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HUGO BOSS

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# Analysts' Conference

**March 30, 2005**

## Brands and Markets

## HUGO BOSS 2004

- Net sales                      EUR 1,168.4 million (+11% vs. prev. year, currency-adj. +13%)
- Gross margin                EUR 631.1 million (+16% vs. prev. year)
- EBIT                            EUR 135.3 million (+13% vs. prev. year)
- Earnings before taxes    EUR 130.1 million (+8% vs. prev. year)
- Net income                  EUR 88.2 million (+7% vs. prev. year)

## HUGO BOSS 2004

- Year-end (12/31) share price<sup>1</sup>:
  - common share EUR 23.45 (+47% vs. prev. year)
  - preferred share EUR 24.50 (+54% vs. prev. year)

(DAX increase of +7% vs. prev. year, MDAX increase of +20% vs. prev. year)

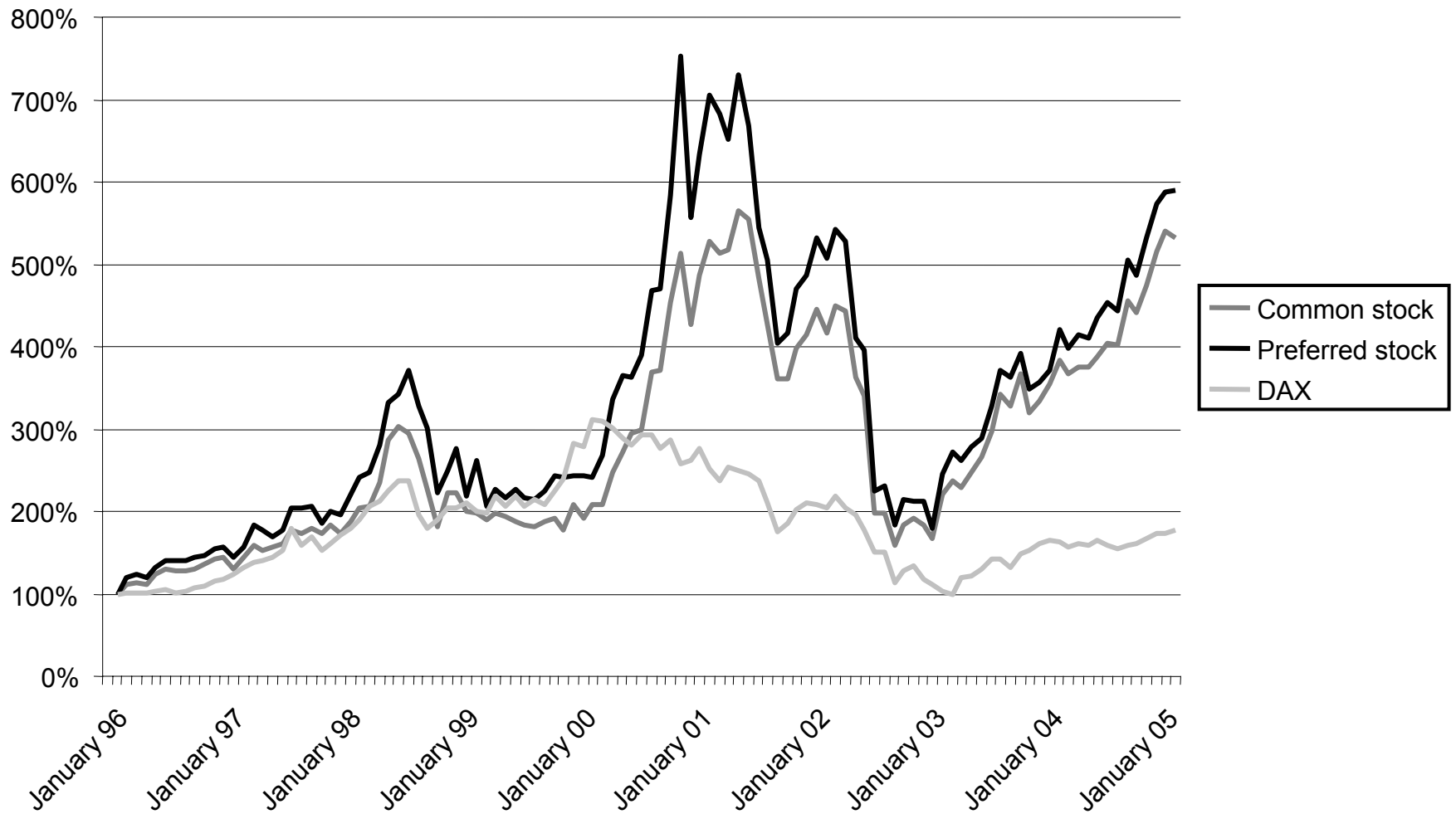
- Dividend yield<sup>2</sup>:
  - High 3.5% (prev. year 4.4%)
  - Low 5.4% (prev. year 9.3%)

