



fy05l06 final results
ESPRIT HOLDINGS LIMITED

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Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Esprit. These forward-looking statements represent Esprit's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Another record year

Double digit % growth with margin expansion

	HK \$mn	yoy growth*
FY05I06	~5% drop in Euro vs HK\$ translation rate included	
turnover	23,349	▲ 13.2%
operating profit	4,765	▲ 16.9%
net profit	3,737	▲ 16.4%
basic EPS (HK\$)	3.09	▲ 15.3%
EBIT margin	20.4%	▲ 0.6% pt
net profit margin	16.0%	▲ 0.4% pt

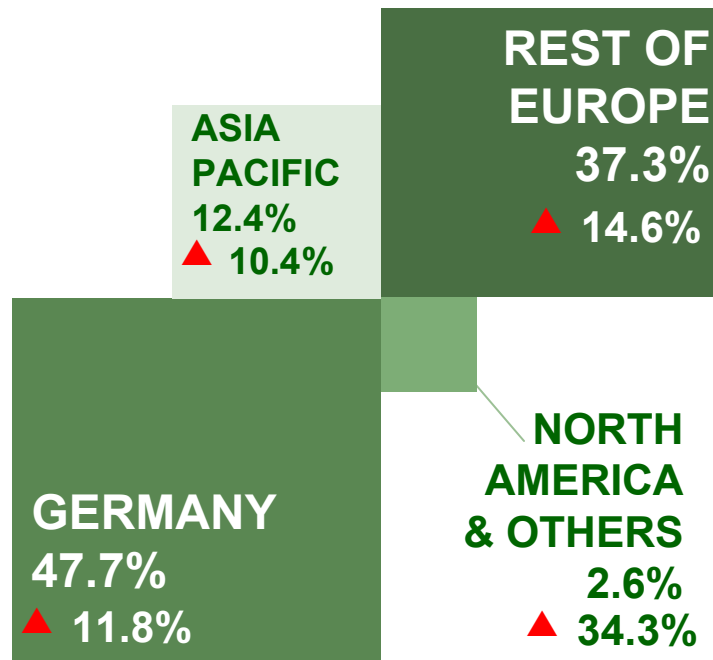
18.2% in
local
currency

* yoy comparison based on restated figures for FY04I05

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13 consecutive years of double-digit % growth

HK\$23.3bn Turnover breakdown



High growth markets

France	7.6%	▲ 27.3%
UK	1.7%	▲ 31.9%
Italy	1.0%	▲ 60.4%
Spain	0.5%	▲ 288.7%

Improved Esprit markets

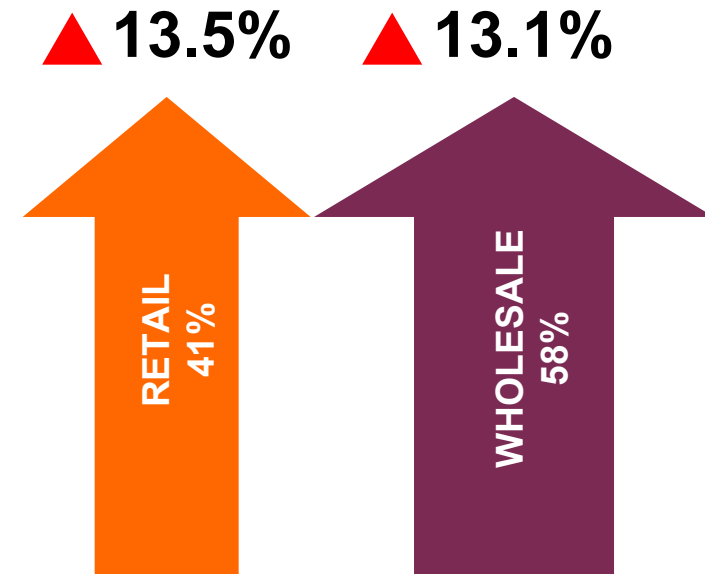
HK	3.1%	▲ 14.2%
Canada	1.6%	▲ 24.9%
Taiwan	1.2%	▲ 8.3%
US	0.9%	▲ 52.9%

■ % of FY05I06 turnover ▲ yoy HK\$ growth

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over 1,700 new point-of-sales

Wholesale & Retail turnover grew at about the same rate



	retail		wholesale*	
	yoy change		yoy change	
Selling space sqm ('000)	~224	▲ 16%	540	▲ 22%
POS	668	▲ 37	11,459	▲ 1,708
POS by regions				
europe	243	▲ 32	10,193	▲ 1,580
asia pacific	365	▼ 4	1,266	▲ 128
north america	60	▲ 9	-	-

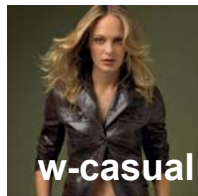
▲ yoy HK\$ growth

*POS figures shown under wholesale only include controlled space wholesale formats. i.e. partnership stores, shop-in-store and identity corners

