

H U G O B O S S

Financial Performance & Strategic Direction

First Half 2009

July, 2009

© HUGO BOSS AG – Metzingen, Germany

Agenda

Strategic direction

Highlights

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Outlook

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.

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Our portfolio of strong brands – oscillating between elegant, casual, and avant-garde (I/II)



Our portfolio of strong brands – oscillating between elegant, casual, and avant-garde (II/II)



High brand awareness

~ 90 - 100% among target consumers

High share of buyers within target group

~ 40 - 60% at BOSS Black/Selection/HUGO

~ 15 - 30% at BOSS Orange/Green



Brand portfolio – Brand DNA at a glance

					
Role within our portfolio	The luxury brand	The heritage-driven core brand	The golf & premium sportswear/lifestyle brand	The urban casual wear	The fashion spearhead
Brand Personality	Modern Luxurious Elegant	Superior Premium Contemporary	Relaxed sporty optimistic vigorous	Urban modern confident	Edgy progressive creative individual
Brand Promise	Modern style and uncompromised workmanship	Being impeccably and appropriately dressed	Premium Sportswear enriched by elements of golf	Modern casual wear that adapts to the lifestyle of the metropolitan inner-city	Avant-garde/ contemporary fashion that underlines a creative and individual attitude
Point of Difference	Modern luxury clothing and sportswear with a passion for quality and details	Contemporary elegance associated with a desirable lifestyle	Sophisticated lifestyle sports fashion – with roots in the golf sport	Fashion-driven premium casual wear for individual style seekers	Unconventional & progressive without being loud

Key Competitors on corporate level

Following competitors have a similar structure as HUGO BOSS on a corporate level (“benchmark competitors”):



