esprit holdings limited
FY02/03 interim results
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 involve 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.
into our 10\textsuperscript{th} consecutive year of growth

<table>
<thead>
<tr>
<th>HKD mn</th>
<th>1H FY02/03</th>
<th>YoY growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>turnover</td>
<td>6,066</td>
<td>▲ 31%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,088</td>
<td>▲ 35%</td>
</tr>
<tr>
<td>% EBITDA Margin</td>
<td>17.9%</td>
<td>▲ 0.6% pt.</td>
</tr>
<tr>
<td>net profit</td>
<td>555</td>
<td>▲ 44%</td>
</tr>
<tr>
<td>% net margin</td>
<td>9.2%</td>
<td>▲ 0.9% pt.</td>
</tr>
<tr>
<td>basic EPS (HK Cents)</td>
<td>47.1</td>
<td>▲ 40%</td>
</tr>
<tr>
<td>cash &amp; cash equivalents</td>
<td>1,462</td>
<td>▲ 528*</td>
</tr>
<tr>
<td>interim dividend (HK Cents)</td>
<td>7.5</td>
<td>▲ 25%</td>
</tr>
</tbody>
</table>

* versus balance on June 30, 2002
growth across all business segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>HKD mn 1H 02/03</th>
<th>YoY</th>
<th>Segment results</th>
</tr>
</thead>
<tbody>
<tr>
<td>wholesale</td>
<td>3,405</td>
<td>▲32%</td>
<td>471</td>
</tr>
<tr>
<td>retail</td>
<td>2,560</td>
<td>▲28%</td>
<td>139</td>
</tr>
<tr>
<td>licensing &amp; others</td>
<td>226</td>
<td>▲37%</td>
<td>124</td>
</tr>
<tr>
<td>sourcing</td>
<td>319</td>
<td>▲25%</td>
<td>264</td>
</tr>
</tbody>
</table>

*turnover includes inter-segment revenue.

*3rd party turnover: HK$6 billion
HK$6 billion turnover

**Geographical Mix**
- **North America & Others**: 2% (▲21% YoY)
- **Asia**: 15% (▲2% YoY)
- **Australasia**: 5% (▲12% YoY)
- **Europe**: 78% (▲40% YoY)

**Product Mix**
- **Red Earth**: 2% (▲2% YoY)
- **Others**: 5% (▲21% YoY)
- **Kid’s Wear**: 8% (▲15% YoY)
- **Shoes & Accessories**: 13% (▲16% YoY)
- **Men’s Wear**: 14% (▲55% YoY)
- **Women’s Wear**: 58% (▲34% YoY)
- **Others**: 21% (▲55% YoY)

**Kid’s Wear**: 15% YoY

**Shoes & Accessories**: 16% YoY

**Men’s Wear**: 55% YoY

**Women’s Wear**: 34% YoY
HK$3.4 billion wholesale – with operating margin intact at around 14%

- wholesale business grew 30%+ YoY
- Germany, our largest wholesale market: 57%, grew 20%+ YoY
- focus in growing smaller markets – Benelux and France registered more than 50% sales growth
- European wholesalers continue to increase ESPRIT’s space

| Group’s franchised stores (incl. shop-in-store) | ▲319 new | now ~2,000 |
| sales area (m²) | ▲18% net | ~126,000 |

Numbers are versus balance as at June 30, 2002 and excludes China associates.
HK$2.6 billion retail – improved operating margin to 5.4%, up 1.9% pts.

