

**H U G O   B O S S**

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## **Group Strategy**

Claus-Dietrich Lahrs, Chief Executive Officer

November 8, 2011

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## **AGENDA**

**INTRODUCTION**

**HUGO BOSS – A PREMIUM BUSINESS MODEL WITH LUXURY APPEAL**

**DISTRIBUTION STRATEGY**

**MEDIUM-TERM OUTLOOK**

## AGENDA

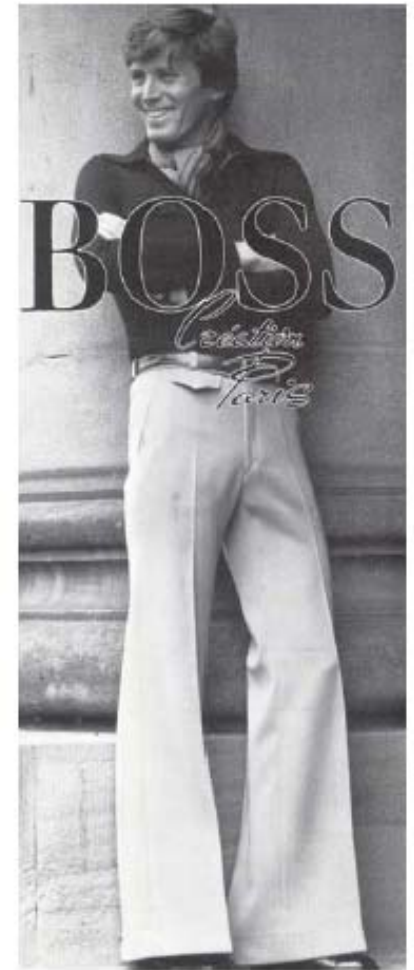
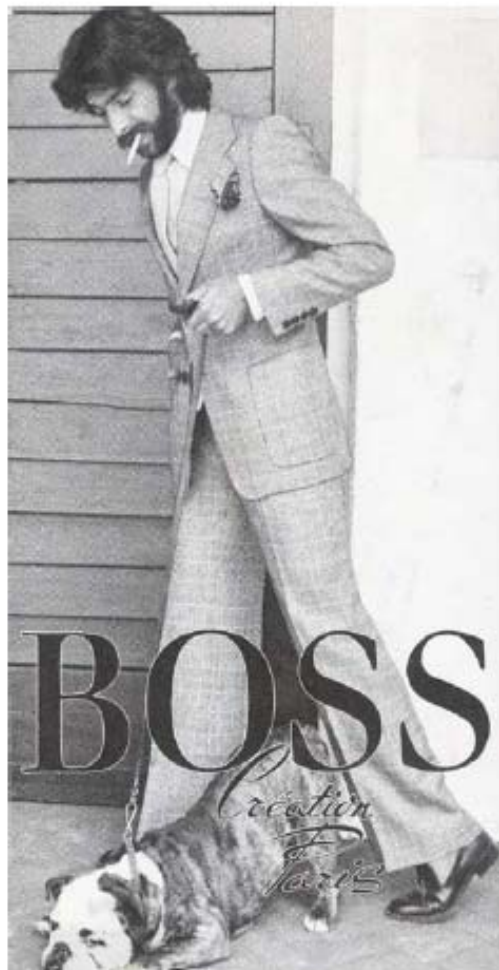
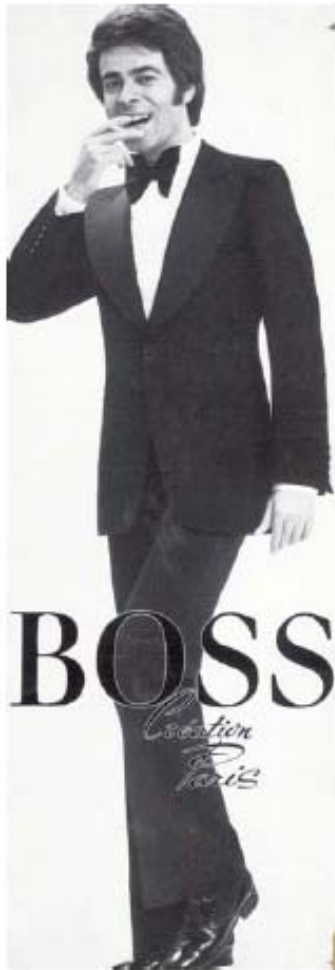
**INTRODUCTION**

**HUGO BOSS – A PREMIUM BUSINESS MODEL WITH LUXURY APPEAL**

**DISTRIBUTION STRATEGY**

**MEDIUM-TERM OUTLOOK**

## HUGO BOSS – Defining premium in clothing and fashion



# HUGO BOSS – Record sales and profitability development

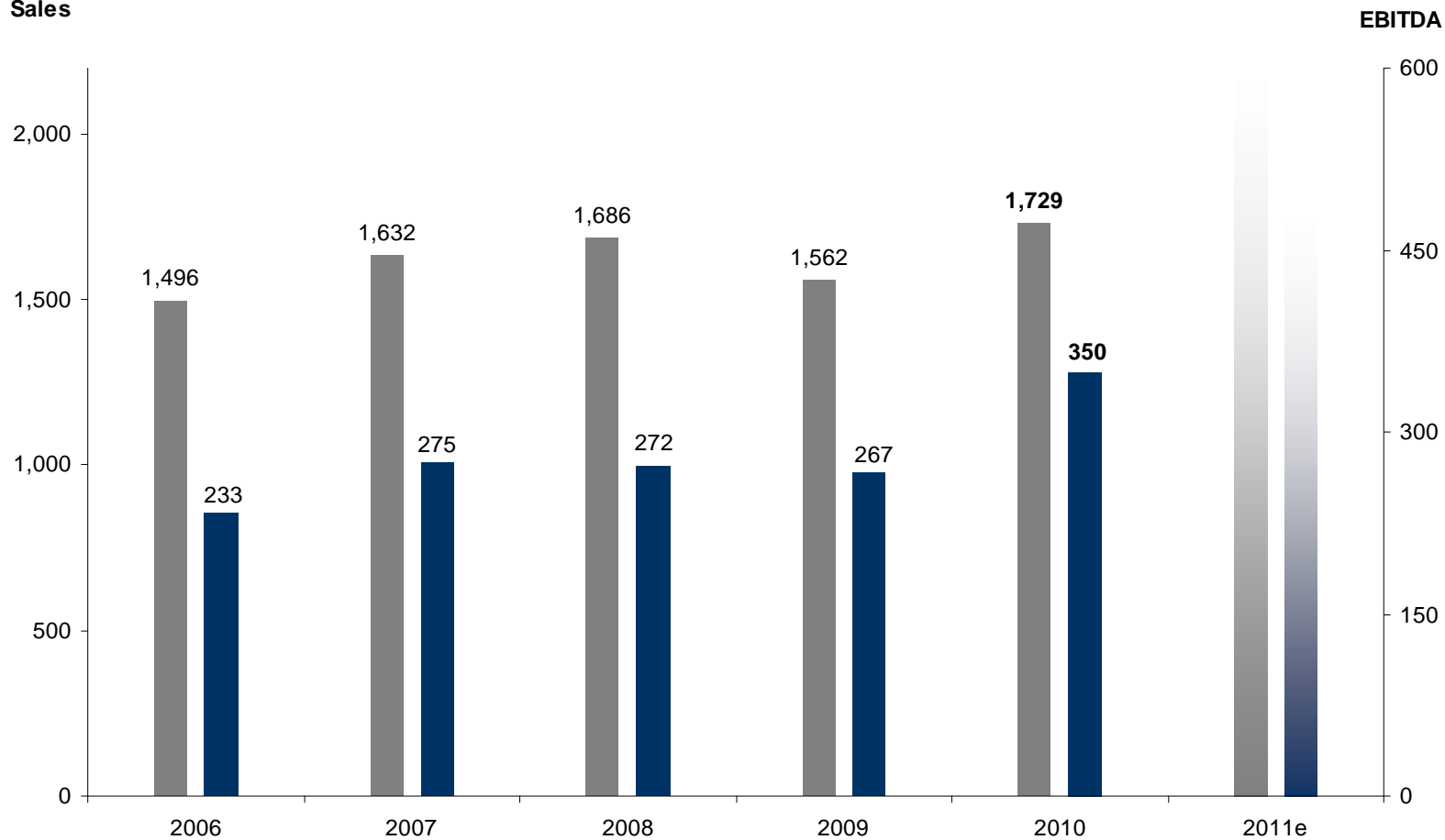
## Sales and EBITDA before special items

