



Esprit Holdings Limited

FY01/02 Interim Results
February 7, 2002

www.espritholdings.com

Forward-looking Statements

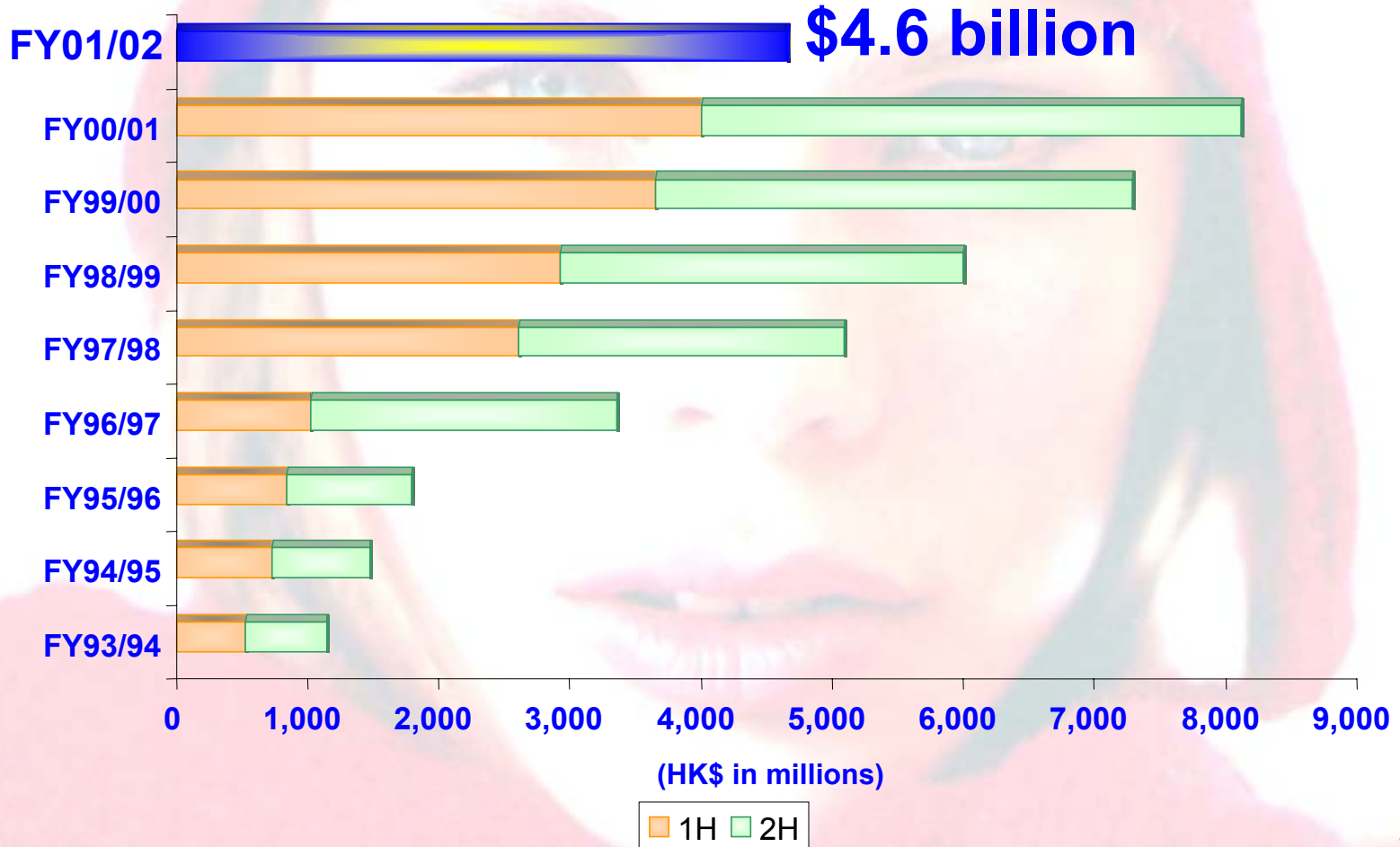
This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Esprit. These forward-looking statements represent Esprit's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

