

H U G O B O S S

Baader Investment Conference // Munich

HUGO BOSS Company Handout

September 23, 2014

Dennis Weber, Head of Investor Relations

Agenda

Update on Key Strategic Initiatives

Half Year Results 2014

Outlook

Agenda

Update on Key Strategic Initiatives

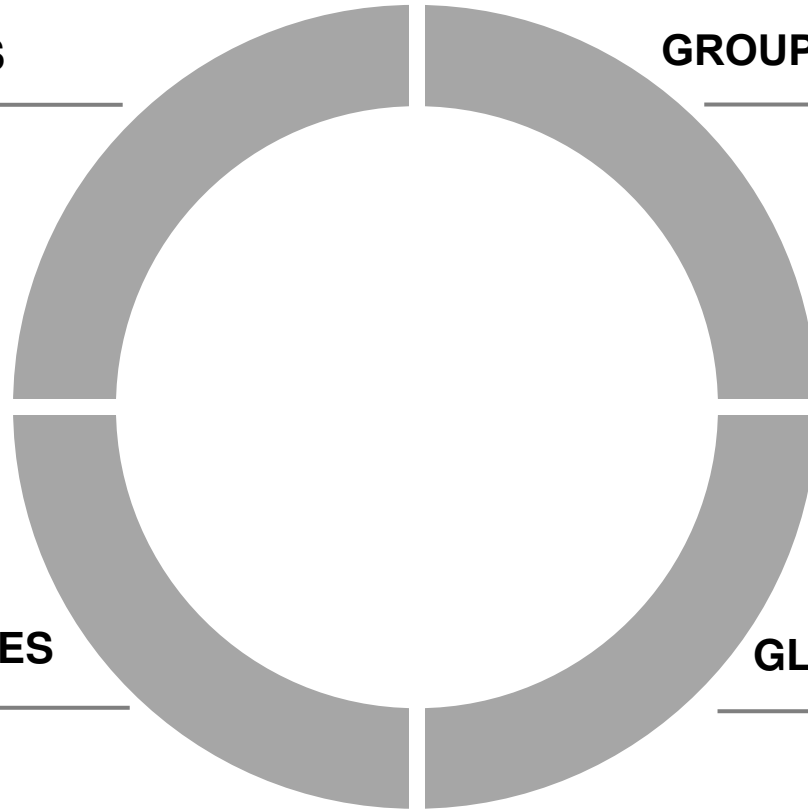
Half Year Results 2014

Outlook

Important initiatives in all areas of Group strategy

**MAXIMIZING
BRAND ATTRACTIVENESS**

**GROWING THE
GROUP'S OWN RETAIL BUSINESS**



**IMPROVING
OPERATIONAL PROCESSES**

**LEVERAGING
GLOBAL GROWTH POTENTIAL**

Womenswear has built momentum



Unprecedented editorial coverage



BOSS Womenswear to leave footprint at New York Fashion Week



Womenswear visibility increasing at wholesale and in own retail



BOSS womenswear shop, Matsuya Ginza, Tokyo



BOSS womenswear shop, Printemps Haussmann, Paris



BOSS womenswear floor, Columbus Circle, New York

New BOSS Ma Vie fragrance launched





HUGO BOSS AG - PHOTOS: V&S/TZ B&B



BOSS
HUGO BOSS

SHOP ONLINE: HUGOBOSS.COM



Instagram: @boss_hugo_boss



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Germany celebrates epic World Cup win in BOSS



Martin Kaymer dominates US Open in BOSS



HUGO BOSS and Mercedes-Benz enter into international cooperation



HUGO BOSS seizes expansion opportunities in travel retail

Hong Kong
Terminal 1



Madrid
Terminal 4



Heathrow
Terminal 2



Copenhagen
Terminal 2



Region Europe focus of retail expansion activities in the first half year

Number of own retail stores as of June 30, 2014

(December 31, 2013: 1,010)

TOTAL	1,028 (+18)
Openings	51
thereof takeovers	14
Closings	33



Europe	588 (+12)
Openings	27
thereof takeovers	1
Closings	15

Americas	201 (+1)
Openings	4
thereof takeovers	-
Closings	3

Asia/Pacific	239 (+5)
Openings	20
thereof takeovers	13
Closings	15

* incl. Middle East and Africa.

Extended brand control in department stores



Saks 5th Avenue, New York

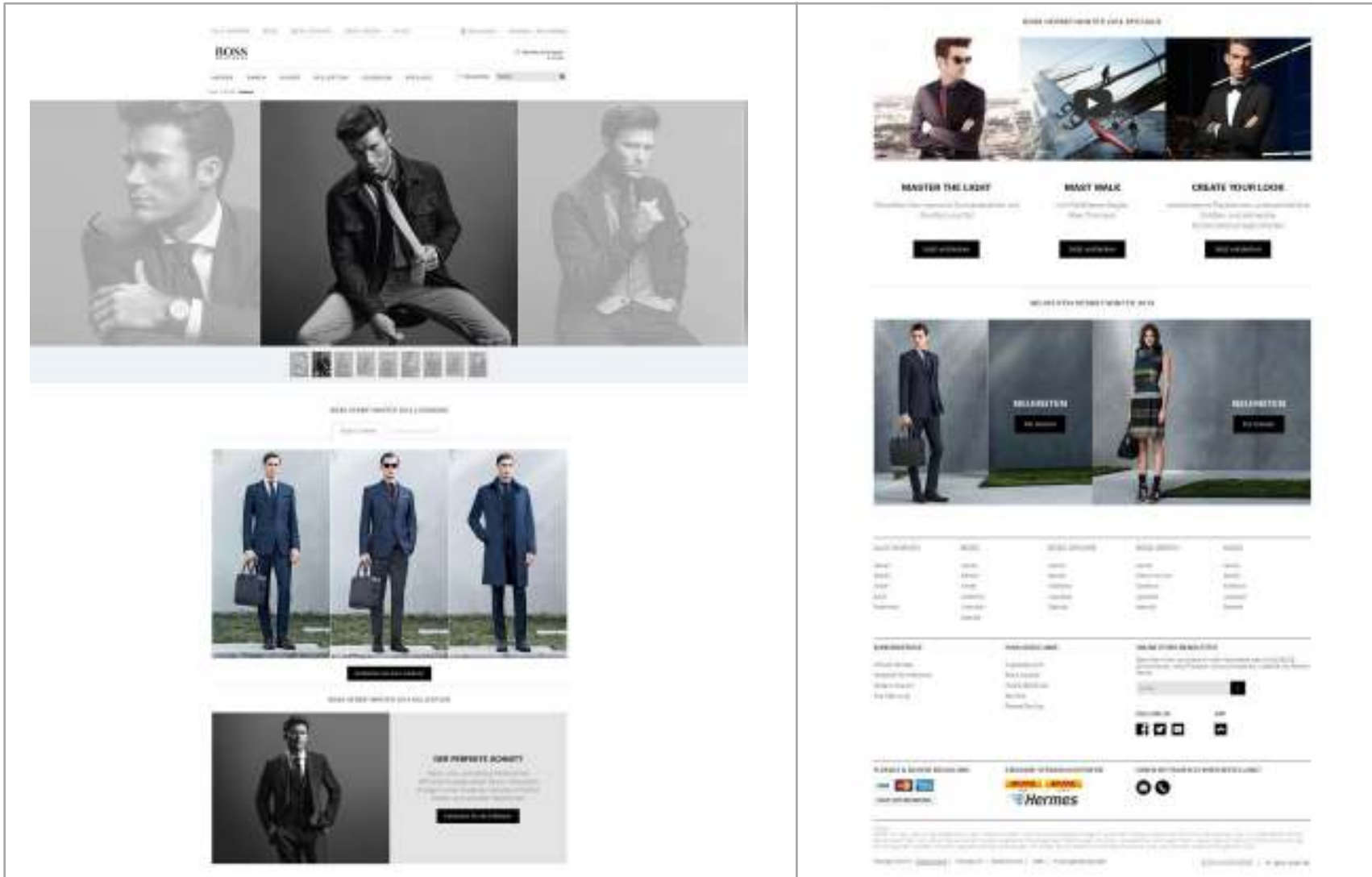


Printemps, Paris



David Jones, Adelaide

Digital strategy progresses with improvements to hugoboss.com



Region Europe an area of strength

- Broad based sales increases across the region in the first half year
- Further improvement of own retail execution major growth driver
- Focus on lifting brand presence in multi-brand environments



Performance in the Americas improves after headwinds at the beginning of the year

- HUGO BOSS returns to growth in the second quarter
- Group maintains strict pricing discipline in a still promotional market environment
- Upgrade of shop-in-shop portfolio at Saks ongoing



Asia remains Group's largest regional opportunity despite ongoing challenges in China

