

A man and a woman are dancing in a park. The man is wearing a white long-sleeved shirt and white trousers. The woman is wearing a white sleeveless dress and high-heeled sandals. They are standing on a grassy area next to a large tree trunk. The background shows a park with trees and a path.

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 10th consecutive year of growth

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

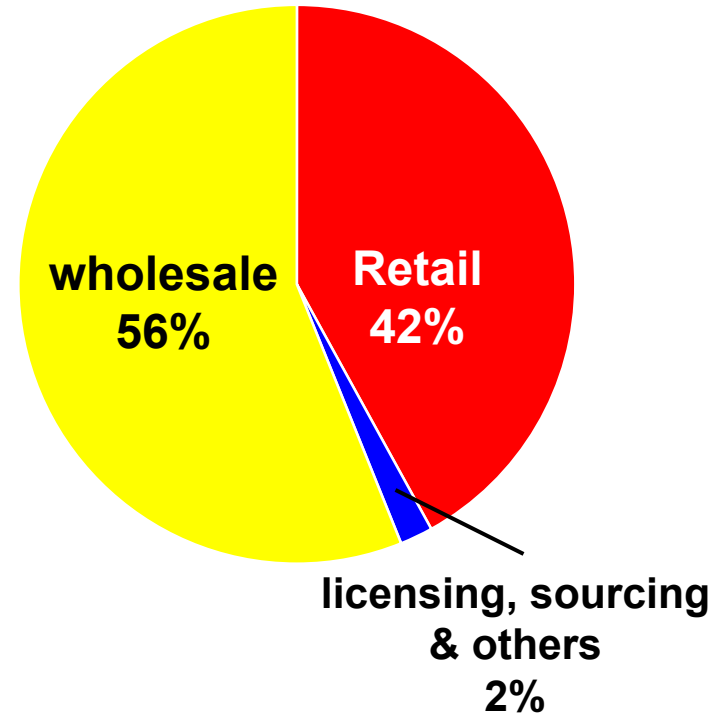
* versus balance on June 30, 2002

growth across all business segments

turnover*

HKD mn	1H 02/03	YoY	segment results
wholesale	3,405	▲32%	471
retail	2,560	▲28%	139
licensing & others	226	▲37%	124
sourcing	319	▲25%	264

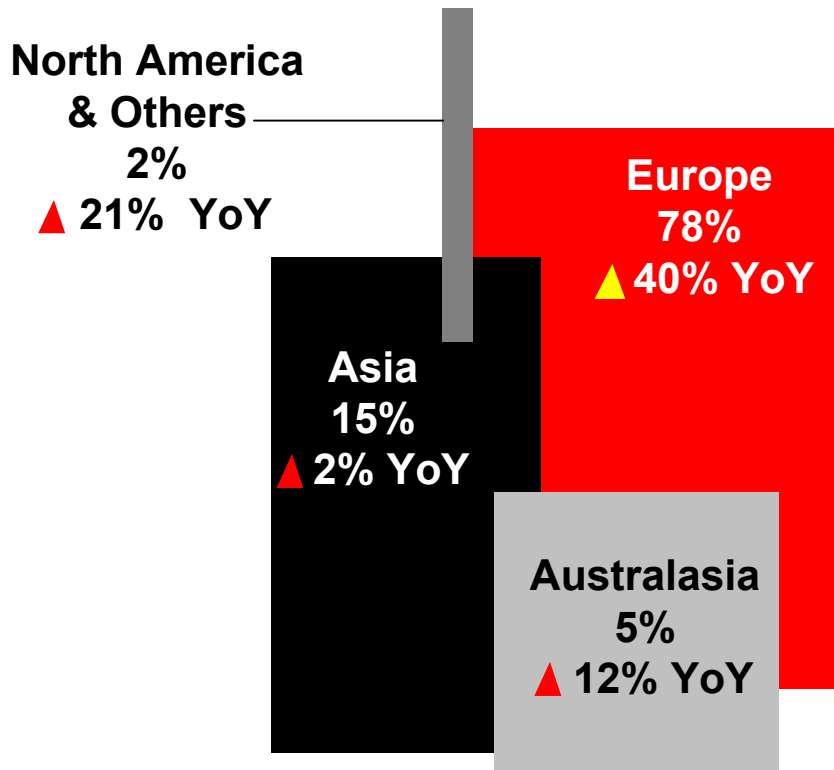
* turnover includes inter-segment revenue.



