

H U G O B O S S

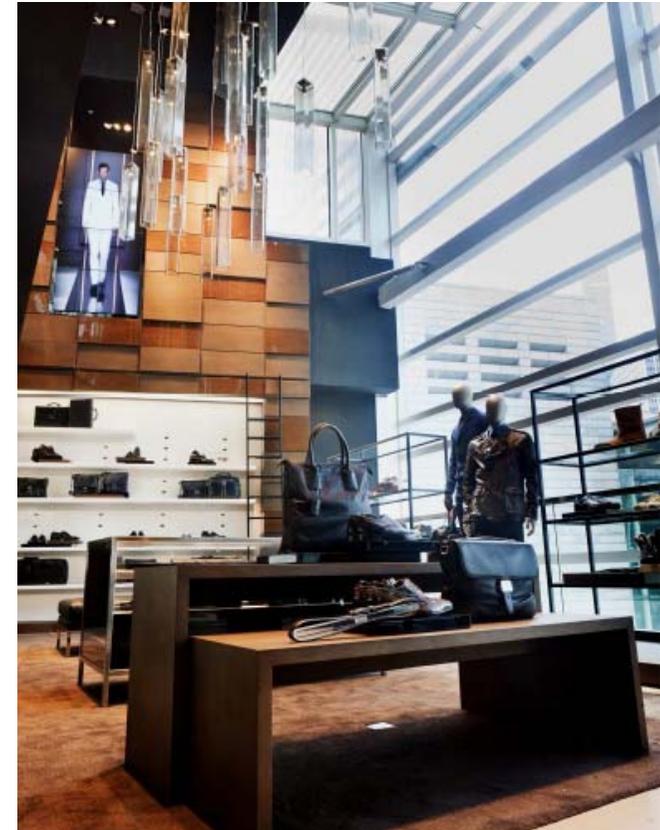
Financial Strategy

Mark Langer, Chief Financial Officer

November 8, 2011

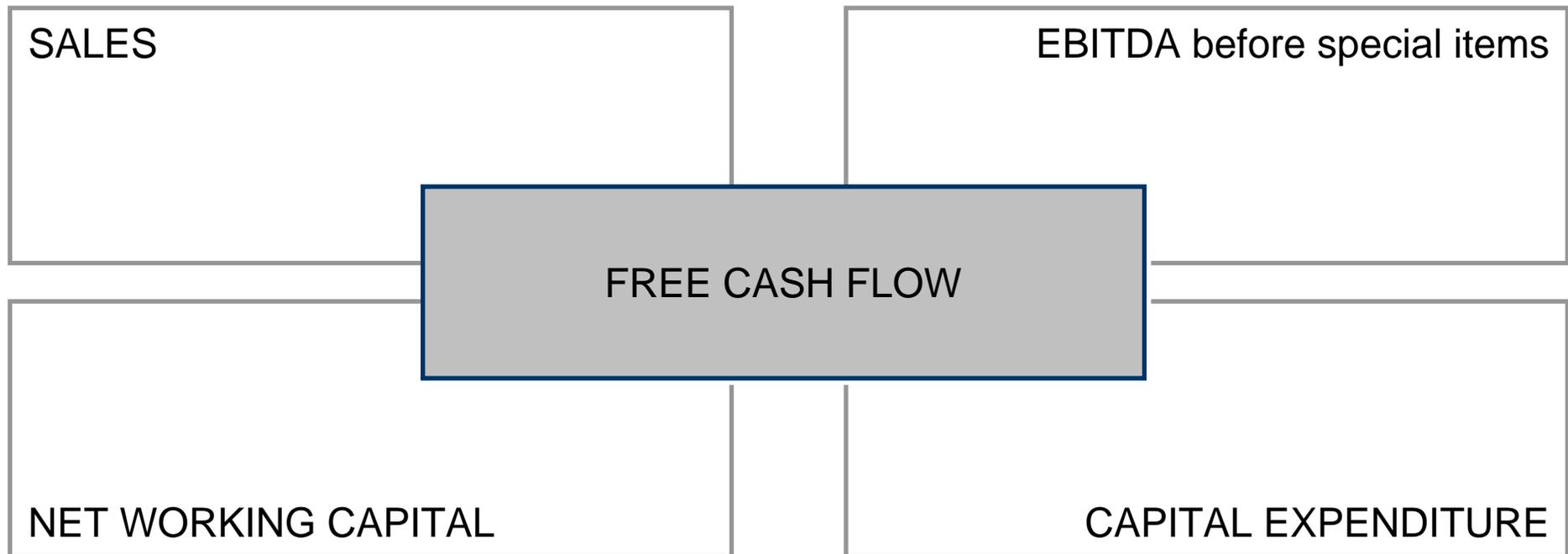
HUGO BOSS has significantly improved its business model

- Bigger and better retail business
- More balanced global exposure
- Major profitability improvements
- Clean operating working capital
- Strong balance sheet
- Highly cash flow-generative business model



