Esprit Holdings Limited

CSFB Asian Investment Conference
March 20, 2002

www.espritholdings.com

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Global brand with high awareness
  Highest brand awareness among women’s wear brands in Germany*
Wide range of products sold in over 40 countries
Huge consumer franchise worldwide, controlling over 3 million square feet in retail space
Over US$1 billion in annual turnover
Around US$1.9 billion market capitalization#

* Spiegel Study as published in TextilWirtschaft on November 8, 2001
# As of March 18, 2002
An International Contemporary Lifestyle Brand

THE ESPRIT BRAND

- Volume prestige: high quality at affordable prices
- Attitude rather than age
- Young and dynamic
- Tasteful and clean
8,000+ Designs/Styles in 12 Collections a Year

Women’s wear
- Women’s Casual
- Women’s Collection
- EDC
- ESPRIT Sports

Men’s wear

Kids’ wear

Shoes

Accessories

Others*

Red Earth

As of December 31, 2001

*Others include salon, café, bodywear, bed & bath, homeware & licensed products like timewear, eyewear, jewelry, etc.
Global Business via Multi-Channel Distribution

Wholesale
- Europe: 50%
- Asia Pacific: 5%

Retail
- Europe: 22%
- Asia Pacific: 22%

Licensing: 1%

As of December 31, 2001
Global Distribution Network

- Over 1.6 million square feet of directly managed retail space
- Approximately 2,000 Partnership Stores & Shop-in-Stores

<table>
<thead>
<tr>
<th>Directly Managed Stores</th>
<th>Sales Footage (SQ FT)</th>
<th>No. of Stores</th>
<th>Franchised Shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>612,637</td>
<td>115</td>
<td>1,273</td>
</tr>
<tr>
<td>Asia Pacific #</td>
<td>892,315</td>
<td>382</td>
<td>285</td>
</tr>
<tr>
<td>China</td>
<td>163,766</td>
<td>102</td>
<td>408</td>
</tr>
</tbody>
</table>

As of December 31, 2001

# Exclude China joint venture
Well into our 9th Consecutive Year of Turnover Growth

FY01/02 $4.6 billion
FY00/01
FY99/00
FY98/99
FY97/98
FY96/97
FY95/96
FY94/95
FY93/94

(HK$ in millions)

1H 2H
### First Half FY2001/2002 Financial Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>YoY Growth</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>16%</td>
<td>HK$4.6 billion</td>
</tr>
<tr>
<td>EBITDA</td>
<td>23%</td>
<td>HK$806 million</td>
</tr>
<tr>
<td>Net Profit</td>
<td>41%</td>
<td>HK$385 million</td>
</tr>
<tr>
<td>EPS – Basic</td>
<td>38%</td>
<td>HK33.7 cents</td>
</tr>
<tr>
<td>Interim Dividend</td>
<td>25%</td>
<td>HK6 cents</td>
</tr>
<tr>
<td>Net Cash</td>
<td>406m*</td>
<td>HK$794 million</td>
</tr>
</tbody>
</table>

*-versus balance on June 30, 2001
0.9% Pt Increase in EBITDA Margin YoY

Greater Economies of Scale & Effective Cost Control

* As percentage of turnover
Net Margin Enhanced by 22% YoY

- Additional HK$13 million for 6 months in trademarks amortization in compliance with new HKGAAP*
- Lower German corporate tax rate

8.3% of sales
1.5% Pts

* The 1H FY01/02 financials fully complied with all applicable new HK GAAPs
China JV’s Growth Continues...

