



Esprit Holdings Limited

CSFB Asian Investment Conference
March 20, 2002

www.espritholdings.com

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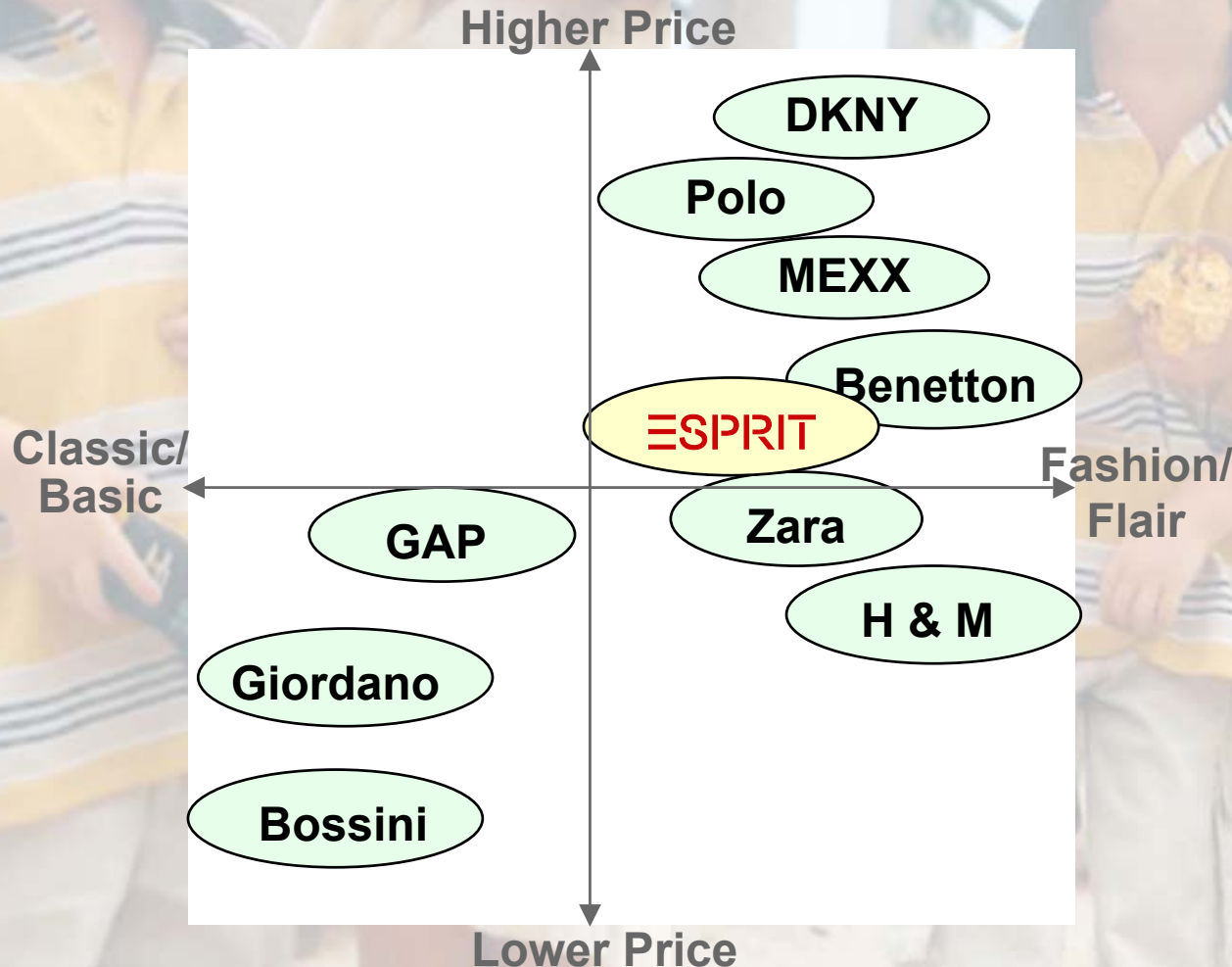
The **ESPRIT** World

- ◆ **Global brand with high awareness**
 - **Highest brand awareness among women's wear brands in Germany***
- ◆ **Wide range of products sold in over 40 countries**
- ◆ **Huge consumer franchise worldwide, controlling over 3 million square feet in retail space**
- ◆ **Over US\$1 billion in annual turnover**
- ◆ **Around US\$1.9 billion market capitalization #**

* *Spiegel Study as published in TextilWirtschaft on November 8, 2001*

As of March 18, 2002

An International Contemporary Lifestyle Brand



THE **ESPRIT** BRAND

- Volume prestige: high quality at affordable prices
- Attitude rather than age
- Young and dynamic
- Tasteful and clean

