

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

# ESPRIT

## ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
Stock Code: 00330

### UNAUDITED FY17/18 THIRD QUARTER UPDATE FOR THE NINE MONTHS ENDED 31 MARCH 2018

#### THIRD QUARTER UPDATE

The board of directors (the “Board”) of Esprit Holdings Limited (the “Company”) presents the unaudited FY17/18 third quarter update of the Company and its subsidiaries (the “Group”) for the nine months ended 31 March 2018. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### Revenue by product

For the 9 months ended 31 March						
Product division	2018		2017		Change in %	
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency
<b>Esprit Women</b>	<b>5,633</b>	<b>47.5%</b>	5,739	47.0%	-1.9%	-10.0%
women casual	3,930	33.1%	3,931	32.2%	0.0%	-8.3%
women collection	1,527	12.9%	1,570	12.9%	-2.8%	-11.0%
trend <sup>#</sup>	176	1.5%	238	1.9%	-26.2%	-32.8%
<b>Esprit Men</b>	<b>1,352</b>	<b>11.4%</b>	1,515	12.4%	-10.7%	-17.9%
men casual	1,127	9.5%	1,237	10.1%	-8.9%	-16.1%
men collection	225	1.9%	278	2.3%	-18.9%	-25.7%
<b>Lifestyle and others<sup>*</sup></b>	<b>2,096</b>	<b>17.6%</b>	2,164	17.7%	-3.1%	-11.6%
<b>edc</b>	<b>2,795</b>	<b>23.5%</b>	2,793	22.9%	0.0%	-8.4%
<b>Total</b>	<b>11,876</b>	<b>100.0%</b>	12,211	100.0%	-2.7%	-10.9%

<sup>#</sup> The Trend Division was set up as a laboratory to test our fast-to-market product development processes. The lessons we have learned have been applied to other product divisions under the Women segment, hence it is more meaningful to interpret the combined performance of these product divisions

<sup>\*</sup> Lifestyle and others mainly include bodywear, accessories, shoes, and the sales and royalty income from licensed products such as kidswear, timewear, eyewear, jewelry, bed & bath, and houseware

## Revenue by region and by distribution channel

For the 9 months ended 31 March							
	2018		2017		Revenue Change in %		Net change in net sales area <sup>^</sup>
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency	
<b>Germany</b>	<b>5,987</b>	<b>50.4%</b>	<b>6,046</b>	<b>49.5%</b>	<b>-1.0%</b>	<b>-10.3%</b>	<b>-8.0%</b>
Retail (excl. eshop)	2,017	17.0%	2,102	17.2%	-4.0%	-13.0%	-5.2%
Wholesale (excl. eshop)	2,096	17.6%	2,163	17.7%	-3.1%	-12.3%	-9.9%
eshop	1,849	15.6%	1,761	14.4%	5.0%	-4.9%	n.a.
Licensing	25	0.2%	20	0.2%	25.3%	12.9%	n.a.
<b>Rest of Europe</b>	<b>4,452</b>	<b>37.5%</b>	<b>4,494</b>	<b>36.8%</b>	<b>-1.0%</b>	<b>-9.4%</b>	<b>-8.4%</b>
Retail (excl. eshop)	1,525	12.8%	1,607	13.2%	-5.1%	-12.6%	-4.8%
Wholesale (excl. eshop)	1,764	14.9%	1,769	14.5%	-0.3%	-8.7%	-10.5%
eshop	1,089	9.2%	1,038	8.5%	4.8%	-5.4%	n.a.
Licensing and others	74	0.6%	80	0.6%	-8.1%	-10.0%	n.a.
<b>Asia Pacific</b>	<b>1,437</b>	<b>12.1%</b>	<b>1,671</b>	<b>13.7%</b>	<b>-14.0%</b>	<b>-17.3%</b>	<b>-15.1%</b>
Retail (excl. eshop)	1,184	10.0%	1,406	11.5%	-15.8%	-19.1%	-12.1%
Wholesale (excl. eshop)	90	0.8%	89	0.7%	1.5%	0.1%	-29.2%
eshop	163	1.3%	176	1.5%	-7.2%	-11.8%	n.a.
<b>Total</b>	<b>11,876</b>	<b>100.0%</b>	<b>12,211</b>	<b>100.0%</b>	<b>-2.7%</b>	<b>-10.9%</b>	<b>-9.2%</b>
Retail (excl. eshop)	4,726	39.8%	5,115	41.9%	-7.6%	-14.5%	-6.9%
Wholesale (excl. eshop)	3,950	33.3%	4,021	32.9%	-1.8%	-10.4%	-11.1%
eshop	3,101	26.1%	2,975	24.4%	4.2%	-5.5%	n.a.
Licensing and others	99	0.8%	100	0.8%	-1.6%	-5.5%	n.a.

