INVESTOR RELATIONS DAY
14 MAY 2013
ESPRIT
ESPRIT
WELCOME AND
INTRODUCTIONS

ÈSÈPRIT

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AGENDA

1. RECENT OPERATIONAL PERFORMANCE

2. STRATEGIC PRIORITIES

3. CLOSING REMARKS
AGENDA

1. RECENT OPERATIONAL PERFORMANCE

2. STRATEGIC PRIORITIES

3. CLOSING REMARKS
RECENT OPERATIONAL PERFORMANCE

Controlled Space (,000 sqm)

- Wholesale
- Retail

0% 2008-12

Sales – Turnover (HK$ million)

- Wholesale
- Retail

-20% 2008-12

Cost – OPEX (HK$ million)

+20% 2008-12

Operating Profit (HK$ million)

NEGATIVE 2012/13

1 Excl. disinvestment of NA & Store closure program
2 Excl. Licensing and Others
Source: Finance department; Annual Reports
**1H FY12/13 RESULTS**  
*(EXCLUDING NORTH AMERICA & STORE CLOSURE PROGRAM)*

<table>
<thead>
<tr>
<th></th>
<th>1H FY12/13 (in HK$’m)</th>
<th>1H FY11/12 (in HK$’m)</th>
<th>HKD Change</th>
<th>LCY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>13,306</td>
<td>15,580</td>
<td>-14.6%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>COGS</td>
<td>(6,516)</td>
<td>(7,640)</td>
<td>-14.7%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,790</td>
<td>7,940</td>
<td>-14.5%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>51.0%</td>
<td>51.0%</td>
<td>0.0% pt</td>
<td>0.0% pt</td>
</tr>
<tr>
<td>OPEX</td>
<td>(7,043)</td>
<td>(6,995)</td>
<td>+0.7%</td>
<td>+6.8%</td>
</tr>
<tr>
<td>OPEX % Net Sales</td>
<td>52.9%</td>
<td>44.9%</td>
<td>+8.0% pt</td>
<td>+8.0% pt</td>
</tr>
<tr>
<td>EBIT</td>
<td>(253)</td>
<td>945</td>
<td>-126.8%</td>
<td>-125.3%</td>
</tr>
<tr>
<td>Net (loss)/profit</td>
<td>(453)</td>
<td>716</td>
<td>-163.3%</td>
<td>-160.7%</td>
</tr>
</tbody>
</table>

**ESPRIT**
### 3Q FY12/13 FIGURES
*(EXCLUDING NORTH AMERICA & STORE CLOSURE PROGRAM)*

<table>
<thead>
<tr>
<th>(in HK$’m)</th>
<th>For the 3 months ended 31 March</th>
<th>y-o-y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Retail</td>
<td>3,692</td>
<td>3,696</td>
</tr>
<tr>
<td>Wholesale</td>
<td>2,912</td>
<td>3,167</td>
</tr>
<tr>
<td>Licensing</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,616</td>
<td>6,883</td>
</tr>
</tbody>
</table>
## Transformation Plan

<table>
<thead>
<tr>
<th>KPIs of the Transformation Plan</th>
<th>Guidance for FY11/12 to FY14/15</th>
<th>Current Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY11/12</td>
</tr>
<tr>
<td>Sales growth (LCY)</td>
<td>8 to 10% p.a.</td>
<td>-10.5%</td>
</tr>
<tr>
<td>China sales</td>
<td>HK$6b by FY14/15</td>
<td>HK$2.6b</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>15% post transformation</td>
<td>3.9%</td>
</tr>
<tr>
<td>Savings from sourcing initiatives</td>
<td>HK$1b p.a. by FY14/15</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Original guidance inapplicable as current performance not meeting expectation.
AGENDA

1. RECENT OPERATIONAL PERFORMANCE

2. STRATEGIC PRIORITIES

3. CLOSING REMARKS
RECENT DEVELOPMENTS AFFECTING PERFORMANCE

- Euro zone economic crisis
- Restructuring of apparel retail (verticals)
- Internal changes
STRATEGIC CHALLENGES FOR ESPRIT