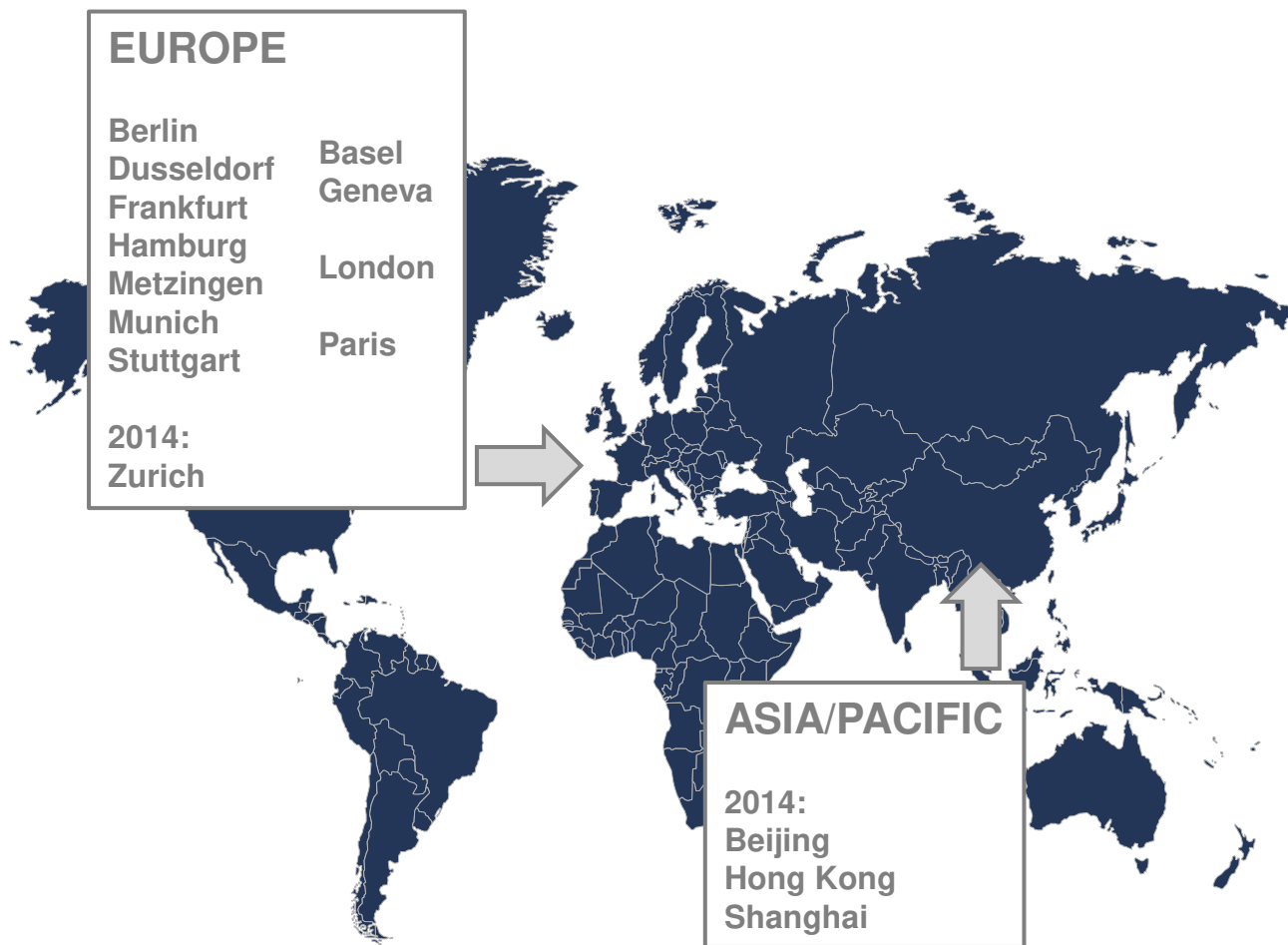
- Important investments in retail presence and brand perception
- Franchise legacy thoroughly addressed
- Suiting competence a key competitive differentiator



Art of Tailoring exhibition strengthens brand perception in menswear clothing in Asia



Made to Measure rollout emphasizes high-end tailoring competence



Significant upgrade of retail store universe in China



HUGO BOSS acquires full control of its store network in China and Macau

- Remaining 40% stake in joint venture with former franchise partner Rainbow Group taken over effective June 30
- Grown retail sophistication and strong operational platform key enabler
- Consolidation of distribution activities to drive quality of brand presentation and sales productivity



BOSS Store
Nanjing Deiji (former JV Store)

New flat-packed goods distribution center in Germany fully operational



Agenda

Update on Key Strategic Initiatives

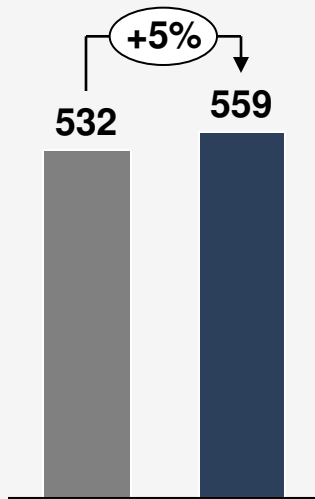
Half Year Results 2014

Outlook

Robust second quarter increases drive top and bottom line growth in the first half year

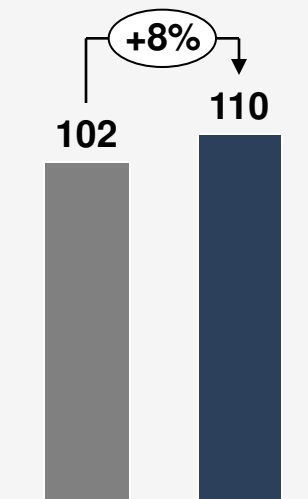
Second quarter results

Sales
(in EUR million)



Q2 2013 Q2 2014
(+8% fx-adjusted)

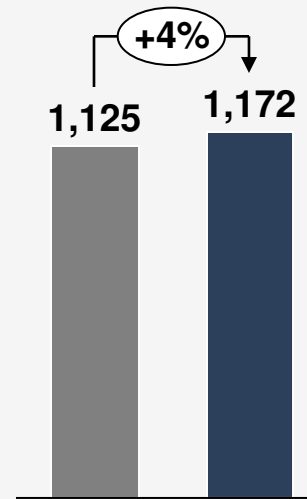
EBITDA before special items
(in EUR million)



Q2 2013 Q2 2014

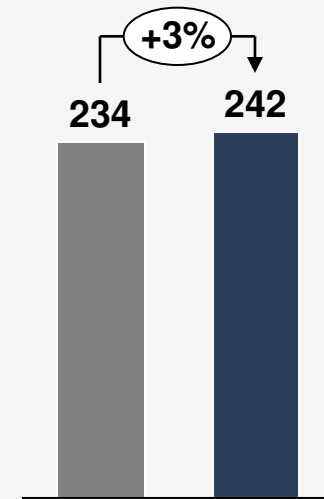
First half year results

Sales
(in EUR million)



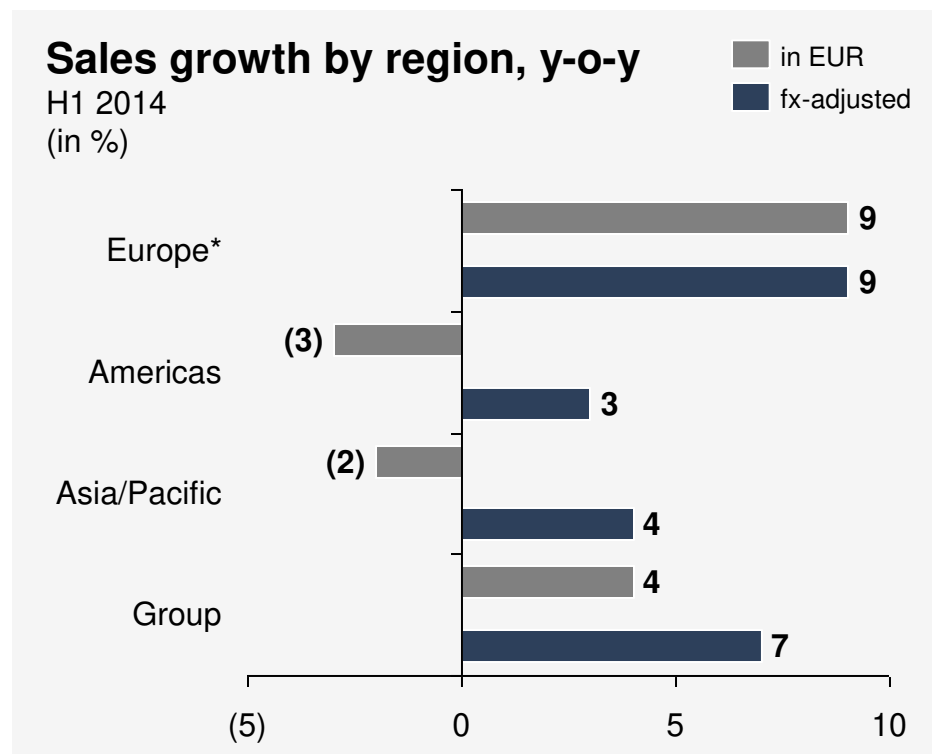
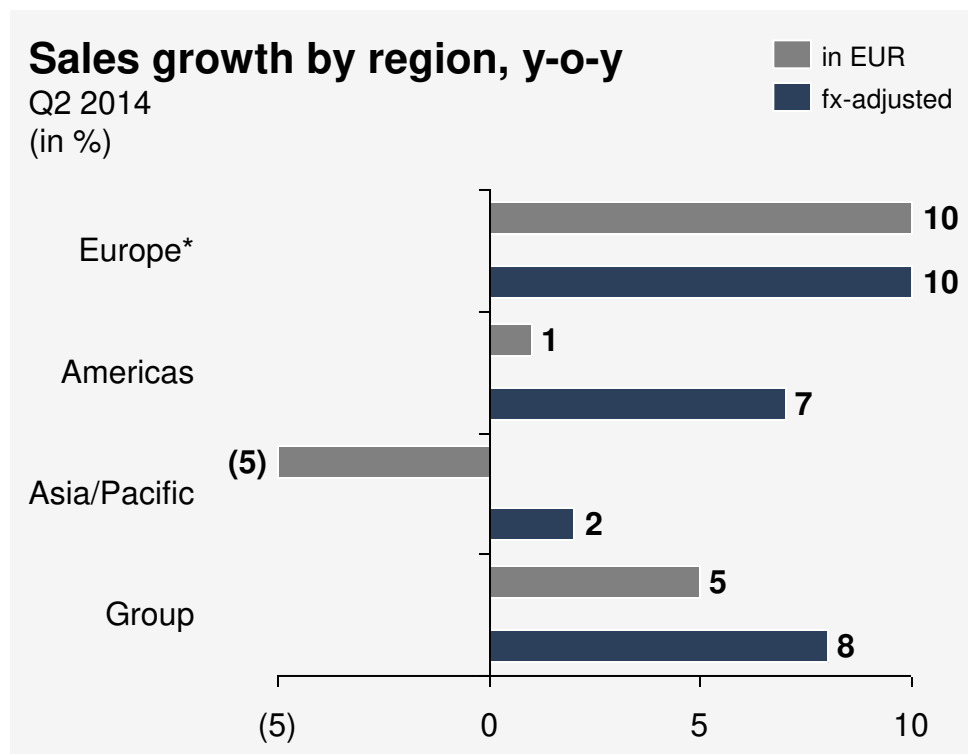
H1 2013 H1 2014
(+7% fx-adjusted)

