

H U G O B O S S

Group Strategy

Claus-Dietrich Lahrs, Chief Executive Officer

November 8, 2011

AGENDA

INTRODUCTION

HUGO BOSS – A PREMIUM BUSINESS MODEL WITH LUXURY APPEAL

DISTRIBUTION STRATEGY

MEDIUM-TERM OUTLOOK

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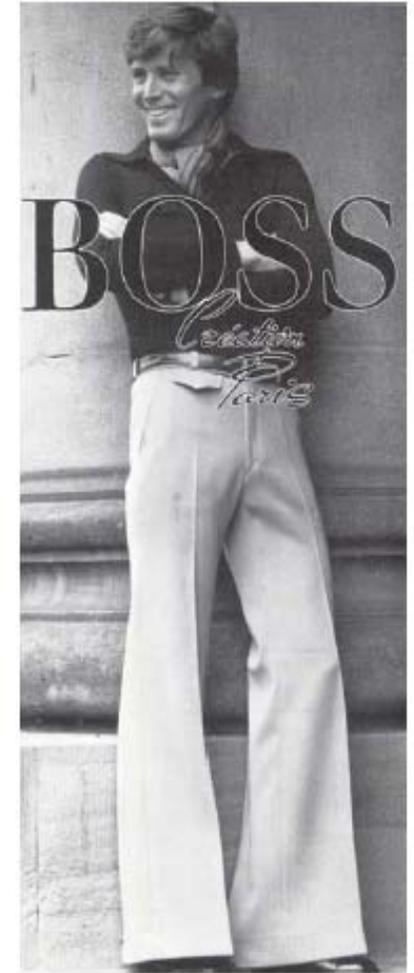
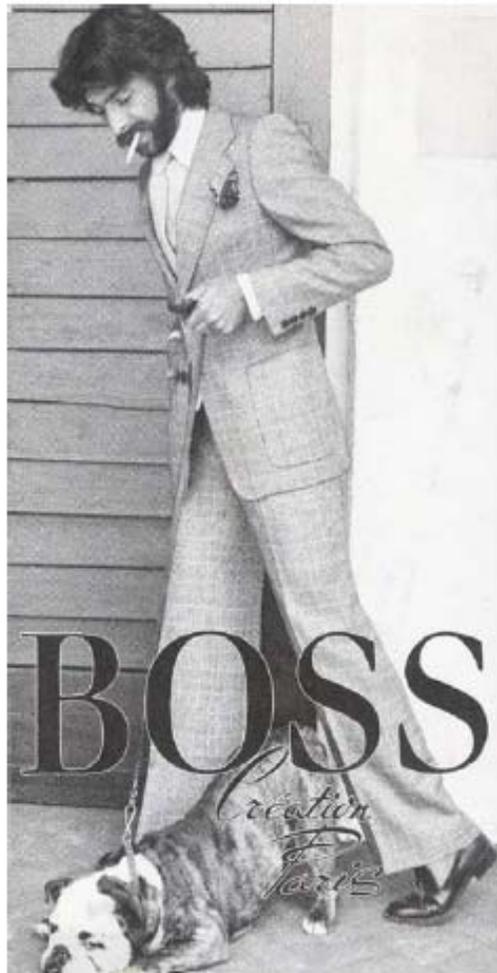
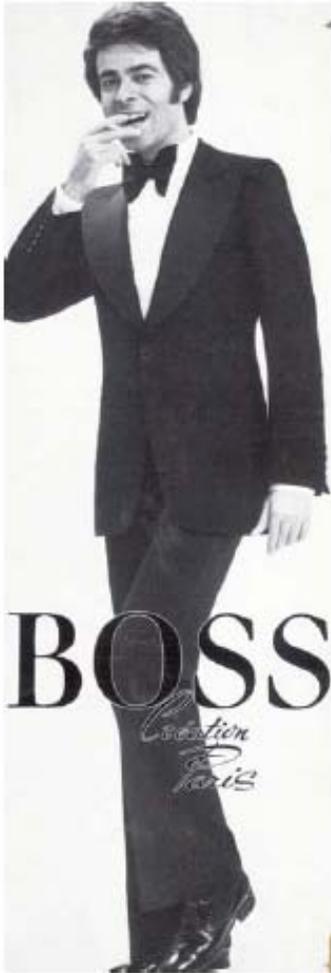
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MEDIUM-TERM OUTLOOK

HUGO BOSS – Defining premium in clothing and fashion



HUGO BOSS – Record sales and profitability development

Sales and EBITDA before special items

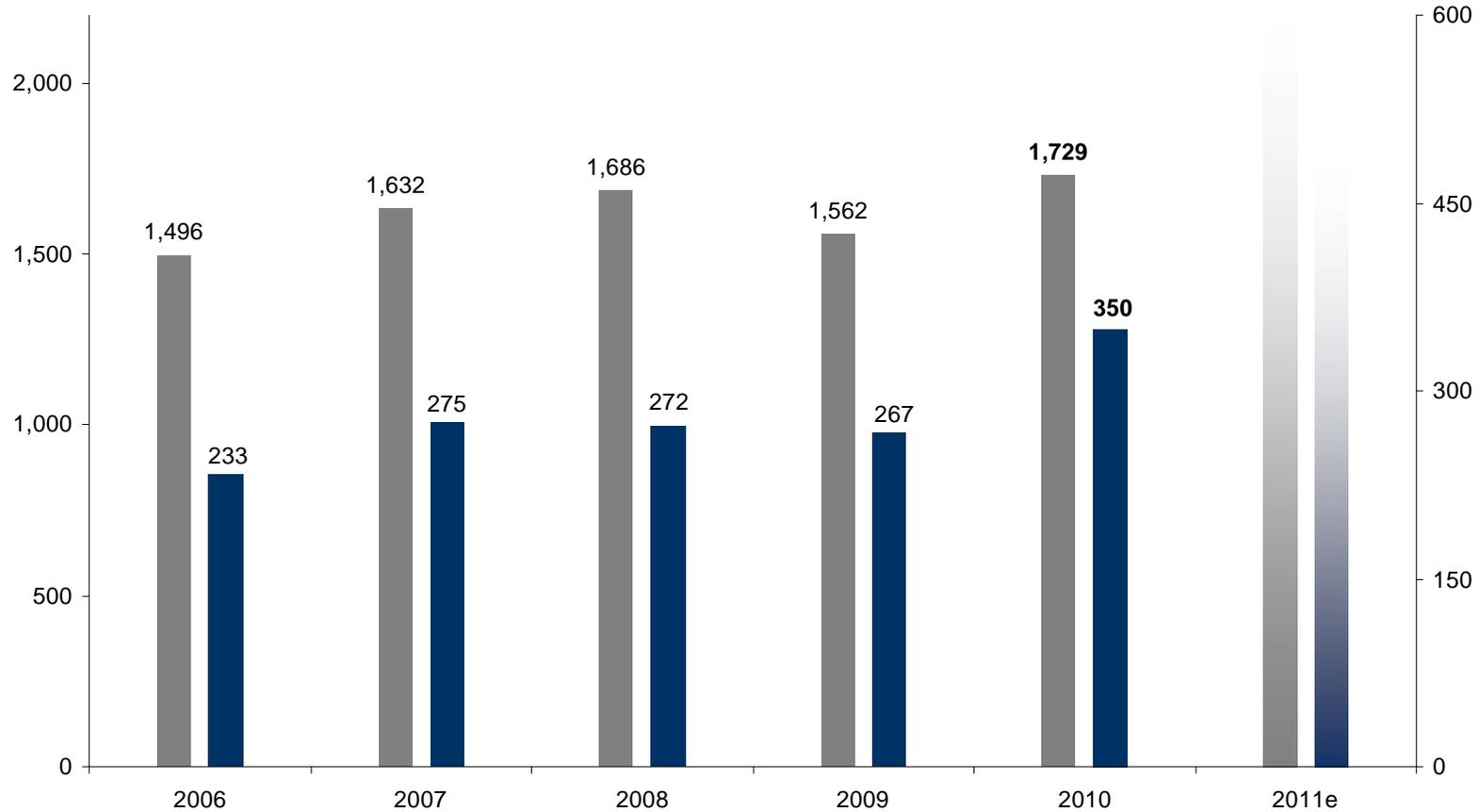
(in EUR million)

