INVESTOR RELATIONS DAY
March 2016
<table>
<thead>
<tr>
<th>Time</th>
<th>Event Description</th>
<th>Speaker(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30</td>
<td>Store visit</td>
<td>Arndt Brockmann</td>
</tr>
<tr>
<td>10:00</td>
<td>Registration at Esprit Headquarters</td>
<td></td>
</tr>
<tr>
<td>10:15</td>
<td>Welcome &amp; opening remarks</td>
<td>Thomas Tang</td>
</tr>
<tr>
<td>10:30</td>
<td>Strategic plan update</td>
<td>Jose Manuel Martínez</td>
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<tr>
<td>12:30</td>
<td>Lunch</td>
<td></td>
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<tr>
<td>14:00</td>
<td>Product preview – Mock Shop and HQ tour</td>
<td>Rafa Pastor / Elena Lazcanotegui / Juan Chaparro</td>
</tr>
<tr>
<td>15:00</td>
<td>Omnichannel Model</td>
<td>Jürgen Michelberger / José Antonio Ramos</td>
</tr>
<tr>
<td>16:30</td>
<td>Outlook &amp; closing remarks</td>
<td>Jose Manuel Martínez</td>
</tr>
<tr>
<td>18:30</td>
<td>Dinner</td>
<td>Liebevoll Auermühle, Ratingen</td>
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**WiFi**

User Name: investors day  
Password: 15032016  
Profile name: edc_guest_ng_1
STRATEGIC PLAN UPDATE
Jose Manuel Martinez - CEO
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STRATEGIC PLAN UPDATE

- STRATEGIC PLAN
  - TRANSFORMATION
    - BRAND
    - PRODUCT - VERTICAL MODEL
    - SALES - OMNICHANNEL MODEL
    - PEOPLE
  - OUTLOOK & CLOSING REMARKS
RECENT HISTORY

EXTERNAL
- Global / European crisis
- Competition of vertical retailers
- Rapid growth of online
- Pressure on traditional wholesale (core business of Esprit)

INTERNAL
- Impact of previous rapid growth phase
- Changes in management and strategy
- Non-competitive product (value for money)
STRATEGIC POSITIONING

- **Value price**
- **Mid price**
- **Premium**
- **Luxury**

- **ESPRIT**
STRATEGIC POSITIONING

Gatekeeper to premium brands

- Current & target consumers
- Distribution footprint
- Strengths & capabilities
- Brand & product heritage

ESPRIT

Luxury

Premium

Mid price

Value price
**SHORT TERM**
FY13/14

**STABILIZATION**
Build a sound and healthy platform for the introduction of the structural changes needed to regain competitiveness

**MEDIUM TERM**
FY14/15

**TRANSFORMATION**
Execute the ambitious transformation of our business model (Vertical and Omnichannel) to enhance speed and efficiency of our product and sales management

**LONG TERM**
> 2 years

**GROWTH**
Leverage the benefits of the new model to drive sustainable top line growth, and develop a healthier cost base to increase profitability

**UNCERTAINTY SCENARIO IN FY14/15**

STRATEGIC PLAN - HIGHLIGHTS

SHORT TERM
FY13/14

STABILIZATION
- Continued decline of top line
- Improvement of gross profit margin (+0.6% pts)
- OPEX reduction by -21% excl. special items in LCY
- Back to profitability (361 HK$m EBIT)
- Back to positive net cash generation (1.1 HK$bn)
- Finalization of SAP and new DC launches

MEDIUM TERM
FY14/15

TRANSFORMATION
- Negative Results
  Top line decline, due to execution of structural changes and tough market, led to operating losses
- Positive Transformation
  Successful introduction of the Vertical Model to improve our products management and the Omnichannel Model to enhance our sales strategy
- Positive sales trend of the first collections developed under the Vertical Model

LONG TERM
> 2 years

GROWTH
- Confirmation of improved product performance: positive development of both retail sales per sqm and online sales
- Positive development of Omnichannel initiatives: CRM program, online sales, mobile, etc.
- Wholesale channel still under continued pressure
- Sound sales performance in Europe
- Increased difficulties in APAC
STRATEGIC PLAN UPDATE

- STRATEGIC PLAN

- TRANSFORMATION
  - BRAND
  - PRODUCT - VERTICAL MODEL
  - SALES - OMNICHANNEL MODEL
  - PEOPLE

- OUTLOOK & CLOSING REMARKS
BRAND
“ESPRIT DE CORPS”
“ESPRIT DE CORPS”
(Spirit of the Group)

Susie and Doug Tompkins founded Esprit in 1968, in San Francisco (CA), and built a brand for their friends, for a generation of people who wanted to live their lives in a special way:

Living in freedom with passion and fun.
Making the world a better place.
Creating things together.