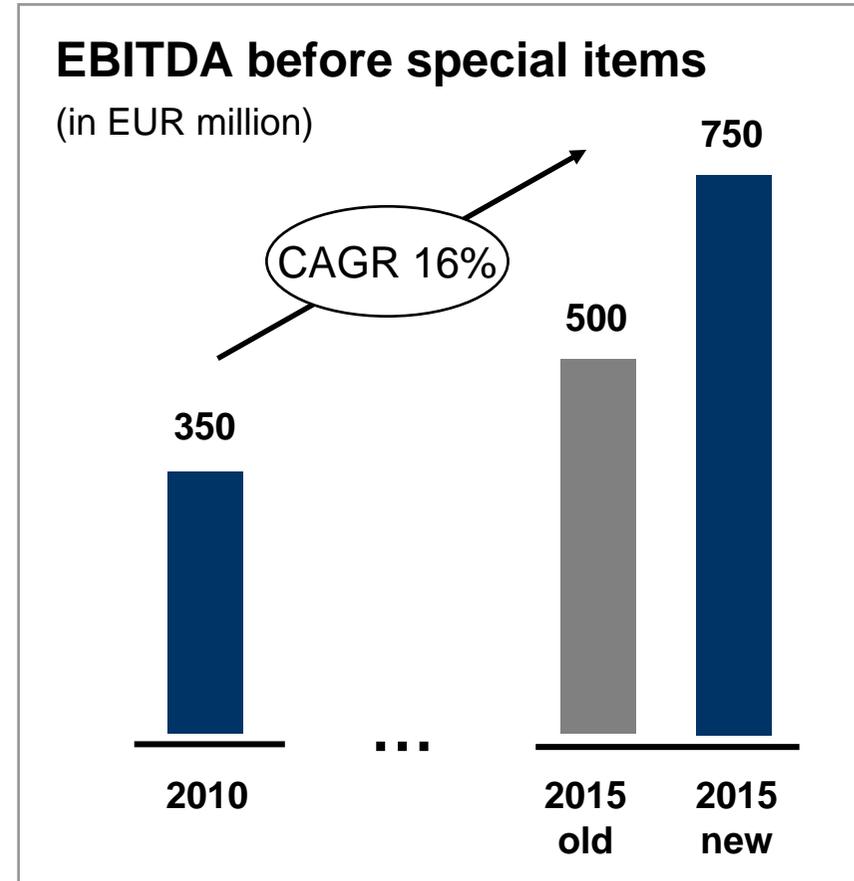
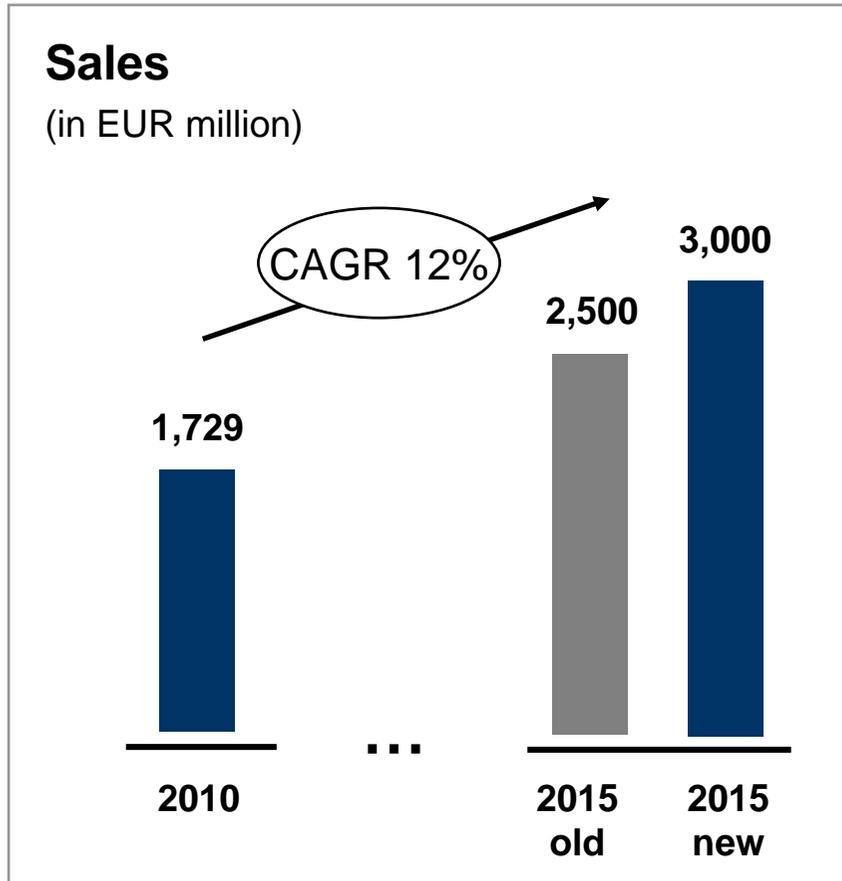
➔ Solid foundation for continued growth

HUGO BOSS – Free cash flow maximization primary goal



➔ Focus on increasing free cash flow through profitable growth and tight capital management

