

H U G O B O S S

H U G O B O S S

Annual Press Conference

Metzingen – March 26th, 2009

Today's Agenda

Strategic direction

Main areas of change

Financial Performance 2008

Future Developments

Today's Agenda

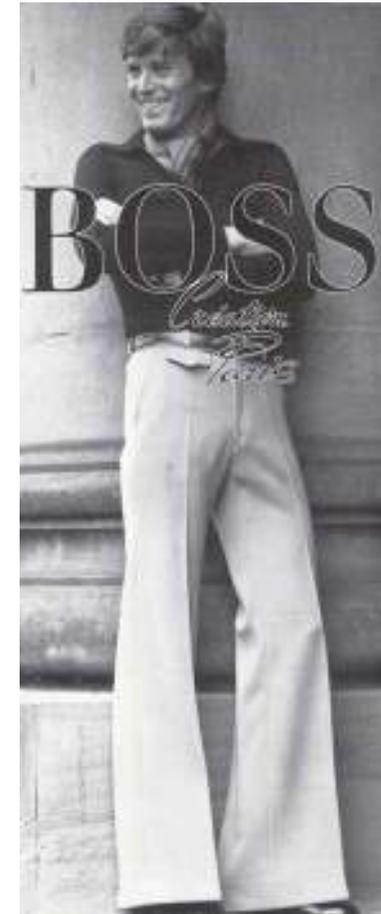
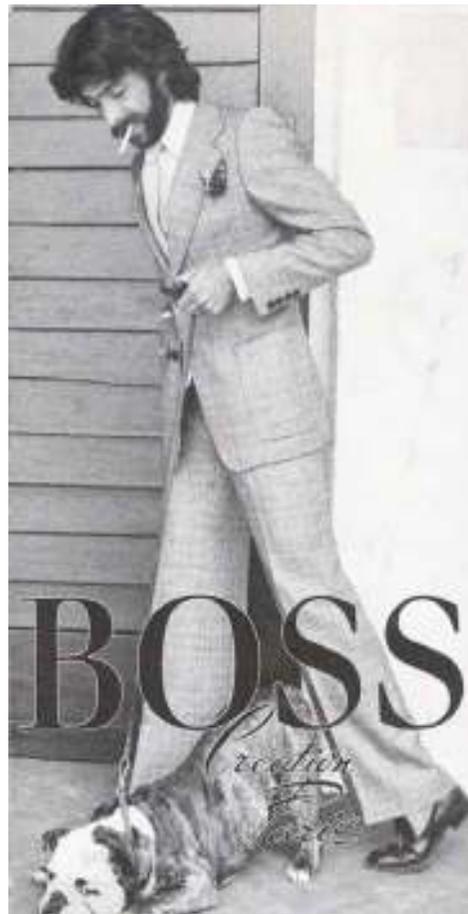
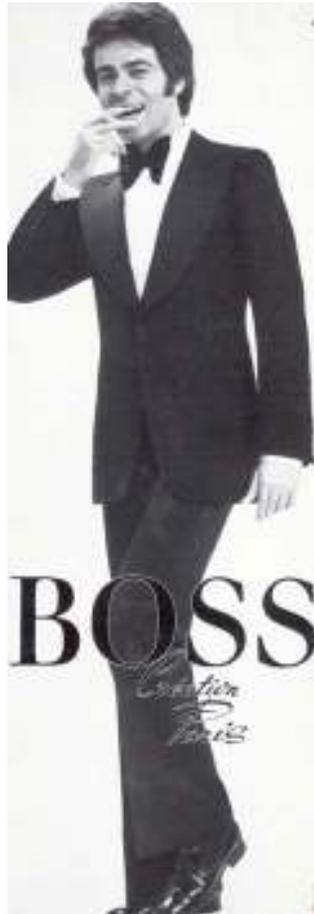
Strategic direction

Main areas of change

Financial Performance 2008

Future Developments

Our heritage is based upon men's wear, business wear, and suits



Since decades HUGO BOSS has created a portfolio of strong brands oscillating between elegant, casual, and avant-garde



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



HUGO BOSS brands and products are highly regarded by consumers and trade partners

"HUGO BOSS has still the **best value for money** in suits in the premium market"

Consumer

"HUGO BOSS has embraced the signs in making tailored clothing comfortable and flattering"

Senior executive, Saks Fifth Avenue

"HUGO BOSS offers **reliable quality**"

Consumer

"HUGO BOSS is **elegant, chic, and modern**"

Consumer

"HUGO BOSS is one of the **best brands in customer communication** and organizing **great events**"

US Wholesaler

"HUGO BOSS already is **our largest brand in premium men's wear** – we look forward **to do even more business with you**"

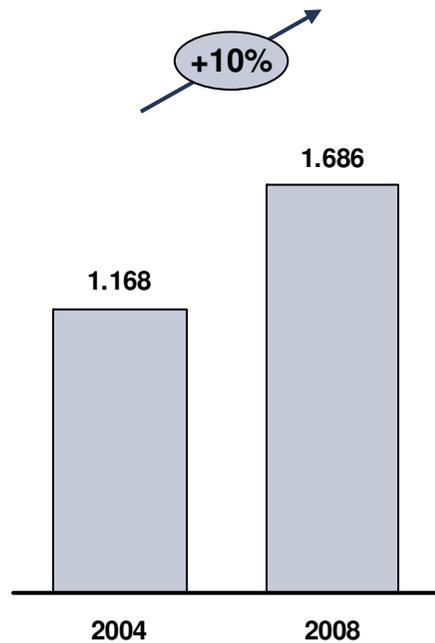
Leading European Wholesaler

The HUGO BOSS culture is one of our strongest assets

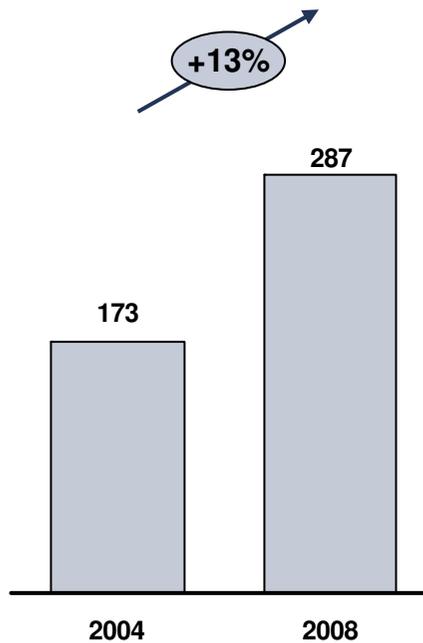


Five-Year development with a solid financial performance of growth in EUR mill.