“Esprit is an attitude, not an age”
DOUG TOMPKINS
ESPRIT BRAND

An inclusive brand
inspired by real people and emotions
ESPRIT BRAND

A daring brand
creative, passionate and free spirited
ESPRIT BRAND

A positive brand
optimistic, fun, always looking for the bright side of life
ESPRIT BRAND

A responsible brand
passionate to change the World through a friendly revolution
ESPRIT BRAND

A unique brand
a unique name, a unique logo, a unique spirit

ESPRIT
ESPRIT CONSUMER
ESPRIT CONSUMER

Young professionals & Young family women and men

25 years

Esprit Friends

Millennials
X-Generation
Baby Boomers

Source: ECDB, Age of active members (purchase in last 12 months, Germany)
BRAND CHALLENGE

ESPRIT

Inclusive
Daring
Positive
Responsible
UNIQUE
#ImPerfect
BRAND CAMPAIGN – “#ImPerfect”

CONCEPT
• Celebration of diversity
• Beauty of personal styles
• Friendly and approachable
• Away from “high fashion”

COMMUNICATION
• New, louder & younger tonality
• Appealing to current and new customers
• Strong for online and social media
• Ambitious share of voice
TV

23% SHARE OF VOICE TO REACH 86.2% OF TARGET GROUP*

#ImPerfect
AUTUMN 2015

#ImPerfect
WINTER 2015

#ImPerfect
SPRING 2016

* At least once for women between 25-35 years old
DISRUPTIVE STATEMENT THROUGH FACADE COVERAGE AND WINDOW EXECUTION
392 MIO CONTACTS – STRONG VISIBILITY IN KEY CITIES NEAR STORE LOCATIONS
392 MIO CONTACTS - STRONG VISIBILITY IN KEY CITIES NEAR STORE LOCATIONS
CREATING WORD OF MOUTH (#IMPERFECT MOVEMENT) THROUGH INFLUENCER ACTIVATION

- Blogger Event Berlin -

“The look of models changed throughout the years—nothing has to be perfect anymore. Imperfection is en vogue.”
Antje Winter, Fashion Stylist

“I really found the Esprit campaign interesting and out of the expected standards, with a slogan that makes you rethink about what we nowadays understand as perfect. To speak about society sounds like a cliché, but we feel more pressure than ever because of social media.”
Janní Frutos, Janne in Wonderland
2.4% ENGAGEMENT RATE (DOUBLE THE MARKET BENCHMARK)
Move Your Booty

With no two moves being alike, there's nothing more authentic than dance to express the #imPerfect sentiment. Warming up with the Spring 2016 collection, a classic dance tune, and an open stage, Esprit continues its mission to encourage that unique spirit.
# BRAND CAMPAIGN – RELATED IMPACTS

<table>
<thead>
<tr>
<th>RETAIL (6 months Germany)</th>
<th>SOCIAL MEDIA (4 months Global)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales total</strong></td>
<td><strong>Facebook</strong></td>
</tr>
<tr>
<td>+8.6%</td>
<td>+ 81% monthly fan growth</td>
</tr>
<tr>
<td><strong>Net Sales comp</strong></td>
<td><strong>Instagram</strong></td>
</tr>
<tr>
<td>+7.7%</td>
<td>53% of new fans are women between 25–35</td>
</tr>
<tr>
<td>- Offline comp</td>
<td></td>
</tr>
<tr>
<td>+6.6%</td>
<td>+168% monthly fan growth</td>
</tr>
<tr>
<td>- Online comp</td>
<td></td>
</tr>
<tr>
<td>+9.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Market</strong> (^1)</td>
<td><strong>Engagement rate</strong></td>
</tr>
<tr>
<td>+1.0%</td>
<td>x19 on Esprit Social Channels</td>
</tr>
<tr>
<td><strong>Traffic in stores</strong> (^2)</td>
<td></td>
</tr>
<tr>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td><strong>DTI Traffic</strong> (^3)</td>
<td></td>
</tr>
<tr>
<td>+6%</td>
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</table>

**NOTE:** German Retail data for period Jul 1 to Dec 31; Social Media data for Campaign period Aug 29 – Dec 13

1) GfK Trend fashion industry for offline and online from GfK (Jul - Dec)
2) 31 reference stores are reporting traffic for Germany / YTD Dec
3) Direct Type In traffic in our website
PRODUCT
“VERTICAL MODEL”
We want to make you feel good to look good!
ESPRIT PRODUCT

Casual fashion
Newness and market trends in fabrics, colors and shapes, expressed in the effortless and comfortable Esprit style.

Perfect quality
Maximum attention to detail in design, materials, fitting and production of every garment.

Outstanding value for money
Always the best possible value-for-money deal for our consumers.
ESPRIT PRODUCT – VERTICAL MODEL

Casual fashion
Newness and market trends in fabrics, colors and shapes, expressed in the effortless and comfortable Esprit style.

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SPEED & EFFICIENCY

VERTICAL

Product Development
Merchandising
Supply Chain
Distribution
Store / POS
Stock
1. **Lean Supply Chain Management** – From 352 to 191 (-46%) suppliers and successful introduction of best SCM practices

2. **Category Management Teams** – All apparel divisions completely transformed and process initiated in non-apparel divisions

3. **New Merchandising Model** – Product, Planning, Buying and Merchandise Management functions fully centralized

4. **Seasonal Calendar** – 4 seasons vs. 12 monthly collections

5. **Product Range Reduction** – 30% to 40% less options

6. **Fast to Market** – 2-3 months lead time in the Trend Division and fast reaction capsules in all apparel divisions (>20% in Women)

7. **Stock Management Optimization** – Replenishment capacity and capabilities in progress along with DC extension

8. **Vertical Wholesale Model** – Final solutions being tested
Retail Turnover (YoY change of comparable stores in LCY)

Introduction of first collections developed under the new Vertical Model (SS15)

-10.0%  -2.4%  8.0%  +10.9%
Jul 14 - Jan 15  Feb - Jun 15  Jul - Dec 15

Women  +0.4%
Men  +2.8%
LFS  +12.9%
EDC
Retail Turnover (YoY change of comparable stores in LCY)