Sales

■ Sales

■ EBITDA before special items

EBITDA



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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



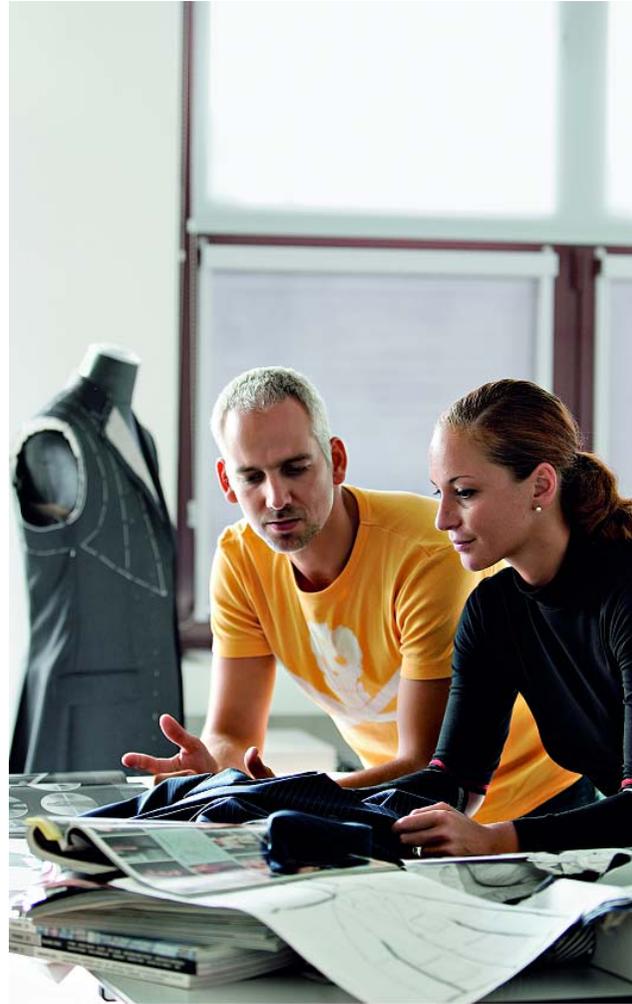
03 GLOBAL PRESENCE – Renowned brands around the world