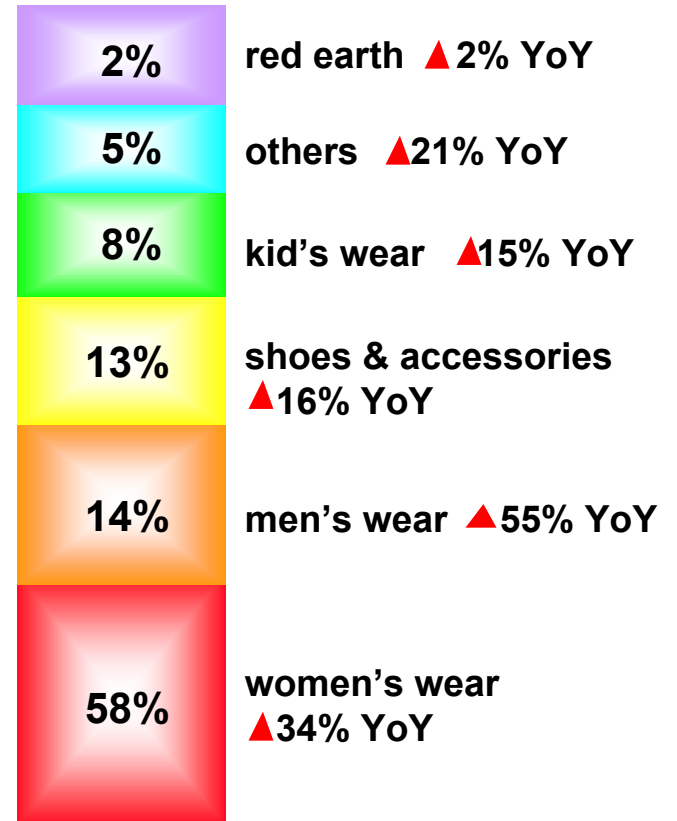
3rd party turnover: HK\$6 billion

HK\$6 billion turnover

geographical mix



product mix



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	▶	<u>now</u> ~2,000
sales area (m ²)	▲ 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%+

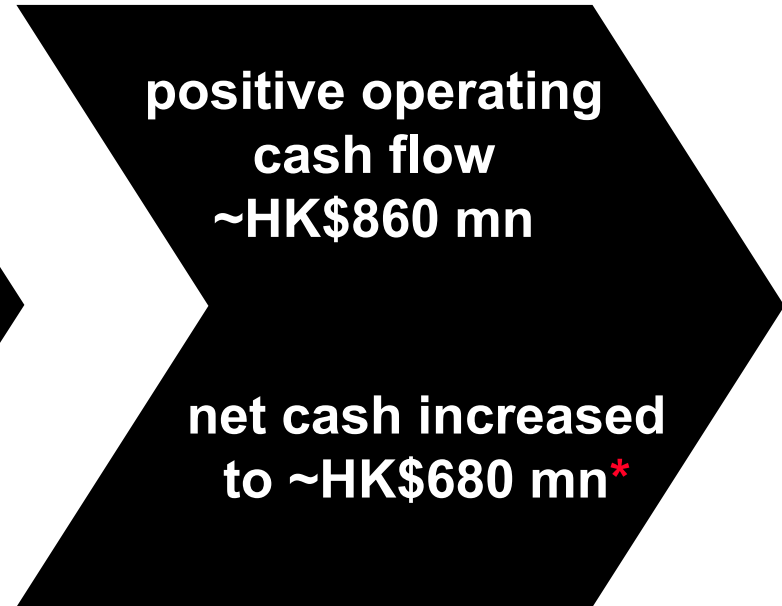
			<u>now</u>
Group's retail stores	▲	40 new	533
sales area (m ²)	▲	6% net	~147,000
		<u>1st half</u>	<u>2nd half</u>
Capex (HK\$ mn)		around 150	around 200

numbers are versus balance as at June 30, 2002 and excludes China associates

tough operating conditions solid performance and financial position



**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
-


A photograph of three young people sitting in the back of a car, looking out the window. The image is overlaid with text. The text is in white and red, asking if ESPRIT's growth is sustainable beyond the financial year. The background shows the interior of a car with blue seats and a window looking out onto a bright, sunny day.