HUGO BOSS – Targeting profitable growth



Economic and industry growth rates forecasted to moderate

Real GDP

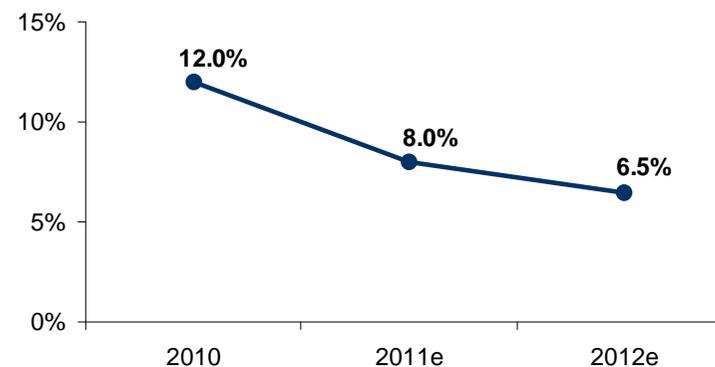
year-over-year growth (in %)

	2009	2010	2011e	2012e
Eurozone	-4.2	1.8	1.6	0.7
Germany	-5.1	3.7	2.9	1.0
USA	-3.5	3.0	1.7	2.0
China	9.2	10.4	9.2	8.6
World	-2.4	3.9	2.8	2.7

Source: Bloomberg.

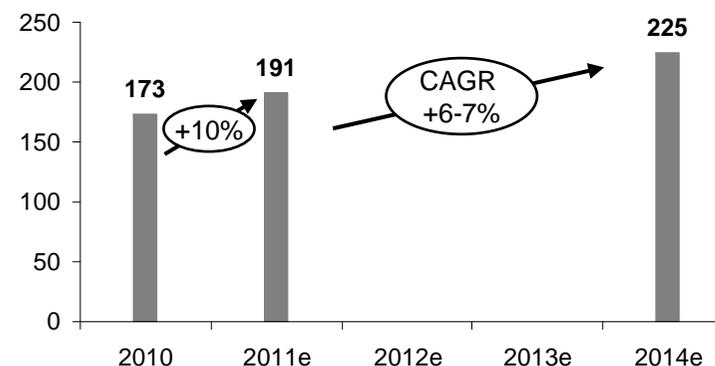
Luxury apparel

year-over-year growth in %



World wide luxury goods sales

(in EUR million)



Source: Bain & Company, Altgamma, "Altgamma 2011, Worldwide Markets Monitor".

➔ Expect to outperform economic and industry growth rates

HUGO BOSS prepared to respond to adverse economic developments

- Transparency of key business processes significantly improved
- Implementation of measures to improve organizational flexibility and speed to market well under way
- Scenario planning part of regular budgeting process
- Contingency plans to protect profitability in place



Retail growth key contributor to achievement of 2015 targets



Structural Changes

- Positive mix effect on gross margin
- Store expansion results in higher rent and personnel expenses
- Shift from receivables to inventories
- Increasing operating lease obligations

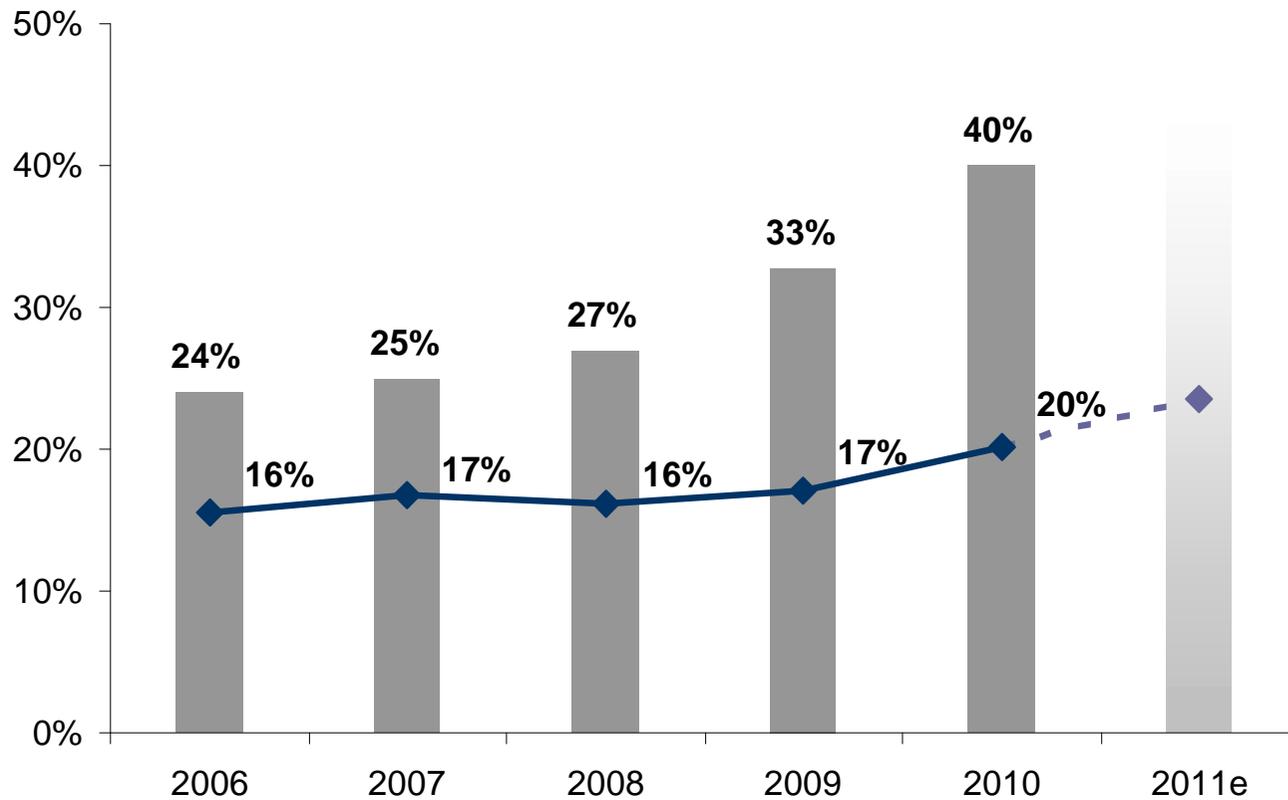
Key levers for further profitability improvement