8,000+ Designs/Styles in 12 Collections a Year

Women's wear

- Women's Casual
- Women's Collection
- EDC
- **ESPRIT** Sports

Men's wear

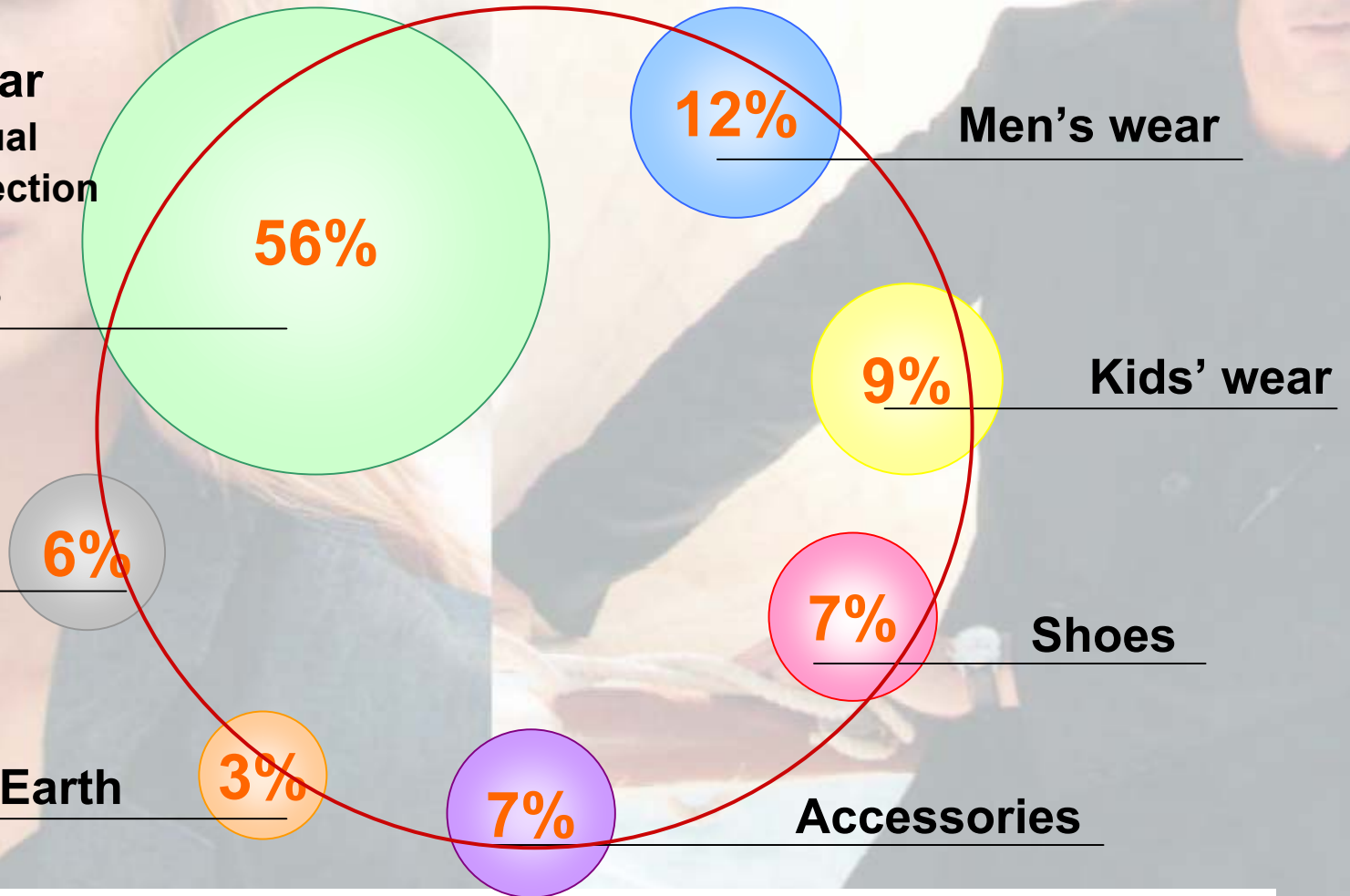
Kids' wear

Shoes

Accessories

Others*

Red Earth



As of December 31, 2001

*Others include salon, café, bodywear, bed & bath, homeware & licensed products like timewear, eyewear, jewelry, etc.

