Key business highlights – Ronald van der Vis

Financial results review – Fook Aun Chew

Updates on Transformation Plan 2014/15 – Ronald van der Vis

Q&A
Key business highlights
Transformation Plan on track

- Transformation Plan started off well and in line with targets
- Important implementation milestones achieved
- Continued challenging macro economic environment in Europe
- Significant improvement in Retail performance in 2Q
- Deliberate rationalization of Wholesale customer base in progress
- Gross margin impacted by materializing sourcing cost inflation and warm weather conditions in 2Q
- Margins and cash flow affected by transformation initiatives in line with expectations
- Balance sheet and cash position remain strong
Key business highlights
Transformation Plan on track

Brand
- Brand campaigns featuring Gisele Bündchen delivering good results
- Successful launch of new store concept in Cologne in Nov 2011

Products
- New Chief Product & Design Officer on board
- Good sell through of new collection
- Trend division, Denim division, China design centre launched
- New China CEO on board to drive China growth plan
- Over 50% of planned closures executed or in final negotiations
- Finalizing wind-down of North America operations by 31 Mar 2012
- New Wholesale approach in roll-out and well received by partners

Channels
- Implementation of sourcing strategy ahead of plan
- 2 additional sourcing offices in India and Indonesia in 2012

Supply Chain
**Key business highlights**

Transformation Plan on track

<table>
<thead>
<tr>
<th>(HK$'M)</th>
<th>Actual 1H FY11/12</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Turnover growth</td>
<td>-5.6%</td>
<td>-3% to -5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>787</td>
<td></td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>4.7%</td>
<td>1% to 2%</td>
</tr>
<tr>
<td>Net profit</td>
<td>555</td>
<td></td>
</tr>
</tbody>
</table>
Financial results review
Turnover by regions

North America
4% (4%)
HK$640M (HK$657M)
▼ 2.6% YoY

Europe
78% (79%)
HK$13,092M (HK$14,014M)
▼ 6.6% YoY

Asia Pacific
18% (17%)
HK$2,967M (HK$3,022M)
▼ 1.8% YoY

% to Group turnover (last year) / turnover in HK$ (last year) / ▲▼ % HK$ growth
China performance

- New China CEO on board to drive growth plan
- Wholesale sales grew 7% YoY mainly driven by network expansion
- Retail comp-store sales grew 0.4% notwithstanding warmer weather which led to negative comp-store sales development in 2Q
- Continued expansion in China - Footprint increased to 194 cities (vs 185 on 30 Jun 2011)
- Accelerating expansion in second half
Turnover by products

- **de.corp** 48.3%
- **shoes** 18.6%
- **collection** 9.9%
- **bodywear** 5.9%
- **edc** -6.3%
- **casual** -10.8%

* Excluding edc

- Lines with higher degree of fashionability and style (de.corp/ collection) show strong sales performance
- Development confirms new brand direction of higher fashion level
Turnover by channels
Continued shift towards Retail

Group turnover: HK$16,699M

- Continued shift towards Retail
- Rationalization of Wholesale space ongoing and impacting sales
- Retail with net space growth (60 stores opened)
- China is second biggest market for Esprit at 8.4% Group turnover and continues to grow
Retail turnover: HK$9,844M

Asia Pacific
21% (22%)/ HK$2,100M

North America
5% (5%)/ HK$467M

Europe
74% (73%)/ HK$7,277M

Comp-store sales growth

<table>
<thead>
<tr>
<th>Region</th>
<th>1Q</th>
<th>2Q</th>
<th>1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-9.6%</td>
<td>-0.8%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-2.3%</td>
<td>-4.9%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Total</td>
<td>-8.5%</td>
<td><strong>-1.5%</strong></td>
<td>-4.6%</td>
</tr>
</tbody>
</table>

- Warm weather with high impact on traffic and sales in Autumn/Winter 2011
- Positive signs on traffic and conversion rate subsequent to implementation of brand and product initiatives supporting 2Q
Expansion continues according to plan
Store closure program on track

<table>
<thead>
<tr>
<th>Directly managed Retail stores (POS)</th>
<th>Net sales area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at 1 Jul 2011 vs Jun 2011</td>
</tr>
<tr>
<td>Europe</td>
<td>343 +11 -4 350</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>615 +46 -24 637</td>
</tr>
<tr>
<td>North America</td>
<td>89 +3 -2 90</td>
</tr>
<tr>
<td>Total (ex store closure program)</td>
<td>1,047 +60 -30 1,077</td>
</tr>
</tbody>
</table>