Market environment – Recap of first half 2009

Toughest global economic development since decades

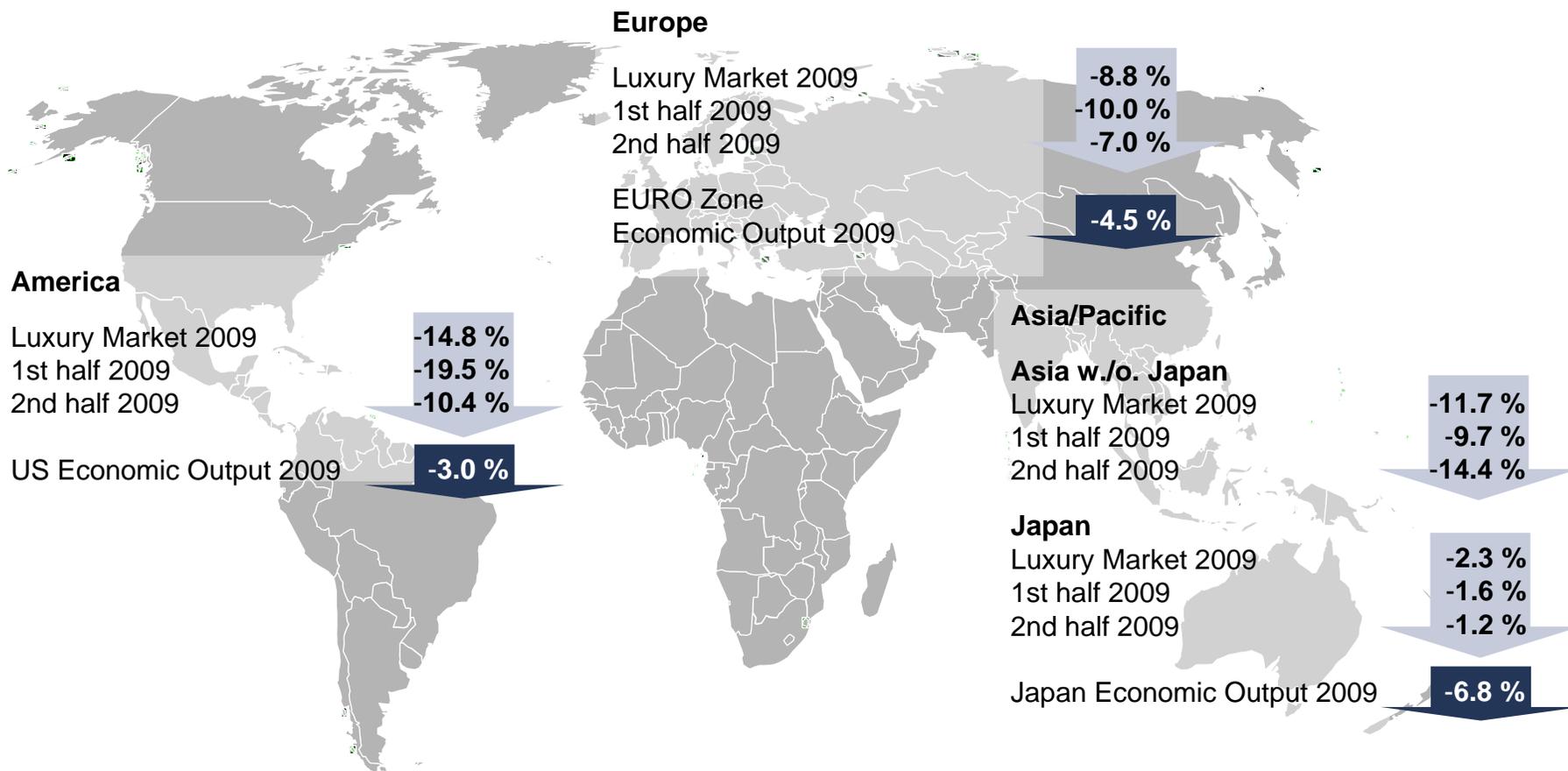
Key markets under pressure

Increasingly challenging business environment

Retailers adjusting strategies

Changing consumer behavior

Market environment – Regional estimations illustrate global impact of crisis



Note: All figures are estimations by respective organizations as quoted.

Source: Altagamma, http://www.altagamma.it/pag_spec/Scenari_2009/approfondimenti/03_ALTAGAMMA_CONSENSUS_2009.pdf

Worldbank, <http://www.ftd.de/politik/international/:Eurozone-USA-und-EntwicklungsI%E4nder-Weltbank-senkt-Konjunkturprognose/530077.html>

Re-organization of top management structure successfully completed

Management Board

COO
Dr. Andreas
Stockert

CEO
Claus-Dietrich
Lahrs

CFO
Norbert
Unterharnscheidt

CBO
Christoph
Auhagen

Strategy Board

Operations /
Sourcing /
Manufacturing

Regional
Management
Europe incl.
Middle East/Africa

Regional
Management
Americas

Regional
Management
Asia-Pacific

Brand /
Creative /
Communication

Performance initiatives delivering profitable results in the first half of 2009 and expected to drive sustainable results and earnings in the second half

Scope of initiatives	Performance of initiatives
Improving fixed cost structure	<ul style="list-style-type: none"> ▪ Realigning the Group's organizational structure
Turning retail network into Group's profit driver	<ul style="list-style-type: none"> ▪ Evaluating and harmonizing redundant structures and processes
Harmonizing sourcing and manufacturing activities	<ul style="list-style-type: none"> ▪ Improving general expenses, e.g. travel / department expenses
Decreasing net working capital to a healthy level	<ul style="list-style-type: none"> ▪ Reviewing global marketing spending
Reducing collection complexity	<ul style="list-style-type: none"> ▪ Streamlining international showroom network

Performance initiatives delivering profitable results in the first half of 2009 and expected to drive sustainable results and earnings in the second half

Scope of initiatives

Improving fixed cost structure

Turning retail network into Group's profit driver

Harmonizing sourcing and manufacturing activities

Decreasing net working capital to a healthy level

Reducing collection complexity

Performance of initiatives

- Analyzing global retail store portfolio
- Identifying and discontinuing retail operations of 13 DOS not reaching internal KPI targets
- Starting in-store retail excellence program reaching industry benchmark
- Improving retail cost base, e.g. rent, personnel

Performance initiatives delivering profitable results in the first half of 2009 and expected to drive sustainable results and earnings in the second half

Scope of initiatives

Improving fixed cost structure

Turning retail network into Group's profit driver

Harmonizing sourcing and manufacturing activities

Decreasing net working capital to a healthy level

Reducing collection complexity

Performance of initiatives

- Optimizing supplier portfolio
- Extending global sourcing activities
- Generating economies of scale in terms of plant utilization
- Reducing overall logistics costs

Performance initiatives delivering profitable results in the first half of 2009 and expected to drive sustainable results and earnings in the second half

Scope of initiatives

Improving fixed cost structure

Turning retail network into Group's profit driver

Harmonizing sourcing and manufacturing activities

Decreasing net working capital to a healthy level

Reducing collection complexity

Performance of initiatives

- Streamlining order booking behavior
- Limiting use of merchandise contracts for customers
- Monitoring net working capital development by DIO, DPO, and DSO
- Renegotiating terms and conditions of purchase
- Enforcing A/R – management

Performance initiatives delivering profitable results in the first half of 2009 and expected to drive sustainable results and earnings in the second half

Scope of initiatives

Improving fixed cost structure

Turning retail network into Group's profit driver

Harmonizing sourcing and manufacturing activities

Decreasing net working capital to a healthy level

Reducing collection complexity

Performance of initiatives

- Reviewing collection development processes
- Driving product efficiency per style-color
- Lowering prototyping and sampling costs

Key takeaways of performance initiatives

Performance initiatives already delivered positive contribution in the first half of 2009

Protecting net profit would have hardly been possible without launch and implementation of improvement levers

One-off expenses for retail turnaround and complexity streamlining of 13 EUR mill.

