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WELCOME
TODAY’S PRESENTERS

RAYMOND OR
Executive Chairman

ANDERS KRISTIANSEN
Group Chief Executive Officer

THOMAS TANG
Group Chief Financial Officer

SIMON HECKSCHER
Head of Marketing

JAN OLSEN
Chief Executive Officer, Asia
WE ARE BUILDING A NEW MODEL AND RESTRUCTURING

ESPRIT
Build a new model for the future

&

Build a powerful organization and restructure the cost base
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND
OUR CHALLENGE
OUR WAY FORWARD
MAKING IT HAPPEN
OUTLOOK
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND
OUR CHALLENGE
OUR WAY FORWARD
MAKING IT HAPPEN
OUTLOOK
ESPRIT

AN ICONIC BRAND
THE WORLD’S FIRST LIFESTYLE BRAND
STILL LOVED IN OUR CORE MARKETS

87% brand awareness in Germany.
Third favorite fashion retailer in Germany.

*87% aided brand awareness in Germany. Third favorite fashion retailer in unaided awareness. Brand Health Tracker Survey July 2018, online survey of 1,000 respondents in Germany.
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

MAKING IT HAPPEN

OUTLOOK
THE WORLD IS CHANGING AND SO ARE CONSUMERS …

GLOBAL VOLATILITY & UNCERTAINTY

SHIFT FROM WEST TO EAST

NEW CONSUMERS

ONLINE SHIFT, MOBILE OBSESSED
... AND
THE INDUSTRY IS
UNDERGOING
DRAMATIC
DISRUPTION

ARTIFICIAL
INTELLIGENCE

PERSONALIZATION

DIGITAL FIRST PLAYERS

FASTER DESIGN TO
SHELF
ESPRIT HAS CHANGED
Maybe too much
OUR BRAND IDENTITY IS INCONSISTENT
And we don’t know what we stand for

Images since 2011
WE’VE LOST TOUCH WITH OUR AUDIENCE
due to lack of customer focus
OUR PRODUCT, QUALITY AND FITTING must be improved
BOLD CHANGES ARE NEEDED TO RETURN TO SUSTAINABLE GROWTH AND PROFITABILITY
ESPRIT IS NOT FAST FASHION.
ESPRIT IS NOT A DISCOUNTER.
WE ARE A BRAND WITH A PURPOSE

We will:
Know our consumers by heart
Provide clear brand value and strong product proposition
Shape a consistent end-to-end consumer experience
WE NEED TO RE-BUILD OUR BUSINESS MODEL

Brand purpose and expression
Customer centricity
Product competence
Consumer experience
Wholesale competence
Effective organization and team
We stand for

RADICAL POSITIVITY.
LOVING OUR CUSTOMER.
QUALITY, ALWAYS.
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

Brand & Customer
Product

MAKING IT HAPPEN

OUTLOOK
OUR ETHOS LIVES IN THE REAL WORLD NOT JUST A BRAND BOOK

“We have to be really clear on what we want them to know about us”
— Steve Jobs
One aim:

**BECOME AN ICONIC BRAND AGAIN**

“Everything Esprit touches seems to reflect an all pervasive spirit that is Esprit. A spirit that communicates by being infectious, like a smile or a laugh on a face that is talking to you. It sparkles in its directness.”

— William Landor, 1987
THE BRAND WE WANT TO BUILD

NO. 01
An internal call to arms as well as a consumer message

NO. 02
A universal role that can flex locally and over time

NO. 03
Embracing a common emotional need in new and existing customers

NO. 04
A timeless aspiration and inspiration for our consumers

NO. 05
Expresses itself in all our behaviours
Our Time Is Now

We are committed to change, to put us back where we belong.
There will always be a customer base that wants well designed, good quality and affordable clothes, that last beyond the one season.
CONSUMER OPPORTUNITY
In a world fuelled by anxiety

EXISTING CUSTOMERS WANT EASY WAYS TO FEEL GOOD ABOUT THEMSELVES EVERY DAY
In a world fuelled by anxiety

NEW CUSTOMERS WANT EASY WAYS TO FEEL GOOD ABOUT THEMSELVES EVERY DAY
In a world fuelled by anxiety

EVERYONE WANTS EASY WAYS TO FEEL GOOD ABOUT THEMSELVES EVERY DAY
Our DNA:

FEELING GOOD EVERY DAY IS OUR BUSINESS

"BECAUSE WHEN YOU FEEL GOOD, YOU LOOK GOOD."

