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FY04/05 Interim Results Presentation
forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Esprit. These forward-looking statements represent Esprit’s expectations or beliefs concerning future events and involving known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
net profit HK$ 1.65 billion ▲76% yoy
EPS HK$1.38

<table>
<thead>
<tr>
<th>Net Profit (HK$’mn)</th>
<th>Euro/USD Rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY00/01</td>
<td>0.89</td>
<td>0.89</td>
</tr>
<tr>
<td>FY01/02</td>
<td>0.89</td>
<td>0.89</td>
</tr>
<tr>
<td>FY02/03</td>
<td>0.99</td>
<td>0.99</td>
</tr>
<tr>
<td>FY03/04</td>
<td>1.16</td>
<td>1.26</td>
</tr>
<tr>
<td>1H-FY04/05</td>
<td>1.26</td>
<td>1.30</td>
</tr>
</tbody>
</table>

- **Full Year Net Profit**
- **Interim Net Profit**
- **Avg. Euro/USD Rate for 1H**

ESPRIT
net cash HK$2 billion ▲HK$260 mn

Major Cash Outflow
(in HK$'mn)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (HK$'mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>capex</td>
<td>450</td>
</tr>
<tr>
<td>one-time purchase: HK headquarter &amp; signage space</td>
<td>260</td>
</tr>
<tr>
<td>final &amp; special dividend payment (FY03/04)</td>
<td>1,170</td>
</tr>
</tbody>
</table>

interim dividend HK$0.45 per share
FY03/04: HK$0.19

# change from June 30, 2004
### Group Turnover Growth Across All Continents

<table>
<thead>
<tr>
<th>Continents</th>
<th>% Group Turnover</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>85%</td>
<td>▲ 33%</td>
</tr>
<tr>
<td>Asia</td>
<td>9%</td>
<td>▲ 31%</td>
</tr>
<tr>
<td>Australasia</td>
<td>4%</td>
<td>▲ 3%</td>
</tr>
<tr>
<td>North America</td>
<td>2%</td>
<td>▲ 12%</td>
</tr>
</tbody>
</table>

![Pie chart showing turnover growth](chart.png)

#### Key Points:
- **Group Turnover**: ▲31% to HK$10.45 bn
- **Retail Turnover**: ▲36%
- **Wholesale Turnover**: ▲27%

*ESPRIT*
wholesale turnover ▲27% to HK$5.94 bn

- Rest of Europe ▲50%
- Benelux 19% ▲24%
- France 9% ▲59%
- Scandinavia 7% ▲54%
- Other Europe 9% ▲137%

- Germany ▲16%^

Europe 94% ▲27%

Asia 5% ▲28%

Rest of World 1% ▲26%

- net controlled selling space worldwide ▲55,000m²+ (▲17%) to 391,000m²+
- solid growth outside Germany
- new wholesale initiatives in Asia
  - strong turnover growth in Thailand & Saudi Arabia

EBIT ▲50% to HK$1.42 bn

^excluded wholesale turnover to Switzerland in prior year
retail turnover ▲36% to HK$4.42 bn

- Net selling space ▲19,000m²+ (▲11%) to 189,000m²+
- Improved productivity
  - Group comp-store sales ▲9%*+
  - Net sales/m² ▲7%*
  - EBIT/m² ▲21%*

EBIT ▲53% to HK$580 mn

*after elimination of currency impact
( ) change in net selling space
better products  ➔ more sales

**turnover**
HK$10.45 bn

- **women’s wear**  
  - casual 39% ▲ 28%
  - EDC 13% ▲ 42%
  - collection 8% ▲ 53%
  - sports 3% ▲ 52%

- **men’s wear**  ▲ 36%
- **kid’s wear**  ▲ 23%
- **accessories**  ▲ 39%
- **shoes**  ▲ 16%
- **others**  ▲ 3%

**good quality & fair price**

ESPRIT
record high margins

- better merchandize offerings with more full-price sales
- tighter control on cost of goods
- Euro impact (up 8.8% yoy) on half of the goods produced for Europe in Asia

- wholesale EBIT 23.9%, ▲3.6% pts yoy
- retail EBIT 13.2%, ▲1.5% pts yoy

- group effective tax rate improved to 25%
**ESPRIT** vs. global peers

**strong growth & high net margin**

- ESPRIT
  - 1H-FY04/05
  - LT Growth: 23.8%
  - net margin: 15.8%
- H&M
  - LT Growth: 11.0%
  - net margin: 13.6%
- Inditex
  - LT Growth: 13.2%
  - net margin: 9.7%

**still trailing in valuation**

- ESPRIT
  - div. yield: 2.5%
  - Est PE: 21.7x
- H&M
  - div. yield: 2.5%
  - Est PE: 23.5x
- Inditex
  - div. yield: 1.5%
  - Est PE: 23.7x

**Market Cap (US$)**

- ESPRIT: ~7 bn
- Inditex: ~18 bn
- H&M: ~24 bn

*Bloomberg current dividend yield
Source: Bloomberg as at 20:10, Feb. 22, 2005
our equity story …
11 yrs of consecutive growth & profitability

<table>
<thead>
<tr>
<th>SPRIT’s performance indicators</th>
<th>targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>annual revenue growth</td>
<td>~ 20%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>~ 20%</td>
</tr>
<tr>
<td>net profit margin</td>
<td>~ 15%</td>
</tr>
<tr>
<td>Return On Equity</td>
<td>~ 35%</td>
</tr>
<tr>
<td>regular dividend payout ratio</td>
<td>~ 40%</td>
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</tbody>
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ESPRIT