EBITDA before special items
(in EUR million)



H1 2013 H1 2014

Europe strongest growing region in first half year



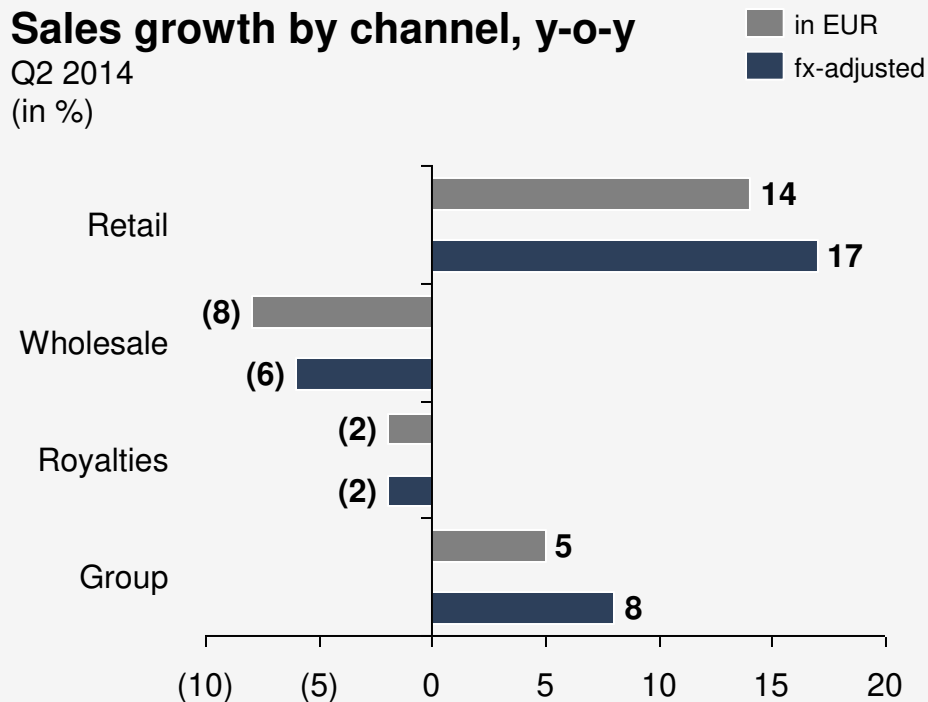
- UK and Germany strongest growing major markets in **Europe**
- **Americas** return to growth in second quarter
- Increases in **Asia/Pacific** supported by good performance in Australia and Japan

*incl. Middle East and Africa.

Robust own retail growth drives Group sales increase

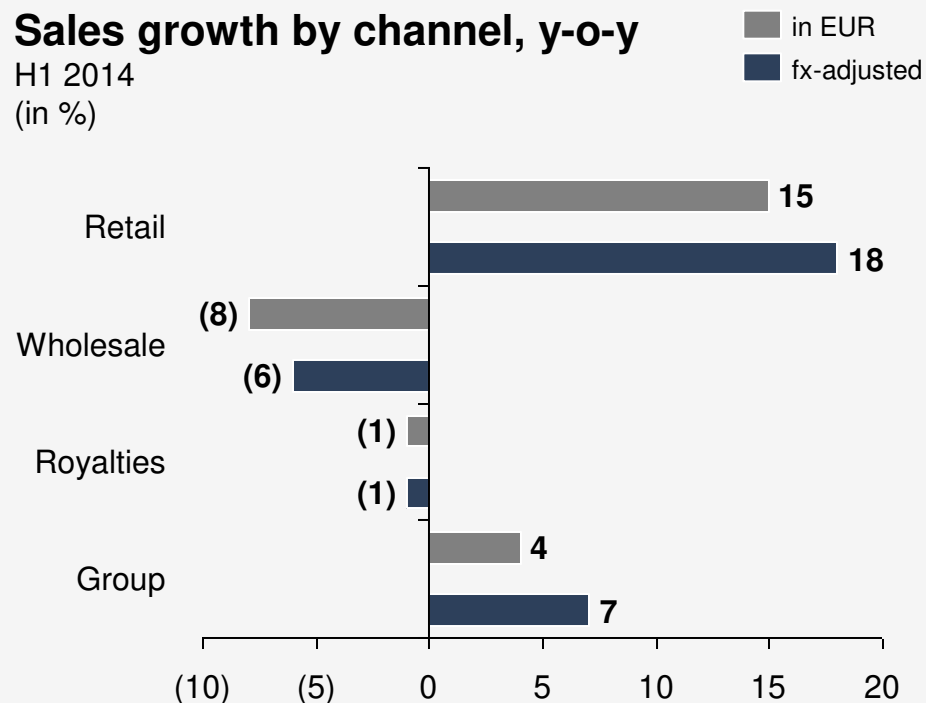
Sales growth by channel, y-o-y

Q2 2014
(in %)



Sales growth by channel, y-o-y

H1 2014
(in %)

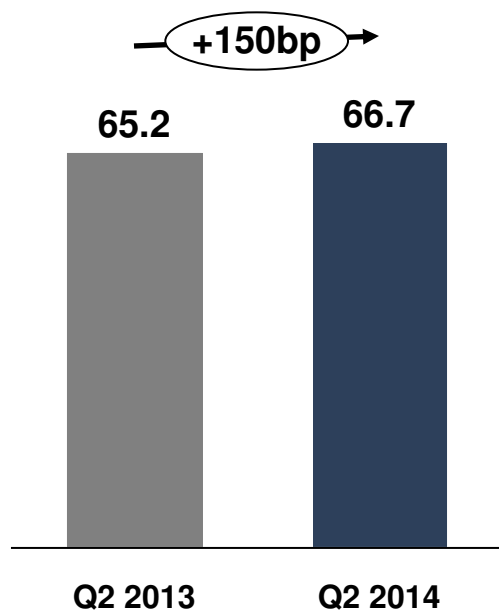


- Solid comp store sales increases (4% in Q2, 5% in H1) support double-digit **retail** growth
- Cautious customer sentiment, takeovers and delivery shifts impact **wholesale** performance
- **Royalties** business down slightly despite robust growth in watches and female fragrances

Gross profit margin continues to expand

Gross profit margin development

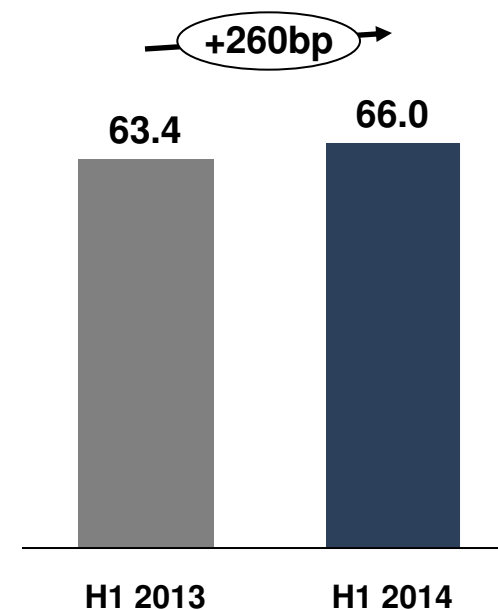
Q2 2014
(in %)



- Distribution channel mix
- Reduction of markdowns

Gross profit margin development

H1 2014
(in %)



- Distribution channel mix
- Reduction of markdowns

Healthy profit increase despite higher costs

in EUR million	H1 2014	H1 2013*	Change in %
Sales	1,171.5	1,125.2	4
Gross profit	773.6	713.6	8
In % of sales	66.0	63.4	260 bp
Selling and distribution expenses	(460.4)	(408.1)	(13)
Administration expenses	(120.8)	(114.5)	(5)
Other operating income and expenses	(0.8)	(4.1)	80
Operating result (EBIT)	191.6	186.9	3
In % of sales	16.4	16.6	(20) bp
Financial result	(4.0)	(11.3)	65
Earnings before taxes	187.6	175.6	7
Income taxes	(43.2)	(40.4)	(7)
Net income	144.4	135.2	7
Attributable to:			
Equity holders of the parent company	143.2	133.8	7
Earnings per share (EUR)**	2.07	1.94	7
EBITDA before special items	241.5	234.3	3
In % of sales	20.6	20.8	(20) bp

*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made.