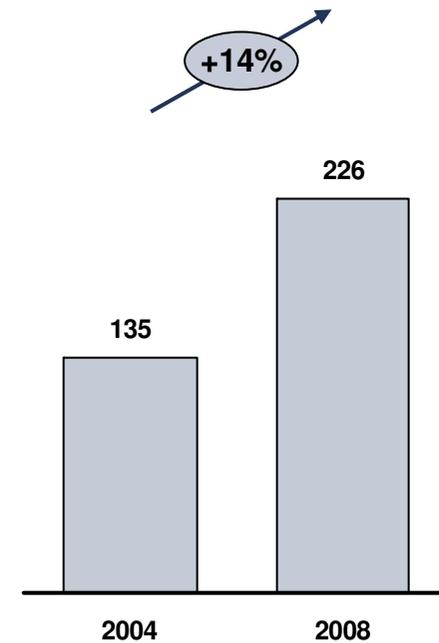
Net Sales



EBITDA before extraordinary items



EBIT before extraordinary items





BOSS
HUGO BOSS

HUGO
HUGO BOSS



Strategic growth areas

→ Further leverage our existing strengths to continue growth with BOSS Black in premium men's wear

→ Expand the share of business done with ...

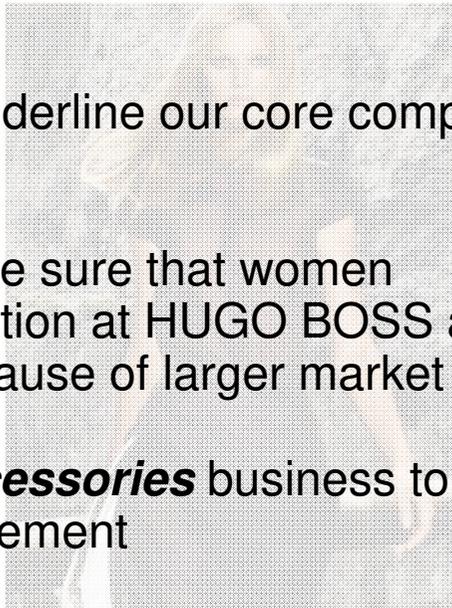
... **BOSS Selection** to underline our core competence in men's wear (full-canvas)

... **Women's wear** – make sure that women get the same attention at HUGO BOSS as men already enjoy, because of larger market than men's wear

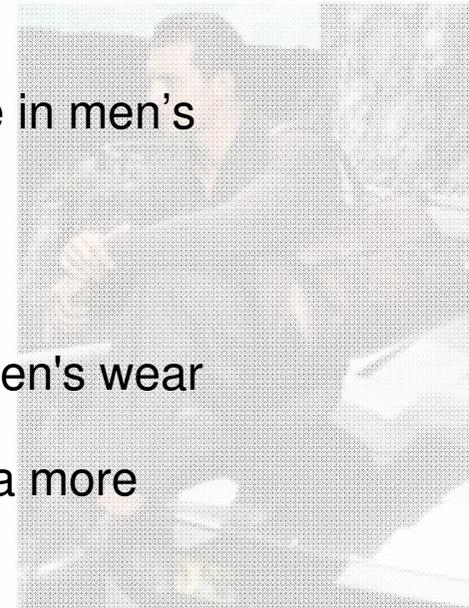
... **Shoes & Leather Accessories** business to make a more visible fashion statement



BOSS



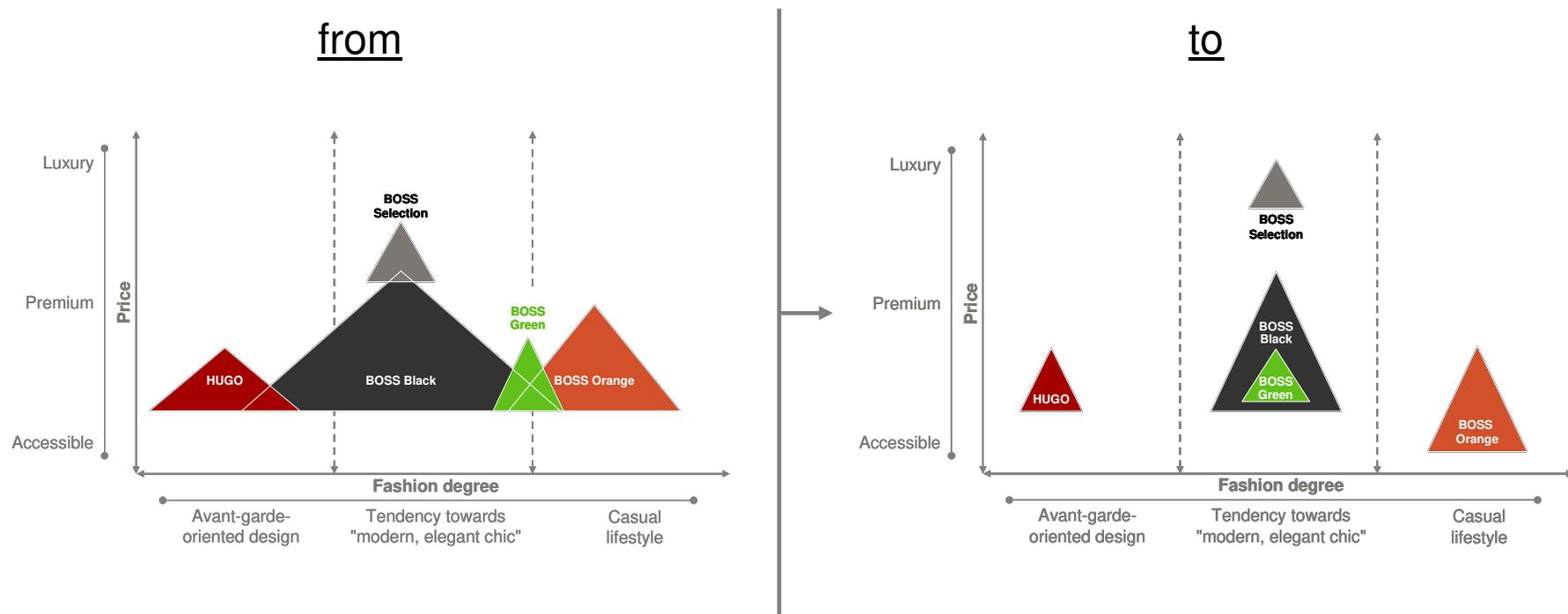
BOSS



BOSS

Brand repositioning to sharpen our image

In the past the HUGO BOSS brand architecture showed product overlaps and similar price positions. To avoid cannibalization, we now focus on the stand-alone positioning of each brand.