SHORT TERM

PRESSURE ON ESPRIT’S CORE MARKET - EUROPE
PRESSURE ON ESPRIT’S CORE CHANNEL - WHOLESALE
PRESSURE ON PERFORMANCE

MEDIUM TERM

PRESSURE ON COMPETITIVENESS

VALUE FOR MONEY

Euro zone economic crisis
Restructuring of apparel retail (verticals)
STRATEGIC PRIORITIES

SHORT TERM
6-12 months

STABILIZATION
- OPEX reduction
- Inventory normalization

FOCUS ON PROFITABILITY
OPEX REDUCTION

MINIMIZE OPERATIONAL EXPENSES
- Occupancy
- Marketing
- Logistics
- Other

RATIONALIZE BUSINESS AND DISTRIBUTION
- Unproductive product lines
- Loss-making Retail stores
- Unprofitable Wholesale distribution
- Loss-making countries

DEVELOP LEAN AND EFFICIENT ORGANIZATION
- Reduced complexity
- Internal synergies
- Improved processes and tools
- Flat organization

SHORT TERM TARGET:
OPEX to Net Sales = Below 50%

ESPRIT
INVENTORY NORMALIZATION

Inventory level (,000 pieces)

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>46,506</td>
<td>46,957</td>
</tr>
</tbody>
</table>

+1% change

- Ambitious sales activation in 2H to control Season’s Inventory
- Bold measures to accelerate the reduction of Aged Inventory
- Implementation of a more preventive inventory management model

Source: Finance department, excl. NA
STRATEGIC PRIORITIES

SHORT TERM
6-12 months

STABILIZATION
- OPEX reduction
- Inventory normalization

FOCUS ON PROFITABILITY

MEDIUM TERM
1-2 years

TRANSFORMATION
- Brand
- Product
- Stores & Channels
- Business Model

FOCUS ON TOP LINE

ESPRIT
ESPRIT - TODAY

OUTSTANDING VALUE FOR MONEY

Value ➜ Product
ESPRIT - TARGET

Adjustments on **Prices** (tactical)

Price

Perceived Value

- Brand
- Product
- Stores

Huge improvement of **Value** for consumers (Strategic)

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OUTSTANDING VALUE FOR MONEY
TRANSFORMATION PLAN

TARGET CONSUMER

BRAND

PRODUCT

STORES
BRAND

ESPRIT
TARGET CONSUMER

I'm a woman not a girl.
I'm confident in who I am and don't need (nor mind) to show it.
I care about my family, I care about the world and I care about my looks.
I'm passionate when in love.
I'm lazy on Sundays.
I'm true to my friends.
I enjoy shopping.
My taste is simple - the best is enough.
I love bags, but not more than nature.
I'm happy in a dress.
I'm sexy in my jeans.
To me aging is a gift not a threat.
I love the sun and I'm happy in the rain.
Life is too important to not have fun.
I believe every woman is beautiful through the eyes of her best friend.
I love to help bring that out,
I love to be that friend.

In a true, natural and relaxed way,

I am ESPRIT
CAMPAIGN – CHRISTMAS 2012
BRAND PR

Esprit & Céline
Elle France & Taiwan

Esprit & Michael Kors
Cosmo Netherlands

Esprit, Damir Doma & Hermes
Vogue Germany
BRAND PR

Esprit & Louis Vuitton
Jalouse France

Esprit, Krizia, Jimmy Choo, Just Cavalli
Elle Italy

Esprit & Gucci
Elle France
## BRAND PERCEPTION

### Awareness

<table>
<thead>
<tr>
<th></th>
<th>Awareness</th>
<th>Distribution</th>
<th>Consider</th>
<th>Visit</th>
<th>Bought</th>
<th>Prefer</th>
<th>S-O-W*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esprit</td>
<td>98%</td>
<td>81%</td>
<td>60%</td>
<td>48%</td>
<td>35%</td>
<td>20%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Product

<table>
<thead>
<tr>
<th></th>
<th>Latest Trends</th>
<th>Leader of Fashion</th>
<th>Right Fashion for me</th>
<th>Cheapest Prices</th>
<th>Value for Money</th>
<th>All clothes good quality</th>
<th>Balance Price/Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esprit</td>
<td>16%</td>
<td>23%</td>
<td>16%</td>
<td>2%</td>
<td>11%</td>
<td>21%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Stores

