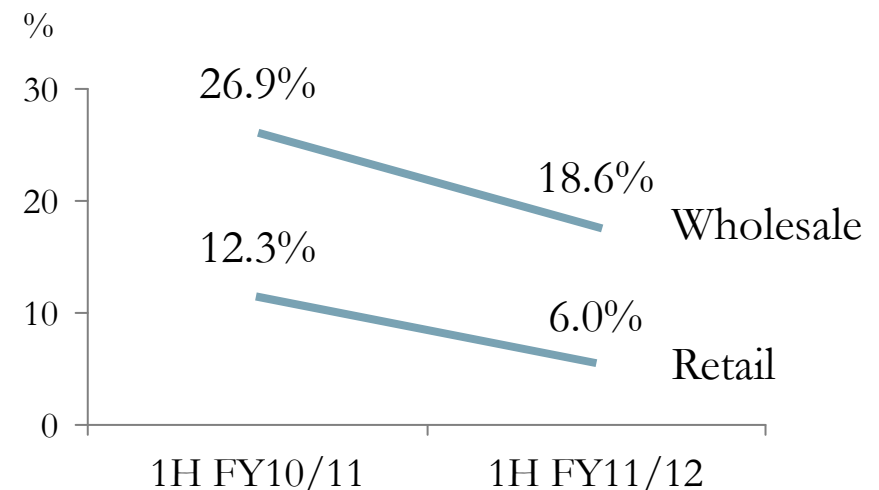
Group margins impacted by sourcing cost inflation and Transformation Plan initiatives

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Gross profit margin



Segment EBIT margin



- Cost inflationary pressure materializing
- Price points maintained to preserve price-value proposition
- Higher discounts as a result of warmer than expected weather
- Deleverage effect from negative turnover growth, e.g. rationalization of Wholesale space
- Wholesale returns with negative margin impact
- Other Transformation Plan initiatives

Inventory and trade debtors improved

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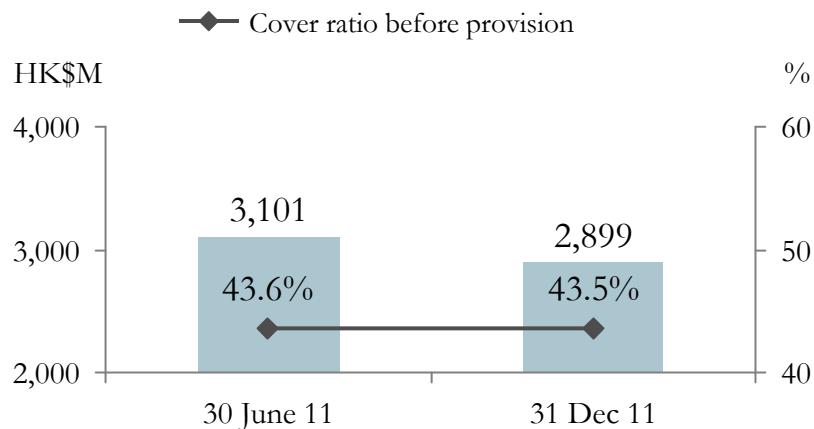
Inventory balance



- **Inventory balance decreased** mainly due to 10.3% depreciation of €/HK\$ closing rate, offset by:

- Increase in inventory units, up only 0.5% from 30 June 2011 despite adverse weather conditions
- Higher seasonal unit cost of inventories

Net trade debtors balance



- **Net trade debtors decreased** mainly due to 10.3% depreciation of €/HK\$ closing rate

60% payout ratio maintained

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Interim Dividend

Net earnings (HK\$'M)	555
Basic EPS (HK\$)	0.43
Interim dividend payout ratio	60%
Interim DPS (HK\$)	0.26
Cash and bank balance as of 31 Dec 2011 (HK\$'M)	3,408

