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

15 September 2011
Agenda

- **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
Key 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

- 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

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**

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1. **Brand**
   - Implement new brand strategy

2. **Product**
   - Overhaul product engine

3. **Channels and geographies**
   - Focus on core markets
   - Grow in China
   - Divest the North American operations
   - Right-size our retail portfolio

4. **Supply Chain**
   - Accelerate sourcing strategy
## Key financial highlights

FY 10/11 results significantly impacted by exceptionals

<table>
<thead>
<tr>
<th>FY 10/11</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group turnover LCY growth yoy</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Retail turnover LCY growth yoy</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Retail comp store sales growth yoy</td>
<td>- 1.1%</td>
</tr>
<tr>
<td>Wholesale turnover LCY growth yoy</td>
<td>- 6.0%</td>
</tr>
<tr>
<td>Adjusted operating profit margin*</td>
<td>9.2%</td>
</tr>
<tr>
<td>Reported operating profit margin</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

* Excludes the provision for exceptional store closures in FY10/11 and the divestment of the North American operations
FINANCIAL RESULTS REVIEW
## Summary financial highlights

For the 12 months ended 30 June

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

For the 12 months ended 30 June 2011

<table>
<thead>
<tr>
<th>(HK$)</th>
<th>Before exceptional events</th>
<th>Provision for Divestment of the North American operations</th>
<th>Provision for Additional 80 stores closure</th>
<th>Reported (HK$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>33,767m</td>
<td>- 1,268m</td>
<td>- 1,161m</td>
<td>33,767m</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,121m</td>
<td>- 1,268m</td>
<td>- 1,161m</td>
<td>692m</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>3,139m</td>
<td>- 1,268m</td>
<td>- 1,161m</td>
<td>710m</td>
</tr>
<tr>
<td>Net profit</td>
<td>2,352m</td>
<td>- 1,268m</td>
<td>- 1,005m</td>
<td>79m</td>
</tr>
</tbody>
</table>
Turnover by regions
Asia Pacific — the major growth driver

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

Europe
- 79% (LY 83%) HK$26,725m (LY HK$28,021m)
- ▼ 3.1% yoy

North America
- 4% (LY 3%) HK$1,234m (LY HK$1,079m)
- ▲ 11.5% yoy

Asia Pacific
- 17% (LY 14%) HK$5,808m (LY HK$4,634m)
- ▲ 19.9% yoy
Positive performance in China Growth and profitability accelerate in line with 5-year plan

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

<table>
<thead>
<tr>
<th></th>
<th>For the 12 months ended 30 June 2011</th>
<th>For the 12 months ended 30 June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turnover (HK$m)</td>
<td>% of total</td>
</tr>
<tr>
<td>Retail</td>
<td>1,673</td>
<td>62.6%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>977</td>
<td>36.5%</td>
</tr>
<tr>
<td>Others</td>
<td>25</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total</td>
<td>2,675</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 months ended</th>
<th>Mar-10</th>
<th>Jun-10</th>
<th>FY09/10</th>
<th>Sep-10</th>
<th>Dec-10</th>
<th>Mar-11</th>
<th>Jun-11</th>
<th>FY10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comp store sales growth</td>
<td>-3.7%</td>
<td>-2.6%</td>
<td>-6.0%</td>
<td>0.3%</td>
<td>0.2%</td>
<td>2.8%</td>
<td>4.9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
Continued expansion in China
81 new POS opened (+8.7%)

<table>
<thead>
<tr>
<th></th>
<th>Retail</th>
<th>Wholesale</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of cities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of 30 June 2011</td>
<td>6</td>
<td>179</td>
<td>185</td>
</tr>
<tr>
<td>As of 30 June 2010</td>
<td>6</td>
<td>163</td>
<td>169</td>
</tr>
<tr>
<td><strong>No. of new cities</strong></td>
<td>–</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