- Consistent comp store sales growth
- Improved merchandise management process
- Operating leverage through efficient retail management

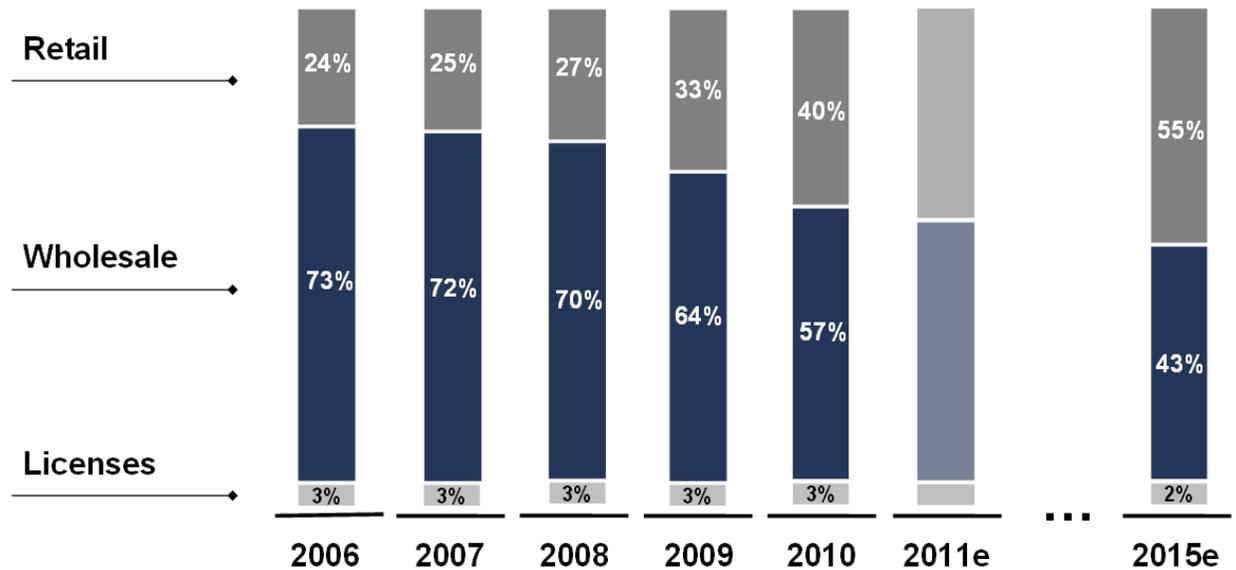
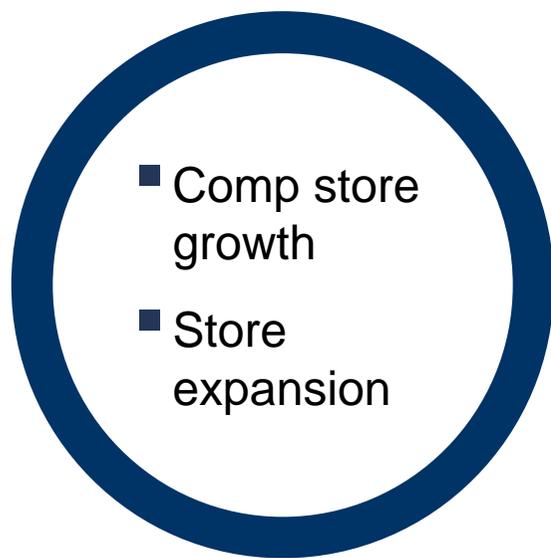
Retail expansion supportive to Group profitability

Adjusted EBITDA margin and retail development
(in % of sales)

