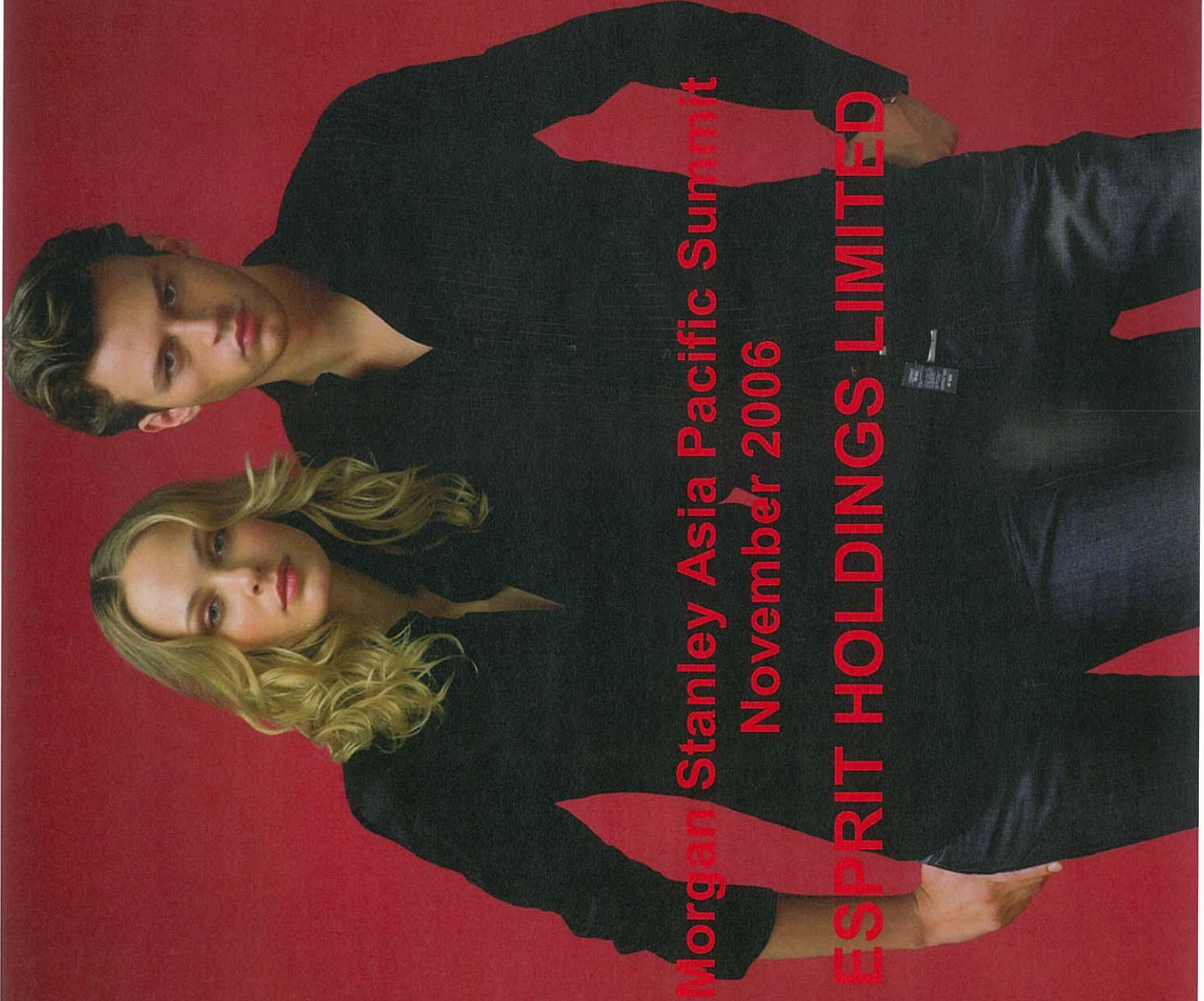


# ESPRIT



Morgan Stanley Asia Pacific Summit  
November 2006

ESPRIT HOLDINGS LIMITED

## 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.

# 13th consecutive year of growth since listing

13-yr CAGR

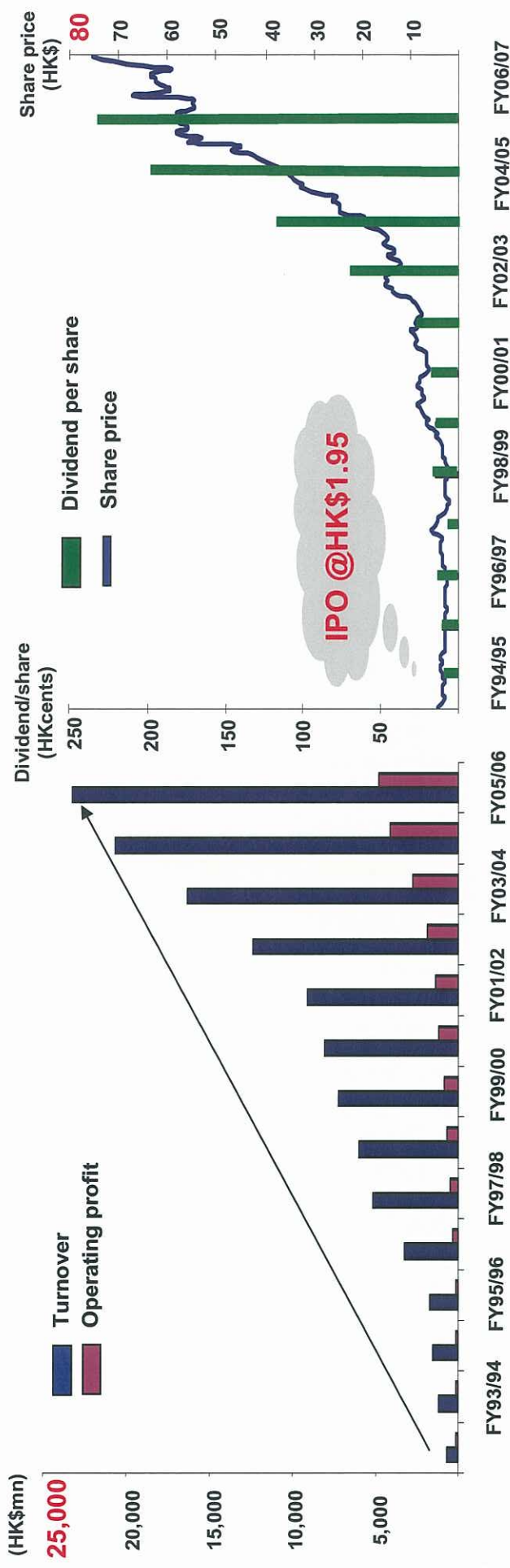
Turnover

↑ 30%

Operating profit

↑ 34%

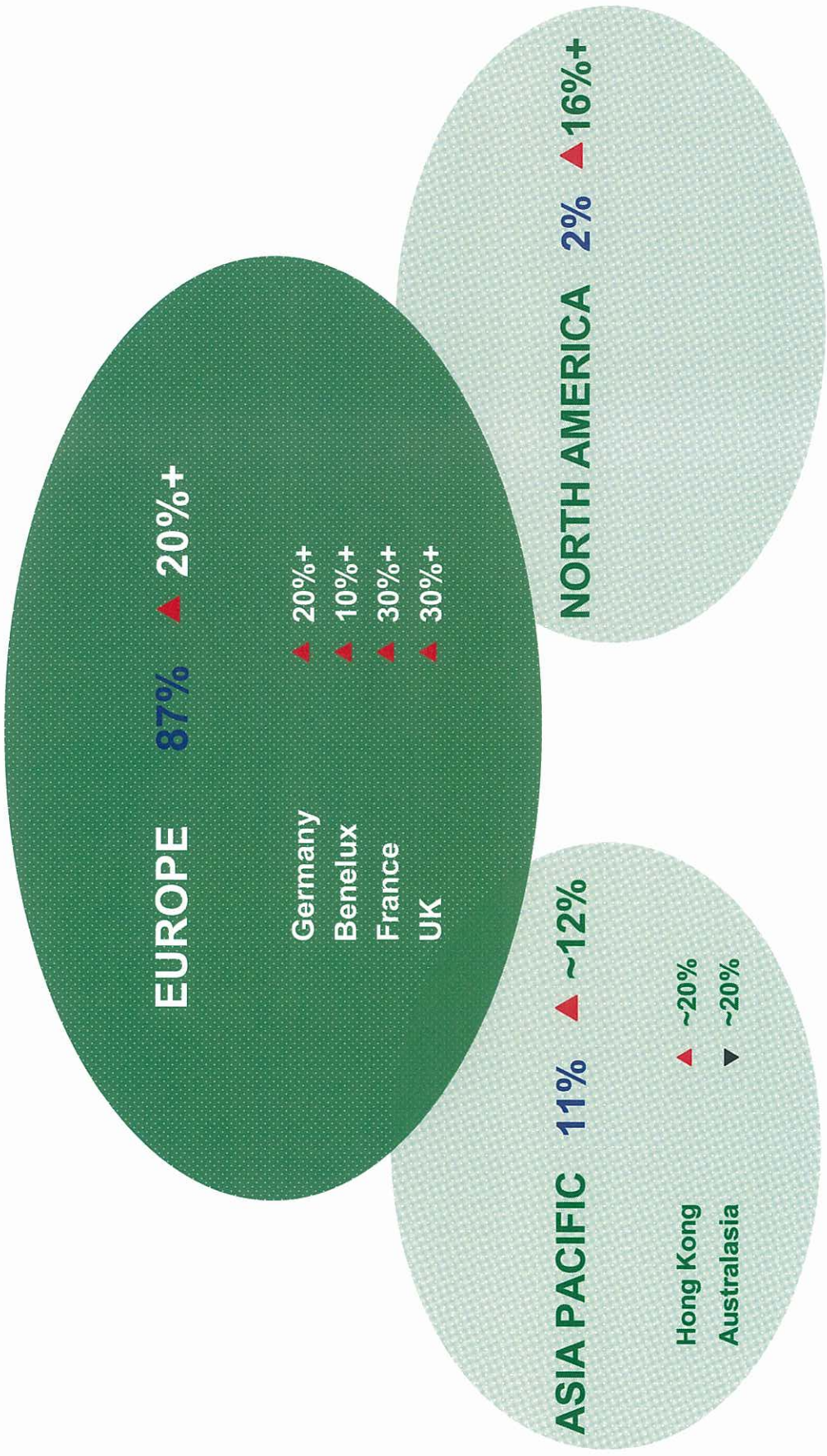
Enhancing shareholder value



# 1Q 06/07 update

ESPRIT

# Group's turnover grew ~20% YoY (over 15% LCY)



■ % of 1Q06/07 turnover ▲ yoy HK\$ growth



## 1Q 06/07 performance inline with management expectation

### Group

- Wholesale vs retail turnover split around 60 : 40
- EBIT margin ~20%
- Improved inventory turns with reduced inventory on hand

### Wholesale

- Turnover grew 13%+ YoY
- Opened ~500 POS in Europe

### Retail

- Over 15% comp-store growth
- In Europe: new ~4,200m<sup>2</sup> or ~10 stores

# Strong retail momentum

	Comp-store growth	New store opened
Europe	~ 20%	2 in Germany 7 in Benelux
Asia Pacific ex. Australasia	~3% ~ 10%	1 in Hong Kong 2 in Singapore
North America	~7%	1 in US 1 in Canada

## Focusing on retail expansion strategy

### Encouraged by

- Retail sales growth across all regions including strong comp-store sales
- Retail EBIT margin shows healthy improvement from last year

### Initiatives

- Developing edc freestanding store concept
- New Global Real Estate Director to accelerate international retail space expansion