<table>
<thead>
<tr>
<th></th>
<th>Gets News Often</th>
<th>Broad Choice</th>
<th>Find Quickly</th>
<th>Inspiring Store</th>
<th>Exciting Store</th>
<th>Good Organized</th>
<th>Best Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esprit</td>
<td>14%</td>
<td>11%</td>
<td>14%</td>
<td>16%</td>
<td>11%</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

* S-O-W = share of wallet

Source: Brand Tracker Fall 12 (GERMANY)
Brand Tracker: Online panel, 18 - 49 years, sample size: 1500, gender split: female 60% / male 40%, analysis based on female responses only
## MARKETING OPERATIONAL FOCUS

### Brand Awareness in Core Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>AW</th>
<th>Change (T. Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>12</td>
<td>98% +1%</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>75% +44%</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>88% +4%</td>
</tr>
</tbody>
</table>

**FOCUS ON TRAFFIC AND CONVERSION RATE**

- Campaigns & PR
- Local / Channel Marketing
- Windows & Action Areas
- Instore VM
- CRM

Source: Brand Tracker round 1&4
STORES
LIGHTEST HOUSE COMMERCIAL CONCEPT

ARCHITECTURE (LIGHTHOUSE)

VM GUIDELINES

SPACE ALLOCATION

COLOGNE

DUSSELDORF

ANTWERP
### Store Refurbishment Program

(As of April 2013)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Concept</th>
<th>Icon</th>
<th>Upgrade</th>
<th>Refresh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self Managed</strong></td>
<td>103</td>
<td>3</td>
<td>10</td>
<td>51</td>
<td>39</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>70</td>
<td>3</td>
<td>8</td>
<td>40</td>
<td>19</td>
</tr>
<tr>
<td><strong>APAC</strong></td>
<td>33</td>
<td>2</td>
<td></td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td><strong>Partnership</strong></td>
<td>165</td>
<td></td>
<td>78</td>
<td></td>
<td>87</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>122</td>
<td></td>
<td>44</td>
<td></td>
<td>78</td>
</tr>
<tr>
<td><strong>APAC</strong></td>
<td>43</td>
<td></td>
<td>34</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>

- Accelerate roll-out of best practices (i.e. space allocation and VM)
- Proceed with selective refurbishing plan (test in one country)
- Continue to reduce refurbishing cost per sqm (economies of scale)

**ESPRIT**

Count is for full stores, and does not include concession locations or shop in shops
APAC includes China
CHANNELS OPERATIONAL FOCUS

➤ FOCUS ON TRAFFIC & PRODUCTIVITY
➤ SIMPLIFICATION OF STORE OPERATIONS
➤ STRENGTHENING OF SUPPORT TO STORES

➤ MULTICHANNEL INTEGRATION & COORDINATION
➤ REDUCTION OF OPERATIONAL EXPENSES

➤ FOCUS ON STRATEGIC PARTNERSHIPS
➤ FURTHER INTEGRATION WITH KEY PARTNERS
➤ TARGETED SHORT TERM MEASURES
PRODUCT
PRODUCT DIRECTION

Lifestyle

Stylish and contemporary

Quality made to last

Outstanding value for money
PRODUCT DIRECTION

Stylish and Contemporary

ESPRIT
PRODUCT DIRECTION

Quality Made to Last

ESPRIT
Outstanding Value for Money

- Capturing of relevant trends
- Reaction to consumers demand

EFFICIENCY

- COGS - Competitive pricing
- OPEX – Sustainable profitability

SPEED

PRODUCT DIRECTION
VERTICAL MODEL - FIT WITH MARKET

Change in Sales, 2011 vs 2006, Germany

Vertical players 8%
Multi-label retailers -1%
Department stores -6%
Big book mail order -7%

ESP R I T

has all the required elements to perform as a successful vertical player and most of the practices are very well known in the organization.
VERTICAL MODEL – FIT WITH DISTRIBUTION

≈75% of Esprit’s business would directly benefit from the Vertical model’s stronger focus on the Store/POS optimization.

Vertical does NOT mean Retail!