(in EUR million)

Sales

■ Sales

■ EBITDA before special items



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## HUGO BOSS – A premium business model with luxury appeal





# 01 BRANDS – Targeting clearly defined consumer segments



## 02 **PRODUCT EXPERTISE – Unmatched expertise in high-end tailoring reflected in dominant market positions**





## 03 GLOBAL PRESENCE – Renowned brands around the world

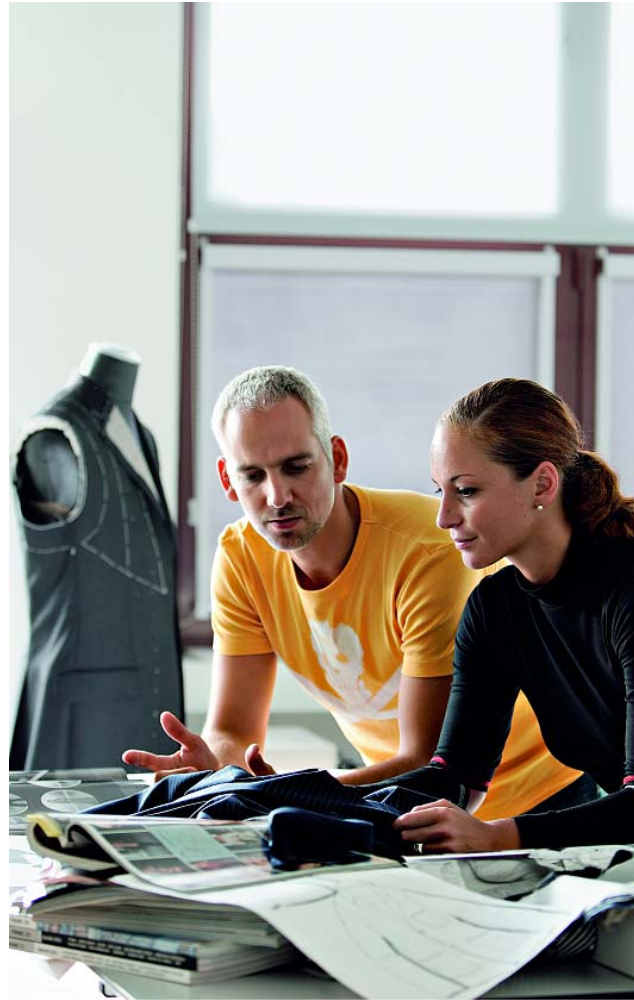


## 04 OPERATIONAL EXCELLENCE – A strong organizational backbone





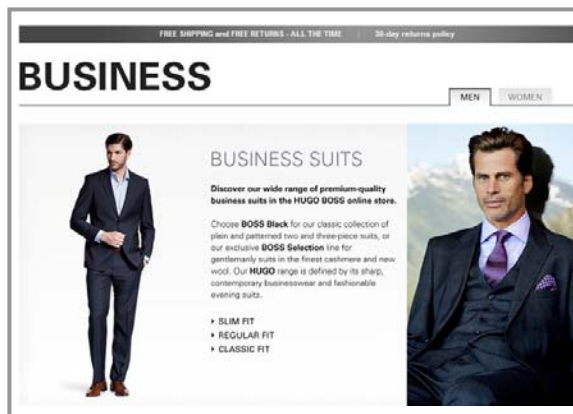
## 05 PEOPLE – Industry-leading know-how