Susie Tompkins Buell
Founder of Esprit
Our DNA:

IT ALWAYS HAS BEEN
Our DNA:

SPIRIT OF ACCEPTANCE
Our DNA:
PLAYFUL, IMMERSIVE EXPERIENCES
Our DNA:

A PASSION FOR BOLD DESIGN
Our DNA:
RADICALS WITH A PLAN
Our DNA:

CALIFORNIA: A SHORTCUT TO A MODERN MINDSET
Our mission:

TRANSFORM ESPRIT INTO ITS NEW SELF
Oh yes. Esprit from the 80’s. What a iconic brand it was. Esprit, please look back, deep in your DNA and remember how wonderful, colourful, simple and spontaneous you are. Bring back the Icon please.
THIS IS ABOUT MORE THAN BRANDING
THIS IS ABOUT CHANGING OUR ENTIRE MINDSET
THIS IS ABOUT WHO WE ARE
THIS IS ABOUT WHAT WE DO
THIS IS
ABOUT
HOW
WE DO IT
RADICAL POSITIVITY™

This is not a slogan, this is a mindset
RADICAL POSITIVITY™

Radical (def.)
(eespecially of change or action)
relating to or affecting the fundamental nature of something; far-reaching or thorough. A radical overhaul of the existing regulatory framework.

Positivity (def.)
The practice of being or tendency to be positive or optimistic in attitude.
Our vision:

PEOPLE AROUND THE WORLD WILL FIND MOMENTS OF EVERY DAY JOY FROM ESPRIT
Our purpose:
TO DELIVER JOY
What we will become famous for:

PRODUCT,
EXPERIENCES
AND A BRAND
THAT LIFTS
THE SPIRIT
“PEOPLE WILL FORGET WHAT YOU SAID, PEOPLE WILL FORGET WHAT YOU DID, BUT PEOPLE WILL NEVER FORGET HOW YOU MADE THEM FEEL.”

— Maya Angelou
KISS MORE. TELL SOMEONE YOU LOVE THEM. CALL YOUR MOTHER. SMILE. EAT WELL. SWEAT - YOU ALWAYS FEEL BETTER AFTERWARDS. MEET A FRIEND FOR LUNCH. HAVE GREAT MUSIC IN YOUR LIFE. SAY NO TO THE THINGS THAT DON'T MAKE YOU HAPPY. EMPTY YOUR BASKET OF REGRETS. MOISTURISE. SURPRISE YOURSELF. SURPRISE OTHERS. READ MORE. DRESS FOR COMFORT. DRESS TO IMPRESS. BE KIND - IT'S NICE TO BE NICE. LIFE MOVES PRETTY FAST, IF YOU DON'T STOP ONCE IN A WHILE, YOU MIGHT MISS IT.

ESPRIT
STAND FOR SOMETHING AND TALK DIFFERENTLY

Culture: ART, MUSIC & DESIGN THAT LIFTS THE SPIRITS
The people who make it. How it works. How it makes people’s day better.

Life: THE EVERYDAY MOMENTS THAT MATTER
We’re going to shine a spotlight on everyday moments that lift the spirits. Kindness. Beauty. Joy. Humanity.

People: WHO ARE RADICALLY POSITIVE
We’re going to celebrate the people who make a difference. The people who make us smile. The people who help others and give all of us hope.

Product: CLOTHES THAT BRING JOY TO YOUR DAY
We are going to showcase our own creativity, by highlighting how brilliantly our products are made and by whom.

Causes: INCLUSIVITY & SUSTAINABILITY
We will fight for inclusivity, acceptance for all, and the environment.
EMPOWERMENT IS IN OUR SPIRIT

In Spring Summer 2019 Esprit teams up with UN Women National Committee Germany for International Women's Day 8 March 2019.

Six exceptional women and men will be portrayed to raise their voice for women’s rights and gender equality issues.