- Retail business grew 28% YoY
- Germany, our largest retail market: 44%, grew 60%+ YoY, with net increase of 15,000 m² of retail space in the last 12 months
- All other markets recorded turnover growth except Canada and Taiwan (single-digit percentage decline)
- Group comp. store growth at around 5%
- E*shop in Europe achieved over HK$80 million sales, 300%+

<table>
<thead>
<tr>
<th></th>
<th>now</th>
<th>1st half</th>
<th>2nd half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group’s retail stores</td>
<td>▲ 40 new</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sales area (m²)</td>
<td>▲ 6% net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex (HK$ mn)</td>
<td>around 150</td>
<td></td>
<td>around 200</td>
</tr>
</tbody>
</table>

Numbers are versus balance as at June 30, 2002 and excludes China associates.
tough operating conditions
solid performance and financial position

better merchandise,
more full-price sales
+ lower
sourcing cost
+ increased
economies of scale
& speed to market

positive operating
cash flow
~HK$860 mn

net cash increased
to ~HK$680 mn*

EBITDA margin target
15% – 17%

Funding for future growth

* represents balance as at December 31, 2002
looking into the second half…

- confident in ending the fiscal year with double-digit top and bottom line growth

- Europe
  - wholesale order bookings to May 2003 show double-digit YoY growth

- Asia and Australasia
  - tough market conditions but expects slight improvement in sales

- North America
  - Nine West and Adjmi beginning to contribute licensing income
  - begin rollout of shops-in-store in the U.S., partnering with The Federated Group, Dillards and Marshal Fields
is ESPRIT’s growth SUSTAINABLE beyond the financial year?
Europe – far from saturation

- enlarge market share - through offering of trend-right products at good value
- over 300 shops-in-store to come, European department stores increasing ESPRIT’s store space at the cost of weaker brands
- continue retail store expansion in Germany, France, Belgium, The Netherlands and Austria, over 15,000 m² already booked
- adjust product offering and increase store space in central London
U.S. – the next phase of growth

- U.S., wholesale and licensing, already profitable
- build ESPRIT’s U.S. footprint – leverage on wholesale partners’ nationwide distribution network
  - over 300 points-of-sale by the end of 2003
  - US$50–60 million sales contribution FY03/04, US$120 million FY04/05
- licensing
  - expand product licensees and increase market penetration through their sales network
restore margins in Asia and Canada

► further refine our global brand identity, offering consistent style and quality worldwide
► restoring brand image by improving product quality and price value
► focus on profitability rather than just market share
► extending existing U.S. licenses to Canada
share option scheme

- around 30 million options granted in November 2002
- support expensing share options but will await uniform standards for Hong Kong listed companies
- continue orderly disposal of 13 million outstanding options under the old share option scheme expiring in November 2003

Stable Price Trend during Directors’ Disposals

![Graph showing price trend over time with arrows indicating disposals.](image)
outperformance

relative to Hang Seng Index:  ▲ 108.9%*
relative to MSCI Hong Kong Index: ▲ 112.7%*

* since January 2002
relative share price performance since January 2002

ESPRIT 69%
Gap 8%
Inditex 0%

H&M -22%
Benetton -45%

Increases / Decreases from January 2002 to latest applicable date
(as of 16:15 Hong Kong Time on February 11, 2003)
valuation compares favorably with global leaders

<table>
<thead>
<tr>
<th></th>
<th>ESPRIT</th>
<th>H&amp;M</th>
<th>Inditex</th>
<th>Benetton</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE (%)</td>
<td>34.44#</td>
<td>27.94</td>
<td>25.66</td>
<td>12.37</td>
<td>(0.26)</td>
</tr>
<tr>
<td>Est. P/E (x)</td>
<td>17.68</td>
<td>22.16</td>
<td>29.14</td>
<td>8.79</td>
<td>28.39</td>
</tr>
<tr>
<td>Est. PEG</td>
<td>1.07</td>
<td>1.40</td>
<td>1.76</td>
<td>0.88</td>
<td>1.87</td>
</tr>
<tr>
<td>Price / Book</td>
<td>5.04^</td>
<td>9.14</td>
<td>9.11</td>
<td>1.03</td>
<td>3.97</td>
</tr>
</tbody>
</table>

as of 16:15 Hong Kong time on February 11, 2003, all data sources from Bloomberg
# based on FY01/02 final results
^ based on closing price on February 11, 2003 and FY02/03 interim results