06

## DISTRIBUTION – Increasing Retail sophistication and Online expertise add to historical strength in Wholesale

### ONLINE



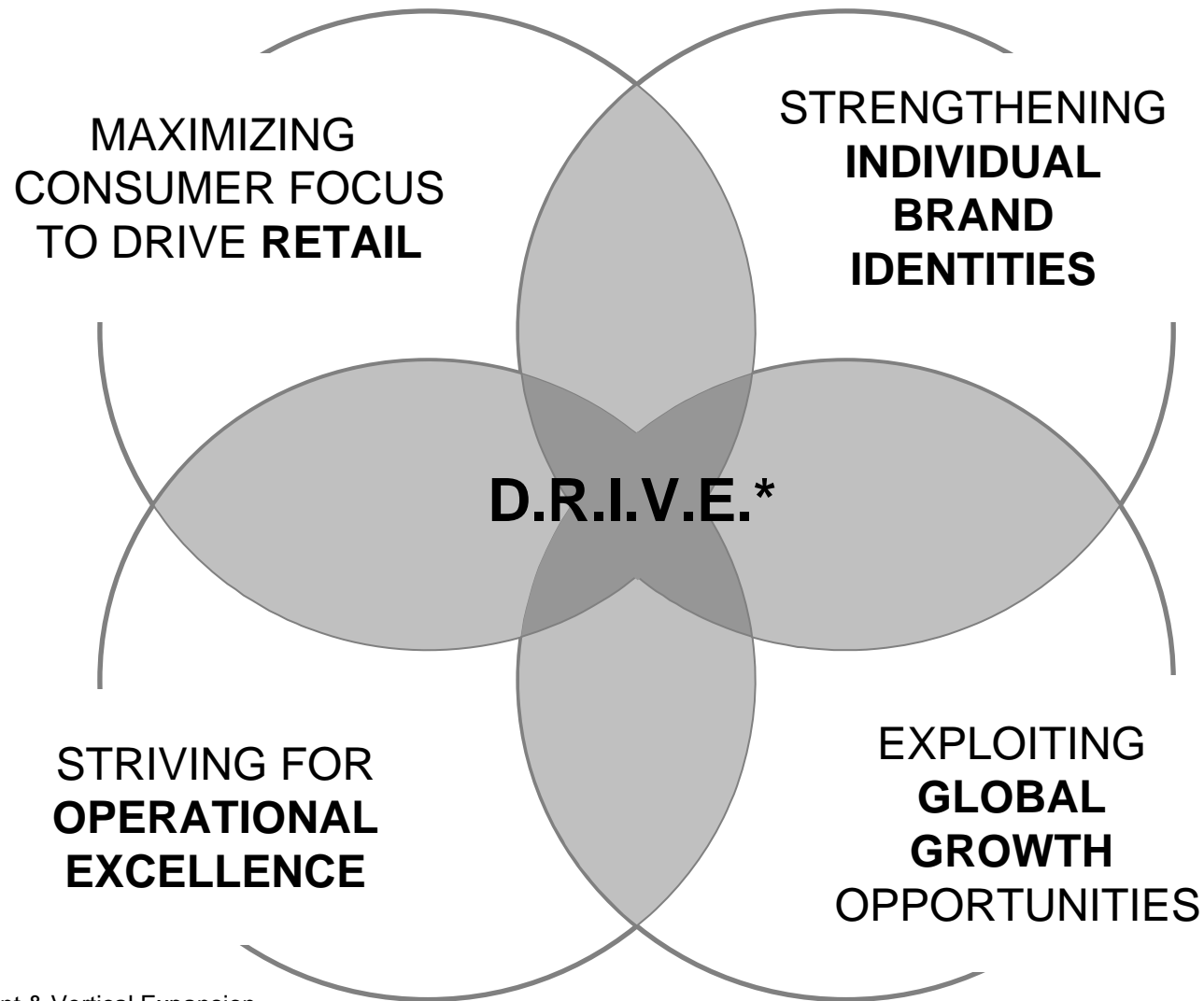
### RETAIL



### WHOLESALE

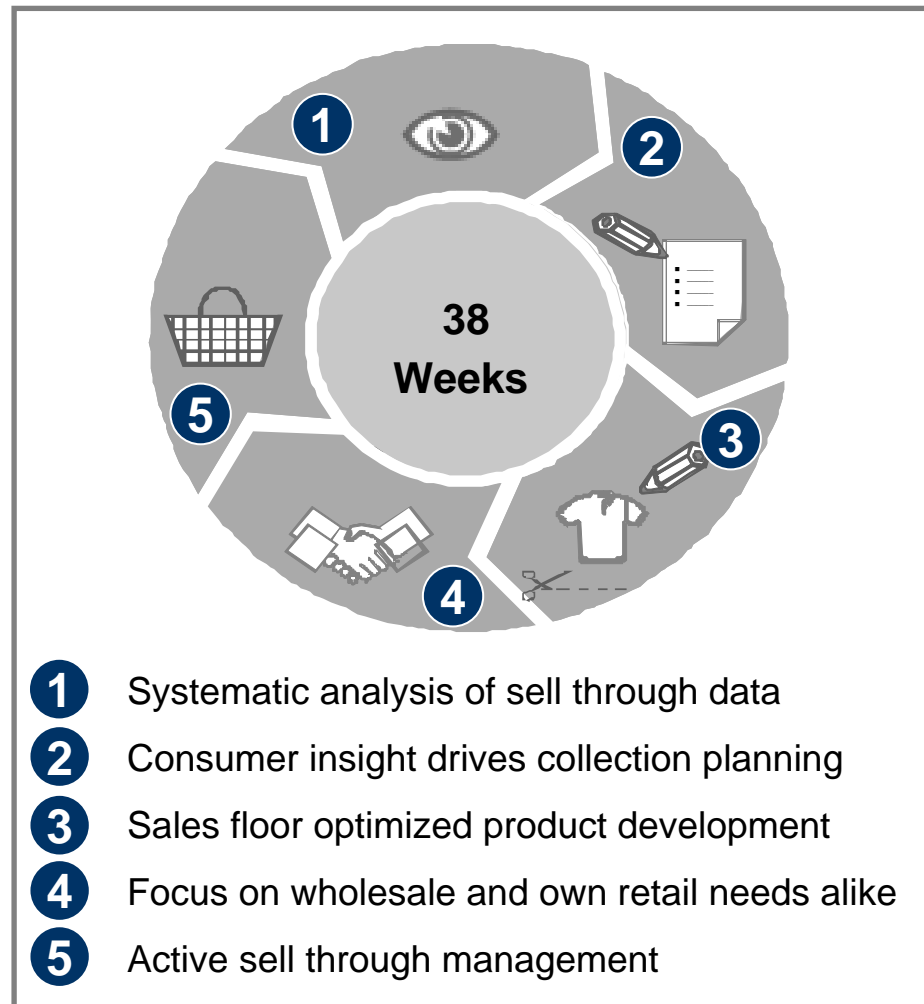


## HUGO BOSS growth strategy



\*D.R.I.V.E. =  
Dynamic Retail Improvement & Vertical Expansion

## Project D.R.I.V.E. to support implementation of growth strategy



➔ **Consumer centric** business model

➔ **Faster** response to market changes

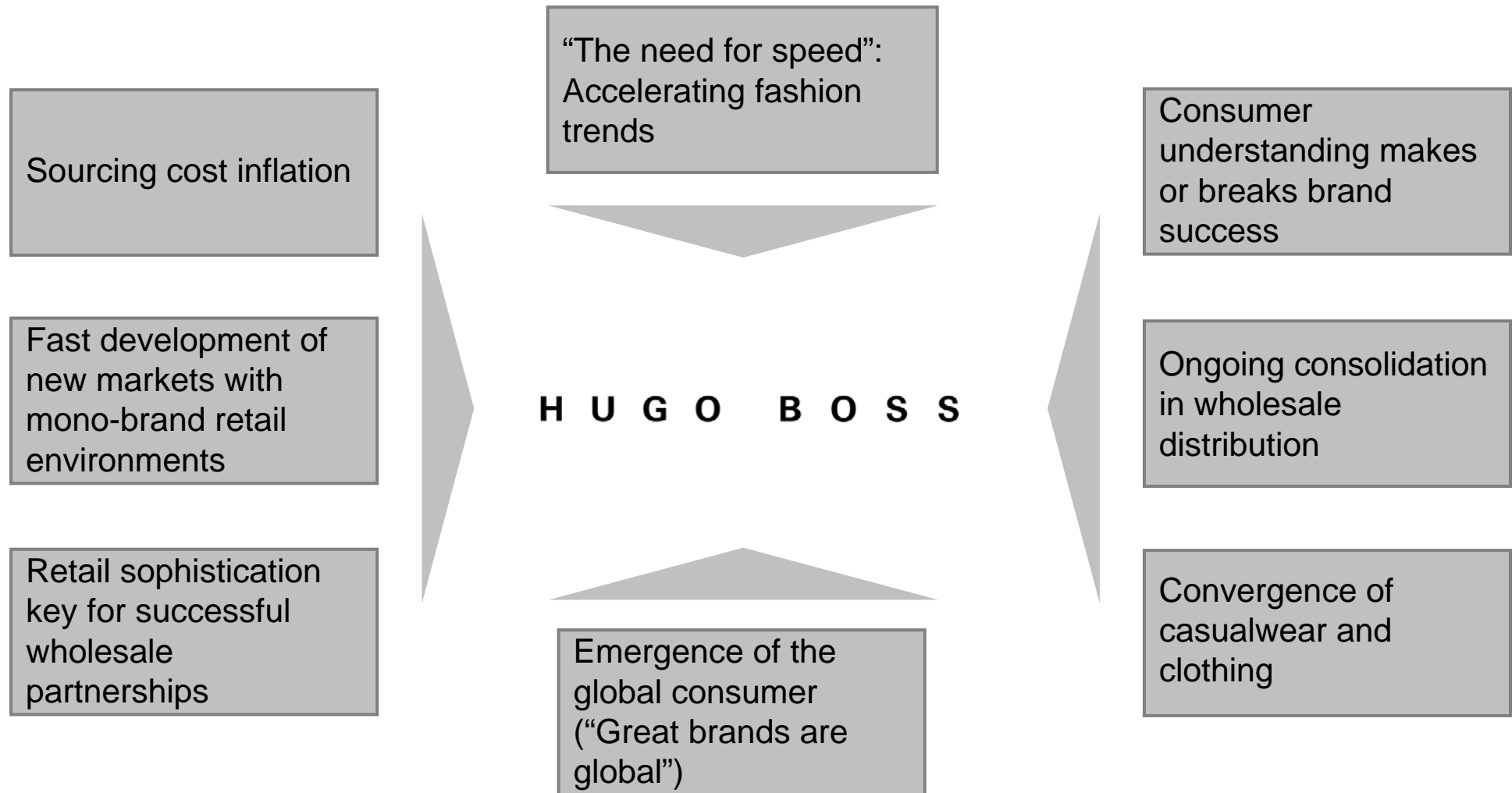
➔ **Better** and more focused assortment

