

INSPIRIT

*Final Results for the Financial Year ended 30 June 2011 &
Review of our Transformation Plan 2014/15*

15 September 2011

- *Introduction & business highlights — Ronald Van der Vis*
- *Financial results review — Fook Aun Chew*
- *Our Transformation Plan 2014/15 — Ronald Van der Vis*
- *Outlook — Ronald Van der Vis*
- *Investor Day — Ronald Van der Vis*
- *Q&A*

***INTRODUCTION
& BUSINESS HIGHLIGHTS***

- *Weak consumer sentiment, particularly in Europe, and significant sourcing cost inflation*
- *Group turnover grew by 0.5% in LCY*
- *China growth and profitability accelerating in line with 5-year plan*
- *Six Strategic Initiatives in progress:*
 - *Initiative 6 completed: from a regional to a global, channel-based sales organisation with dedicated channel leadership*
 - *New Esprit brand direction defined*
 - *New management team hired*
- *Now it is time to intensify our transformation efforts*

Our Transformation Plan 2014/15

Introduction

E S P R I T

- *Our Transformation Plan 2014/15: A bolder execution of our Strategic Initiatives*
- *Our clear objective: To re-establish Esprit as an inspiring fashion brand and to put Esprit back on a dynamic footing for the future*
- *Not simply a facelift, but rather a deep and consequent transformation process*
- *It will take time and require significant investments, with results only materialising over time*
- *In the next 24 months, our financial results will be significantly impacted by measures to restore Esprit*
- *We are determined to do what is right for the brand, our customers and ultimately our shareholders*

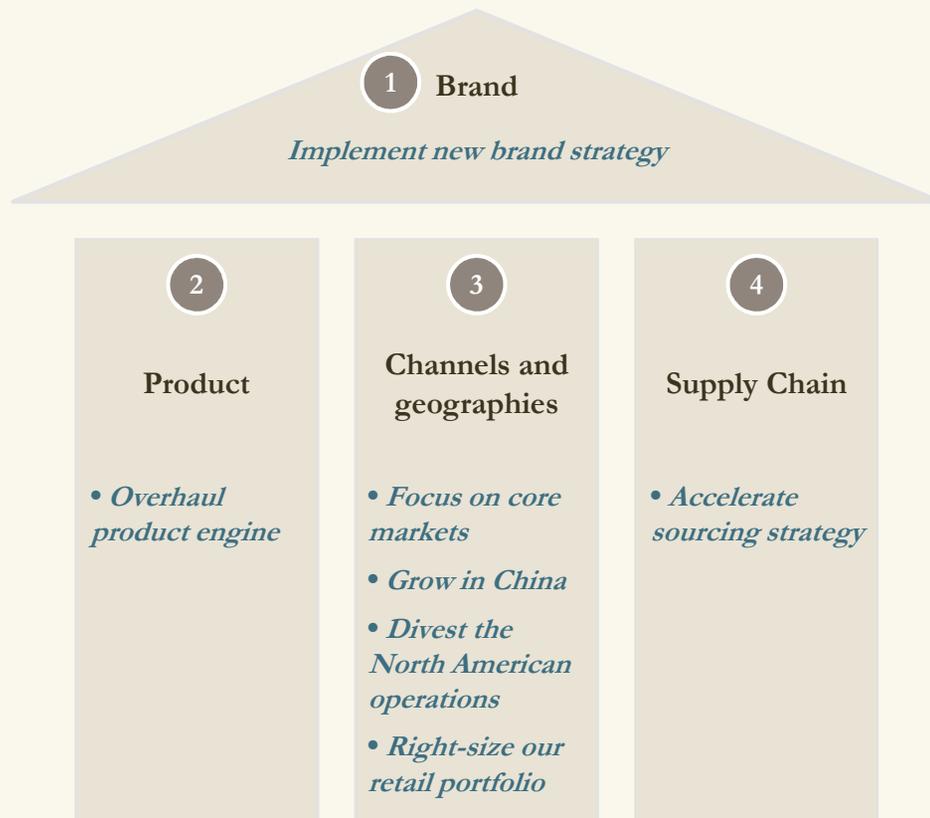
Time for Change. The New Esprit

Our Transformation Plan 2014/15

Building Blocks

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Our Transformation Plan



Measures impacting FY 10/11 results

- Divest the loss-making North American operations*
- Close-down structurally loss-making stores*
- Exit retail operations in Denmark, Sweden and Spain*

Key financial highlights

FY 10/11 results significantly impacted by exceptionals

E S P R I T

	FY 10/11
Group turnover LCY growth yoy	+0.5%
Retail turnover LCY growth yoy	+6.2%
Retail comp store sales growth yoy	- 1.1%
Wholesale turnover LCY growth yoy	- 6.0%
Adjusted operating profit margin*	9.2%
Reported operating profit margin	2.0%

* Excludes the provision for exceptional store closures in FY10/11 and the divestment of the North American operations

FINANCIAL RESULTS REVIEW

Summary financial highlights

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For the 12 months ended 30 June

<i>(HK\$)</i>	2011	2010	<i>% change</i>	<i>LCY</i>
Turnover	33,767m	33,734m	0.1%	0.5%
Gross profit	18,198m	18,436m	- 1.3%	18,314m
<i>margin</i>	53.9%	54.7%	- 80bps	54.0%
Operating profit (before exceptional events)	3,121m	4,579m	- 31.8%	3,358m
<i>margin</i>	9.2%	13.6%	- 440bps	9.9%
Net profit (before exceptional events)	2,352m	3,359m	- 30.0%	2,586m

