

H U G O B O S S

ANALYSTS' CONFERENCE 2011

Metzingen – March 29, 2011

AGENDA



2010 HIGHLIGHTS



GROWTH STRATEGY



2010 FINANCIAL YEAR



OUTLOOK

AGENDA



2010 HIGHLIGHTS



GROWTH STRATEGY



2010 FINANCIAL YEAR



OUTLOOK

2010 HIGHLIGHTS – HUGO BOSS marks most successful year in its history

- Sales at record high
- Powerful growth in China and the Americas
- Systematic expansion of own retail network
- Adjusted EBITDA margin at 20 percent

AGENDA



2010 HIGHLIGHTS



GROWTH STRATEGY

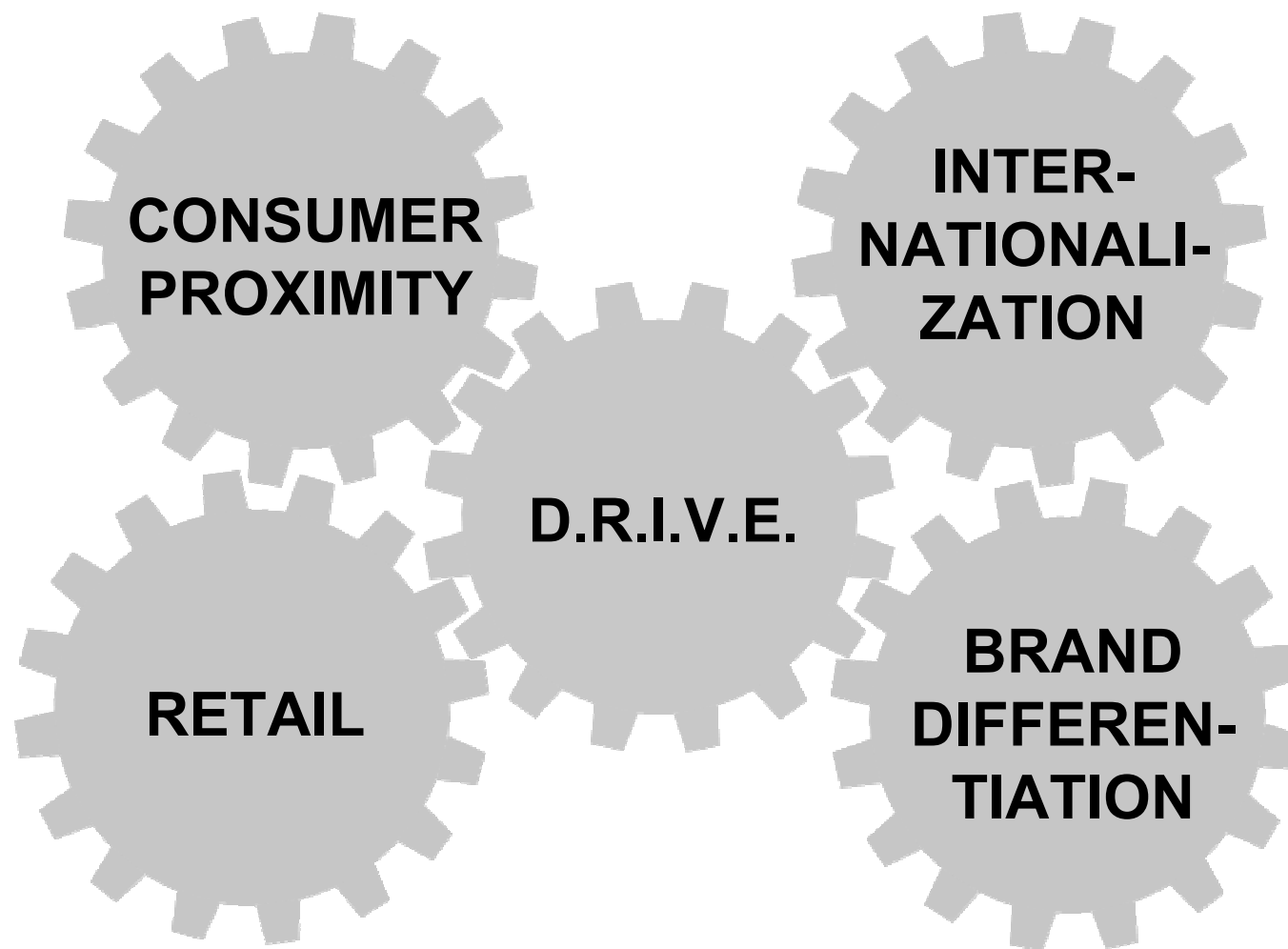


2010 FINANCIAL YEAR



OUTLOOK

GROWTH STRATEGY – D.R.I.V.E. project ensures interaction between growth factors



CONSUMER PROXIMITY – stronger end-consumer focus

- Early incorporation of market information
- Shortening of development and production processes
- Reducing complexity of collections
- Tailoring POS deliveries to actual consumer demand
- Introduction of new collection cycle
- Clearly defined core ranges for directly operated stores

RETAIL – global presence considerably extended

- Number of own stores climbs by 99 to 537
- Investments focus on *Asia / Pacific* growth region
- Improved like-for-like sales
- High-impact store concepts developed

RETAIL – successful new store openings in 2010 / 2011



Antwerp / Belgium



Las Vegas / U.S.A



Hong Kong

Analysts' Conference 2011



Kunming / China

HUGO BOSS ©

March 29, 2011

10 / 48

RETAIL – above-average increase in online sales

The screenshot shows the Hugo Boss online store homepage. At the top, the brand name "HUGO BOSS" is displayed. Below it is a navigation menu with links for "COLLECTIONS", "ONLINE STORE", "LIFESTYLE", "STORE LOCATOR", and "THE COMPANY". On the right side of the navigation, there are links for "WISHLIST" and "MY ACCOUNT", along with a shopping bag icon showing "0 Items \$0.00". A search bar with the placeholder text "Enter search term" is located on the right. The main banner features a male model in a brown jacket and light-colored trousers on the left, and a female model in a white dress on the right. The text "SHOP THE RUNWAY" is centered, with "BOSS BLACK SPRING 2011 >>" below it. The Hugo Boss logo is also present. At the bottom of the banner, it says "BERLIN FASHION WEEK - ENTER TO WIN >>". Below the banner is a dark bar with the text "FREE SHIPPING ON ALL ORDERS OF \$195 OR MORE". The footer section is divided into two parts: "CONNECT WITH US" on the left, which includes social media icons for Facebook, Twitter, YouTube, and the Hugo Boss iPhone App; and "GET IN THE KNOW!" on the right, which encourages users to sign up for exclusive news and updates.