Global Business via Multi-Channel Distribution

Wholesale

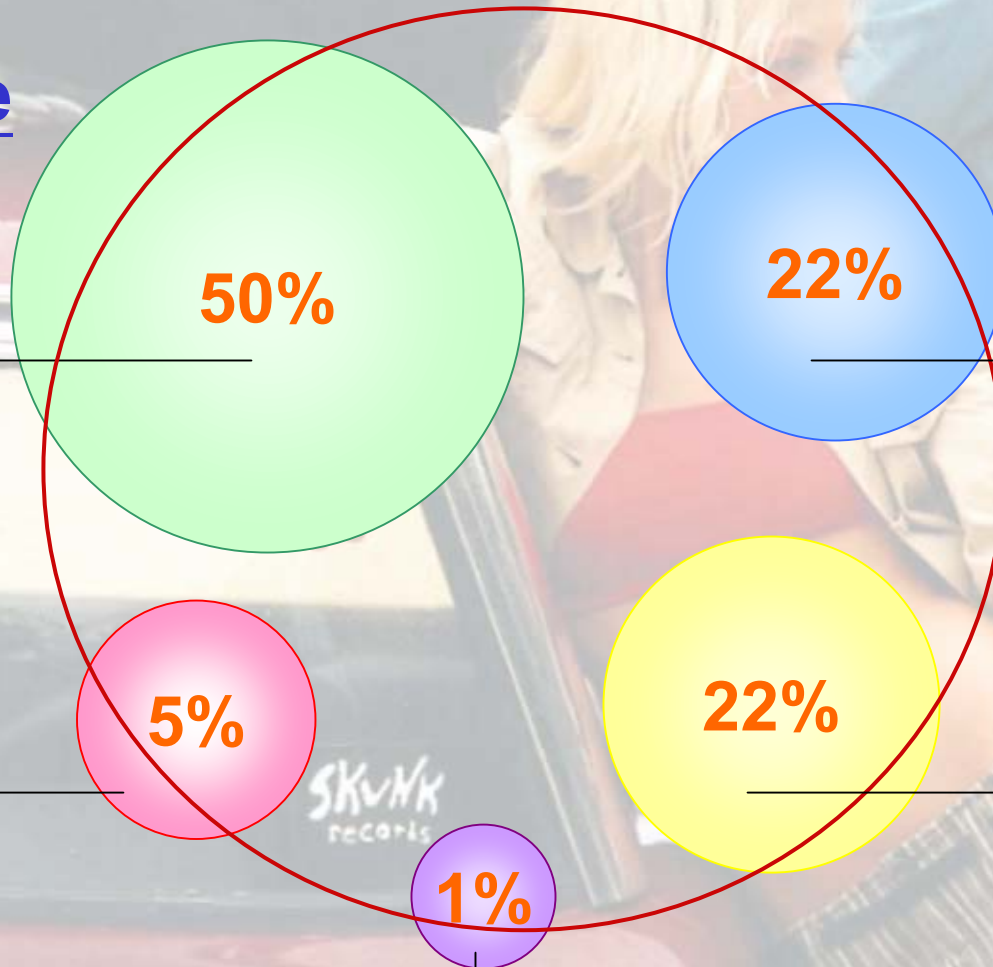
Retail

Europe

Europe

Asia Pacific

Asia Pacific

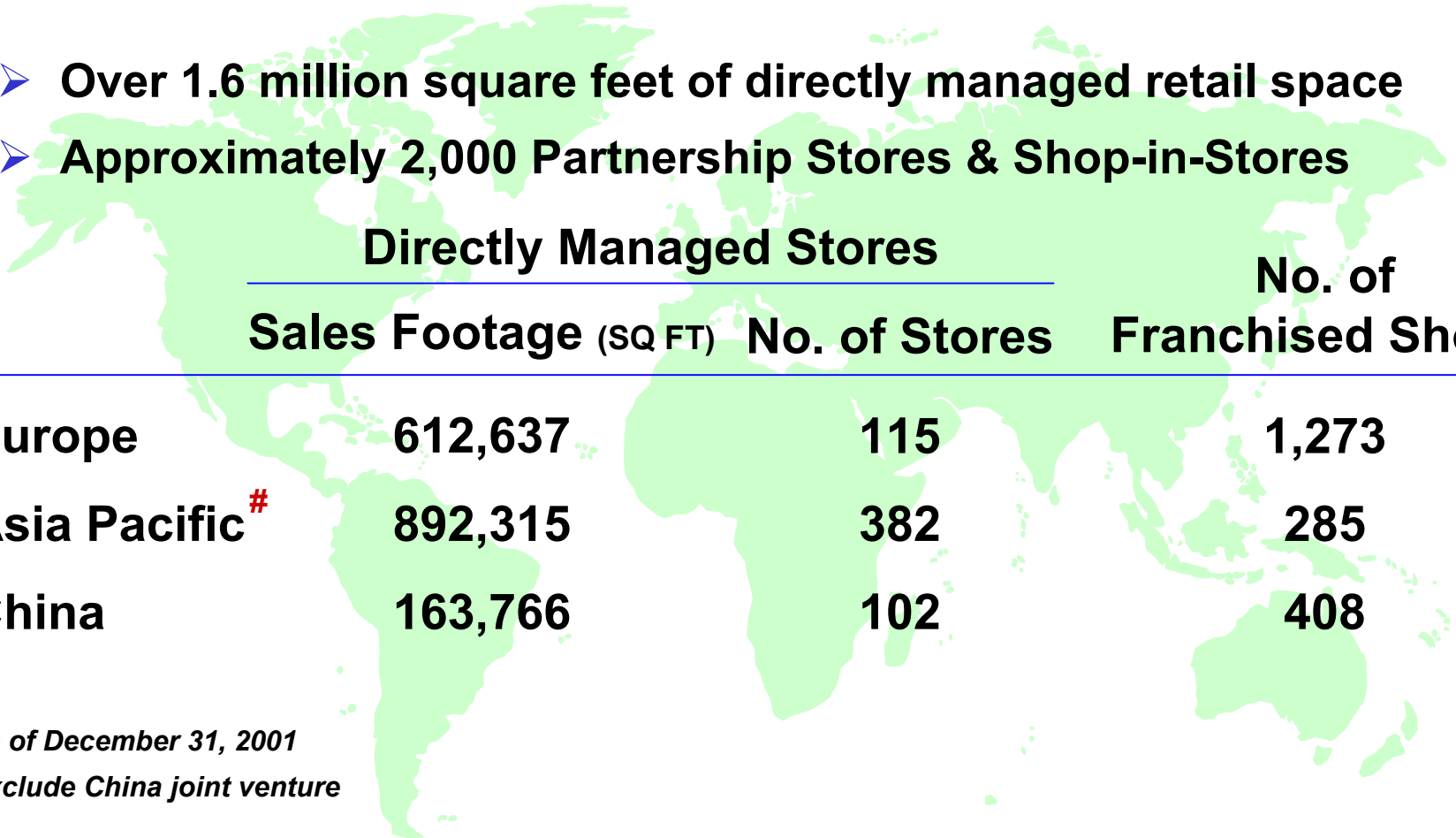


As of December 31, 2001

Licensing

Global Distribution Network

- Over 1.6 million square feet of directly managed retail space
- Approximately 2,000 Partnership Stores & Shop-in-Stores