Results impacted by exceptional events

E S P R I T

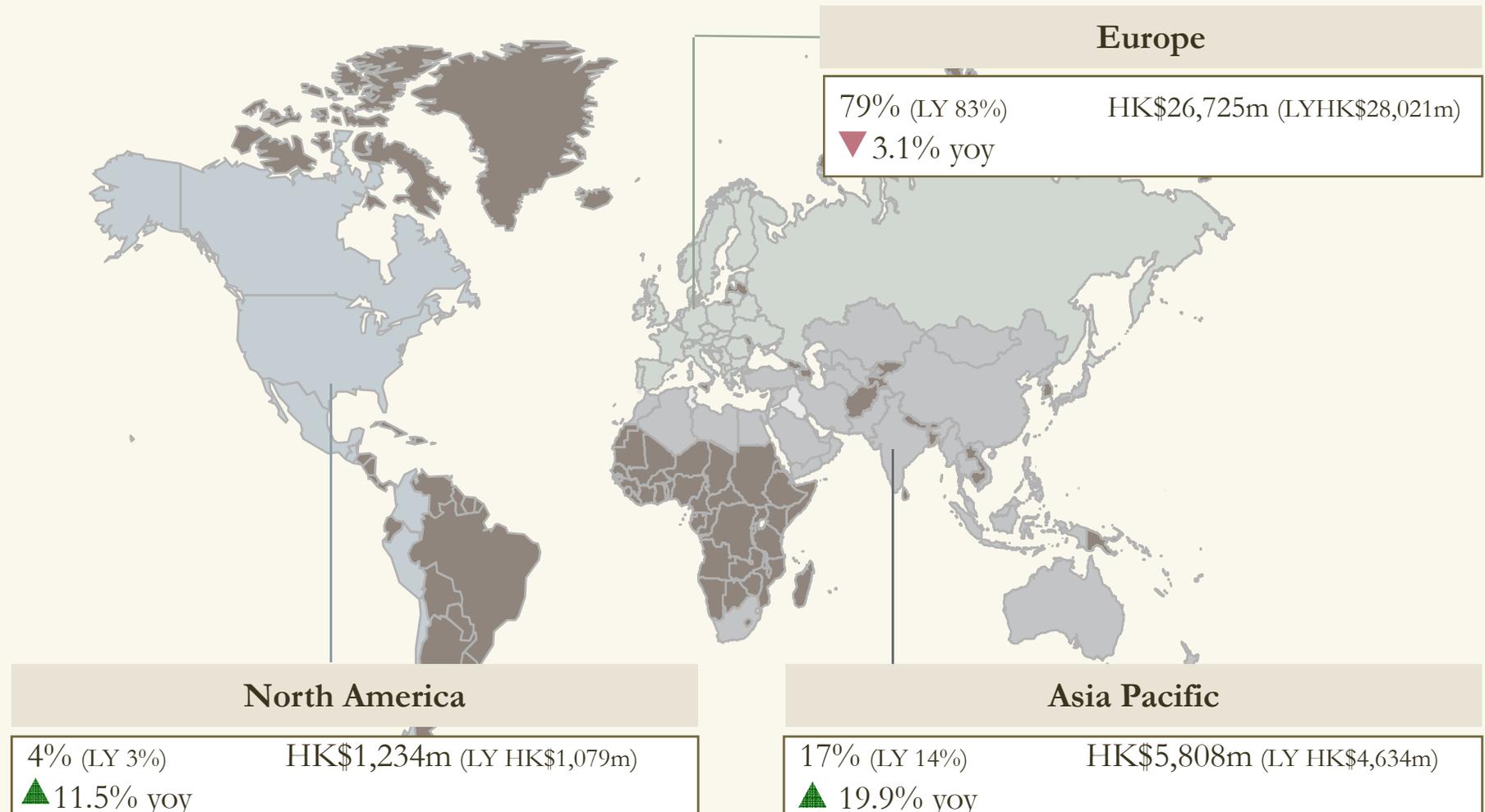
For the 12 months ended 30 June 2011

<i>(HK\$)</i>	Before exceptional events	Provision for		Reported
		Divestment of the North American operations	Additional 80 stores closure	
Turnover	33,767m	—	—	33,767m
Operating profit	3,121m	- 1,268m	- 1,161m	692m
Profit before taxation	3,139m	- 1,268m	- 1,161m	710m
Net profit	2,352m	- 1,268m	- 1,005m	79m

Turnover by regions Asia Pacific — the major growth driver

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% to Group turnover (Last Year) // turnover in HK\$ // ▲ ▼ % LCY growth



Positive performance in China

Growth and profitability accelerate in line with 5-year plan

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- Contributed 8% of Group turnover, the 2nd largest country in terms of sales
- Comp store sales growth followed upward trend
- Strong wholesale turnover development

	For the 12 months ended 30 June 2011			For the 12 months ended 30 June 2010		
	Turnover (HK\$m)	% of total	YoY growth	Turnover (HK\$m)	% of total	
Retail	1,673	62.6%	2.0%	1,641	64.0%	
Wholesale	977	36.5%	9.1%	895	34.9%	
Others	25	0.9%	- 5.5%	26	1.1%	
Total	2,675	100.0%	4.4%	2,562	100.0%	

<i>3 months ended</i>	Mar-10	Jun-10	FY09/10	Sep-10	Dec-10	Mar-11	Jun-11	FY10/11
Comp store sales growth	-3.7%	-2.6%	-6.0%	0.3%	0.2%	2.8%	4.9%	2.7%

Continued expansion in China 81 new POS opened (+8.7%)

E S P R I T

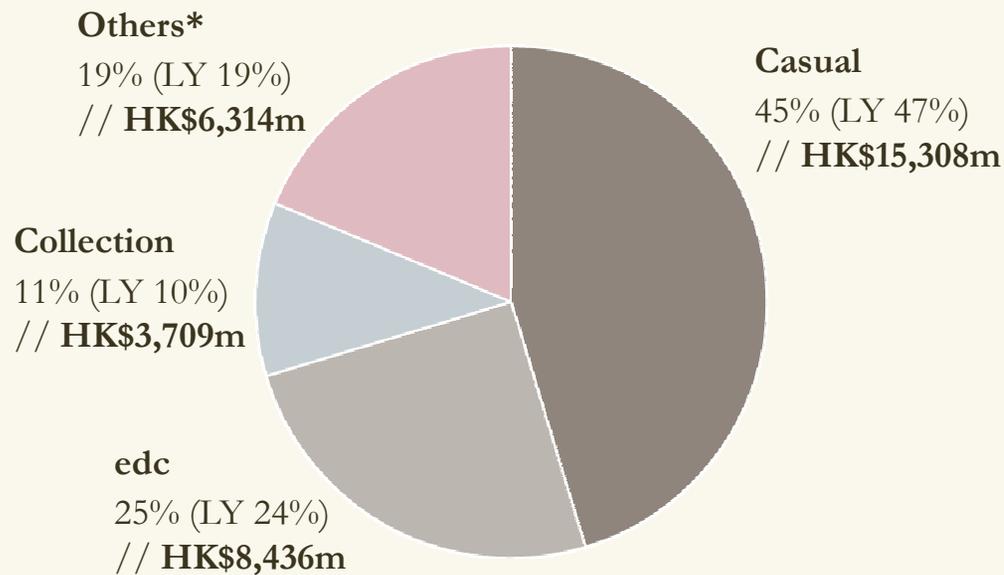
	Retail	Wholesale	Total
No. of cities			
As of 30 June 2011	6	179	185
As of 30 June 2010	6	163	169
No. of new cities	–	16	16
No. of POS			
As of 30 June 2011	300	712	1,012
As of 30 June 2010	288	643	931
No. of new POS	12	69	81

- *Added net 12 POS in existing 6 retail cities to 300 retail POS*
- *Added 16 new cities via franchise and net 69 POS to 712 POS in 179 cities*
- *Expanding our footprint from 169 to 185 cities*