The Retail Price of 19.90 EUR for each “WE ALL” T-Shirt (co-branded) sold will be donated to UN Women German Committee.

Supported with a 360° Marketing plan including press events with the talents, media cooperation and store events 8 March in Germany.
• **Create a community**
  Friends Members will be activated to join Esprit on Instagram! @esprit #BeEsprit.

• **New content formats**
  From almost social commerce only, to a social commerce and brand mixed approach. Social branding will increase from 10% to 30% featuring real-time content and happenings in the world

• **Go Instagram Live**
  With new features such as Instagram Live, Esprit will reach new audiences and give style advice in real time

• **Active community management and dialogue**

• **Maximize word of mouth**
  Through micro influencers and testimonials on Instagram.

• **Invest in social media spend**

• **Target to achieve ~1 m followers in next 18 months**
INFLUENCERS THAT WILL HELP US REACH NEW AUDIENCES

We asked our Friends who they are influenced by

- 20% of members and 34% of non-members listen to friends as an info source!
- 84% rather trust recommendations of experts, friends and like minded people than brands!

Using our 6.6 million* Esprit Friends Community

Celebrities to activate the buzz for women & men.
„Story of Friendship from Bastian & Felix“ = Family of Esprit

Relationship with key local Influencer.
„Fashion Segment“

*number of friends end of June 2018, purchased in past 12 months, global, all channels
CHANGING THE ESPRIT SHOPPING EXPERIENCE

BRAND BASED, CUSTOMER FOCUSED, DATA DRIVEN
ADOPT NEW BRAND ETHOS TO ONLINE & CRM

• Update look & feel of website, app, social media & CRM

• Enrich online shops with story telling & live streaming

• Personalize Esprit experience across touchpoints (in compliance with GDPR)

• Improve packaging in line with updated brand ethos

• Sustainability: by end of 2018, 90% of our EU e-com orders are shipped carbon-neutral or via reduced emission programs
CHANGING THE RETAIL EXPERIENCE

THE ART OF SIMPLICITY

KEEPING IT SURPRISING, FRESH & PLAYFUL

THE ART OF STORYTELLING

- New store concept August 2019
- Improve customer service
- Visual merchandising to elevate the product
- Music that lifts the spirit
THINKING DIFFERENTLY ABOUT OUR CONSUMERS

Fall in love:
Love existing customers for who they are

Lead, don’t follow:
Provide inspiration, and aspiration

Know by heart:
Harness our data and give our customers what they want
WE LISTENED TO MORE THAN 10,000 CONSUMERS

To understand the tribes, their emotional motivations, preferences and their habits. Four key countries – Germany, China, France, Sweden.
SIX DISTINCTIVE GROUPS WERE IDENTIFIED

**REALISTS**
Driven by function over aesthetic, the safe-playing Pragmatists dress suitably for their active, outdoor-led lives.

**VIBRANT EXPRESSIONISTA**
Valuing emotions, loving relationships and simple pleasures, they express their femininity through a delicate, soft and colourful style.

**SIMPLE SOPHISTICATES**
Aesthetically-driven and casually chic, they pursue an experience-led, cosmopolitan lifestyle.

**PROFESSIONAL STATUS SEEKERS**
Status-driven individuals that dress to a traditionally conspicuous code often to articulate their career success.

**URBAN-ITES**
A tribal group who follow trends and in-the-know cues that are culturally-inspired.

**FASHION COPYCATS**
Individuals that follow trends and a wide repertoire of brands but adhere to no particular style. Fond of deals they are known to mix and match high and low value items.
UNDERSTANDING A SEGMENT’S NEEDS