- Introduction of first collections developed under the new Vertical Model (SS15)
- Continued positive comp sales in the first two months of 2H FY15/16

<table>
<thead>
<tr>
<th>Period</th>
<th>Comp Store Growth</th>
</tr>
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<tbody>
<tr>
<td>Jul 14 - Jan 15</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Feb - Jun 15</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Jul - Dec 15</td>
<td>8.0%</td>
</tr>
<tr>
<td>Jan - Feb 16</td>
<td>X%</td>
</tr>
<tr>
<td>LFS</td>
<td></td>
</tr>
<tr>
<td>EDC</td>
<td></td>
</tr>
</tbody>
</table>
Esprit vs. German apparel market differential of yoy change in LCY*

**ILLUSTRATIVE**

*Esprit comparable full price brick and mortar stores against comparable market data according to Textilwirtschaft. Comp group growth of the individual month*
CHANNELS
“OMNICHANNEL”
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

More than 5 million active members, who make 70% of our Retail turnover
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

High performance online business driven by a strong/experienced team and supported by state-of-the-art infrastructures.
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

MULTI CHANNEL

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

Relevant presence and operations in all possible sales channels
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

CROSS CHANNEL

MULTI CHANNEL

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS

Consumers shopping both through offline and online generating much higher value
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS
PEOPLE

ORGANIZATION
INVESTORS DAY - OMNICHANNEL MODEL
March 2016
PART 1
Key Elements of Esprit Sales Channels Model

PART 2
Omnichannel Model
THE TEAM

Jürgen Michelberger
Chief Digital Officer

PART 1
Key Elements of Esprit Sales Model

Jose Antonio Ramos
Chief Commercial Officer

PART 2
Omnichannel Plan

Leif Erichson
Chief Operations and Systems Officer

Lucas van Eeghen
Senior Vice President
Head of Omnichannel Go-to-market
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

CROSS CHANNEL

MULTI CHANNEL

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

CROSS CHANNEL

MULTI CHANNEL

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS
INTRODUCING ESPRIT FRIENDS

✅ Introduction: 2001

✅ Identify & communicate

✅ Easy access

✅ Earn & burn

✅ Multi-channel

→ 5,6 Mio.* active Friends globally

* Global Friends Dec 2015
FRIENDS: CHANNELS AND REGIONS

# Member Split*

Channel

Stores 58%
Franchise 16%
e-com 26%

Region

Europe 80%
APAC 20%

→ Friends is a well established program across our distribution

*Global Friends Dec 2015
Friends deliver the vast majority of our sales

*1HY15/16 Friends sales Global Retail
DEVELOP CUSTOMER LIFE-TIME-VALUE

1. Recruitment Program
2. Trading up Program
3. Retention Program
4. Reactivate Program

SPM

New Member
Status Mechanics
Platinum Status
Gold Status
Entry Level

Preventive
Status Loss
Frequency based
HOLISTIC & TARGETED COMMUNICATION

Customer Lifecycle

Product Themes

→ up to 25 customized contacts per month
FRIENDS BUY MORE

Sales per member/year*

+ 28%

Control group w/o communication
Friends

→ Friends communication drives incremental sales

*Europe Friends CY 2015

driven by frequency*

+32%

compared to control group
FRIENDS ARE LOYAL

Total Friends sales*

53%
> 7 years
customer
life-time

→ Friends communication drives the brand

driven by Net Promoter Score*

+26 pts
compared to non-Friends

*Global Friends CY 2015, NPS available for Germany only
FRIENDS DATA OFFER COMPETITIVE ADVANTAGE

1. Registration data and consumer research

2. Behavioral data along the consumer journey

3. Transactions in all channels

→ Analytical CRM and profiling

→ Targeted communication with efficient budget allocation

→ Friends enables customer centric marketing
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS

ESPRIT FRIENDS

DIGITAL EXCELLENCE

CROSS CHANNEL

MULTI CHANNEL
E-COMMERCE FOOT PRINT

Europe
14 e-shops → 27 countries

APAC
6 e-shops + T-mall/JD → 6 countries

→ online leverages our offline distribution
E-COM SIZE OF BUSINESS

Esprit total sales*

- e-com
  - 22.1%

Retail sales*

- Stores
  - 32.9%
- e-shop

→ e-com share in line with best-in-class industry players

*Global 1st HY 2015/16
TRAFFIC MODEL

85% OWNED + EARNED*

85% of traffic comes from owned and earned sources, including direct type-ins and other marketing efforts.

15% PAID*

15% of traffic comes from paid sources, such as retargeting campaigns.