Turnover by products

Strong sales recovery in edc and collection

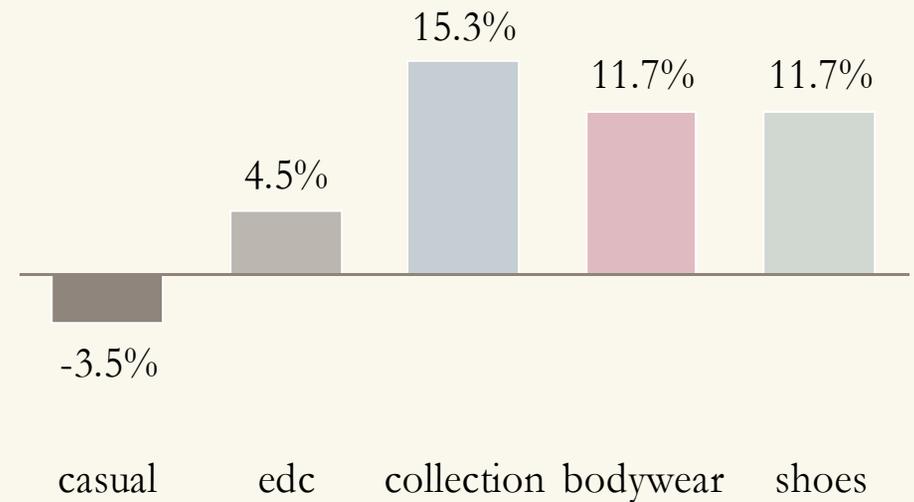
Group turnover



Group turnover: HK\$33,767m

% to Group turnover (Last Year) // turnover in HK\$

Group turnover growth ▲ 0.5% in LCY



* Others include Esprit's accessories, shoes, kids, sports, bodywear, de. corp, red earth, salon and licensed products

Turnover by channels

Continued shift towards retail

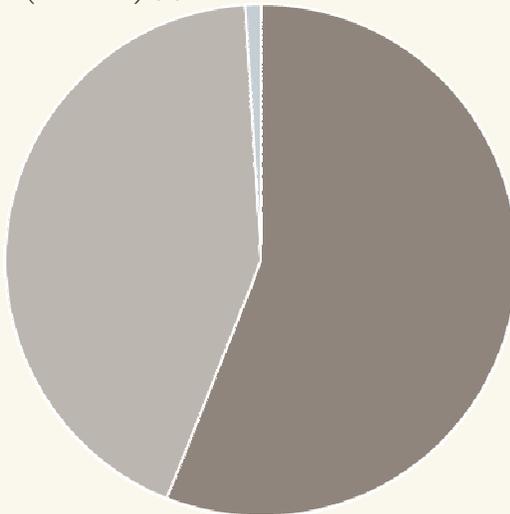
Group turnover

Licensing & others

1% (LY 1%) // HK\$233m

Wholesale

43% (LY 46%)
// HK\$14,475m

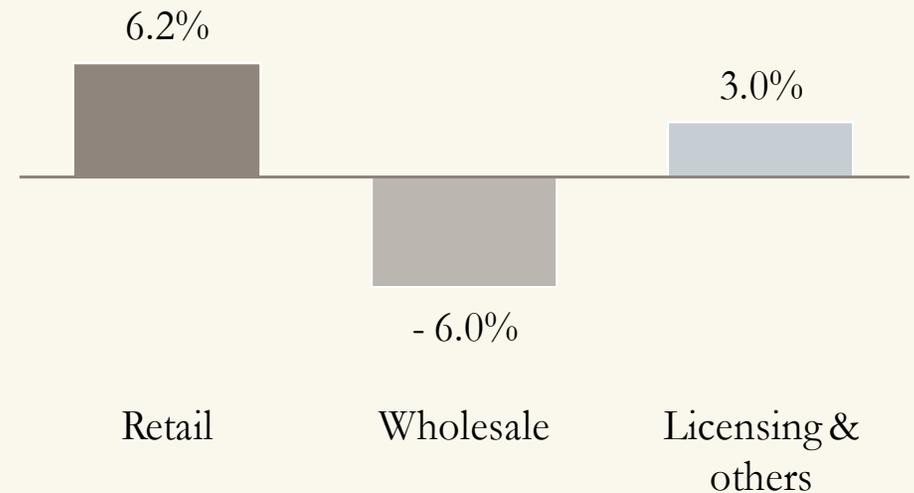


Retail

56% (LY 53%)
// HK\$19,059m

Group turnover: HK\$33,767m

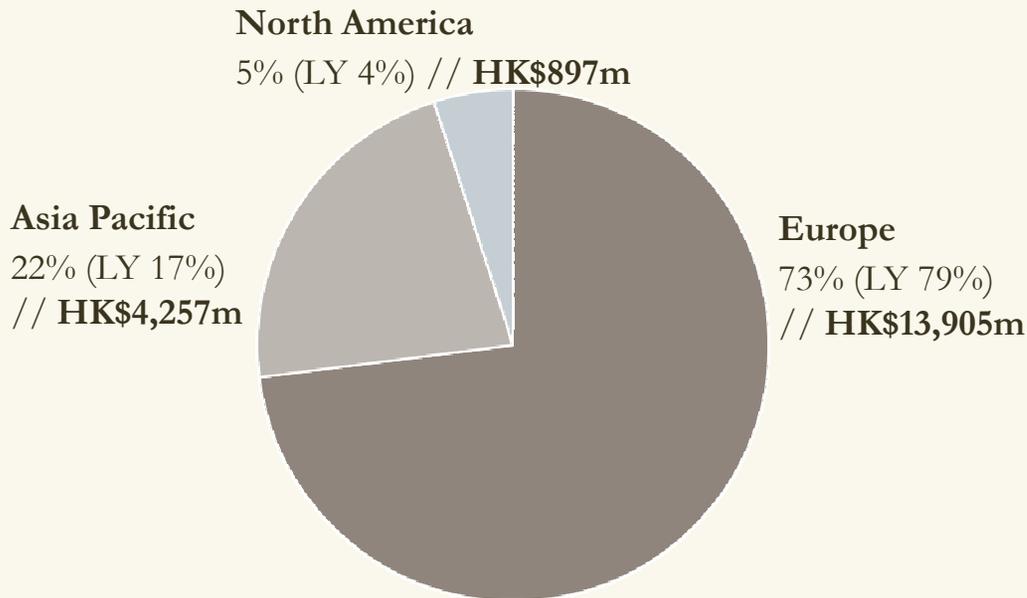
Group turnover growth ▲ 0.5% in LCY



% to Group turnover (Last Year) // turnover in HK\$

Retail turnover up 6.2% in LCY

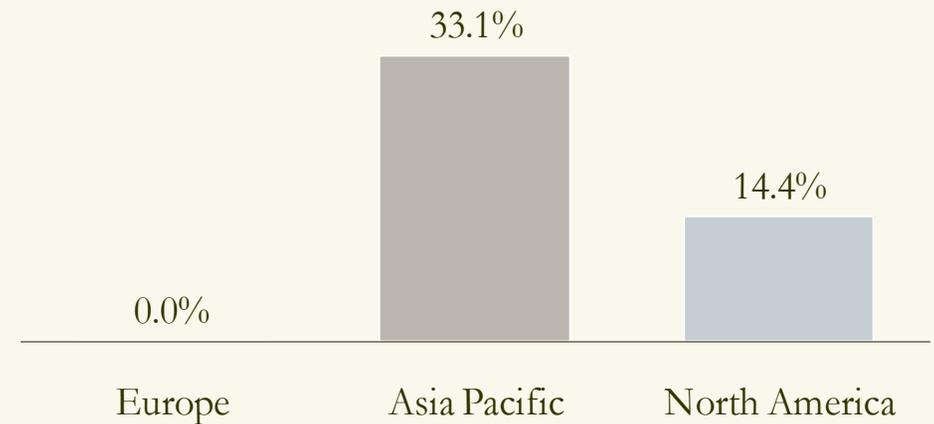
Retail turnover



Retail turnover: HK\$19,059m

% to Retail turnover (Last Year) // turnover in HK\$

Retail turnover growth (LCY)