Demographics

Lifestyle

Wardrobe

A week in style

Brand world

Shopping behavior

Style influence

How they dress

VIBRANT EXPRESSIONISTA: THEIR BRAND WORLD

VIBRANT EXPRESSIONISTA: HOW THEY SHOP

VIBRANT EXPRESSIONISTA: HOW THEY DRESS

VIBRANT EXPRESSIONISTA: WHAT’S IN THEIR WARDROBE

VIBRANT EXPRESSIONISTA: WHAT’S IN THEIR WARDROBE

VIBRANT EXPRESSIONISTA: HOW THEY SHOP

VIBRANT EXPRESSIONISTA: HOW THEY DRESS

VIBRANT EXPRESSIONISTA: THEIR BRAND WORLD

VIBRANT EXPRESSIONISTA: HOW THEY SHOP

VIBRANT EXPRESSIONISTA: HOW THEY DRESS

VIBRANT EXPRESSIONISTA: WHAT’S IN THEIR WARDROBE

VIBRANT EXPRESSIONISTA: WHAT’S IN THEIR WARDROBE
USING THE POWER OF OUR 6.6 MILLION FRIENDS*

6.6 million active Friends*

Customer data
Our data shows that our colorful mainstream segment loves cashmere

Develop product
Product teams develop a range of quality cashmere

Email Newsletters
Targeted newsletters to cashmere lovers! and to those who buy wool

Customized E-shop
Cashmere lovers see cashmere first when they shop

Results measured and new actions developed!

*number of friends end of June 2018, purchased in past 12 months, global, all channels
CRM: FROM PROMOTION TOOL TO CUSTOMER INSIGHTS AND TRUE LOYALTY PROGRAM

COMPETITIVE ADVANTAGE FOR CUSTOMER CENTRICITY

• Update tiers and benefits
  Expand benefits beyond promotions for e.g. cultural or design events, elevated services. Build brand equity via benefits

• Build Engagement & Community
  Increase consumer engagement and build community, for e.g. styling advocates, advisory board, co-designers, lifestyle recommendations

• Tailored Communication

• Generate Consumer insights
  Link consumer insights into business applications (e.g. Product, Marketing, Allocation)
  Link consumer with product and sales data

• Update Look & Feel

• Build structure & capabilities
We stand for

RADICAL POSITIVITY.
LOVING OUR CUSTOMER.
QUALITY, ALWAYS.
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

Brand & Customer
Product

MAKING IT HAPPEN

OUTLOOK
PRODUCTS THAT MAKE PEOPLE FEEL GOOD EVERYDAY
TRENDS SHAPING OUR INDUSTRY AND CUSTOMER PREFERENCES

RISE OF QUALITY BASIC BRANDS

BODY DIVERSITY

CONSCIOUS CONSUMPTION

CASUALIZATION

HIGH-LOW CONSUMPTION

ATHLEISURE
OUR GOALS FOR PRODUCT

Offer a more commercial assortment
Improve quality and fit
Develop signature product classes
Establish a unique Esprit handwriting
OFFER A MORE COMMERCIAL ASSORTMENT

REDUCE NUMBER OF OPTIONS

High number of options means higher development costs and complex stock management

Dilution of brand and collection message

Conclusion: Number of options will be reduced 20-30% from June 2019 onwards

REDUCE KICK COLORS + STRENGTHEN NEUTRALS

We looked at sell-through rates and consumer data per color

Market survey shows our competitors offer 30 – 40% black while Esprit has 15%

Conclusion: reduce kick colors and strengthen neutrals like black, white, grey and beige
OFFER A MORE COMMERCIAL ASSORTMENT

Increase the share of basics and reduce the highlights for improved sell through

CURRENT Proportion of assortment*
- HIGHLIGHT: 48%
- CORE: 40%
- BASIC: 12%

TARGET Proportion of assortment*
- HIGHLIGHT: 20%
- CORE: 50%
- BASIC: 30%

Sell-through rate
- HIGHLIGHT: +10 points more than highlight
- BASIC: +15 points more than highlight

* Based on options, women, current assortment
IMPROVE QUALITY AND FIT

- REVIEW BLOCK SYSTEM
- ESTABLISH CORE FABRICS PROGRAM
- ESTABLISH TRIM GUIDELINES
- STRENGTHEN QUALITY FOCUS
QUALITY: 3M THINSULATE

THE NEW WAY TO KEEP WARM

Jackets with 3M™ Thinsulate™ insulation: retains your body heat, breathable, moisture-repellent & animal-friendly!