~200 Million Visits/Year

Traffic structure provides base for profitable business model

* simplified illustration, Traffic e-com Europe CY 2015
DIGITAL EXPERIENCE - GREAT USABILITY

1) Multi-device entry

2) Overview

3) Product page

4) One-page-checkout

5) Up & Cross-Selling

→ base for outstanding conversion rate of 4.8%*
DIGITAL EXPERIENCE - GREAT CONTENT

more than 20 themes per month
DIGITAL EXPERIENCE ON ALL TOUCHPOINTS

Newsletter & offsite banners

On all devices

Social media & influencer
BRAND MARKETING INTEGRATION
USE OF SOCIAL MEDIA

Integrated Postings

Social Listening

*Global Feb 2016
IT PLATFORM EXCELLENCE

Seamless integration on all devices
Desktop, tablet, smartphone, app

Mobile traffic
Global, 1st HY 2015/16

Customized & integrated
- Proprietary source code,
- Real-time linked to CRM and Retail System
- Full localization (language/currency/content/services)

→ a strong base for our digital business
STRONG SERVICE PROPOSITION

LOW COST FLAT FEES
i.e. Europe: “just 0,95 Euro”*

EASY AND CONVENIENT
i.e. Europe: “free returns”*

Localized service offer: customer service, payment, deliveries, returns

* except pan-european eshop
FULFILLMENT EXCELLENCE

Speed and capacity

Order until 4 p.m.: 90% same day target
Max. storage: 7.4 mio. pieces

Returns processing solution

Returns re-sellable after: 45 min
Re-use return items: 99.5%

→ perfect setup for fashion e-com

Europe e-com DC, operated by Arvato
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

MULTI CHANNEL

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

CROSS CHANNEL

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS

DIGITAL EXCELLENCE
CHANNEL MIX

offline

online

Retail

Wholesale

→ provides excellent opportunity for omni-channel model
SIZE OF OPERATIONS

offline

Retail
864 stores/21 countries

Wholesale
1,060 franchise stores
≈ 4,000 shop-in-stores
≈ 2,500 identity corners

online

20 e-shops/33 countries

>50 wholesale e-com accounts

→ relevant presence in all channels

*Global 1st HY 2015/16*
KEY ELEMENTS OF ESPRIT SALES CHANNELS MODEL

LOYAL CONSUMER BASE AND STRONG LOYALTY PROGRAM

ESPRIT FRIENDS

DIGITAL EXCELLENCE

CROSS CHANNEL

MULTI CHANNEL

HIGH PERFORMANCE E-COMMERCE & DIGITAL CAPABILITIES

INCREASED VALUE FROM CROSS-CHANNEL CONSUMERS

RELEVANT PRESENCE AND OPERATIONS IN ALL SALES CHANNELS
CROSS CHANNEL SALES

Channel buyer type

- offline only
- cross channel
- online only

sales flow

- "off to on" (offline customers buying online)
- "on to off" (online customers buying offline)

→ cross-channel sales coming from both channels
CROSS CHANNEL SALES UPLIFT

Sales per member/year

- online only
- cross channel: +91%
- offline only

→ cross-channel friends buy significantly more

*Global Friends CY 2015, multiple buyers
CROSS CHANNEL OPPORTUNITY

online only
23%

cross-channel
16%

offline only
60%

↑ Growth opportunity
✓ Achieved: +11% more cross channel buyers in 1HY15/16

→ realize uplift through single channel conversion to cross-channel

*Global Friends CY 2015
CANNIBALIZATION ANALYSIS

CY 2014

offline only buyers

---

CY 2015

offline only buyers

 offline sales

---

cross-channel buyers

 offline sales +

 online sales

→ cross-channel uplift is mainly incremental

*Europe Friends CY 2014 & 2015*
CROSS CHANNEL RESEARCH

- "do research **online**, purchase **offline**" | 40% | 45%
- "use **newsletter** as source for fashion info" | 68% | 59%
- "**open newsletter** at least one/week" | 69% | 62%

→ **cross-channel influences single-channel buyers**

* Friends Germany e-mail survey, March 2016, 1,500 respondents
PRESENTATION STRUCTURE

PART 1
Key Elements of Esprit Sales Channels Model

- ESPRIT FRIENDS
- DIGITAL EXCELLENCE
- CROSS CHANNEL
- MULTI CHANNEL

PART 2
Omnichannel Model
FROM CROSS-CHANNEL TO OMNICHANNEL

Our Present: Cross-Channel Customers

1. Cross-channel customers are the most valuable

   - Sales per member per year
     - Online only
     - Cross channel
     - Offline only
     - +91%

2. They offer a great growth opportunity

3. We see very limited cannibalization in this evolution

Our Future: Omnichannel Model

- A sales model - aiming to maximize the satisfaction and the value of our consumers - based on 3 pillars

  1. Create as many direct relationships with our customers as possible
  2. Establish relevant interactions with all of them
  3. Develop a superior shopping experience by the seamless integration of our multi-channel presence and services

- Only customers buying through more than 1 channel are cross-channel. All customers can be omnichannel and all customers can experience a better shopping experience (ropo, click&collect, store finder, etc.)
Esprit has a unique platform to manage this process

- Established and globally growing CRM program in place (5.6 million Friends)
- Differential way to interact with our "Friends" (a holistic customer-centric marketing)
- Sizeable eCom operations (32.9% of our Retail business)
- A state-of-the-art platform, linked real-time to CRM, fully automated DCs and an experienced team

Esprit's Omnichannel Model
DIRECT TO CONSUMER
DIRECT TO CONSUMER: ESPRIT FRIENDS 2.0

Esprit Friends 1.0

- 5.6 million "Friends"
- 70% of Esprit's Retail turnover
- Direct access to consumers

1. BIGGER
2. BETTER
3. PERSONALIZED

Esprit Friends 2.0

- The foundation of a customer centric strategy
**BIGGER: THE BIGGEST PROGRAM IN EUROPE**

Our Present: Cross-Channel Customers

Total Number of Active Esprit Friends Globally

- in million
  - 0,0
  - 4,6
  - 5,0
  - 5,4
  - 5,8

- +23%

- September to December 2014
- January to December 2015
- January to November 2016

