

ESPRIT

Final results for year ended 30 June 2009

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1. Results Highlights

Investment Attributes

- **Maintain turnover base in local currency** amid challenging operating environment
- Retail turnover grew 10% in local currency, with a **comp-store sales growth of 3.5%**
- Grew retail store and franchise store selling space by > 15%
- Achieved cost savings across departments, revamp IT system and other stream-lining initiatives
- Generated cash of HK\$5,272m from operating activities and total dividend of HK\$5,039m paid during the year
- Succession in place

1. Results Highlights

Performance Summary

**Year ended
30 June 2009**

**Year ended
30 June 2008**

HK\$

HK\$

Turnover	34,485m	37,227m
Operating Profit	5,729m	7,721m
Net Profit	4,745m	6,450m
EPS (Basic)	3.81	5.21
Proposed Final Dividend	0.72	1.15
Proposed Special Dividend	1.33	2.10
Total	2.05	3.25

GP Margin	52.1%	53.6%
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Operating Profit Margin	16.6%	20.7%
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Net Profit Margin	13.8%	17.3%
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1. Results Highlights



Turnover by regions	Year ended 30 June 2009		Change in %	
	HK\$m	% to total sales	HK\$	Local currency
EUROPE	29,419	85.3%	-8.9%	-1.9%
ASIA PACIFIC	4,221	12.2%	3.6%	12.0%
NORTH AMERICA AND OTHERS	845	2.5%	-1.4%	7.6%
TOTAL	34,485	100.0%	-7.4%	Flat

Turnover maintained FLAT year-on-year in local currency

1. Results Highlights



Turnover by Key distribution channels	Change in %				
	HK\$m	% of total	Local currency	HK\$m	% of total
Retail	16,351	47.4%	10.0%	16,055	43.1%
Wholesale	17,906	51.9%	-8.0%	20,943	56.3%
Licensing & others	228	0.7%	1.1%	229	0.6%
Total	34,485	100%	Flat	37,227	100.0%

Strong retail performance compensated for declining wholesale

1. Results Highlights



As at 30 June 2009	No. of stores	Net opened stores*	Sales area (m ²)	Net change in sales area*
Retail	801	104	313,534	15.4%
Wholesale - Franchise Stores**	1,551	136	369,454	15.5%
- Shop-in-stores**	5,409	598	220,113	11.2%
- Identity Corners**	7,107	(1,257)	219,038	-4.3%
TOTAL	14,067	(523)	808,605	8.3%

- **Expanded selling space to capture upside potential as market recovers**
- **Majority of the decline in Identity Corners is due to closure of Red Earth operations**

*Net change from 30 June 2008

** Include Esprit and Red Earth store units

1. Results Highlights



	Year ended 30 June 2009 HK\$m	Year ended 30 June 2008 HK\$m	Change in %
Turnover	34,485	37,227	-7.4%
OPEX	12,233	12,249	-0.1%

Maintained OPEX amid expanded store base, thanks to tightened costs control and cost savings program

1. Results Highlights



Segment EBIT margin	Year ended 30 June 2009	Year ended 30 June 2008
Retail	10.8%	13.3%
Wholesale	22.1%	26.5%
Licensing and others	53.6%	57.9%
Group operating profit margin	16.6%	20.7%

Segment EBIT margins expected to normalize as market recovers

1. Results Highlights

China associated companies contribution

Results of China associated companies	Year ended 30 June 2009 HK\$m	Year ended 30 June 2008 HK\$m	Change in %
Turnover	2,678	2,292	16.8%
Net profit	329	296	11.3%
Share of results	161	145	11.3%
Dividend received from China associated companies	220	-	n.a.