<sup>^</sup> Net change since 1 April 2017

n.a. Not applicable

## Wholesale distribution channel by region (controlled space only)

As at 31 March 2018					
	No. of stores	Net change in no. of stores <sup>^</sup>	Net sales area (m <sup>2</sup> )	Net change in net sales area <sup>^</sup>	
				(m <sup>2</sup> )	(%)
<b>Germany</b>	<b>3,447</b>	<b>(315)</b>	<b>156,077</b>	<b>(17,147)</b>	<b>-9.9%</b>
Franchise stores	229	(21)	51,327	(6,166)	-10.7%
Shop-in-stores	2,143	(191)	83,760	(8,838)	-9.5%
Identity corners	1,075	(103)	20,990	(2,143)	-9.3%
<b>Rest of Europe</b>	<b>2,086</b>	<b>(142)</b>	<b>125,375</b>	<b>(14,700)</b>	<b>-10.5%</b>
Franchise stores	427	(33)	79,968	(11,868)	-12.9%
Shop-in-stores	800	(48)	25,207	(884)	-3.4%
Identity corners	859	(61)	20,200	(1,948)	-8.8%
<b>Asia Pacific</b>	<b>110</b>	<b>(37)</b>	<b>11,500</b>	<b>(4,747)</b>	<b>-29.2%</b>
Franchise stores	110	(37)	11,500	(4,747)	-29.2%
<b>Total</b>	<b>5,643</b>	<b>(494)</b>	<b>292,952</b>	<b>(36,594)</b>	<b>-11.1%</b>
Franchise stores	766	(91)	142,795	(22,781)	-13.8%
Shop-in-stores	2,943	(239)	108,967	(9,722)	-8.2%
Identity corners	1,934	(164)	41,190	(4,091)	-9.0%

<sup>^</sup> Net change since 1 April 2017

## Retail (excl. eshop) distribution channel by region (directly managed retail stores)

As at 31 March 2018

	No. of stores	Net change in no. of stores ^	Net sales area (m <sup>2</sup> )	Net change in net sales area ^		No. of comp-stores	Comp-store sales growth
				(m <sup>2</sup> )	(%)		
Germany	143	(4)	112,191	(6,171)	-5.2%	132	-10.6%
Rest of Europe	135	(5)	79,832	(4,002)	-4.8%	107	-9.9%
Asia Pacific	341	(53)	66,450	(9,106)	-12.1%	175	-9.1%
<b>Total</b>	<b>619</b>	<b>(62)</b>	<b>258,473</b>	<b>(19,279)</b>	<b>-6.9%</b>	<b>414</b>	<b>-10.0%</b>

^ Net change since 1 April 2017

## Highlights for the three months ended 31 March 2018

Revenue of the Group for the nine months ended 31 March 2018 was HK\$11,876 million, representing a decline of -10.9% year-on-year (“yoy”) in local currency (“LCY”) against the -9.2% yoy reduction of total controlled space (Retail and Wholesale). Accumulated performance for the first nine months of FY17/18 has been dragged by revenue decline of -13.8% yoy in LCY during the three months ended 31 March 2018 (“3Q FY17/18” or “Period under Review”).