Achieved  Partially achieved  In design phase

ESPRI T
**BETTER: FOCUS ON WHAT IS RELEVANT FOR OUR CUSTOMERS**

**VALUE:** Benefits & Incentives
- All promotions for members only
- Additional benefits for newly acquired members *
- New status (Diamond) for the top 1% of our customers

**CONVENIENCE:** Services
- Fully digital loyalty card
- Fully digital coupons
- Personal shopper for Platinum members
- Privileged access to @store services

**INSPIRATION:** Recommendations
- Rebranding of CRM program
- Fully renovated recommendation engine
- Social CRM

* Customers who repeat their purchase in the first 6 months increase 10 times the probability of becoming long-term Friends

- achieved
- partially achieved
- in design phase
PERSONALIZATION: CREATING RELEVANT MESSAGES FOR THE INDIVIDUAL CONSUMER

Collecting data...

Sociodemographics
Transactions
Web Behavior

...and turning it into actionable insights...

Predictive Modelling
Customer Journey Analysis
Dynamic Campaign Management
PERSONALIZATION: CREATING RELEVANT MESSAGES FOR THE INDIVIDUAL CONSUMER

...and creating relevant messages to the individual customer

- Segmented newsletters
- Personalized Landing Page
- Customized Outfit Cross-Selling
- New for you eMails
- After Sales Thank You eMail
- Consistent advertising across devices
- Basket Drop-Out eMail
- Customized Basket Cross-Selling
SEAMLESS CHANNEL INTEGRATION
SEAMLESS CHANNEL INTEGRATION FOR
A SUPERIOR SHOPPING EXPERIENCE

FIRST CLASS DIGITAL CAPABILITIES

Digital Excellence

Mobile First

CROSS-CHANNEL INTEGRATION

Retail

Wholesale

CROSS-CHANNEL ACTIVATION
SEAMLESS CHANNEL INTEGRATION FOR A SUPERIOR SHOPPING EXPERIENCE

FIRST CLASS DIGITAL CAPABILITIES

- Digital Excellence
- Mobile First
DIGITAL EXCELLENCE: AN ATTRACTIVE SHOPPING EXPERIENCE

Continuous improvement of the shopping experience for our customers

- New Look & Feel
- Omnichannel Theme Marketing
- Mobile First
- Responsive Web Design
- Multi-Device Experience

Best-rated Fashion & Accessories Web Germany (Computerbild 2015)

Top-rated Online Shop Germany (Service Atlas 2014)
NEW LOOK & FEEL: MORE CONTENT AND A MORE DYNAMIC LANGUAGE

NEW VISUAL LANGUAGE DEVELOPED

Before

Online since May ‘15

After

MORE DIGITAL CONTENT INCLUDED

Online since May ‘15

The 70s are back! These cut labels have been rediscovered.
NEW LOOK & FEEL: INSOURCING OF PHOTOSTUDIO

NEW OWN PHOTOSTUDIO

- 27 specialists recruited
- 2'400 sqm
- 130'000 e-commerce pictures produced every year
- Flexibility for re-shootings
- Capacity to produce videos
- Digital content which will serve all channels
- Full integration in omnichannel marketing organization & product divisions

Start July '16
Full ramp-up by end of 2016
OMNICHANNEL THEME MARKETING: ONE CONSISTENT MESSAGE

Theme Newsletter

Landing Page

 Implemented since March 2015

Store VM

Retargeting

[Icons indicating achieved, partially achieved, in design phase]
MOBILE FIRST: THE CORNERSTONE OF AN OMNICHANNEL STRATEGY

NEW MOBILE SHOP

- Update product overview pages
- New filter & sorting options

Live since Feb. 2016

NEW APP

- One-Stop shopping
- Stores & brands
- Friends

Live since Sept. 2015

SCAN & SHOP

Available since Sept. 2015

Close to 50% of our traffic and 35% of our sales already originate from mobile devices
RESPONSIVE WEB DESIGN: ADAPTED TO EVERY DEVICE

- Adapted & optimized digital store fassade
- Maximized number of pictures shown (incl. lookbooks, etc.) and adapted format
- Increased features and facilitated usage for all devices
- Individual landing pages for different customer groups

Former: 1024 px

Responsive: up to 1920 px

Online on landing page since August 2015

POV targeted for August 2016

Achieved • Partially achieved • In design phase
MULTI-DEVICE BASKET: CONVENIENCE EVERYWHERE

- Once added, all items appear in customer’s basket independent of the device used
- Only login necessary

Implemented since Q1 2014
SEAMLESS CHANNEL INTEGRATION FOR
A SUPERIOR SHOPPING EXPERIENCE

CROSS-CHANNEL INTEGRATION

Retail

Wholesale
CROSS-CHANNEL INTEGRATION: E-INCENTIVE MODEL TO ADD OUR PARTNERS TO THIS STRATEGY

Adding our partners to the omni-channel value proposition...

