

H U G O B O S S

Asia Pacific Strategy

Dr. Gerrit Rützel, President & CEO Asia Pacific

November 8, 2011

About me

- Born 29 January 1974 in Fulda, Germany
- Education
 - 1993 – 1998 European Business School, Oestrich Winkel (Dipl.Kfm.)
 - 1998 – 2001 Johann-Wolfgang-Goethe University, Frankfurt (PhD)
- Professional background
 - 2001-2008 HUGO BOSS AG
 - 2001-2002 Country Specialist Spain/Scandinavia
 - 2003-2005 Head of Business Development
 - 2005-2006 Brand Director HUGO
 - 2006-2008 Director International Sales
 - 2006-2008 Managing Director HUGO BOSS International Markets, Switzerland
 - 2009-2010 Managing Director HUGO BOSS HUGO BOSS do Brazil, HUGO BOSS Mexico and HUGO BOSS Miami (Showroom)
 - since 2011 President & CEO Asia Pacific



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INTRODUCTION

HUGO BOSS IN ASIA PACIFIC

REVIEW OF REGIONAL STRATEGY

SUMMARY AND OUTLOOK

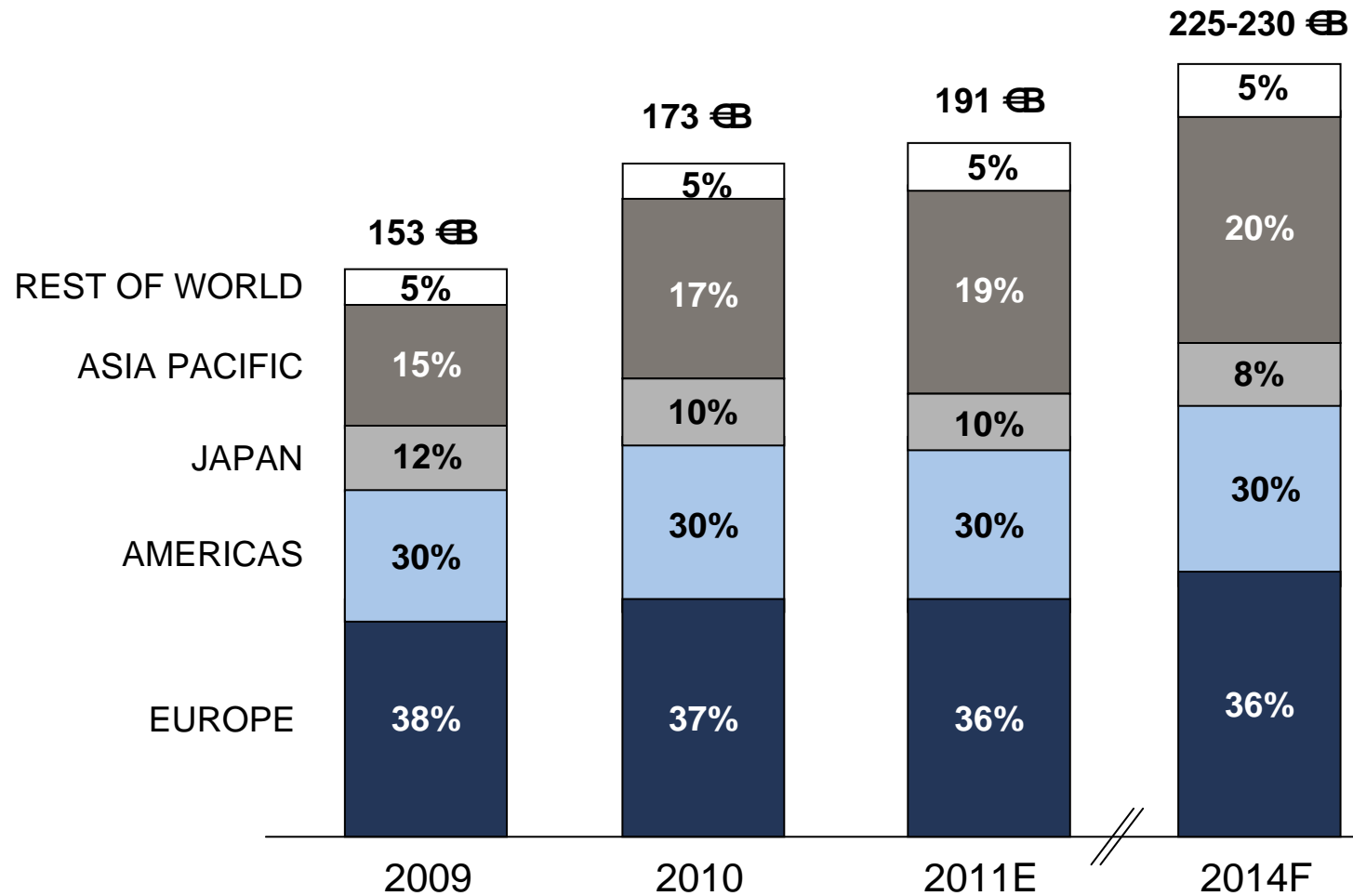
Asia Pacific to remain engine of global growth



