

FOR IMMEDIATE RELEASE

## Esprit Posts 76% Interim Profit Growth and Record High Margins

- Group turnover increased 31% to over HK\$10 billion
- Net profit exceeded HK\$1.6 billion up 76%
- Net profit margin expanded 4.1% pts to 15.8%
- Basic earnings per share rose 75% to HK\$1.38
- Net cash position rose to over HK\$2.0 billion
- Interim dividend: HK\$0.45 per share up 2.4x

**HONG KONG, February 23, 2005 – Esprit Holdings Limited** (SEHK: 330; LSE: EPT LI) today announced interim results for the six months ended December 31, 2004.

“It was a great first half for Esprit, with record high profits and margins,” commented Esprit Chairman Michael Ying, “these results reflected both the strength of the ESPRIT brand and our ability to execute our unique product and distribution strategies across geographical regions,”

“Esprit’s consistent performance has been the result of our commitment to enhance total shareholders return over the long-term,” added Mr. Ying, “second year in a row, the Board has more than doubled the interim dividend to HK\$0.45 per share, reflecting our robust profit growth and strong operating cash flow,”

Mr. Heinz Krogner, Deputy Chairman and Group CEO commented, “These results demonstrated the success of our geographically diversified growth strategy. Developing new markets including France and Scandinavia achieved remarkable growth of 59% and 49% respectively while we continued to enlarge our foothold in Germany and Benelux. Asia has also rebounded with over 30% growth,”

“Tighter control on costs of goods and initiative to enhance operating efficiency has led to higher profitability across distribution channels,” said Mr. Krogner, “despite increased overhead costs associated with the expansion of the retail and wholesale operations, Group EBIT margin expanded to over 20% driven by improvements in wholesale EBIT margin to nearly 24% and retail EBIT margin to over 13%,”

Mr. John Poon, Deputy Chairman and Group CFO, stated, “our net profit margin grew to over 15% as a result of expanded operating margin and improved effective tax rate,” Mr. Poon added, “with the overall margin improvements achieved and a group effective tax rate in the mid-twenties, we believe our net margin will bode us well against any of the best performing peers in our industry,”

“Strong operating cash flow more than covered the HK\$1.17 billion final and special dividend paid to our shareholders in December 2004, and the HK\$362 million spent on retail expansion and upgrade of existing stores,” added Mr. Poon, “with net cash increased to over HK\$2 billion, a debt-free balance sheet and enhanced profitability, the Company is in a solid financial position to capitalize on opportunities for further international growth,”

“With the first half of our fiscal year in the books, we remain confident that our business strategies and consistent execution will allow us to deliver long term profitable growth,” concluded Mr. Ying.

**ESPRIT HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL DATA**  
(in HK\$ millions, except per share data)

	For the six months ended December 31		Year-on-year growth
	2004	2003	
Turnover	10,452	8,006	30.6%
Operating Profit (EBIT)	2,152	1,419	51.6%
Profit attributable to Shareholders	1,651	937	76.2%
Gross Profit Margin	54.4%	50.6%	3.8% pts
Operating Profit Margin	20.6%	17.7%	2.9% pts
Net Profit Margin	15.8%	11.7%	4.1% pts
Basic EPS	HK\$1.38	HK\$0.79	74.7%
Interim Dividend	HK\$0.45	HK\$0.19	2.4 times

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Esprit Holdings Limited ([www.espritholdings.com](http://www.espritholdings.com)) is a constituent stock of the Hang Seng Index, MSCI Hong Kong Index, FTSE All-World Index for Hong Kong, S&P/HKEx LargeCap Index and S&P Asia 50 Index. Its subsidiaries are engaged in the retail and wholesale distribution of quality lifestyle products designed under its globally recognized ESPRIT brand and of cosmetic and body care products under its RED EARTH brand. The Group operates approximately 620 directly managed retail stores worldwide and distribute through over 8,700 wholesale points-of-sales internationally, occupying over 580,000 square meters of retail space in more than 40 countries.

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