HUGO BOSS

COLLECTIONS ONLINE STORE LIFESTYLE STORE LOCATOR THE COMPANY

WISHLIST MY ACCOUNT Shopping Bag 0 Items \$0.00

NEW ARRIVALS MEN WOMEN THE ESSENTIALS SHOP BY... Enter search term

SHOP THE RUNWAY

BOSS BLACK SPRING 2011 >>

BOSS HUGO BOSS

BERLIN FASHION WEEK - ENTER TO WIN >>

FREE SHIPPING ON ALL ORDERS OF \$195 OR MORE

CONNECT WITH US

JOIN US ON FACEBOOK JOIN US ON TWITTER HUGO BOSS ON YOUTUBE HUGO BOSS IPHONE APP

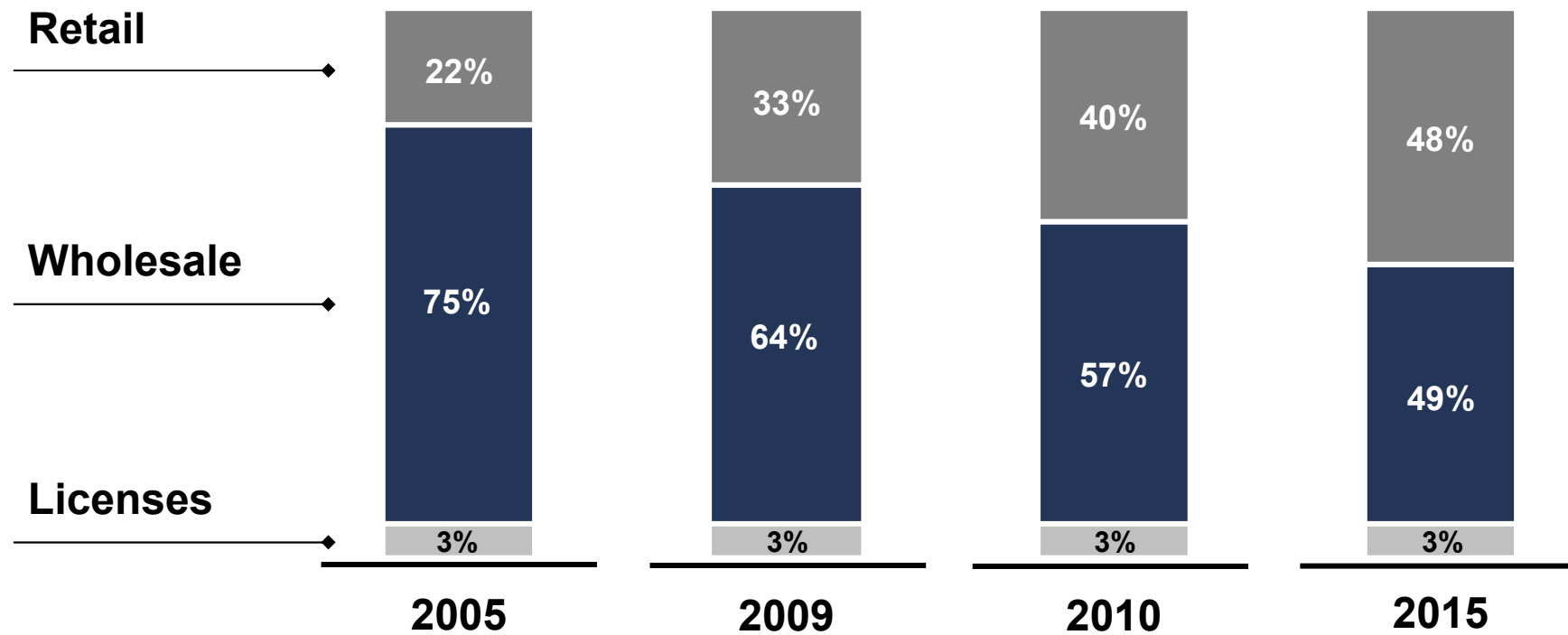
GET IN THE KNOW!

Be the first to hear about HUGO BOSS New Arrivals, Sweepstakes & Private Sales. Sign up now to receive exclusive news & updates from HUGO BOSS.

▶ Sign up now

Help | Payment | Returns | Shipping | Order Security | Contact Us

RETAIL – marked rise in share of sales



INTERNATIONALIZATION – Europe

- More dynamic development in second half of year
- Double-digit growth in Great Britain
- Southern European markets stabilize
- Leadership in domestic market extended