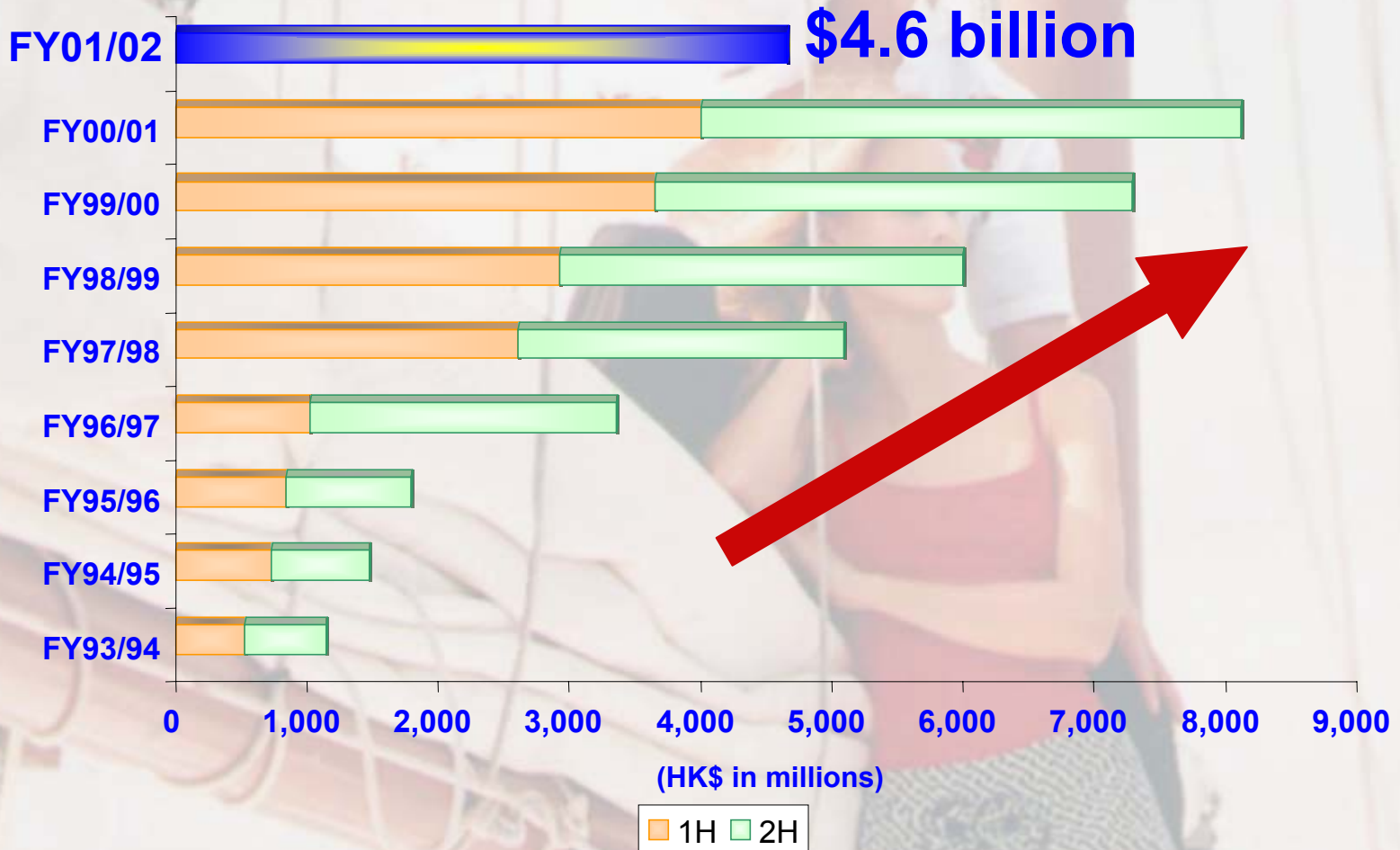


	Directly Managed Stores		No. of
	Sales Footage (SQ FT)	No. of Stores	Franchised Shops
Europe	612,637	115	1,273
Asia Pacific [#]	892,315	382	285
China	163,766	102	408