Performance initiatives estimated to deliver same effect in second half as in first half

Strengthening our excellent brand portfolio and positioning with clear focus on product competence

Extend our operational excellence, and further develop our global distribution network

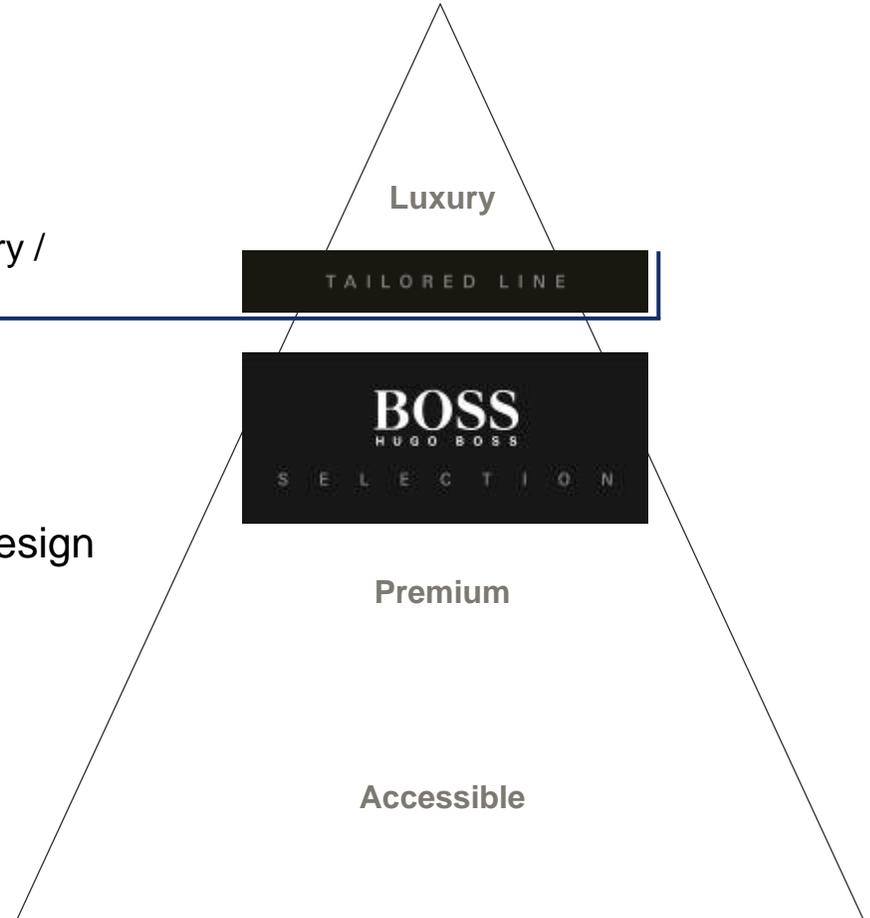
**Brand/ Product excellence – BOSS Selection portfolio
supplemented by the TAILORED LINE**

BOSS
HUGO BOSS

S E L E C T I O N



Positioning in Luxury /
Premium Segment



Full-canvas interpretations using contemporary design

Superlative quality and craftsmanship

Produced in Germany and Italy

**Brand/ Product excellence – Extending brand awareness
by store openings in most prestigious locations**



Focus on Asian region



Offering complete range of
BOSS Selection as well as Tailored Line



Enlarging existing customer base
into luxury segment

BOSS Selection Store, ION Mall, Orchard Road, Singapore

Brand/ Product excellence – Introducing BOSS Orange new direction



New direction beginning with 2010
Spring/Summer collection

Modern casualwear that adapts to the life-
style of the metropolitan inner-city

Fashion segment: Premium brand,
commercial consumer

Focus on denim, outerwear, accessories,
knitwear, jersey, shirts

Brand/ Product excellence – Shop concept BOSS Orange new direction





BOSS
HUGO BOSS



sienna miller for
**BOSS
ORANGE**
the new fragrance



Brand/ Product excellence – BOSS Black Womenswear S/S 2010 MC



First influences of new direction in
2010 Spring/Summer collection

Realignment of organizational setup finished



First collection with new design guidance for
precollection Autumn/Winter 2010

Brand/ Product excellence – Retail Core Range introduction

Consistent collection presentation across DOS

Improving retail performance

Supporting franchise partners in the long run

Introducing three store packages – S/ M/ L

Piloting BOSS Black Menswear incl. Shoes & Leather Acc.