04 OPERATIONAL EXCELLENCE – A strong organizational backbone



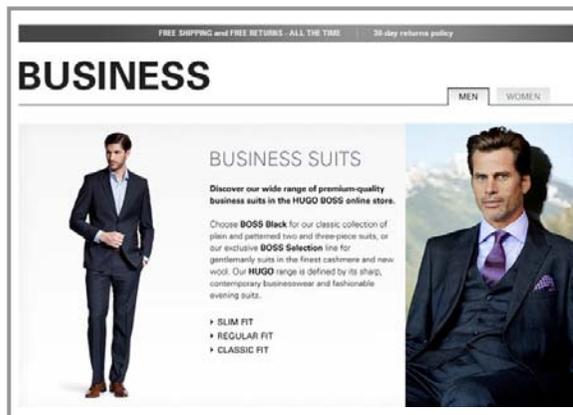
05 PEOPLE – Industry-leading know-how



06

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

ONLINE



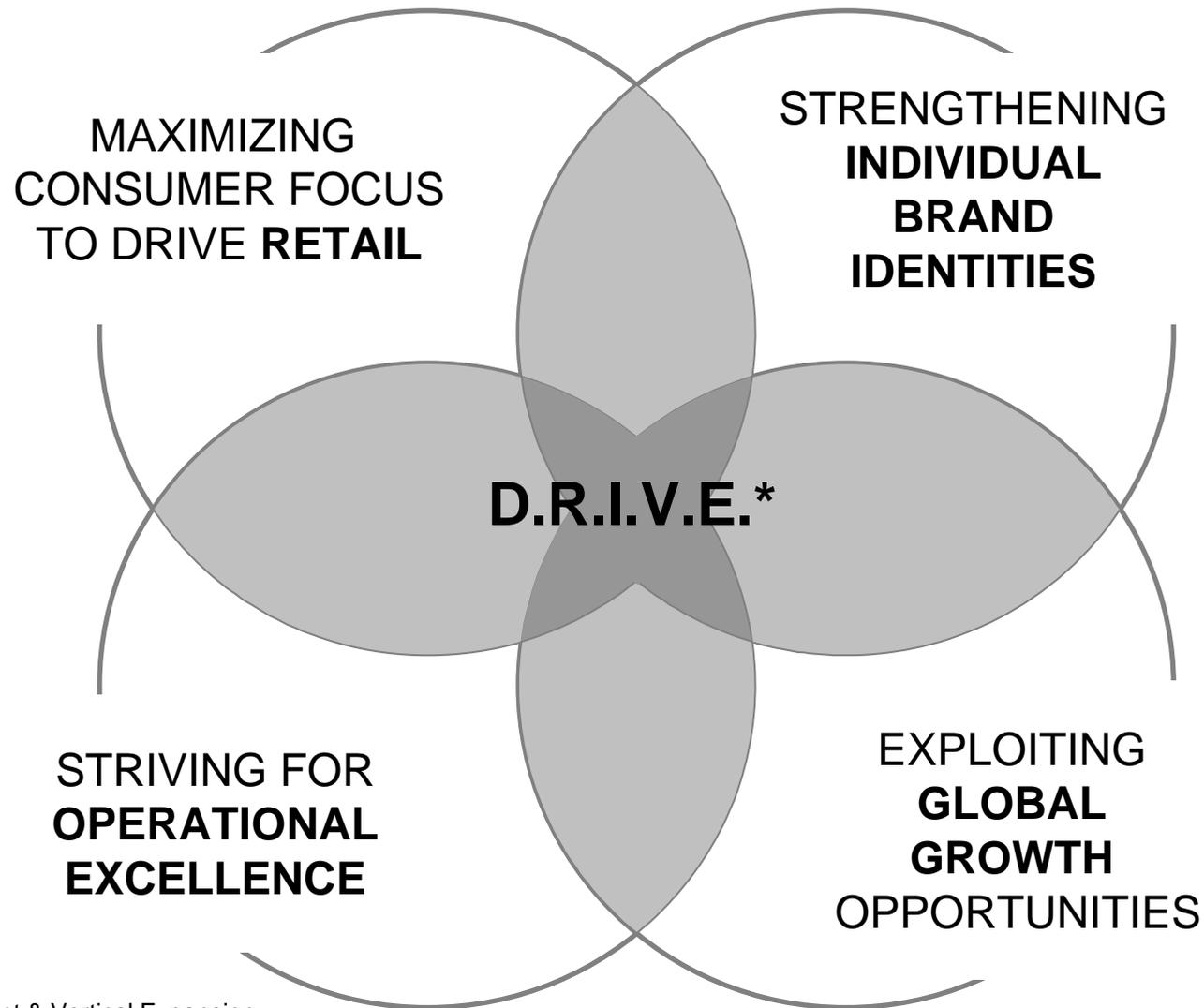
RETAIL



WHOLESALE

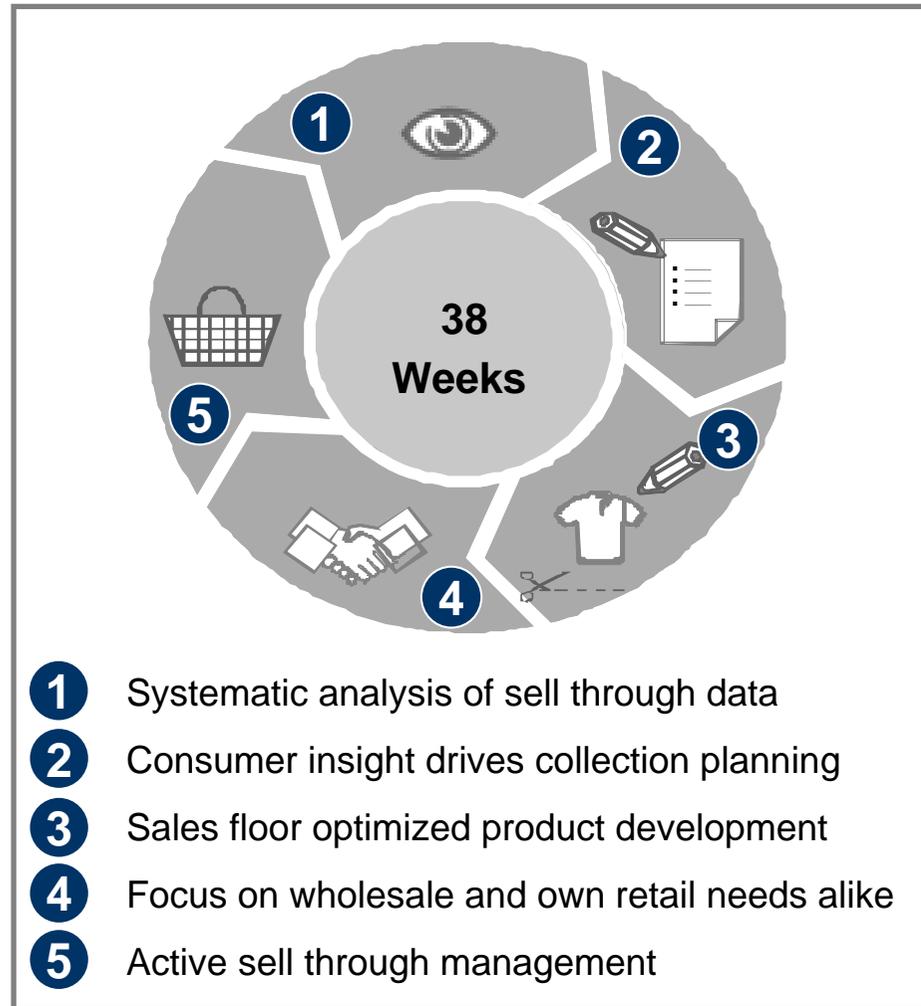


HUGO BOSS growth strategy



*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

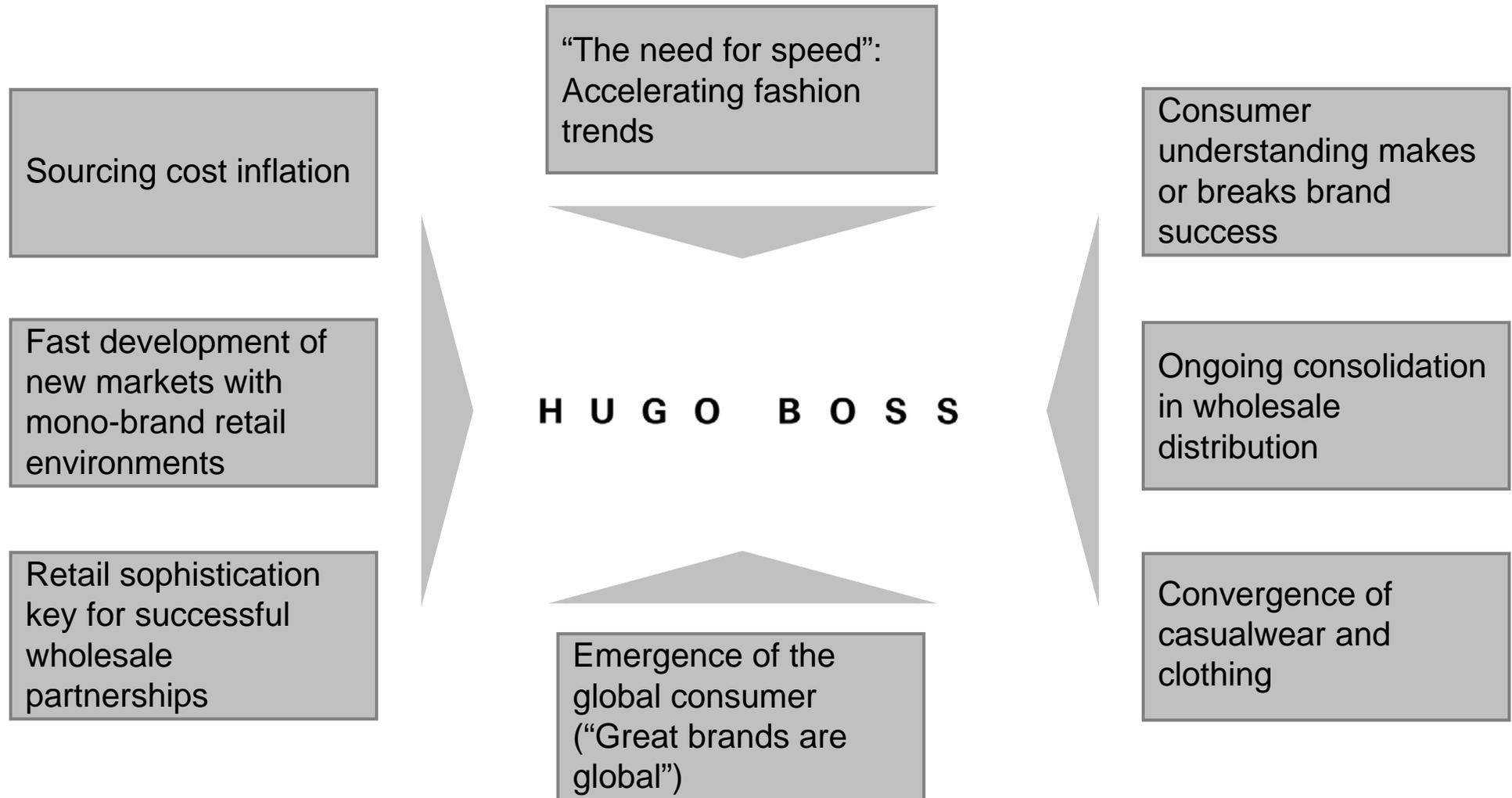
➔ **Faster** response to market changes

➔ **Better** and more focused assortment

➔ **Strong** brands

➔ **Above average growth**

Turning industry changes into opportunities



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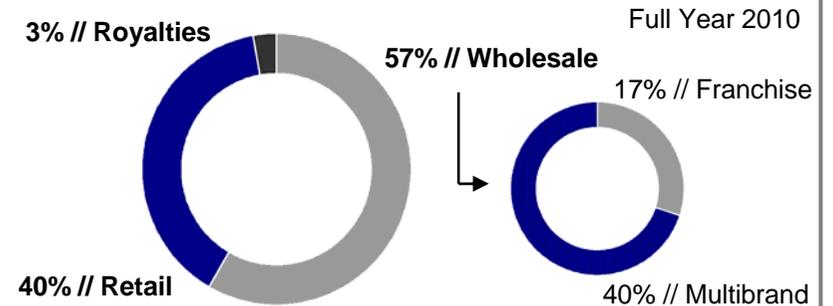
