



ESPRIT HOLDINGS LIMITED

FY04/05 Final Results

www.espritholdings.com





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.



FY04/05 highlights



(in HK\$ million, except per share data)

	FY04/05	YoY Growth
turnover	20,632	+ 26%
operating profit	4,202	+ 46%
net profit	3,338	+ 67%
basic EPS (HK\$)	2.79	+ 66%
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shareholders' funds	7,039	+ 30%
ROE	53.6%	+ 11.9% pts

record high full year margins

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EBIT margin

20.4%

▲ 2.8% pts

≡ higher productivity & operating leverage

➤ wholesale EBIT margin **27.4%** ▲ 3.1% pts

➤ retail EBIT margin **10.7%** ▲ 2.9% pts

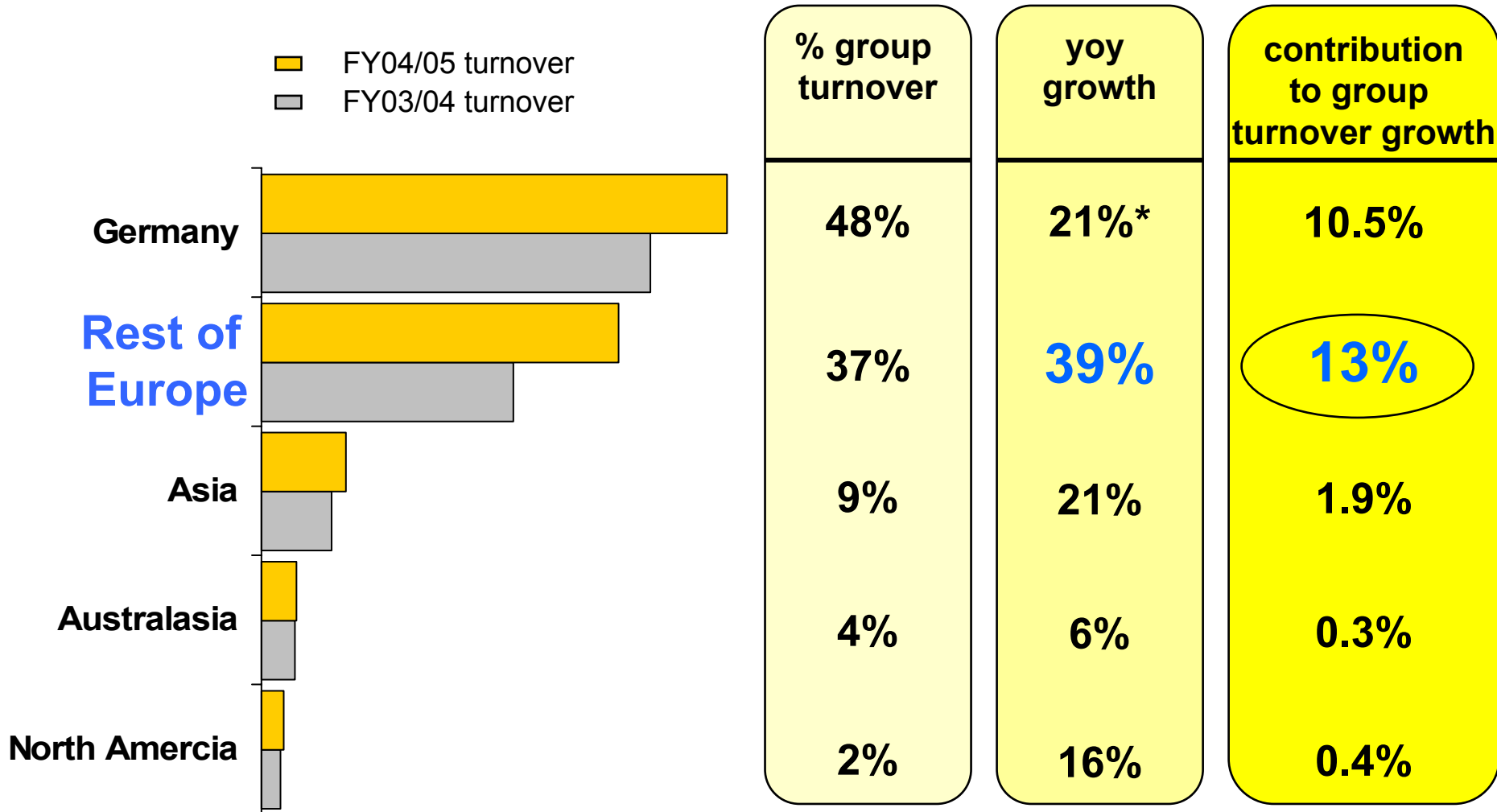
net profit margin

16.2%

▲ 4.0% pts

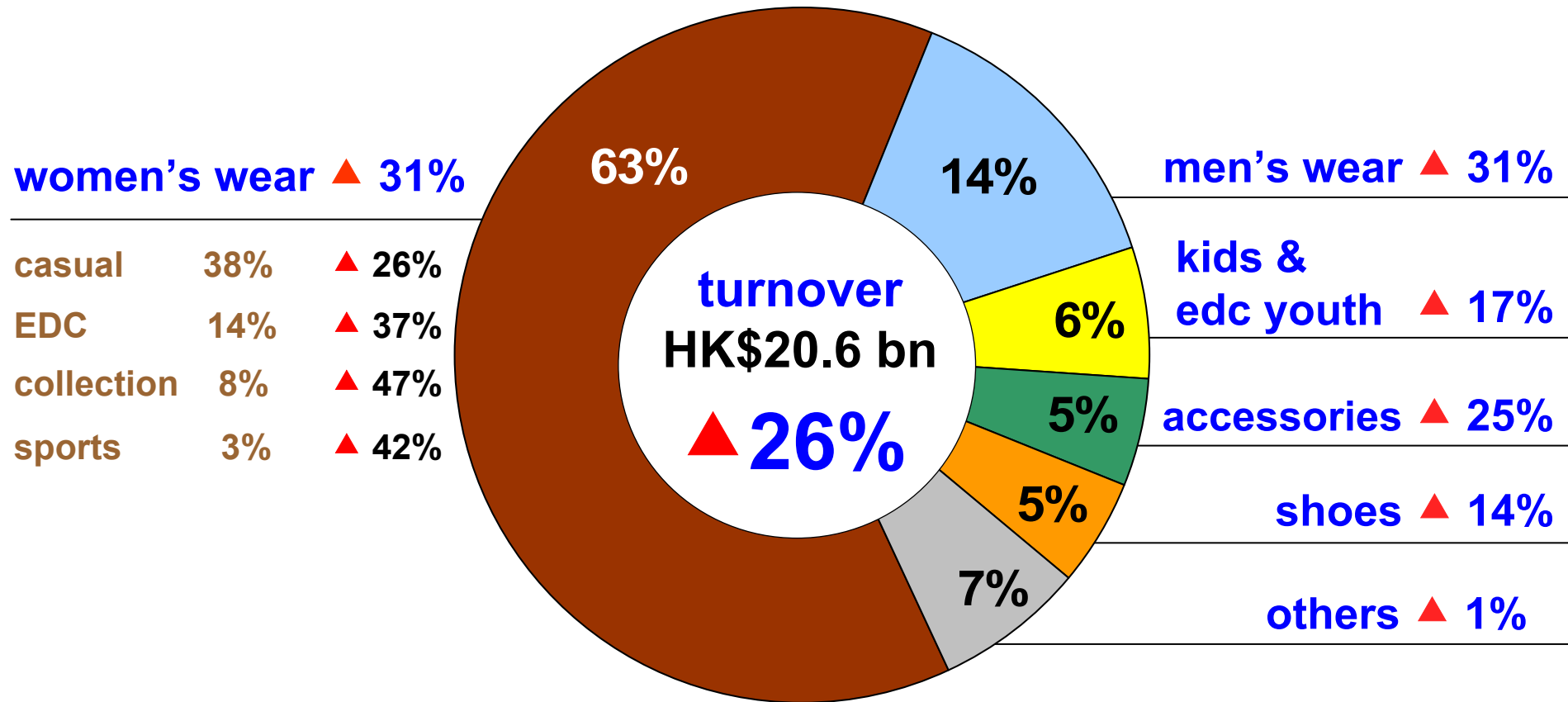
≡ top among global peers

turnover exceeded HK\$20 billion ▲ 26%
gradual diversification ex-Germany