Friends recruited by a store... PSS Store

...who buy online later

5% Reward on these sales for the partner

...creates a more homogeneous shopping experience for our customers

Status of invited partner stores

Incentive has fully integrated 676,000 Friends in total

Open

Accepted 90%

Feb 2016

2014 590

2015 676
SEAMLESS CHANNEL INTEGRATION FOR A SUPERIOR SHOPPING EXPERIENCE
**CROSS-CHANNEL ACTIVATION: ON 2 OFF**

**NEW IN STORE**
- Suggests new arrivals/products in preferred store based on prior purchase behavior

**STOREFINDER**
- Seamless integration of POS concepts across channels

**STORE AVAILABILITY**
- Browse availability of colors and sizes in your selected store

**Targeted for Q2 2016**
**Live since Feb. 2016**
**Live since Summer 2015**
Better understanding of the market ...

BETTER CUSTOMER UNDERSTANDING

CLICK&COLLECT
RETURN@STORE

CLICK&RESERVE

CROSS-CHANNEL ACTIVATION: ON 2 OFF

Test A live since Jun '15
Test NL live since Jan '16
Roll-Out EU planned for Summer 2016

Test live in A & NL since Feb '16
Roll-Out EU planned for Summer 2016
Better understanding of the market. BETTER CUSTOMER UNDERSTANDING IN STORE COMMUNICATION.

CROSS-CHANNEL ACTIVATION: OFF 2 ON

IN STORE COMMUNICATION

SHOP AT ESPRIT.COM
SHOP AT EDC.COM

SCAN & SHOP

MORE SIZES
MORE STYLES
MORE COLOURS

SHOP 24/7

WI-FI

Ôffnungszeiten
MO-MI 09:30-19:00
DI-FO 09:30-20:00
SA 09:00-18:00
(AT only)

Live in Retail since May 2015
Live in PSS since Aug 2015

Live in Retail since May 2015
Live in PSS since Aug 2015

Live in Austria since Sept 2015
CROSS-CHANNEL ACTIVATION: OFF 2 ON

ORDER INSTORE

DIGITAL VM

CONTRIBUTION MODEL

First Tests planned for A&NL in Q4 2016

Test stores planned for FY 16/17

Implementation targeted for July 2017
INTEGRATED COMMERCIAL ACTIVITY

SEAMLESS CHANNEL INTEGRATION

DIRECT TO CONSUMER

SEAMLESS CHANNEL INTEGRATION

INTEGRATED COMMERCIAL ACTIVITY

INTEGRATED COMMERCIAL ACTIVITY
INTEGRATED COMMERCIAL ACTIVITY

Core Elements:

- Product
- Price
- Place
- Promotion
- People
We have 1 assortment for all channels, built under 1 coordinated logic...

All numbers based on Women EU

# options eShop

- # shared options Retail & eShop 61%
- # eShop additional options 39%

...which makes the omnichannel strategy a unique opportunity for our stores

Breakdown:

- Additional colors 44%
- Additional shape/fit/size 11%
- Additional styles of existing themes 42%
- Additional themes 3%

Size of the assortment (% of options)

- Mini-Small 29%
- Medium 43%
- Big-Top 58%
- eShop 100%

3.4x
PRICE: ONE PRICE ACROSS ALL CHANNELS

Aligned Retail Selling Price

Centrally Coordinated Markdown Policy

OFFLINE

ONLINE

OFFLINE

ONLINE
PROMOTION: ONE LOGIC ACROSS ALL CHANNELS

A unified promotional calendar

<table>
<thead>
<tr>
<th>Jul</th>
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**FW 2015**

- **SUMMER SALE**
- **FALL**
- **VIP**
- **WINTER 1**
- **Mid Season SALE**
- **WINTER 2**
- **Private SALE**

- **achieved**
- **partially achieved**
- **in design phase**
PROMOTION: ONE LOGIC ACROSS ALL CHANNELS

Fully aligned Marketing Communication

- Newsletters
- CRM Mailings
- eShop
- In Store
- Social Media
- Above the Line

Achieved, Partially achieved, In design phase
PLACE: GLOBAL MODEL WITH LOCAL ADAPTIONS

- Point of contact with the brand
- Efficient marketing and branding tool
- Recruiting Friends

- Global reach
- 24/7
- Branding tool
- Recruiting Friends
PEOPLE: ONE TEAM FOR ALL CHANNELS

**Esprit before Omnichannel**

*Organization built around the channels*

- **eShop**
  - Merchandising & Planning
  - Marketing
  - Operations

- **Retail**
  - Merchandising & Planning
  - Marketing
  - Operations

- **PSS**
  - Merchandising & Planning
  - Marketing
  - Operations

**NOW**

*Integrated organization that enables and fosters an omnichannel approach to business*

- **Merchandising & Planning**
  - Retail (PSS) eShop

- **Marketing**
  - Retail PSS eShop

- **Operations**
  - Retail (PSS) eShop

*Implemented since December 2014*
SUMMARY OF INITIATIVES

Implementation Status

- **Bigger**
  - ✔️ Value - Benefits & Incentives
  - ✔️ Convenience - Services
  - ✔️ Inspiration - Recommendations

- **Better**

- **Personalization**

- **Digital Excellence**
  - ✔️ New Look & Feel
  - ✔️ Responsive Web Design
  - ✔️ Multi-Device Basket
  - ✔️ Omnichannel Marketing Theme (newsletters, landing page, retargeting, store VM)
  - ✔️ Mobile First (new mobile shop, new APP, scan&shop)

- **Cross-Channel Integration of Friends program**

- **Cross-Channel Activation**
  - ✔️ @ Store Services
  - ☐ Instore Order & Digital Screens
  - ✔️ Contribution Model
  - ✔️ In Store Communication
  - ✔️ Store Finder – Store Availability
  - ✔️ Scan & Shop

- **Product:** One Assortment
- **Price:** One Price across all Channels
- **Promotions:** One Logic across all Channels
- **Place:** Global Model with Local Adoptions
- **People:** One Team serving all Channels
#ThankYou
STRATEGIC PLAN UPDATE

- STRATEGIC PLAN

- TRANSFORMATION
  - BRAND
  - PRODUCT – VERTICAL MODEL
  - SALES – OMNICHANNEL MODEL
  - PEOPLE

- OUTLOOK & CLOSING REMARKS
RECENT DEVELOPMENT
**RECENT DEVELOPMENT - WHOLESALE**

**Wholesale**, the largest channel in 2008, recorded double digit annual decline almost every year since FY07/08, in local currency terms.