**Basic and diluted earnings per share.

- Investments in own retail, marketing and logistics main driver of higher **selling and distribution expenses**
- **Adjusted EBITDA margin** down 20 basis points due to increased operating expenses as a percentage of sales
- **Financial result** benefits from lower interest expenses

Diverging margin trends by region

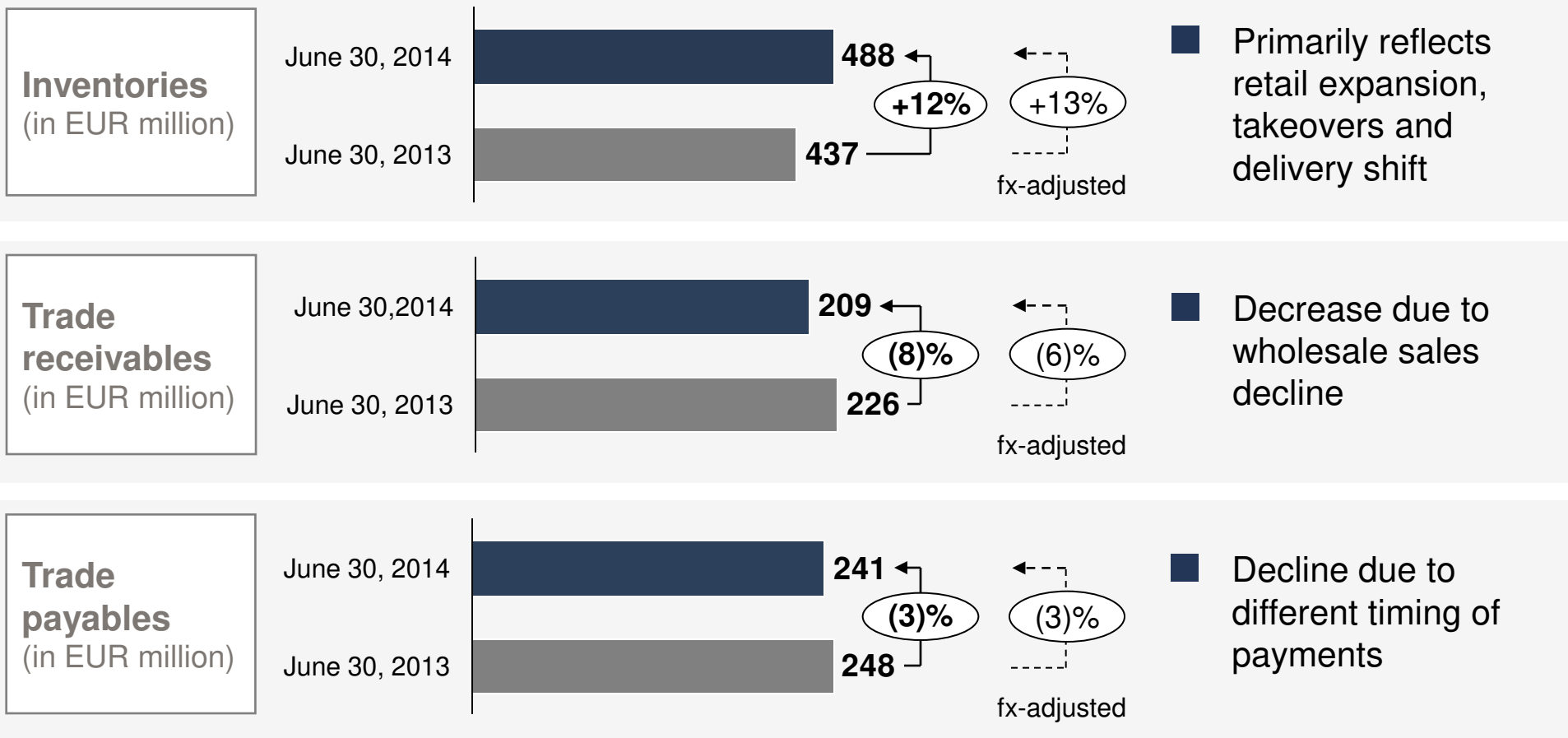
in EUR million	H1 2014	In % of sales	H1 2013*	In % of sales	Change in %
Europe**	243.0	33.5	222.5	33.3	9
Americas	61.3	24.0	57.2	21.8	7
Asia/Pacific	50.0	30.3	61.4	36.3	(19)
Royalties	20.4	82.5	20.8	83.2	(2)
Segment profit operating segments	374.7	32.0	361.9	32.2	4
Corporate units/consolidation	(133.2)		(127.6)		(4)
EBITDA before special items	241.5	20.6	234.3	20.8	3

- Strong top line momentum supports further margin increase in **Europe**
- Strict pricing discipline benefits profitability in the **Americas**
- Muted sales development and brand investments cause operating deleverage in **Asia**

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**Incl. Middle East and Africa.

Higher working capital position due to inventory increase

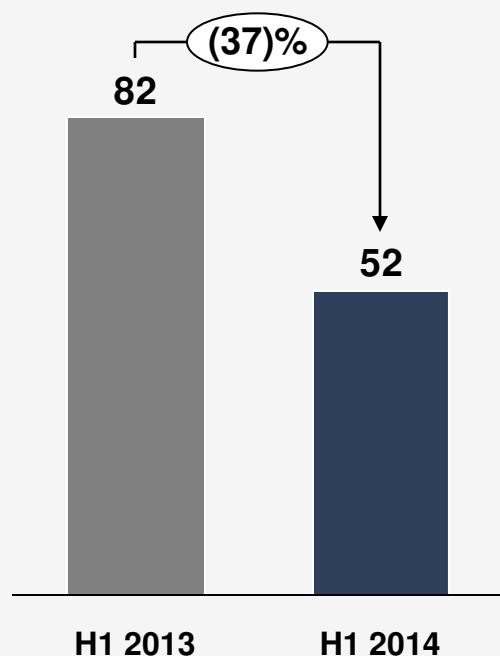


➔ Trade net working capital up 10% to EUR 456 million

Non-recurrence of prior year infrastructure investments supports free cash flow generation

Investments

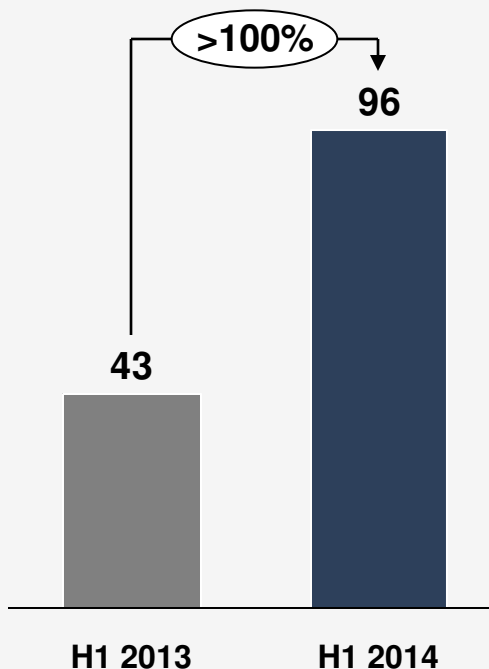
(in EUR million)



■ Moderation despite growing own retail investments

Free cash flow

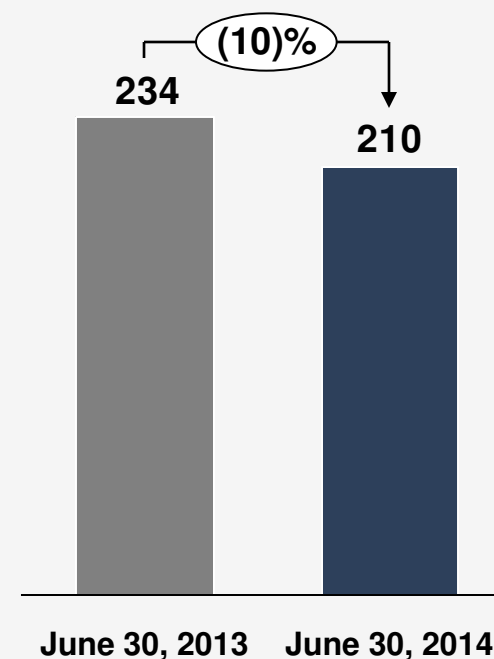
(in EUR million)



■ Cash generation supported by profit growth and lower investments

Net debt

(in EUR million)



■ Free cash flow growth overcompensates higher dividend payout

Agenda

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Half Year Results 2014

Outlook

Full year financial guidance reconfirmed

Outlook 2014

Sales growth (currency-adjusted)