Store closure program

- Over 50% closed, signed or in final negotiations
- Closure procedures and costs incurred well within time frame and provisions
Finalizing wind-down of North America operations by 31 March 2012

- Sale scenario no longer pursued – Esprit not willing to compromise on brand positioning and distribution channels
- Wind-down of 41 retail stores and 53 outlets commenced
- 85 store leases with tentative agreements
- Last day of store operations: 31 March 2012
- Negotiations with interested license partners ongoing
Wholesale operating environment remained challenging

Wholesale turnover: HK$6,727M

- Wholesale performance in line with Transformation Plan
- Active rationalization of Wholesale space
- Return initiative as part of targeted partner support
- Space growth continued to be affected by bank credit situation of franchise partners

Asia Pacific
13% (11%)/HK$845M

Europe
86% (88%)/HK$5,799M

North America
1% (1%)/HK$83M

% to Wholesale turnover (last year)/turnover in HK$
Group margins impacted by sourcing cost inflation and Transformation Plan initiatives

- Cost inflationary pressure materializing
- Price points maintained to preserve price-value proposition
- Higher discounts as a result of warmer than expected weather
- Deleverage effect from negative turnover growth, e.g. rationalization of Wholesale space
- Wholesale returns with negative margin impact
- Other Transformation Plan initiatives
Inventory and trade debtors improved

**Inventory balance**
- No of directly managed retail stores

- **30 June 11**
  - 4,218
  - 1,141

- **31 Dec 11**
  - 4,162
  - 1,168

- **Net trade debtors balance**
- Cover ratio before provision

- **30 June 11**
  - 3,101
  - 43.6%

- **31 Dec 11**
  - 2,899
  - 43.5%

- **Inventory balance decreased** mainly due to 10.3% depreciation of €/HK$ closing rate, offset by:
  - Increase in inventory units, up only 0.5% from 30 June 2011 despite adverse weather conditions
  - Higher seasonal unit cost of inventories

- **Net trade debtors decreased** mainly due to 10.3% depreciation of €/HK$ closing rate
### Interim Dividend

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings (HK$'M)</td>
<td>555</td>
</tr>
<tr>
<td>Basic EPS (HK$)</td>
<td>0.43</td>
</tr>
<tr>
<td>Interim dividend payout ratio</td>
<td>60%</td>
</tr>
<tr>
<td>Interim DPS (HK$)</td>
<td>0.26</td>
</tr>
<tr>
<td>Cash and bank balance as of 31 Dec 2011 (HK$'M)</td>
<td>3,408</td>
</tr>
</tbody>
</table>

*60% payout ratio maintained*
Updates on Transformation Plan 2014/15
Esprit will be an INSPIRING fashion brand with a clear identity and SUSTAINABLE PROFITABILITY.
A deep and consequent transformation
New brand direction as starting point for transformation
Important changes to product, stores and communication
Significant investments, results materializing gradually over time
Significant impact on our results in the first two years
Experienced management team to drive
Structured execution – rigorous processes & implementation KPIs
Transformation Plan well on track

Brand

Product

Channels

Supply chain
New brand direction is starting point of transformation

- **Fashionistas**: 18%
- **Status Hunters**: 8%
- **Pragmatics**: 20%
- **Friendly Expressionists**: 27%
- **Acceptance Seekers**: 27%

**Heritage = Target**

**Today**
Brand direction directly translated to all consumer touch-points

Brand

Esprit club

Product

Brand communication

Store design

e-shop
**Esprit is a strong and trusted brand**

**What's your favorite brand?**

- Germany  #1
- Netherlands  #2
- China  #3
- France  #4

"Adidas, Nike and Esprit are the favorite fashion/lifestyle brands in Germany"

**Top 10 apparel brands**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Brand value (US$'M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nike</td>
<td>13,917</td>
</tr>
<tr>
<td>2</td>
<td>H&amp;M</td>
<td>13,066</td>
</tr>
<tr>
<td>3</td>
<td>Zara</td>
<td>10,335</td>
</tr>
<tr>
<td>4</td>
<td>Ralph Lauren</td>
<td>3,378</td>
</tr>
<tr>
<td>5</td>
<td><strong>Esprit</strong></td>
<td>3,375</td>
</tr>
<tr>
<td>6</td>
<td>Adidas</td>
<td>3,088</td>
</tr>
<tr>
<td>7</td>
<td>Uniqlo</td>
<td>2,916</td>
</tr>
<tr>
<td>8</td>
<td>Next</td>
<td>2,567</td>
</tr>
<tr>
<td>9</td>
<td>Hugo Boss</td>
<td>2,445</td>
</tr>
<tr>
<td>10</td>
<td>Metersbonwe</td>
<td>1,446</td>
</tr>
</tbody>
</table>