- Asia Pacific GDP growth expected to remain strong at 6-7% for 2011 / 2012*
- China clearly being the “powerhouse” within the region
- Japan on its way to recovery
- Other Asian countries developing fast
- Luxury brands strongly increasing their footprint (especially in Greater China)

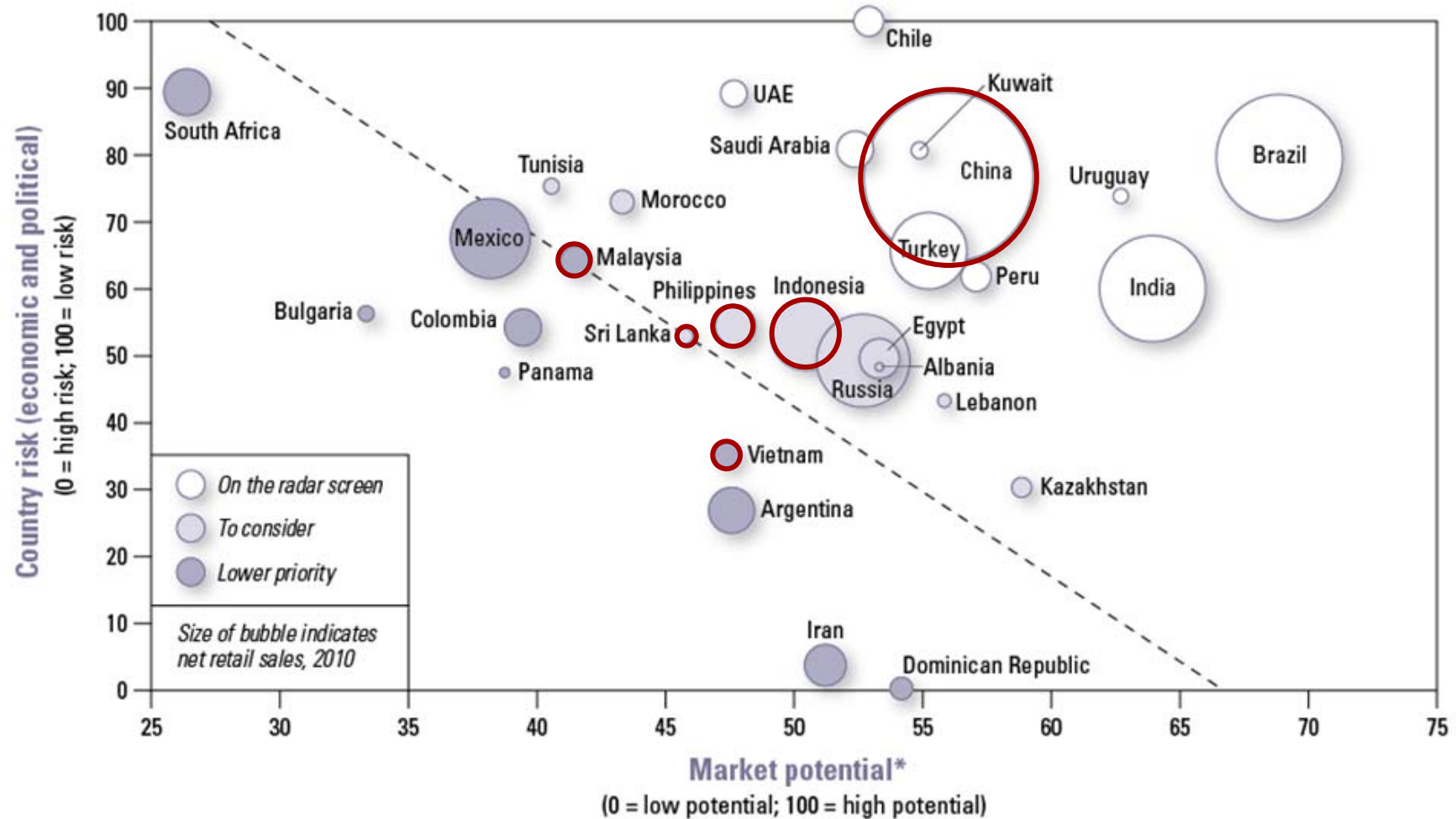
* Source: IMF

Asia Pacific expected to continuously increase its luxury share



Source: Fondazione Altagamma // Bain & Company, October 2011 - Regional split for 2009 and 2014F based on May 2011 study

GLOBAL OPPORTUNITIES – Asia Pacific countries with high growth potential



*Based on weighted score of market attractiveness, market saturation and time pressure of top 30 countries

Source: A.T. Kearney analysis

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HUGO BOSS in Asia Pacific today



