



ESPRIT

Continuing Growth

for

Esprit Holdings Limited

FY00/01 Interim Results

February 28, 2001

www.esprit-intl.com

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Esprit Europe

Net Sales  33%

year-on-year in euro terms

Growth for all Countries

Europe Wholesale Sales (in euro terms)

	1H'01 vs 1H'00
Germany	+37%
Netherlands	+42%
Belgium	+31%
Austria	+25%
Scandinavia	+51%
France	+59%

Growth for Smaller Divisions

Europe Wholesale Sales (in euro terms)

	1H'01 vs 1H'00
Women Collection	+45%
Men	+40%
EDC	+82%
Shoes	+139%
Bodywear	+93%

Growth in Controlled Wholesale Concept

Number of Franchise Outlets	Change	12/00
Shop in Stores	+300	830
Franchise Stores	+53	110

e-Shop	% Change
Net Sales	+578

Esprit Europe

Achievements and New Initiatives

Retail network and product expansion

- ◆ **Retail sales growth +24% year on year**
- ◆ **Re-start in UK:**
 - **Opening Store on Regent Street, London (2,100 sqm) in May**
 - **Opening Store in Bluewater Mall, Kent (1,400 sqm) in September**
- ◆ **Expanding retail business with 18 stores including new operations in Austria**
- ◆ **Opening of 2 shops for shoes & accessories**
- ◆ **Successful introduction of Active Sport line on the ISPO fair : appr. 500 clients**

Esprit International

Expanding Licensing Business

◆ Launch of new licenses:

- Toys

- Scents + Senses

- Cutlery (as part of “the Esprit home offering”)

◆ Elected as “Best timewear brand” & “Best supplier for jewelry” of the year

(Markt Intern)



Esprit Asia

Net Sales ↑ 6%

Esprit Asia

Performance by Countries

	1H'01 vs 1H'00
Hong Kong	+15%
Australia	-10%
Taiwan	+9%
Canada	+4%
Singapore	+2%
Malaysia	+22%

HKD equivalent net of currency impact

Esprit Asia

Growth with Better Margins

- ◆ **Double digit growth in Hong Kong**
- ◆ **Impact of weaker Australian dollar**
- ◆ **Turn-around in Taiwan**
- ◆ **Breaking-even while developing strong retail network in Canada**
- ◆ **Profit contribution from Singapore / Malaysia**

Esprit Asia

New Initiatives

RETAIL SPACE EXPANSION CONTINUES IN ALL MARKETS :

HONG KONG - opening of a 5,000 sqm mega store in Causeway Bay

CANADA - added 10 stores (10,000 sqm) across the country, including

- **a 1,200 sqm store in West Edmonton Mall**
- **a 3,000 sqm mega store on St Catherine Street in Montreal**
- **a 600 sqm store on Robson Street in Vancouver**

Moving Canada head office to our own office building in Vancouver

JAPAN / KOREA - looking for partners and retail space

Esprit Asia

Growth in the World's Biggest Market through our China JV

- ◆ **Increase in sales by over 40 %**
- ◆ **Bottom line more than double year-on-year**
- ◆ **Opened first mega-store (1,500 sqm) in Shanghai Times Square and another one in Beijing Times Square**
- ◆ **Opening in March 2001 a 2,000 sqm mega-store in CITIC Plaza, Shanghai**
- ◆ **Over 380 point of sales in more than 60 cities in China**

GROWTH MOMENTUM TO CONTINUE ON TRACK

Highlight of Group Results

- ◆ **Operating and net profit growth of 30%**
- ◆ **EBITDA margin improved by about 2 percentage points to 16.4%**
- ◆ **Group turnover increased by 10% against tough apparel market conditions and lower currency translation rates**
- ◆ **Profitable in all countries of operation**
- ◆ **European sales recorded growth of 33% in euro terms**

Highlight of Group Results

- ◆ **Asia Pacific revenue registered an overall 6% increase (net of currency impact)**
- ◆ **Over 50% growth in sales for shoes and bodywear with steady growth for core product lines**
- ◆ **Cash on hand close to HK\$800 million as at December 31, 2000 even after aggressive capital expenditure**
- ◆ **Interim dividend increased by 26% to HK4.80 cents per share**

Group Performance

	%Change YOY	12/31/00
Group Operating Results (HK\$m)		
Turnover	↑10	3,994
EBIDTA	↑23	655
Operating profit*	↑30	559
Net Profit	↑30	273
Per Share Data (HK cents)		
Earnings per share	↑28	24

* after finance costs

Efficiency and Profitability Enhancement

(as % of Sales)	Change YOY	12/00	12/99
Group Operating Expenses	↓ 3.8%	35.4%	39.2%
◆ Building	↓ 0.2%	9.8%	10.0%
◆ Staff	↓ 0.9%	14.0%	14.9%
EBITDA Margin	↑ 1.8%	16.4%	14.6%
EBIT Margin	↑ 2.0%	14.0%	12.0%
EBT Margin	↑ 2.4%	14.3%	11.9%

Financial Backing

	% Change	12/00	6/00
Group Cash on Hand	↑ 12	792	707
Net Cash (after bank borrowings) (HKD mn)	↑ 50	488	325
Interest Cover (x)	↑ 35	31	23
Bank Borrowing to Equity Ratio	↓ 7	17%	24%

Capex Investment for Growth

- ◆ **Over HKD500 mn (USD64 mn) dedicated for FY01**
- ◆ **Total directly managed retail footage (as of December 2000)**
 - **Asia Pacific: 80,000 sqm ↑ 12% vs. June 2000**
 - **Europe: 40,000 sqm ↑ 26% vs. June 2000**
 - **Should exceed 130,000 sqm globally by end of FY01**
- ◆ **Mega Stores: opened SEVEN in 1H**
NINE more to be opened in 2H

Currency Impact and Outlook

- ◆ **Translation rate for 1H FY01 was relatively low for major currencies like euro and AUD, both at 15% lower YOY than 1H FY00**
- ◆ **Indication of 20%+ profit growth for FY01 & FY02 was made when euro was around 0.88; now around 0.91**
- ◆ **Positive trend on euro and AUD**

Euro Impact on Group's Sales Performance

	With Translation Impact	Without Translation Impact
Sales (HKDmn)	3,994	4,463
Growth YOY	+10%	+22%

Conclusion

Confident in achieving 20%+ growth in net profit in FY01 and FY02 in spite of challenging operating conditions for the apparel industry

Performance Benchmark Analysis

- ◆ **Gross margin higher than most global peers such as Gap and Benetton**
- ◆ **EBITDA margin higher than most Asian comparables and is comparable to global peers such as Hugo Boss and Next**
- ◆ **EBITDA growth higher than major Asian comparables and in line with global peers**

Esprit vs. Comparables

	ESPRIT	Hugo Boss	Benetton	Charles Voegele	Gap	H&M
ROE* (%)	29.12	27.64	14.71	36.87	59.21	32.89
P/E 2001** (x) Calendarized	15.10	18.55	16.58	11.91	24.62	44.66
PEGR***	0.66	0.71	97.54	0.61	1.29	2.63
EV/EBITDA# (x)	8.02	6.11	11.32	14.38	9.78	43.01

As of 20:30 Hong Kong time on February 27, 2001

All data sources from Bloomberg

- * ROE is calculated using (Net Income / average total common equity) based on last published full year accounts, average total common equity is the average of the beginning balance and ending balances
- ** Based on IBES consensus earnings estimates from Bloomberg
- *** Based on calendarized 2001 P/E and IBES Long-Term growth
- # Based on current market cap. and last published full year accounts



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