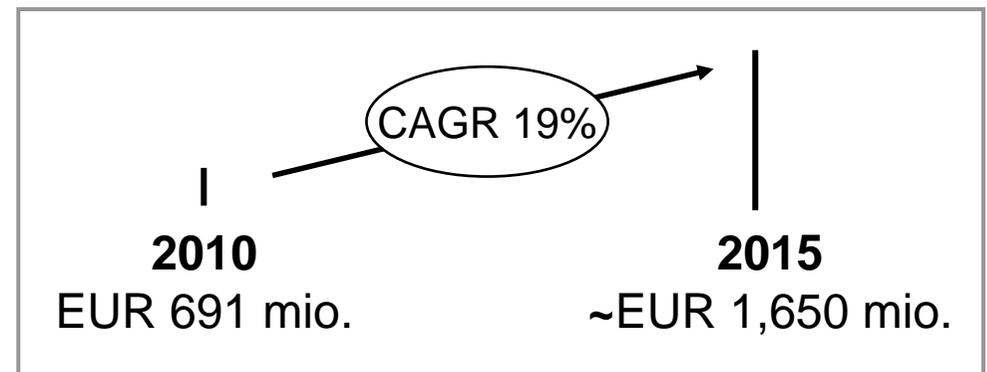
■ Retail in % of sales
◆ EBITDA margin



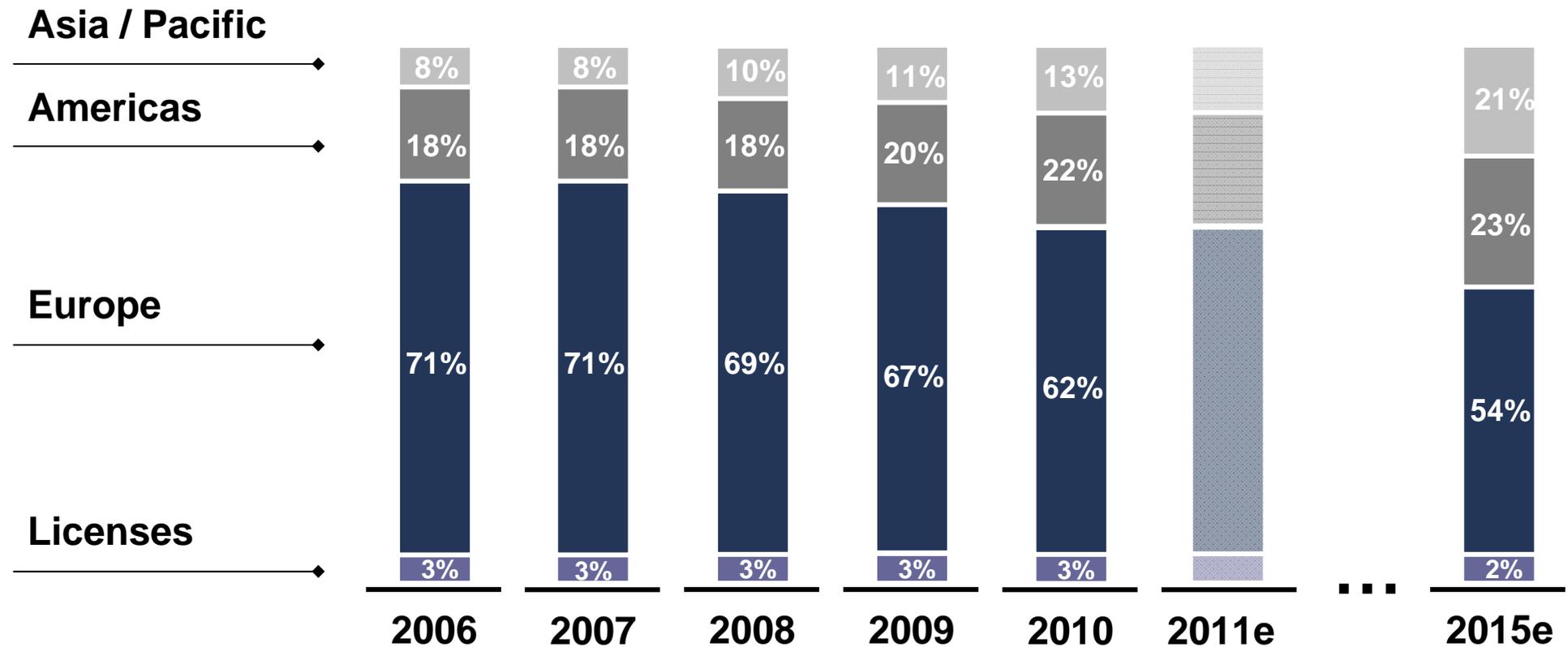
Comp store growth and store expansion to drive Retail sales increases