~1,350

EMPLOYEES



14

COUNTRIES



>430

POINTS OF SALE



179

RETAIL
POS



>250

WHOLESALE
POS



>120

WHOLESALE PARTNERS

HUGO BOSS in Asia Pacific today – Organizational set-up

HONG KONG

Asia Pacific Headquarter / Showroom

CHINA, Shanghai

Local subsidiary

CHINA, Beijing

Local press office

CHINA, Guangzhou

Local sourcing office

JAPAN, Tokyo

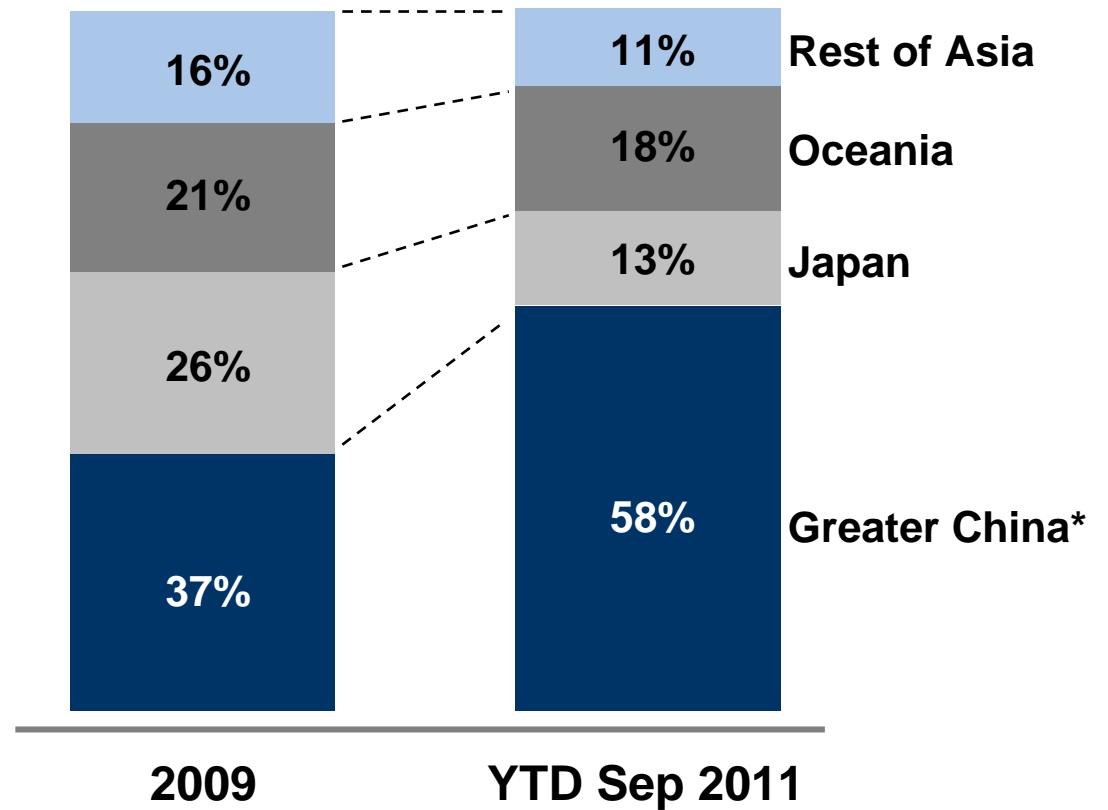
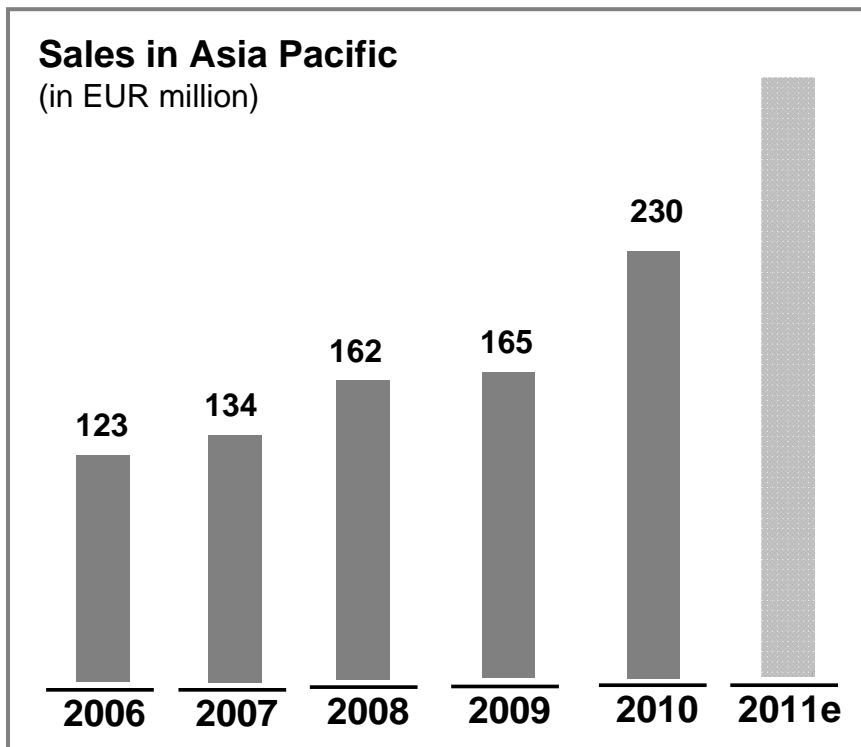
Local subsidiary