Updates on Transformation Plan 2014/15

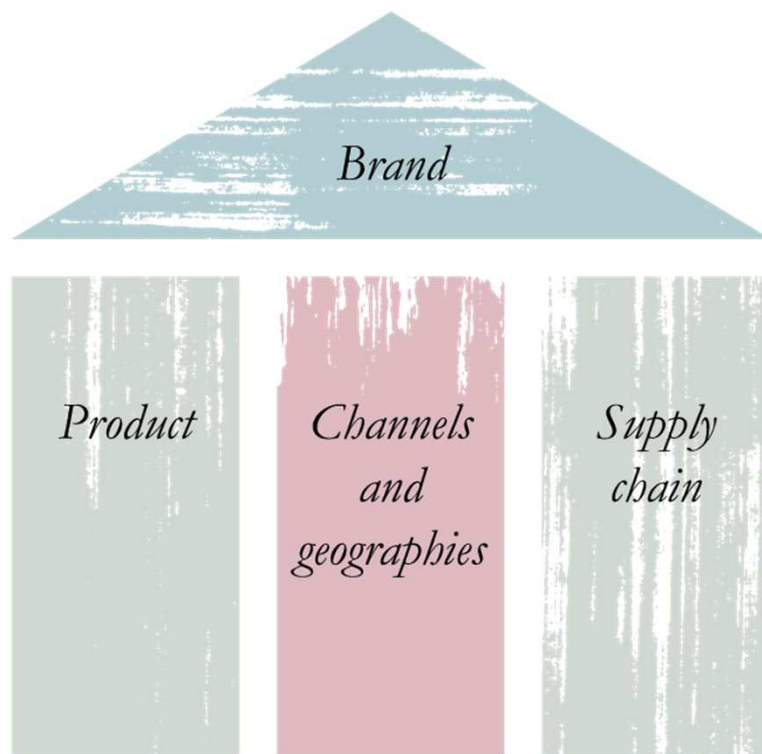
*Esprit will be
an INSPIRING fashion brand
with a clear identity
and SUSTAINABLE
PROFITABILITY*



Transformation Plan 2014/15

The new Esprit

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- A deep and consequent transformation
- New brand direction as starting point for transformation
- Important changes to product, stores and communication
- Significant investments, results materializing gradually over time
- Significant impact on our results in the first two years
- Experienced management team to drive
- Structured execution – rigorous processes & implementation KPIs