It must be developed as Multichannel.

Other Wholesale formats will also benefit from the Vertical model.

Source: Finance department
Deep transformation of our Product Engine

- Collection /Themes vs. Shop Menus
- Mock Shop vs. Showrooms
- Mandatory Ranges vs. Orders
- Product Merchandising vs. Channel Merchandising
- Market pricing vs. Cost +
- Net gross profit margin vs. Entry GP margin
- Sell out vs. sell in
- New culture!!
TRANSFORMATION PLAN

TARGET CONSUMER

BRAND

PRODUCT

STORES

VERTICAL BUSINESS MODEL

ESPRIT
STRATEGIC PRIORITIES

SHORT TERM
6-12 months

STABILIZATION
- OPEX reduction
- Inventory normalization

FOCUS ON PROFITABILITY

MEDIUM TERM
1-2 years

TRANSFORMATION
- Brand
- Product
- Stores & Channels
- Business Model

FOCUS ON TOP LINE

LONG TERM
> 2 years

GROWTH
- edc
- China
- Sustainable growth

FOCUS ON VALUE
ONE COMPANY, TWO BRANDS

ESPRIT  edc

I am  We are
A woman, not a girl  Young men and women (unisex)
Californian heritage  The city is our muse
Wardrobe  Denim base
Inspiration  Value
Quality  Quality

ESPRIT
EDC
CHINA - OPPORTUNITY

- Strong brand awareness and reputation
- High growth potential
- Multi-channel strategy as a competitive advantage
- Strengthened China team
- Strengthened corporate support
- Expansion plan in place with focus on profitability
CHINA – SHORT TERM PRIORITIES

- Defer execution of expansion plan until product performance is improved
- Fine-tune operational issues in the short term

**Brand**
- Enhance channel marketing execution
- Re-launch Customer Loyalty program

**Product**
- Establish Never-out-of-stock program
- Improve product selection and assortment
- Improve quality of local sourcing

**Stores Channels**
- Develop local adaptation of new store concept
- Improve retail staff productivity and efficiency
- Optimize supporting packages to key wholesale accounts
- Develop national outlet strategy
- Synergize Retail, Wholesale, E-commerce, outlet channel inventory management
SUSTAINABLE GROWTH

PRODUCTIVITY
- Improved sales per sqm as top priority

E-COMMERCE
- Continuous development of e-commerce (Retail and Wholesale)

SHORT TERM EXPANSION
- Strong focus on performance and profitability
- Focus on core markets (“white spots”)

LONG TERM EXPANSION
- Quickly develop density in current non-core markets
- Open new markets
- Leverage hybrid Retail-Wholesale strategy

STRATEGIC PARTNERSHIP
- Key accounts and opinion leaders
- Strategic partners for growth in new markets
AGENDA

1. RECENT OPERATIONAL PERFORMANCE
2. STRATEGIC PRIORITIES
3. CLOSING REMARKS
ESPRIT – STRATEGY

CORE MARKETS

BRAND
- High Awareness
- Positive Reputation
- Broad and Loyal Customer Base
- International Scale
- Extraordinary Heritage & Values

PRODUCT
- Unique Handwriting
- Product Know How

OUTSTANDING VALUE FOR MONEY

STORES
- Top Locations in Key Shopping Areas
- Top Wholesale Partners
- Successful & Proven e-commerce
- Sound Core Markets
- High Potential New Store Concept
ESPRIT - STRATEGY

CORE MARKETS

BRAND

PRODUCT

STORES

SPEED

VALUE FOR MONEY

EFFICIENCY

ESPRIT
ESPRIT - STRATEGY

CORE MARKETS

BRAND

PRODUCT

STORES

VERTICAL INTEGRATION

Product Development
Suppliers
End to End Logistics
Stores / POS
Multichannel Distribution
Stock Clearance

ESPRIT
HUGE GROWTH POTENTIAL IN CORE AND NON CORE MARKETS
TRULY GLOBAL BRAND!!