| **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**

- **edc**
  - 25% (LY 24%)
  - HK$8,436m

- **Collection**
  - 11% (LY 10%)
  - HK$3,709m

- **Others***
  - 19% (LY 19%)
  - HK$6,314m

**Group turnover growth** ▲ 0.5% in LCY

- Casual
  - 45% (LY 47%)
  - HK$15,308m
  - 15.3%

- edc
  - 25% (LY 24%)
  - HK$8,436m
  - 11.7%

- Collection
  - 11% (LY 10%)
  - HK$3,709m
  - 11.7%

- Others*
  - 19% (LY 19%)
  - HK$6,314m
  - 4.5%

- casual:
  - -3.5%

- turnover in HK$

**Group turnover**: HK$33,767m

*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**

- **Wholesale**
  - 43% (LY 46%)
  - HK$14,475m

- **Retail**
  - 56% (LY 53%)
  - HK$19,059m

- **Licensing & others**
  - 1% (LY 1%)
  - HK$233m

**Group turnover: HK$33,767m**

**Group turnover growth** ▲ 0.5% in LCY

- Retail: 6.2%
- Wholesale: -6.0%
- Licensing & others: 3.0%

% to Group turnover (Last Year) // turnover in HK$
Retail turnover up 6.2% in LCY

**Retail turnover**

North America
5% (LY 4%) // HK$897m

Asia Pacific
22% (LY 17%) // HK$4,257m

Europe
73% (LY 79%) // HK$13,905m

Retail turnover: HK$19,059m

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

**Retail turnover growth (LCY)**

<table>
<thead>
<tr>
<th>Region</th>
<th>1H</th>
<th>2H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-1.7%</td>
<td>-0.8%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>0.6%</td>
<td>-0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>North America</td>
<td>-4.9%</td>
<td>3.5%</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-1.5%</strong></td>
<td><strong>-0.6%</strong></td>
<td><strong>-1.1%</strong></td>
</tr>
</tbody>
</table>
### Directly managed retail stores

<table>
<thead>
<tr>
<th>Region</th>
<th>POS number</th>
<th>Net sales area (m²)</th>
<th>As at 1 July 2010</th>
<th>vs June 2010</th>
<th>As at 30 Jun 2011</th>
<th>June 2011</th>
<th>vs. June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>400</td>
<td></td>
<td>+25</td>
<td>-17</td>
<td>408</td>
<td>243,236</td>
<td>4.9%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>616</td>
<td></td>
<td>+77</td>
<td>-63</td>
<td>630</td>
<td>114,135</td>
<td>2.9%</td>
</tr>
<tr>
<td>North America</td>
<td>75</td>
<td></td>
<td>+20</td>
<td>-6</td>
<td>89</td>
<td>31,125</td>
<td>18.5%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,091</strong></td>
<td></td>
<td><strong>+122</strong></td>
<td><strong>-86</strong></td>
<td><strong>1,127</strong></td>
<td><strong>388,496</strong></td>
<td><strong>5.3%</strong></td>
</tr>
<tr>
<td>Store closure</td>
<td>32</td>
<td></td>
<td>–</td>
<td>-18</td>
<td>14</td>
<td>7,859</td>
<td>-53.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,123</strong></td>
<td></td>
<td><strong>+122</strong></td>
<td><strong>-104</strong></td>
<td><strong>1,141</strong></td>
<td><strong>396,355</strong></td>
<td><strong>2.7%</strong></td>
</tr>
</tbody>
</table>
Continued pressure on wholesale

Wholesale turnover

- **North America**: 1% (LY 1%) // HK$181m
- **Asia Pacific**: 10% (LY 10%) // HK$1,503m
- **Europe**: 89% (LY 89%) // HK$12,791m

Wholesale turnover: HK$14,475m

Wholesale turnover growth (LCY)

- **6.5%**
- **- 6.2%**
- **- 5.3%**

Europe  Asia Pacific  North America
Continued strengthening of the wholesale channel

**Controlled space (sqm.)**

- Franchise Stores
- Shop-in-Stores
- Identity Corners

<table>
<thead>
<tr>
<th></th>
<th>30-Jun-10</th>
<th>30-Jun-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise Stores</td>
<td>114,226</td>
<td>102,856</td>
</tr>
<tr>
<td>Shop-in-Stores</td>
<td>209,487</td>
<td>193,694</td>
</tr>
<tr>
<td>Identity Corners</td>
<td>397,787</td>
<td>406,253</td>
</tr>
<tr>
<td>Total</td>
<td>721,500</td>
<td>702,803</td>
</tr>
</tbody>
</table>

- **30-Jun-10** to **30-Jun-11**
  - Franchise Stores: -10.0%
  - Shop-in-Stores: -7.5%
  - Identity Corners: +2.1%
Group margins under pressure in 2H, primarily driven by input cost inflation