DISTRIBUTION STRATEGY

MEDIUM-TERM OUTLOOK

WHOLESALE – Key facts

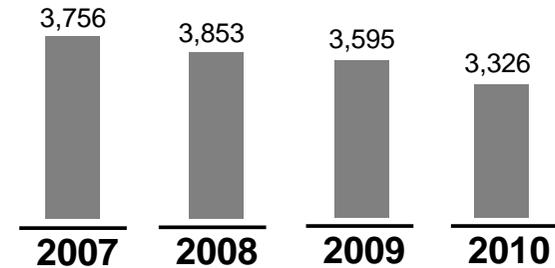
Multi Brand vs. Franchise

Franchise accounts for around a third of total wholesale business



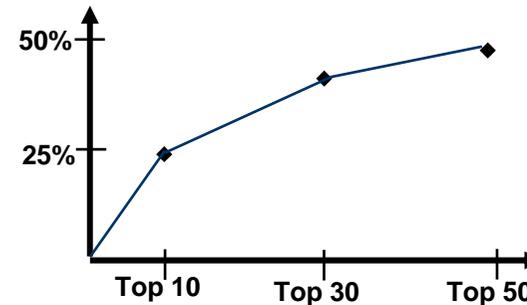
Numbers of Accounts

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

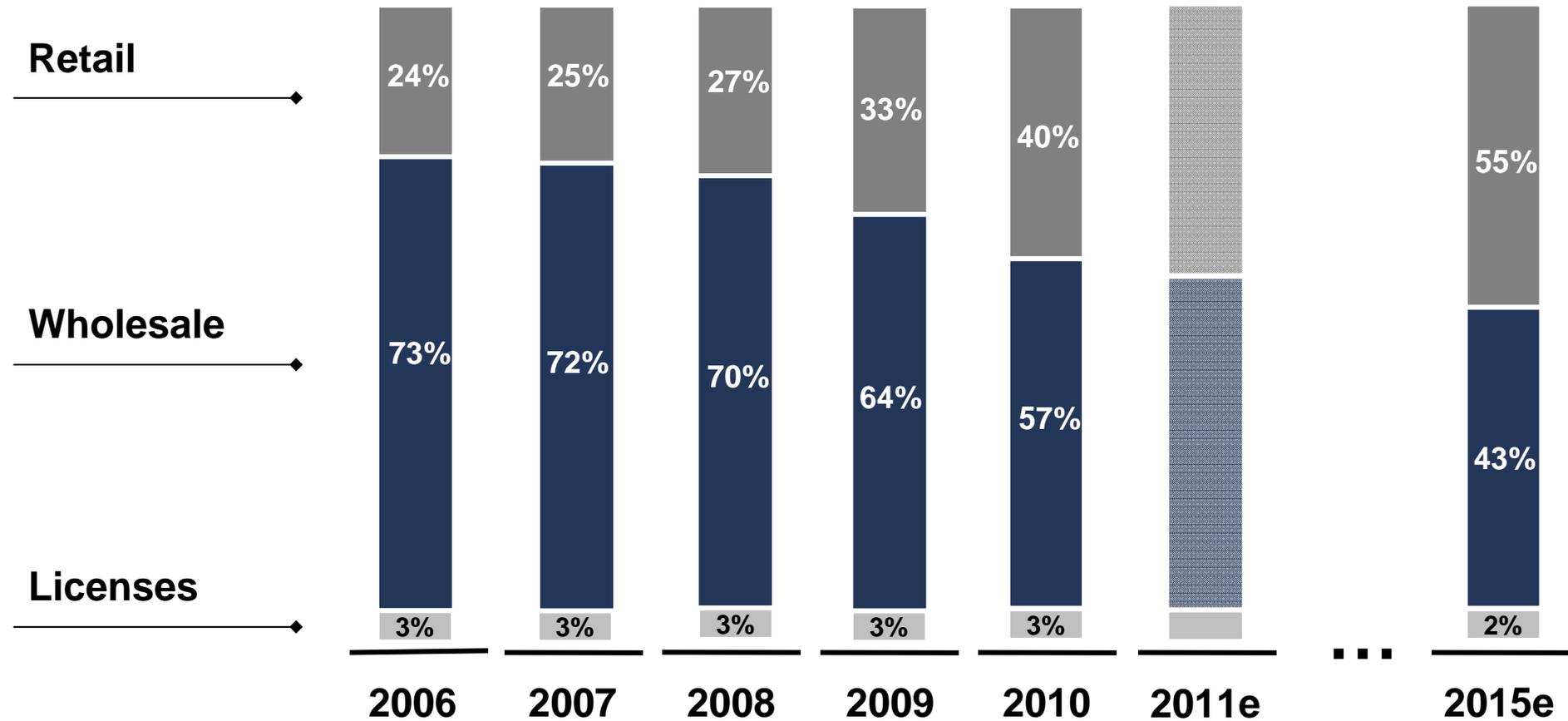
- ➔ Offering desirable brands
- ➔ Leveraging strength in core offerings across the brand portfolio
- ➔ Delivering the right product at the right place at the right time
- ➔ Providing intelligent replenishment solutions
- ➔ Taking over merchandising responsibility
- ➔ Sharing own retail best practices