Source:
1. Brand tracker
2. Survey: Millward Brown Optimor 2011 (incl. Data from BrandZm, Kantar Worldpanel, and Bloomberg)
**No 1 favorite fashion brand in Germany**

**Favorite brand in Germany**
* (Jun 2011)

<table>
<thead>
<tr>
<th>Brand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESPRIT</td>
<td>11%</td>
</tr>
<tr>
<td>Adidas</td>
<td>9%</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>5%</td>
</tr>
<tr>
<td>Nike</td>
<td>5%</td>
</tr>
<tr>
<td>S.Oliver</td>
<td>4%</td>
</tr>
<tr>
<td>Puma</td>
<td>4%</td>
</tr>
<tr>
<td>Boss/Hugo Boss</td>
<td>3%</td>
</tr>
<tr>
<td>Gerry Weber</td>
<td>2%</td>
</tr>
<tr>
<td>Tommy Hilfiger</td>
<td>2%</td>
</tr>
<tr>
<td>C&amp;A</td>
<td>2%</td>
</tr>
<tr>
<td>Levis</td>
<td>1%</td>
</tr>
<tr>
<td>Tom Tailor</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Best overall consumer rating**
* (Jan 2012)

<table>
<thead>
<tr>
<th>Brand</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESPRIT</td>
<td>76.4</td>
</tr>
<tr>
<td>S.Oliver</td>
<td>76.2</td>
</tr>
<tr>
<td>Zara</td>
<td>73.2</td>
</tr>
<tr>
<td>C&amp;A</td>
<td>72.8</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>72.0</td>
</tr>
<tr>
<td>Peek &amp; Cloppenburg</td>
<td>71.2</td>
</tr>
<tr>
<td>bonprix</td>
<td>71.0</td>
</tr>
<tr>
<td>New Yorker</td>
<td>67.1</td>
</tr>
<tr>
<td>Zalando</td>
<td>66.7</td>
</tr>
<tr>
<td>Takko</td>
<td>65.7</td>
</tr>
<tr>
<td>NKD</td>
<td>62.3</td>
</tr>
<tr>
<td>KIK</td>
<td>50.8</td>
</tr>
</tbody>
</table>

1. Answered by women in representative survey conducted by GMK in Germany in Aug 2011, "What is your favourite brand?"
2. Proposition-Index by OC&C with scaling from 0-100, > 70 being "good"/"very good"

Source: Survey: Die Lieblingsmarken der Deutschen, Ordering party: GMK Markenberatung Köln/München, Number of respondents: 1000 Geman inhabitants older than 14 years, Interview technique: telephone interviews (CATI), open questions, multiple answered permitted. Execution: LINK Institut für Markt- und Sozialforschung OC&C-Proposition-Index 2011.
High profile brand campaign launched featuring supermodel Gisele Bündchen
'Real people' campaign in December 2011

Strong resonance with consumers in China

Subway, Beijing
Improved consumer consideration

Note: Different samples in Brand tracker (country representative) and Ad tracker (focus cities only)
Source: Brand Tracker Online Survey Spring 2011, Advertising tracking Online Survey Winter 2011

IT WORKS!

Germany
50% BEFORE campaign
59% AFTER campaign

China
30% BEFORE campaign
49% AFTER campaign
### Very strong momentum in China

**Which brand best fits the following description?**

<table>
<thead>
<tr>
<th>Description</th>
<th>2Q 2011 (Esprit in %)</th>
<th>4Q 2011 (Esprit in %)</th>
<th>Change (in %)</th>
<th>Rank (out of 13)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is my favourite brand</td>
<td>7%</td>
<td>14%</td>
<td>+100%</td>
<td>#3</td>
</tr>
<tr>
<td>Is best to make latest trends</td>
<td>6%</td>
<td>11%</td>
<td>+80%</td>
<td>#4</td>
</tr>
<tr>
<td>Is the leader of fashion</td>
<td>5%</td>
<td>12%</td>
<td>+140%</td>
<td>#3</td>
</tr>
<tr>
<td>Has the best balance of price and quality</td>
<td>8%</td>
<td>12%</td>
<td>+50%</td>
<td>#3</td>
</tr>
<tr>
<td>Has the best value for money</td>
<td>7%</td>
<td>11%</td>
<td>+60%</td>
<td>#3</td>
</tr>
</tbody>
</table>

Note: Survey question: Which of the following brands (Top 13 fashion brands) best fits the following descriptions? Respondents can only choose 1. Source: Esprit brand tracker China
Campaign with Gisele Bündchen continued …
Transformation Plan well on track