- Market capitalization (12/31): EUR 1,687 million (+50% vs. prev. year respectively +EUR 566 million vs. prev. year)

<sup>1</sup> Xetra

<sup>2</sup> based on preferred share

## Share Price Development\*



\* incl. dividend

## Sales by region

	<b>2004</b>	<b>2003</b>	<i>Change</i>	<i>Change</i>	<b>2004</b>
	<i>EUR mill.</i>	<i>EUR mill.</i>	<i>in %</i>	<i>currency-adj. in %</i>	<i>sales split in %</i>
Germany	292.2	261.4	12	12	25
Other European countries	519.0	451.5	15	15	44
Americas	205.1	186.7	10	20	18
Asia / Other regions	111.7	101.3	10	15	10
Royalties	40.4	53.2	(24)	(24)	3
<b>Total</b>	<b>1,168.4</b>	<b>1,054.1</b>	<b>11</b>	<b>13</b>	<b>100</b>

## Sales by brand

	<b>2004</b>	<b>2003</b>	<b>Change</b>	<b>Change</b>
	<i>EUR mill.</i>	<i>EUR mill.</i>	<i>in %</i>	<i>currency-adj. in %</i>
BOSS	1,044.5	941.0	11	13
Man	975.2	890.2	10	12
Woman	69.3	50.8	36	38
HUGO	106.6	94.3	13	14
BALDESSARINI	17.3	18.8	(8)	(7)
<b>Total</b>	<b>1,168.4</b>	<b>1,054.1</b>	<b>11</b>	<b>13</b>

## **BOSS (Man)**

- Market presence in 102 countries with more than 4,500 points of sale
- 13% worldmarket share in high-end Men's Apparel Market
- Sales split
  - Businesswear 58%
  - Leisurewear 42%
- In 65 international metropolis we achieve 44% of our net sales with 22% of our points of sale
- BOSS Stores achieve 30% of net sales
- Introduction of BOSS Selection for the top-end market segment



## **BOSS (Woman)**

- Market presence in 58 countries with 650 points of sale
- Sales split
  - Businesswear 62%
  - Leisurewear 31%
  - Shoes & Accessories 7%
- BOSS Stores achieve 51% of net sales
- Integration of shoes and leather accessories into the own business essential for the brands identity and style
- For the first time a positive net income was realized

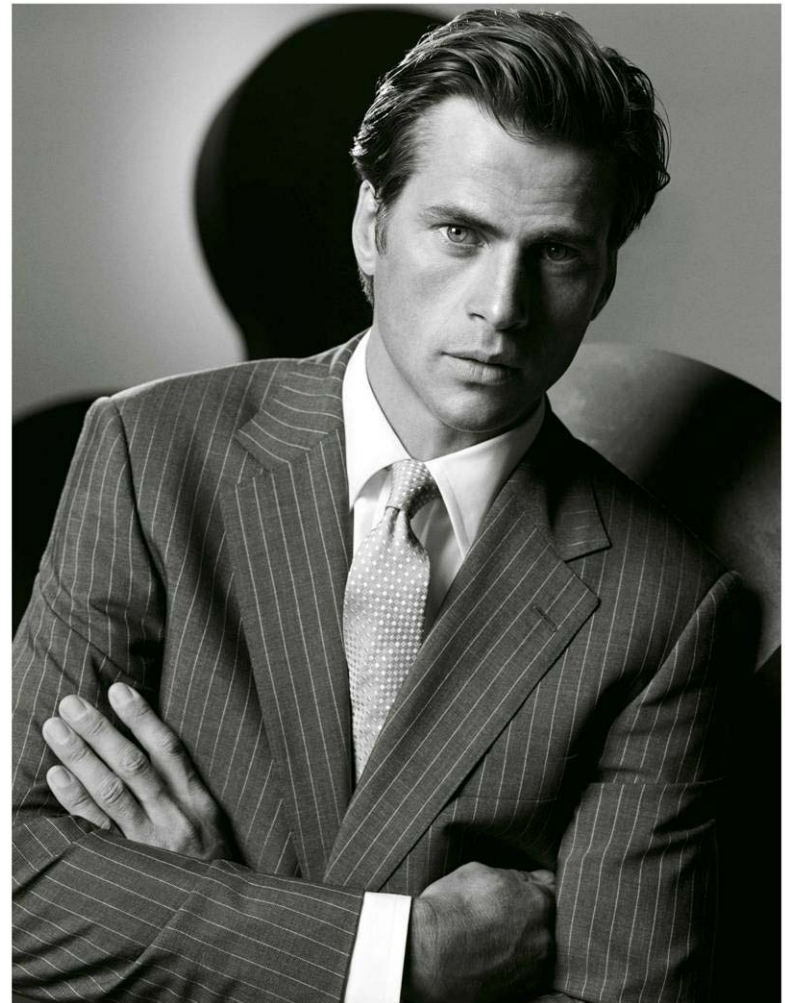
	2000	2001	2002	2003	2004
<b>Net sales</b> in Mill. EUR	10.8	48.5	37.0	50.8	69.3
(Development in %)			(23.6)	37.4	36.3
<b>Net income</b> in Mill. EUR	(10.4)	(24.2)	(18.1)	(3.0)	0.2