**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**
- **Deleverage 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
Retail EBIT margin*

<table>
<thead>
<tr>
<th>FY09/10</th>
<th>FY10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

Wholesale EBIT margin

<table>
<thead>
<tr>
<th>FY09/10</th>
<th>FY10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.4%</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

* 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**

(HK$m)  

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

* 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**

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

* 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

**Inventory balance increased mainly due to:**

- 18.4% yoy appreciation of EUR/HK$ closing rate
- 20.5% increase in units of inventory due to:
  
  i) retail expansion: space up 5.3%
  
  ii) 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

• ~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 Brand
   Implement new brand strategy

2 Product
   • Overhaul product engine

3 Channels and geographies
   • Focus on core markets
   • Grow in China
   • Divest the North American operations
   • Right-size our retail portfolio

4 Supply Chain
   • Accelerate sourcing strategy
EVERYTHING WE DO
WE DO FOR HER

Who is she?
Future brand direction based on our heritage and our values

Video film
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.
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
Global Brand

Bold actions to rebuild our brand (cont’d)

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
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
Create the best products to win her back

**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
Products

The journey has started
September 2011 collection

Give me fashionable, feminine style
Give me quality to last
Give me outstanding value for money
### Geographies
- Focus on expansion in core markets
- Accelerate growth in China
- Divestment of North American business

### Channels

<table>
<thead>
<tr>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>~200 new retail stores</td>
</tr>
<tr>
<td>Significant store refurbishment across our entire store network</td>
</tr>
<tr>
<td>Close structurally loss-making stores</td>
</tr>
<tr>
<td>Exit retail operations in Spain, Denmark, Sweden</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>A new approach to driving our wholesale channel</td>
</tr>
<tr>
<td>~200 new franchisees in core markets</td>
</tr>
<tr>
<td>Enter/expand in India, Eastern Europe, Russia, Latin America</td>
</tr>
</tbody>
</table>
Doubling sales to ~HK$6bn and footprint to ~1,900 POS in China by 2014/15

- 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
Divest loss-making North American business

- **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

<table>
<thead>
<tr>
<th>Financial impact (FY10/11)(HK$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Sales : 1,078</td>
</tr>
<tr>
<td>Operating loss : -410</td>
</tr>
<tr>
<td>Closing costs : -1,268</td>
</tr>
<tr>
<td>of which impairments : -324</td>
</tr>
</tbody>
</table>

- # of stores : 43
- # of outlets : 50
### Channels and geographies

**Right-sizing our retail operations…**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Store closures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>24</td>
</tr>
<tr>
<td>Austria</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2</td>
</tr>
<tr>
<td>Belgium</td>
<td>2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7</td>
</tr>
<tr>
<td>France</td>
<td>12</td>
</tr>
<tr>
<td>UK</td>
<td>6</td>
</tr>
<tr>
<td>Singapore</td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>13</td>
</tr>
<tr>
<td>Spain</td>
<td>3</td>
</tr>
<tr>
<td>Denmark</td>
<td>6</td>
</tr>
<tr>
<td>Sweden</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
</tr>
</tbody>
</table>

---

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

- **Total Net Sales**: 1,039
- **Operating loss**: -220
- **Closing costs**: -1,161
  - of which impairments: -417
...and increasing our full price and outlet store base by ~50% by 2014/15

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

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

<table>
<thead>
<tr>
<th></th>
<th>FY 10/11</th>
<th>FY14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td># of full price stores*</td>
<td>411</td>
<td>~595</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+~185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY 10/11</th>
<th>FY14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td># of stores*</td>
<td>42</td>
<td>~67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+~25</td>
</tr>
</tbody>
</table>

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

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

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

- 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
Supply chain

Structural changes to further optimise our supply chain
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

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.

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
INVESTOR DAY
Investor Day in November

- **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
APPENDIX
## Corporate calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dispatch of FY 10/11 annual report</td>
<td>On or before 30 Oct 2011</td>
</tr>
<tr>
<td>Investor Day</td>
<td>21/22 Nov 2011</td>
</tr>
<tr>
<td>Annual General Meeting</td>
<td>1 Dec 2011</td>
</tr>
</tbody>
</table>