Brand
Product
Channels
Supply chain
Melody Harris-Jensbach
Chief Product & Design Officer

- Korean-American nationality
- Parsons School of Design, New York
- More than 20 years industry experience
- 1998–2007 responsible for Esprit's successful product & design strategy
- 2008–2011 Deputy CEO & Chief Product Officer of Puma AG
- Since January 2012 responsible for all product, design and licensing activities
The Esprit woman

Give me FASHIONABLE, FEMININE styles

Give me QUALITY MADE TO LAST

Give me OUTSTANDING VALUE for money

Show that you CARE ABOUT THE WORLD around me …

SURPRISE ME AGAIN … and I'll be your friend
All product design & license activities are grouped together

Trend division launched – First deliveries in September 2012

China design hub established – First deliveries in August 2012

Denim division launched – First deliveries in December 2012
Good sell-through of AW2011 collections
Collection Spring 2012 Preview
Transformation Plan well on track

Brand

Product

Channels

Supply chain
Retail
Offering an inspirational shopping experience
"I love the aesthetic decoration of the store. The wooden floor is beautiful and even the smallest detail is planned with a lot of taste."

"This store is fantastic. It makes me feel at home!"

"This store invites you to stay longer and enjoy the atmosphere. The atrium is unique."

"You get the impression the store tells a story... It's fabulous!"

"The clothes feel closer to you. It's much more intimate. I particularly like the wardrobes."
Successful launch exceeding expectations

Traffic/Visitors vs LY
+25%

APT vs LY
+54%

GP vs other stores
+10pp

IT WORKS!
Retail refurbishment – Next steps

• Speeding up the transfer of learnings to existing stores
  – 14 stores rebuilt by July 2012
  – Visual and merchandising tests rolled-out in controlled test group

• Two additional new store concepts being tested in Antwerp (April 2012) and in Düsseldorf (July 2012)
Wholesale
New approach to our Wholesale business in roll-out

- All European Wholesale accounts reviewed
- ~650 accounts selected as key partners with highest growth potential and strong strategic fit – Secure and grow
- Tailored support packages (i.e., refurbishment and expansion support, tactical returns and margin invest) in exchange for growth commitment
- Negotiations with key partners started and going well – No immediate return on FY11/12 P&L

**Strengthening the Wholesale channel**
Refurbishment of strategic locations

- Refurbishment of > 50K sqm Wholesale space (~ 10% of PSS/SiS space) in FY11/12
- Refurbishment for key strategic partners based on Cologne concept (> 50 POS, thereof ~ 1/3 in China)
- ~ 10 showrooms to be refurbished in Europe and Asia to ensure consistent brand message

Upgrading the shopping experience
Transformation Plan well on track

Brand

Product

Channels

Supply chain
• NOOS service center launched to further optimize availability and inventory of NOOS offering

• 2 additional sourcing offices in India and Indonesia to be opened ahead of schedule in 2012, to realize further potential in country of origin footprint

India—Q3 2012

Indonesia—Q2 2012
Transformation Plan well on track

Summary
Summary of progress

**Brand**
- Brand campaigns featuring Gisele Bündchen delivering good results
- Successful launch of new store concept in Cologne in Nov 2011

**Products**
- New Chief Product & Design Officer on board
- Good sell through of new collection
- Trend division, Denim division, China design centre launched
- New China CEO on board to drive China growth plan
- Over 50% of planned closures executed or in final negotiations
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- New Wholesale approach in roll-out and well received by partners

**Channels**
- Implementation of sourcing strategy ahead of plan
- 2 additional sourcing offices in India and Indonesia in 2012

**Supply Chain**
- Implementation of sourcing strategy ahead of plan
- 2 additional sourcing offices in India and Indonesia in 2012

Investor day planned for Mid 2012 – Update on Product and China
REMEMBER ME
### Corporate calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last day of trading on a &quot;cum&quot; basis</td>
<td>1 Mar 2012</td>
</tr>
<tr>
<td>Ex-dividend date</td>
<td>2 Mar 2012</td>
</tr>
<tr>
<td>Fixing of dividend reinvestment price</td>
<td>28 Feb – 5 Mar 2012</td>
</tr>
<tr>
<td>Book close</td>
<td>6 Mar – 7 Mar 2012</td>
</tr>
<tr>
<td>Dispatch of election form</td>
<td>13 Mar 2012</td>
</tr>
<tr>
<td>Election period</td>
<td>13 Mar – 27 Mar 2012</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>18 Apr 2012</td>
</tr>
</tbody>
</table>