Focusing on European retail network



Brand/ Product excellence – Leveraging the stock business

Strengthening of category business

Focusing on polo, knitwear, jeans, shirts, ties

Key success factors of chosen categories are:

- High product efficiency
- High volume
- High stock turn rate
- High product density on category floors
- Targeting floor space gains on category floors

Polo & Knitwear



Jeans



Shirts & Ties



Brand/ Product excellence – Launch of BOSS Kids Wear under new licensee



Launch of Kids Wear BOSS
for 2010 Spring/Summer

Featuring apparel, shoes & accessories,
designed for boys and girls aged 0 to 16

First collection with French licensee
C.W.F. Children Worldwide Fashion

Sales excellence – Strong global monobrand footprint

Slowing down growth rate despite uncertain market environment

Focusing on profitable monobrand network expansion

	December 31, 2008	March 31, 2009	June 30, 2009
Number of Stores / Shops	1,389	1,385	1,394
- Freestanding Stores	477	471	472
- Shop-in-Shops	912	914	922
Thereof Directly Operated Number	330	336	342
- Freestanding Stores	116	119	123
- Shop-in-Shops	214	217	219

Sales excellence – Successfully entering new distribution channels | Go-live of online stores in Germany, France and the Netherlands



Successful start of online store operations in 2008 in the UK

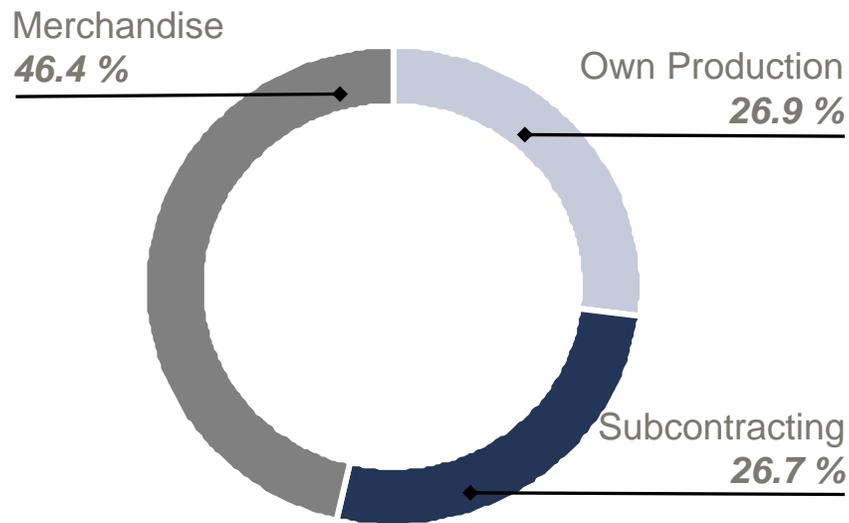
Go-live in NL, FR, DE in second quarter of 2009

Low value, but double digit growth rates

Over 11,000 orders

~ 715,000 visits per month

Operational excellence – Global production and sourcing network (1/2)



Global purchasing volume of more than EUR 700 Mio.