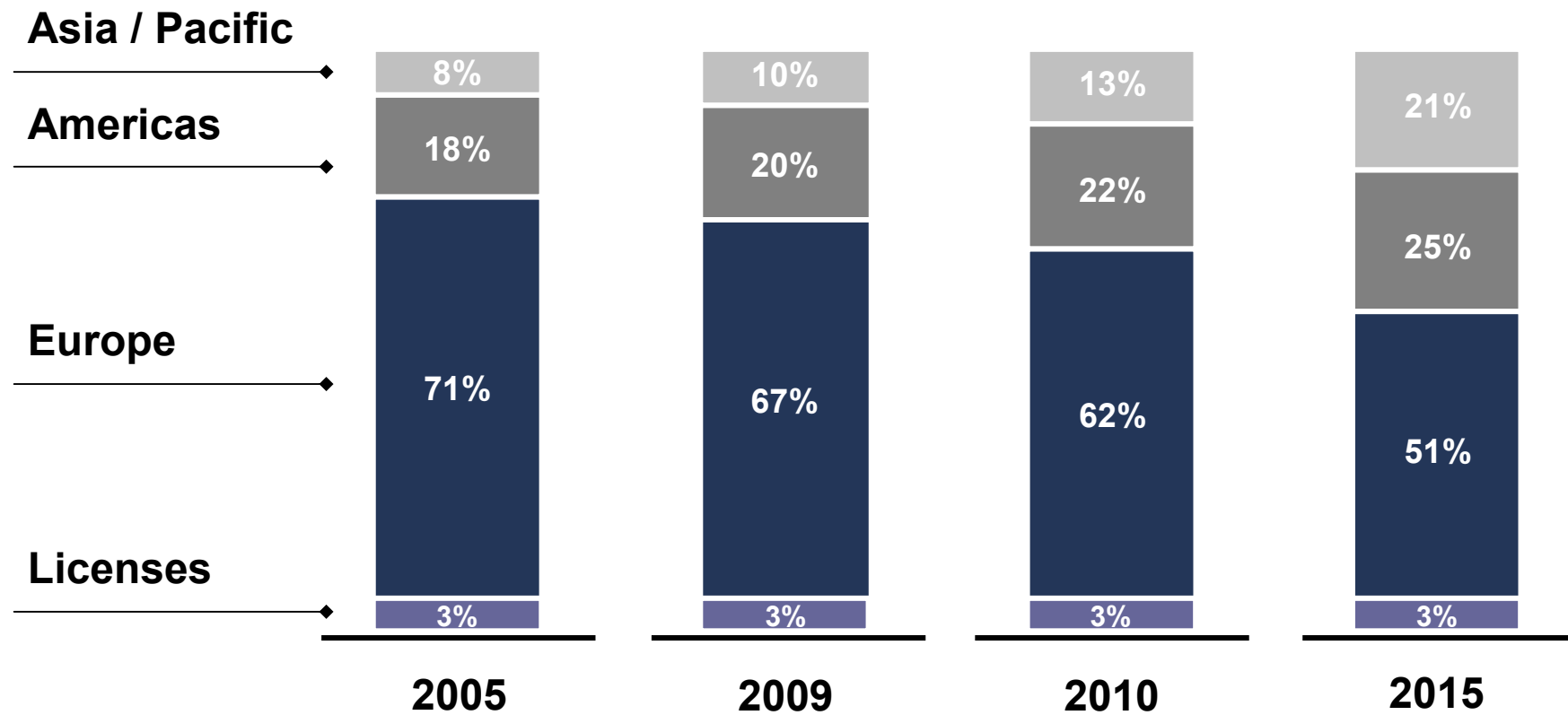
INTERNATIONALIZATION – Americas

- U.S. sales up by 16 percent in local currency
- Additional sales floor space secured at U.S. wholesalers
- Strong brand positioning pays off
- Double-digit growth in Central and South America

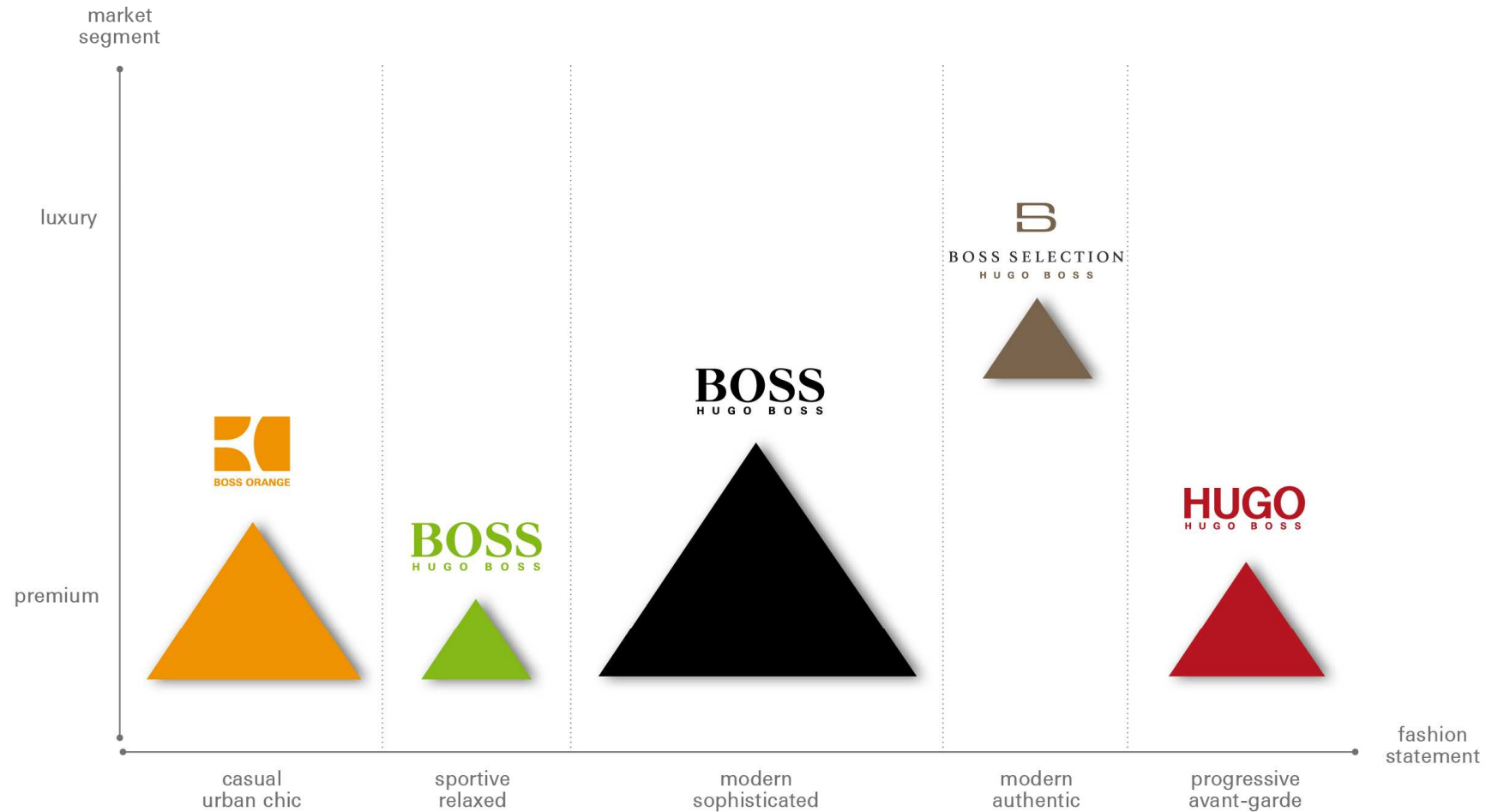
INTERNATIONALIZATION – Asia / Pacific

- China grows by 84% in local currency
- Successful integration of joint venture with Rainbow Group
- Clear perception as a luxury brand
- Continuing difficult market environment in Japan

INTERNATIONALIZATION – non-European share of sales up sharply



BRAND DIFFERENTIATION – clear positioning in the premium and luxury goods segment



BOSS
HUGO BOSS
S E L E C T I O N







BOSS
HUGO BOSS



DRESS ME FOR THE FINALE!