High single-digit

Growth of EBITDA before special items

High single-digit

Capex

EUR 110 million - EUR 130 million

Own retail network

Around 50 net openings

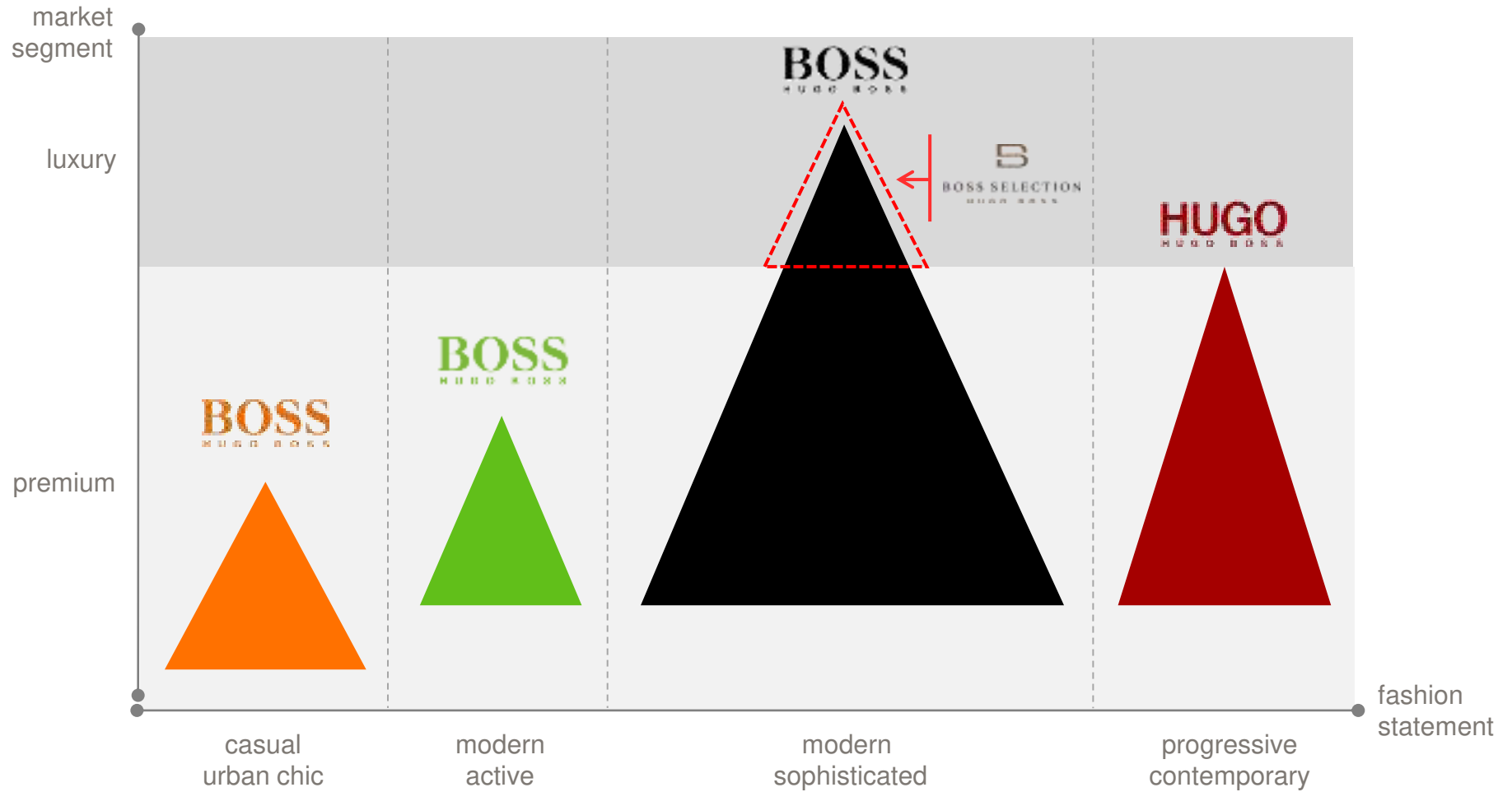
HUGO BOSS records solid financial performance in challenging market environment

- HUGO BOSS is making good progress in business model transformation towards retail
- Improving wholesale momentum to support achievement of full year targets
- Important strategic initiatives to contribute to Group growth in 2014 and beyond



BACKUP

HUGO BOSS brand architecture



Brand portfolio

BOSS
HUGO BOSS

71% of Group sales
modern / sophisticated



BOSS
HUGO BOSS

8% of Group sales
modern / active



BOSS
HUGO BOSS

12% of Group sales
casual / urban chic



HUGO
HUGO BOSS

9% of Group sales
progressive / contemporary



Sales by region 2013



Asia/Pacific

14%

Share of Group sales*



Europe

60%

24%



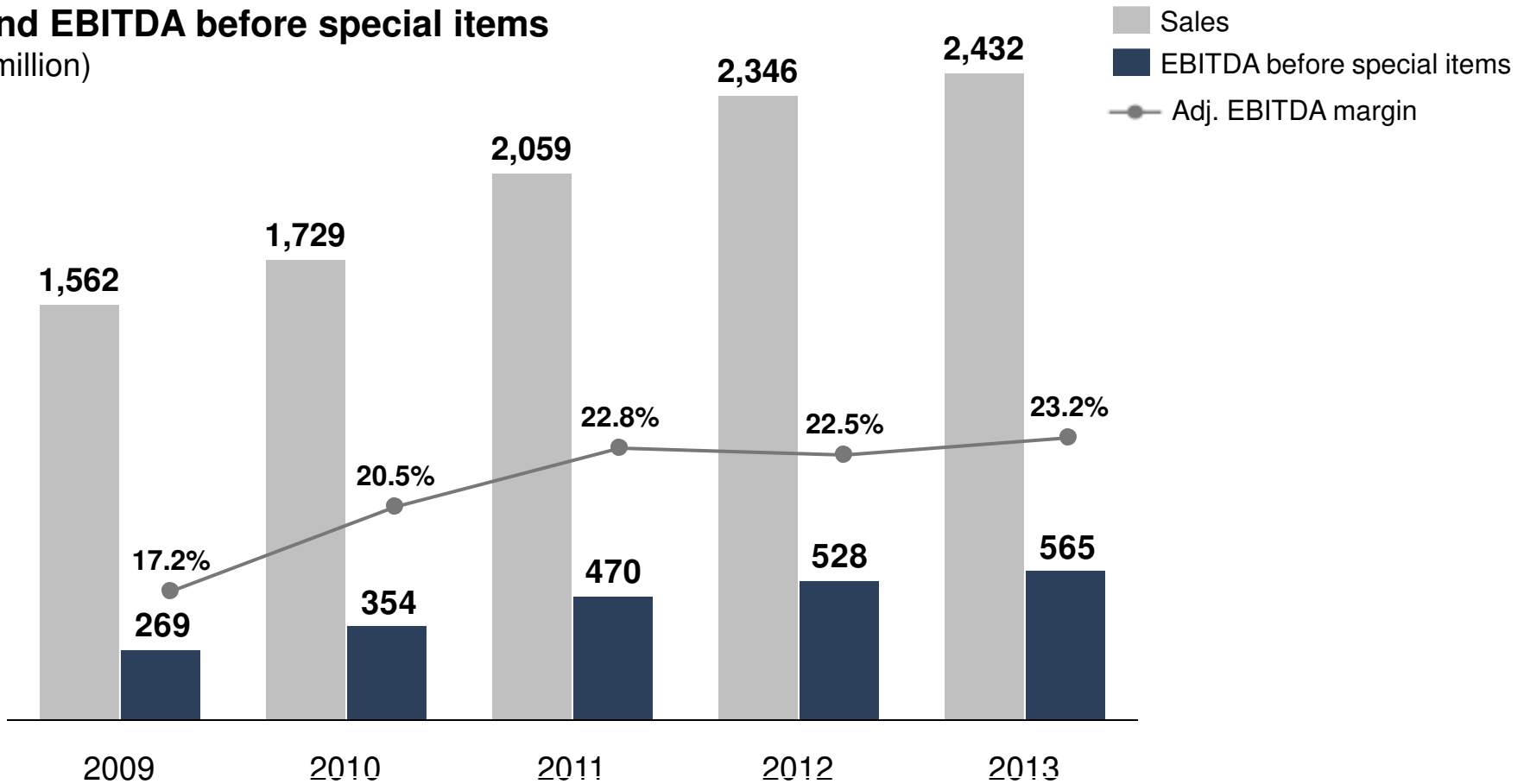
Americas

*+2% Royalties.

Five year overview sales and operating profit

Sales and EBITDA before special items

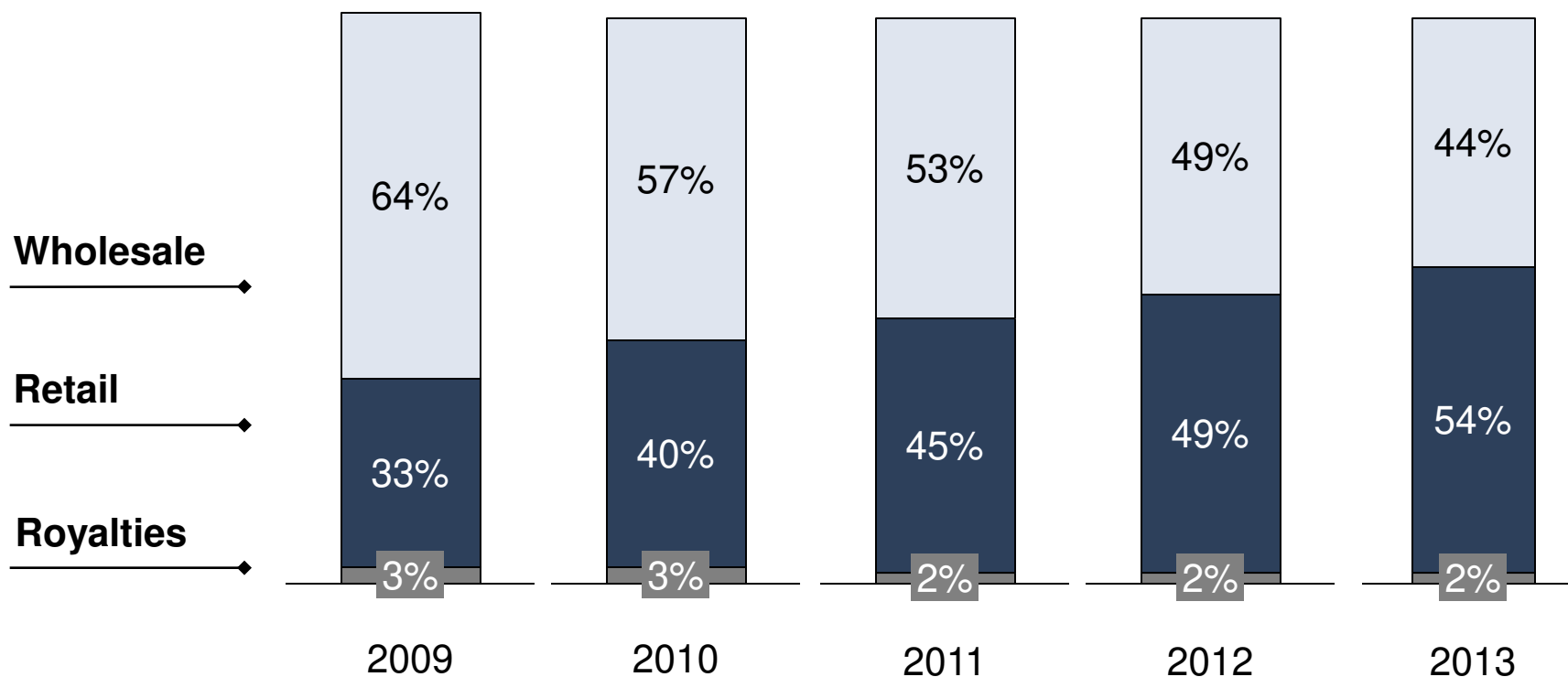
(in EUR million)