**WHOLESALE NET SALES (HK$ million, excl. exchange rate effects)**

Combined effect of brand/product weakness with structural challenges of the Wholesale channel.

*Approximation only as exact historical currency exchange rates have not been calculated*
**RECENT DEVELOPMENT – RETAIL**

**Retail Productivity** (sales per sqm) recorded single digit decline every year since FY07/08, in local currency terms

**RETAIL PRODUCTIVITY (HK$, excl. exchange rate effects)**

Combined effect of brand/product weakness with fast growth of retail space, partly offset by e-commerce

*Approximation only as exact historical currency exchange rates have not been calculated*
RECENT DEVELOPMENT – GROUP TURNOVER

ESPRIT SALES (HK$ million, excl. exchange rate effects)

Top line supported by fast growth of unprofitable retail space (+66% sqm between 2007 - 2011)

Top line fast decline since unprofitable retail space started to be closed in 2012

*Approximation only as exact historical currency exchange rates have not been calculated
**RECENT DEVELOPMENT - GROUP EBIT (ADJUSTED)**

### EBIT

![Graph showing EBIT from FY07/08 to FY14/15.](image)

### Cash Flow

![Graph showing cash flow from FY07/08 to FY14/15.](image)

**Quick EBIT erosion since 2008**
accompanied by large cash consumption since 2009

**Stabilization but still negative**

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*Excluding exceptional items mainly related to the divestment of North American operations, the acquisition of China’s JV, provisions and impairments for heavy loss-making stores (store closures and onerous leases) and special one-off gains (e.g. FX-rate gains)*
**ESPRIT CHANNELS MIX**

**Turnover in 1H of FY15/16**

- **Wholesale**
  - 1% Licensing
  - 32% Retail
  - 45% Online

- **Retail + Online**
  - 22% Online
  - +6.0% y-o-y growth LCY in 1H of FY15/16

- Continued structural decline with limited impact of Vertical and Omnichannel models

- Changed trend due to positive impact of the Vertical model and Omnichannel initiatives
WHOLESALE - OUTLOOK

KEY DRIVERS

- Loss of unprofitable spaces (i.e. from partners with insufficient traffic and under financial pressure)
- Consequent concentration on partners with better locations and stronger operations and performance
- Progressive introduction of a vertical model for strategic franchise partners (e.g. concession model for PSS)
- Strengthening of wholesale performance with improved products and other benefits of our Vertical model (e.g. enlarged stock service and F2M offering)
- Strengthening with Omnichannel model (e.g. Esprit Friends and online incentive scheme)
- Potential growth by entering new markets through our wholesale channel (e.g. Canada)

SHORT TERM
- From double- to single-digit decline

MEDIUM TERM
- From stabilization to single-digit growth
WHOLESALE MODEL DEVELOPMENT

VERTICAL PSS MODEL

Merchandise management and inventory risk taken by Esprit; two pilots:
- "Concession PSS" (retail model)
- "Vertical PSS" (wholesale model)

ENHANCED WHOLESAL E MODEL

1. Enlarged product offering
   - Flash & Specials
   - Repeats & Fast-to-Market

2. Extended stock service (larger inventory risk taken by Esprit)
   - Increased offering of Flow Styles & NOOS
   - Blind Buys of Mainline products
   - Blind Buys of Repeats & Fast-to-Market products

3. Redefined reference terms & conditions (to incentivize vertical approach)
   - Mark-up, discounts, credit notes linked to sell-out performance
   - New returns models to maximize sell-through ratios
   - Increased trust limits
   - Introduction of e-incentive
   - Improved payment terms

4. Strengthened store operations support to wholesale POS

* Key Accounts represents TOP customers in Europe and APAC
RETAIL - OUTLOOK

KEY DRIVERS

RETAIL STORES
- Accelerated closure of heavy loss-making stores, both in Europe and APAC over the next 2-3 years (10%-15% of sqm)
- Continued improvement of productivity (sales per sqm) fueled by the development of our Vertical Model, Omnichannel Model and Brand Marketing campaigns
- Growth from new openings into existing (white spots) and new markets (e.g. Poland)

ESHOP
- Continued online growth fueled by further development of our Omnichannel Model
- Accelerated growth in APAC, mostly by aggressively growing our China online business
- Potential growth from new markets

SHORT TERM
- Flat or low single-digit decline depending on speed of store closures

MEDIUM TERM
- High single-digit to double-digit growth when combining productivity gains with expansion

SHORT & MEDIUM TERM
- High single-digit or double-digit growth
**ESPRIT MARKETS MIX**