As of December 31, 2001

[#] Exclude China joint venture

Well into our 9th Consecutive Year of Turnover Growth

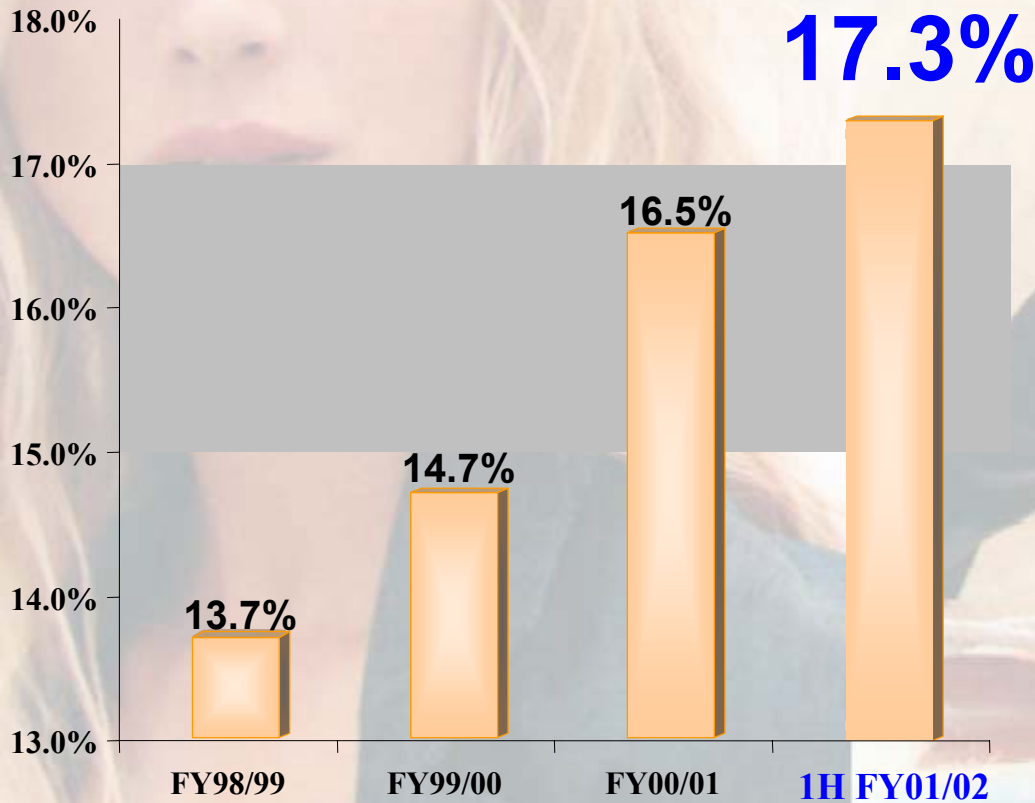


First Half FY2001/2002 Financial Highlights

	YoY Growth	
Turnover	16%	HK\$4.6 billion
EBITDA	23%	HK\$806 million
Net Profit	41%	HK\$385 million
EPS – Basic	38%	HK33.7 cents
Interim Dividend	25%	HK6 cents
Net Cash	406m*	HK\$794 million

* Versus balance on June 30, 2001

0.9% Pt Increase in EBITDA Margin YoY



**Greater Economies of Scale
&
Effective Cost Control**

Building Expenses

**0.1%
Pt***

Staff Expenses

**0.9%
Pt***

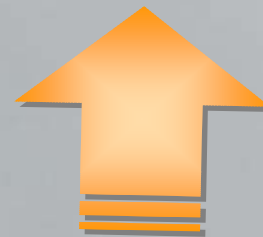
*** As percentage of turnover**

Net Margin Enhanced by 22% YoY

Additional HK\$13 million for 6 months in trademarks amortization in compliance with new HKGAAP*

Lower German corporate tax rate

Net Margin Impact



8.3% of sales

1.5% Pts

* The 1H FY01/02 financials fully complied with all applicable new HK GAAPs

China JV's Growth Continues...

- **Over 500 retail and franchise outlets, establishing our foothold as an international premium brand**
- **Registered over 30% in annual turnover growth in 2001**
- **Contribution to the Group's net profit in the first six months of FY01/02* increased by 46% YoY**
- **Expect WTO entrance to accelerate economic growth and consumer spending, which will be supportive of China JV's future growth**
- **Plan to open 28 directly managed stores in China in 2002 and target to reach HK\$1 billion in turnover by 2003**

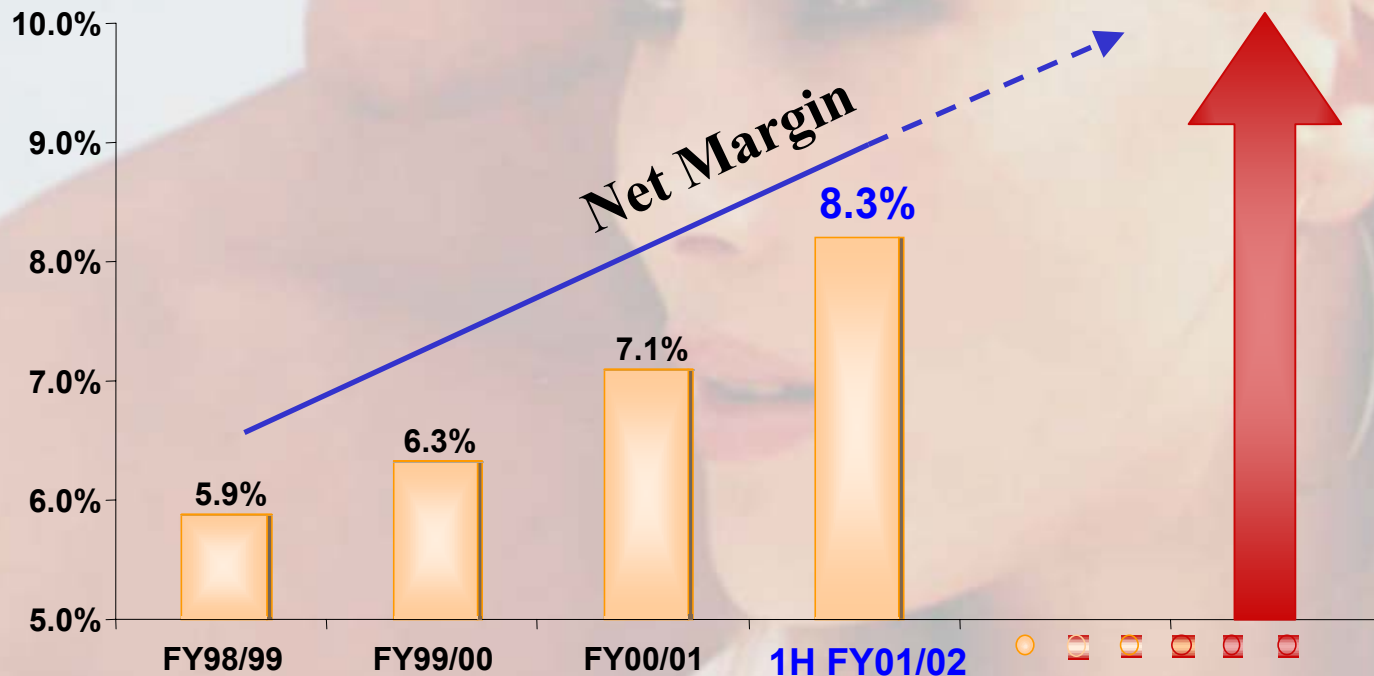
** Results for the first six months of 2001 are recorded in FY01/02 interim results*