Target to generate EUR 3bn sales (in 2015) and 25% EBITDA margin (after 2015)

Sales split by distribution channel

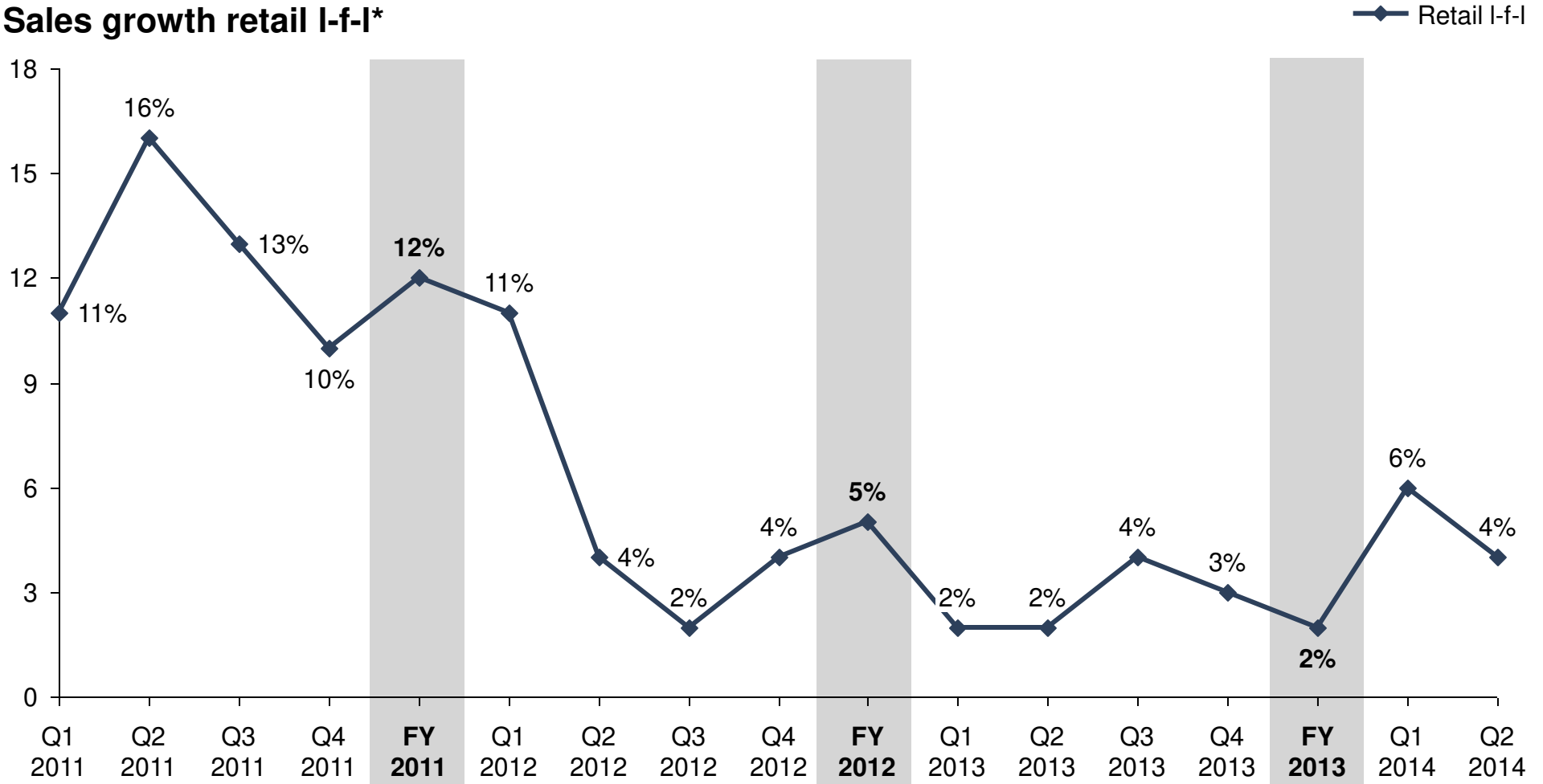
Sales by distribution channel



➔ Target to generate more than 60% of Group sales in retail by 2015

Retail comp stores sales growth

Sales growth retail I-f-I*



*fx-adjusted.

Five year overview*

in EUR million	2013	2012	2011	2010	2009
Earnings Position					
Sales	2,432.1	2,345.9	2,058.8	1,729.4	1,561.9
Gross profit	1,579.6	1,444.1	1,252.0	1,022.4	836.2
EBITDA	561.4	523.9	468.0	340.1	226.5
EBITDA before special items	564.7	528.1	469.5	353.7	269.2
EBIT	456.2	432.0	394.6	267.9	157.4
Net income attributable to equity holders of the parent company	329.0	306.5	284.9	188.9	105.5
Financial Position and Dividend					
Free cash flow	230.0	220.6	194.9	246.3	299.5
Net debt	57.0	130.4	149.1	201.1	379.1
Capital expenditures	185.3	165.8	108.5	55.6	48.3
Depreciation/amortization	105.3	91.9	73.4	72.2	69.1
Dividend	230.5	215.3	199.1	139.7	66.6
Asset and Liability Structure					
Total assets	1,501.3	1,577.2	1,419.6	1,342.8	1,065.4
Shareholders' equity	740.3	631.6	517.3	361.2	205.5
Trade net working capital	431.8	408.5	399.6	322.7	295.6
Non-current assets	611.5	587.7	503.2	454.5	435.0
Key Ratios					
Gross profit margin in %	64.9	61.6	60.8	59.1	53.5
Adjusted EBITDA margin in %	23.2	22.5	22.8	20.5	17.2
Total leverage**	0.1	0.2	0.3	0.6	1.4
Equity ratio in %	49.3	40.0	36.4	26.9	19.3

*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made.

**Net debt/EBITDA before special items and expenses for the "Stock Appreciation Rights Program".

Income statement

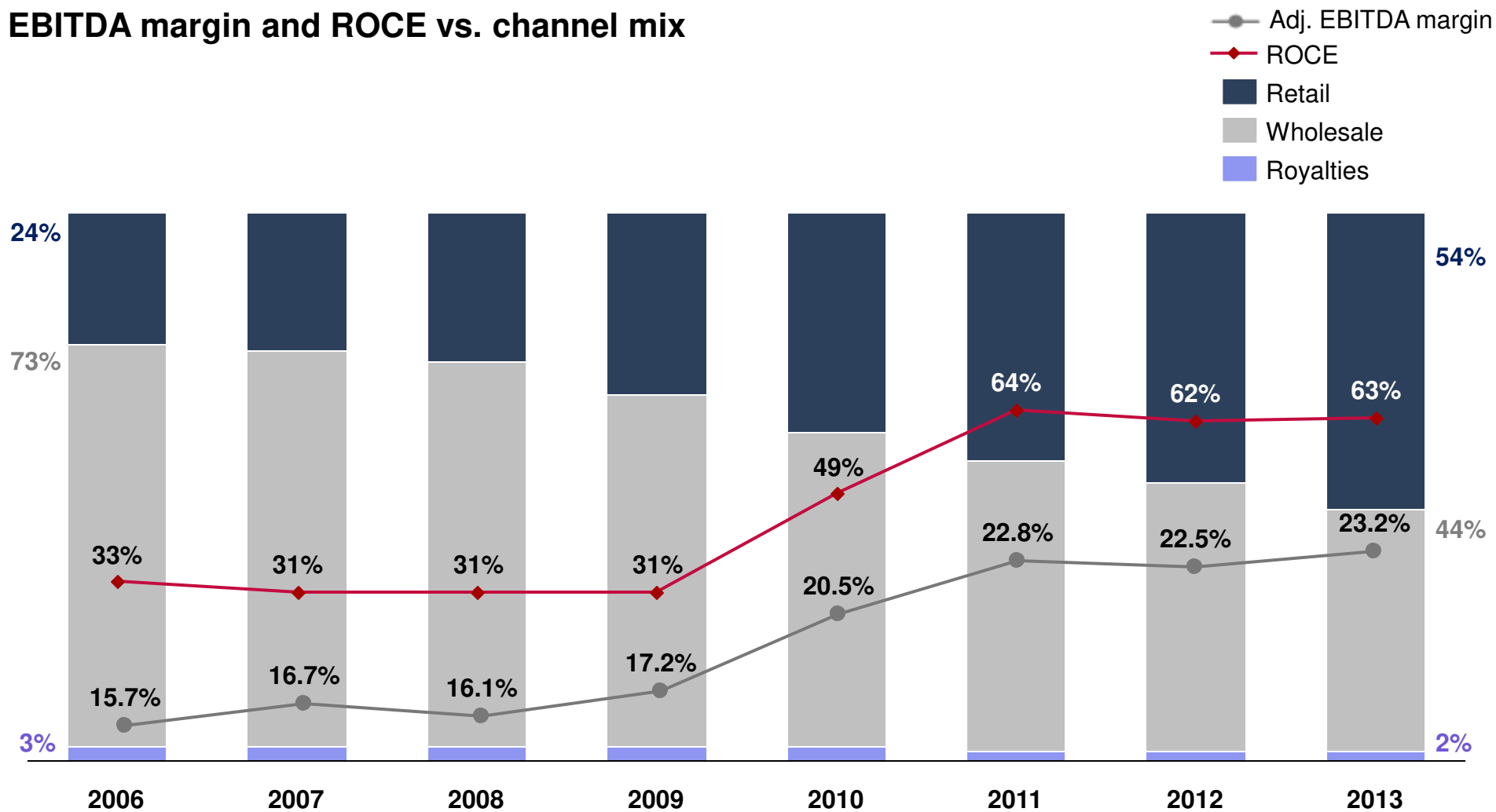
in EUR million						
	Q2 2014	Q2 2013*	Change in %	H1 2014	H1 2013*	Change in %
Sales	558.9	531.7	5	1,171.5	1,125.2	4
Cost of sales	(185.8)	(185.0)	0	(397.9)	(411.6)	3
Gross profit	373.1	346.7	8	773.6	713.6	8
In % of sales	66.7	65.2	150 bp	66.0	63.4	260 bp
Selling and distribution expenses	(227.9)	(211.6)	(8)	(460.4)	(408.1)	(13)
Administration expenses	(60.0)	(55.3)	(8)	(120.8)	(114.5)	(5)
Other operating income and expenses	(2.3)	(4.2)	45	(0.8)	(4.1)	80
Operating result (EBIT)	82.9	75.6	10	191.6	186.9	3
In % of sales	14.8	14.2	60 bp	16.4	16.6	(20) bp
Net interest income/expense	(1.5)	(2.4)	38	(2.0)	(6.1)	67
Other financial items	0.1	(4.0)	> 100	(2.0)	(5.2)	62
Financial result	(1.4)	(6.4)	78	(4.0)	(11.3)	65
Earnings before taxes	81.5	69.2	18	187.6	175.6	7
Income taxes	(18.7)	(15.9)	(18)	(43.2)	(40.4)	(7)
Net income	62.8	53.3	18	144.4	135.2	7
Attributable to:						
Equity holders of the parent company	62.5	52.2	20	143.2	133.8	7
Non-controlling interests	0.3	1.1	(73)	1.2	1.4	(14)
Earnings per share (EUR)**	0.90	0.76	18	2.07	1.94	7
EBITDA before special items	110.2	101.8	8	241.5	234.3	3
In % of sales	19.7	19.1	60 bp	20.6	20.8	(20) bp