First Half FY2001/2002 Financial Highlights

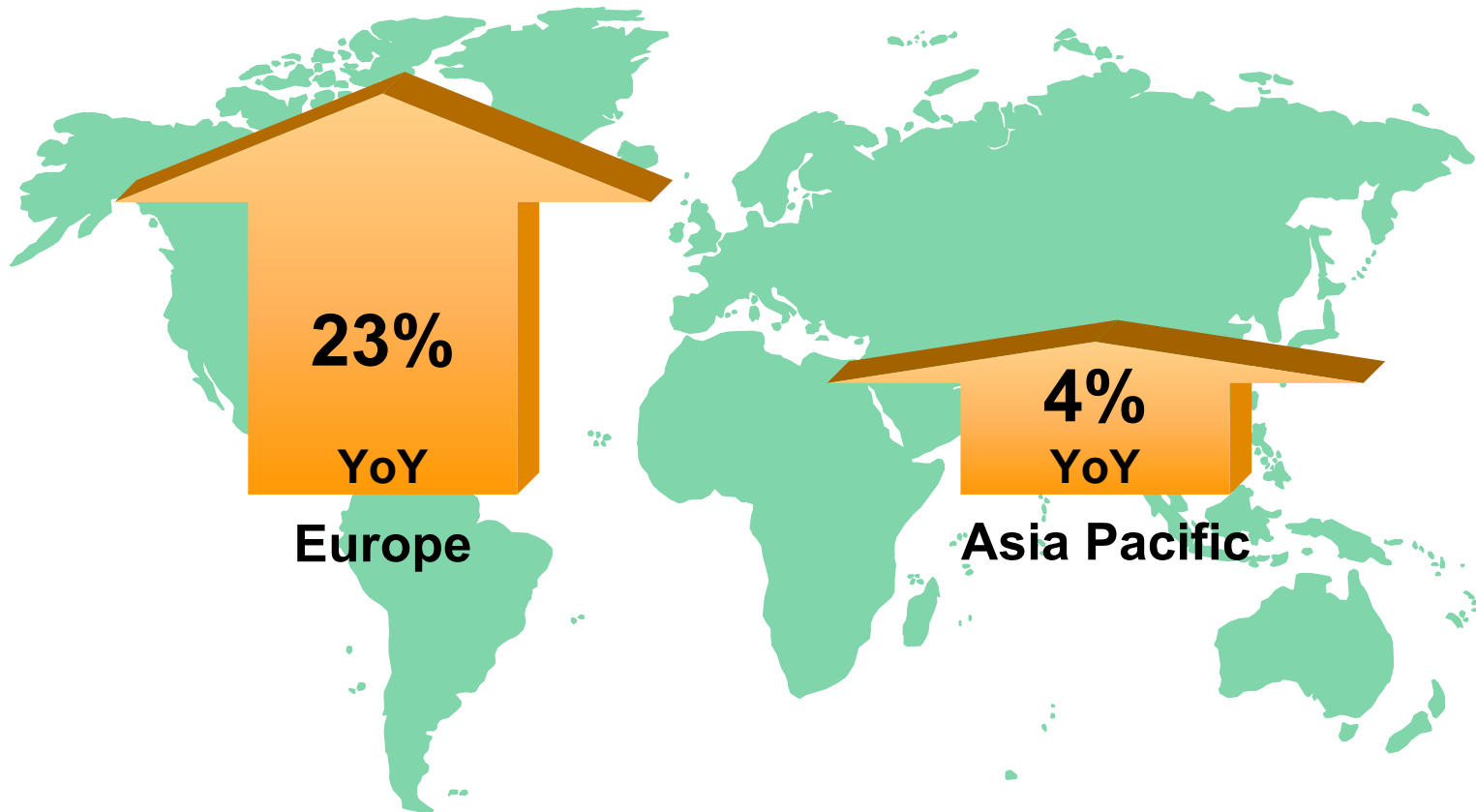
	YoY Growth	
Turnover	16%	HK\$4.6 billion
EBITDA	23%	HK\$806 million
Net Profit	41%	HK\$385 million
EPS – Basic	38%	HK33.7 cents
Interim Dividend	25%	HK6 cents
Net Cash	406m*	HK\$794 million