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**BOSS**  
HUGO BOSS



**BOSS**  
HUGO BOSS



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## HUGO

- Market presence in 43 countries with more than  
1,000 HUGO Man points of sale and  
350 HUGO Woman points of sale
- Sales split

HUGO Man	76%
HUGO Woman	24%
- HUGO Stores achieve 20% of net sales
- In many markets a leading position in the fashion-forward segment has been achieved

**HUGO**  
HUGO BOSS



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*Baldessarini*

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## **BALDESSARINI**

- Market presence in 34 countries with more than 125 points of sale
- 50% of net sales achieved in stores



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*Baldessarini*

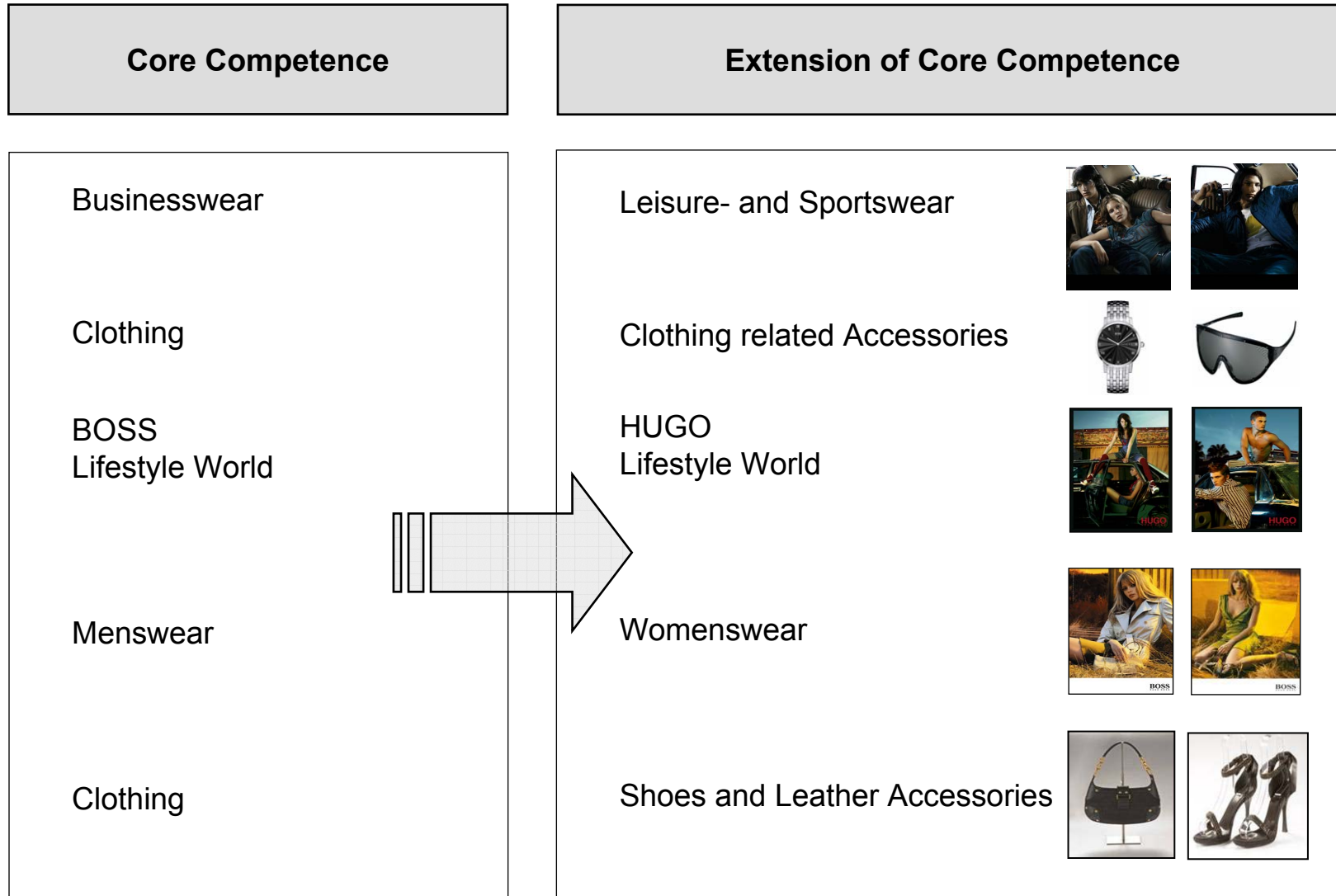


*Baldessarini*  
BALDESSARINI

## Royalties

- The product groups of shoes and leather accessories, previously licensed out, were incorporated into the own business
- Total royalties from fragrances, eyewear and watches, which continue to be licensed out, increased by 4%

## Extension of Core Competences



## Key Drivers for Future Growth

Category	Key Value Factor
<b>BOSS Woman</b>	Fashion Competence
<b>Leisure- and Sportswear</b>	Youth & Health
<b>HUGO</b>	Fashion & Trend
<b>BOSS Selection</b>	Top-end Competence
<b>Shoes and Leather Accessories</b>	Style & Identity
<b>Directly Operated Stores / Retail</b>	Market Competence
<b>HUGO BOSS Stores</b>	Brand Showcase

## HUGO BOSS Stores



Paris – Champs-Élysées

## HUGO BOSS Stores by region

	2004	2003
Germany	113	97
Other European countries	313	272
Americas	88	81
Asia / Other regions	215	186
<b>Total</b>	<b>729</b>	<b>636</b>
Share of net sales in %	31	30
<b>Thereof Directly Operated Stores</b>	<b>97</b>	<b>81</b>
Share of net sales in %	8	8

## Sales trends 2005 by region

	2005	2004
		<i>EUR mill.</i>
Germany	↗	292.2