China continues to be a lucrative market

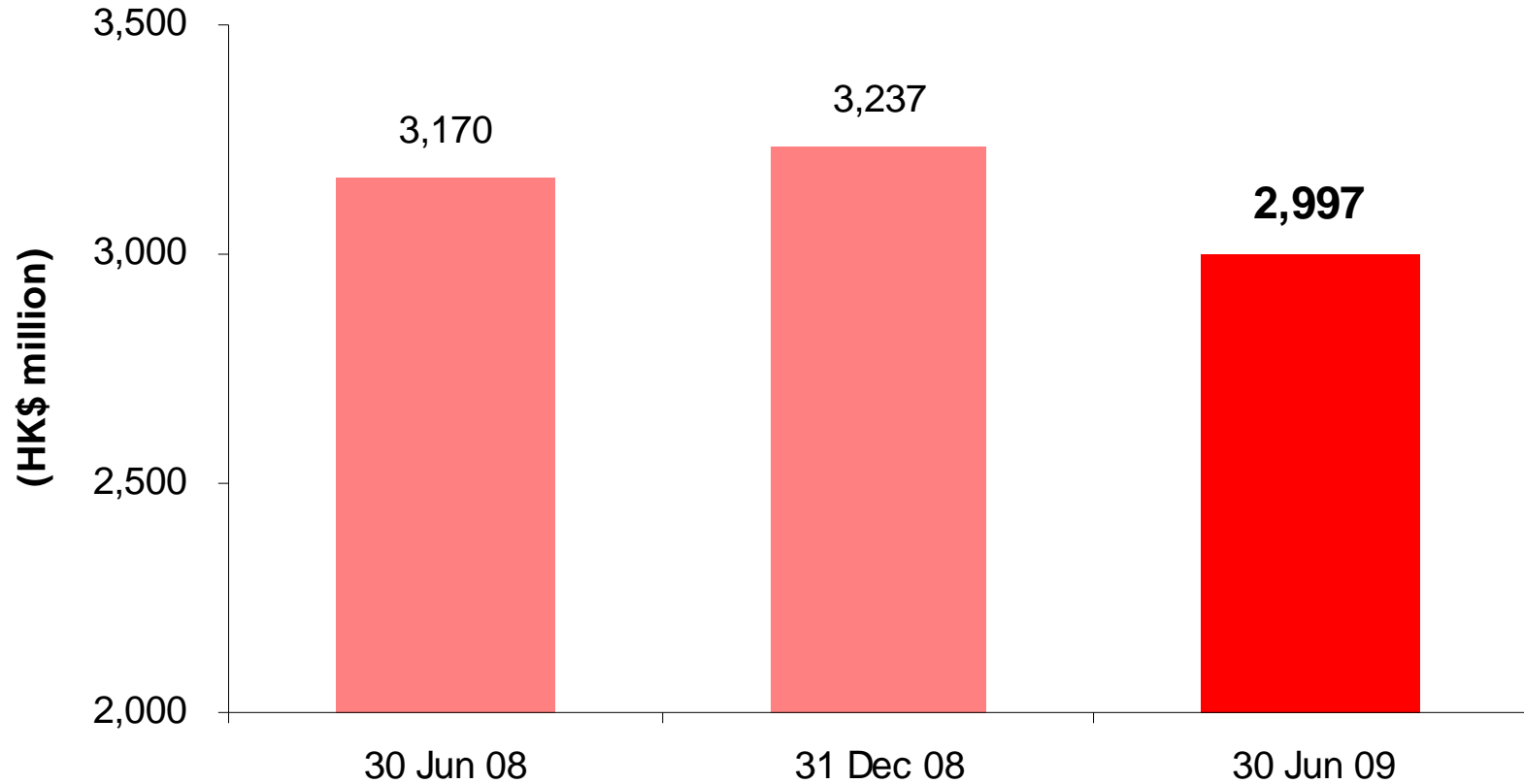
1. Results Highlights

	Year ended 30 June 2009	Year ended 30 June 2008	Change in % pt
Effective tax rate	20.6%	19.9%	0.7%pt