AUSTRALIA, Melbourne

Local subsidiary / Showroom



Greater China most important contributor to sales growth in Asia



* Greater China = Mainland China plus Hong Kong and Macau

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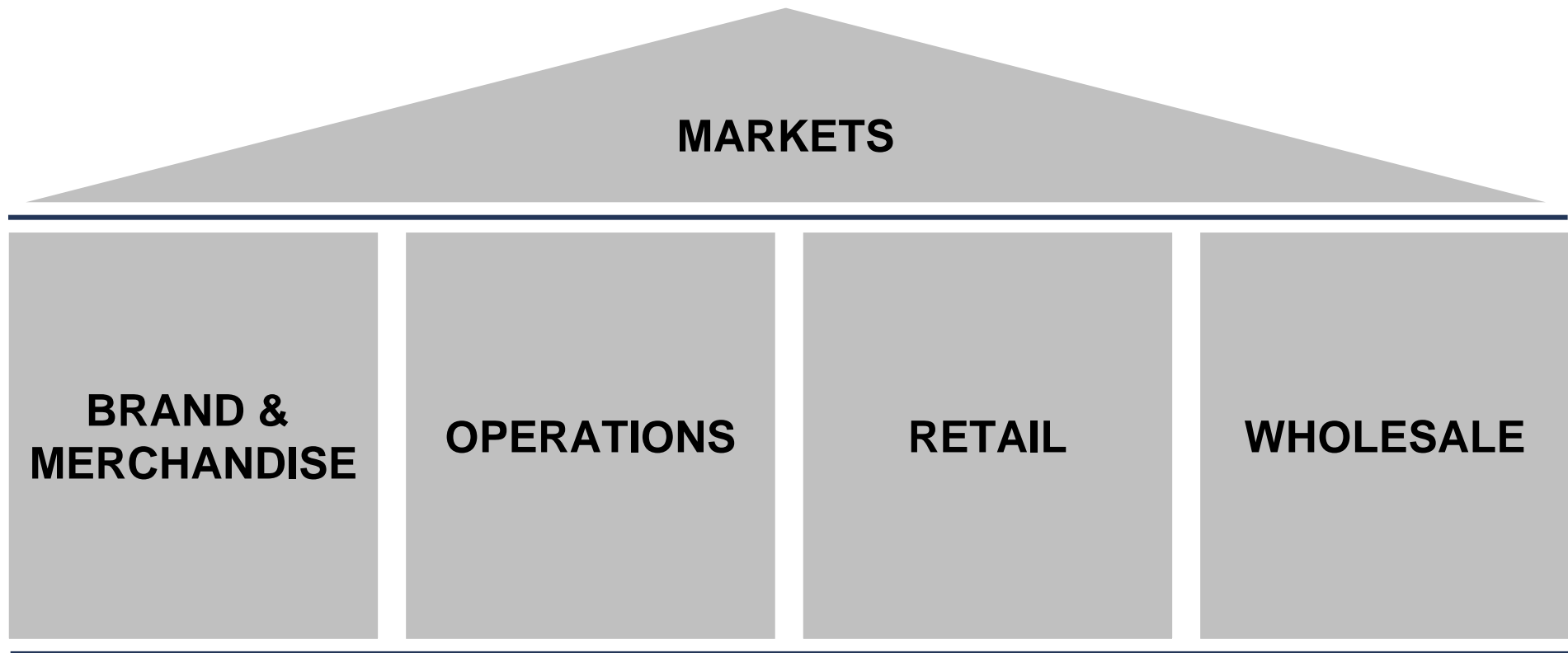
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Key value drivers for the years to come



BRAND & MERCHANDISE – Key strategic initiatives

- Strengthen luxury brand perception and demonstrate product competence
- Generate strong growth in BOSS Selection
- Shoes & accessories and womenswear as important categories for growth and image building
- Expand formalwear segment (offer made-to-measure)
- Set-up regional merchandise structure
- Exploit potential of region-specific product offering



HUGO BOSS ranks amongst the best fashion labels in China

Rank	2007	2011
1	Giorgio Armani	Giorgio Armani
2	Louis Vuitton	Burberry
3	Dunhill	Hugo Boss
4	Versace	Versace
5	Hermes	Ports
6	Ports	Chanel
7	Hugo Boss	Louis Vuitton
8	Montblanc	Dior
9	Gucci	Givenchy
10	Prada	Gucci

- Continue to upgrade brand positioning and recognition through
- flagship stores
 - intensifying editorial coverage
 - hosting retail events
 - strong online media presence
 - sport and art sponsorship activities
 - running major fashion shows