ESPRIT
FINANCIAL IMPLICATION – FY13/14

TOP LINE
Expect further decline due to reduced controlled space in Retail (closures) and Wholesale (rationalization)

GP MARGIN
Expect to stabilize or slight decline due to continued investments in product quality improvements

OPEX
Target reduction of OPEX-to-net sales ratio below 50% by addressing all cost lines

CAPEX
Moderate deployment of investments in line with business development and performance

ESPRIT
FINANCIAL IMPLICATION – FY14/15 - ...

**OPTIMISTIC**

- **Recovery starts FY 14/15**
  - Improvement in sales per sqm (single digit growth)
  - Cautious growth in controlled selling space
  - Similar GP margin as in FY13/14 (continued investment in product value-for-money proposition)
  - Similar level of OPEX as for FY13/14 in absolute value
  - Limited deployment of investments (CAPEX)

**CONSERVATIVE**

- **Stable in FY 14/15**
  - FY14/15 similar expectation as for FY13/14 (see previous page)

**FY15/16 - ... (medium term)**

- Continued single digit growth in sales per sqm
- Step up growth in controlled selling space
- Continued tight GP margin (investment in product value-for-money proposition)
- Step up efforts in Marketing but OPEX growth < Top Line growth
- Step up efforts in refurbishment and expansion (CAPEX)

**Recovery starts FY15/16 - ...**

- FY15/16 - ... follows the same pattern of the Optimistic scenario but with one year delay
ESPRIT

PRODUCT
Our Product

OUR BRAND

Strategic Direction

PRODUCT STRATEGY

High Performance

PRODUCT ENGINE

Summary

PROGRESS TO DATE

ÉSPRIT
Our Product

OUR BRAND
ONE BRAND TARGETING CLEARLY DEFINED CONSUMER SEGMENTS

WOMEN’S & MEN’S IN BOTH CONSUMER SEGMENTS
ENCOMPASSING THE FULL RANGE OF APPAREL PRODUCT

ESPRIT PRODUCT PORTFOLIO

ESPRIT PRODUCT DIVISIONS REPRESENT MORE THAN 75% OF THE TOTAL GROUP REVENUE
LIFESTYLE PRODUCTS ADDING VALUE TO THE BRAND DNA

DENIM

ACCESSORIES, SHOES, LICENSES

BODYWEAR

KIDS

ESPRIT
PRODUCT PORTFOLIO
ESPRIT CASUAL / OUR BRAND DNA

ROLE WITHIN ESPRIT:
CONTEMPORARY CASUAL
SPORTSWEAR WITH A PREMIUM
OPTIC & APPEAL

PERSONALITY
SMART CASUAL, MODERN,
CONTEMPORARY

BRAND PROMISE
QUALITY TO LAST
HIGH VALUE PERCEPTION

POINT OF DIFFERENCE
UP-TO-DATE TRENDS INTERPRETED
FOR THE CASUAL CONSUMER

ESPRIT
ESPRIT COLLECTION / OUR STYLE LEADERSHIP

ROLE WITHIN ESPRIT:
The most premium product in the ESPRIT offering

PERSONALITY
Contemporary, modern & stylish

BRAND PROMISE
Premium quality & craftsmanship
Attention to details in fabric & accessories

POINT OF DIFFERENCE
Modern & contemporary formal wear
day-to-night
ESPRIT DENIM / THE CORNERSTONE FOR CASUAL

ROLE WITHIN ESPRIT:
THE CORNERSTONE FOR THE CASUAL CONSUMER, KEY APPAREL ITEM IN THE CONSUMER’S WARDROBE

PERSONALITY
CRAFTED & CONTEMPORARY

BRAND PROMISE
INNOVATIVE WASHES & FABRIC DEVELOPMENTS
CORE DENIM WITH PERFECT FITS

POINT OF DIFFERENCE
PREMIUM DENIM OPTIC & HIGH VALUE PERCEPTION
ESPRIT ACCESSORIES, BODYWEAR, SHOES & LICENSES/LIFESTYLE PRODUCT