Other European countries	↗	519.0
Americas	↗	205.1
Asia / Other regions	↗	111.7
Royalties	↗	40.4
<b>Total</b>	<b>↗</b>	<b>1,168.4</b>



Sales growth in the high single digits when adjusted for currency effects

## Earnings trends 2005

	2005	2004
		<i>EUR mill.</i>
Sales	↗	1,168.4
Gross margin	↗	631.1
in % of sales	↗	54.0
EBIT	↗	135.3
Earnings before taxes	↗	130.1
<b>Net income</b>	<b>↗</b>	<b>88.2</b>



Earnings before taxes should rise in proportion with sales growth



**Employees – by region**

<b>Full-time equivalents</b>	<b>2004</b>	<b>2003</b>	<i>Change in %</i>
Germany	1,747	1,623	8
Other European countries	3,936	2,342	68
Americas	958	878	9
Asia / Other regions	301	267	13
<b>Total</b>	<b>6,942</b>	<b>5,110</b>	<b>36</b>

**Employees – by function**

<b>Full-time equivalents</b>	<b>2004</b>	<b>2003</b>	<i>Change in %</i>
Production / Logistics	4,774	3,226	48
Sales / Creation / Marketing	1,649	1,424	16
Administration	519	460	13
<b>Total</b>	<b>6,942</b>	<b>5,110</b>	<b>36</b>

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# Financials

## HUGO BOSS

## Income Statement

	<b>2004</b> <i>EUR mill.</i>	<b>2003</b> <i>EUR mill.</i>	<b>Change</b> <i>in %</i>
<b>Sales</b>	<b>1,168.4</b>	<b>1,054.1</b>	<b>11</b>
Cost of materials incl. changes in inventories	(537.3)	(508.8)	(6)
<b>Gross margin</b> in % of sales	<b>631.1</b> 54.0	<b>545.3</b> 51.7	<b>16</b>
Other operating income and expenses <sup>1</sup>	(261.7)	(224.9)	(16)
Personnel expenses <sup>1</sup>	(198.1)	(170.4)	(16)
Depreciation / amortization <sup>1</sup>	(36.0)	(31.2)	(15)
<b>Operating result</b>	<b>135.3</b>	<b>118.8</b>	<b>14</b>
Goodwill amortization	(1.4)	(0.4)	
Non-recurring and exceptional items	1.4	0.9	56
<b>EBIT</b>	<b>135.3</b>	<b>119.3</b>	<b>13</b>
Net financial result	(5.2)	1.3	
<b>Earnings before taxes</b>	<b>130.1</b>	<b>120.6</b>	<b>8</b>
Taxes on income	(41.9)	(38.2)	(10)
<b>Net income</b>	<b>88.2</b>	<b>82.4</b>	<b>7</b>