Strengthen luxury brand perception – Flagship stores



Strengthen luxury brand perception – Retail events



Strengthen luxury brand perception – Editorial coverage



Strengthen luxury brand perception – Online / social media

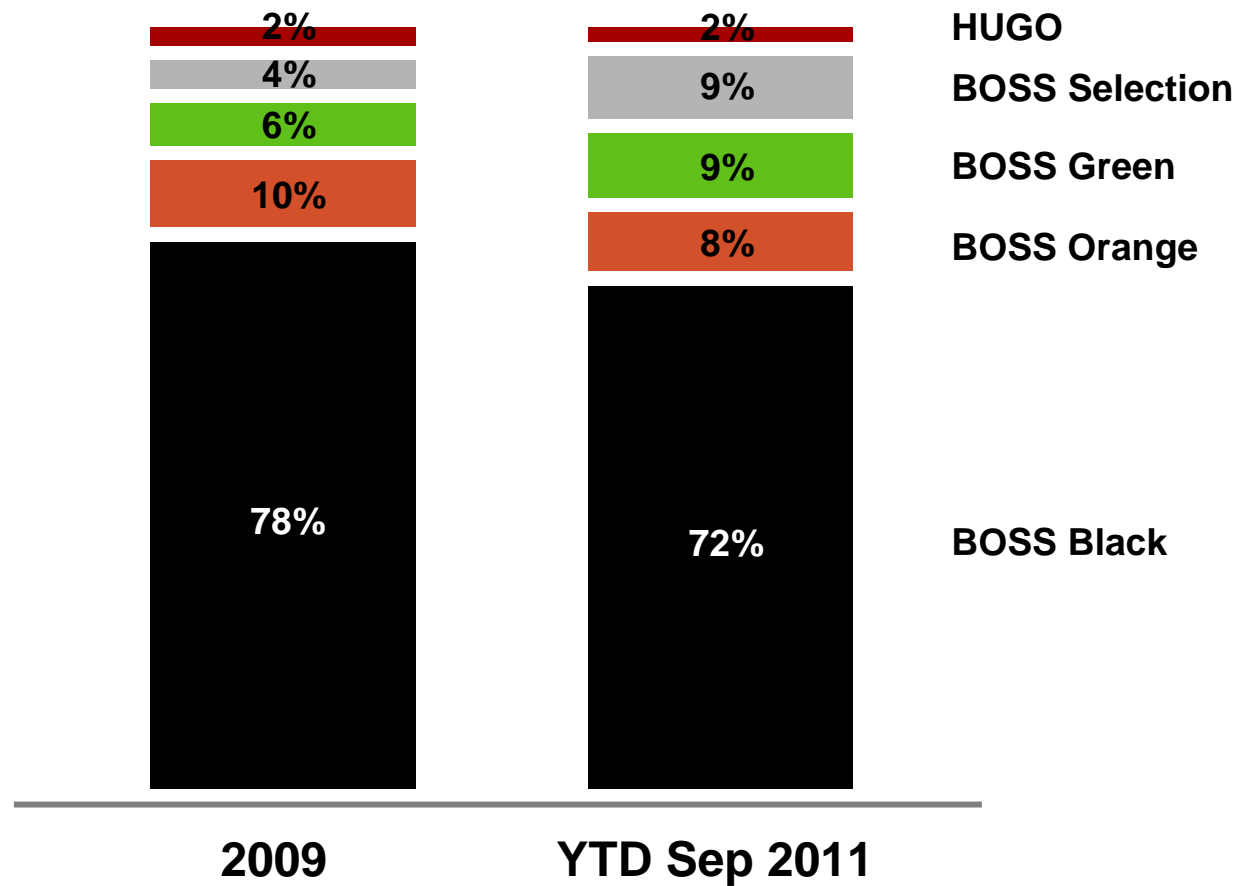


Strengthen luxury brand perception – Sport sponsorship



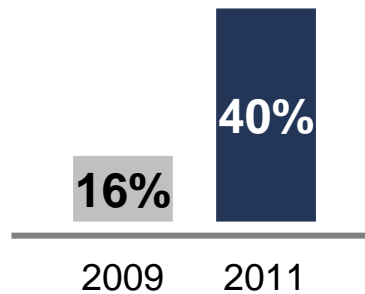
BOSS Black is the strongest brand with BOSS Selection continuously increasing its share