Comp store sales growth

	1H	2H	FY
Europe	- 1.7%	- 0.8%	- 1.3%
Asia Pacific	0.6%	- 0.5%	0.3%
North America	- 4.9%	3.5%	- 1.7%
Total	- 1.5%	- 0.6%	- 1.1%

Retail space up 5.3% in line with guidance

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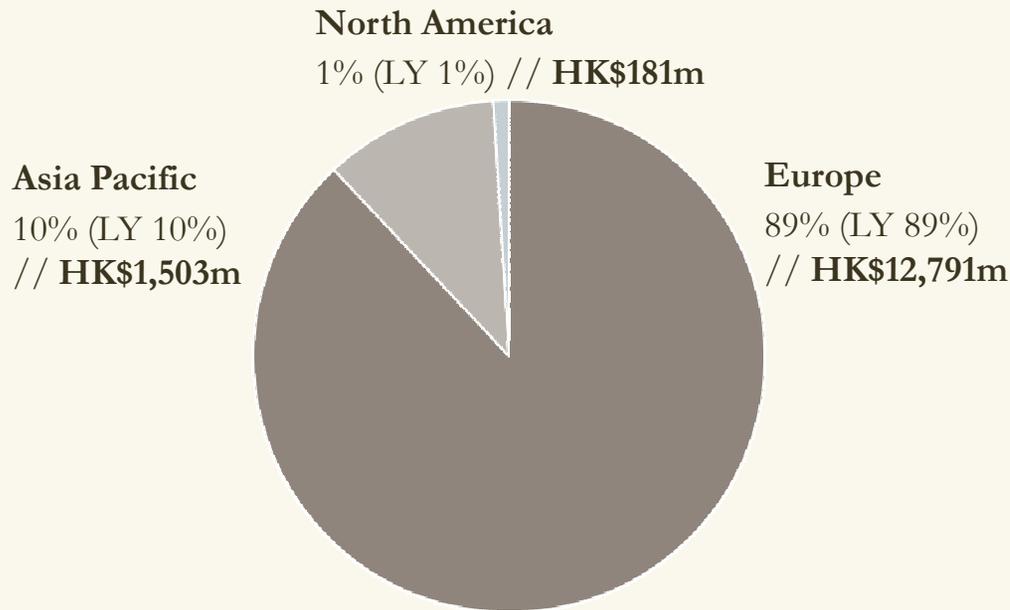
Directly managed retail stores

	POS number			Net sales area (m ²)		
	As at 1 July 2010	vs June 2010		As at 30 Jun 2011	June 2011	vs. June 2010
		Opened	Closure			
Europe	400	+25	-17	408	243,236	4.9%
Asia Pacific	616	+77	-63	630	114,135	2.9%
North America	75	+20	-6	89	31,125	18.5%
Subtotal	1,091	+122	-86	1,127	388,496	5.3%
Store closure programme FY09/10	32	–	-18	14	7,859	-53.3%
Total	1,123	+122	-104	1,141	396,355	2.7%

Continued pressure on wholesale

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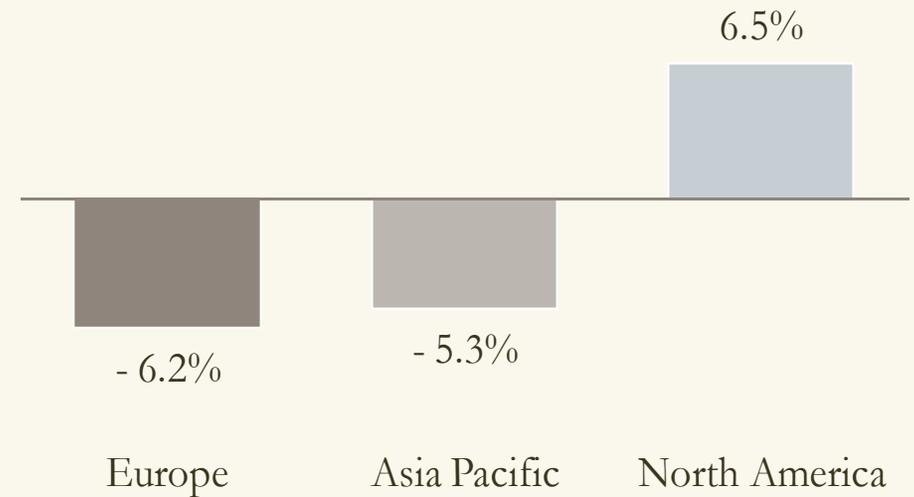
Wholesale turnover