WHOLESALE – Turning mono-brand wholesale space into own retail



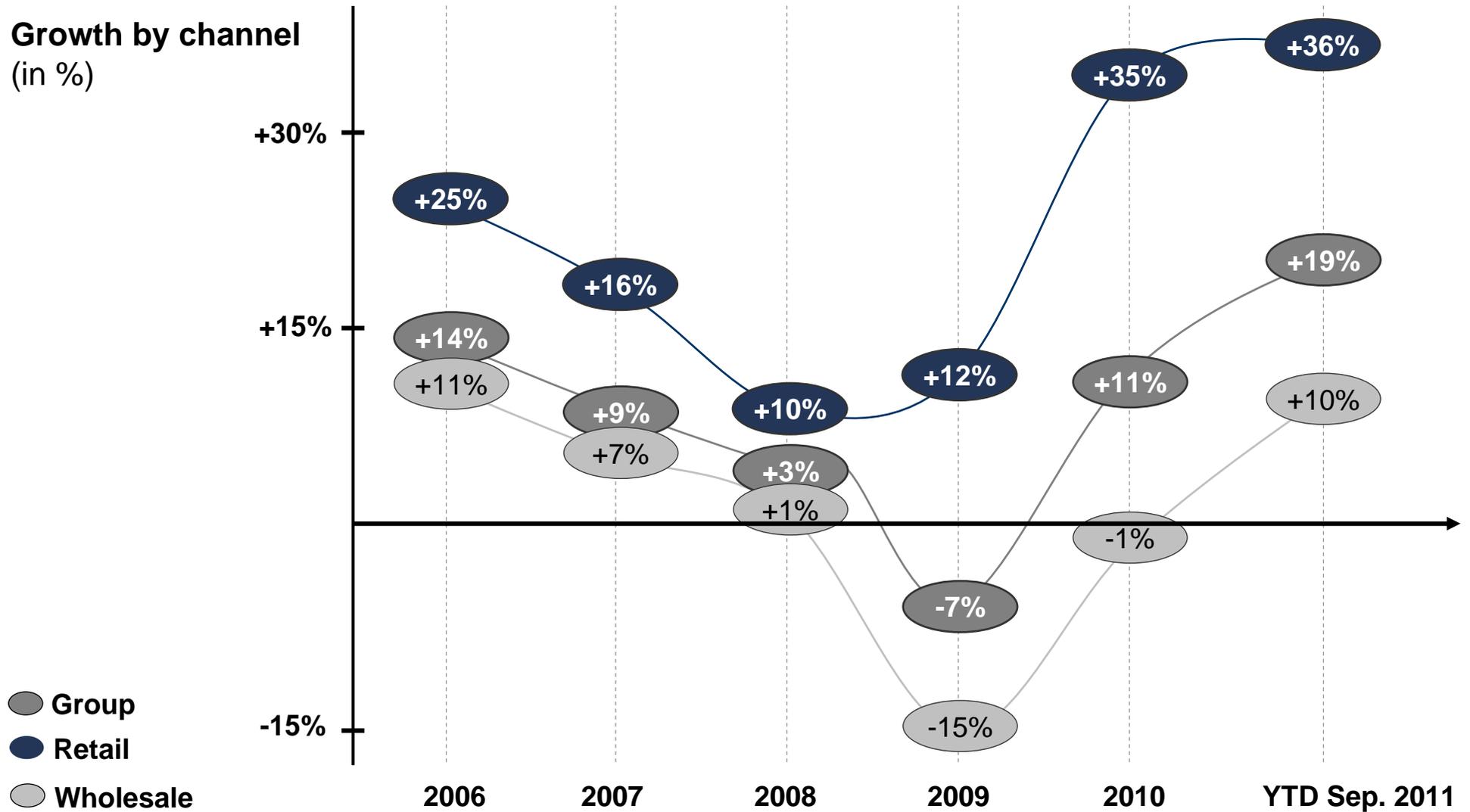
➔ Retail progress allows us to increasingly manage brand space ourselves