### Investment

- CAPEX and working capital to be funded from strong operating cashflow



# Better understanding of Esprit's success factors and systems

First corporate IR Day held in Ratingen on October 19-20, 2006



Brand

Products

Wholesale & retail distribution

# Corporate matters

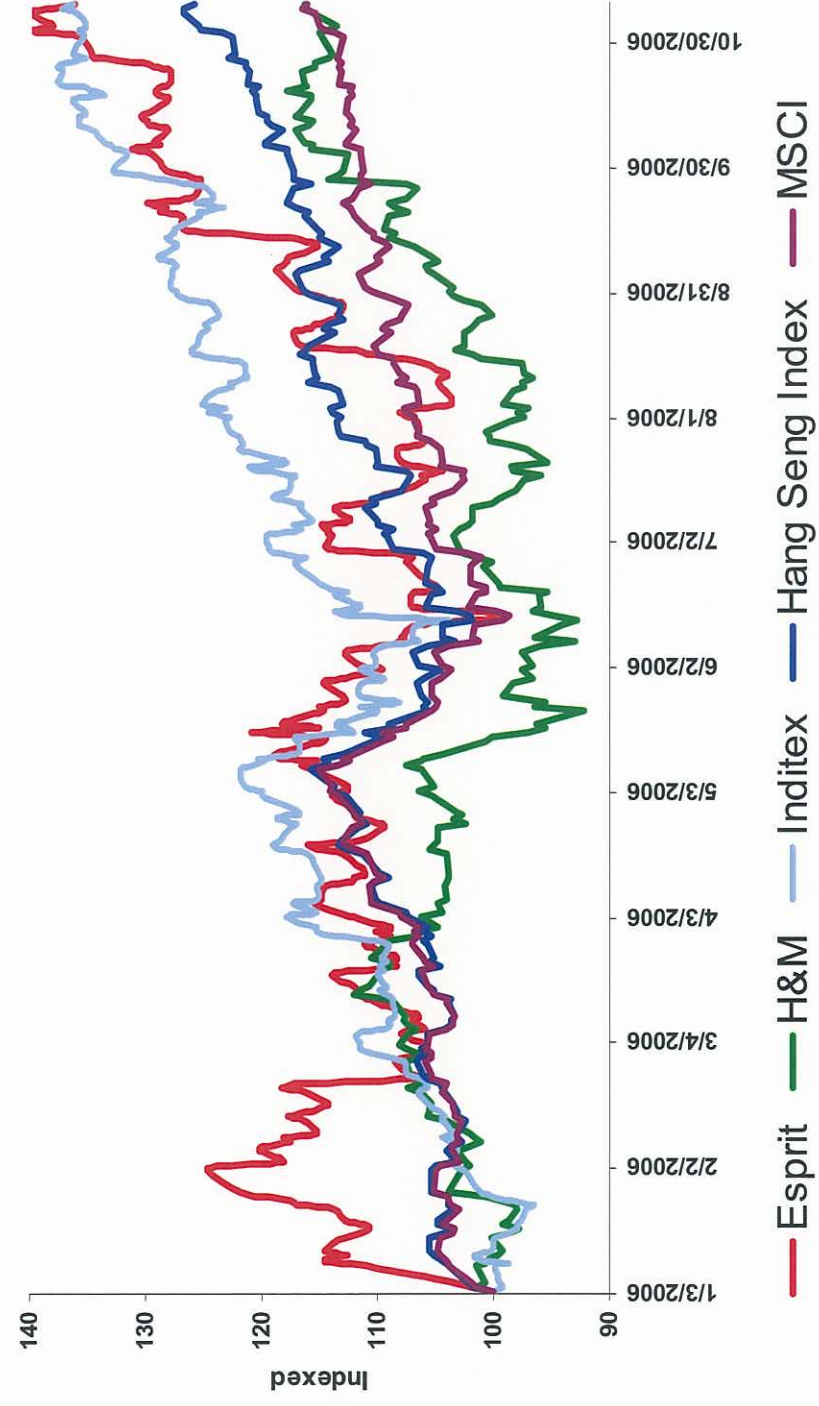
## Liquidity further improved

- **Market capitalization around US\$12 billion**
- **85% public free float, with diversified international shareholder base**
- **Vesting of ~14m options in late November 2006**
  - **Orderly disposal of option shares will continue**

## Upcoming AGM on Dec 05, 2006

- **Reduced share issuance mandate request from 20% to 10%**
  - **Provide the company with flexibility in financing potential acquisitions**
  - **Modest dilution to shareholders without pre-emptive right**

# Share price performance in 2006



**ESPRIT** +36%  
**Inditex** +36%  
**HSI** +25%  
**H&M** +16%  
**MSCI HK** +16%

# ISPRIT

	<u>FY05/06</u>	<u>FY04/05</u>
Final & Special Dividend	HK\$1.81	HK\$1.50
Dividend Payout Ratio		
Regular	40%	40%
Special	35%	30%
Ex-dividend Date	30 Nov 2006	
Dividend Payable	8 Dec 2006	

## Q & A