## Revenue by region and by distribution channel

For the 3 months ended 31 March

	2018		2017		Revenue Change in %		Net change in net sales area ^
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency	
<b>Germany</b>	<b>1,888</b>	<b>49.2%</b>	<b>1,906</b>	<b>49.0%</b>	<b>-0.9%</b>	<b>-14.9%</b>	<b>-8.0%</b>
Retail (excl. eshop)	564	14.7%	580	14.9%	-2.6%	-16.3%	-5.2%
Wholesale (excl. eshop)	726	18.9%	734	18.9%	-1.1%	-15.1%	-9.9%
eshop	589	15.4%	585	15.0%	0.7%	-13.5%	n.a.
Licensing	9	0.2%	7	0.2%	28.1%	10.0%	n.a.
<b>Rest of Europe</b>	<b>1,477</b>	<b>38.5%</b>	<b>1,446</b>	<b>37.2%</b>	<b>2.1%</b>	<b>-10.8%</b>	<b>-8.4%</b>
Retail (excl. eshop)	452	11.8%	467	12.0%	-3.3%	-14.9%	-4.8%
Wholesale (excl. eshop)	638	16.6%	614	15.8%	3.7%	-9.5%	-10.5%
eshop	363	9.4%	341	8.8%	6.6%	-8.4%	n.a.
Licensing and others	24	0.7%	24	0.6%	1.6%	-0.7%	n.a.
<b>Asia Pacific</b>	<b>472</b>	<b>12.3%</b>	<b>536</b>	<b>13.8%</b>	<b>-12.0%</b>	<b>-17.9%</b>	<b>-15.1%</b>
Retail (excl. eshop)	388	10.1%	455	11.7%	-14.7%	-20.5%	-12.1%
Wholesale (excl. eshop)	27	0.7%	24	0.6%	12.5%	9.9%	-29.2%
eshop	57	1.5%	57	1.5%	-0.9%	-8.9%	n.a.
<b>Total</b>	<b>3,837</b>	<b>100.0%</b>	<b>3,888</b>	<b>100.0%</b>	<b>-1.3%</b>	<b>-13.8%</b>	<b>-9.2%</b>
Retail (excl. eshop)	1,404	36.6%	1,502	38.6%	-6.5%	-17.1%	-6.9%
Wholesale (excl. eshop)	1,391	36.2%	1,372	35.3%	1.3%	-12.1%	-11.1%
eshop	1,009	26.3%	983	25.3%	2.7%	-11.4%	n.a.
Licensing and others	33	0.9%	31	0.8%	7.5%	1.7%	n.a.

^ Net change since 1 April 2017

n.a. Not applicable

**Retail (excl. eshop)**, our brick and mortar stores, recorded revenue of HK\$1,404 million in 3Q FY17/18, down -17.1% yoy in LCY. This is the combined result of (i) the continued rationalization of our distribution footprint, i.e. a reduction in retail sales area of -6.9% yoy, and (ii) a decline in comparable store sales of -12.7% yoy in LCY, mostly due to unseasonably cold weather in Europe in the Period under Review, affecting the performance of the Spring Summer collections and aggravating the decline of customers' traffic to our brick and mortar stores.

**Wholesale (excl. eshop)**, revenue totaled HK\$1,391 million, down -12.1% yoy in LCY in 3Q FY17/18, broadly in line with the corresponding reduction in controlled space of -11.1% yoy. The channel continues to face structural pressure and we see elimination of non-performing locations by our wholesale partners.

**Eshop** revenue totaled HK\$1,009 million in 3Q FY17/18, representing a decrease of -11.4% yoy in LCY. Revenue of Eshop Europe was also adversely impacted by cold weather in Europe. Revenue of Eshop APAC declined due to management's decision to reduce the previous level of discounts in order to enhance profitability of ecommerce in the region.

Performance in 3Q FY17/18 was well below the Group's expectation, which reinforces our decision to accelerate the implementation of key strategic initiatives in order to improve top line performance and further reduce operational expenses. The main initiatives in progress are the ones presented in our last interim report for the six months ended 31 December 2017. We are convinced that these changes are vital to unlock the full potential of the Esprit brand.

Given the very challenging sales performance in the first nine months of FY17/18, we remain cautious about the expectation for the rest of the financial year.

By Order of the Board  
**Florence Ng Wai Yin**  
Company Secretary

Hong Kong, 2 May 2018

*As at the date of this announcement, the Board comprises (i) Dr Raymond Or Ching Fai (Executive Chairman), Mr Jose Manuel Martínez Gutiérrez (Group Chief Executive Officer) and Mr Thomas Tang Wing Yung (Group Chief Financial Officer) as Executive Directors; (ii) Mr Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Mr Paul Cheng Ming Fun (Deputy Chairman), Dr José María Castellano Ríos, Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt as Independent Non-executive Directors.*