Growth Drivers

- **Continue to offer quality products and services at reasonable prices worldwide**
- **The injection program will be fully exploited throughout the Group, leading to more full price and higher comp store sales**
- **“Discretionary limit” program should further strengthen the European wholesale business and improve sales performance and efficiency**
- **Over HK\$400 million capex in FY01/02 for upgrading and expanding our retail network remains unchanged**
- **Stringent cost controls and efforts to maximize Group’s tax efficiency continue**

Our Goals

- Double-digit top line and bottom line annual growth
- EBITDA margin around 15-17%
- Continual net margin expansion



Remain Confident in Achieving Our Goals for the Full FY01/02

- **Total Group's turnover for the 8 months ended February 2002 remains on track**
- **European wholesale orders booked till June/July continue to show double-digit YoY growth**
- **Double-digit retail sales growth should be maintainable with healthy comp store sales and additional square footage**
- **Expect marginal negative Euro translation impact**
- **Group effective tax rate should improve further in the long run**

Global Unification of **ESPRIT**

**37% Partnership
interest in Esprit
International**

**U.S. and Caribbean
Islands **ESPRIT**
Trademarks**

for US\$150 million

**No shareholding dilution, financed by:
Internal resources and available banking facility**

Assets Valued at US\$190 million Without Accounting for Synergies

- ◆ **37% partnership interests in Esprit International**
 - **Elimination of minority interest under which the Partnership distributed over US\$9 million in cash in 2001**
 - **Net profit has grown by a CAGR of 11% during the past 5 years**
- ◆ **U.S. and Caribbean Islands **ESPRIT** trademarks**
 - **Established 30 years ago in the U.S. and was recently ranked as the 52nd most recognized brands in the U.S.***
 - **Products sold under the U.S. and Caribbean Islands **ESPRIT** trademarks amounted to approximately US\$200 million in 2001**

Anticipated Synergies

- ◆ **Foundation for our U.S. business**
 - **Widespread brand recognition in the U.S.**
 - **Group's extensive skills in product design, distribution and sourcing**
 - **Group's success in developing new markets including Europe**
- ◆ **Consolidating functions for greater economies of scale and additional synergies:**
 - **Single corporate management and sourcing team**
 - **Centralized image and design function**

What we are doing

- ◆ **Internal team and external professionals are currently assessing the appropriate brand positioning of **ESPRIT** in the U.S.**
- ◆ **Goals within the next 3-6 months:**
 - **Determine the most compatible distribution channel(s) for our **ESPRIT** products and our brand positioning**
 - **Introduce to potential U.S. wholesale customers our wide range of quality products and our successful wholesale model in Europe**
 - **Cherry pick the leases of the existing U.S. **ESPRIT** retail stores**
 - **Continue to look for additional licensing opportunities in the U.S.**
 - **Devise a brand rejuvenation program for the U.S. market**

Financial Impact

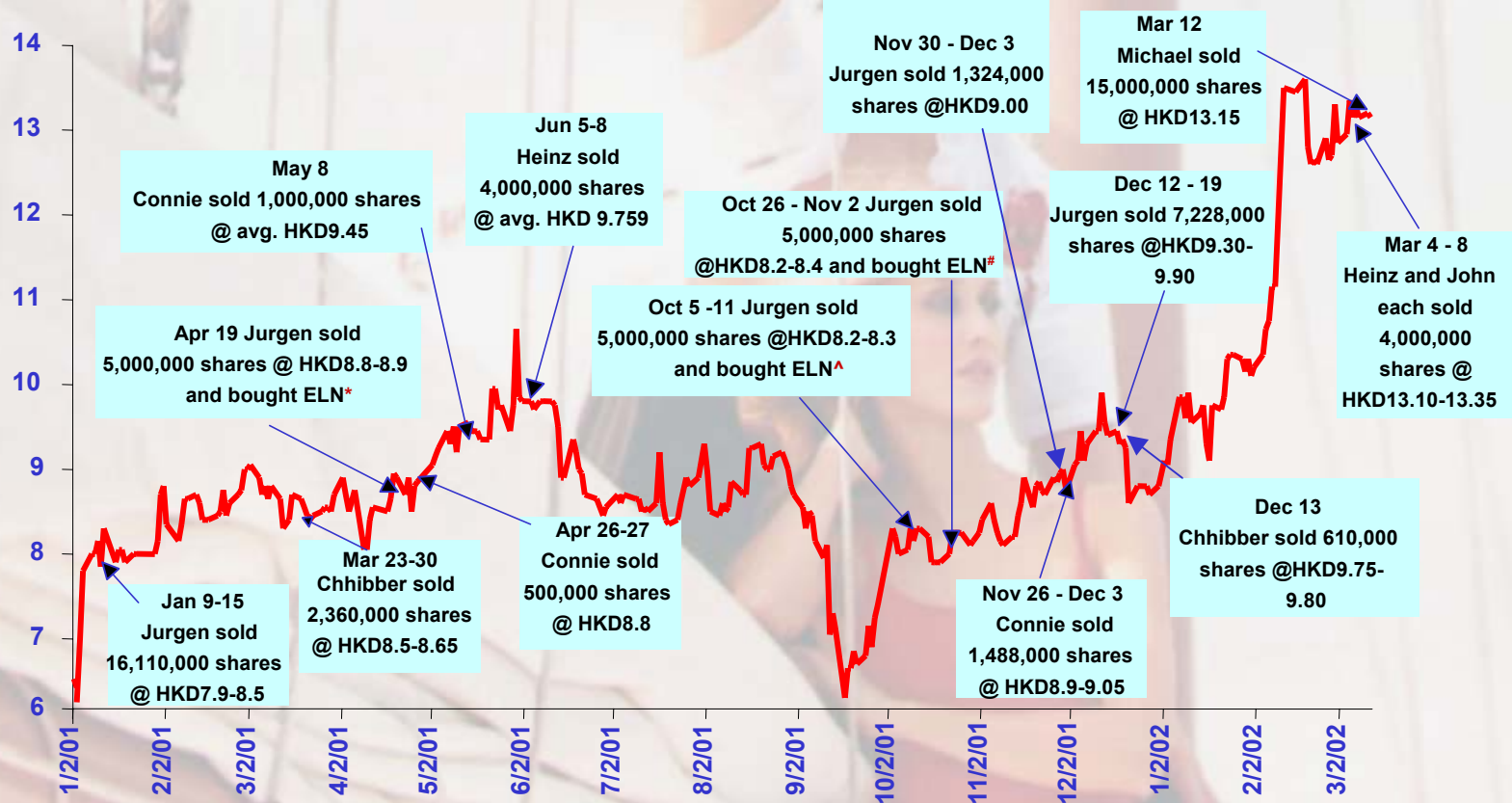
- ◆ **Expect the acquisition to be earnings accretive**
 - **Elimination of minority interest, amounting to approximately HK\$72 million for the FY00/01**
 - **Guaranteed annual minimum royalty revenue for FY02/03 of approximately HK\$11 million from existing U.S. licensees**
 - **More than enough to cover associated costs**
 - **Related finance costs, including additional interest expenses and foregone interest income**
 - **Amortization of intangible assets acquired, which may be adjusted after the Group's review of the rebuttable presumption of 20 years useful life for trademarks**
- ◆ **Net debt to equity ratio of approximately 16% post acquisition**
- ◆ **Anticipate a return to net cash position before end of next financial year**