Transformation Plan well on track

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Brand

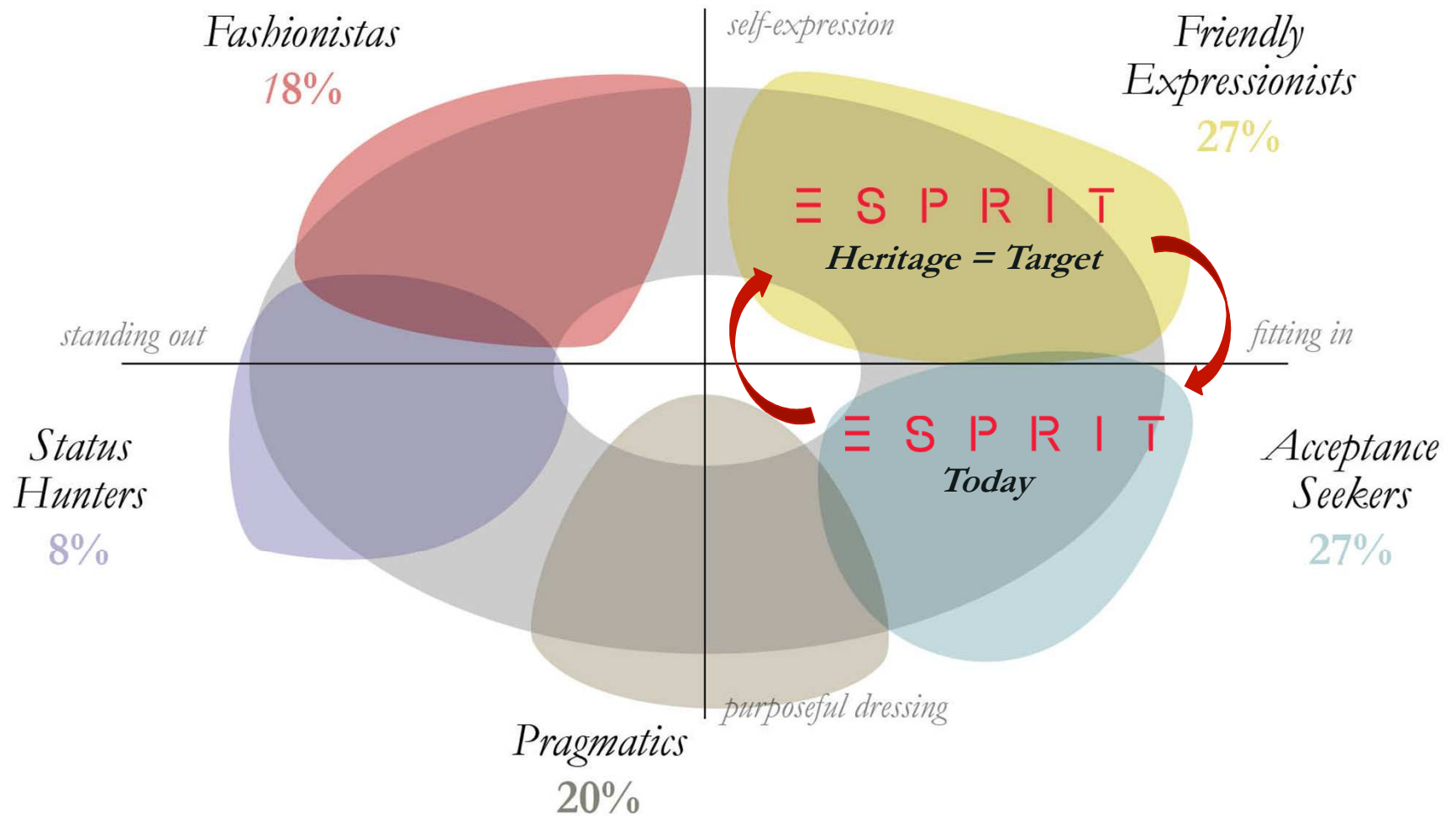
Product

Channels

Supply chain

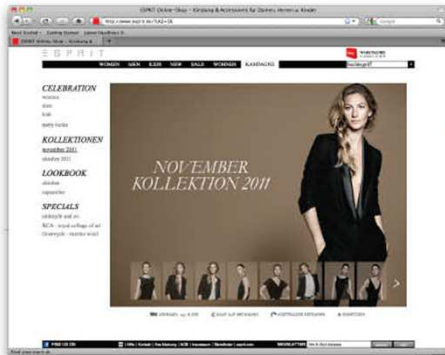
New brand direction is starting point of transformation

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Brand direction directly translated to all consumer touch-points

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e-shop

Store design



Brand

ESPRIT
VISIT ESPRIT.COM



Esprit club



Product



Brand communication



Esprit is a strong and trusted brand

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What's your favorite brand?¹

- *Germany* #1
- *Netherlands* #2
- *China* #3
- *France* #4

"Adidas, Nike and Esprit are the favorite fashion/ lifestyle brands in Germany"

GMK Markenbefragung, June 2011

Top 10 apparel brands² Brand value (US\$'M)

1	<i>Nike</i>	13,917
2	<i>H&M</i>	13,066
3	<i>Zara</i>	10,335
4	<i>Ralph Lauren</i>	3,378
5	<i>ESPRIT</i>	3,375
6	<i>Adidas</i>	3,088
7	<i>Uniqlo</i>	2,916
8	<i>Next</i>	2,567
9	<i>Hugo Boss</i>	2,445
10	<i>Metersbonwe</i>	1,446

Source:

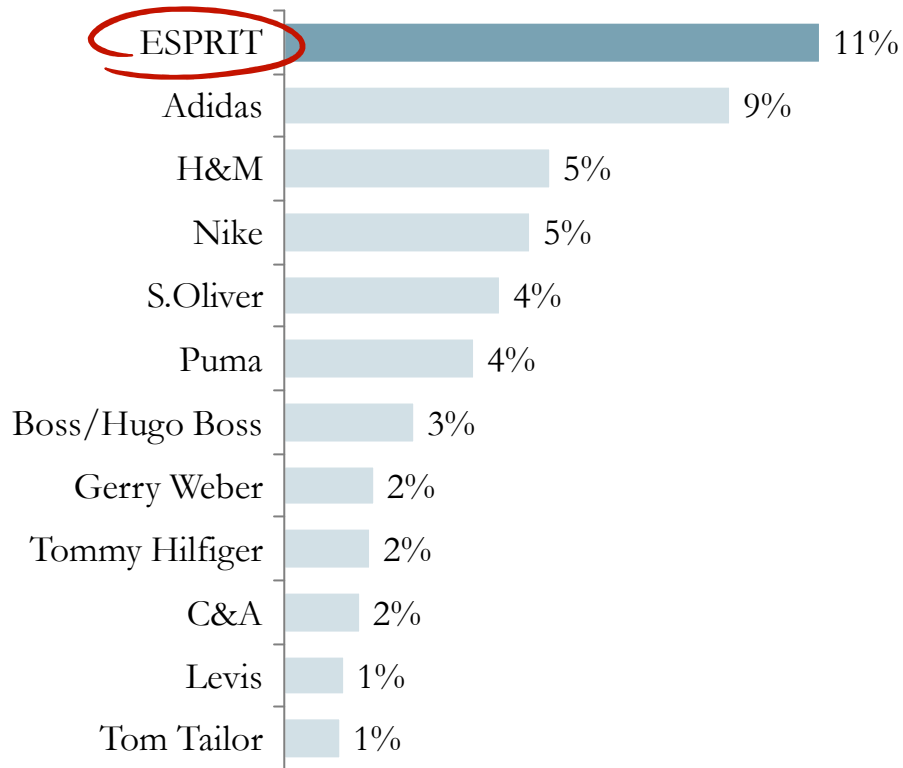
1. Brand tracker

2. Survey- Millward Brown Optimor 2011 (incl. Data from BrandZm, Kantar Worldpanel, and Bloomberg)

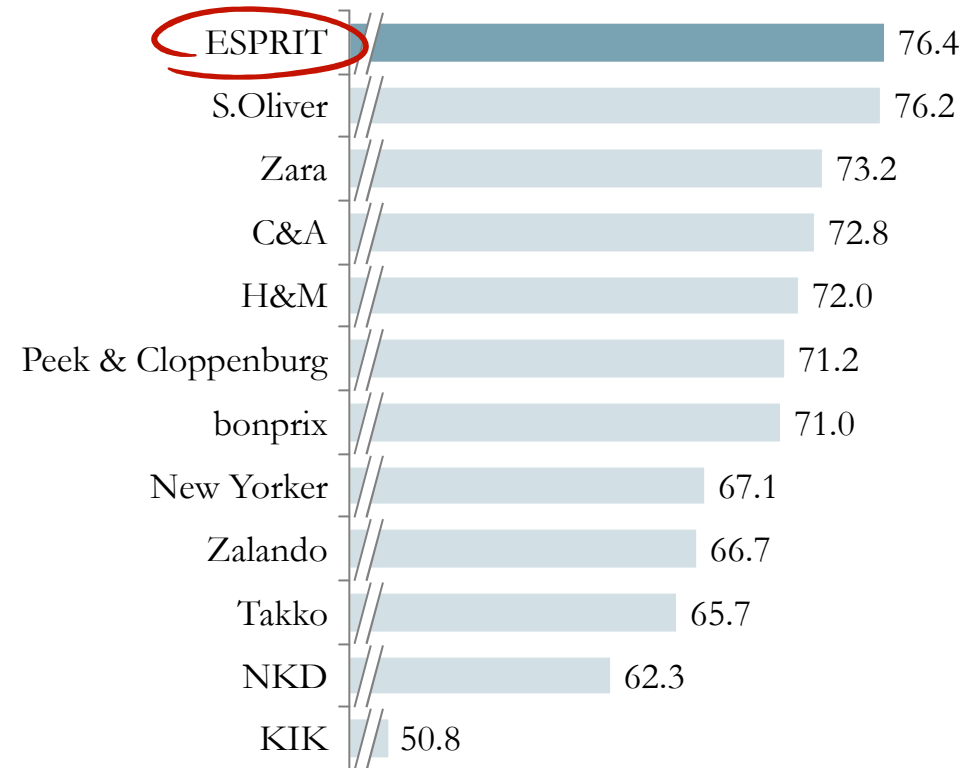
No 1 favorite fashion brand in Germany

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Favorite brand in Germany¹ (Jun 2011)



Best overall consumer rating² (Jan 2012)



1. Answered by women in representative survey conducted by GMK in Germany in Aug 2011, "What is your favourite brand?"

2. Proposition-Index by OC&C with scaling from 0-100, > 70 being "good"/"very good"

Source: Survey: Die Lieblingsmarken der Deutschen, Ordering party: GMK Markenberatung Köln/München, Number of respondents: 1000 German inhabitants older than 14 years, Interview technique: telephone interviews (CATI), open questions, multiple answered permitted. Execution: LINK Institut für Markt- und Sozialforschung; OC&C-Proposition-Index 2011