➔ **Strong** brands

➔ **Above average growth**



## Turning industry changes into opportunities



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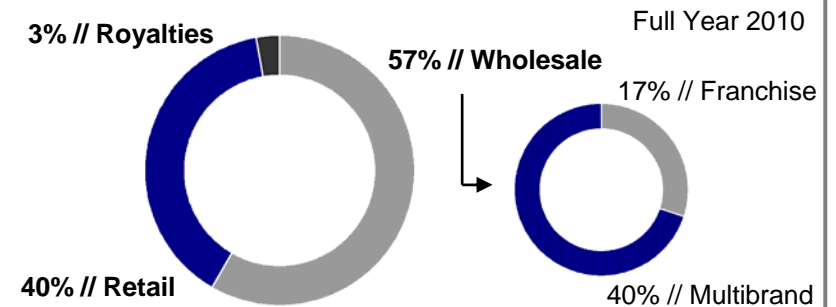
**DISTRIBUTION STRATEGY**

**MEDIUM-TERM OUTLOOK**

## WHOLESALE – Key facts

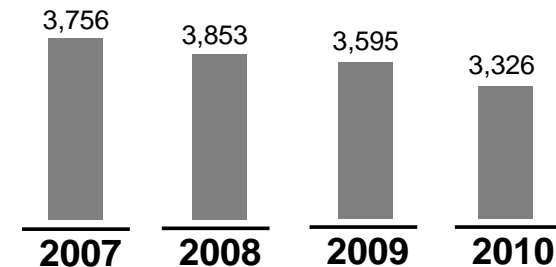
### Multi Brand vs. Franchise

Franchise accounts for around a third of total wholesale business



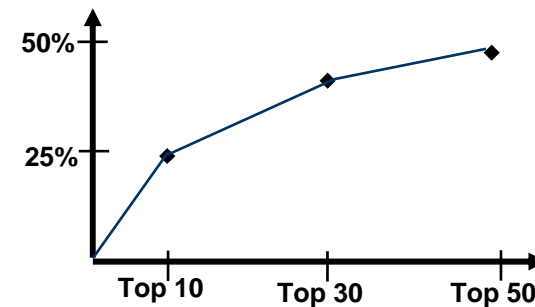
### Numbers of Accounts

Number of wholesale accounts has decreased by more than 10% over the last four years



### Customer Concentration

Top 50 customers account for around 50% of wholesale sales



## WHOLESALE – Capturing growth opportunities

- Competition in most major wholesale markets is tough ...  
... but HUGO BOSS is best positioned for further growth

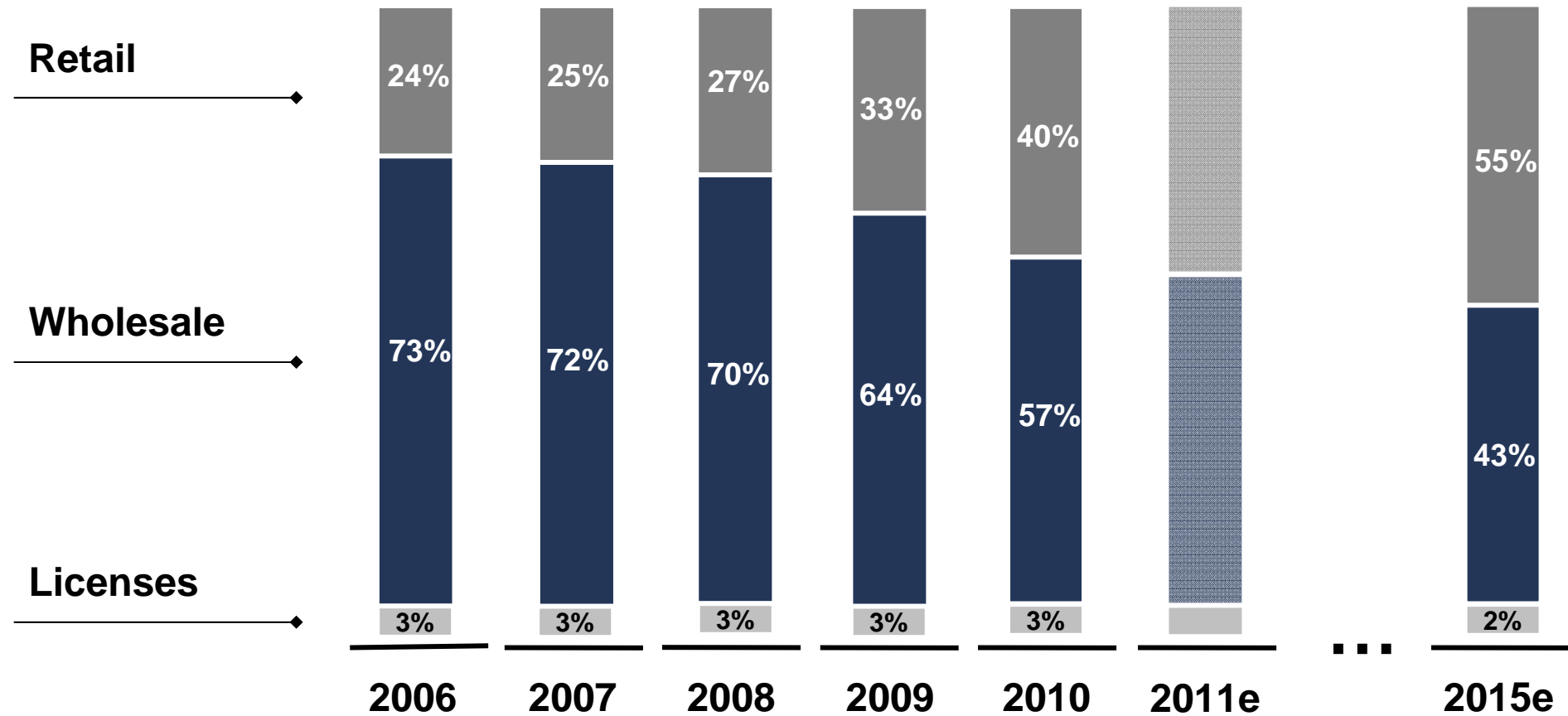
- ➔ Offering desirable brands
- ➔ Leveraging strength in core offerings across the brand portfolio
- ➔ Delivering the right product at the right place at the right time
- ➔ Providing intelligent replenishment solutions
- ➔ Taking over merchandising responsibility
- ➔ Sharing own retail best practices