Revenue split by brand / line

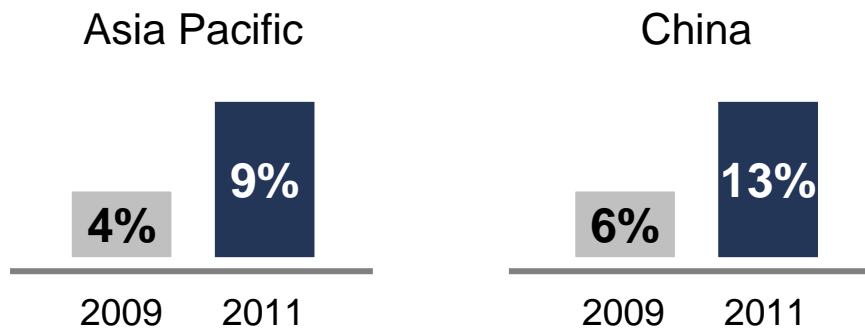


Luxury positioning of BOSS Selection generates strong growth

BOSS Selection Asia Pacific in % of
BOSS Selection HUGO BOSS Group Sales

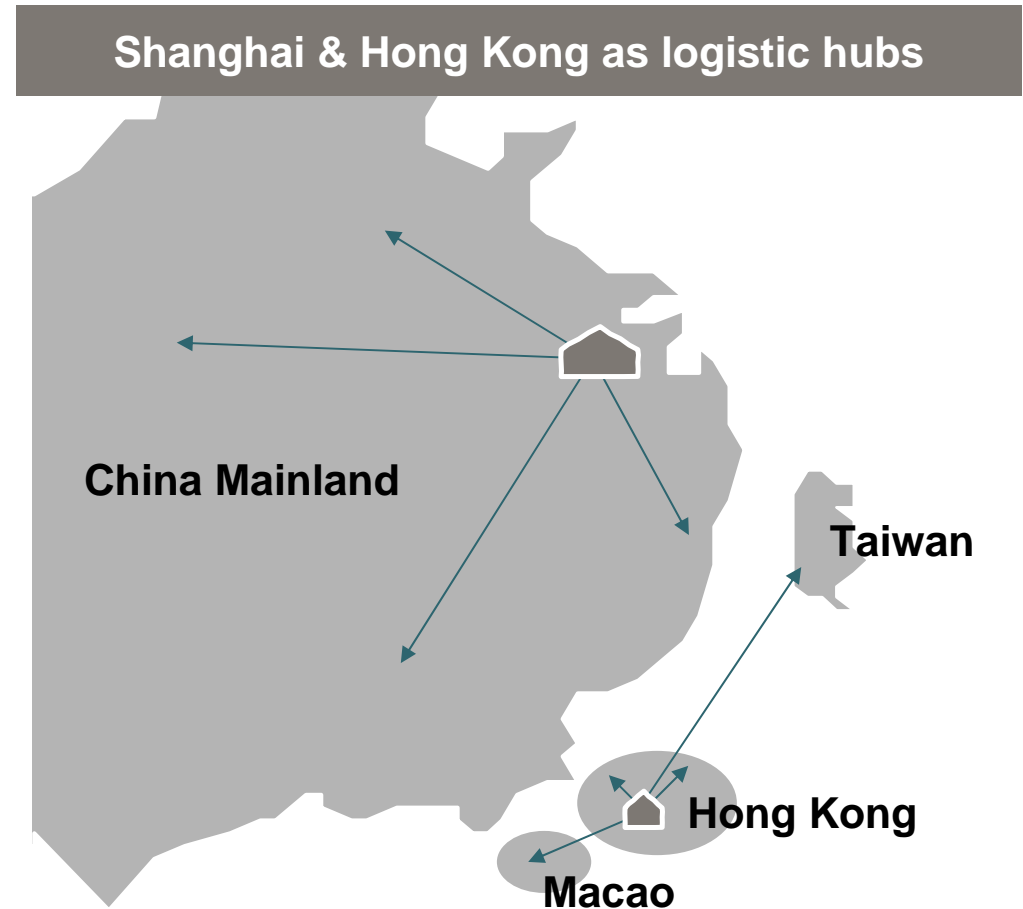


BOSS Selection in % of sales of



OPERATIONS – Key strategic initiatives

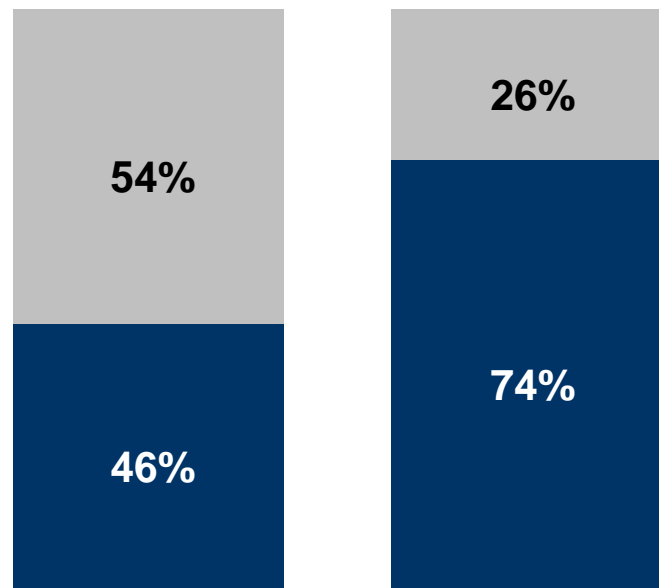
- Support regional growth through improved warehouse network for Greater China
- Gain market share through increased speed to market and faster replenishment
- Generate cost efficiencies
- Warehouse structure fundamental for major D.R.I.V.E. initiatives
- Adjust IT set-up to cater for future growth