** Versus balance on June 30, 2001*

Well into our 9th Consecutive Year of Turnover Growth



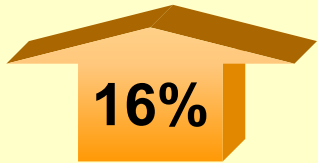
Turnover Growth Achieved in All Markets of Operation (except Taiwan)



Exchange impact eliminated

Growth in our Three Largest Segments

Germany (48% of Group turnover)



- Growth momentum continues
- Highest brand awareness among women's wear brands*
- One of the best performing brands within department stores

Benelux (14% of Group turnover)



- Second highest growth area within the Group
- Uniform Euro pricing benefited consumers after inclusion of higher VAT in this region

Hong Kong (12% of Group turnover)



- Growth amidst the highly competitive operating environment
- More frequent promotions helped preserved market share in tough economic times

Sales growth are all YoY and in local currency terms

** Spiegel Study as published in TextilWirtschaft on November 8, 2001*

HK\$200 million Invested in our Global Retail Network

	Directly Managed Stores		Franchised Shops	
	Sales Footage (SQ FT)	% Change*	Shops	Change*
Europe	612,637	+13%	1,273	+170
Asia Pacific [#]	892,315	+8%	285	+10
China	163,766	+20%	408	+47