Innovation
Functionality
Collaboration
Opportunities for story telling around features online, social and at point of sale

RESULTS: Sell through rate of 75% at full price*

*Year to date
QUALITY: SUSTAINABLE DENIM

Sustainable denim made from organic cotton and recycled fibers
Special placement, information at point of sale and product labelling

RESULTS: After 1 year, 30% of our denim products are from sustainable sources.
Starting Spring 2019, all denim in our mainline with be made from sustainable sources.*

*excludes tencel
SUSTAINABILITY – IT’S PART OF OUR DNA

- **Sustainability is part of our DNA**
  Esprit started life as a brand that cares about the planet and people. We speak with authenticity and have real actions and achievements we can talk about.

- **Market research and feedback from our Friends**
  shows that buying sustainable products is important to them.

- **Our collaborations**
  We join with credible partners, such as the United Nations. We signed the United Nations Fashion Industry Charter for Climate Action and will take part in the Climate Change Conference 2018 in Poland next month.

- **Our progress**
  This year, we were named among the top brands in Greenpeace Detox Report. We rank in the top 10 of the Fashion Revolution Transparency Index. Ranked 11th by the Chinese Corporate Information Transparency Index by the IPE.

See all of our 29 ambitious targets for 2021 in our new sustainability report – just released!
SIGNATURE PRODUCT CLASSES

We will be known for

PANTS  T-SHIRTS  SWEATERS

These categories make up more than 50% of our assortment
Create excellent products customers can trust over time
Build each season with new colors, material and collaborations
Story telling throughout the year through all channels
Use of data to track success and find further opportunities

*pants includes woven and denim pants*
SIGNATURE PRODUCT CLASSES – DENIM PANTS

Wide range of fits and clear explanation of styles
Supporting our customers to make an informed choice
Destination online and in stores

RESULTS: Featured categories have a sales uplift of 40% compared to last year*

* EDC mainline denim October
SIGNATURE PRODUCT CLASSES – CHINO PANTS

Chinos are a category we want to stand for
Variety of colors and quality fabrics
The perfect fit
Value adding belt

RESULTS: Featured categories have shown a sales increase of 30% compared to last year*

* YTD compared to previous year
ESTABLISH A UNIQUE ESPRIT HANDWRITING

Deep Dive into DNA and what made Esprit, ‘Esprit’: colors, shapes, fabrics, trims

Information from market trends, competition, tribes, Friends data

Design Hub of internal designers has been created to establish guidelines and directions

RESULTS: The work is already starting to inform the collections currently under development. First impacts will be seen in the Fall 2019
CONSOLIDATED PRODUCT SET UP

BEFORE

<table>
<thead>
<tr>
<th>C-Level</th>
<th>Product Mainline</th>
<th>Product – Fast-track + Asia</th>
<th>Supply Chain</th>
<th>Commercial</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>Design</td>
<td>Buying</td>
<td>Wholesale Merchandising</td>
<td>Brand</td>
<td></td>
</tr>
<tr>
<td>Technical Development</td>
<td>Technical Development</td>
<td>Store Assortment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top-line purchase</td>
<td>Top-line purchase</td>
<td></td>
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</tbody>
</table>

AFTER

<table>
<thead>
<tr>
<th>Product</th>
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</thead>
<tbody>
<tr>
<td>Brand</td>
</tr>
<tr>
<td>Europe Line</td>
</tr>
<tr>
<td>Asia Line</td>
</tr>
<tr>
<td>Design</td>
</tr>
<tr>
<td>Technical Development</td>
</tr>
<tr>
<td>Technical Development</td>
</tr>
<tr>
<td>Buying</td>
</tr>
<tr>
<td>Top-line purchase + assortment</td>
</tr>
<tr>
<td>Top-line purchase + assortment</td>
</tr>
<tr>
<td>Wholesale merchandising</td>
</tr>
<tr>
<td>Wholesale merchandising</td>
</tr>
</tbody>
</table>

- Simplified and consolidated structure for faster decision making and clear responsibilities
- Consolidation of product, buying, merchandising and brand responsibilities at C level
- Aligned brand and product expression
- Unified mainline and fast-track product development
- Dedicated Asia Line team catering for customer needs and fits
- Process of reorganization has begun: expected to be in place mid 2019
We stand for