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**Basic and diluted earnings per share.

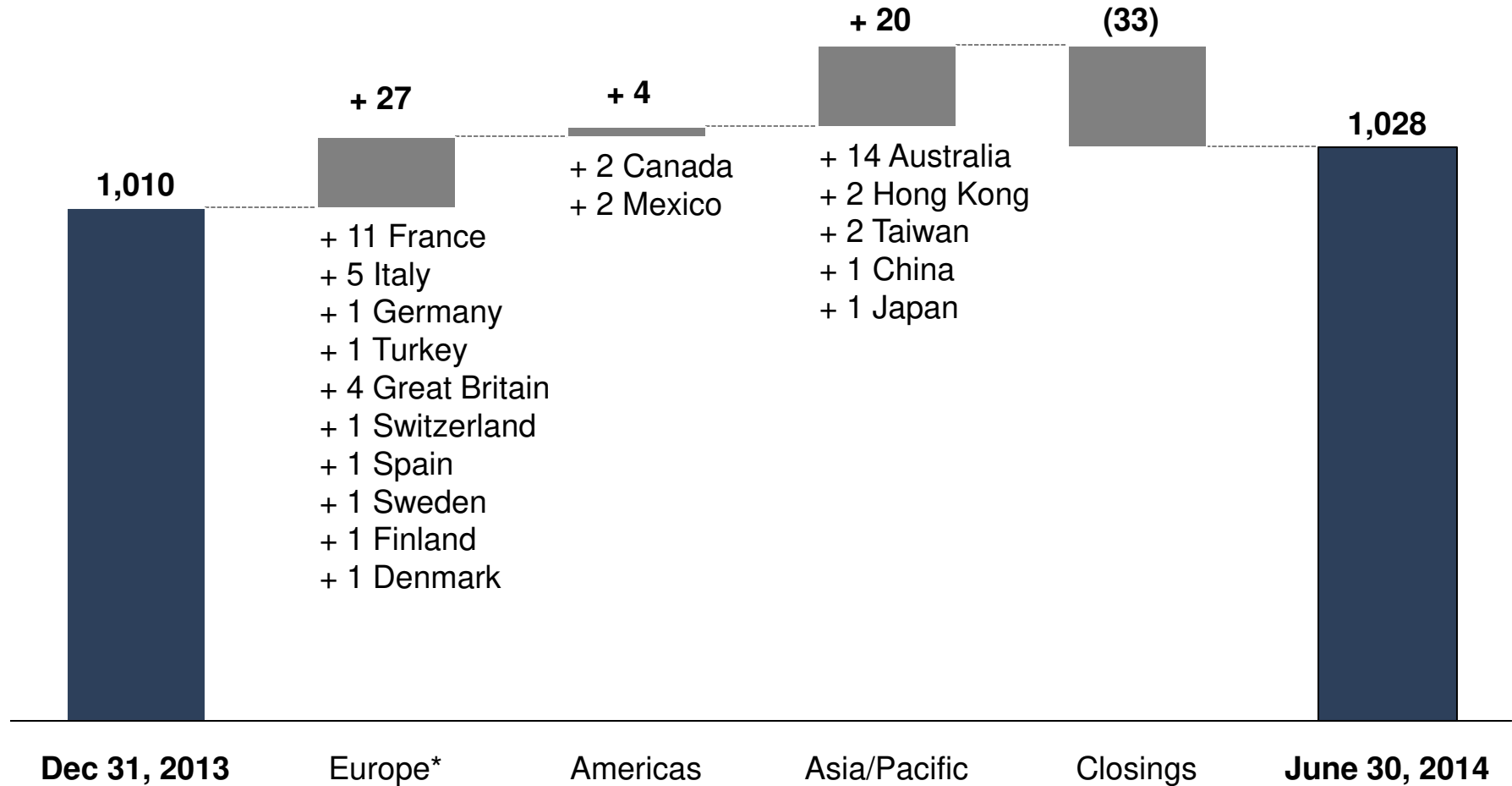
ROCE development

EBITDA margin and ROCE vs. channel mix



Retail network

Number of own retail stores:

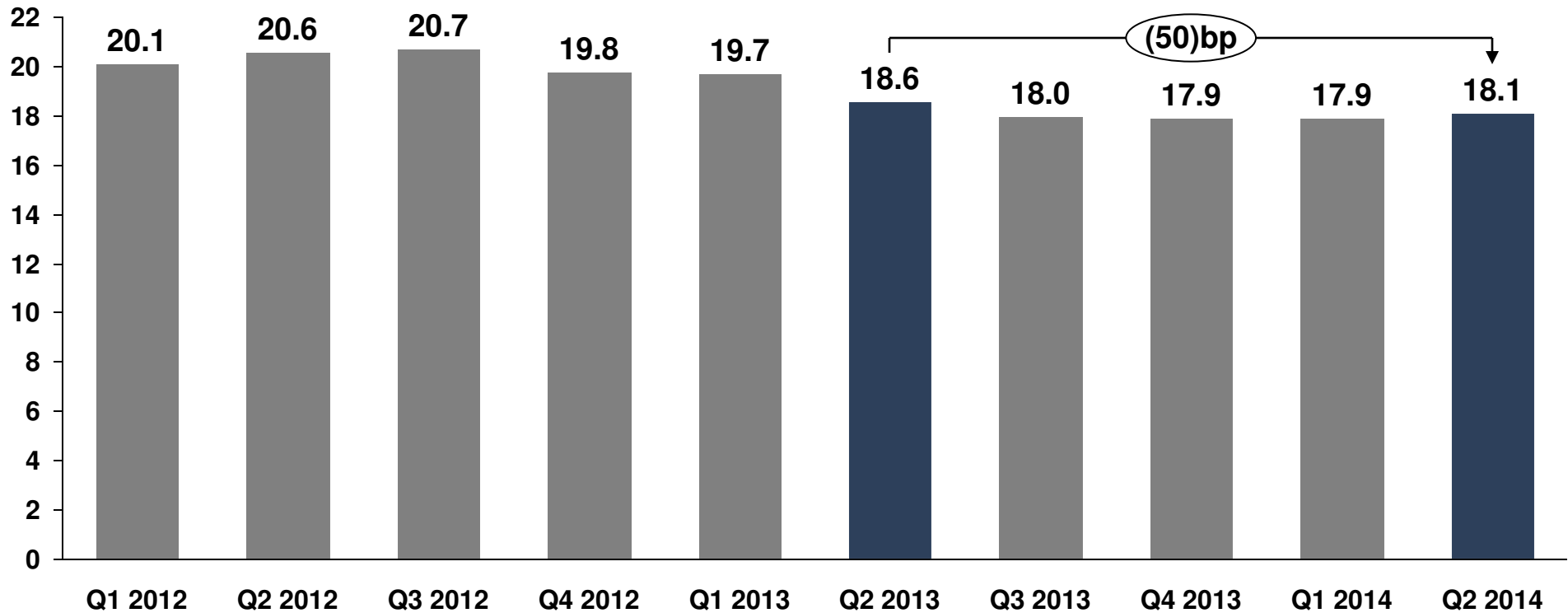


*Europe incl. Middle East and Africa.