ROLE WITHIN ESPRIT
THE LIFESTYLE PRODUCT THAT COMPLEMENTS THE FASHION APPAREL RANGES

PERSONALITY
CASUAL, MODERN & TIMELESS
PREMIUM OPTIC WITH BRAND DNA

BRAND PROMISE
HIGH VALUE & QUALITY PERCEPTION COMPLETING THE ESPRIT OUTFIT

POINT OF DIFFERENCE
SPECIALIST & INDUSTRY LEADING PARTNERSHIPS
ESPRIT KIDS / OUR BRAND DNA

ROLE WITHIN ESPRIT: ATTUNES TO THE "INCLUSIVE" BRAND DNA. BUILDING LOYAL CONSUMERS FOR THE FUTURE

PERSONALITY FUN, CAREFREE, CASUAL

BRAND PROMISE QUALITY TO LAST WITH HIGH LEVEL OF SUSTAINABLE PRODUCTS

POINT OF DIFFERENCE BRAND DNA & PERSONALITY
WOMEN CONSUMERS – STYLE & WEARING OCCASIONS

TRUE CASUAL TO DENIM

SMART CASUAL

CONTEMPORARY TAILORING

DAY TO NIGHT

ESPRIT
MEN CONSUMERS - STYLE & WEARING OCCASIONS

TRUE CASUAL TO DENIM

SMART CASUAL

MODERN MEN

CONTEMPORARY TAILORING

ESPRIT
DENIM CONSUMER - STYLE & WEARING OCCASIONS

ESPRIT
Strategic Direction

PRODUCT STRATEGY
„ESPRIT is an Attitude not an Age“

Doug Thompkins 1968
STRONG PRODUCT RANGES TO DOMINATE THE MARKET

PREMIUM BRANDS

COMMERCIAL BRANDS

PRICE BRANDS

ESPRIT

CASUAL

DENIM

COLLECTION

SPORTSWEAR

CASUAL/DENIM

FORMALWEAR

OCCASION
CLEAR POSITIONING TO INCREASE PERCEIVED VALUE

- PREMIUM BRANDS
- COMMERCIAL BRANDS
- PRICE BRANDS

PERCEIVED VALUE

- Brand
- Product
- Store
- Touch Points

Adjust price position (tactical)

CASUAL

DENIM

COLLECTION

Huge improvement of our Perceived Value for consumers

ESP R I T

ESP R I T
WHERE TO WIN

1. Stabilize CASUAL
2. Grow COLLECTION aggressively
3. Grow Accessories, Shoes, Bodywear
4. Leverage Denim & Trend
HOW TO WIN

1. Defend sls sqm
   Increase productivity

2. Expand into more RETAIL spaces

3. Increase visibility & presence/
   increase OSA

4. Incremental business for Women’s

TARGET: STABILIZE THE MAIN BUSINESS
EXPLOIT INCREMENTAL GROWTH OPPORTUNITIES
High Performance

PRODUCT ENGINE
HIGH PERFORMANCE PRODUCT ENGINE

People
Talent management

Speed
Reduce lead times

Value for Money

Integration
Business Module

Simplicity
Focus

ESPRIT
PEOPLE / TALENT MANAGEMENT

HIRE AND DEVELOP TOP TALENT
PROMOTE CONTINUOUS INITIATIVES TO ADD COMPETENCIES
CREATIVE INTELLIGENCE / MARKET INTELLIGENCE

ESPRI T
SIMPLICITY / FOCUS IN THE COLLECTIONS

IMPACTFUL OUTFIT BUILDING WITH ONE CONSISTENT STORY
ONE THEME / CLEAR SHOP MENU STRATEGY

HOT WHITE SUMMER

SUN BLEACHED DENIM BLUES

SPRING 2013 TRENDS

ESPRI T
SIMPPLICITY / FOCUS IN PRODUCT MESSAGE

ROMANCING THE PRODUCT FOR THE END CONSUMER

INSPIRING MESSAGES & CLEAR PRODUCT COMMUNICATION
ATTUNE TO HER EVERYDAY NEEDS & WEARING OCCASIONS
BENEFIT/ SOLUTION FOR THE END CONSUMER