RADICAL POSITIVITY. LOVING OUR CUSTOMER. QUALITY, ALWAYS.
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

MAKING IT HAPPEN

China
Wholesale
Restructuring

OUTLOOK
CHINA KEY MARKET TRENDS

Fast changing market: consumers quickly adapt to changes
• Mobile payment is the new normal
• New retail concept enabled by connecting offline and online channels

Fast developing technology
• Electronic mirror with virtual reality
• Cashless retail through vending machine solutions

Quality and “Value for Money“ remain key focus
• High demand for imported goods and quality items
• Focus on creating a self-image with personal taste of mix and match or custom made product

1. McKinsey Global Institute, China’s digital economy: A leading global force
ESPRIT CHINA KEY CHALLENGES

Product
Where we need to improve:
• Increase Asian fit
• Improve quality
• Adjust deliveries to seasons
• Improve color proportions
• Too many options to fit store size

Pricing
• Promotion and mark down-driven behavior is prevalent
• Increasing recent markdown trend

Brand
• Consumers perceive us in line with lower positioned brands
• Wrong segment for Esprit
• Store concept tired and uninteresting

Operations
• Complicated structure with too many layers
• Missing basic retail operational focus
• Incentive schemes not inline with market practice
PRODUCT FITTING AND QUALITY TO BE IMPROVED

**Design & Fitting**
- Select from mainline collection and adapt fitting for Asia (approximately 70%). Asia designed and better fit for the market (approximately 30%)
- Crop pants (three quarter length and ankle length)
- Oversized wool coats and outdoor jackets
- Proper body length adaption for shirts and trench coats
- Sleeve length shorted for leather jackets and blazers

**Seasonal**
- Long sleeve or three quarter sleeve sweaters and dresses
- Transitional jackets such as light jackets & trench coats
- Less light woven in winter (blouses, sleeve-less dresses), more knit wear instead

**Fabric & Quality**
- Soft and better hand feeling fabric will be used in China
  - High wool percentage
  - More cashmere
  - Less transparent fabric used in the t-shirts and sweaters

**Color**
- Less floral print
- More pure and soft colors instead of stripes, checks, and prints
STRATEGIC MARKETING WITH PHASED APPROACH

Phase I
Primer January 2019

- Set up non-promo area
- Continue normal promotion calendar
- Reduce discounts but still create “deal feel”
- More targeted discounts and promotions on product classes
- Special staff incentive to push full-price sales

Phase II
September 2019 and beyond

- Restrict mark down area or “last of the bestsellers”
- Continue Friends sign up incentive
- Targeted discounts via email and Wechat notifications
- Launch marketing campaign creating excitement and attract new consumers
SEAMLESS CUSTOMER EXPERIENCE ACROSS CHANNELS

Aligned brand proposition

One channel, one customer

Aligned product assortment across online and offline

Consistent prices across retail and ecom

Extensive Omni-channel services
ASIA RETAIL STRATEGIC INITIATIVES

Review current store portfolio
• Evaluate stores to be potentially closed
• Phased approach in this and next FY

Develop new store concept
• Pilot new store and assortment, August 2019
• Concept adjustment based on results

Expansion
• Phased approach starting from mid 2019
• Growth in the next years: target approximately 300 store openings by 2023
CUSTOMER FOCUS

Customer first
• Lean ways to adapt to customer needs
• Remove hierarchical layer
• Daily store operations procedures
• Store staff planning
• Staff incentive schemes

Staff training
• Customer service
• Visual merchandising
• Trend and product

In-store events
• Key activities to create customers and brand communities in order to build brand and product value
ADDRESSING STORE OPEX STRUCTURE

Example store P&L

<table>
<thead>
<tr>
<th>TODAY</th>
<th>FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX Structure</td>
<td>% of Net Sales</td>
</tr>
<tr>
<td>Net Sales</td>
<td>100%</td>
</tr>
</tbody>
</table>

Key OPEX

<table>
<thead>
<tr>
<th>TODAY</th>
<th>FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>~20%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>~37%</td>
</tr>
</tbody>
</table>

Illustrative only
ASIA E-COMMERCE STRATEGIC INITIATIVES

• Continue growth with Tmall while strengthening profitability
  – Strengthen partnership with Tmall
  – Diversify content by using more videos, editorial content for story telling
  – Repeat best selling products and increase their depth