Wholesale turnover: HK\$14,475m

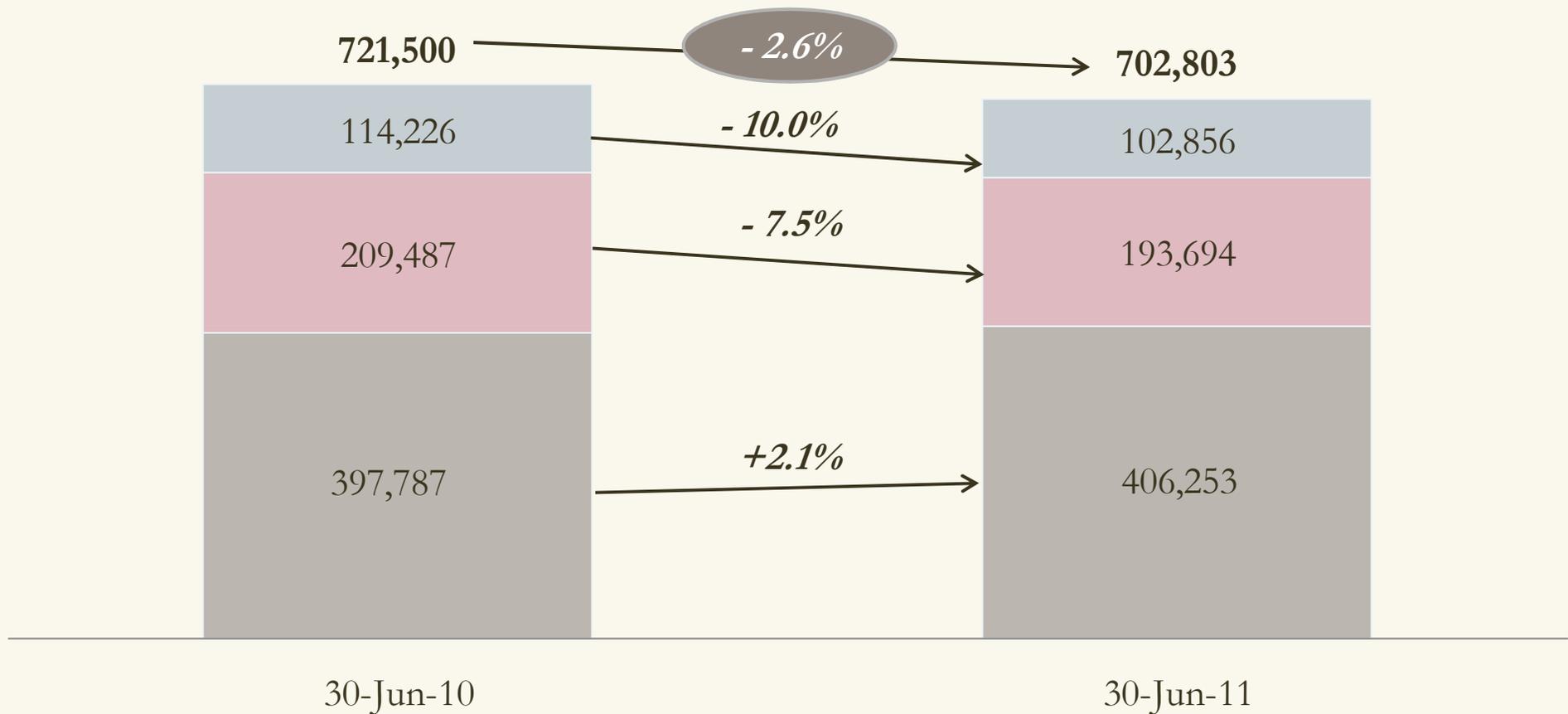
% to Wholesale turnover (Last Year) // turnover in HK\$

Wholesale turnover growth (LCY)



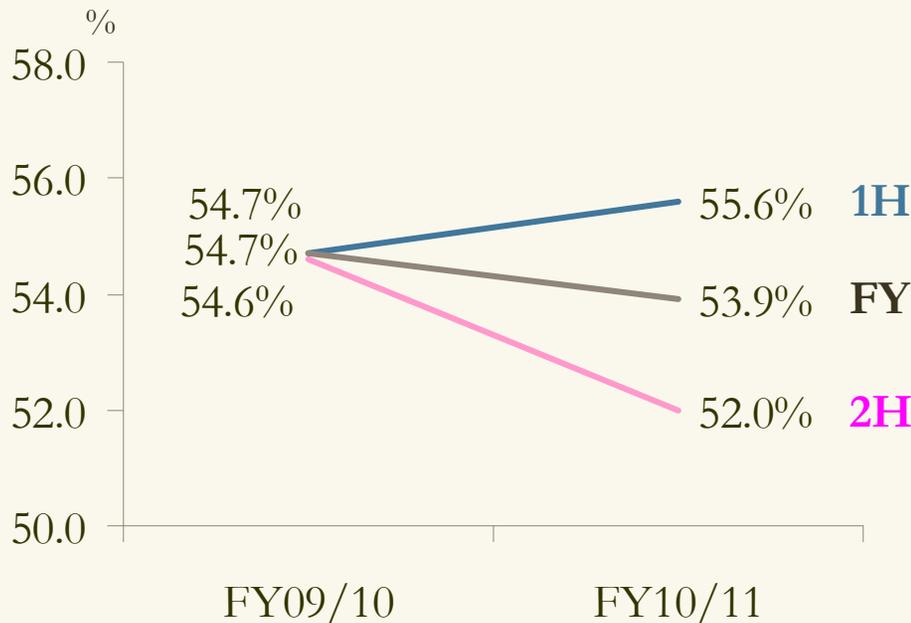
Continued strengthening of the wholesale channel