We are unlocking potential by developing dedicated retail channel strategies to ...



Focusing on geographical expansion to drive our business outside Central Europe to ...



... be **less dependent** on mature markets in **Central** and **Western Europe**, but even there is still market share to gain

... benefit from double-digit growth of **emerging markets** in Asia (without Japan) and Russia/Eastern Europe

... find the right access to large **mature markets** such as the US and Japan to capture the full potential of the premium market

Delivering sustainable and profitable growth by ...



... monitoring and improving profitability of own retail

... managing trade partner profitability more stringently

... reducing net working capital to a healthy level

... decreasing complexity in operations, sourcing and manufacturing as well as supply chain

Performance initiatives launched in second half of 2008 anticipating weakening market conditions

- ↳ Strengthening cost cautiousness and tight monitoring of cost drivers
- ↳ Retail turnaround
- ↳ Sourcing & manufacturing
- ↳ Fine-tuning the regional pricing structure
- ↳ Net working capital optimization

Key observations of 2008 show impacts on our global market operations

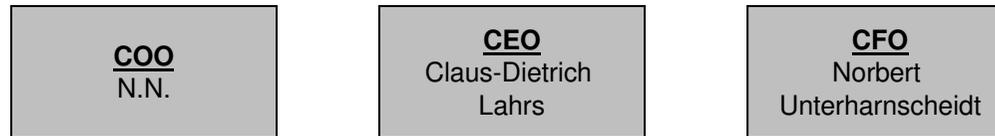
- ↳ Toughest global economic development since decades
- ↳ Key markets are under pressure
- ↳ Increasingly challenging business environment
- ↳ Retailers adjusting strategies
- ↳ Consumer behavior is changing

Therefore organizational changes have been implemented in 2008

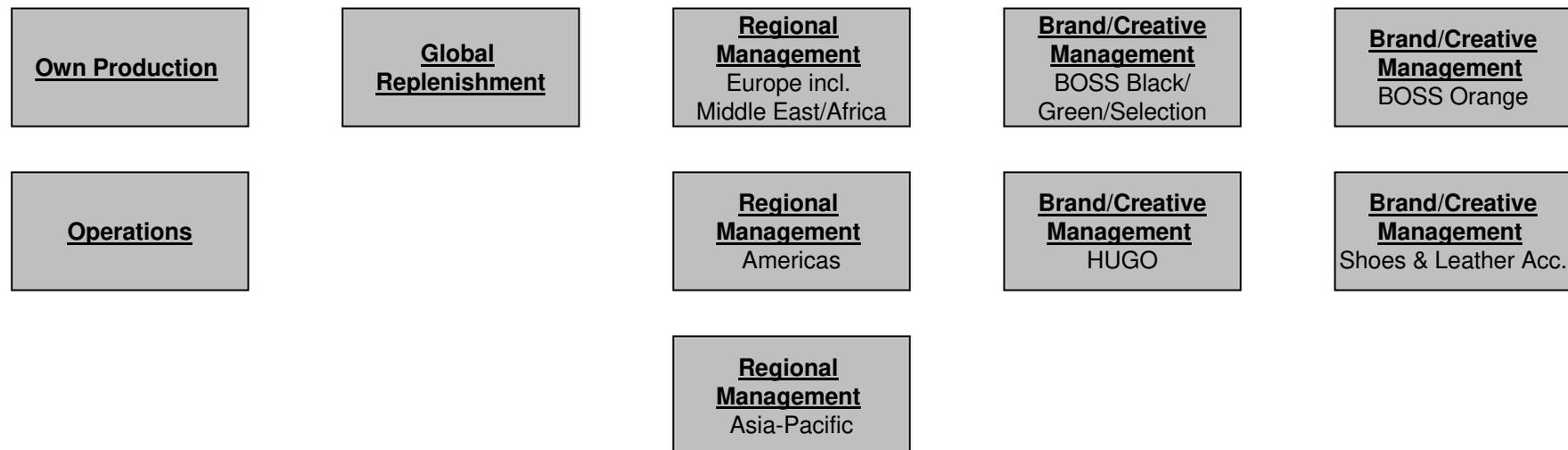
- ↳ Redefining organizational structure of headquarters to speed up internal decisions and establish clear responsibilities
- ↳ Introducing regional responsibilities for Europe incl. Africa/Middle East, Americas, and Asia/Pacific to simplify and optimize reporting structures
- ↳ Implementing an extended management board with outstanding expertise in respected areas to monitor operations and strategic decisions more closely

The redesign of the top management structure is nearly finished

Management Board



Extended Board



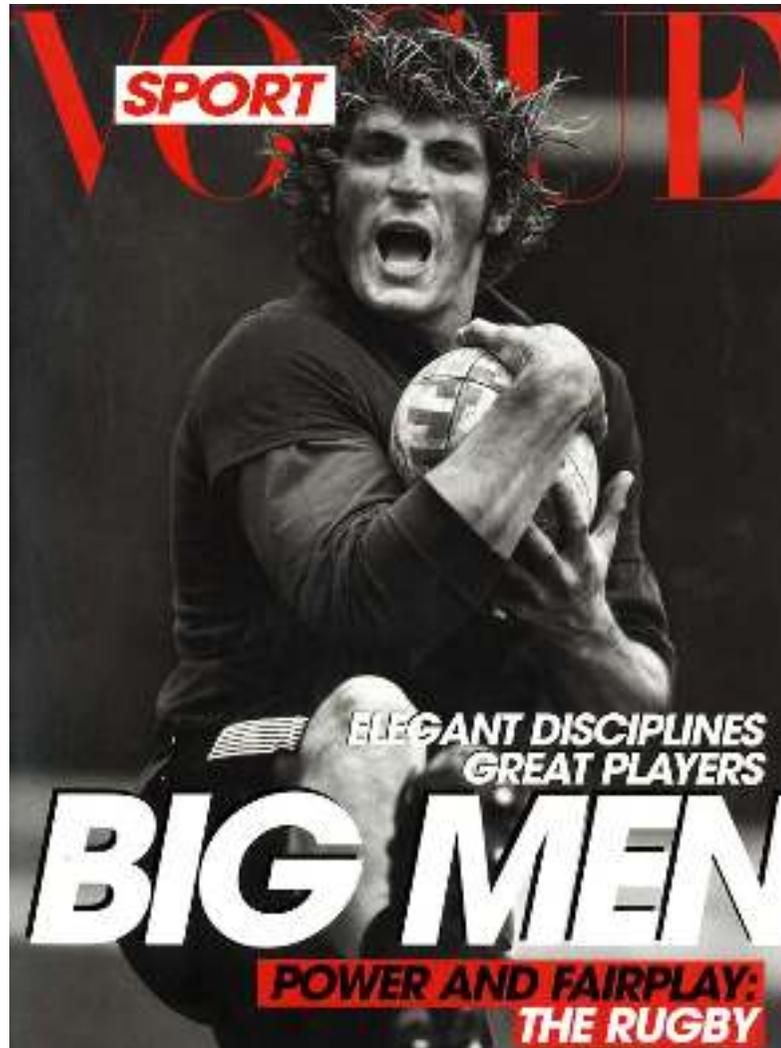
Communication BOSS Black – Vogue (Germany), October 2008