DESIGN THE OVERALLS FOR JENSON BUTTON AND LEWIS HAMILTON ON HUGOBOSS.COM/McLAREN





 **BOSS ORANGE**

BOSS
HUGO BOSS

WWW.BOSS-FRAGRANCES.COM SHOP.ONLINE.HUGOBOSS.COM

BOSS ORANGE
FEATURING SIENNA MILLER, THE FRAGRANCE FOR WOMEN

BOSS
HUGO BOSS

WWW.BOSS-FRAGRANCES.COM SHOP.ONLINE.HUGOBOSS.COM

BOSS ORANGE
FEATURING ORLANDO BLOOM, THE NEW FRAGRANCE FOR MEN



BOSS
HUGO BOSS







NOW LIVE!
HUGO FASHIONSHOW LIVESTREAM SPRING/SUMMER 2011
20.01.2011
▶ [See the show](#)

AGENDA



2010 HIGHLIGHTS



GROWTH STRATEGY



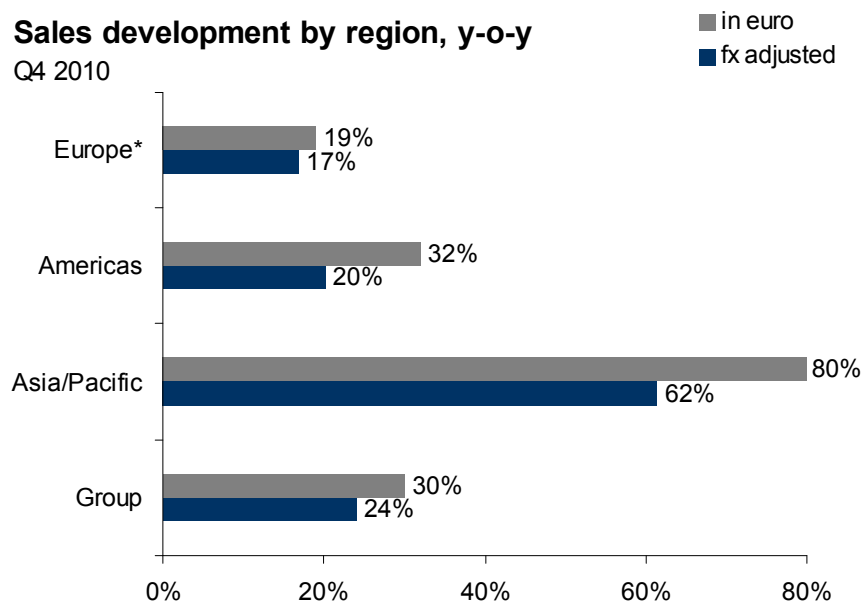
2010 FINANCIAL YEAR



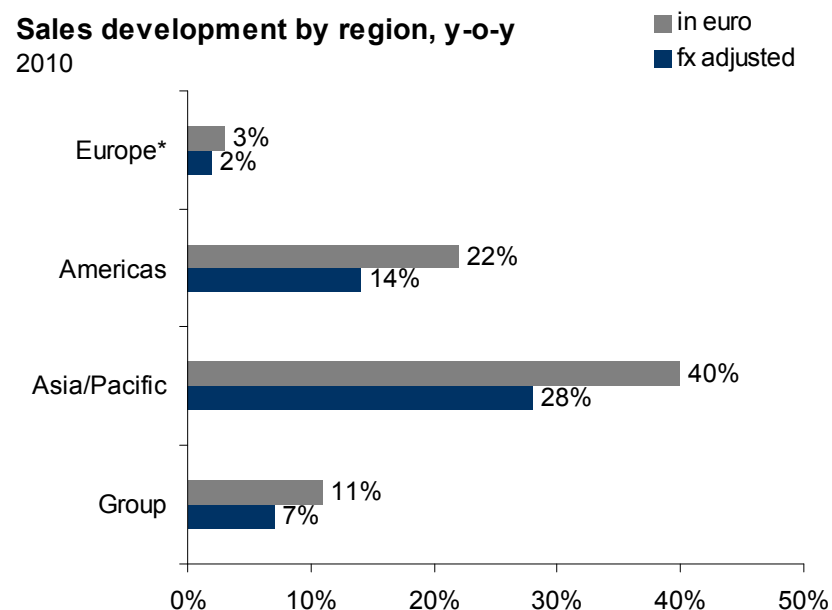
OUTLOOK

SALES BY REGION – Broad-based growth

Sales development by region, y-o-y
Q4 2010



Sales development by region, y-o-y
2010

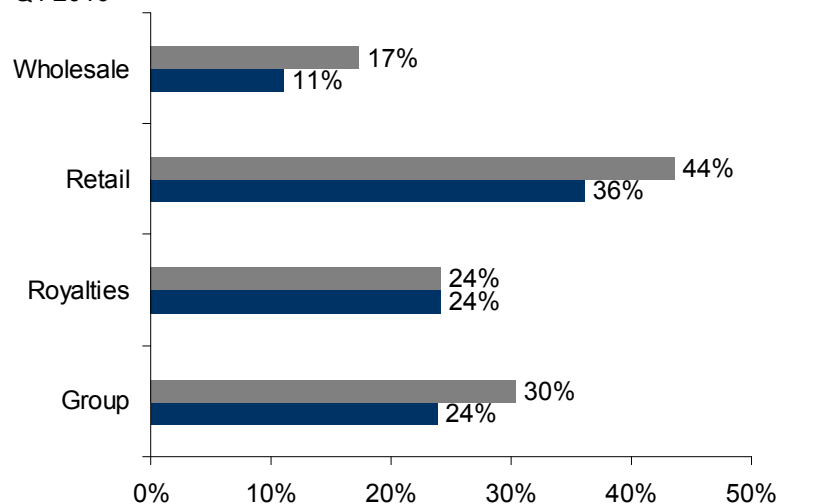


- Fourth quarter development confirms upswing in **Europe**
- Double-digit sales growth in the **Americas** driven by ongoing strength in the U.S.
- China major contributor to strong expansion in **Asia/Pacific**