Retail Sales



Region Asia/Pacific to account for significantly higher share of sales by 2015



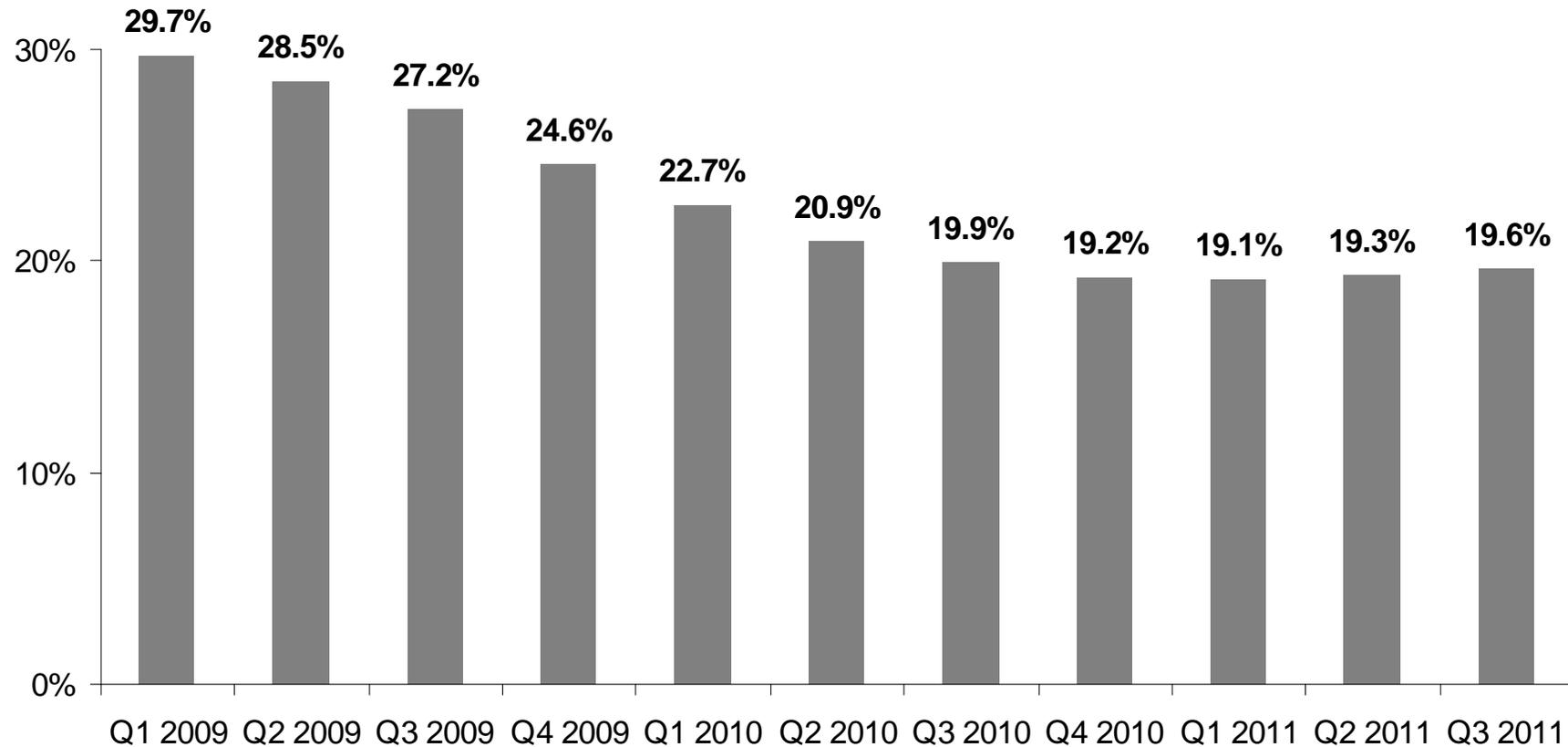
Implementation of Project D.R.I.V.E. changes Group's financial profile



- Driver of future comp store sales development and retail profitability
- Enables quicker response to market developments
- Leads to seasonally more balanced sales and earnings development
- Supports efficiency improvements in sourcing and production