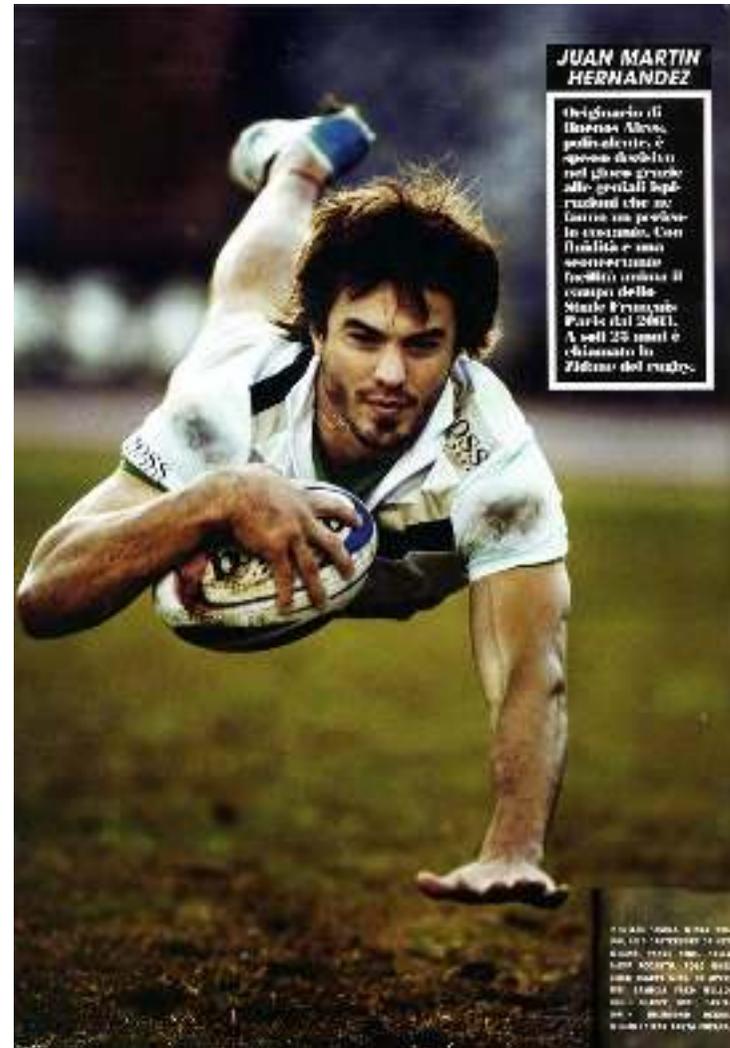
Communication BOSS Selection – GQ (Taiwan), September 2008



Communication BOSS Green – Vogue Sport (Italy), January 2008



Annual Press Conference



HUGO BOSS ©

March 26th, 2009

Sport Sponsoring – Formula 1



Sport Sponsoring – Sailing



Sport Sponsoring – Golf



Celebrity Dressing BOSS Black – Julianne Moore (HUGO BOSS Prize), Tom Cruise (Valkyrie Premiere New York), Princess Mary (in Thailand)