Controlled space (sqm.) ■ Franchise Stores ■ Shop-in-Stores ■ Identity Corners

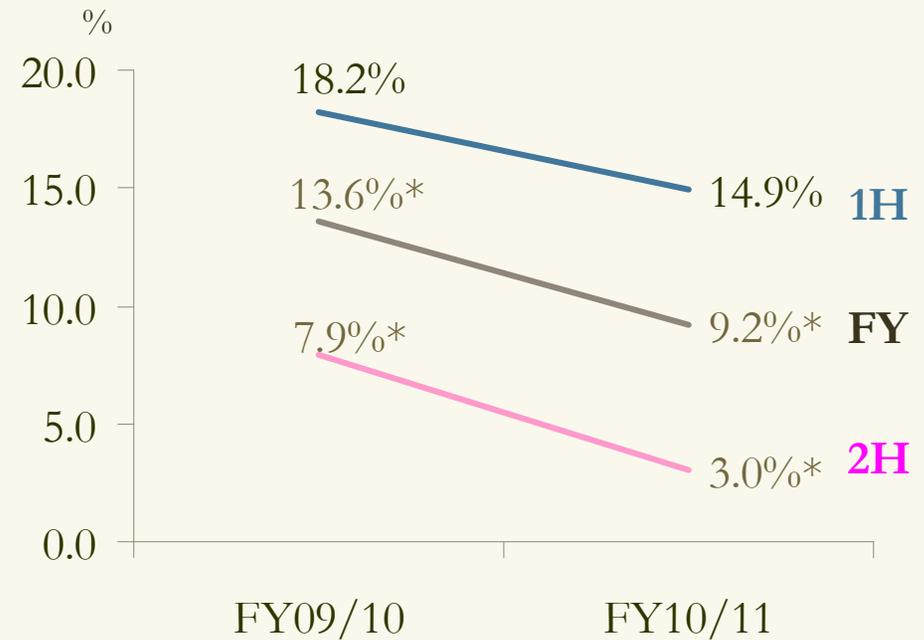


Group margins under pressure in 2H, primarily driven by input cost inflation

Gross profit margin



Operating profit margin



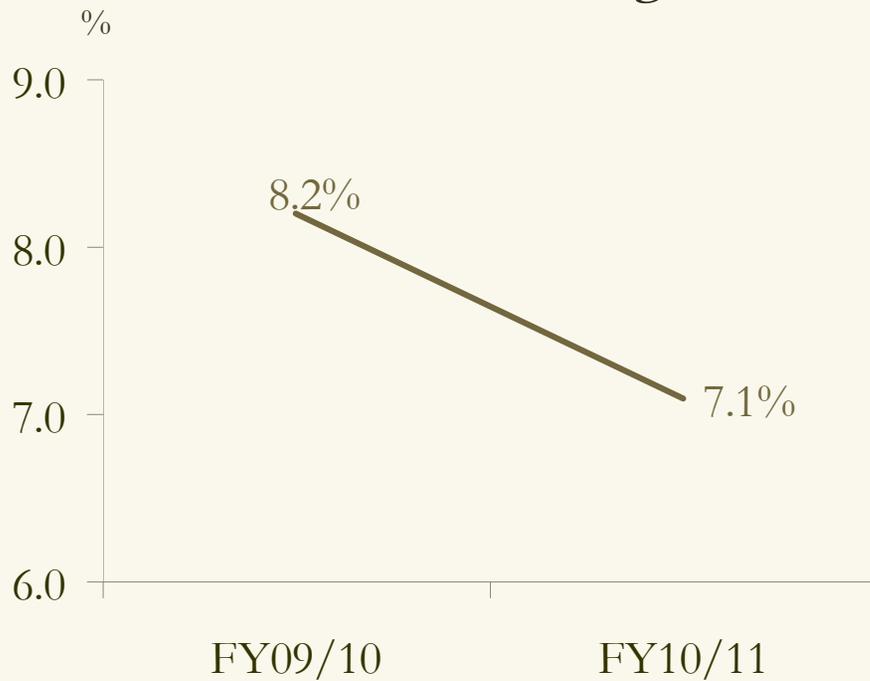
Key drivers

- Continued shift in channel mix towards retail: positive impact to GP %, but dilutive effect on OP %
- Increase in raw material and labour costs
- Deleveraging effect from negative growth of wholesale and retail comp store sales

* Excludes the provision for exceptional store closures in FY09/10 and FY10/11 and the divestment of the North American operations

*Group margins under pressure in 2H,
primarily driven by input cost inflation (cont'd)*

*Retail EBIT margin**



Wholesale EBIT margin



* Excludes the provision for exceptional store closures in FY09/10 and FY10/11 and the divestment of the North American operations

Net cash position maintained

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(HK\$m)	For the 12 months ended 30 June			
	2011	2010	For the 12 months ended 30 June	
Beginning balance (1 July)	6,748	4,840		
Net cash inflow from operating activities	1,835	5,412		
Net cash used in investing activities*	(1,634)	(4,429)		
Net cash (used in)/inflow from financing activities	(2,612)	1,296		
Net (decrease)/increase in cash and cash equivalents	(2,411)	2,279		
Effect of change in exchange rates	457	(371)		
Ending balance (30 June)	4,794	6,748		
Less:				
Bank loans	2,080	2,600		
Net cash balance	2,714	4,148		

	For the 12 months ended 30 June	
	2011	2010
Net proceeds on issue of shares for cash	8	186
Proceeds from bank loans	-	2,600
Interest paid on bank loans	(21)	(8)
Repayment of bank loans	(520)	-
Dividends paid	(2,079)	(1,482)

Interim dividend for FY10/11 based on **new** dividend policy

Interim dividend for FY09/10 based on **old** dividend policy

* June 2011 figure included HK\$250m of payment for acquisition of remaining interest in the associated companies; June 2010 figure included HK\$3,173m of net payment for acquisition of remaining interest in the associated companies and HK\$245m of dividend received from former China JV

*Dividend for FY10/11
Maintain 60% payout ratio*

E S P R I T

HK\$m	Year ended 30 June 2011	HK\$m	Year ended 30 June 2011
Net earnings	79	Adjusted EPS	0.55
Adjusted for:		Dividend payout ratio	60%
(i) After tax impact of impairment*	624	Regular DPS	0.33
Adjusted net earnings	703	Interim DPS paid	1.00
Adjusted EPS (HK\$)	0.55	Final DPS proposed	Nil

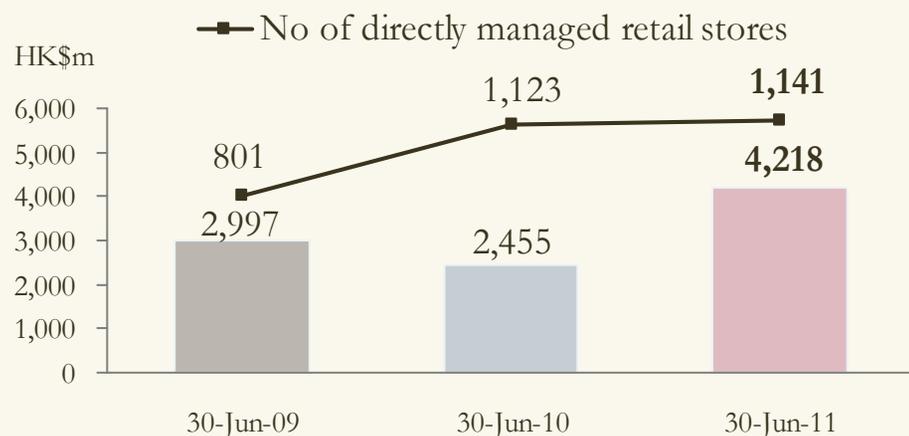
* Represents impairment of stores/assets as a result of the 80 additional store closures and the divestment of the North American operations

Inventory and trade debtors

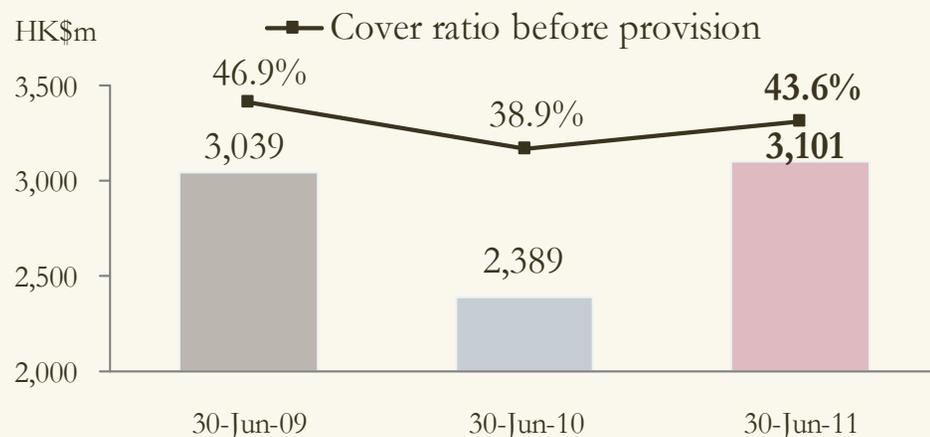
Mainly impacted by currency effects and cost inflation

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Inventory balance



Net trade debtors balance



Inventory balance increased mainly due to :

- 18.4% yoy appreciation of EUR/HK\$ closing rate
- 20.5% increase in units of inventory due to:
 - retail expansion: space up 5.3%
 - more NOOS inventory in response to change in customer buying behaviour
- Increase in unit cost of inventory due to costs inflation