• Expand on further market places in Asia, especially in China and Taiwan to reduce the dependency on Tmall

• Revamp Esprit own e-shop to increase revenue

• Provide consumers omni-channel shopping experience

• Drive traffic to retail stores by features such as click & collect and return to stores

• Link wholesale stores into Esprit omni-channel network
ASIA WHOLESALE STRATEGIC INITIATIVES

Maintain wholesale China

Growth focused on India, Thailand and Philippines

Opened the first brick & mortar store in India on 16 November
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

MAKING IT HAPPEN

Asia
Wholesale
Restructuring

OUTLOOK
WE WILL BE BEST IN CLASS IN WHOLESALE

It used to be one of our strengths, and it will be again.
CURRENT LACK OF FOCUS ON WHOLESALE

Wholesale not at the center of the organization

Limited consideration of wholesale in product development

Complicated and slow processes

Ineffective NOOS program: delivery 8-11 days

Brand diluted by continuous promotions

Decreasing sales – despite this, still profitable for Esprit
WHOLESALE ORDERS GO DIGITAL: DIGITAL ORDER TOOL

- Full collection ready to be ordered via remote order tool
- Access to fast-to-market styles
- Order by theme or single styles
- VM guidelines available online
- Fast and easy ordering for WHS partners
- Helps to reduce time-to-market for new collections
- Already implemented in Asia, initial version rolled out in Europe this month
### Building a Best in Class Wholesale Model

<table>
<thead>
<tr>
<th>Company wide focus on wholesale. Sales period now takes place in the heart of our company</th>
<th>Strong Brand less diluted by promotions</th>
<th>Right product with clear handwriting and the right quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent NOOS program and easy operations. Improved product, process and delivery within 2-3 days</td>
<td>New store and shop-in-shop concept under development - second half 2019</td>
<td>In-season capsules to generate more sales opportunities for our partners</td>
</tr>
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<td>Assortment based on customer needs. Key partners involved in design process</td>
<td>Better service Sales people in partners’ offices, local sell-out support, VM, negotiation support</td>
<td>Digital ordering tool for fast and easy ordering for our wholesale customers</td>
</tr>
</tbody>
</table>

**Best in Class Wholesale Model Firmly in Place September 2019**
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND

OUR CHALLENGE

OUR WAY FORWARD

MAKING IT HAPPEN

Asia

Wholesale

Restructuring

OUTLOOK
WE NEED TO BUILD A NEW MODEL AND RESTRUCTURE

ESPRIT

Build a new model for the future

&

Build a powerful organization and restructure the cost base
NEW STRUCTURE WILL SIMPLIFY DECISION MAKING AND INCREASE SPEED

Organization

- Organizational structure redefined for best performance
- Structure following strategy: One global brand, playing in all channels
- Accountability and responsibility: Elimination overlapping functions
- Lean and efficient: Less hierarchy levels, rightsizing and centralization
- Fast decision making

Loss-making stores

- Rationalization of the store base
- Store by store assessment and actions on loss making stores
LEANER ORGANIZATION STRUCTURE ENABLES SIGNIFICANT HEADCOUNT REDUCTION

- Zero base approach: Each division designed to best support the future
- Opportunities from digitalization and outsourcing considered
- Targeted reduction of non-store employees of approximately 40%
- Consolidation and reduction of office space. Merge five offices at HQ into one. Reduction of office in Hong Kong
- Collaborative implementation: Social partners informed (e.g. workers councils), negotiations underway. Final results subject to negotiations
- Already executed from the top: executive management team reduced from 13 to 6

Development of FTEs* (non-store)

* FTE means full-time equivalent
LEANER STRUCTURE
ALLOWS FOR BETTER DECISION MAKING

Anders Kristiansen
Group Chief Executive Officer

Dr Raymond Or
Executive Chairmen

Thomas Tang
Group Chief Financial Officer*

Leif Erichson
Chief Digital & Operations Officer

Dr Marion Welp
Chief HR & Legal Affairs Officer

Jan Olsen
Chief Executive Officer, Asia

Chief Product Officer (search in progress)