Annual Press Conference

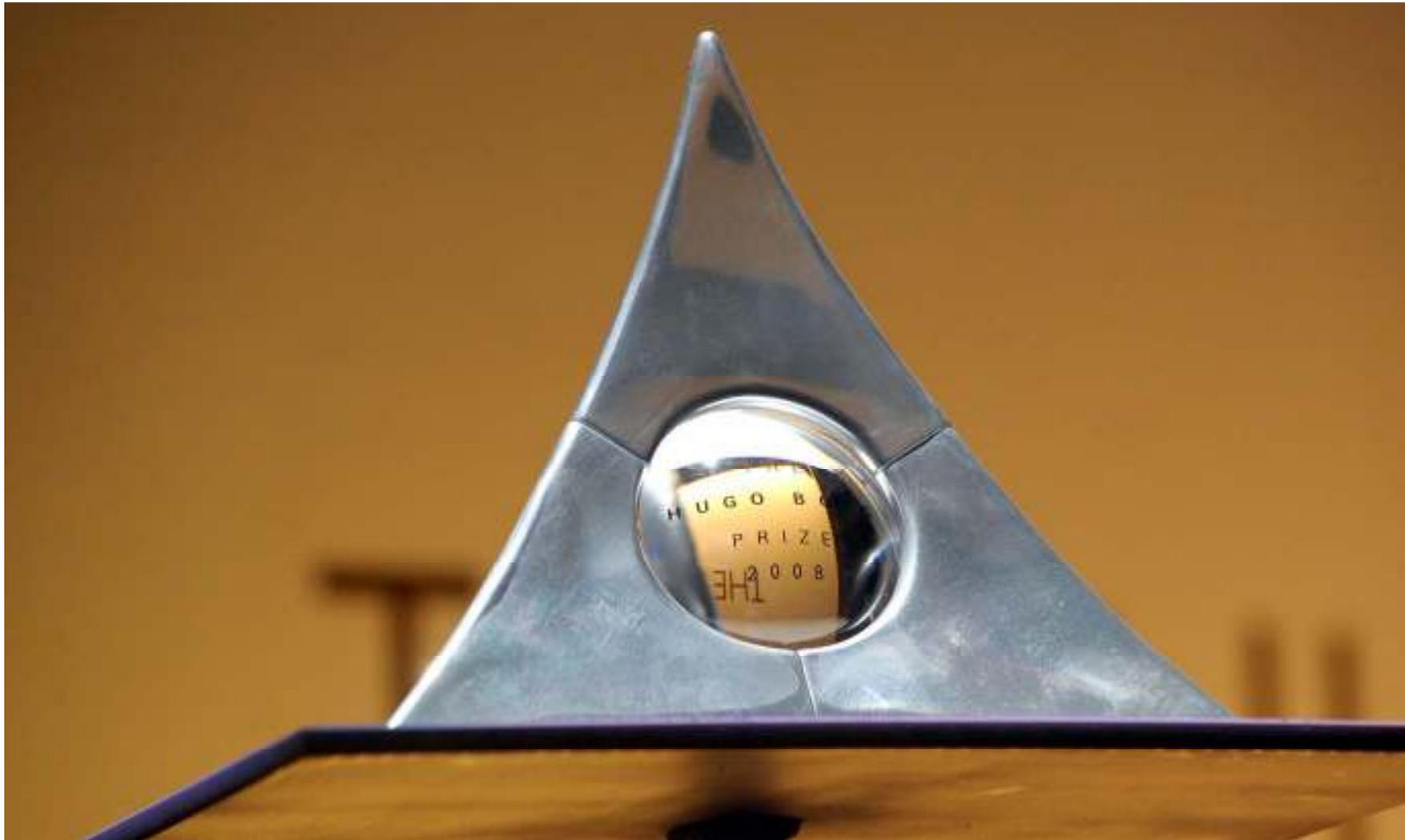


HUGO BOSS ©



March 26th, 2009

Art Sponsoring – HUGO BOSS Prize 2008



BOSS Selection collection portfolio supplemented by the TAILORED LINE



- ↳ Full-canvas interpretations using contemporary design
- ↳ Superlative quality and craftsmanship
- ↳ Produced in Germany and Italy

Successful brand extensions into lifestyle accessories continued



HUGO BOSS Samsung SGH-F480

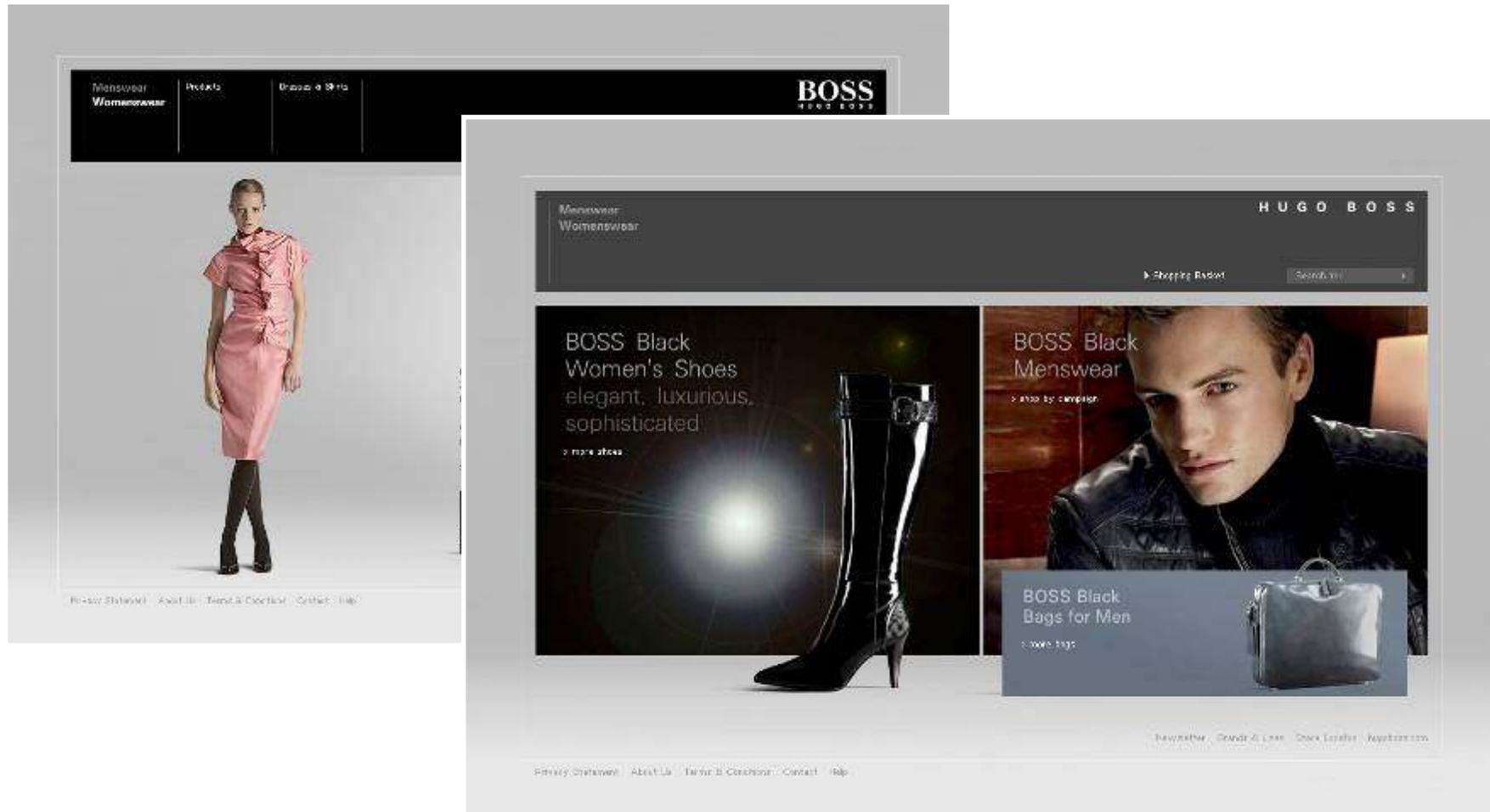


**BOSS Selection HB-212
Limited Edition**



BOSS
HUGO BOSS
readywear

Go-live of HUGO BOSS online store in September 2008 in the UK



Today's Agenda

Strategic direction

Main areas of change

Financial Performance 2008

Future Developments

2008 was the best year in history of HUGO BOSS, nevertheless Net Profit was influenced by restructuring activities

in EUR mill.