Directors' Dealings and Free Float

- ◆ **Michael Ying, Heinz Krogner and John Poon exercised their employee stock options and subsequently sold 23 million option shares in total between March 4 and March 12 at a price range of HK\$13.10-13.35**
- ◆ **Increased free float to approximately 47% as of March 18, 2002**
- ◆ **Michael Ying's core holding of 502.7 million shares (approximately 43% of issued capital) remains unchanged**
- ◆ **22 million employee stock options, expiring on or before November 2003, outstanding (approximately 2% of issued capital)**
- ◆ **Orderly disposal of option shares will continue**

Price Trend Unaffected by Directors' Dealings

Price (HKD)

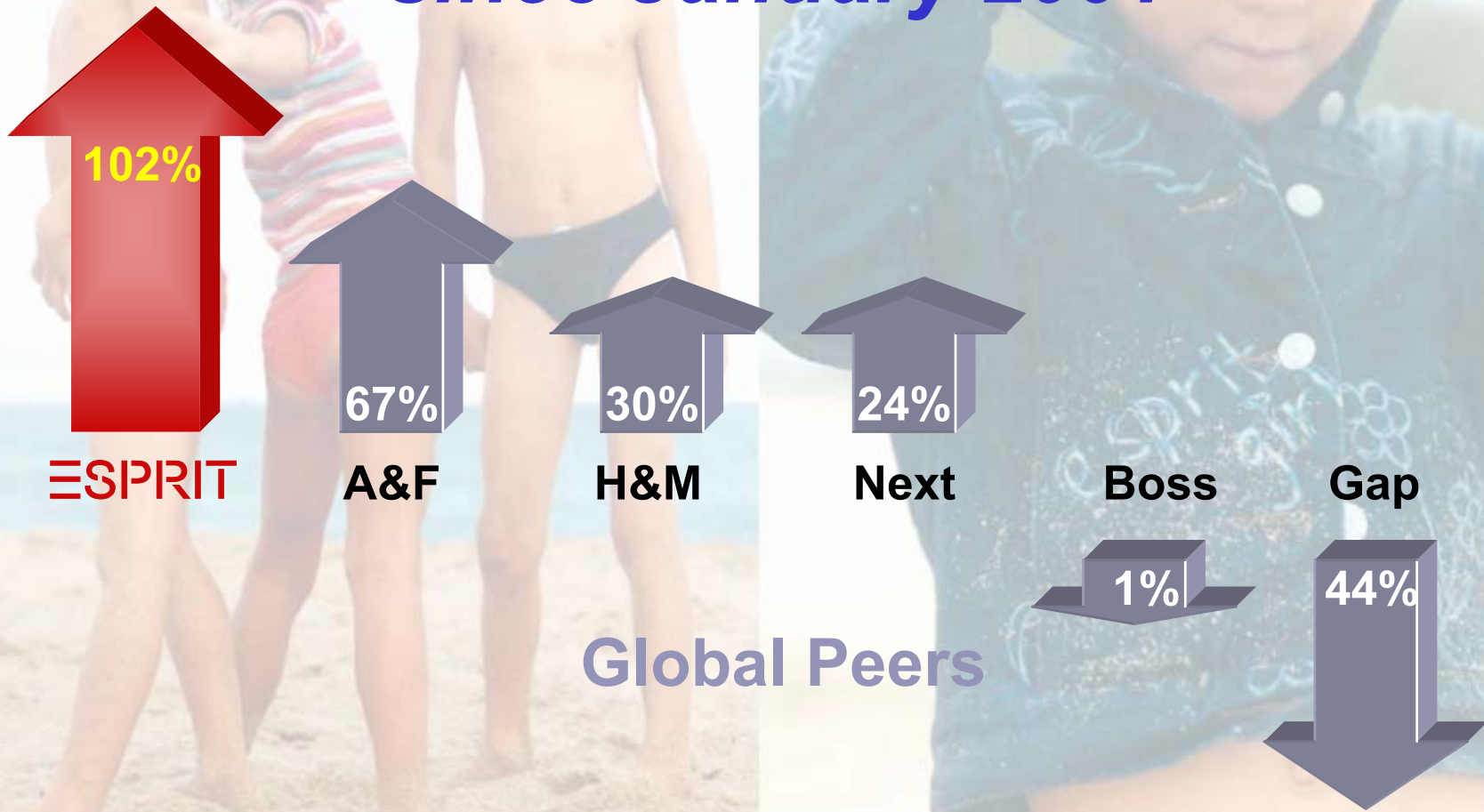


*Equity - Linked - Note at strike of HK\$9.50 due on August 1, 2001 with an obligation to take back 5,000,000 ordinary shares of HK\$0.10 each in the Company (the "Share") on August 1, 2001 if the price of the Share is below HK\$9.50

^Equity-Linked-Note at strike of HK\$9.13 due on December 13, 2001 with an obligation to take back 5,000,000 Shares on if the closing price of the Share is below HK\$9.13 on December 11, 2001