* Versus June 30, 2001

[#] Exclude China joint venture

Parallel Growth Engines

20%

YoY

**Wholesale
(55% of sales)**

13%

YoY

**Retail
(44% of sales)**

Reduced Gross Margin

**Widening of gap
between
wholesale and
retail by 2%**

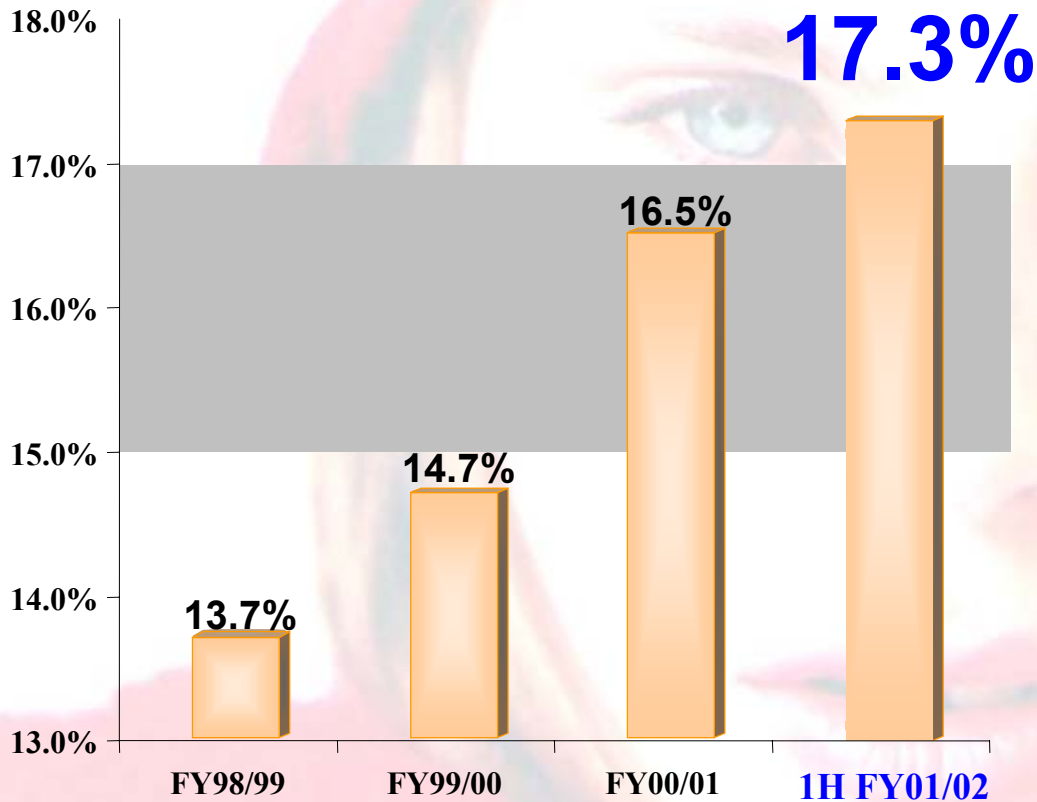
**Lowered costs
of goods**

**Global pricing
pressures**

Gross margin ↓ 1.1% Pts

47.9%

0.9% Pt Increase in EBITDA Margin YoY



**Greater Economies of Scale
&
Effective Cost Control**

Building Expenses

**0.1%
Pt***

Staff Expenses

**0.9%
Pt***

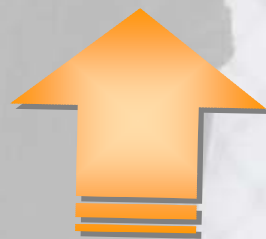
*** As percentage of turnover**

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

Net Margin Impact



8.3% of sales

1.5% Pts

* The 1H FY01/02 financials fully complied with all applicable new HK GAAPs

Latest Initiatives

- ◆ **Injection program led to shorter order cycle, better merchandising and higher comp store sales**
- ◆ **Introduced ESPRIT Basic, providing consumers with more choices of products at lower price points**
- ◆ **Planted seeds for future growth in 3 markets**
 - **2 U.K. stores, 4 Korea stores & 7 New Zealand stores**
- ◆ **Gained 100% ownership of Red Earth and launched in Europe (4 counters in Germany, 2 counters in U.K.)**

China JV's Growth Continues...

- **Over 500 retail and franchise outlets, establishing our foothold as an international premium brand**
- **Registered over 32% 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**

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

Sustaining Momentum Amidst Challenges

Challenges

- ✓ **Tough macroeconomic conditions worldwide**
- ✓ **Poor consumer sentiments across Asia Pacific**
- ✓ **Increased competition**