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
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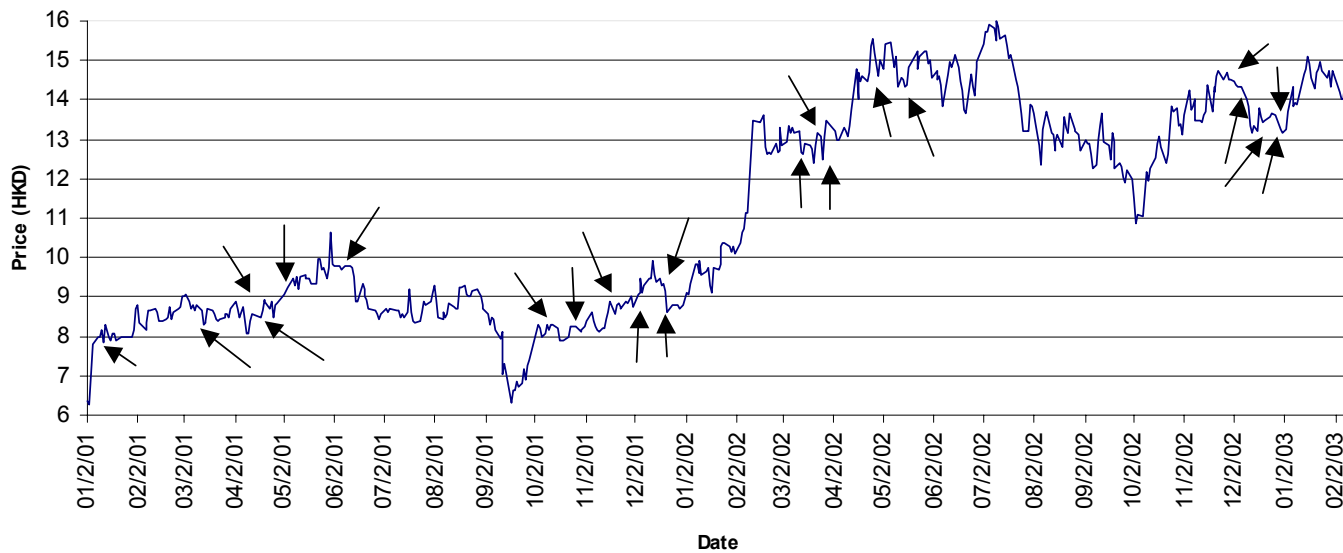
restore margins in Asia and Canada

- ▶ **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

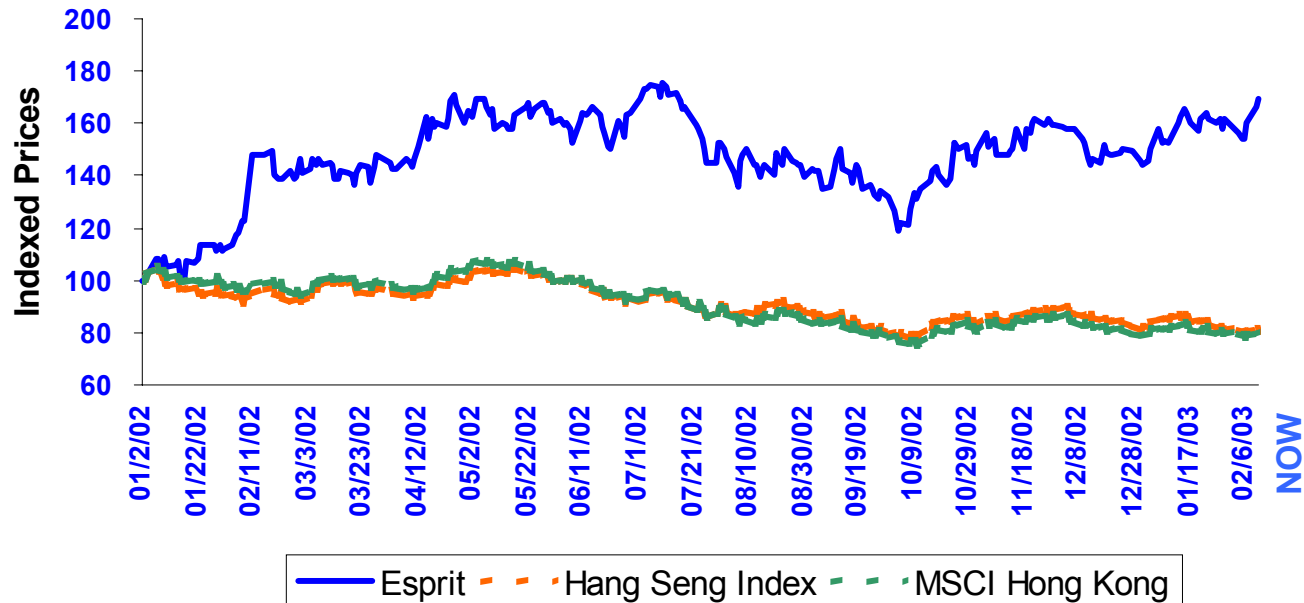
Stable Price Trend during Directors' Disposals



