Esprit Holdings Limited

CLSA Investors’ Forum 2002
May 21-22, 2002

www.espritholdings.com

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A Global Company with an International Lifestyle Brand

- Over US$2 billion market capitalization #
- Over US$1 billion in annual turnover
- Global brand with high awareness
  - Highest brand awareness among women’s wear brands in Germany*
  - 52nd most recognized brand in the U.S.^
- Wide range of products sold in over 40 countries
- Huge consumer franchise worldwide, controlling over 3 million square feet in retail space

# As of May 15, 2002
* Spiegel Study as published in TextilWirtschaft on November 8, 2001
^ WWD 100 survey as published in Women’s Wear Daily on December 10, 2001
Unique Brand Positioning

THE ESPRIT BRAND
- Volume prestige: high quality at affordable prices
- Designs driven by market, not fashion
- 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

56%

Men’s wear

12%

Kids’ wear

9%

Shoes

7%

Accessories

7%

Red Earth

3%

Others*

6%

For the 6 months ended December 31, 2001

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

For the 6 months ended December 31, 2001
Global Distribution Network

- Over 1.7 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>No. of Stores</th>
<th>Franchised Shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Footage (SQ FT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>649,745</td>
<td>117</td>
</tr>
<tr>
<td>Asia Pacific #</td>
<td>890,122</td>
<td>376</td>
</tr>
<tr>
<td>China</td>
<td>168,067</td>
<td>101</td>
</tr>
</tbody>
</table>

As at March 31, 2002
* As at December 31, 2001
# Exclude China joint venture
Well into our 9th Consecutive Year of Turnover and Profit Growth

Turnover
8 years CAGR = 32%

Operating profit *
8 years CAGR = 30%

* Operating profit after finance costs
# In HKD millions
Our Long-Term Goals

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

- Total Group’s turnover for the 10 months ended April 2002 remains on track
- European wholesale orders booked till June showed double-digit YoY growth
- European retail sales grew over 30% YoY for Year-to-April 02, with double-digit comp store growth and over 100,000 sq. ft. of additional retail sales footage
- Asia Pacific turnover growth remains flat
- Group effective tax rate should improve further
Multiple Growth Fronts
Going Forward

- No signs of slowdown in Europe
  - European wholesale orders booked till 1Q FY02/03 continue to show double-digit YoY growth
  - Penetration remains low against the industry average (market share of about 2.2% in Germany and less than 2% in the other European countries)

- Well-positioned to leverage on Asia Pacific economic recovery
  - Economists are expecting a better consumer climate as supported by improving GDP growth forecast
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 retail turnover by 2003

* Results for the first six months of 2001 are recorded in FY01/02 interim results
Purchased the remaining 37% partnership interest in Esprit International along with the U.S. and Caribbean Islands ESPRIT trademarks for US$150 million

Assets independently valued at US$190 million without accounting for synergies

Acquisition financed by internal resources and available banking facility and expect to be immediately earnings accretive

Net debt to equity ratio of approximately 16% post acquisition and anticipate a return to net cash position before the end of next financial year

Enormous untapped potential in the U.S.
Capitalize on the High Brand Awareness in the U.S.

- Wholesale strategy to achieve a meaningful roll-out nationwide with minimal capex by forming partnerships with a few major distribution channels
  - Prefer no margin guarantees but may compensate by cushioning with a higher initial margin
  - U.S. operation, except for merchandising and distribution, will primarily be supported by the Group’s existing infrastructure, resulting in relatively low operating costs
  - Exploring possibilities for multi-channel distribution for our different product lines, while maintaining positioning as a volume-prestigious brand
- Forming close alliances with licensing partners for non-core products such as shoes, accessories, intimate apparel, etc. to maximize royalty income
- May open a few directly managed flagship retail stores in prime shopping districts to reinforce the ESPRIT brand image
Directors’ Dealings and Free Float

- Directors sold approximately 28 million shares since January 1, 2002 at a price range of HK$13.10-15.30
- Increased free float to approximately 48%* as of May 15, 2002
- 22 million employee stock options, expiring on or before November 2003, outstanding (approximately 2% of issued capital*)
- Orderly disposal of option shares will continue
- No new option issued so far under the 2001 option scheme

* 1,169.6 million shares issued as of May 15, 2002
Relative Share Price Performance since January 2002

Increases / Decreases from January 1, 2002 to latest applicable date (as of 19:00 Hong Kong Time on May 15, 2002)
Also Outperformed the Hong Kong Indices

- Relative to Hang Seng Index: 51%*
- Relative to MSCI Hong Kong Index: 50%*

* Since January 1, 2002
Valuation Compares Favorably with Global Peers

<table>
<thead>
<tr>
<th></th>
<th>ESPRIT</th>
<th>GLOBAL LEADERS</th>
<th></th>
<th></th>
<th></th>
<th>A&amp;F</th>
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<tr>
<td>ROE (%)</td>
<td>30.53</td>
<td>27.94</td>
<td>25.66</td>
<td></td>
<td>-0.26</td>
<td>33.13</td>
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<td>36.27</td>
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<td>34.03</td>
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<td>Est. P/E (x)</td>
<td>21.10</td>
<td>34.66</td>
<td>33.33</td>
<td>58.82</td>
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<td>17.16</td>
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<td>16.97</td>
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<td>14.58</td>
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<td>Est. PEG</td>
<td>0.83</td>
<td>11.55</td>
<td>1.61</td>
<td>3.97</td>
<td></td>
<td>0.91</td>
<td></td>
<td>0.89</td>
<td></td>
<td>1.12</td>
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As of 19:00 Hong Kong time on May 15, 2002
All data sources from Bloomberg
A Global Company with 100% Ownership of the ESPRIT Brand Worldwide

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