Growth by diversified product portfolio

Quality products at reasonable price

% FY05I06 turnover yoy HK\$ growth



37% ▲ 7.6%



16% ▲ 31.2%



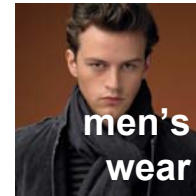
7% ▲ 1.7%



3% ▲ 17.6%

Women's wear 63% ▲ 12.5%

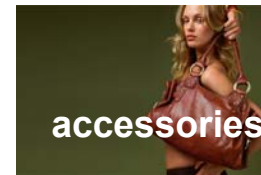
% FY05I06 turnover yoy HK\$ growth



14% ▲ 17.4%



7% ▲ 13.0%



5% ▲ 19.8%



5% ▲ 12.2%

Others 6% ▲ 7.6%

Key Profitability Indicators Intact

			yoy change
wholesale	EBIT margin	28.1%	▲ 1.9% pts
	<hr/>		
retail	EBIT margin	12.3%	▼ 0.1% pt
	Comp-store growth	9.0%	▲ 0.5% pt
<hr/>			
Inventory	Inventory turns	~7 x	
	Inventory days	54	

Updated inventory provision estimate: total write-off after 1.5 yrs
net release of inventory provision ~ HK\$90mn pre-tax

total full-year payout: 75% of EPS

Solid financial strength

	HK\$ mn	yoy change
Net Assets	9,107	▲ 29.4%
Free Cash Flow	2,591	▲ 74.9%
Net Cash	2,469	▲ 42.8%
ROE	46.3%	▼ 5.3% pts

Proposed dividend

	HK\$/share	% of EPS
Regular		
Interim - paid	0.50	} 40%
Final	0.73	
Special	1.08	35%
	1.81	75%

payable on or about 8 Dec 06

Announcement



Heinz Krogner
to become
Chairman of the Board
in 2007

Prospect – organic growth intact

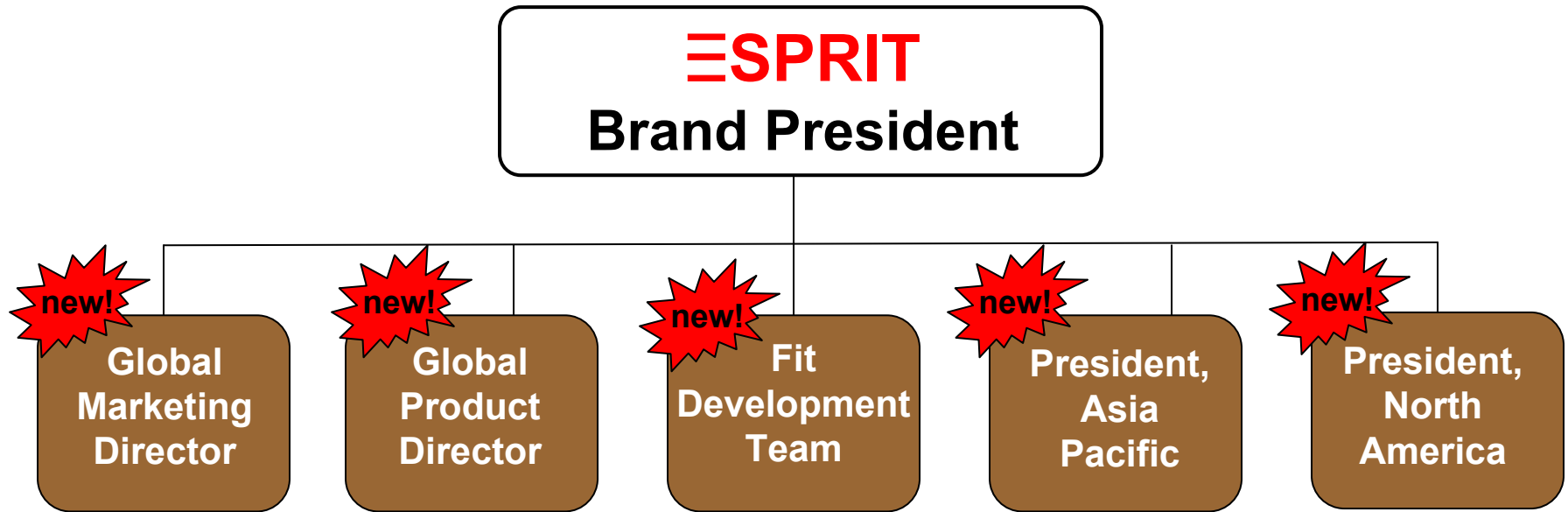
FY06I07 Targets

sales growth (local currency)	~20%
EBIT margin	~20%
net profit margin	~15%

Over HK\$1 bn CAPEX for growth

- **Further expand distribution network globally**
- **Upgrade IT systems to cope with long-term growth**

Strengthened management team



Enhanced internal control and better risks management

FY06I07 Focus

retail

- better product offering & customer service globally
- 80+ new stores totalling over 31,000 sqm primarily in:

Germany	over 14,000 sqm
Benelux	over 3,000 sqm
France	over 2,000 sqm
- more than 10% comp-store growth YTD Aug 2006

wholesale

- expansion focus: Spain, Italy, Canada, UK
- adding 1,500+ POS in Europe primarily in:

Germany	over 940
France	over 190
- 50+ new stores opening in India within 24 months
- low teens % yoy growth in pre-order to Dec 2006

Gaining traction in North America

FY05I06

- Wholesale sales ▲ 24.4%
- Retail sales ▲ 45.4%
- Comp-store sales ▲ 7.0%
- More full price sales
- Higher economies of scale
- Better operating margin

FY06I07 Goals

- Further sales & margin improvement
- Adding over 10 retail stores, over 15% increase in retail space
- Restructuring merchandise management
- Expand our presence in Nordstrom's national network

▲ yoy HK\$ growth

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live the purity

your invitation into a brand new world. a world filled with clarity, simplicity, understatement and personality. enjoy latest fashion items and go for a new look.

join a culture as inspiring as your individuality.