Chief Executive Officer, Europe and Americas (search in progress)

* Reports to Executive Chairman
**FOCUSED DEVELOPMENT OF STORE PORTFOLIO TO FACILITATE GROWTH OF PROFITABLE CORE**

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Review of portfolio

- We are taking bold steps to review our current store portfolio (e.g. rent reduction, space reduction, closure)
- Europe: Solutions for 28 stores already defined/agreed since FY 17/18 (closure, run-out, rent reduction, resizing)
- Asia: 18 stores already closed since FY 17/18

Growth of store portfolio

- China: Expansion starting in FY 19/20 with an envisaged target of 220 store openings by 2023
- Asia: 78 store openings planned within next 5 years
TODAY’S AGENDA

ESPRIT: AN ICONIC BRAND
OUR CHALLENGE
OUR WAY FORWARD
MAKING IT HAPPEN
OUTLOOK
TWO PHASED APPROACH: REDUCE LOSSES AND BUILD STRONG BASE, THEN GROW TOP LINE

Set the base and secure bottom line

2-3 years

- Eliminate loss making stores
- Reduce complexity and right size the organization
- Facilitate investment in future growth as well as simple, fast and digitalized operating processes
- Break even expected in 2-3 years

Benefit from profitable top-line growth

3-5years

Future Business model
- Product
- Brand
- Store experience
- Digital experience

- Benefit from re-positioned brand and target customer focus
- Benefit from leverage effect driven by a lean / simple organization
- Target EBIT margin of 5%-7% starting year 5

Reduce losses and build a strong base

Benefit from top-line driven turnaround
FY18/19 OUTLOOK (INCLUDING EXCEPTIONAL ITEMS)

**REVENUE**

Low double-digit % yoy decline due to a combination of i) continue rationalization of distribution footprint; and ii) decline in customers’ traffic although at a slightly lower rate than last year

**GP MARGIN**

Stable level as pressure from lower proportion of retail revenue is expected to be offset by benefits arising from measures to reduce markdowns and promotions

**REGULAR OPEX**

Mid single-digit % yoy reduction mainly driven by ongoing rightsizing of retail footprint, including closure of heavily loss making retail stores and the divestment of Australia and New Zealand

**EXCEPTIONAL ITEMS**

HK$1.5-1.7 billion one-off costs to restructure the organization and accelerate the closure of loss making stores, in order to significantly reduce our cost base. The benefits are expected to be fully realized over the next 2-3 years.

**CAPEX**

Slightly lower than previous year
MEDIUM TERM OUTLOOK FY23/24

REVENUE
• Aim to return to revenue growth in FY20/21
• Achieve compounded annual growth rate of mid-to-high single digit % from FY19/20 to FY23/24, mainly driven by productivity uplift

GP MARGIN
• Stable level as pressure from investment in quality and lower proportion of retail revenue are expected to be offset by benefits arising from closure of underperforming retail stores as well as better sell through of new products

REGULAR OPEX
• Target annualized expense savings of HK$2 billion effective FY19/20 mainly from restructuring of organization and targeted closure of loss making stores
• Reduction of OPEX-to-sales ratio to be approximately 45% by FY23/24

EBIT
• Breakeven in 2-3 years time
• Gradual improvement to 5%-7% by FY22/23

CAPEX
• Average of approximately HK$200 million per annum
WRAP-UP
ESPRIT IS AN ICONIC BRAND.
WE WILL

• Deliver joy, with radical positivity and a clear point of view
• Love, know, and delight our customers, harnessing the power of our data
• Offer uniquely ESPRIT product, with a commercial assortment and the best quality, always
• Become a best in class wholesale player, again
• Win the Asian customer and re-build our Asia business
• Build an organization for performance and restructure our cost base
• Form a strong team with experience, talent and a deep desire for success

WE HAVE A CLEAR PLAN WITH BOLD CHANGES.
WE WILL RETURN TO SUSTAINABLE GROWTH AND PROFITABILITY
IT’S ABOUT MAKING IT HAPPEN
We stand for

RADICAL POSITIVITY. LOVING OUR CUSTOMER. QUALITY, ALWAYS.
Q&A
THANK YOU.