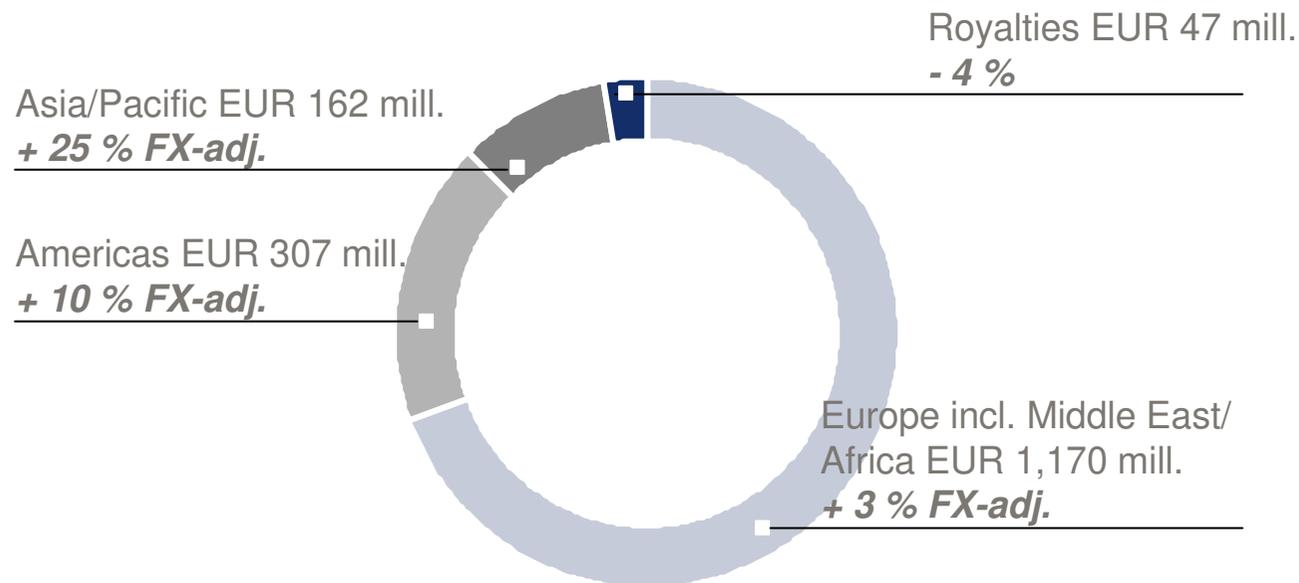
↳ Net Sales	1,686	+ 6% (fx-adj.) + 3%
↳ Gross Profit	1,011	+ 7%
↳ Gross Profit Margin	60%	+ 2 ppt.
↳ EBITDA before extraordinary items	287	+ 4%
↳ EBIT before extraordinary items	226	+ 9%
↳ Net Profit	112	- 27%
↳ Cash Flow from operating activities	165	+ 50%

2008 showed again a good operating performance

- Net Sales resulting from **Wholesale** operations **+ 4% fx-adjusted**
- Net Sales resulting from **Retail** operations **+ 12% fx-adjusted**
- **High improvement of marginal contribution**, due to cost-optimized sourcing, higher share of DOS, and country-specific pricing effects
- Results before extraordinary items show **profitable growth**
- Decreased net profit resulting mainly from higher net financial debt after payment of special dividend and **restructuring expenses**
- **Positive cash flow development** despite of increased interest expenses

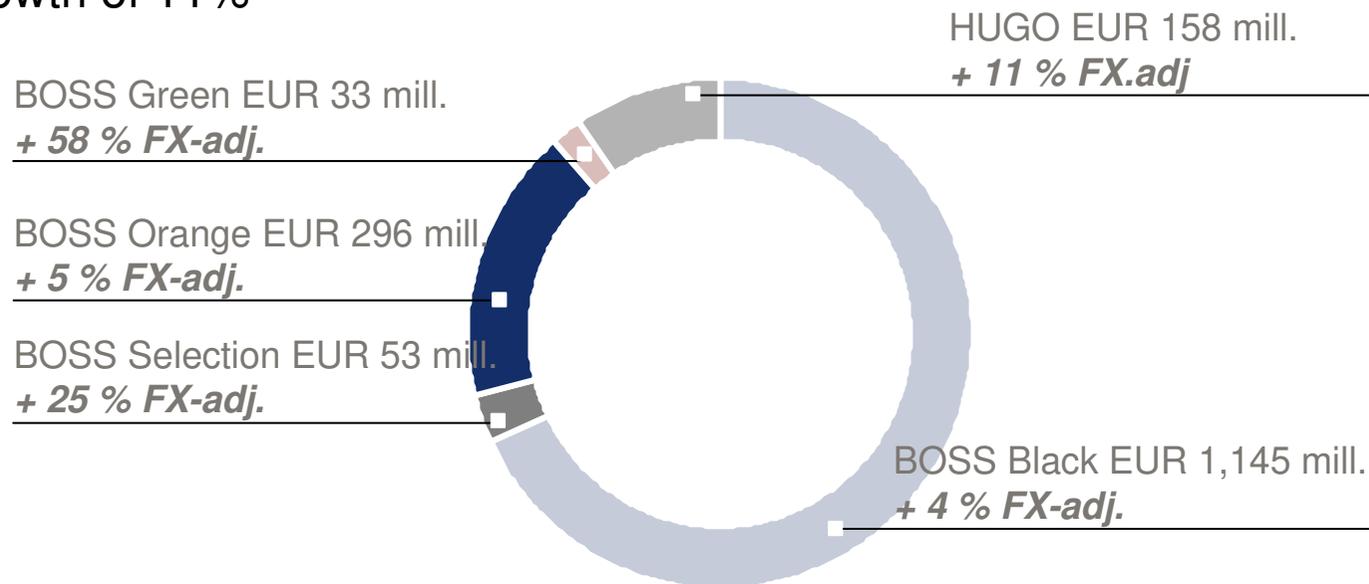
HUGO BOSS increased sales in all regions

- ↳ Sales development with a positive track record in all regions
- ↳ Increase of Net Sales share in Asia/Pacific due to intensified directly operated stores operations (new stores and franchise take-overs)
- ↳ Strategic realignment is based on a regional structure streamlining the entire organization