## WHOLESALE – Turning mono-brand wholesale space into own retail



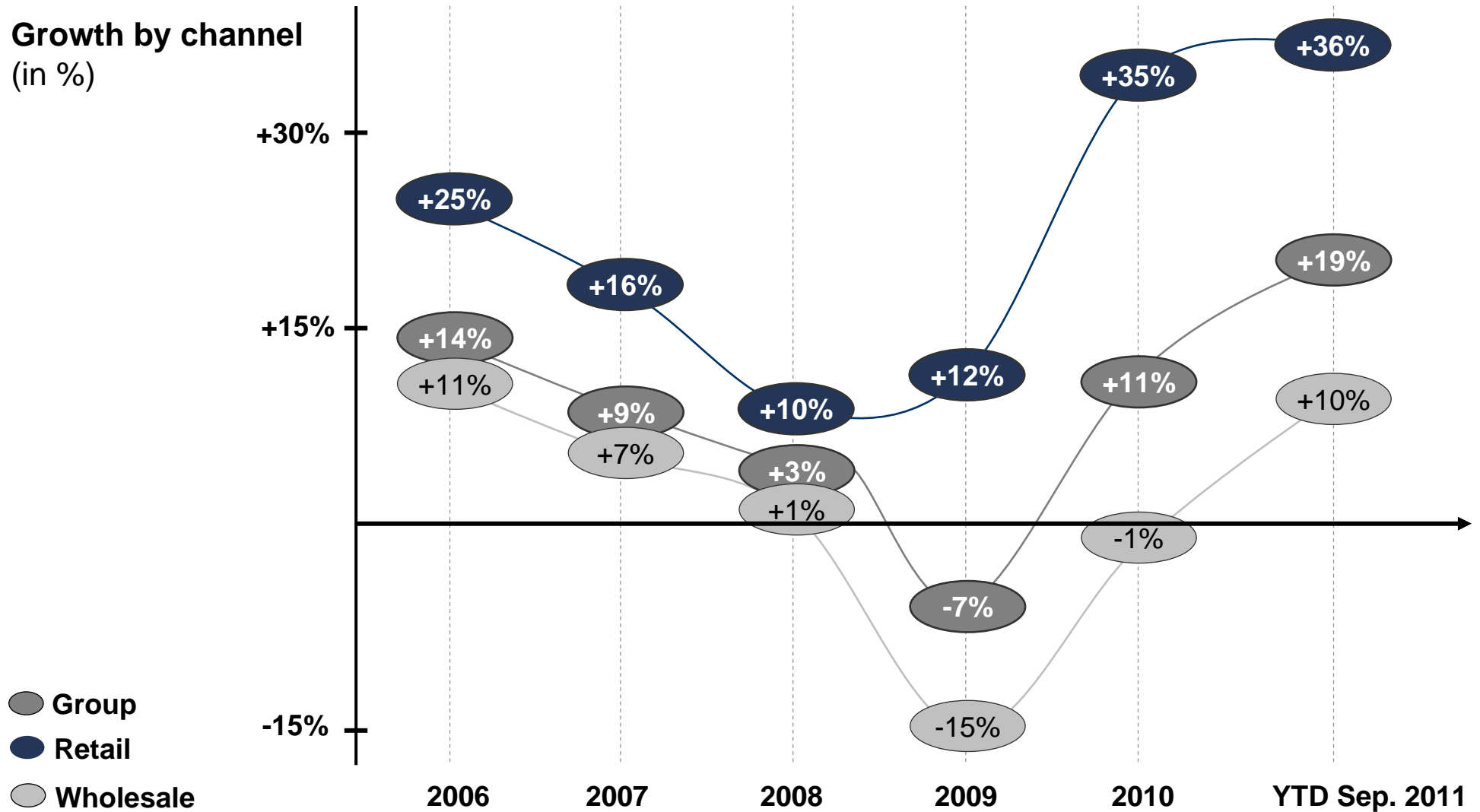
➔ Retail progress allows us to increasingly manage brand space ourselves

## RETAIL – Significant increase in share of Group sales



## RETAIL – Continuing double-digit retail sales growth over last 5 years

Growth by channel  
(in %)