*adjusted to exclude last year's Germany wholesale sales to Switzerland

double digit growth
across key product divisions

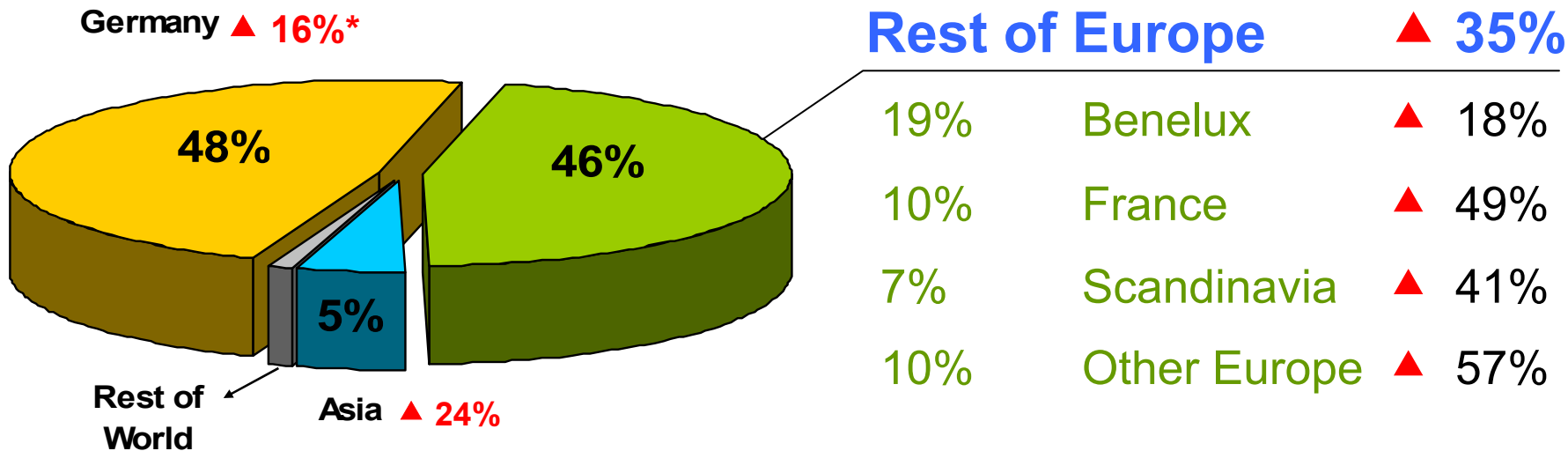


HK\$11.9 bn wholesale turnover ▲ 24%
segment EBIT[^] ▲ 40% to HK\$3.3 bn

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Wholesale turnover breakdown & yoy growth

yoy growth



- ≡ net controlled selling space ▲ 106,000m²+ (▲ 31%) to 443,000m²+
- ≡ ex-Germany wholesale profitability enhanced with economies of scale