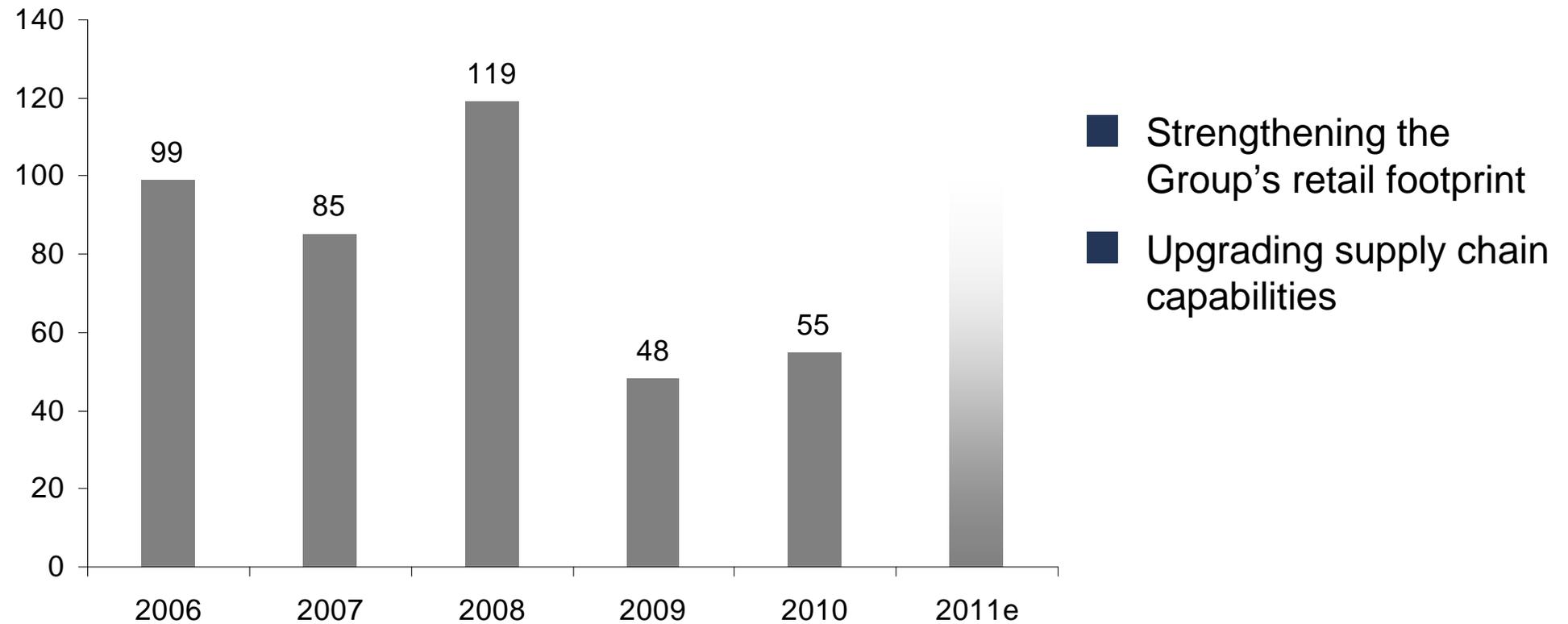
Tight working capital management continues to be a top priority

**Average trade net working capital
as a percentage of sales by quarter**
(in %)



Investments support realization of key strategic growth opportunities

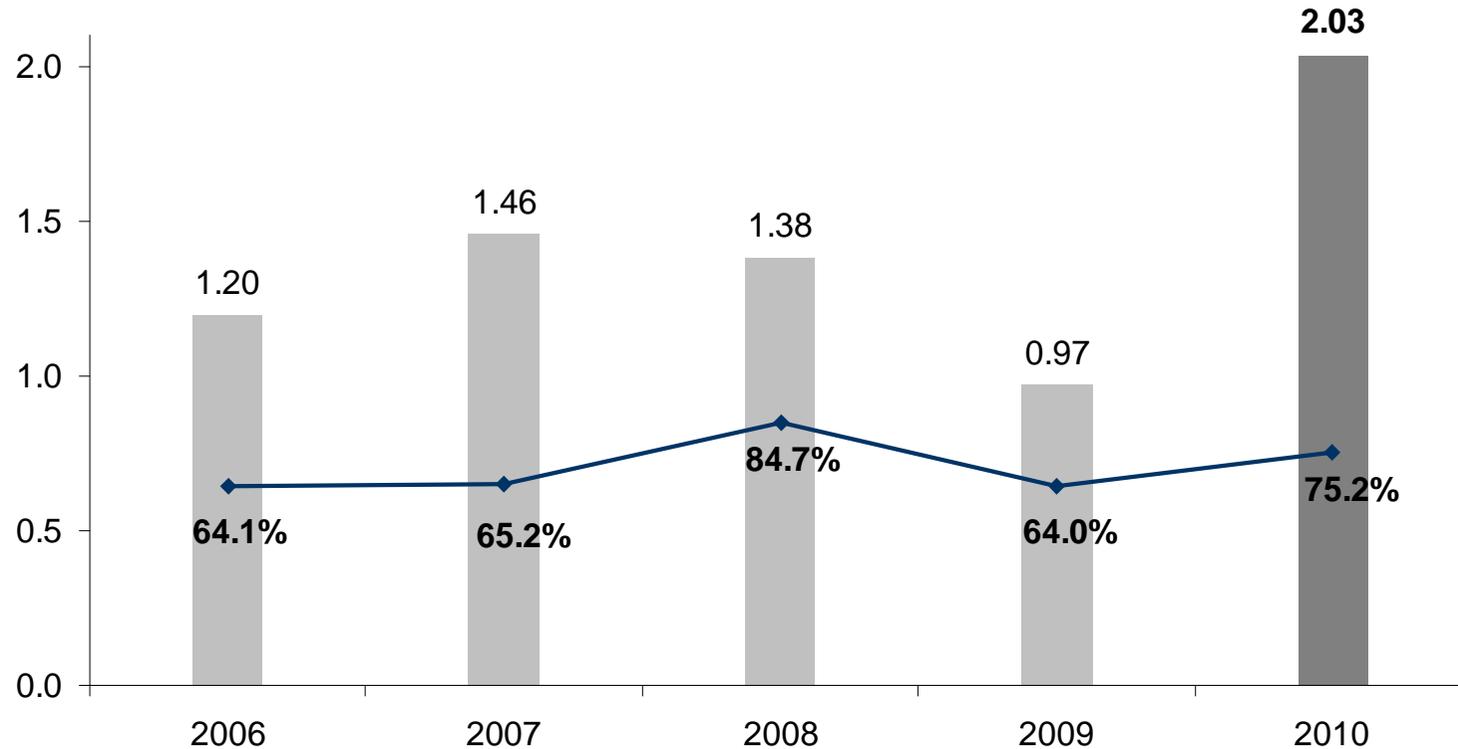
Annual investments
(in EUR million)