Turnover in 1H of FY15/16

- **APAC**
  - 15%

- **Germany**
  - 48%

- **Europe, Americas & Middle East**
  - 37%

-6.0% y-o-y growth LCY in 1H of FY15/16

- -3.3% Retail (-5.9% sqm)
- -28.3% Wholesale (-34.8% sqm)

+1.5% y-o-y growth LCY in 1H of FY15/16

- +8.6% Retail (-2.5% sqm)
- -9.6% Wholesale (-8.4% sqm)

+0.5% y-o-y growth LCY in 1H of FY15/16

- +8.6% Retail (-6.8% sqm)
- -11.6% Wholesale (-6.2% sqm)
MARKETS - OUTLOOK

KEY DRIVERS

GERMANY & EUROPE
• Wholesale space stabilization within 2-3 years (Germany stabilizing at an earlier stage than Rest of Europe)
• Retail space stabilization within 1-2 years
• Space growth in both channels thereafter
• Similar retail productivity gains and growth of the eshop

APAC
• Wholesale space stabilization within 1 year
• Retail space reduction and relocation over the next 1-2 years
• Space growth in both channels thereafter
• Retail productivity gains in 1-2 years and very rapid growth of the eshop, especially in China

SHORT TERM
• Flat or single-digit decline depending on speed of store closures

MEDIUM TERM
• High single-digit to double-digit growth

SHORT TERM
• One-off high single-digit decline due to restructuring of retail and wholesale footprint

MEDIUM TERM
• Single-to double-digit growth through expansion and online
EXPANSION - OUTLOOK

LARGE GROWTH POTENTIAL IN EUROPE, N. AMERICA AND ASIA
PROFITABILITY
OUTLOOK
**PROFITABILITY - OUTLOOK**

- **Gross Profit:** Increase Group margin by around +1 percentage point over the next two years (assuming no further significant devaluation of the Euro vs the US dollar):
  - Improving margins in all product divisions with the full extension of the new Supply Chain Management model
  - Recovering usual margins in Asia and improving in Outlets
  - Growing the weight of Retail and Eshop vs Wholesale as a result of the expected development of each channel

- **OPEX:** Reduce OPEX by at least -1.0 HK$ billion over the next two years, excluding exchange rate impacts:
  - Closure of the heaviest loss-making stores and deep restructuring of the countries with negative bottom line contributions
  - Downsizing of wholesale organizations to adapt to channel development
  - Reducing all overhead costs in the affiliates and central headquarters
    - Streamlining internal processes and resources under new business model
    - Maximizing synergies between local and central structures
    - Enforcing ever more radical cost discipline across the organization
GROWTH PHASE

LONG TERM

Profitability

• Productivity gains (sales per sqm)
• Space reduction in Wholesale and Retail (closures)
• OPEX reduction through structural measures
• “Investment” in Omnichannel and Brand Marketing

• Stabilization of top and bottom line over the next 1-2 years

Growth

• Continued productivity gains
• SQM growth from Expansion in current and new markets
• Leveraging of cost and capital (economies of scale)

• Fast top and bottom line growth
## FY15/16 OUTLOOK

<table>
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<th>Category</th>
<th>Description</th>
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| CONTROLLED SPACE          | Retail – slight decline due to closures or downsizing of unprofitable stores  
Wholesale – continued decline but to a smaller degree than FY14/15 due to market pressure on the channel                   |
| PRODUCTIVITY (SALES/SQM)  | Space reduction to be offset by gain in sales per sqm performance on the basis of i) improving product performance; ii) improved channel operations; and iii) intensified marketing efforts |
| GP MARGIN                 | Stable or slight increase – reduced levels of markdowns due to improved product performance to compensate negative impact from weakness of Euro |
| OPEX                      | Reduction of most of the recurring cost lines in line with reduction in retail space and wholesale business volume  
Savings offset by i) expected increase in Marketing expenses and ii) Omnichannel related expenses, to support future growth |
| CAPEX                     | Anticipated increase due to i) Omnichannel initiatives; ii) acceleration of store refurbishment; and iii) upgrade of warehouses to improve replenishment capabilities |

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**NO CHANGE IN MANAGEMENT EXPECTATIONS FOR FY15/16 DESPITE THE POSITIVE DEVELOPMENT OF RETAIL PERFORMANCE IN JANUARY AND FEBRUARY 2016, AS KEY CHALLENGES PERSIST**
IN CLOSING

Achieved so far

➤ Vertical Model implemented in the whole organization with first collections presenting positive growth in comparable retail stores and online

➤ Omnichannel Model being developed on plan with successful initial results across all key initiatives: CRM, Eshop, Online,…

➤ New Brand direction defined and new campaigns running successfully

➤ New teams in place

➤ Significant OPEX reduction opportunities identified across most areas of the business

➤ Sound financial situation with zero debt and net cash position of 4.2 HK$ bn as of December 31st, 2015

Challenges ahead

➤ Extend improved product performance to all product divisions (i.e. Men & Lifestyle) in order to maintain current productivity gains (sales per sqm) in the retail stores

➤ Maintain fast online growth in core markets and accelerate in new markets

➤ Slow-down decline of the wholesale channel by extending benefits of Vertical and Omnichannel models and starting to win new spaces in current and new markets

➤ Turn around negative development in Asia

➤ Accelerate cost reduction measures

➤ Stabilize and recover gross profit margin in the midst of aggressive price competition and currency exchange rates pressure
#ThankYou