Effective tax rate increased in Europe and Asia

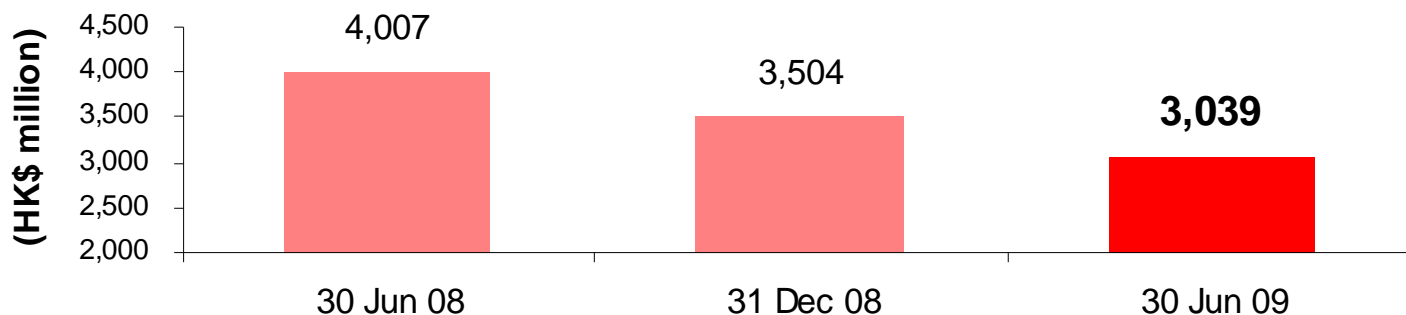
1. Results Highlights

Inventories



1. Results Highlights

Trade Debtors



	As at 30 Jun 2008	As at 31 Dec 2008	As at 30 Jun 2009
Net Trade debtors aging:			
(by due date)	HK\$ million	HK\$ million	HK\$ million
Current	3,268	2,612	2,410
1-30 days	366	427	246
31 - 60 days	151	151	137
61-90 days	63	87	76
91-120 days	22	31	27
121-150 days	17	35	17
Over 150 days	120	161	126
Total	4,007	3,504	3,039
% of trade debtors not insured/secured	33.7%	46.9%	54.8%
Provision for impairment of trade debtors for the year	86	N/A	181

1. Results Highlights



	Year ended 30 June 2009 HK\$m	Year ended 30 June 2008 HK\$m	Change in %
CAPEX	2,011	1,352	48.7%
- New stores and expansion	865	758	14.1%
- Existing stores	455	373	22.0%
- IT projects	524	63	731.7%
- Office & others	167	158	5.7%
Return to shareholders			
- Repurchase of shares	204	-	n.a.
- Dividends paid	5,039	4,256	18.4%

Investing in our future and sharing success with shareholders

1. Results Highlights



Dividend	Total*		Per share
	HK\$m	HK\$	% of EPS
Interim paid	997	0.80	21%
Proposed Regular - Final	897	0.72	19%
Proposed Special	1,657	1.33	35%
Total	3,551	2.85	75%

* Proposed regular final and special dividend payment is calculated based on 1,246,031,934 shares in issue as at 26 August 2009.

- **Total dividend payout ratio of 75%**
- **Special dividend to be satisfied in form of new fully paid shares**

OUTLOOK & STRATEGIC DIRECTION

2. Outlook & Strategic Direction



Wholesale

- Facing continued headwinds
- Currently planned 130-140 franchise store openings
- Work with strong partners to push further franchise expansion
- Convert department store to concession

Retail

- 60-80 planned retail openings
- Increase/accelerate retail store openings by focusing management time and resources in:-
 - a) core profitable markets such as France
 - b) underperforming markets such as U.K., Canada, Australia and selected cities in the U.S.
- Improve profitability of retail business

3. Corporate Calendar



Last day of trading on a “cum” basis	25 Nov 2009
Ex-dividend date	26 Nov 2009
Fixing of Dividend Reinvestment Price	5 trading days preceding 30 Nov 2009
Book close	30 Nov 2009 – 10 Dec 2009 (both days inclusive)
AGM	10 Dec 2009
Despatch of Election Form	15 Dec 2009
Election Period	15 Dec 2009 – 4 Jan 2010 (both days inclusive)
Dividend payment	on or about 15 Jan 2010

Questions & Answers

Thank You