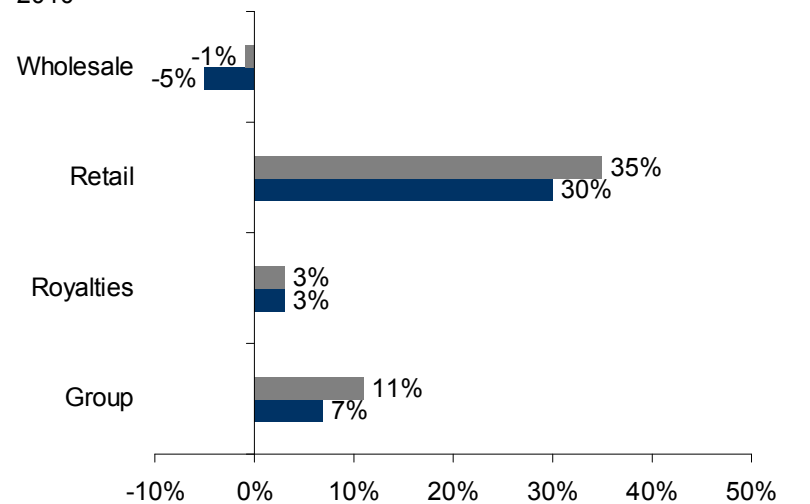
* incl. Middle East / Africa

SALES BY DISTRIBUTION CHANNEL – Retail drives Group sales increase

Sales development by distribution channel, y-o-y Q4 2010



Sales development by distribution channel, y-o-y 2010



- Wholesale grows at double-digit rate in fourth quarter due to improving preorder business
- Strong retail performance due to store expansion and comp store sales growth (+8% in Q4, +9% year-to-date, both currency-neutral)
- Eyewear and watches drive double-digit increase of royalties in the fourth quarter

INCOME STATEMENT – Gross profit margin up strongly

Increase of **gross profit margin** by 5.2 pp to 59.4%:

- Own retail
- Consistent pricing strategy
- Optimization of global sourcing and production

Higher **selling & distribution** expenses primarily as a result of retail expansion

Slight decrease of **administration costs & other operating income and expenses** due to decline in one-off expenses

Reduced **net financial result** primarily due to lower interest expenses

in EUR million	2010	2009	Change in %
Net sales	1,729.4	1,561.9	11
Cost of sales ¹	(661.8)	(680.9)	3
Direct selling expenses	(40.5)	(33.9)	(19)
Gross profit	1,027.2	847.1	21
in % of sales	59.4	54.2	5.2 pp
Selling and distribution expenses	(574.4)	(487.9)	(18)
Administration costs and other operating income and expenses	(188.8)	(203.8)	7
Operating result (EBIT)	263.9	155.4	70
in % of sales	15.3	10.0	5.3 pp
Net interest expense	(17.3)	(22.4)	23
Other financial items ¹	2.5	3.6	(31)
Financial result	(14.8)	(18.8)	21
Earnings before taxes	249.2	136.6	82
Income taxes	(59.9)	(32.6)	(84)
Net income	189.2	104.0	82
Attributable to:			
Equity holders of the parent	185.9	104.0	79
Minority interests	3.3	0.0	>100
Net income	189.2	104.0	82
Earnings per share (EUR)²			
Common shares	2.69	1.50	79
Preferred shares	2.70	1.51	79

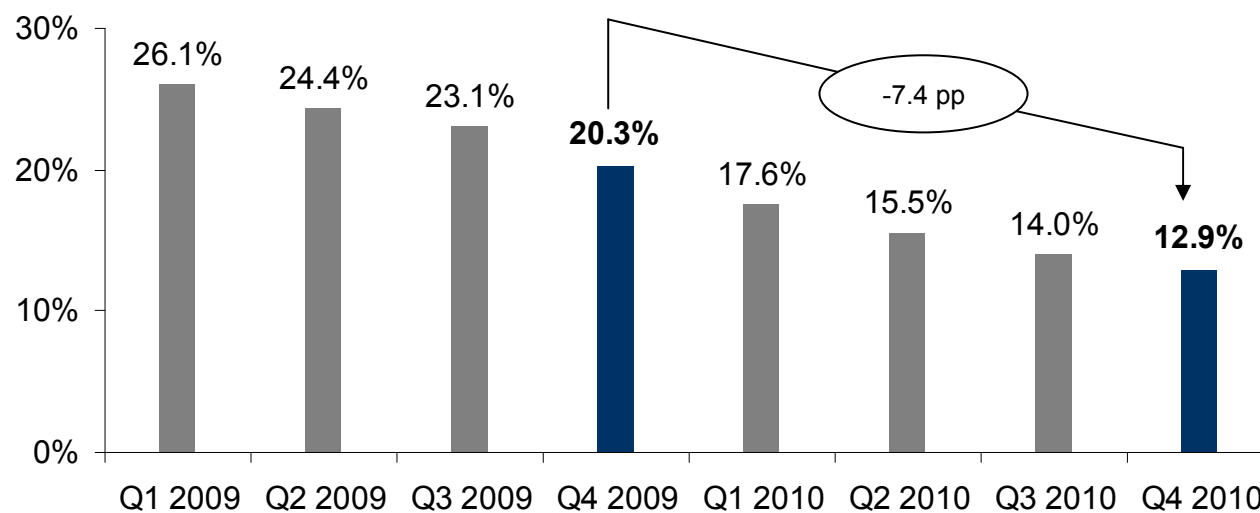
¹ The previous year's figure has been adjusted.

² Basic and diluted earnings per share.