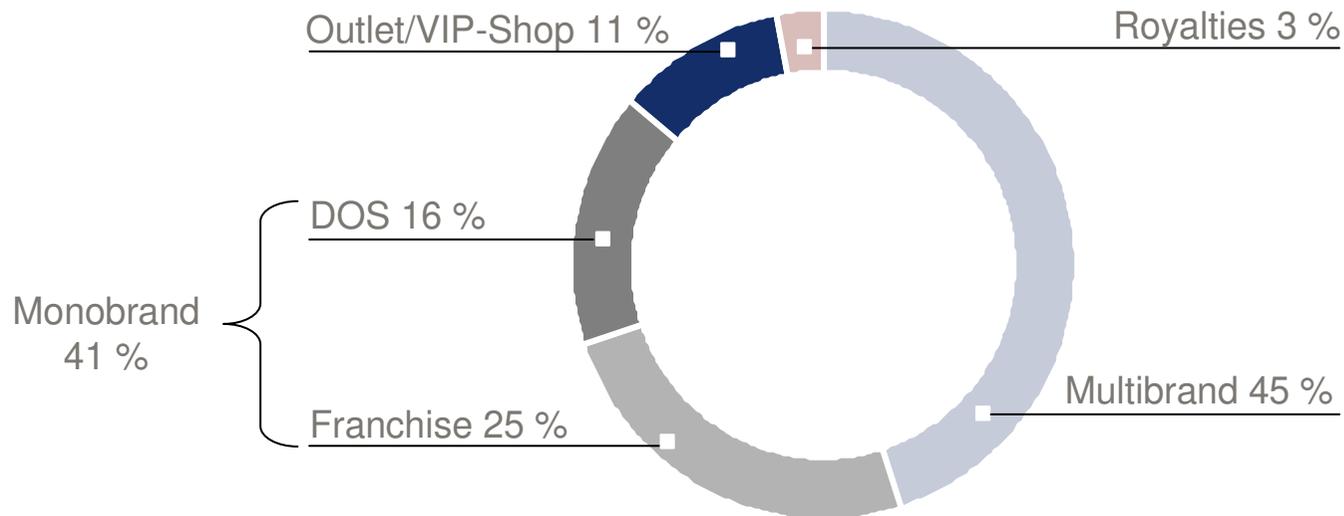
Positive sales trend of all brands continued

- Sales of **BOSS Black** (representing ~ 68% of total sales) rose by 4% fx-adjusted
- BOSS Selection and BOSS Green continued its dynamic performance
- **HUGO** (representing ~ 9% of total sales) reached a fx-adjusted sales growth of 11%



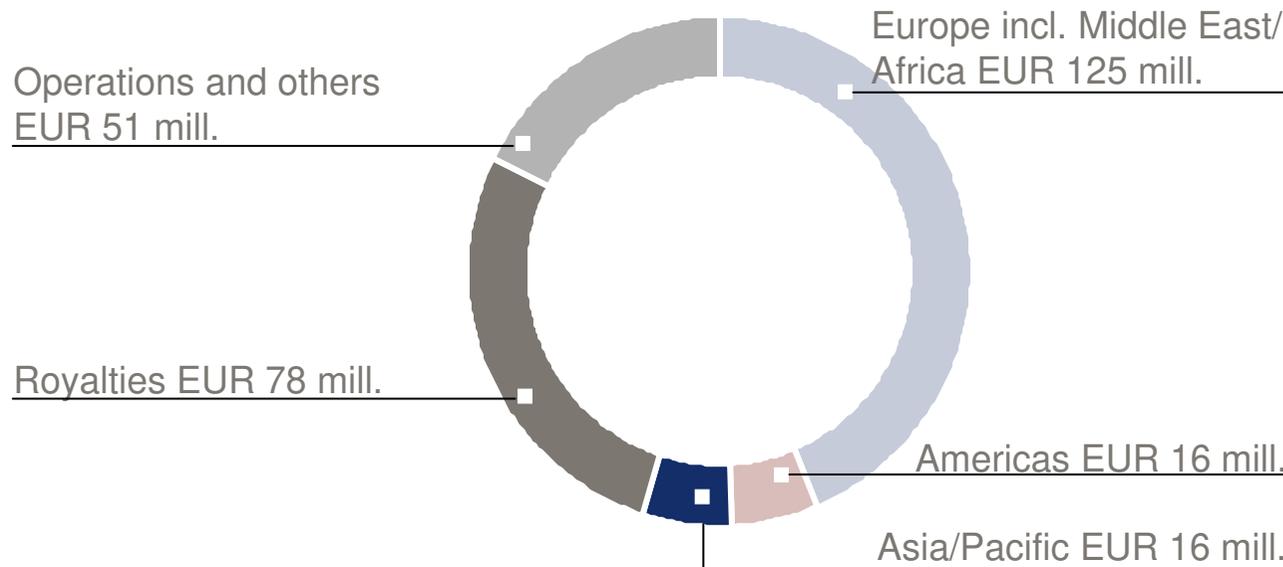
Share of controlled space is constantly growing

- Growing monobrand distribution with ~ 1.400 freestanding stores and shop-in-shops including 330 directly operated stores at the end of 2008
- Share of sales via own retail network rose to 16% of total sales