outperformance

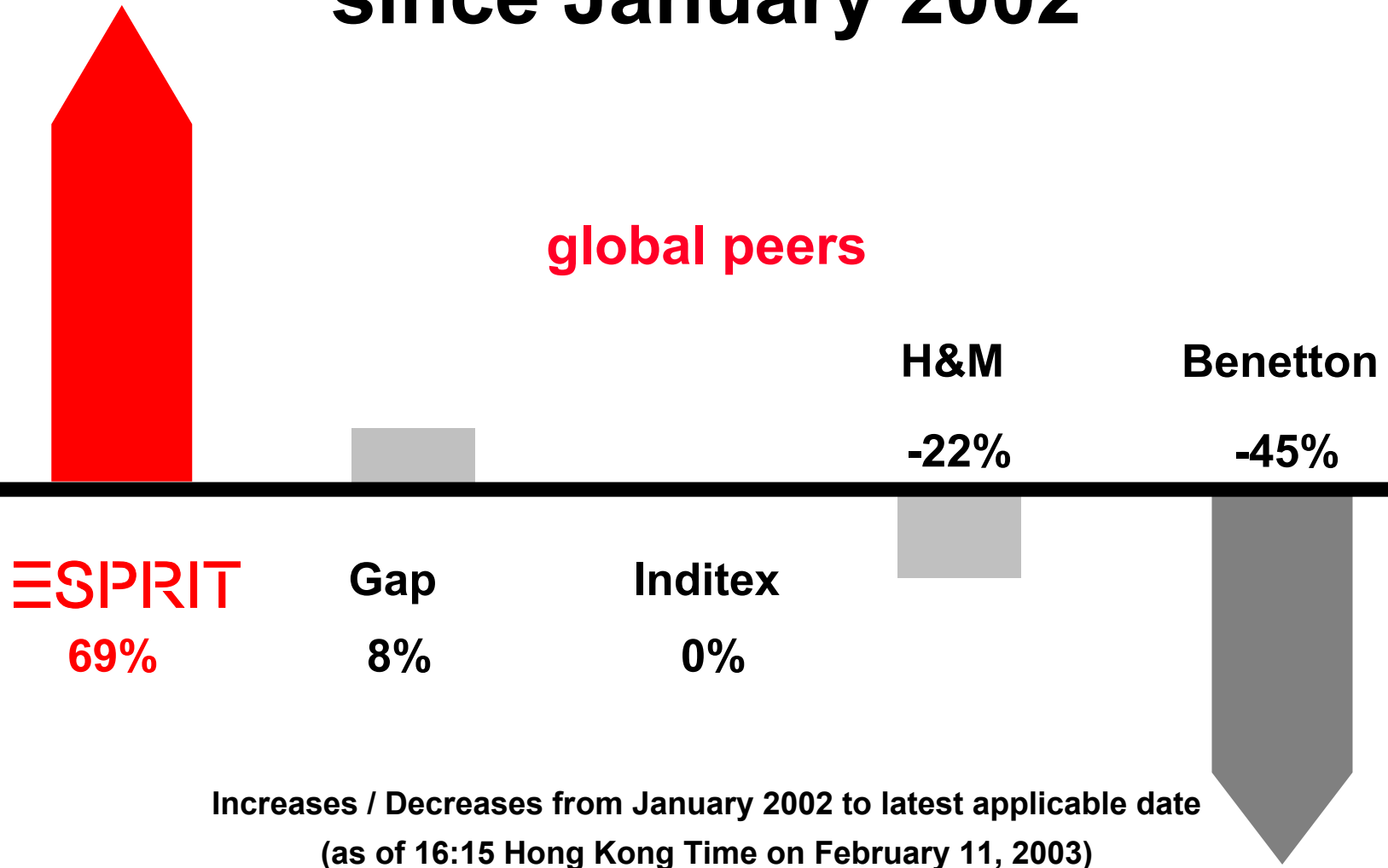
relative to Hang Seng Index : ▲ 108.9%*

relative to MSCI Hong Kong Index: ▲ 112.7%*



* since January 2002

relative share price performance since January 2002



valuation compares favorably with global leaders

leaders:

others:

	ESPRIT	H&M	Inditex	Benetton	Gap
ROE (%)	34.44[#]	27.94	25.66	12.37	(0.26)
Est. P/E (x)	17.68	22.16	29.14	8.79	28.39
Est. PEG	1.07	1.40	1.76	0.88	1.87
Price / Book	5.04[^]	9.14	9.11	1.03	3.97

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

A man and a woman are shown in profile, embracing each other in a lush, green park setting. The man is wearing a white long-sleeved shirt and white trousers, while the woman is wearing a white dress and high-heeled sandals. They are standing on a grassy area with a large tree trunk on the left and a path leading into the background. The scene is bathed in warm, golden light, suggesting late afternoon or early morning. The overall mood is romantic and serene.

ESPRIT

www.espritholdings.com