<sup>1</sup> Adjusted for non-recurring and exceptional items

## Income Development

		<i><b>EUR mill.</b></i>
<b>Net income 2003</b>		<b>82.4</b>
Change in gross margin		85.8
Change in royalties	(12.8)	
Effect of sales volume on gross margin	62.5	
Effect from changes in the gross margin percentage	36.1	
Change in operating expenses and depreciation / amortization		(70.1)
from other operating expenses	(36.6)	
from personnel expenses	(27.7)	
from depreciation / amortization	(5.8)	
Change in financial result		(6.6)
Change in non-recurring and exceptional items		0.4
Change in taxes		(3.7)
Change in earnings before tax	(3.0)	
Other tax effects	(0.7)	
<b>Net income 2004</b>		<b>88.2</b>

## Analysis of Financial Requirements

	<b>2004</b> <i>EUR mill.</i>	<b>2003</b> <i>EUR mill.</i>	<b>Change</b> <i>in %</i>
Trade receivables, other assets <sup>1</sup>	176.7	222.6	(21)
Inventories	250.7	214.7	17
Trade payables and other liabilities <sup>1</sup>	(66.8)	(53.0)	(26)
Provisions	(81.2)	(74.2)	(9)
<b>Net current assets</b>	<b>279.4</b>	<b>310.1</b>	<b>(10)</b>
Trade receivables <sup>2</sup>	38.0	17.0	
Net deferred taxes	13.0	11.9	9
Trade payables and other liabilities <sup>2</sup>	(3.1)	(2.7)	(15)
Fixed assets <sup>3</sup>	263.4	222.5	18
Provisions for pensions	(14.0)	(19.7)	29
<b>Medium- and long-term net assets</b>	<b>297.3</b>	<b>229.0</b>	<b>30</b>
<b>Net capital invested</b>	<b>576.7</b>	<b>539.1</b>	<b>7</b>
Balance of cash at banks and due to banks	154.7	139.6	11
Shareholders' equity	422.0	399.5	6
<b>Coverage of net capital invested</b>	<b>576.7</b>	<b>539.1</b>	<b>7</b>

<sup>1</sup> Payable within one year<sup>2</sup> Payable after more than one year<sup>3</sup> Tangible and intangible fixed assets

## Free Cash Flow

	<b>2004</b> <b>EUR mill.</b>	<b>2003</b> <b>EUR mill.</b>	<b>Change</b> <b>in %</b>
Net income	88.2	82.4	7
Depreciation / amortization <sup>1</sup>	37.4	32.9	14
Change of pension provisions	(5.7)	(3.4)	(68)
<b>Cash flow</b>	<b>119.9</b>	<b>111.9</b>	<b>7</b>
Net additions to fixed assets	(78.3)	(35.0)	
Change in remaining net capital invested	9.0	(1.5)	
Currency translation and other equity changes	(10.5)	(14.9)	30
<b>Free cash flow – before dividend</b>	<b>40.1</b>	<b>60.5</b>	<b>(34)</b>
Dividend payment	(55.2)	(53.1)	(4)
<b>Free cash flow</b>	<b>(15.1)</b>	<b>7.4</b>	

<sup>1</sup> Including non-recurring write-offs

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## Appendix



## **Forward-looking Statements Contain Risks**

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

## **Financial Calendar 2005**

<b>March 30, 2005</b>	Balance Sheet Press Conference and Analysts' Meeting in Metzingen
<b>April 28, 2005</b>	Publication of the First Quarter Report 2005
<b>May 11, 2005</b>	Annual General Meeting in Stuttgart
<b>July 28, 2005</b>	Publication of the Interim Report 2005
<b>November 3, 2005</b>	Publication of the Third Quarter Report 2005

Address	Contents	Languages
<a href="http://www.hugoboss.com">www.hugoboss.com</a>	Annual Report Interim Report Financial Presentations Investor Relations Calender Stock Prices Press Releases	German / English