DRESS UP YOUR DAY
IN ESPRIT

TRENDS FOR SPRING 2013
INTERGRATION / BUSINESS MODULE

INTEGRATION OF KEY ROLES INTO PRODUCT DIVISIONS
FULL CATEGORY MANAGEMENT & P+L RESPONSIBILITY

CREATIVE EXCHANGE AND DEVELOPMENT OF BUSINESS

ALL FUNCTIONS TOGETHER IN ONE SPACE

ESPRI T
INTEGRATION / CATEGORY MANAGEMENT

GBM of PRODUCT DIVISION

BUSINESS INTELLIGENCE & PLANNING
CREATIVE DIRECTION, MERCHANDISE MANAGEMENT & VISUAL MERCHANDISING
BUYING & QUALITY ASSURANCE

MAIN WOVENS

DESIGN
FABRIC & TRIM DEVELOPMENT
PRODUCT DEVELOPMENT
TECHNICAL REALISATION
BUYING & SOURCING

LIGHT WOVENS

DESIGN
FABRIC & TRIM DEVELOPMENT
PRODUCT DEVELOPMENT
TECHNICAL REALISATION
BUYING & SOURCING

ESPRIT
INTEGRATION / CHANNELS AND MARKETS

PERFECT ASSORTMENT & SHOP MENU
BY STORE TYPE, FASHIONABILITY, LOCATION, SALES & SQM

ESPRIT RETAIL
OWNED & OPERATED

KEY ACCOUNT
FRANCHISE

ONE COLLECTION FOR OMNI CHANNEL-DISTRIBUTION

STRATEGIC PARTNERS
BRAND ADVOCATES

E-COM & ONLINE
VALUE FOR MONEY / QUALITY TO LAST

OPPORTUNITIES TO ADD VALUE ALONG THE ENTIRE PRODUCT DEVELOPMENT PROCESS

ENSURE CONSUMER CENTRIC PRICING ADJUSTING TO THE MARKETPLACE
VALUE FOR MONEY / EFFICIENT GLOBAL SOURCING

OPTIMIZATION OF COST MODULE TO REDUCE FOB

REVISIT SUPPLIER BASE FOR VERTICAL STRATEGY

OPTIMIZATION OF SUPPLY CHAIN & LOGISTICS

TARGET: BALANCED SOURCING PLATFORM
MAXIMIZE FLEXIBILITY FOR SPEED & PRODUCT DEVELOPMENT

Status: FY11/12
SPEED TO MARKET

TREND DIVISION = LABORATORY

DEVELOP A SUSTAINABLE FAST-TO-MARKET BUSINESS MODEL
RE-DESIGN ALL PROCESSES TO CUT ADDITIONAL LEAD TIME
HIGH FLEXIBILITY IN SOURCING & SUPPLIER BASE

IMPORT BEST PRACTICES INTO THE ORGANISATION
Summary

PROGRESS TO DATE
PROGRESS TO DATE

HIRED KEY TALENT FOR MAIN DIVISIONS / WOMEN’S, MEN’S, TREND, LICENSE
INTRODUCED HERO PRODUCT WITH MARKET PRICING

- ALIGNED CREATIVE DIRECTION ACROSS ALL BUSINESSES
- ESTABLISHED DENIM DIVISION DENIM DESTINATION IN RETAIL
- ESTABLISHED TREND SPEED TO MARKET

POSITIVE LIFT IN PRODUCTIVITY ON INITIAL INTRODUCTION

Espirit
PROGRESS TO DATE

ESTABLISHED BUSINESS LOUNGE FOR WOMEN COLLECTION/MEN COLLECTION

BODYWEAR CORNER & STAND ALONE

ACCESSORIES SHOES & LICENSE

ESPRIT
FOCUS on the CONSUMER
CREATE a UNIQUE STYLE for HER
QUALITY to LAST
PRODUCT ENGINEERING to add VALUE
END to End Business development
SIMPLIFY & DRIVE an INTEGRATED PROCESS
SPEED to MARKET
IN-SEASON PRODUCT to accelerate GROWTH
THANK YOU

ESPRIT

OUR SUCCESS at POS
An Introduction to edc
Investor Day

May 14, 2013
EDC CONTRIBUTION
Net Sales Full Year FY 11/12

Net Sales FY 11/12 Full Year YTD HK$M

- GROUP: 22.661,0 (75%)
- EDC: 7.504,0 (25%)
- WEDC: 5.512,0 (77%)
- MDC: 1.271,0 (18%)
- Others excl. Kids: 339,8 (5%)
GEOGRAPHICAL SPLIT
Net Sales YTD March FY 12/13