*adjusted to exclude last year's Germany wholesale sales to Switzerland

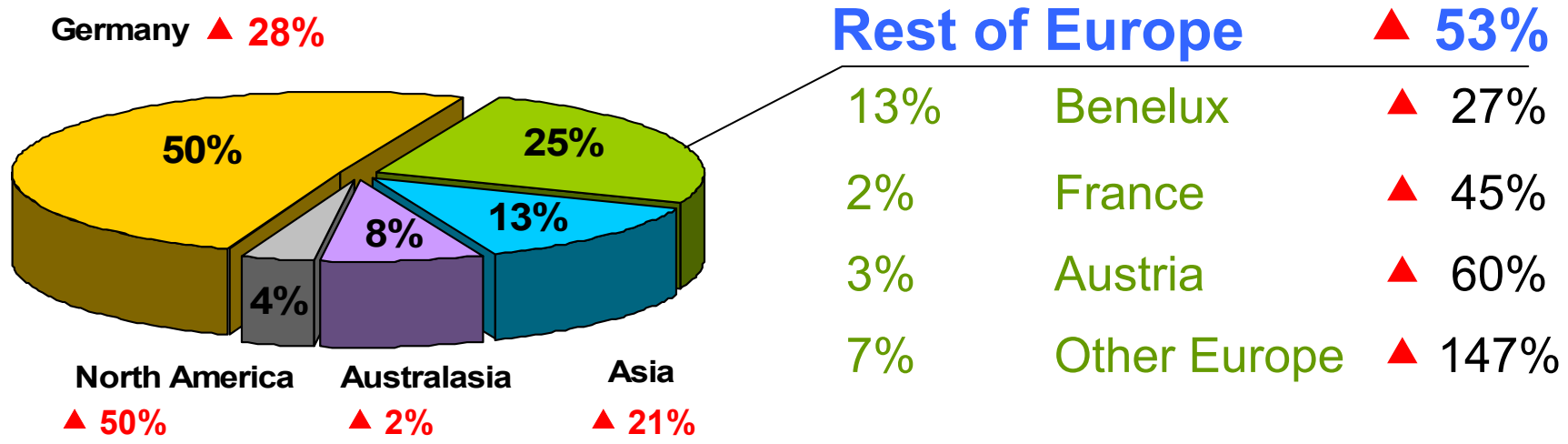
[^]segment EBIT excluding inter-segment licensing expense/income

HK\$8.5 bn retail turnover ▲ 31%
segment EBIT[^] ▲ 79% to HK\$917 mn

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Retail turnover breakdown & yoy growth

yoy growth



- ≡ net selling space ▲ 23,000m²+ (▲ 14%) to 193,000m²+
- ≡ group comp-store growth: 8.5%* ▲ 3.2% pts (FY03/04: 5.3%*)
- ≡ Hong Kong market returned to profitability

*in local currency terms

[^]segment EBIT excluding inter-segment licensing expense/income

strong cash flow from operations

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HK\$ bn

net cash as of June 30, 2005

~1.7

after accounting for:

total capex

~1.2

dividends paid

~1.7

(FY03/04 final & special, FY04/05 interim)

proposed total dividend ~HK\$1.8 billion,

(final: ~HK\$0.66/share, special: ~HK\$0.84/share)

payout ratio for the year ~70%

FY05/06 targets

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- ≡ **sales growth** (local currency) ~20%
- ≡ **net margin** ~15%
- ≡ **focus on improving retail profitability**

1,400+ new wholesale POS

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partnership store in Germany

- ≡ new wholesale POS primarily in Germany, Benelux, France & Scandinavia
 - over 200 PSS, 500 SIS, 700 ID corners
- ≡ newer European markets:
 - U.K., Italy & Spain
- ≡ Asia initiatives:
 - India
 - duty free – Thailand, Philippines, Vietnam
- ≡ order booking to Dec. 2005 shows high teens % growth

~17% net increase in retail selling space **ESPRIT**



retail store in Austria

≡ HK\$900+ million capex for new store openings and renovations

≡ 110+ new stores planned totaling 40,000m²+

	stores	m ²
▪ Europe:	~ 40	~ 25,000
▪ Asia:	~ 50	~ 4,000
▪ N. America:	~ 10	~ 6,000
▪ Australasia	~ 10	~ 3,000

≡ 5%+ comp-store growth

- ≡ sustainable growth in core markets?
- ≡ new developments in U.K. and North America?
- ≡ risk of China textile exports to EU?
- ≡ Euro and RMB impact on cost of goods?

ESPRIT

is an international
youthful

lifestyle brand

offering

smart, affordable,

luxury

and bringing

newness + style

to **Life.**