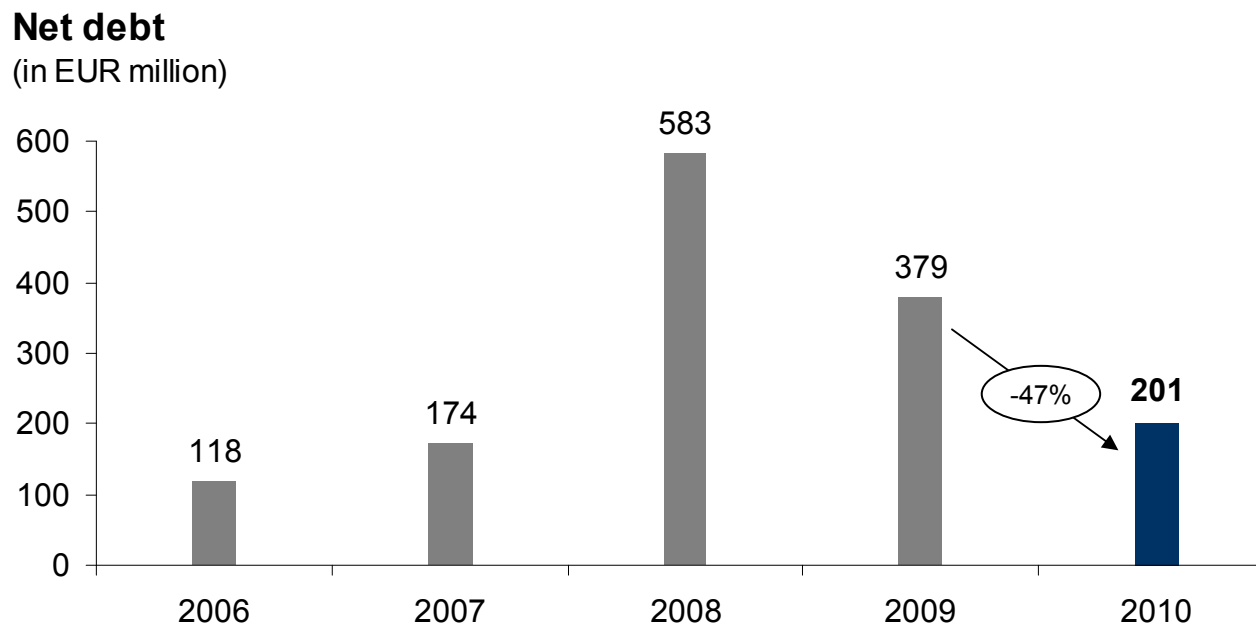
NET WORKING CAPITAL – New record low

- **Inventories** increase 23% to EUR 377 million (+10% currency-neutral and excluding China JV)
- **Trade receivables** down 5% to EUR 133 million (-10% currency-neutral)
- **Trade payables** grow 25% to EUR 188 million (+20% currency-neutral)

**Net working capital
as a percentage of sales by quarter**
(in %)



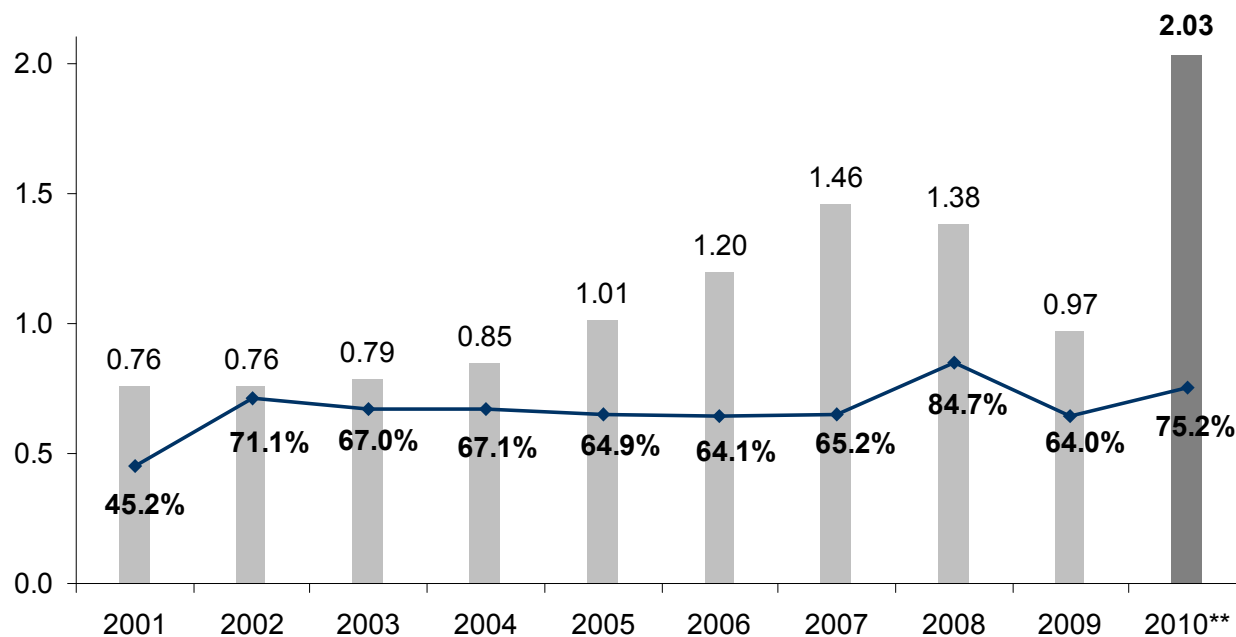
NET FINANCIAL POSITION – Net debt almost halved compared to prior year



- Significant progress in net debt reduction: **Net financial position** reduced by 47% to EUR 201 million (2009: EUR 379 million)
- Equity base further strengthened: **Equity ratio** increases to 27% (2009: 19%)

DIVIDEND – Increase proposed for 2010

Dividend* and Payout ratio
(in EUR and in %)



■ Dividend proposal follows profit oriented long-term payout strategy

■ Underlines confidence in future results development

* Preferred shares / excluding special dividend. **2010: subject to shareholder approval.