RETAIL – Significant increase in share of Group sales

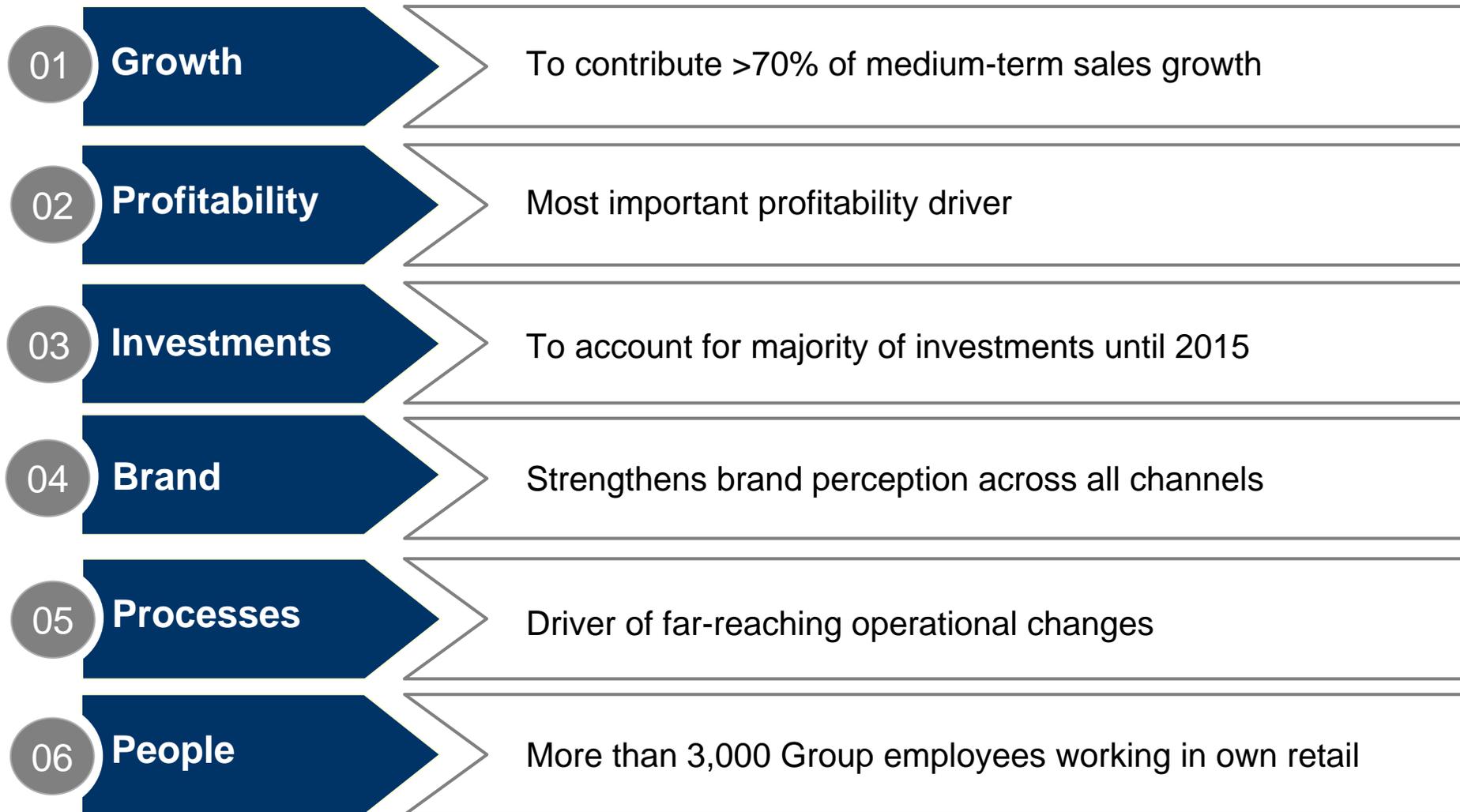


RETAIL – Continuing double-digit retail sales growth over last 5 years

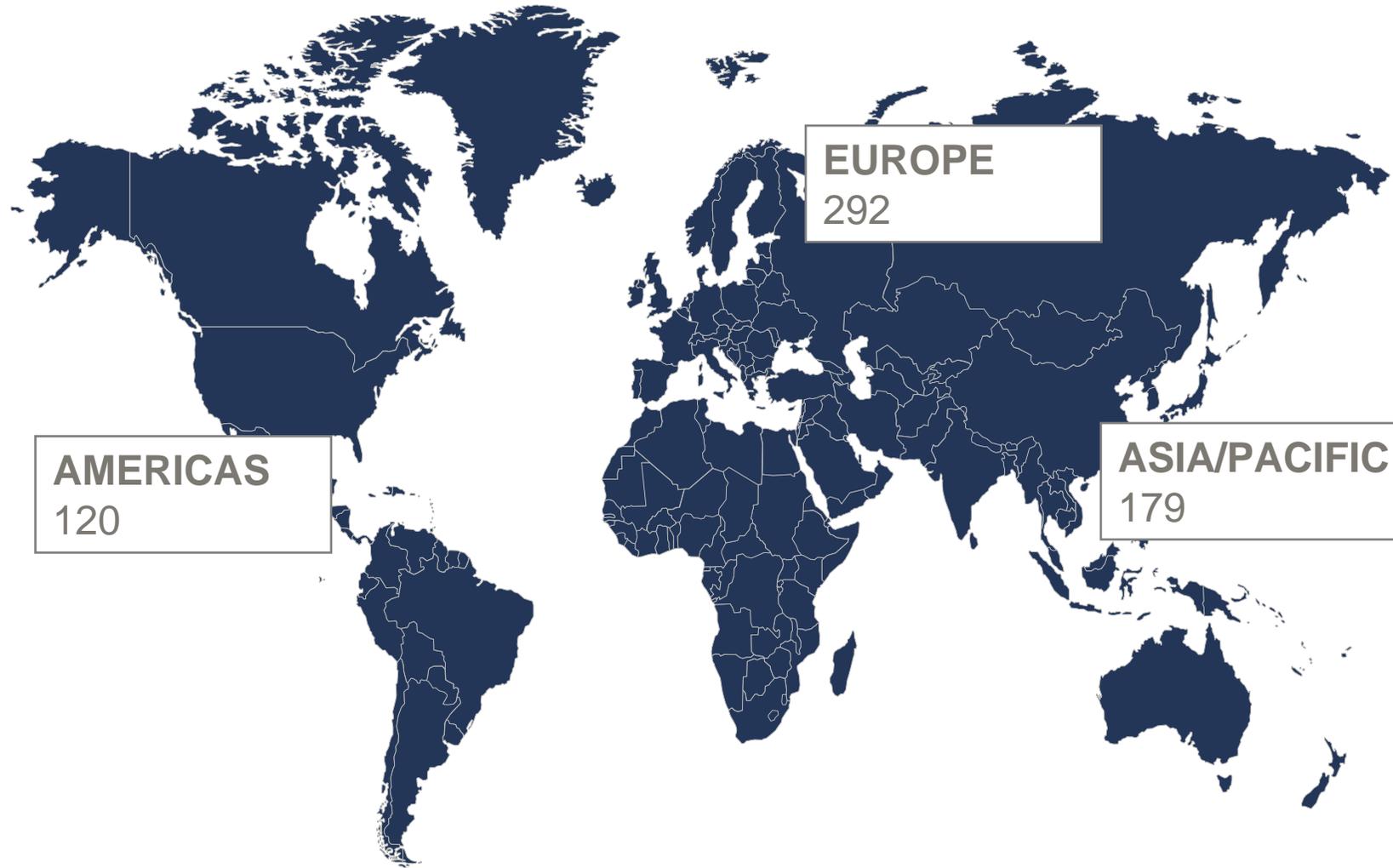
Growth by channel
(in %)