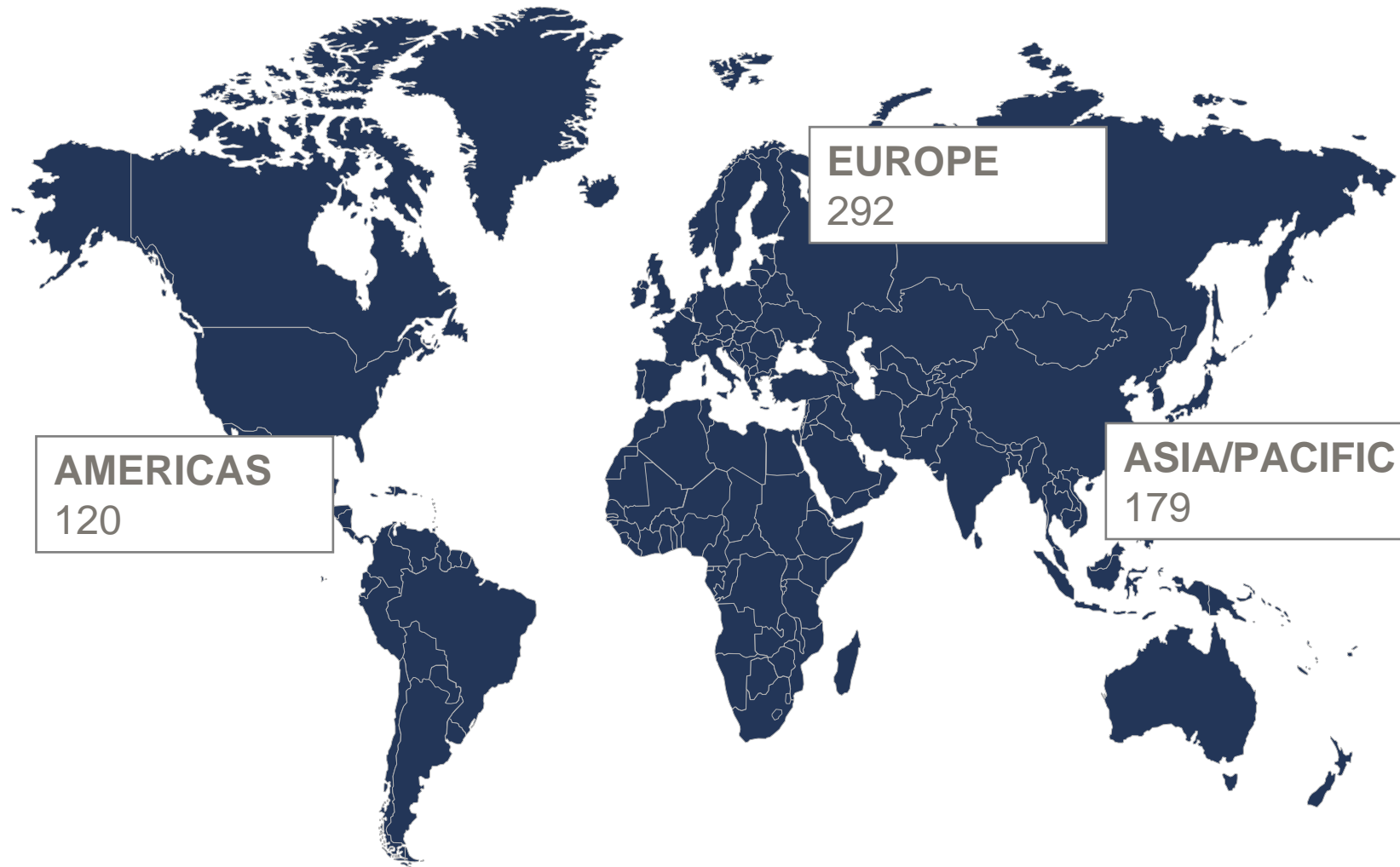


## RETAIL – The lead distribution channel



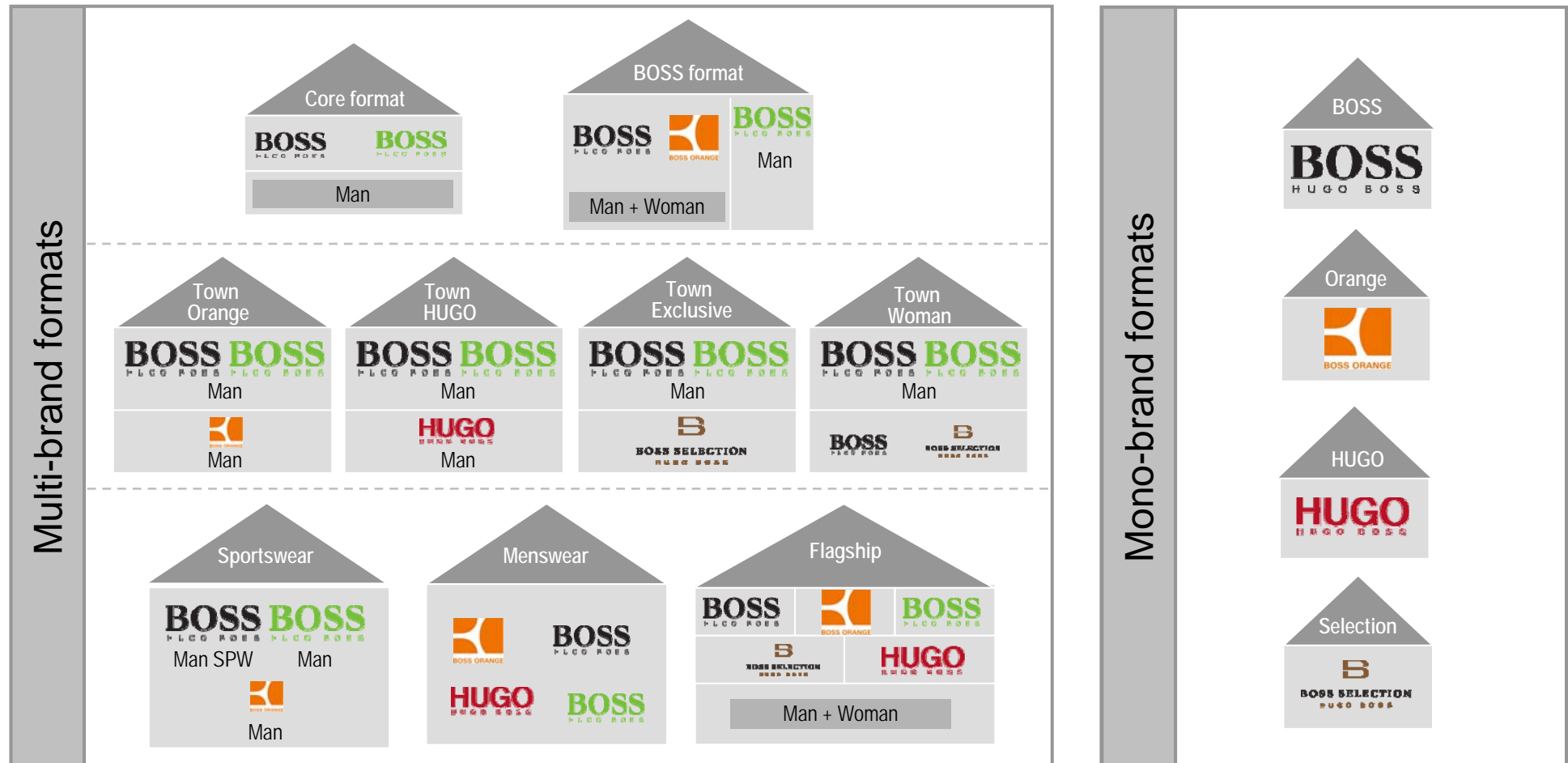


## RETAIL – The HUGO BOSS retail universe



Number of own retail stores as of September 30, 2011

## RETAIL – Thirteen core retail formats defined



Selection based on store size, consumer demographics and retail environment

## RETAIL – Modularization allows tailored and flexible brand offering

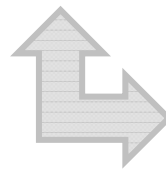
“M” Module



“S” Module



“XL” Module



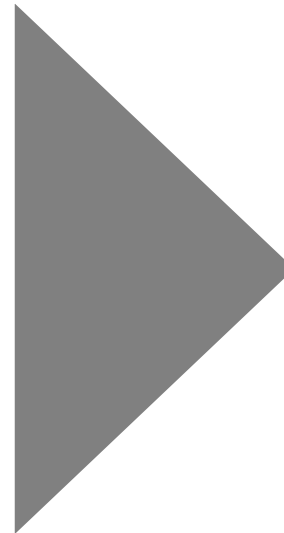
**BOSS**  
HUGO BOSS

## RETAIL – The HUGO BOSS directly operated store universe

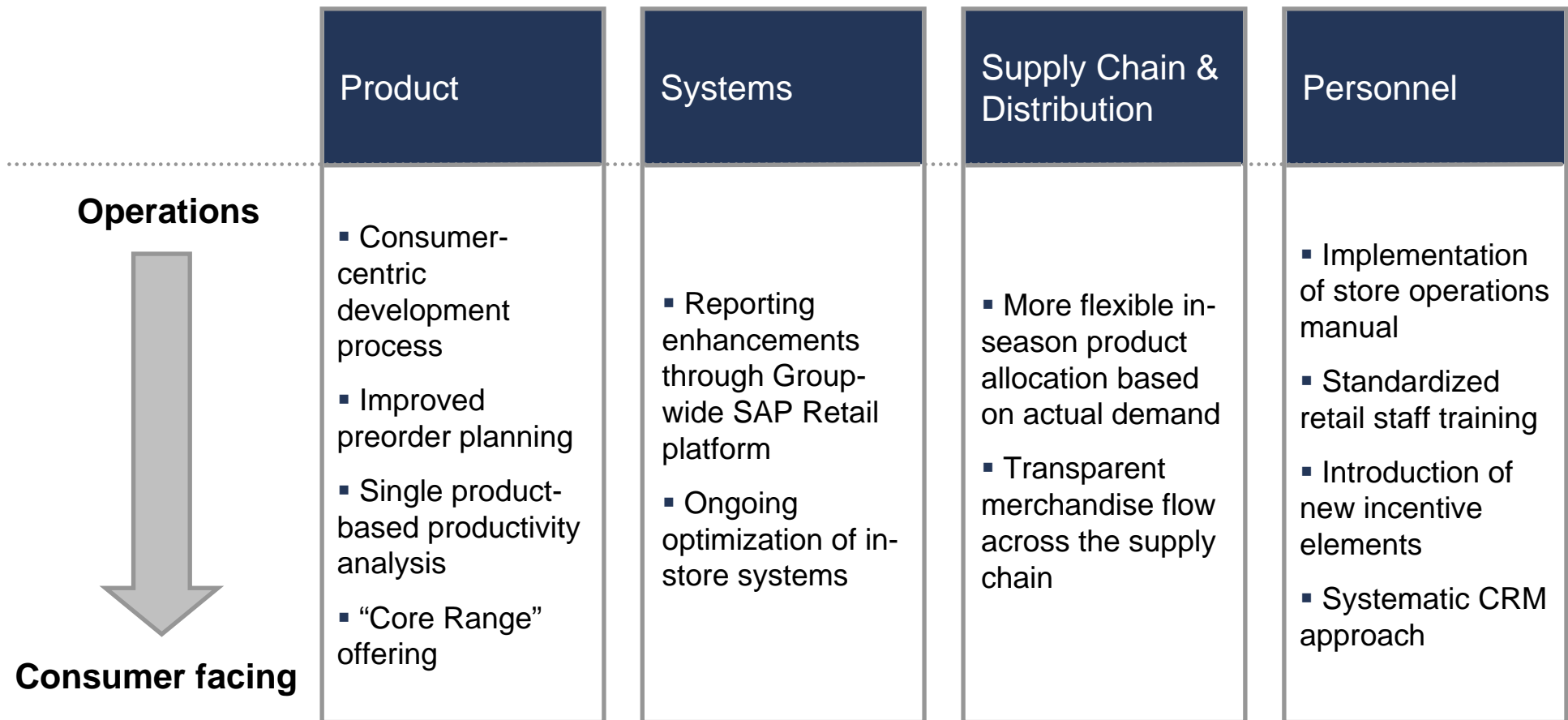
	Freestanding		Shop in Shop		Total
<b>Number of stores (Sep 30, 2011)</b>	<b>219</b>		<b>290</b>		<b>509</b>
Europe		110		147	257
Americas		26		60	86
Asia		83		83	166
<b>Total Size (in sqm)</b>	<b>66,000</b>		<b>20,500</b>		<b>86,500</b>
<b>Average Size (in sqm)</b>	<b>~300</b>		<b>~70</b>		<b>~170</b>
<b>2010 revenues (in EUR million)</b>	<b>538</b>		<b>153</b>		<b>691</b>
<b>2011e Sales Density (in EUR / sqm)</b>	<b>~6,500</b>		<b>~9,300</b>		<b>~7,400</b>