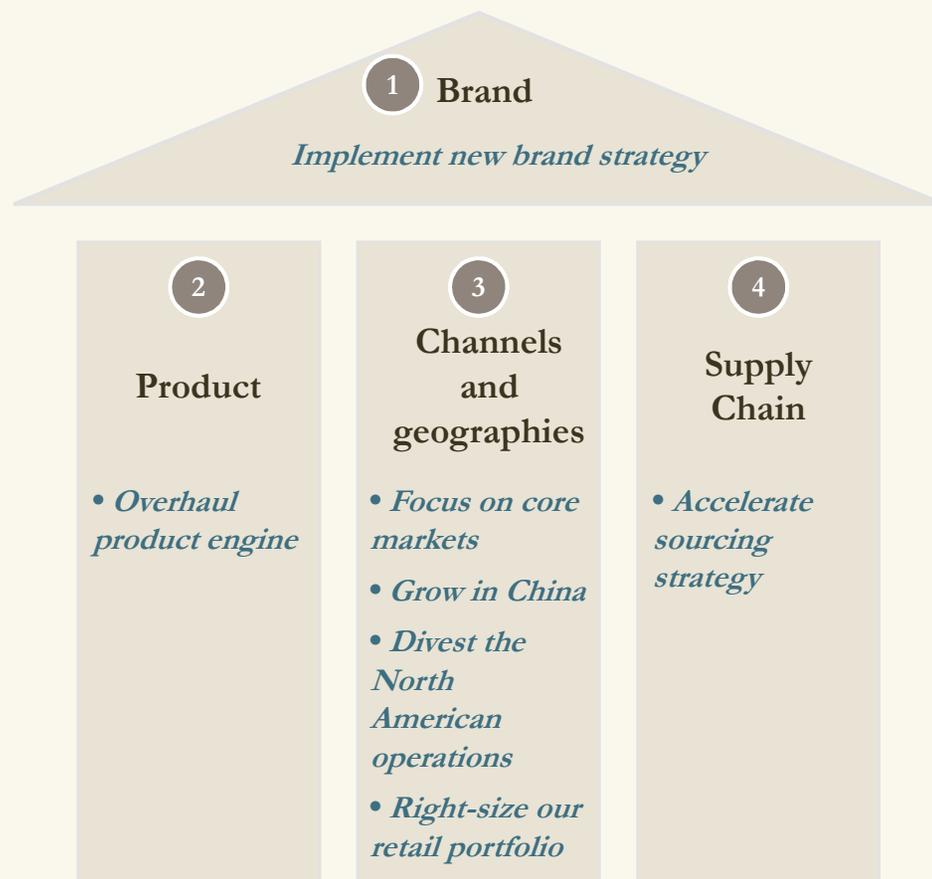
Net trade debtors increased partly due to :

- 18.4% yoy appreciation of EUR/HK\$ closing rate

OUR TRANSFORMATION PLAN
2014/15

Building the Esprit of tomorrow Time for change. The new Esprit

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- *~HK\$7bn cumulative total Capex investments over the next 4 years:*
 - *~HK\$2.7bn in retail store expansion*
 - *~HK\$3.0bn in retail store refurbishment*
 - *~HK\$1.3bn other (e.g. IT)*
- *~HK\$11.5bn cumulative additional Opex requirements over the next 4 years:*
 - *~HK\$6.8bn in branding*
 - *~HK\$3.9bn in wholesale*
 - *~HK\$0.8bn other*
- *HK\$2.4bn provision (pre tax) for FY10/11*
 - *HK\$1.3bn related to the divestment of the North American operations*
 - *HK\$1.2bn related to 80 store closures*

① Global Brand

*EVERYTHING WE DO
WE DO FOR HER*

Who is she?



① Global Brand

*Future brand direction based on our heritage
and our values*

ESP RIT

Video film

1 Global Brand

Rebuilding our brand lies at the heart of our Transformation Plan

E S P R I T

Esprit creates responsible fashion guided by the latest trends and inspired by our Californian heritage. Stylish and feminine.

The Esprit woman embraces fashion and style in a confident and relaxed way, caring about her looks as well as the ones around her.

She wants Esprit back: A responsible brand that gives her fashion and quality to last.

To her that's more relevant than ever before.



① Global Brand

Bold actions to rebuild our brand

- *Heavily invest over the next 4 years*
 - *~6-8% of sales budgeted for branding and marketing as compared to ~2.5% historically*
 - *Thereafter, return to industry average levels of ~4-5%*
- *Brand building focus in core markets (Germany, Belgium, Netherlands, France and China)*
- *Supporting brand building activities in fashion capitals*
 - *Advertising*
 - *Collaborations/TV sponsoring*
 - *Global fashion shows*
- *~30% of all spend dedicated to China*

*Total investments over the next 4 years:
Incremental Opex: ~HK\$6.8bn*



① Global Brand

Bold actions to rebuild our brand (cont'd)

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- ① *NEW STORE CONCEPT and REFURBISHMENT of all stores to encapsulate the spirit of the new Esprit brand*
- ② *Establish EDC as a stand-alone brand targeting a different consumer*
- ③ *Consolidate LICENSE PORTFOLIO to align with brand strategy*



② Products

Update our design with a more feminine touch E S P R I T

What does she want?

*Give me FASHIONABLE,
FEMININE styles*

Give me QUALITY TO LAST

*Give me OUTSTANDING
VALUE for money*

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

...and I'll be your friend



SURPRISE ME AGAIN

Improve product offering

- *Establish Centers of Excellence*
 - *Group divisions around Women's and Men's*
 - *Group expertise according to product categories*
 - *Launch of Denim division to capture market opportunities*
 - *New Trend division in Paris to inject newness*
 - *Dedicated design centre for China*
 - *Centralise sourcing*

Improve price/value proposition

- *Invest margin to inject value into product*
 - *Better fabrics*
 - *Better detailing*
 - *Better workmanship*



② Products

The journey has started
September 2011 collection

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Give me fashionable, feminine style
Give me quality to last
Give me outstanding value for money

3 Channels and geographies

Right-sizing our footprint

Expansion and refurbishment in core markets

E S P R I T

Geographies

- *Focus on expansion in core markets*
- *Accelerate growth in China*
- *Divestment of North American business*

Channels

- ***Retail***
 - *~200 new retail stores*
 - *Significant store refurbishment across our entire store network*
 - *Close structurally loss-making stores*
 - *Exit retail operations in Spain, Denmark, Sweden*
- ***Wholesale***
 - *A new approach to driving our wholesale channel*
 - *~200 new franchisees in core markets*
 - *Enter/expand in India, Eastern Europe, Russia, Latin America*

3 Channels and geographies

Doubling sales to ~HK\$6bn and footprint to ~1,900 POS in China by 2014/15

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- *Footprint expansion and POS density increase*
 - *Esprit still underrepresented in lower tier cities*
 - *Potential to improve POS density in existing cities*
- *Optimised, hybrid channel model by city tier*
 - *Tier 1-2: Ensure control of store performance and brand image through directly-managed stores*
 - *Tier 2-3: Increase “share of wallet” in existing high potential cities through franchisees*
 - *Tier 4 and below: Mostly managed by national and regional franchisees*
- *Dedicated design centre for China to facilitate growth*

3 Channels and geographies

Divest loss-making North American business E S P R I T



- *North America continuously loss making*
 - *Combined loss of HK\$1.6bn over the last 4 years*
- *Several scenarios analysed for the divestment*
 - *Selling, licensing, closure*
 - *Trademark will remain with Esprit in all scenarios*

Financial impact (FY10/11)(HK\$m)

Total Net Sales :	1,078
Operating loss :	- 410
Closing costs :	-1,268
of which impairments :	- 324
# of stores :	43
# of outlets :	50

3 Channels and geographies

Right-sizing our retail operations...