Trade net working capital

Average trade net working capital as a percentage of sales by quarter*

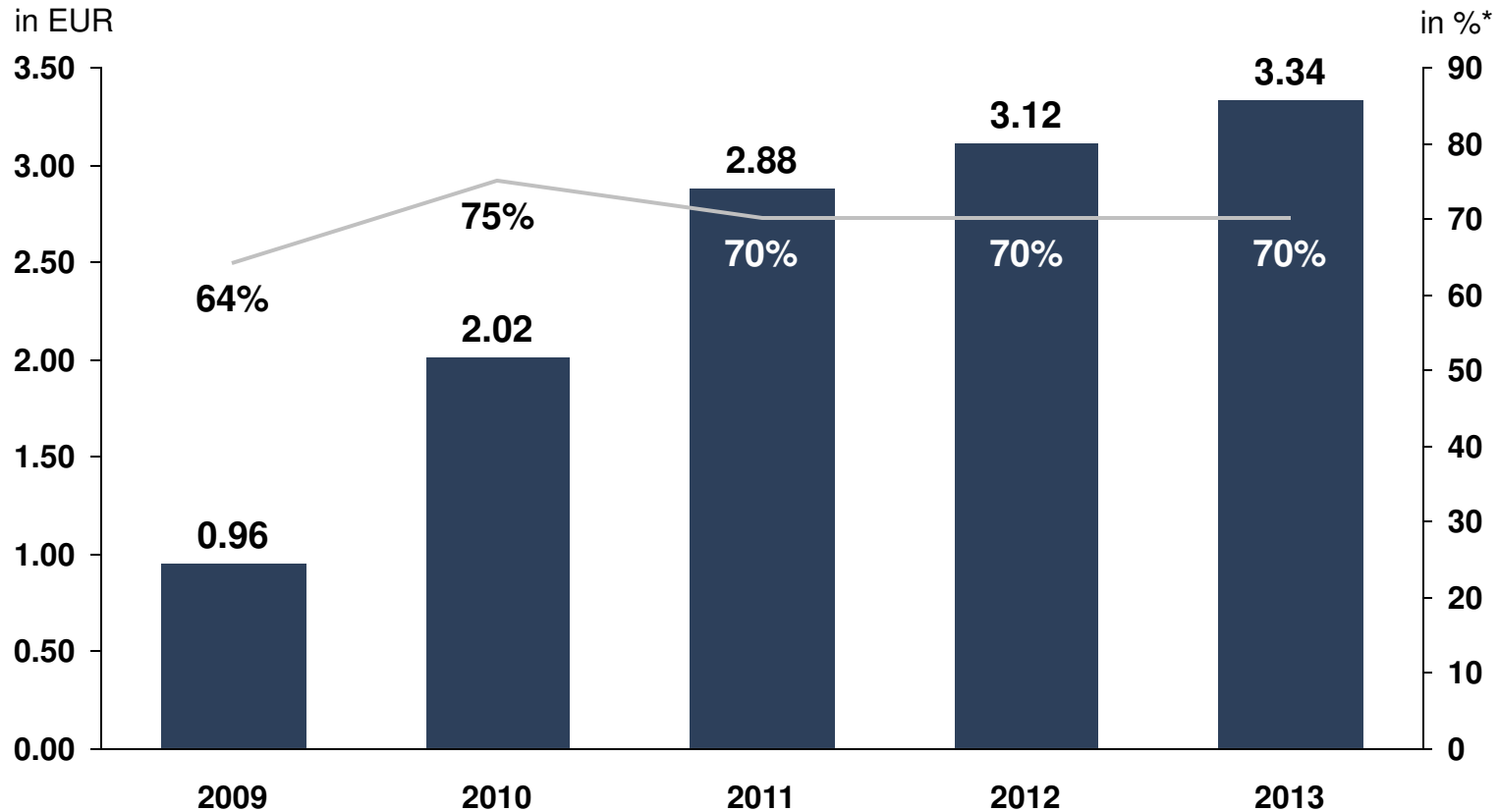
(in %)



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Dividends

Dividend and payout ratio

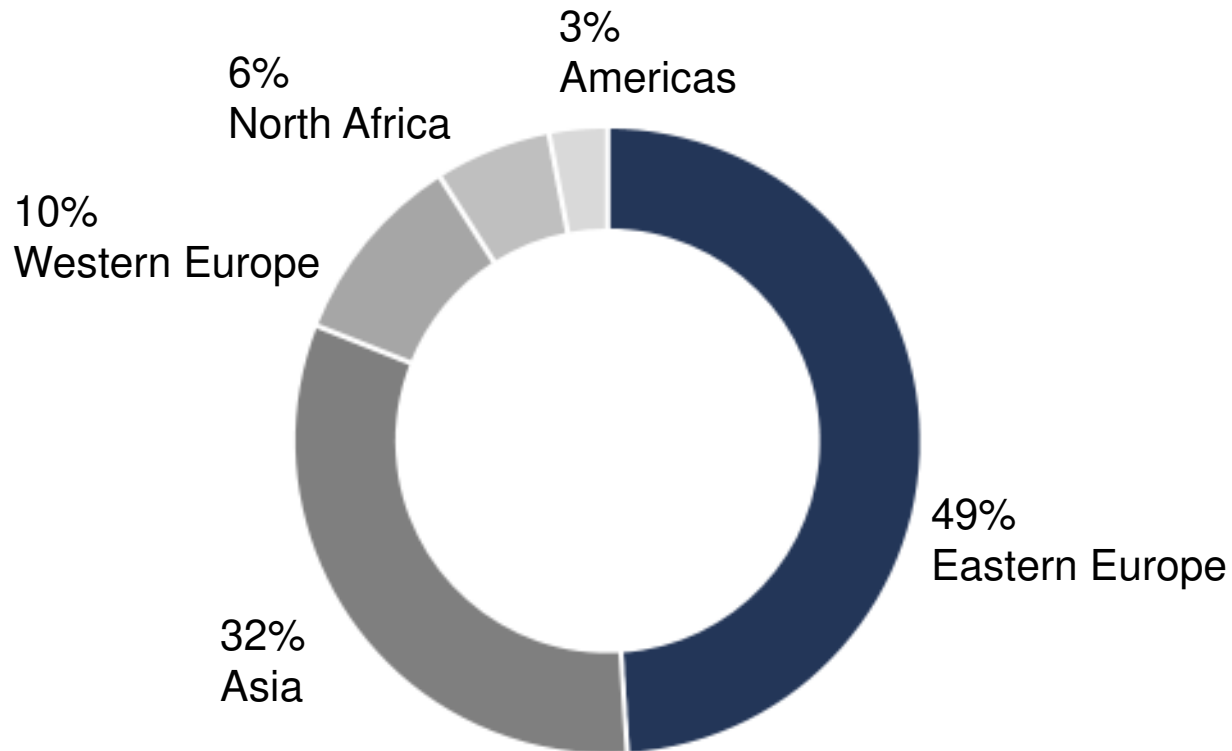


Dividend in line with policy to pay out between 60% and 80% of consolidated net profit

*As a percentage of net income attributable to the shareholders of the parent company.

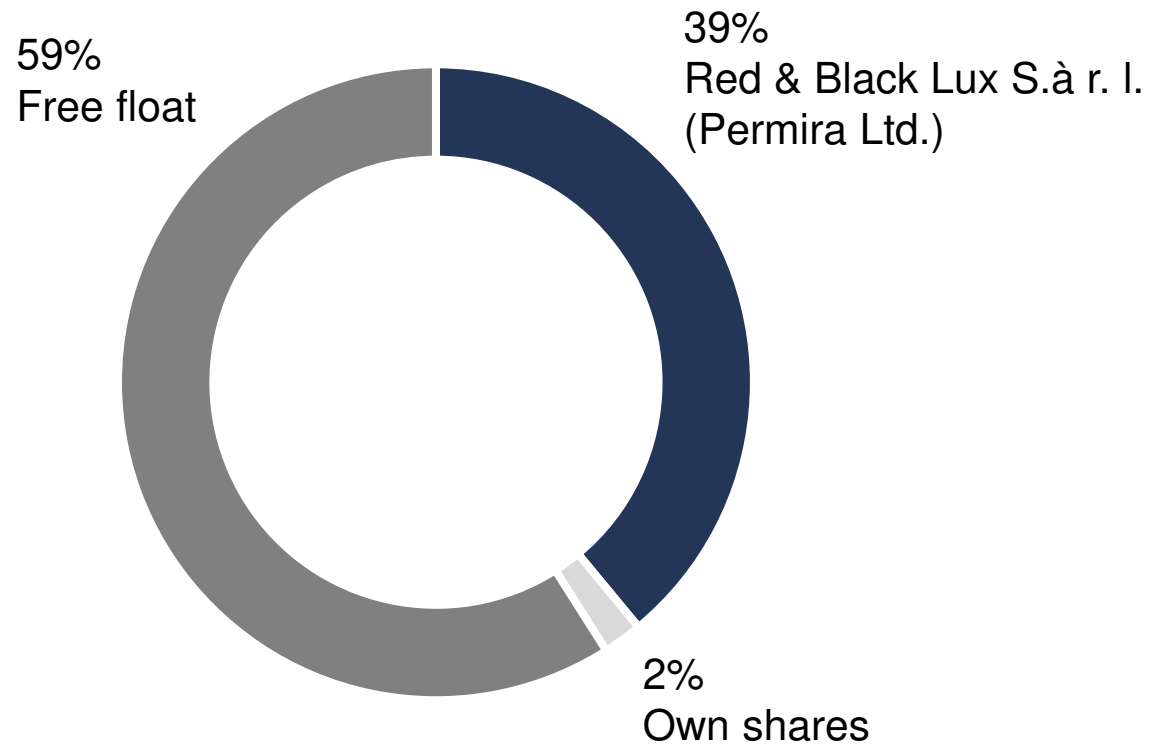
Sourcing structure

Regional split of sourcing and production volume 2013*



*80% Third party production
20% Own production

Shareholder structure*



*Source: Share register, as of September 5, 2014.

Financial calendar 2014

Date	Event
November 4, 2014	Nine Months Results
November 19, 2014	Investor Day

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