## RETAIL – Ambitious store expansion plans

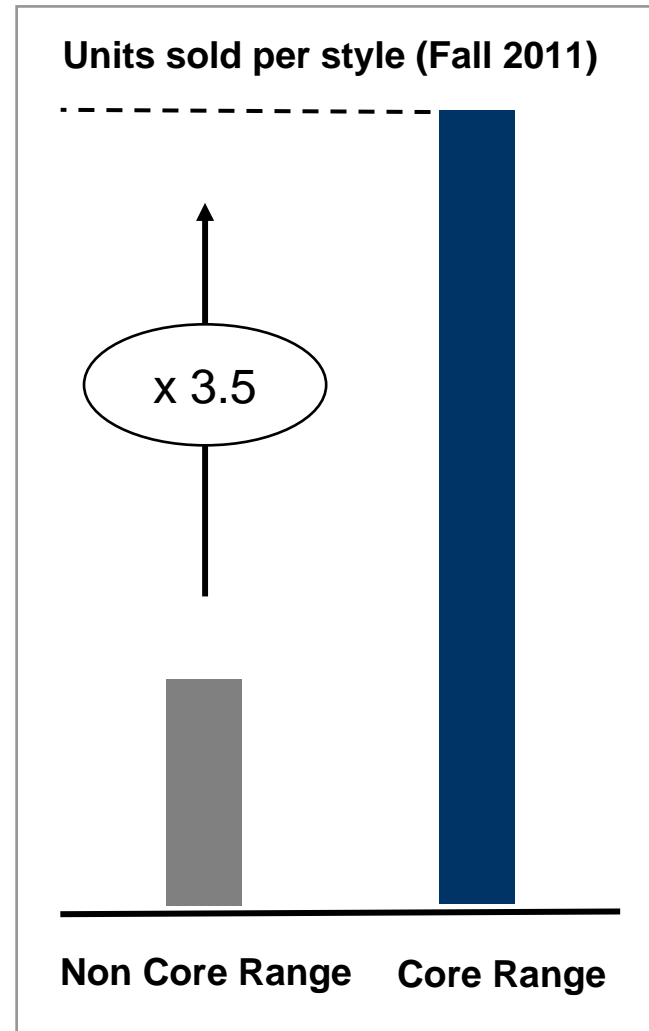
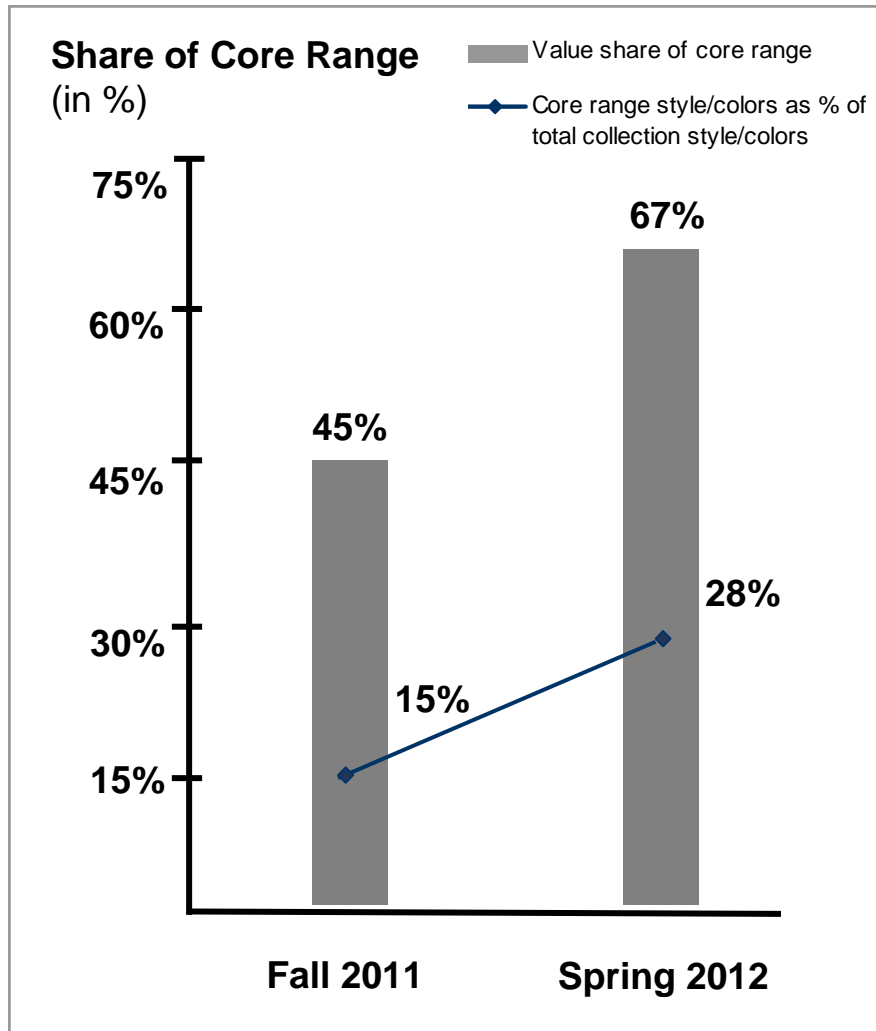
- Significant potential for network expansion identified in all three regions
- Full pipeline of new projects
- Location and rent are key
- Comprehensive headquarter approval process



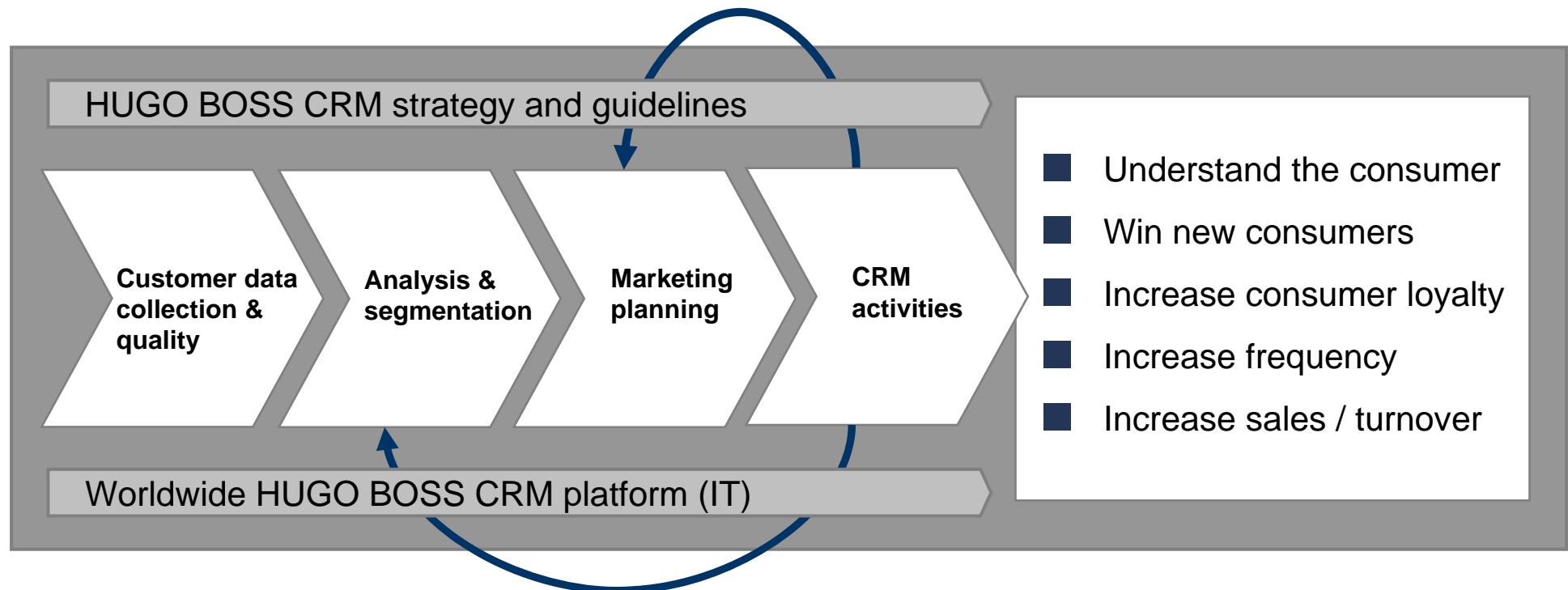
## RETAIL – Ongoing development initiatives in all fields