AGENDA



2010 HIGHLIGHTS



GROWTH STRATEGY



2010 FINANCIAL YEAR



OUTLOOK

OUTLOOK – Economic and industry environment provides further growth opportunities

- Global economic growth to moderate slightly
- Industry expansion continues to be driven by emerging markets
- Group set to benefit from stronger quality awareness of consumers

FINANCIAL GUIDANCE 2011**2011 Outlook****Sales growth
(currency-adjusted)****at least 12%****Growth of EBITDA
before special items****at least 15%****Capex****approx. EUR 90 mill.****Own retail network****Expansion by around 70 stores**

KEY TAKEAWAYS – HUGO BOSS set for another record year

- 2010 most successful year in the Group's history to date
- Strong start into 2011
- Solid foundation built for future profitable growth

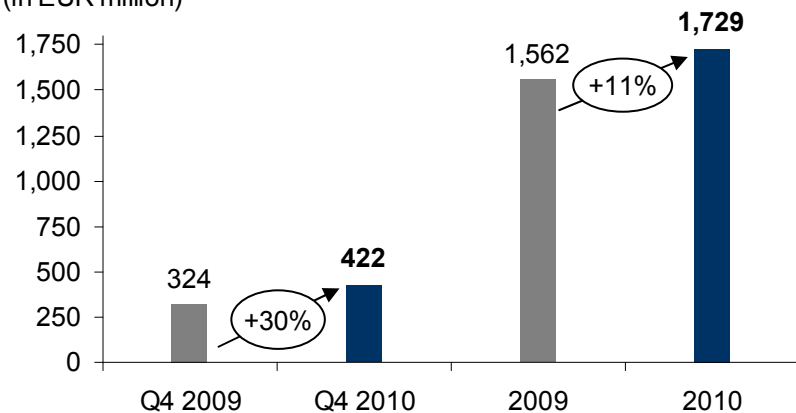
QUESTIONS & ANSWERS

BACKUP

FULL YEAR 2010 RESULTS AT A GLANCE

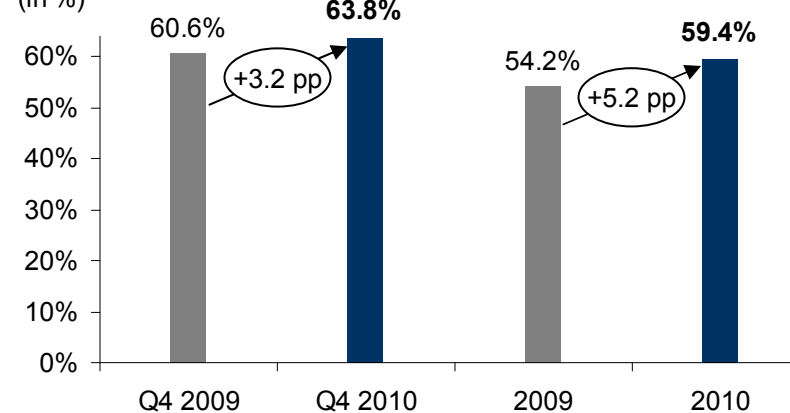
Sales

(in EUR million)



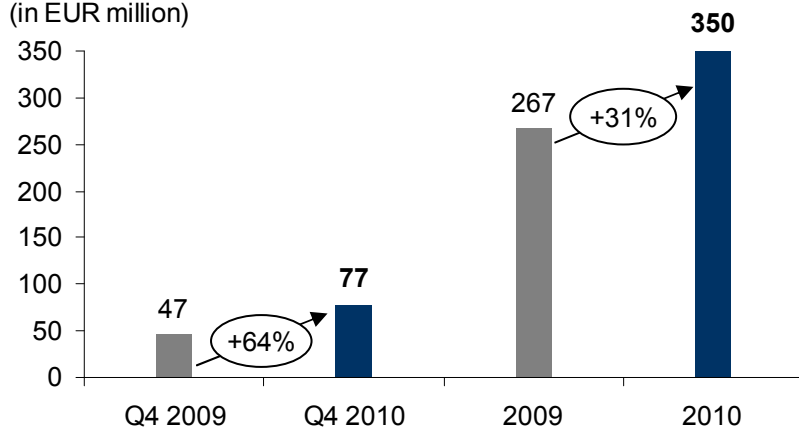
Gross margin

(in %)



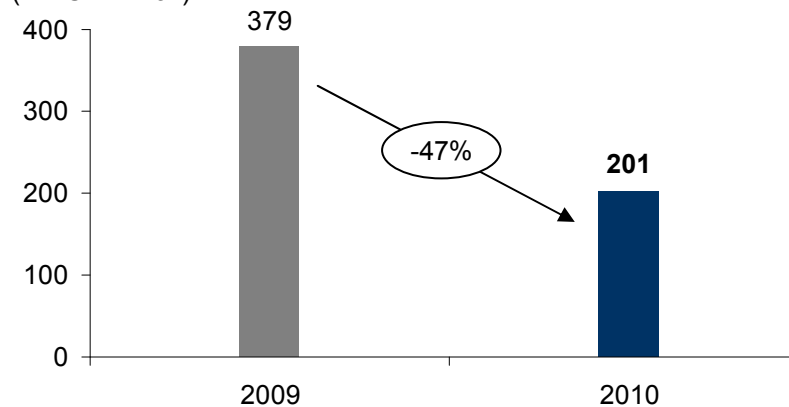
EBITDA before special items

(in EUR million)