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	Countries	Store closures	<i>Financial impact (FY10/11)(HK\$m)</i>	
Loss making stores	 Germany	24	
	 Austria	2	Total Net Sales :	1,039
	 Switzerland	2	Operating loss :	- 220
	 Belgium	2	Closing costs :	- 1,161
	 Netherlands	7	of which impairments :	- 417
	 France	12		
	 UK	6		
	 Singapore	1		
	 Hong Kong	1		
	 Australia	13		
	 Spain	3		
Retail market exit	 Denmark	6		
	 Sweden	1		
	Total	80		

3 Channels and geographies

...and increasing our full price and outlet store base by ~50% by 2014/15

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Retail

Outlets

- *White spot analysis conducted*
- *New retail locations identified*

- *Additional revenue channel*
- *Creation of uniform clearance mechanism*
- *Removal of mark-down goods from Retail channel – elimination of “discount” brand image*

	FY 10/11	FY14/15
# of full price stores*	411	~595
		+~185

	FY 10/11	FY14/15
# of stores*	42	~67
		+~25

Total investments over the next 4 years:
Capex: ~HK\$2.7bn

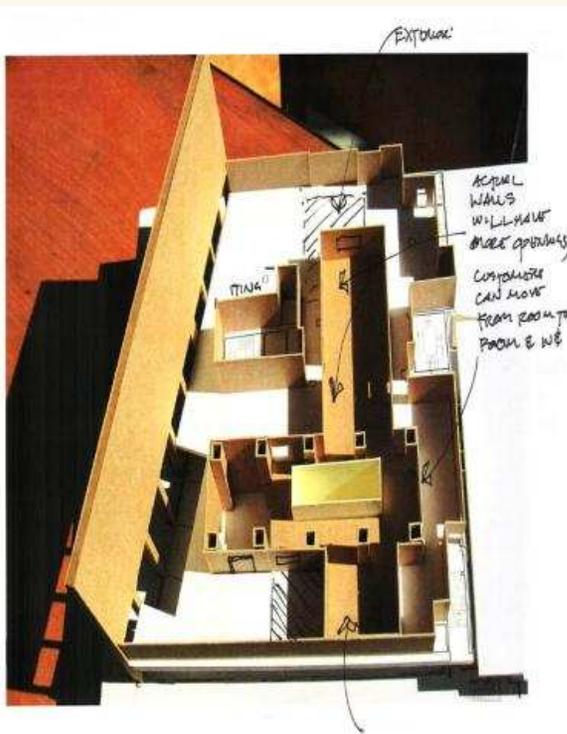
* Excludes China, North America and stores under the FY10/11 store closure programme

3 Channels and geographies

New store concept and store refurbishments

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- *New store concept to upgrade shopping experience in line with our new brand direction*
- *3 pilots being developed for Q1 2011/12*
- *Upgrade our entire full price retail store portfolio*



***Total investments over the next 4 years:
Capex: ~HK\$3.0bn***

3 Channels and geographies

*A new approach to driving our wholesale business
Better alignment of interest with our wholesale partners*

ESPRIT

- *Support for our key wholesale partners (e.g. return and replenishment)*
- *Elimination of unprofitable distribution and brand-diluting accounts*
- *Recover selling space productivity level through*
 - *Increased sales force effectiveness*
 - *Refurbishments of franchisees and shop-in-stores*
- *Targeted international expansion*
 - *~200 new franchisees in core markets*
 - *Expansion in high opportunity markets: India, Eastern Europe, Russia, Latin America*

Total investments over the next 4 years:

Incremental Opex: ~HK\$3.9bn

4 Supply chain

Structural changes to further optimise our supply chain E S P R I T
Targeted savings of ~HK\$1bn per annum by 2014/15

- *Our sourcing strategy is already showing real benefits in line with expectations*
 - *Continue consolidating supplier portfolio*
 - *Best sourcing country footprint per product category*
- *Now focus on how to accelerate execution of our sourcing strategy*
 - *Buying/ sourcing function to be centralised from the product divisions into one central sourcing organisation*
 - *Quicker ramp-up of local sourcing offices, including new own sourcing markets in key markets*
- *Reduce logistics costs with new European Distribution Centre*

OUTLOOK

FY11/12 outlook — results impacted by measures related to our Transformation Plan

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Sales growth

- *3%-5% decline vs. FY 10/11*
- *Lose ~HK\$2.1bn of sales (on a full year run-rate basis) as a result of divestments*

Branding and Marketing

- *Incremental Opex spending of around HK\$1.5bn to rebuild our brand*

Retail

- *5%-10% full year yoy space growth off pro-forma retail store base*

Wholesale

- *Order intake for Jul - Dec 2011 shows mid single digit % decline*
- *Incremental Opex spending of HK\$0.9bn for our wholesale partners*

Capital expenditures

- *~HK\$1.5bn: HK\$0.2bn on store expansion, HK\$0.5bn on store refurbishment, HK\$0.5bn on IT projects, HK\$0.2bn on Europe Distribution Centre*

Operating profit margin

- *1%-2%*

Transformation expected to be completed at the end of FY 14/15. Recovery starting in FY 12/13

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Sales CAGR (LCY): ~8%-10% (FY 10/11 to FY 14/15)

Operating profit margin: ~15% post transformation

Time for change. The New Esprit

INSPIRE ME and I'll be your friend.

*Give me a **TRUTHFUL
RELATIONSHIP***

and I'll stay.

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



ESPRIT

INVESTOR DAY

- *Upcoming Investor Day on 21 / 22 November 2011 in our Head Office in Düsseldorf, Germany*
- *Presentation of our new Board of Management which is driving the execution of our transformation*
- *Detailed review of our Transformation Plan 2014 / 15*

Q&A

REMEMBER ME



ESPRIT

APPENDIX

<i>Dispatch of FY 10/11 annual report</i>	<i>On or before 30 Oct 2011</i>
<i>Investor Day</i>	<i>21/22 Nov 2011</i>
<i>Annual General Meeting</i>	<i>1 Dec 2011</i>