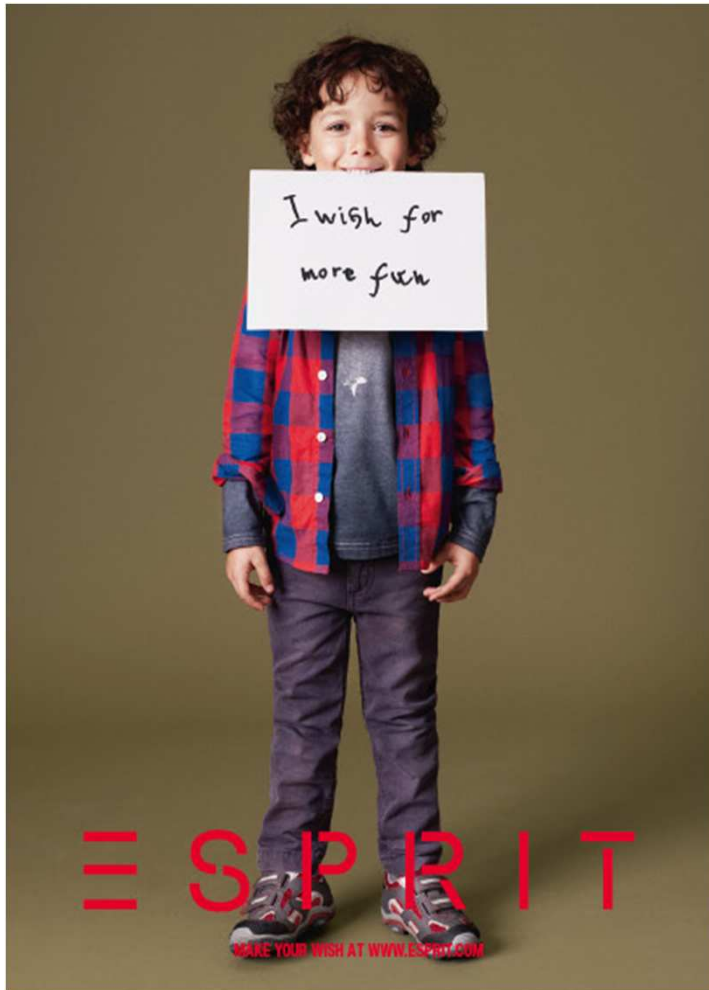
High profile brand campaign launched featuring supermodel Gisele Bündchen

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'Real people' campaign in December 2011