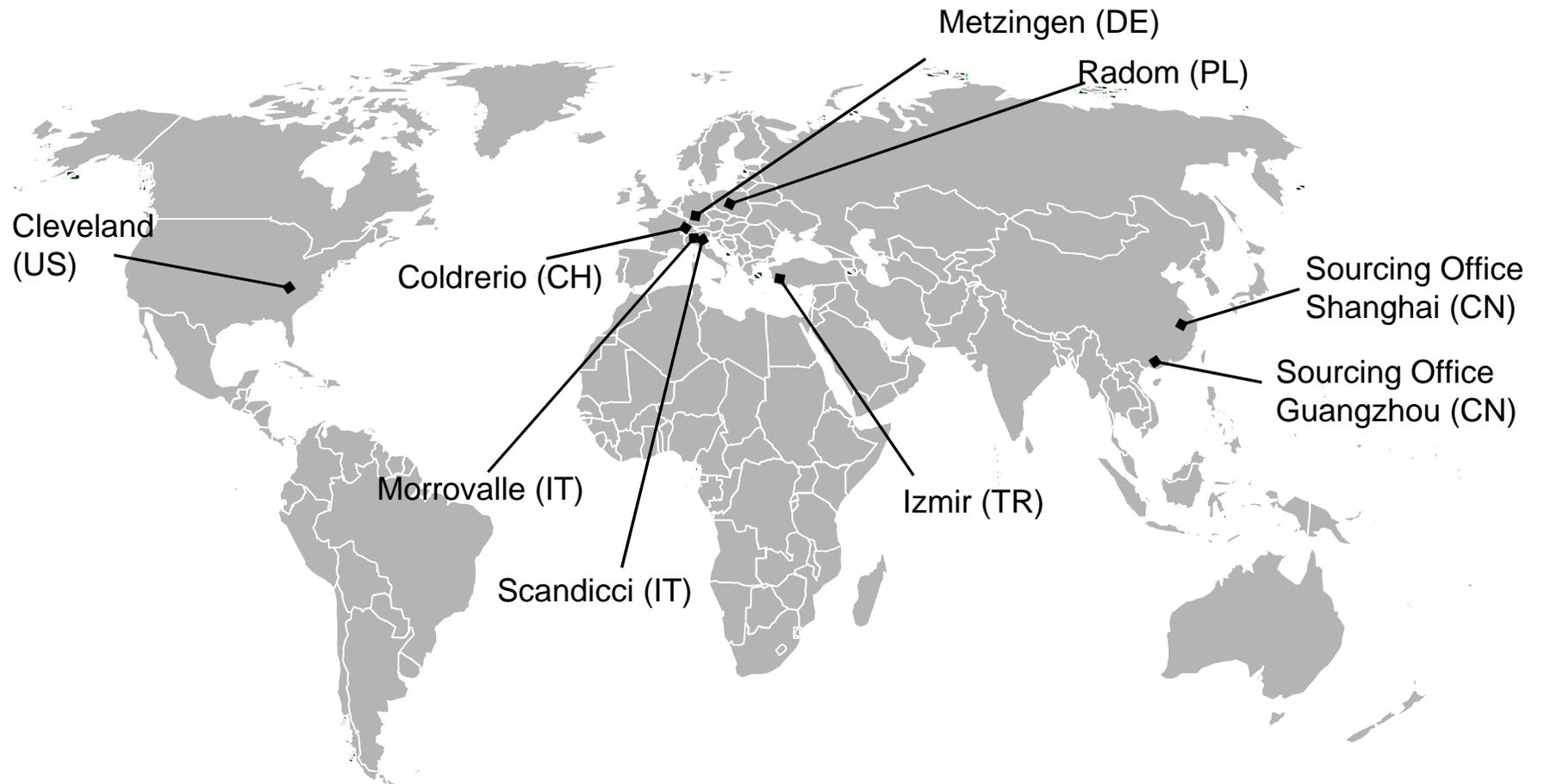
Expansion of global sourcing

Identifying potential new suppliers by process driven tendering procedures

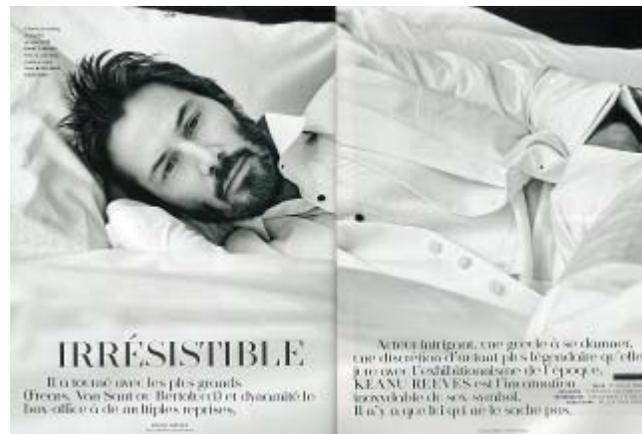
Integration of suppliers in product development

Notes: Figures reflecting split of year-to-date December 2008

Operational excellence – Global production and sourcing network (2/2)



Communication excellence – Press coverage highlights first months 2009



Communication excellence – Celebrity dressing highlights first months 2009



Milla Jovovich & Julia Stegner
At the BOSS Black Fashion Show
in Berlin. January 2009



Kim Basinger at the Premiere of
“Informers” in L.A., June, 2009



Demi Moore at the Sundance
Film Festival, June, 2009



Keanu Reeves at the Berlinale
11th to 21st of February, 2009

Communication excellence – Art sponsoring highlights first months 2009



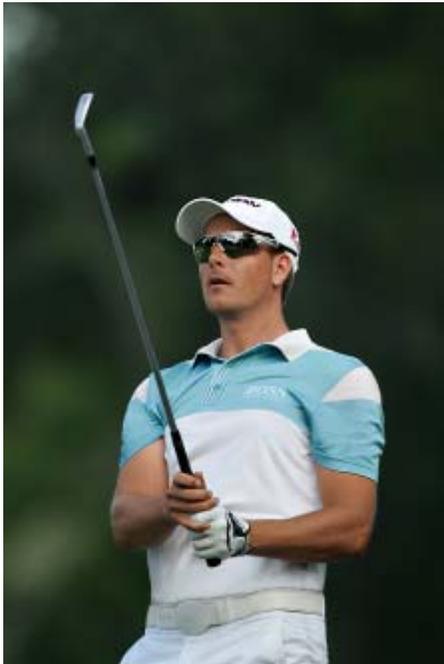
Biennale 2009
German Pavilion



Emily Jacir's exhibition at the Guggenheim Museum, New York
From February to March 2009