RETAIL – The lead distribution channel

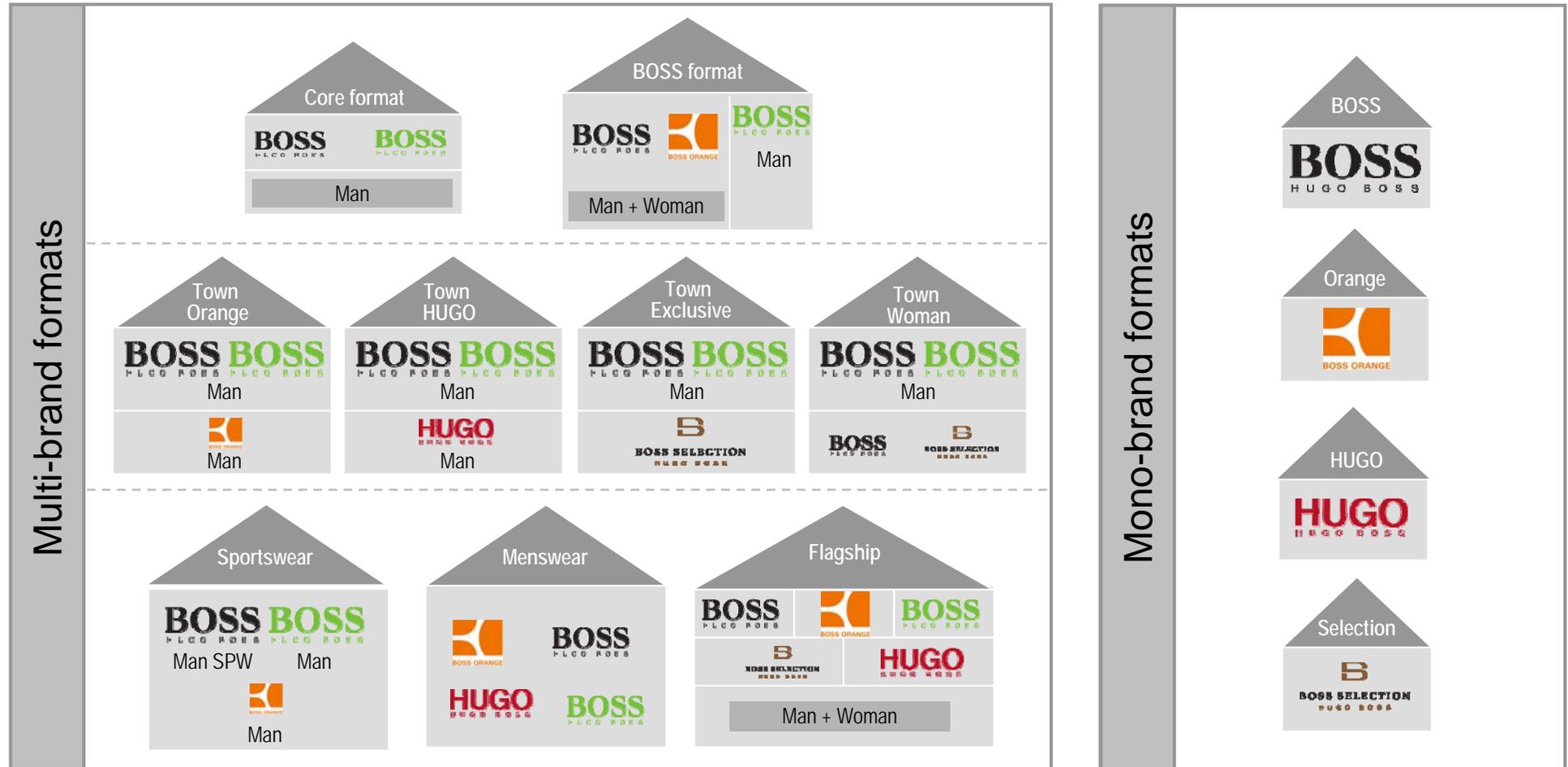


RETAIL – The HUGO BOSS retail universe



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

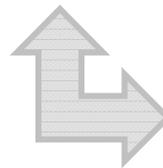
“M” Module



“S” Module



“XL” Module



BOSS
HUGO BOSS

RETAIL – The HUGO BOSS directly operated store universe

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

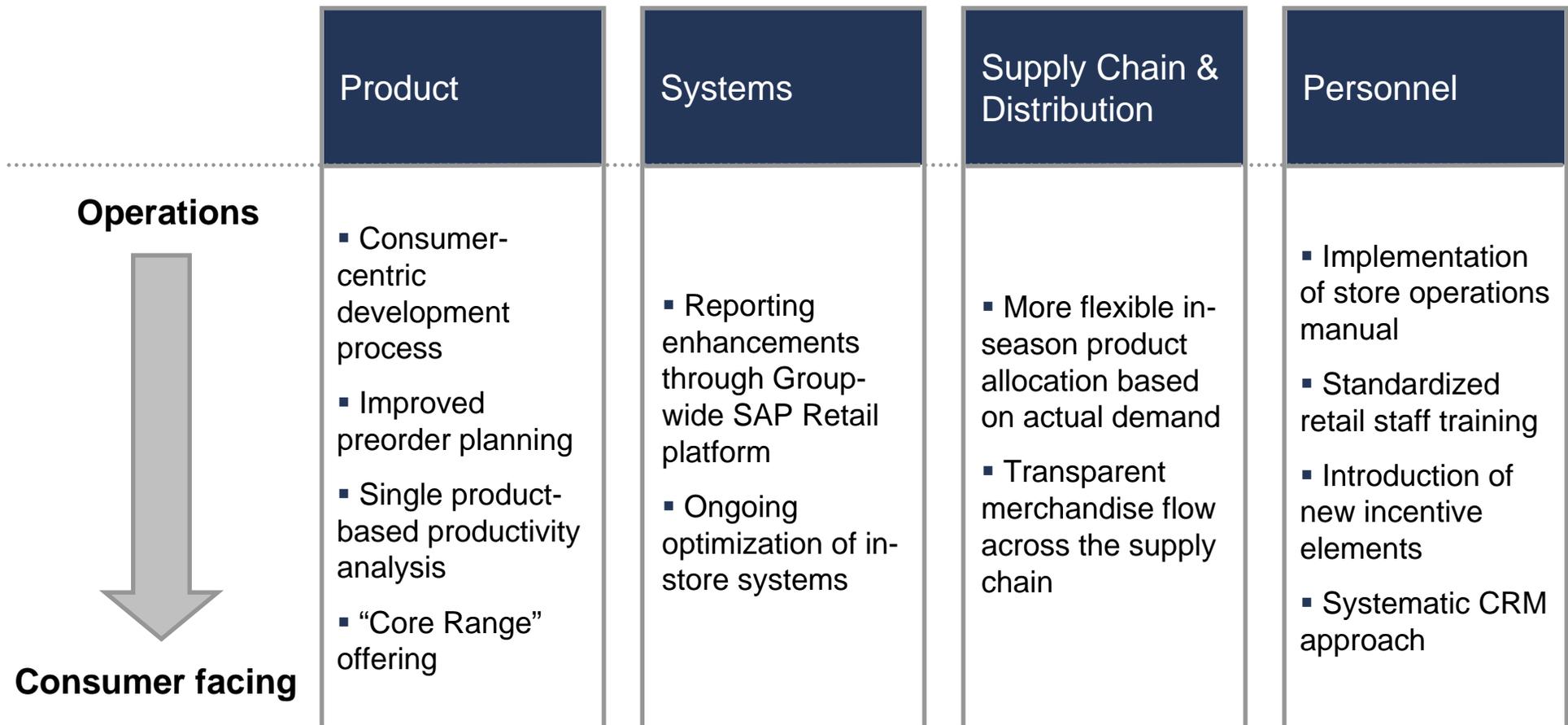
RETAIL – Ambitious store expansion plans

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

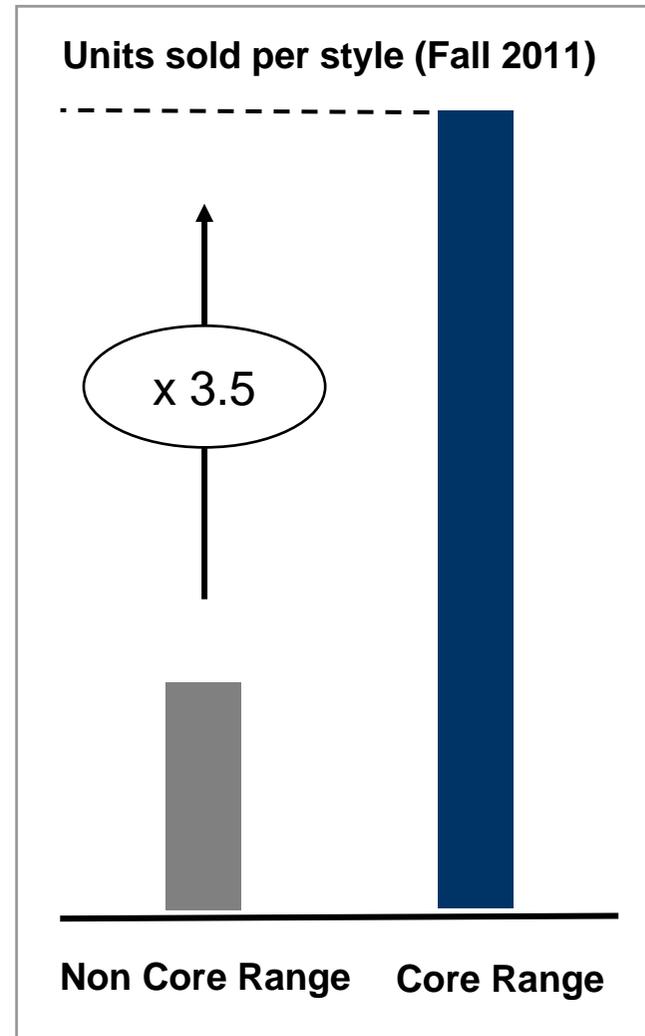
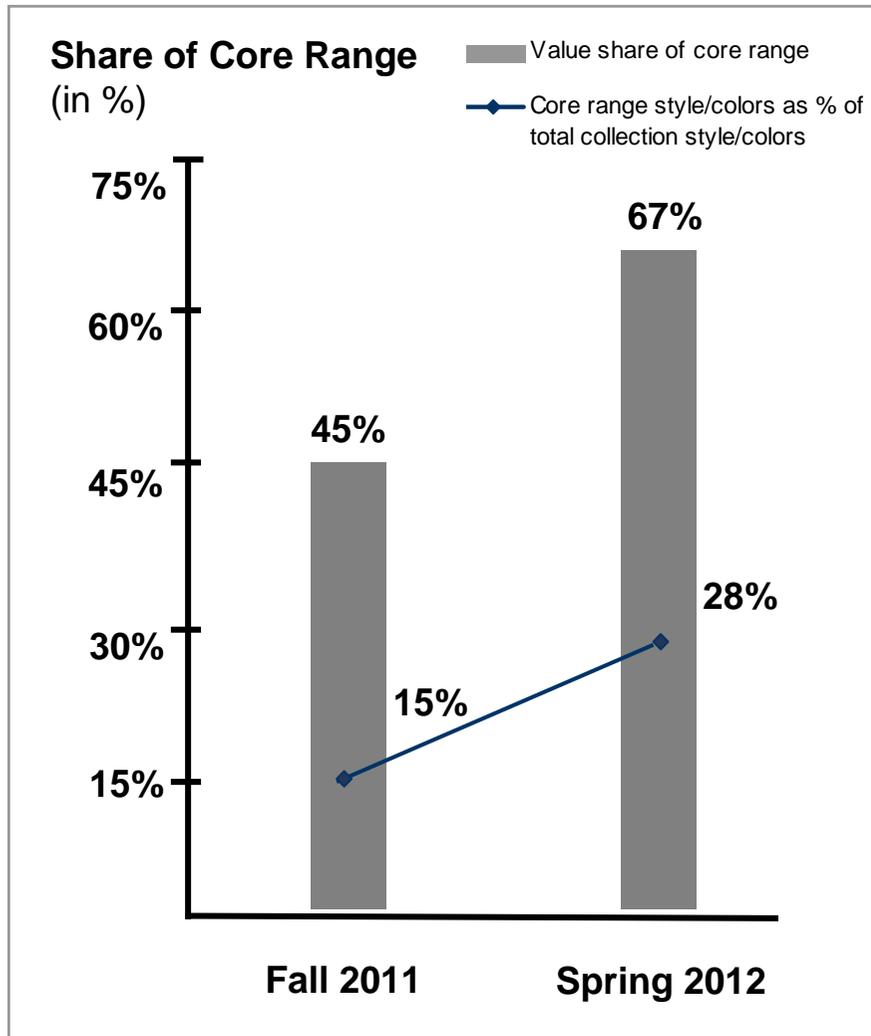