Equity-Linked-Note at strike of HK\$9.10 due on January 18, 2002 with an obligation to take back 5,000,000 Shares on if the closing price of the Share is below HK\$9.10 on January 16, 2002

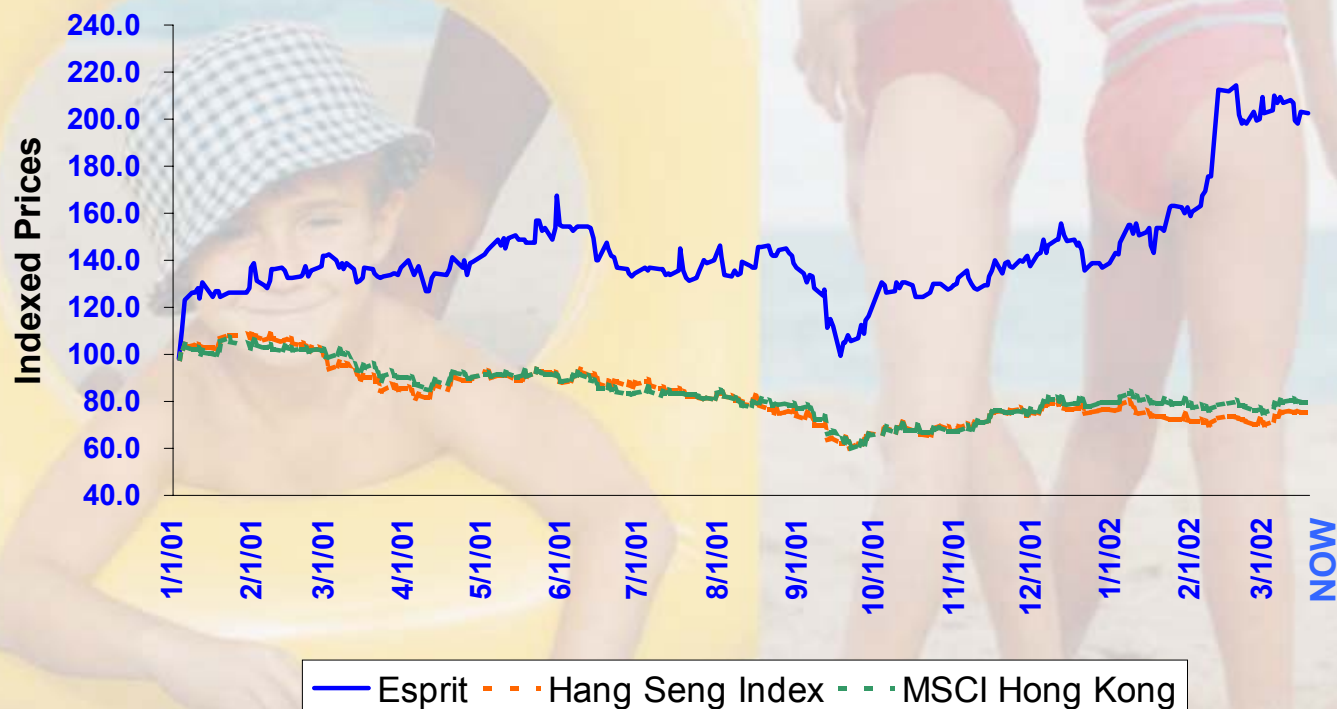
Relative Share Price Performance since January 2001



Increases / Decreases from January 1, 2001 to latest applicable date (as of 19:00 HKT on March 18, 2002)

Also Outperformed the Hong Kong Indices

- Relative to Hang Seng Index :  168%
- Relative to MSCI Hong Kong Index:  152%




Valuation Benchmark

	ESPRIT	GLOBAL LEADERS			A&F	Next	Hugo Boss
		H&M	Inditex	Gap			
ROE (%)	30.53	23.02	25.17	-0.26	33.13	28.49	41.27
Est. P/E (x)	18.98	34.26	43.05	52.32	16.22	17.30	13.25
Est. PEG	0.81	11.42	2.08	3.21	0.87	144.14	1.02

As of 19:00 Hong Kong time on March 18, 2002

All data sources from Bloomberg

N.A. Not available

A woman with her hair in a bun is standing on the deck of a sailboat, looking out towards the sea. She is wearing a white short-sleeved shirt and a red sports bra. The background is filled with the white sails and rigging of the boat, creating a bright and airy atmosphere.

ESPRIT

**A Global Company with
100% Ownership of the
ESPRIT Brand
Worldwide**

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