SALES CHANNEL – Continuously increasing share of retail sales



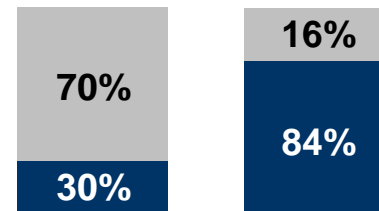
Asia Pacific



2009

YTD Sep 2011

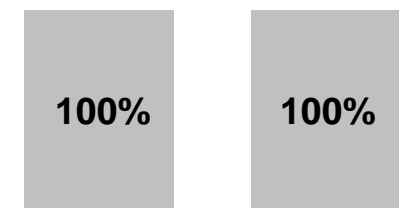
China Plus



2009

YTD Sep 2011

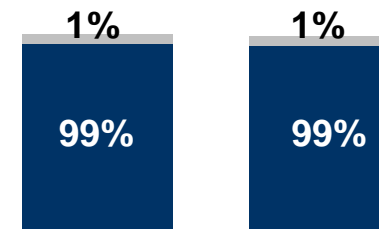
Rest of Asia



2009

YTD Sep 2011

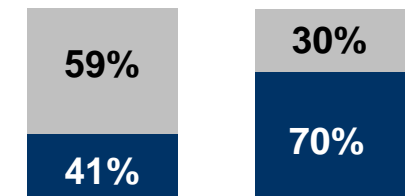
Japan



2009

YTD Sep 2011

Oceania

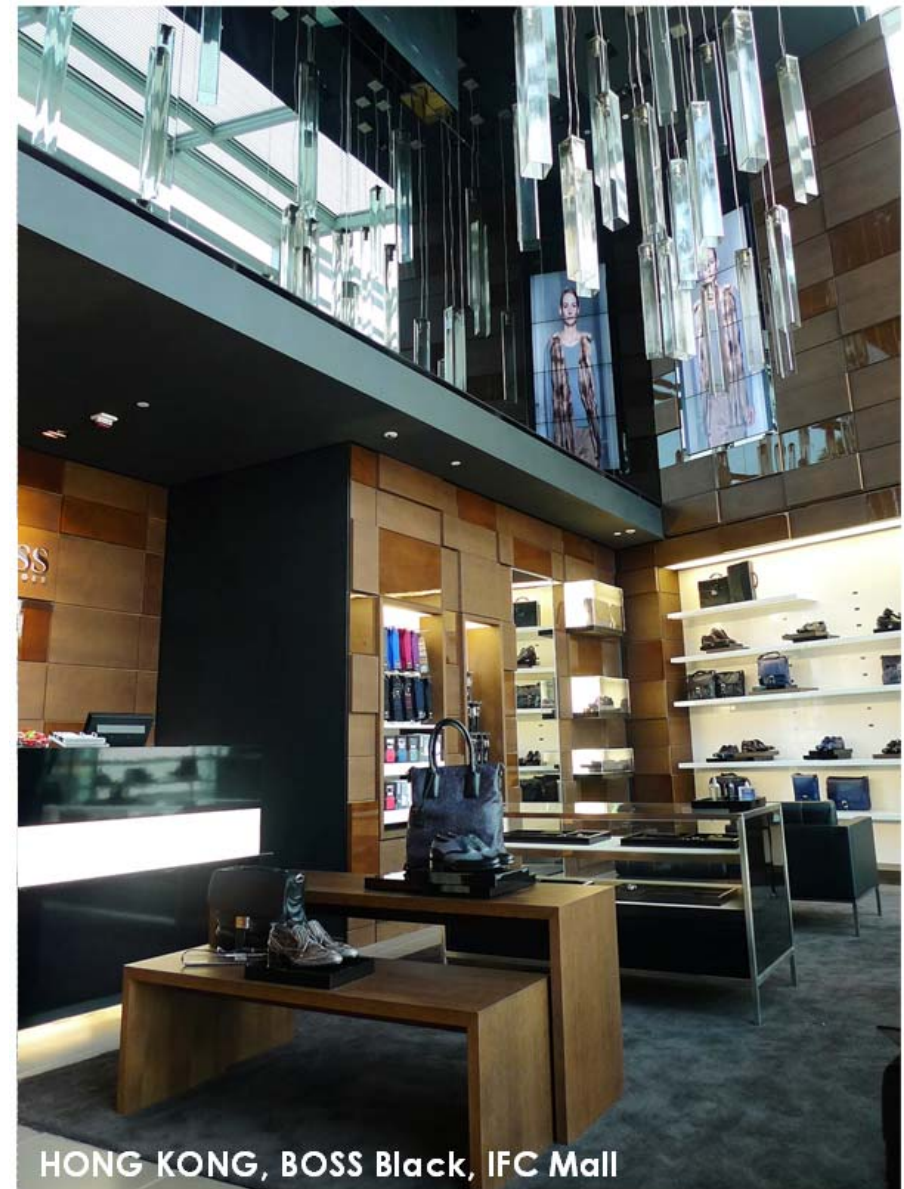


2009

YTD Sep 2011

RETAIL – key strategic initiatives

- Open flagship stores in key cities
- Continue strong expansion in 2nd and 3rd tier cities in China
- Strive for retail excellence
- Improve CRM measures
- Built e-commerce presence in China