Communication excellence – Sport sponsoring highlights first months 2009



**Hendrik Stenson at the
BMW PGA Championship,
Wentworth 21st - 24th of May, 2009**



**Alex Thompson at the Kieler Woche,
20th - 28th of June, 2009**



**Lewis Hamilton in Monaco,
May, 2009**



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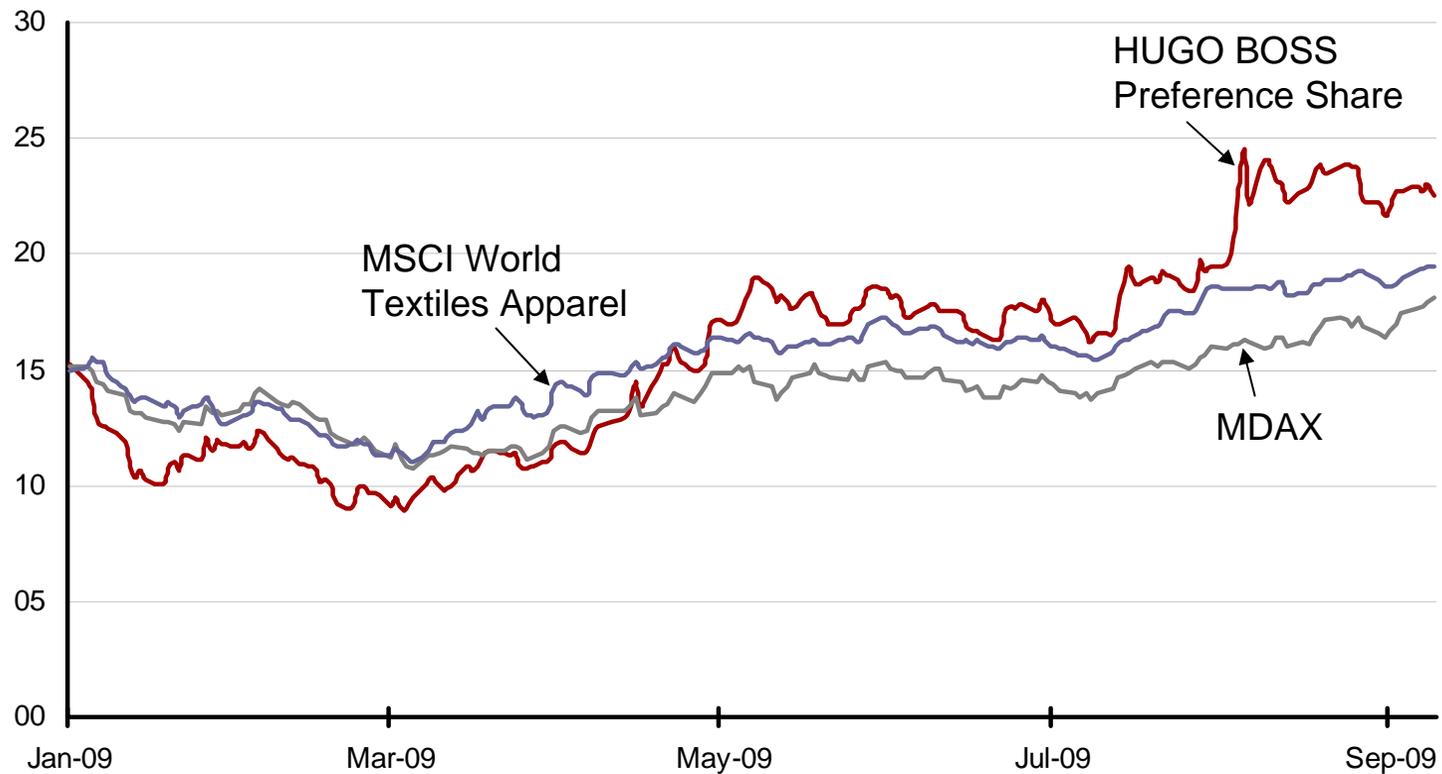
Highlights

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Development of shares from January to September 2009

in EUR



MDAX / MSCI World indicated based on preferred shares January 2009

Key figures first half year 2009

in EUR mill.

Net sales	787.6	- 5%	(fx-adj. - 7%)
Contribution margin	411.0	- 6%	
Contribution margin in % of sales	52.2%	- 0.4 ppt.	
EBITDA before special items	119.8	- 10%	
Net working capital	315.2	- 29%	
Net debt	528.6	- 15%	
Cash flow from operating activities	153.5	> 100%	