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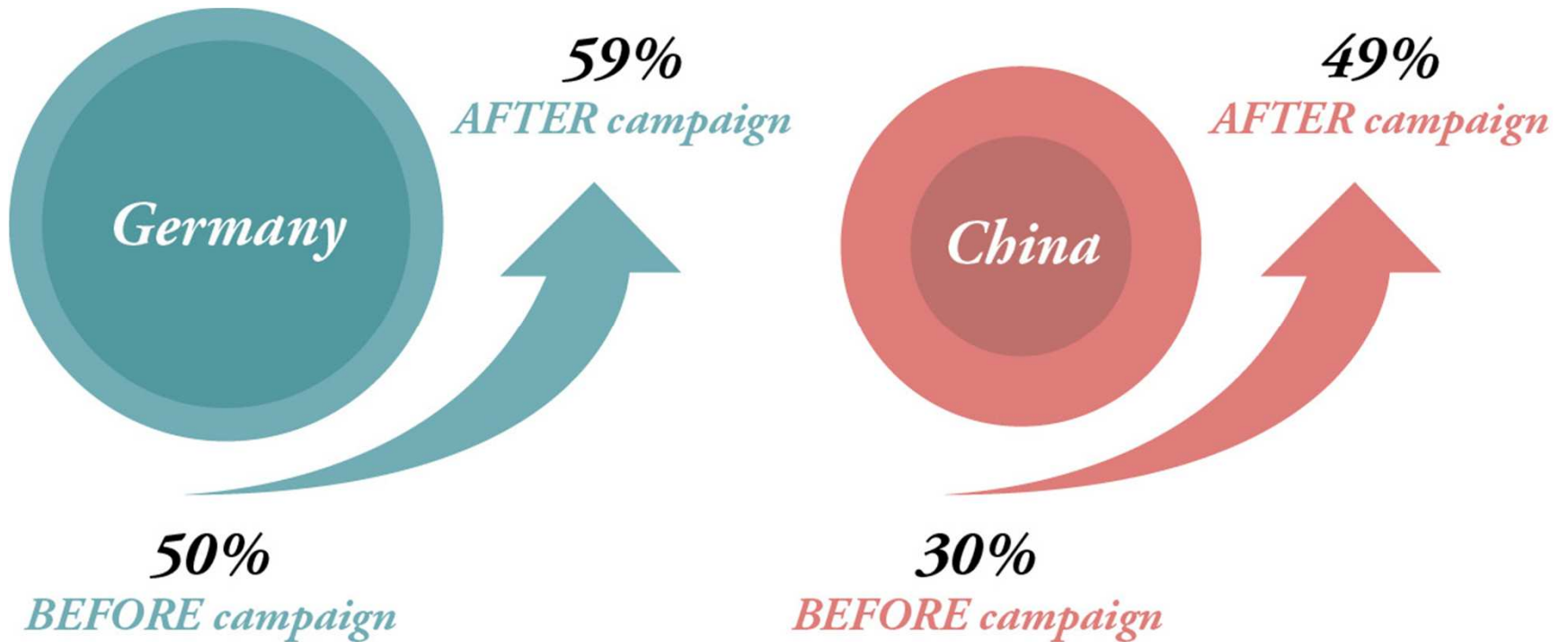
Strong resonance with consumers in China



Subway, Beijing

Improved consumer consideration

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IT WORKS!

Note: Different samples in Brand tracker (country representative) and Ad tracker (focus cities only)
Source: Brand Tracker Online Survey Spring 2011, Advertising tracking Online Survey Winter 2011

Very strong momentum in China

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Which brand best fits the following description?	2Q 2011 (Esprit in %)	4Q 2011 (Esprit in %)	Change (in %)	Rank (out of 13)
Is my favourite brand	7%	14%	+100%	#3
Is best to make latest trends	6%	11%	+80%	#4
Is the leader of fashion	5%	12%	+140%	#3
Has the best balance of price and quality	8%	12%	+50%	#3
Has the best value for money	7%	11%	+60%	#3

Note: Survey question: Which of the following brands (Top 13 fashion brands) best fits the following descriptions? Respondents can only choose 1
Source: Esprit brand tracker China



III SPIRIT

Transformation Plan well on track

ESPRIT

Brand

Product

Channels

Supply chain

Melody Harris-Jensbach
Chief Product & Design Officer

ESPRIT



- Korean-American nationality
- Parsons School of Design, New York
- More than 20 years industry experience
- 1998–2007 responsible for Esprit's successful product & design strategy
- 2008–2011 Deputy CEO & Chief Product Officer of Puma AG
- Since January 2012 responsible for all product, design and licensing activities

The Esprit woman

*Give me FASHIONABLE,
FEMININE styles*

Give me QUALITY MADE TO LAST

*Give me OUTSTANDING
VALUE for money*

*Show that you CARE ABOUT THE
WORLD around me ...*

*SURPRISE ME AGAIN
... and I'll be your friend*



Creating inspiring and fashionable collections E S P R I T

All product design & license activities are grouped together ✓

Trend division launched – First deliveries in September 2012 ✓

China design hub established – First deliveries in August 2012 ✓

Denim division launched – First deliveries in December 2012 ✓

CREATING THE PERFECT WARDROBE

Good sell-through of AW2011 collections



IT WORKS!

Collection Spring 2012 Preview



Transformation Plan well on track

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Brand

Product

Channels

Supply chain

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Retail

Offering an inspirational shopping experience









Very positive consumer feedback

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"I love the aesthetic decoration of the store. The wooden floor is beautiful and even the smallest detail is planned with a lot of taste."

"This store is fantastic. It makes me feel at home!"

"This store invites you to stay longer and enjoy the atmosphere. The atrium is unique."

"You get the impression the store tells a story... It's fabulous!"