Net Sales FY 12/13 YTD March THK$

- DACH: 2,882,4 (62,6%)
- France: 182,3 (4,0%)
- BeNeLux: 442,2 (9,6%)
- RoW: 215,0 (4,7%)
- APAC: 882,8 (19,2%)

edc
CONSISTENCY AND FOCUS
STABILIZE BUSINESS

START
1998

CASUAL
2006

MEN’S GROWTH
2009

2004
QUICK RESPONSE
 YOUNGER

2007/8
YOUNGER

2012
Global Unisex Denim Brand
LIMITED STANDALONE FOOTPRINT: PROFITABLE EXPANSION OPPORTUNITY

In HKD billion (3rd Quarter FY 12/13)

- Total All Channels: 20.3
  - EDC: 4.8
  - All Other: 15.5
- Wholesale: 8.3
  - EDC: 2.0
  - All Other: 6.3
- Retail: 12.0
  - EDC: 2.8
  - All Other: 9.2

# Standalone POS

- Wholesale – PSS Europe: 58
- Retail Europe: 901
- Retail Global: 915

# of POS shared with Esprit

- Wholesale – PSS Europe: 19
- Retail Europe: 351
- Retail Global: 57
...OFFERING TWO BUSINESS OPPORTUNITIES...

Contemporary Global Denim Brands

Germany centric value competitors

edc

Expansion in one market

Expansion across markets
DEFEND AND BUILD

Contemporary Global Denim Brands

Edc

Germany centric value competitors

Expansion in one market

Defend and Evolve Existing Concept

Low Risk

High Return

Expansion across markets

Build New Global Concept
2 DISTINCT BUSINESS OPPORTUNITIES

Core Market Accessibility

- Protect and improve current, traditional Wholesale business
- Service highly penetrated markets

Global Progressive Consumer

- Drive incremental sales with younger, global consumers
- Create attractive value proposition for new franchise partners
- Win new, progressive Wholesale doors
OPTIMIZE EXISTING BUSINESS

Understand and serve existing customers
- Upgraded styles/faster trend adoption
- Better value for money
- Accessible fits/Denim competence
- Upgrading design talent

Stabilize Performance
- Existing Distribution footprint shrinking
- Germany stabilizing
- Clear collection architecture

Improved Shopping Experience
- Upgraded fixture program
- Online sales intelligence applied cross channel
REFRESHED STORE CONCEPT
edc for shared and existing standalone stores
Dress 0430C8E011-599

Cardigan 0430C8E011-128
Dress 0430C8E011-114
New Global Unisex Denim Brand
OPPORTUNITY TO GROW: GLOBAL CHANNEL SEGMENTATION

Traditional Wholesale Channel
- Traditional Department Stores
- Traditional Wholesale
- Existing Franchise Partners
- Online

Global Contemporary Wholesale Channel
- Progressive Dept. Stores
- Image Driving Multilabels
- Progressive Online

92% of Distribution

only 8% of current business driven in progressive fashionable channel
OPPORTUNITY TO GROW: A SEAMLESS BRICK/ONLINE EXPERIENCE

Target uses online and store interchangeably

Opportunity to design new retail footprint: Size, Location, Cost

Ability to better address fashion conscious Asian consumer

Leverage existing e-commerce competence

More efficient via speed to market team (lower inventory, faster trend response)
EVERY DAY COUNTS CONCEPT

ROUGH ...

...MEETS CLEAN AND CALM...
THE CITY IS OUR MUSE...

AND OUR LIVING-ROOM
OUR JEANS ARE ALWAYS IN OUR HEARTS AND ON OUR ASS,

WE LOVE TO EXPERIENCE LIFE AND ACTIVELY SHAPE IT
EVERYDAY
THE CORE CATEGORIES

THIS MONTH
OUR MONTHLY THEME

THIS WEEK / TODAY
OUR TRAFFIC BUILDING SCOOP
EVERYDAY
WE LOVE
DENIM
THIS MONTH
WE LOVE
NEON COLORS
TODAY
WE LOVE
OUR JACKET
SPECIAL