## RETAIL – Core range a major productivity driver in Europe



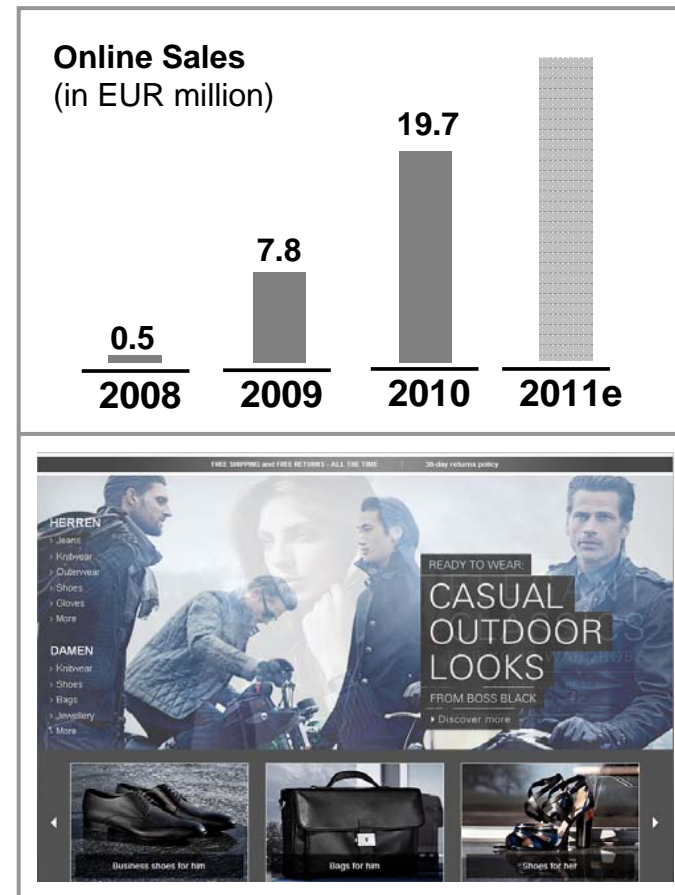
## RETAIL – Building close relationships with our consumers





## ONLINE – e-Commerce a powerful third distribution channel

- Constant improvement of usability, product assortment, presentation and service features
- Dedicated mono-brand sub-stores to elevate consumer experience
- Several new store launches planned for 2012, including
  - Mobile store in first half
  - China online store in second half



**Online to become a 150 million euro business by 2015**

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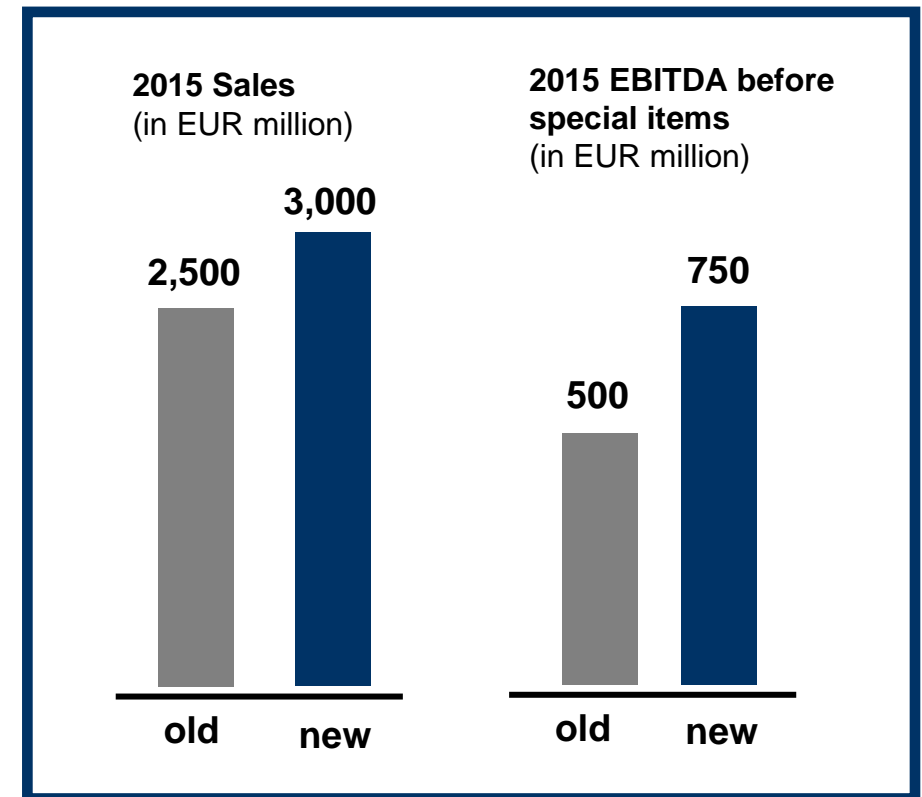
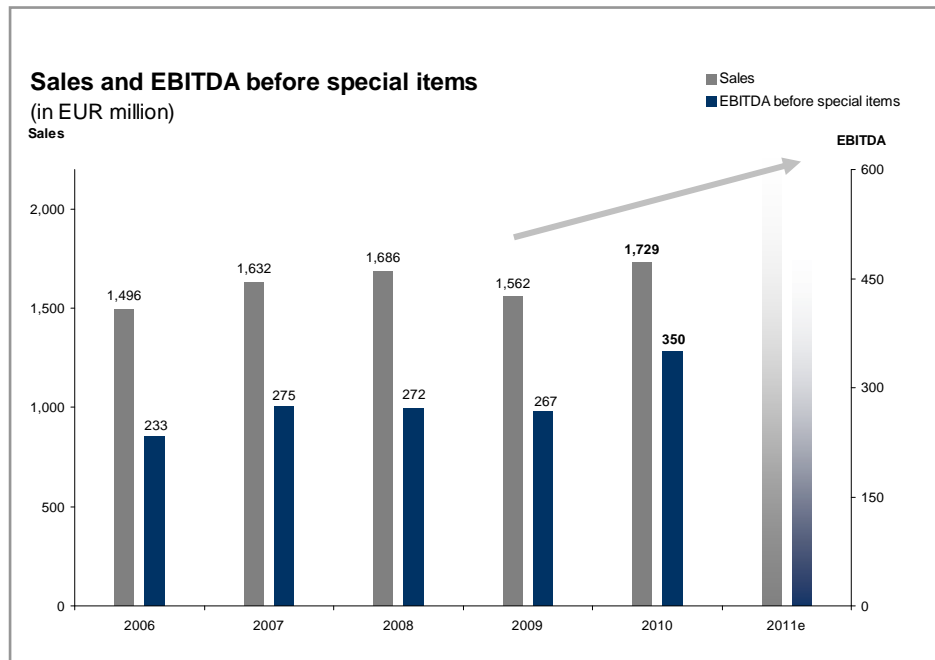
**MEDIUM-TERM OUTLOOK**

## **HUGO BOSS – Recent Group performance has exceeded internal and external expectations**

- Transition to a retail-driven business model quicker and more profitable than initially anticipated
- Strong growth in China and the US
- Broad-based recovery of wholesale business
- Operational process improvements yielding better results earlier than expected

## OUTLOOK 2015 – Targeting profitable growth

- Results development since 2009 has far exceeded Management's original expectations ...
- ... giving us confidence for 2015!



➔ We strive to grow stronger than our premium apparel competitors

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