- Over 500 retail and franchise outlets, establishing our foothold as an international premium brand
- Registered over 30% in annual turnover growth in 2001
- Contribution to the Group’s net profit in the first six months of FY01/02* increased by 46% YoY
- Expect WTO entrance to accelerate economic growth and consumer spending, which will be supportive of China JV’s future growth
- Plan to open 28 directly managed stores in China in 2002 and target to reach HK$1 billion in turnover by 2003

*Results for the first six months of 2001 are recorded in FY01/02 interim results
Growth Drivers

- Continue to offer quality products and services at reasonable prices worldwide
- The injection program will be fully exploited throughout the Group, leading to more full price and higher comp store sales
- “Discretionary limit” program should further strengthen the European wholesale business and improve sales performance and efficiency
- Over HK$400 million capex in FY01/02 for upgrading and expanding our retail network remains unchanged
- Stringent cost controls and efforts to maximize Group’s tax efficiency continue
Our Goals

- Double-digit top line and bottom line annual growth
- EBITDA margin around 15-17%
- Continual net margin expansion
Remain Confident in Achieving Our Goals for the Full FY01/02

- Total Group’s turnover for the 8 months ended February 2002 remains on track
- European wholesale orders booked till June/July continue to show double-digit YoY growth
- Double-digit retail sales growth should be maintainable with healthy comp store sales and additional square footage
- Expect marginal negative Euro translation impact
- Group effective tax rate should improve further in the long run
Global Unification of ESPRIT

37% Partnership interest in Esprit International

U.S. and Caribbean Islands ESPRIT Trademarks

for US$150 million

No shareholding dilution, financed by:
Internal resources and available banking facility
Assets Valued at US$190 million Without Accounting for Synergies

- 37% partnership interests in Esprit International
  - Elimination of minority interest under which the Partnership distributed over US$9 million in cash in 2001
  - Net profit has grown by a CAGR of 11% during the past 5 years

- U.S. and Caribbean Islands 
  - Established 30 years ago in the U.S. and was recently ranked as the 52nd most recognized brands in the U.S.*
  - Products sold under the U.S. and Caribbean Islands 
    trademarks amounted to approximately US$200 million in 2001

Anticipated Synergies

◆ Foundation for our U.S. business
  ➢ Widespread brand recognition in the U.S.
  ➢ Group’s extensive skills in product design, distribution and sourcing
  ➢ Group’s success in developing new markets including Europe

◆ Consolidating functions for greater economies of scale and additional synergies:
  ➢ Single corporate management and sourcing team
  ➢ Centralized image and design function
What we are doing

Internal team and external professionals are currently assessing the appropriate brand positioning of ESPRIT in the U.S.

Goals within the next 3-6 months:

- Determine the most compatible distribution channel(s) for our ESPRIT products and our brand positioning
- Introduce to potential U.S. wholesale customers our wide range of quality products and our successful wholesale model in Europe
- Cherry pick the leases of the existing U.S. ESPRIT retail stores
- Continue to look for additional licensing opportunities in the U.S.
- Devise a brand rejuvenation program for the U.S. market
Financial Impact

- Expect the acquisition to be earnings accretive
  - Elimination of minority interest, amounting to approximately HK$72 million for the FY00/01
  - Guaranteed annual minimum royalty revenue for FY02/03 of approximately HK$11 million from existing U.S. licensees
  - More than enough to cover associated costs
    - Related finance costs, including additional interest expenses and foregone interest income
    - Amortization of intangible assets acquired, which may be adjusted after the Group’s review of the rebuttable presumption of 20 years useful life for trademarks

- Net debt to equity ratio of approximately 16% post acquisition

- Anticipate a return to net cash position before end of next financial year
Directors’ Dealings and Free Float

- Michael Ying, Heinz Krogner and John Poon exercised their employee stock options and subsequently sold 23 million option shares in total between March 4 and March 12 at a price range of HK$13.10-13.35.
- Increased free float to approximately 47% as of March 18, 2002.
- Michael Ying’s core holding of 502.7 million shares (approximately 43% of issued capital) remains unchanged.
- 22 million employee stock options, expiring on or before November 2003, outstanding (approximately 2% of issued capital).
- Orderly disposal of option shares will continue.