Key figures first half 2009

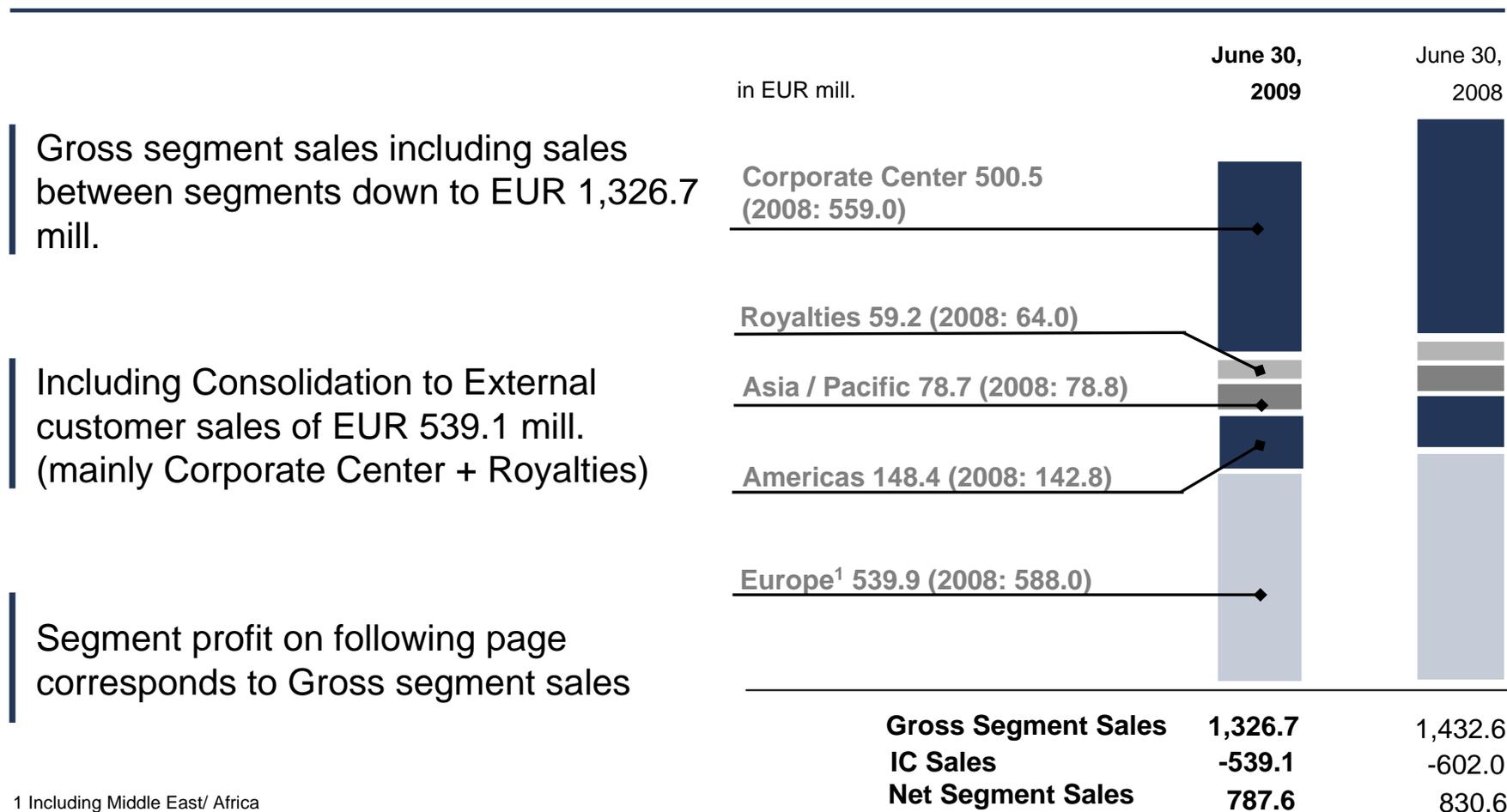
Sales of EUR 788 Mill. generated in first half, reflecting a slight decline of 5%

Contribution margin in % of sales declined marginally by only 0.4 ppt.