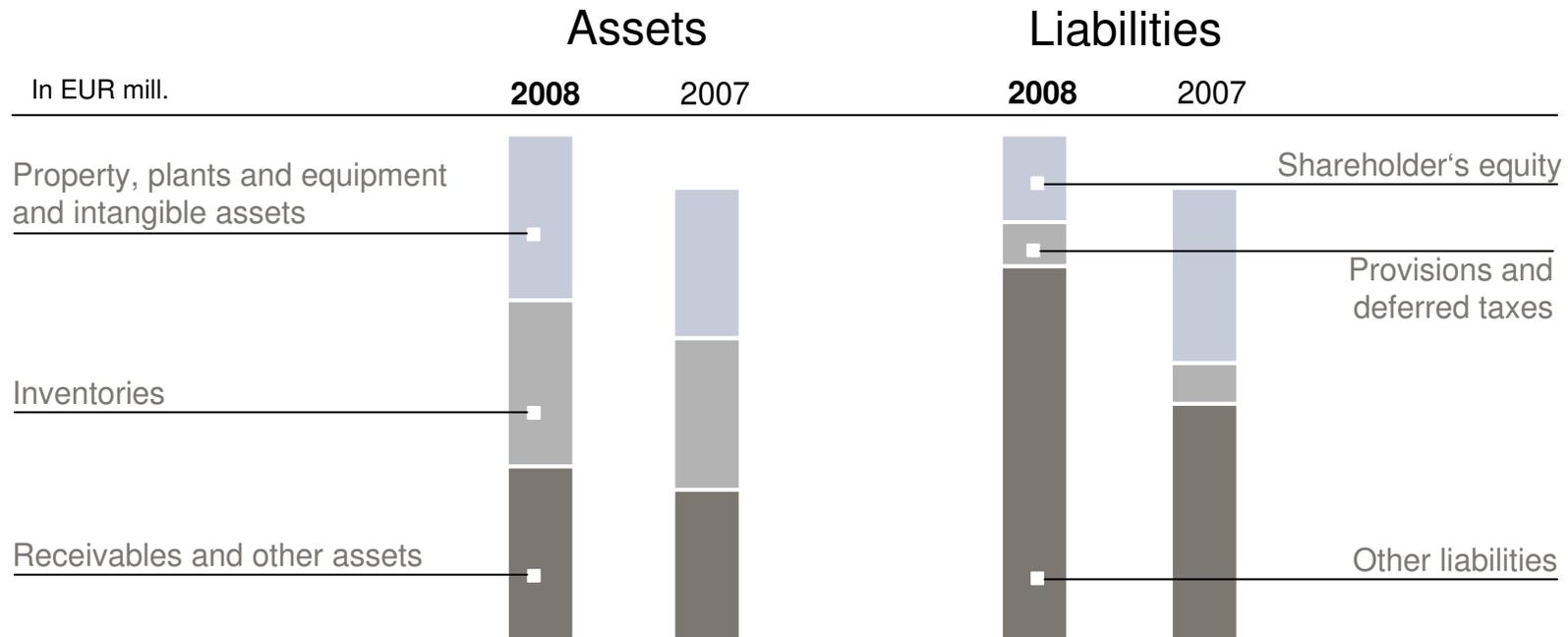
Segment reporting established in line with regional responsibilities

- EBITDA before extraordinary items reached EUR 287 mill.
- Segment profit in Europe was influenced by write-offs on inventories and expenses from DOS expansion



The balance sheet structure changed during previous year

- Total assets were up 12 % to EUR 1,162 million
- The equity ratio of total assets decreased to 17 % due to payment of the special dividends



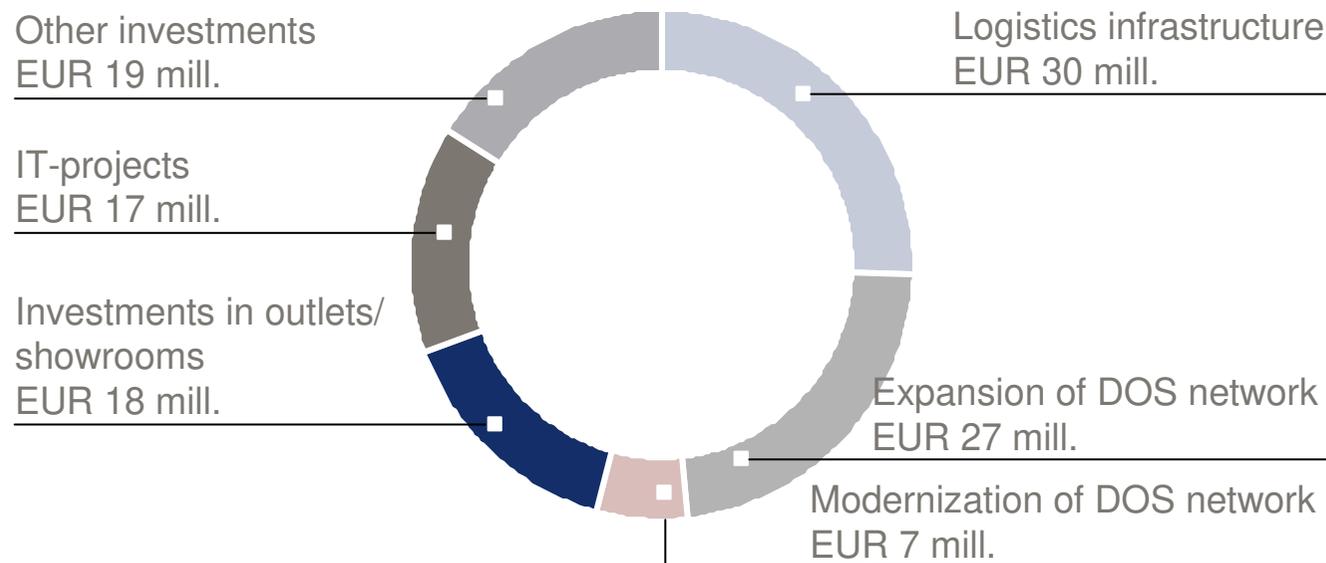
Positive Cash Flow development

→ Operating cash flow was significantly above previous year and had off-set funding for investing and financing activities

in EUR mill.	2008	2007
Cash flow from operating activities	165	110
Cash flow from investing activities	-117	-77
Cash flow from financing activities	-47	-47
Change in cash and cash equivalents	0	-15

High investment volume to strengthen existing and future market leadership

- Distribution centre for hanging goods for leveraging process efficiency and consolidating logistics locations
- Continuing investment in strengthening the own retail network



Total Investments 2008: EUR 118 mill.



Outlook for 2009 still influenced by global economic downturn

- **Net Sales** expected to decrease on a year-on-year comparison due to global market conditions, but targeting to **outperform competitors**
- Several **cost initiatives** already launched in 2008 delivering a positive impact on the cost structure to protect cash flow and profit margin in 2009
- Ensuring **Net Working Capital optimization** by focused initiatives in trade receivables and payables as well as inventory management
- Therefore, even in case of declining sales, **EBITDA** should increase in a percentage of sales
- Investments will continue to be on expanding the **DOS network** and **optimizing group processes**

We are preparing for 2010 to unlock the full potential of our brands

1

Intensifying retail channel activities

- **Increasing share** of sales within dynamic regions of **Asia/Pacific**, **Eastern Europe** and **North America**
- **Expanding** of **DOS network** with strong focus on **Asia/Pacific region**

2

Strengthening brand portfolio

- **BOSS Orange relaunch** on track for main collection S/S 2010

3

Driving process and operational efficiency

- Establishing and maintaining **cost efficiency**
- Reducing **net working capital** and overheads
- **Leveraging** value chain **complexity**
- Fine-tuning **product complexity**



H U G O B O S S