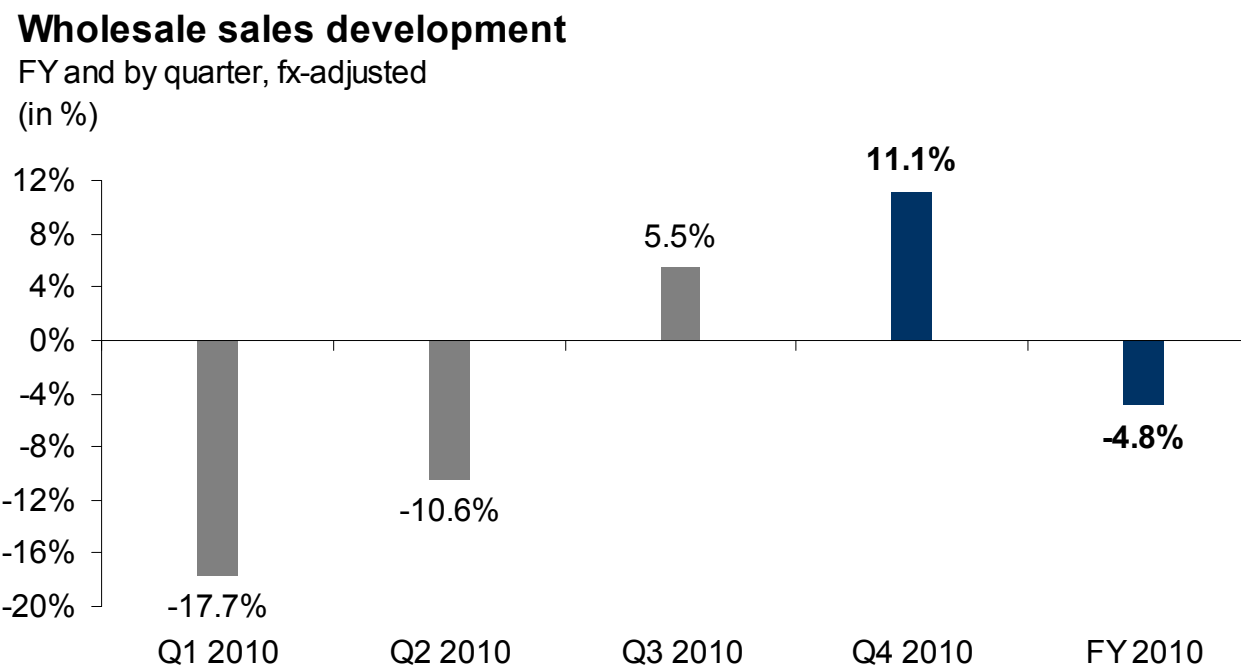


Net debt

(in EUR million)



WHOLESALE SALES DEVELOPMENT



■ **Preorder business** improves in second half year

■ Continuous strong development of **replenishment business**

SEGMENT PROFIT

in EUR million	In % of Sales		In % of Sales		Change in %
	2010	2009	2010	2009	
Europe*	143	119	13.3	11.4	20
Americas	47	15	12.4	4.7	>100
Asia/Pacific	40	15	17.3	8.9	>100
Licenses	79	75			5

- All regions generate **double-digit adjusted EBITDA margin** in 2010
- **Own retail** expansion drives profit improvements in all regions
- **High cost discipline** contributes to profit growth in **Europe**
- Profit improvement in **Americas** supported by consistent **pricing strategy** in wholesale and retail

* incl. Middle East / Africa

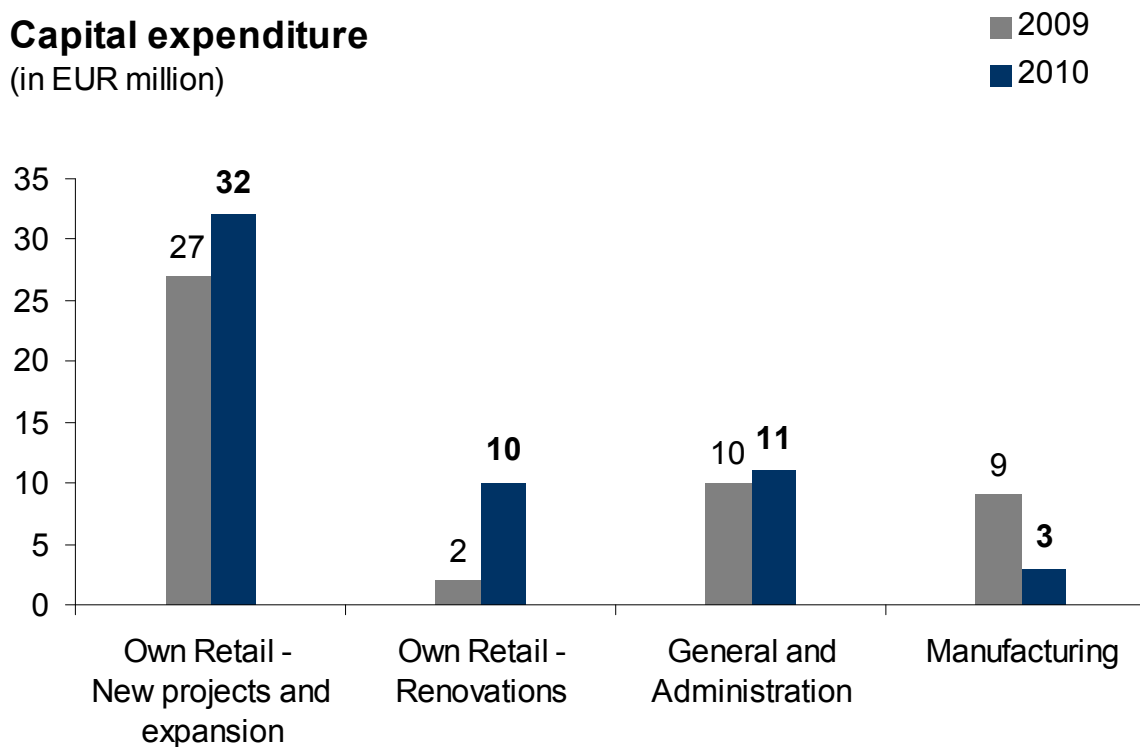
CASH FLOW DEVELOPMENT

<u>in EUR million</u>	<u>2010</u>	<u>2009</u>	<u>Change in %</u>
Cash flow from operating activities	308.3	343.7	(10)
Cash flow from investing activities	-62.0	-44.2	(40)
Cash flow from financing activities	-68.2	-210.7	68
Change in cash and cash equivalents	180.8	89.5	>100

- **Operating cash flow** down compared to prior year due to non-recurrence of exceptional net working capital reduction in prior year
- Increase in cash outflow for **investing activities** due to higher capital expenditures and establishment of Joint Venture operations in China
- Cash outflow from **financing activities** mainly affected by dividend payment

CAPITAL EXPENDITURE




Capital expenditure
(in EUR million)



■ Capital expenditures increase by 15% to EUR 56 million

■ Investments focus on **own retail business**

SALES AND NUMBER OF STORES PER REGION

	 EUROPE*		 AMERICAS		 ASIA/PACIFIC		GROUP	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales (in EUR mio.)	1,073	1,041	381	312	230	165	1,729	1,562
Stores (Own Retail)	253	219	113	108	171	111	537	438

*Europe incl. Middle East / Africa

FINANCIAL CALENDAR 2011

Date	Event	Publication
April 28, 2011	First Quarter Results 2011	First Quarter Report 2011
May 10, 2011	Annual Shareholders' Meeting	Video Recording
July 28, 2011	First Half Year Results 2011	First Half Year Report 2011
November 2, 2011	Nine Months Results 2011	Nine Months Report 2011

H U G O B O S S