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Expansion Targets

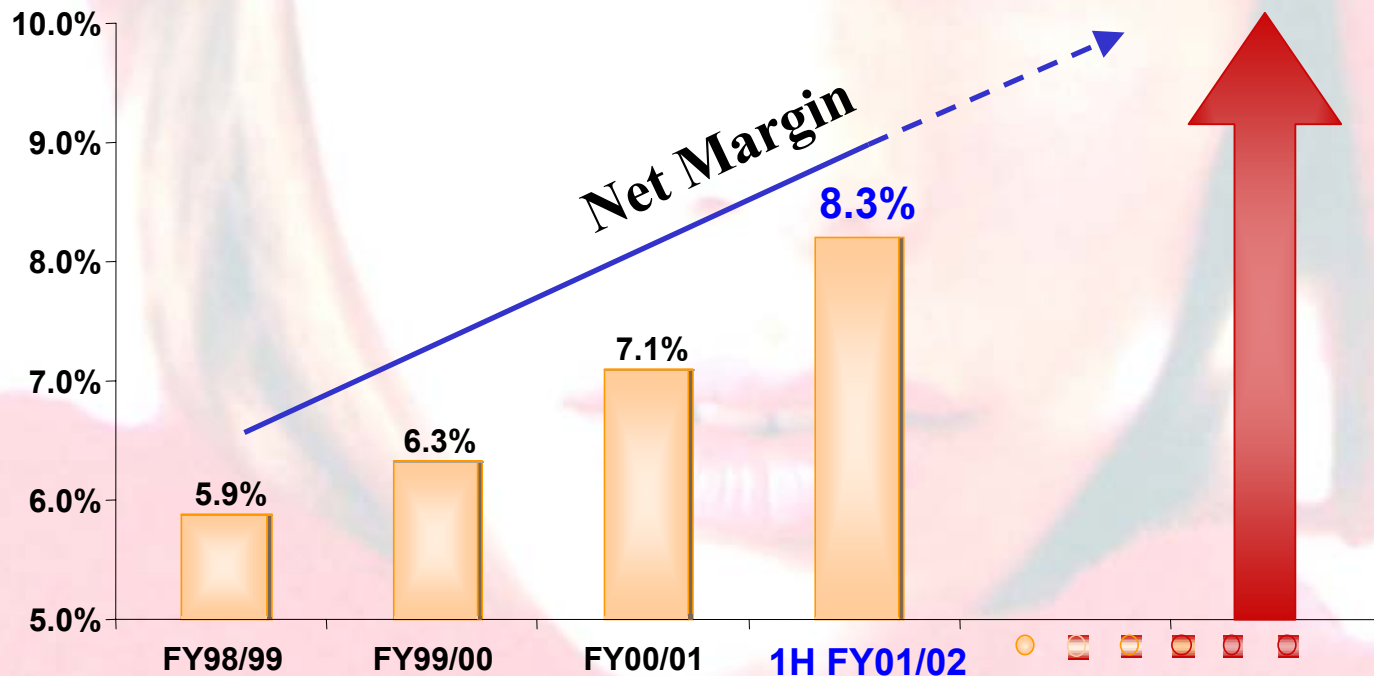
- ✓ **Wholesale and retail expansion**
- ✓ **Geographical expansion**
- ✓ **Net margin expansion**

Growth Drivers

- **Continue to offer quality products and services at reasonable prices**
- **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 on upgrade and expansion of retail network remains unchanged**
- **Plan to open 28 stores in China in 2002 and target to reach HK\$1 billion in turnover by 2003**
- **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

- **European wholesale orders booked till April/May continue to show double-digit YoY growth**
- **Double-digit retail sales growth is 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**

Company's Free Float & Capital

- ◆ **Increased free float to approximately 46% as of December 31, 2001**
 - **Jürgen Friedrich reduced his shareholding to below 10%**
 - **2 disposals totaling approximately 2 million shares by Directors since July 2001**

- ◆ **45.7 million employee stock options, expiring on or before November 2003, outstanding (approximately 4% of issued capital)**
 - **Orderly disposal of option shares will continue**

- ◆ **New 2001 share option scheme approved by shareholders at November 2001 AGM**



1,145.8 million shares issued as of December 31, 2001

Relative Share Price Performance since January 2001



Increases / Decreases from January 1, 2001 to latest applicable dates (as of 19:30 on February 6 2002)

Also Outperformed the Hong Kong Indices

- Relative to Hang Seng Index :  138%
- Relative to MSCI Hong Kong Index:  119%



Valuation Benchmark

	ESPRIT	GLOBAL LEADERS			A&F	Next	Hugo Boss
		H&M	Inditex	Gap			
ROE (%)	30.53	23.02	25.17	34.00	43.10	28.49	41.27
Est. P/E (x) FY2002	17.15	32.56	41.41	97.05	15.60	16.30	13.06
Est. PEG	0.80	1.67	2.00	6.07	0.82	135.80	1.00
EV/EBITDA (x)	8.66	25.50	N.A.	8.48	7.57	N.A.	8.26

As of 19:30 Hong Kong time on February 6, 2002

All data sources from Bloomberg

N.A. Not available



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