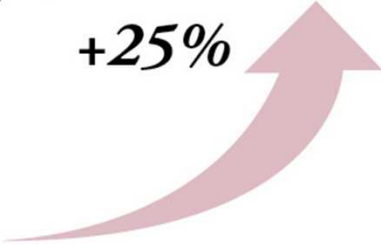
"The clothes feel closer to you. It's much more intimate. I particularly like the wardrobes."



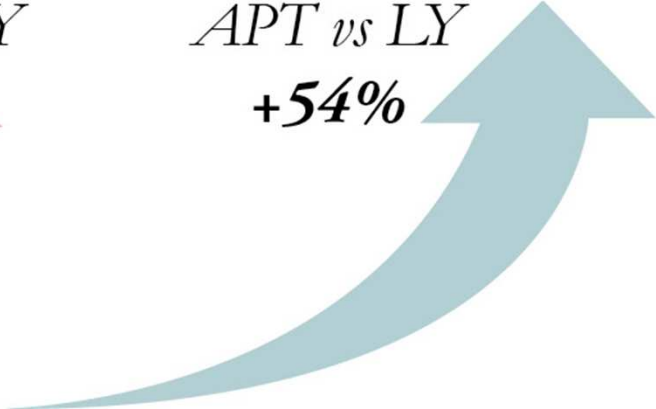
Successful launch exceeding expectations

