# 

fy08/09 interim results





## overview

Heinz Krogner, Chairman & Group CEO





# financial summary

Ernst Vogel, Deputy CFO

#### financial highlights

in hk\$'m

net cash



dec08

\$3,848

| in hk\$'m        | 1h08/09  | yoy change |
|------------------|----------|------------|
| turnover         | \$19,064 | +3%        |
| gross profit     | \$10,148 | +2%        |
| operating profit | \$3,411  | -15%       |
| net income       | \$2,853  | -13%       |
|                  |          |            |

#### gross margin holding up



| % of total turnover | 1h08/09 | 1h07/08 | yoy change |
|---------------------|---------|---------|------------|
| gross margin        | 53.2%   | 53.5%   | -0.3%pt    |

sales is not driven by aggressive pricing strategy

#### operating profit margin temporarily suppressed



| % of total turnover     | 1h08/09 | 1h07/08 | yoy change |
|-------------------------|---------|---------|------------|
| operating profit margin | 17.9%   | 21.7%   | -3.8% pts  |

- productivity of channels dampened by financial turmoil
- shift in wholesale:retail turnover mix
- investment in future growth

#### net cash position: hk\$3,848m



| in hk\$'m                                 | dec08   |
|---|---------|
| net cash inflow from operating activities | \$2,527 |
| capex                                     | \$1,167 |
| dividend payment                          | \$4,042 |
| share repurchase                          | \$204   |

- returned more cash to shareholders
- invested more cash in future growth

maintain interim dividend payout ratio @ 35%

hk\$0.80/share to be paid on or about 8 apr 09





# performance summary

Thomas Grote, President – Esprit Brand

#### sales by region



| in hk\$'m              | 1h08/09  | % of total turnover | yoy change |
|------------------------|----------|---------------------|------------|
| europe                 | \$16,236 | 85%                 | 2%         |
| asia pacific           | \$2,333  | 12%                 | 14%        |
| north america & others | \$495    | 3%                  | 3%         |

encouraging growth in high potential markets

china  $\Delta$  35%

middle east

 $\Delta$  33%

russia

 $\Delta$  33%

#### sales by product division



| in hk\$'m         | 1h08/09 | % of total turnover | yoy change |
|-------------------|---------|---------------------|------------|
| esprit casual     | \$8,838 | 46%                 | 2%         |
| esprit collection | \$1,681 | 9%                  | 6%         |
| edc^              | \$4,582 | 24%                 | 4%         |
| others*           | \$3,963 | 21%                 | 3%         |

- localization in asia
- strengthening of mid to upper price point offerings

<sup>^</sup> edc include edc kids, edc accessories, edc shoe and edc bodywear

<sup>\*</sup> others include esprit accessories, shoes, kids, sports, bodywear, de corp. red earth, salon & licensed products

## distribution – productivity dampened 크이기지T by challenging environment

| in hk\$'m | 1h08/09 | yoy change |
|-----------|---------|------------|
| retail    | \$8,791 | +10%       |

- + comp-store growth 6%
- + ~11% net space growth
- prolonged new stores maturity

#### +~7% net controlled-space growth

- franchisees cancelled openings due to credit crunch
- reduced order due to cautious buying & stringent credit control

#### branding

# **ESPRIT**

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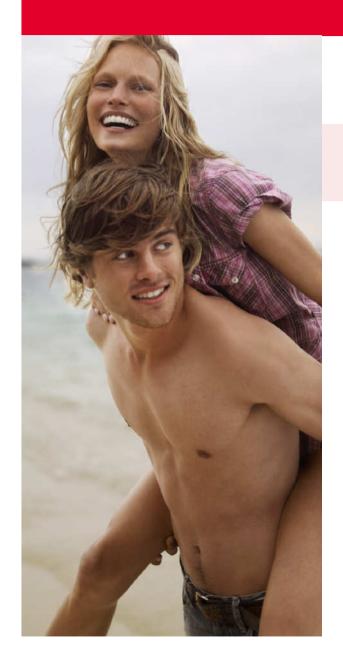


#### second half outlook



- planned net openings:
  - over 25 directly managed retail stores
  - over 500 wholesale controlled pos
- product initiatives:
  - increasing value of mid to upper price point offerings
- hope to maintain similar overall turnover growth to that of 1H08/09 (in local currency terms)





## outlook

Heinz Krogner, Chairman & Group CEO

### thank you!





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