1,169.5 million shares issued as of March 18, 2002.
Price Trend Unaffected by Directors’ Dealings

Price (HKD)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Price Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 9-15</td>
<td>Jurgen sold 16,110,000 shares @ HKD7.9-8.5</td>
<td></td>
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<tr>
<td>Apr 19</td>
<td>Jurgen sold 5,000,000 shares @ HKD8.8-8.9 and bought ELN*</td>
<td></td>
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<tr>
<td>May 8</td>
<td>Connie sold 1,000,000 shares @ avg. HKD9.45</td>
<td></td>
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<tr>
<td>Jun 5-8</td>
<td>Heinz sold 4,000,000 shares @ avg. HKD 9.759</td>
<td></td>
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<tr>
<td>Oct 5-11</td>
<td>Jurgen sold 5,000,000 shares @HKD8.2-8.3 and bought ELN^</td>
<td></td>
</tr>
<tr>
<td>Oct 26 - Nov 2</td>
<td>Jurgen sold 5,000,000 shares @HKD8.2-8.4 and bought ELN#</td>
<td></td>
</tr>
<tr>
<td>Nov 30 - Dec 3</td>
<td>Jurgen sold 1,324,000 shares @HKD9.00</td>
<td></td>
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<tr>
<td>Mar 23-30</td>
<td>Chhibber sold 2,360,000 shares @ HKD5.8-8.65</td>
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<tr>
<td>Apr 26-27</td>
<td>Connie sold 500,000 shares @ HKD8.8</td>
<td></td>
</tr>
<tr>
<td>Dec 12 - 19</td>
<td>Jurgen sold 7,228,000 shares @HKD9.30-9.90</td>
<td></td>
</tr>
<tr>
<td>Nov 26 - Dec 3</td>
<td>Connie sold 1,488,000 shares @HKD8.9-9.05</td>
<td></td>
</tr>
<tr>
<td>Mar 4 - 8</td>
<td>Heinz and John each sold 4,000,000 shares @ HKD13.10-13.35</td>
<td></td>
</tr>
<tr>
<td>Mar 12</td>
<td>Michael sold 15,000,000 shares @ HKD13.15</td>
<td></td>
</tr>
<tr>
<td>Dec 13</td>
<td>Chhibber sold 610,000 shares @ HKD9.75-9.80</td>
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*Equity - Linked - Note at strike of HK$9.50 due on August 1, 2001 with an obligation to take back 5,000,000 ordinary shares of HK$0.10 each in the Company (the “Share”) on August 1, 2001 if the price of the Share is below HK$9.50

^Equity-Linked-Note at strike of HK$9.13 due on December 13, 2001 with an obligation to take back 5,000,000 Shares on if the closing price of the Share is below HK$9.13 on December 11, 2001

# Equity-Linked-Note at strike of HK$9.10 due on January 18, 2002 with an obligation to take back 5,000,000 Shares on if the closing price of the Share is below HK$9.10 on January 16, 2002
Relative Share Price Performance since January 2001

Increases / Decreases from January 1, 2001 to latest applicable date (as of 19:00 HKT on March 18, 2002)

- ESPRIT: 102%
- A&F: 67%
- H&M: 30%
- Next: 24%
- Boss: 1%
- Gap: 44%
Also Outperformed the Hong Kong Indices

- Relative to Hang Seng Index: 168%
- Relative to MSCI Hong Kong Index: 152%
## Valuation Benchmark

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<thead>
<tr>
<th></th>
<th>Espirit</th>
<th>GLOBAL LEADERS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>H&amp;M</td>
<td>Inditex</td>
<td>Gap</td>
<td>A&amp;F</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>30.53</td>
<td>23.02</td>
<td>25.17</td>
<td>-0.26</td>
<td>33.13</td>
</tr>
<tr>
<td>Est. P/E (x)</td>
<td>18.98</td>
<td>34.26</td>
<td>43.05</td>
<td>52.32</td>
<td>16.22</td>
</tr>
<tr>
<td>Est. PEG</td>
<td>0.81</td>
<td>11.42</td>
<td>2.08</td>
<td>3.21</td>
<td>0.87</td>
</tr>
</tbody>
</table>

*As of 19:00 Hong Kong time on March 18, 2002
All data sources from Bloomberg
N.A. Not available*
A Global Company with 100% Ownership of the ESPRIT Brand Worldwide

www.espritholdings.com