ESP RIT

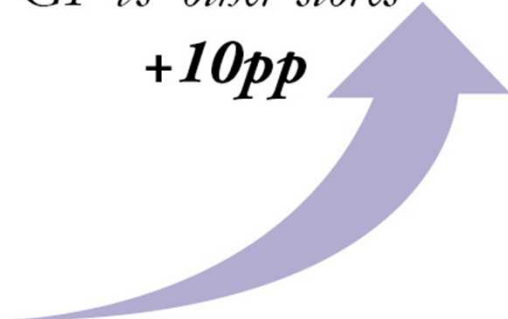
Traffic/Visitors vs LY
+25%



APT vs LY
+54%



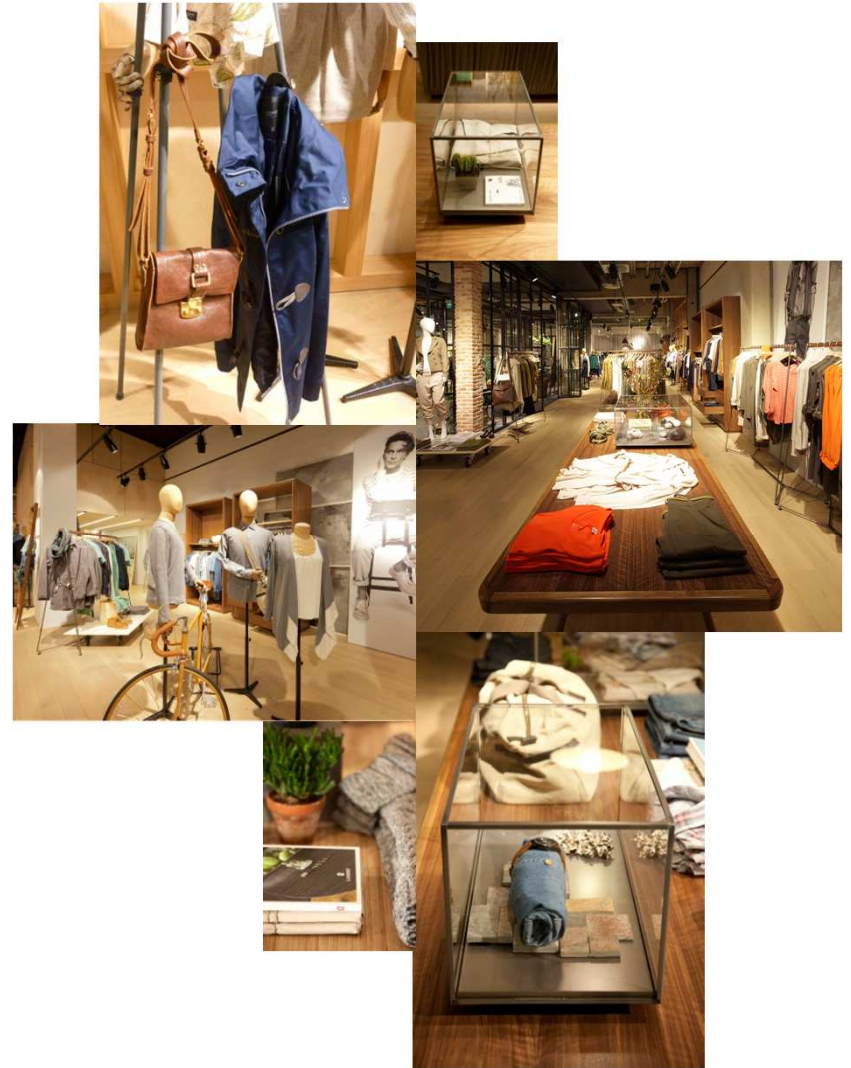
GP vs other stores
+10pp



IT WORKS!

Retail refurbishment – Next steps

- Speeding up the transfer of learnings to existing stores
 - 14 stores rebuilt by July 2012
 - Visual and merchandising tests rolled-out in controlled test group
- Two additional new store concepts being tested in Antwerp (April 2012) and in Düsseldorf (July 2012)






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Wholesale

New approach to our Wholesale business in roll-out

≡ S P R I T

- All European Wholesale accounts reviewed 
- ~ 650 accounts selected as key partners with highest growth potential and strong strategic fit – Secure and grow 
- Tailored support packages (i.e., refurbishment and expansion support, tactical returns and margin invest) in exchange for growth commitment 
- Negotiations with key partners started and going well – No immediate return on FY11/12 P&L

Strengthening the Wholesale channel

Refurbishment of strategic locations



- Refurbishment of > 50K sqm Wholesale space (~ 10% of PSS/SiS space) in FY11/12
- Refurbishment for key strategic partners based on Cologne concept (> 50 POS, thereof ~ 1/3 in China)
- ~ 10 showrooms to be refurbished in Europe and Asia to ensure consistent brand message

Upgrading the shopping experience

Transformation Plan well on track

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Brand

Product

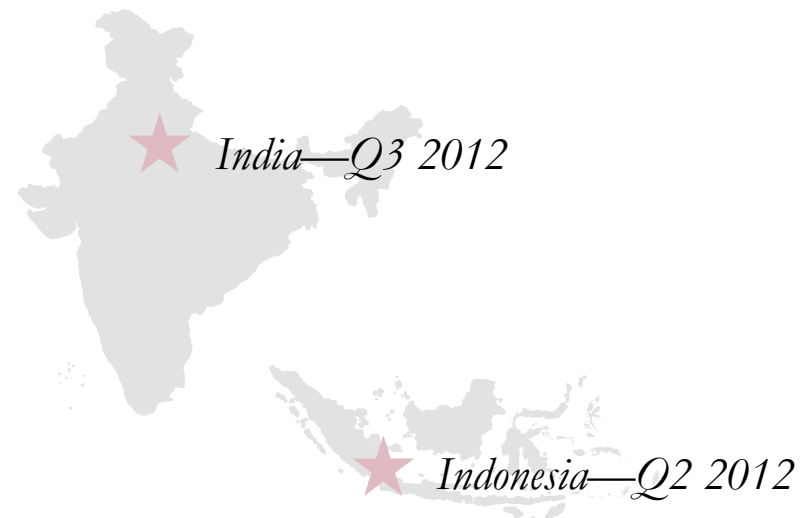
Channels

Supply chain

Implementation of sourcing strategy ahead of plan

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- NOOS service center launched to further optimize availability and inventory of NOOS offering ✓
- 2 additional sourcing offices in India and Indonesia to be opened ahead of schedule in 2012, to realize further potential in country of origin footprint ✓



Transformation Plan well on track

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Summary

Brand

- Brand campaigns featuring Gisele Bündchen delivering good results
- Successful launch of new store concept in Cologne in Nov 2011

Products

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Investor day planned for Mid 2012 – Update on Product and China

REMEMBER ME



Last day of trading on a "cum" basis	1 Mar 2012
Ex-dividend date	2 Mar 2012
Fixing of dividend reinvestment price	28 Feb – 5 Mar 2012
Book close	6 Mar – 7 Mar 2012
Dispatch of election form	13 Mar 2012
Election period	13 Mar – 27 Mar 2012
Dividend payment	18 Apr 2012