HONG KONG, BOSS Black, IFC Mall

Early market presence and DOS network leaves HUGO BOSS strongly distributed in Greater China

- 93 POS from own retail activities
- Successful Joint Venture integration in 2010
- Franchise partner ImagineX (China) takeover in 2011 / 2012
- Franchise partner Chieh Ger (Taiwan) takeover in 2012
- Further retail store expansion of ~20 stores planned annually
- Major flagship store openings in Beijing and Shanghai to showcase brand portfolio

Own retail including Joint Venture and outlets

RETAIL – New store openings China in 2010 / 2011



WHOLESALE – key strategic initiatives

- Selectively grow wholesale business especially outside Greater China (incl. new market entries, e.g. Vietnam)
- Strong focus on important POS as well as key customer growth (e.g. Indonesia)
- Travel Retail as major growth driver
- Support wholesale partners with new collection cycle
- Take over franchise operations at an appropriate stage



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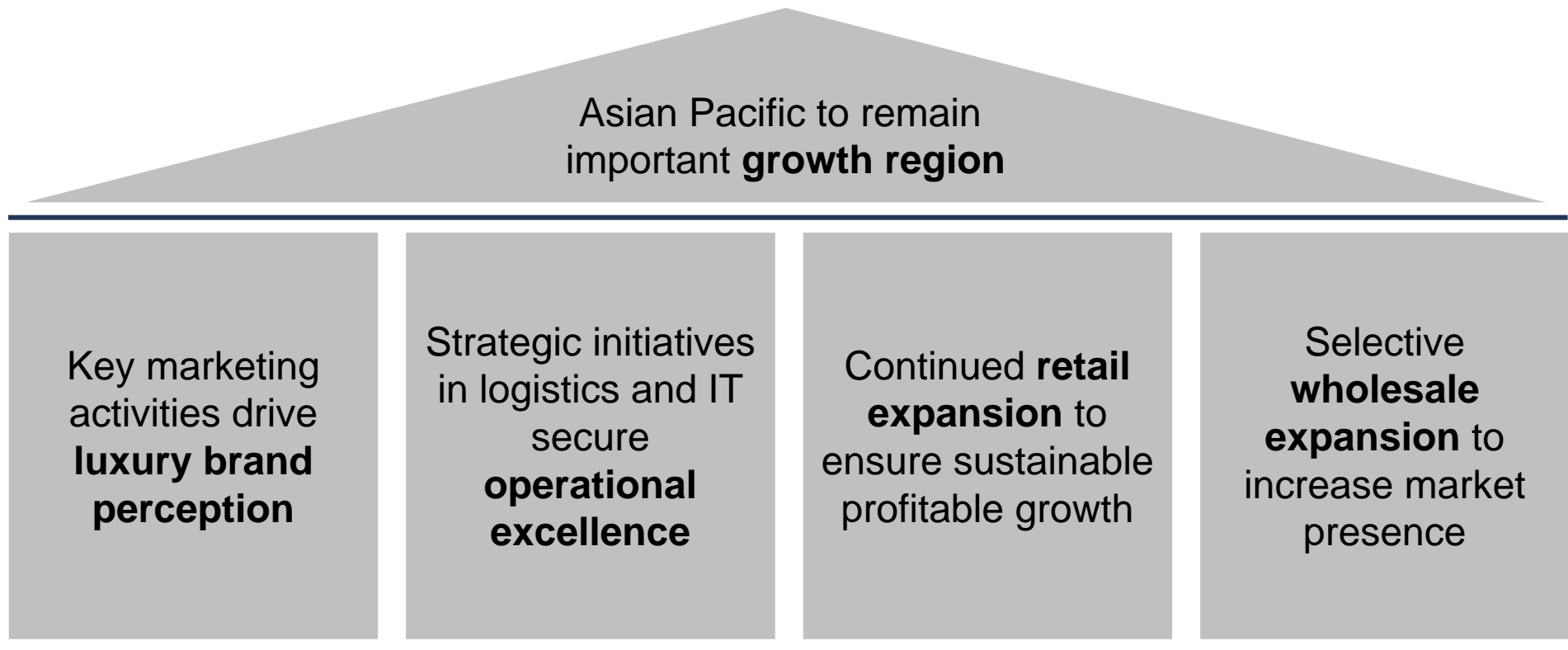
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Summary and Outlook



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QUESTIONS & ANSWERS

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