Profit-oriented dividend policy

Dividend* and payout ratio

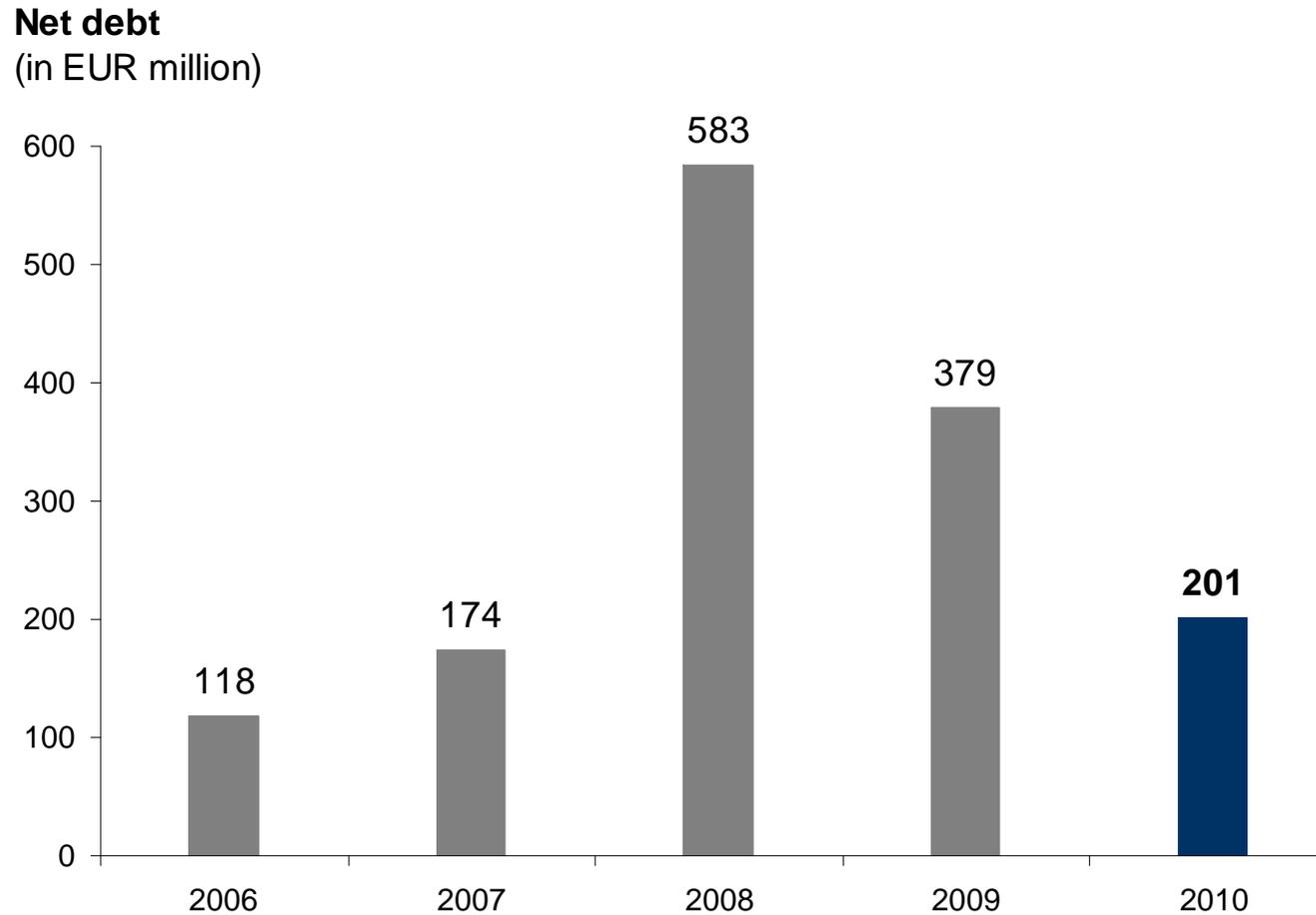
(in EUR and in % of consolidated net income)



➔ Group committed to pay out between 60% and 80% of consolidated net income

* Preferred shares / excluding special dividend.

Strong free cash flow generation to sustain further debt reduction



➔ Use of Free Cash Flow to further reduce net debt

SUMMARY – Key principles of Group financial management

- Focus on profitable growth – bottom line to grow stronger than top line
- Maintain industry-leading working capital management position
- Investments must be accretive to medium-term profitability targets
- Total shareholder return orientation
- Excess cash to be used for further net debt reduction



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