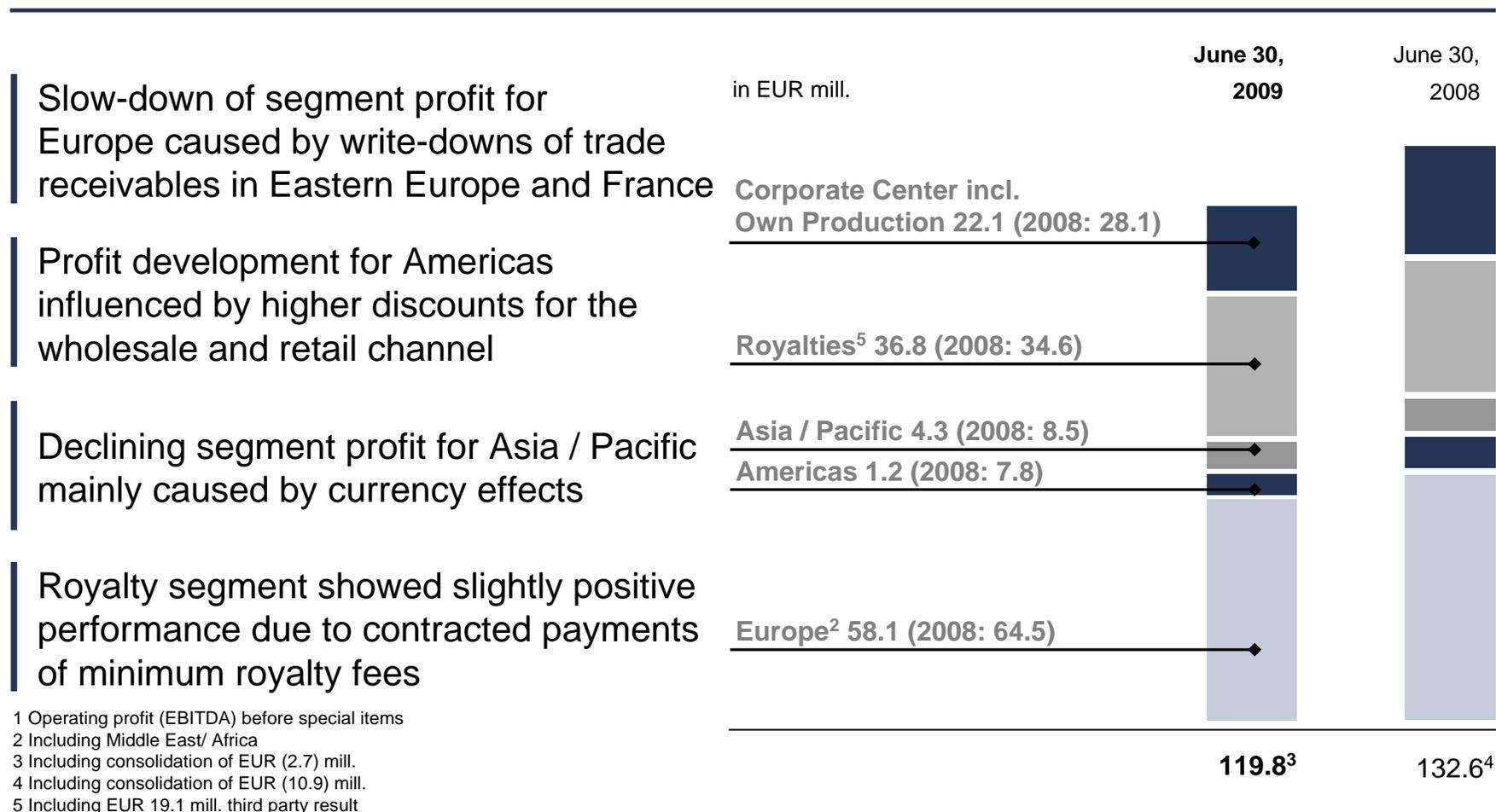
Internal key performance indicator EBITDA before extraordinary items was down 10%, mainly due to risk-adjusted write downs on receivables and inventories

Net working capital declined by 29% and reduction of net debt by 15% contributed to development of cash flow from operating activities – rising from EUR 29 to 154 Mill.

Sales by segment in first half 2009 including Intercompany Sales



Profit¹ development by segment first half 2009



Brand sales in first half developed in line with our expectations

BOSS sales suffered due to weak demand with a decline of 5% in the first half year 2009 and 8% after adjustments for currency effects

HUGO sales declined by 3%, reflecting a currency-adjusted sales decline of 6%

in EUR million	Jan. - June 2009	Jan. - June 2008	Change in %	Change in % Currency-adjusted
BOSS	713.9	754.2	-5	-8
Menswear	617.6	644.5	-4	-7
Womenswear	96.3	109.7	-12	-14
HUGO	73.3	75.8	-3	-6
Others	0.4	0.6	-33	-42
Total	787.6	830.6	-5	-7

Strong cash flow development first half 2009

Cash flow from operating activities was significantly above prior year figure due to positive effects from reducing net working capital level

Cash flow from investing activities nearly balanced given lower capital expenditures and increased proceeds from sale of fixed assets

Cash flow from financing activities mainly characterized by dividend payment as well as a partial repayment of the revolving part of the syndicated credit line

in EUR mill.	June 30, 2009	June 30, 2008
Cash flow from operating activities	153.5	29.0
Cash flow from investing activities	0.3	(41.3)
Cash flow from financing activities	(119.5)	10.5
Change in cash and cash equivalents	34.8	(2.4)

Outlook for 2009 still uncertain

Net sales expected to decrease on a year-on-year comparison due to global market conditions, but targeting to outperform competitors

Performance initiatives estimated to deliver positive results on cost structure to protect cash flow and profit margin also in 2nd half of 2009

Continuing focus on net working capital optimization (dedicated initiatives in trade receivables and inventory management)

Continuing of positive EBITDA margin development in percentage of sales



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