**Target to
open around
50 new
stores every
year
organically**

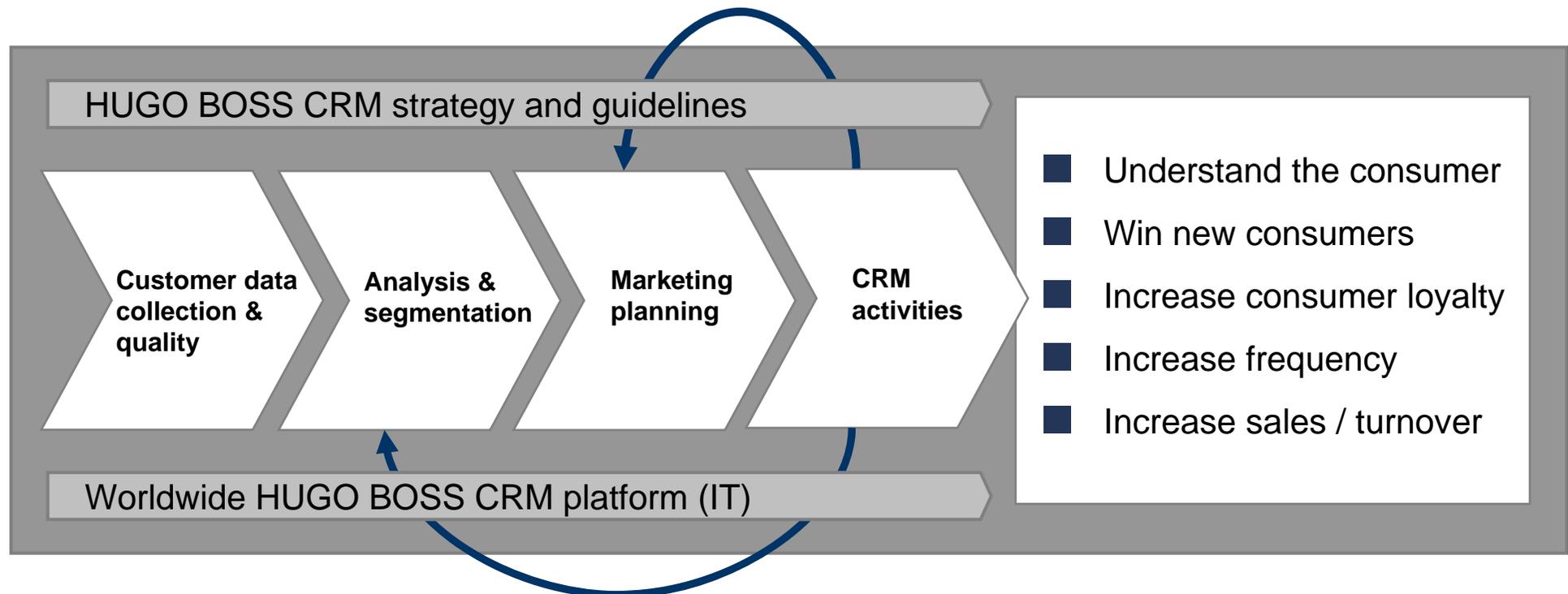
RETAIL – Ongoing development initiatives in all fields



RETAIL – Core range a major productivity driver in Europe

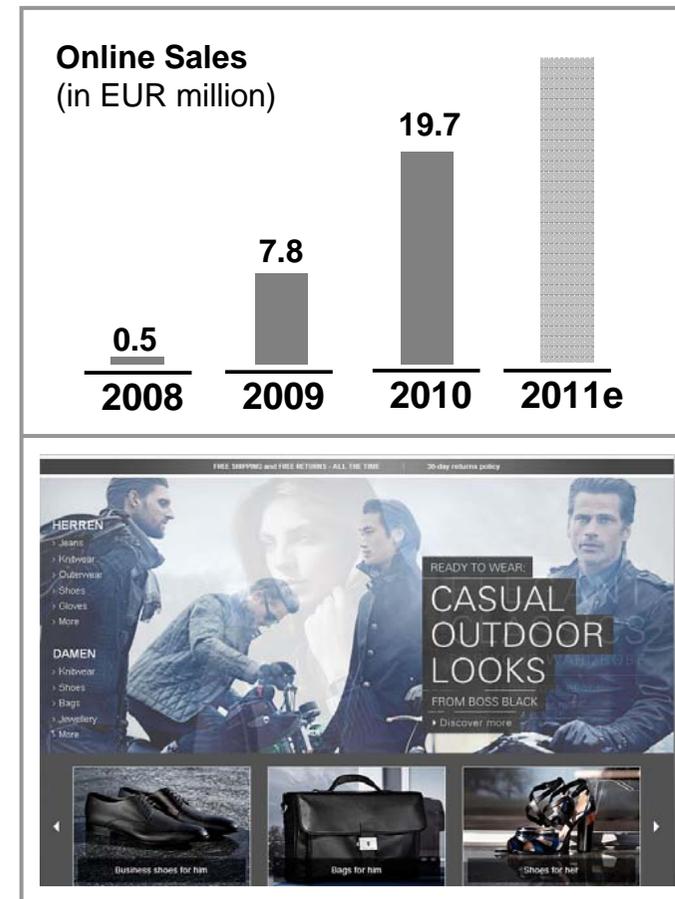


RETAIL – Building close relationships with our consumers



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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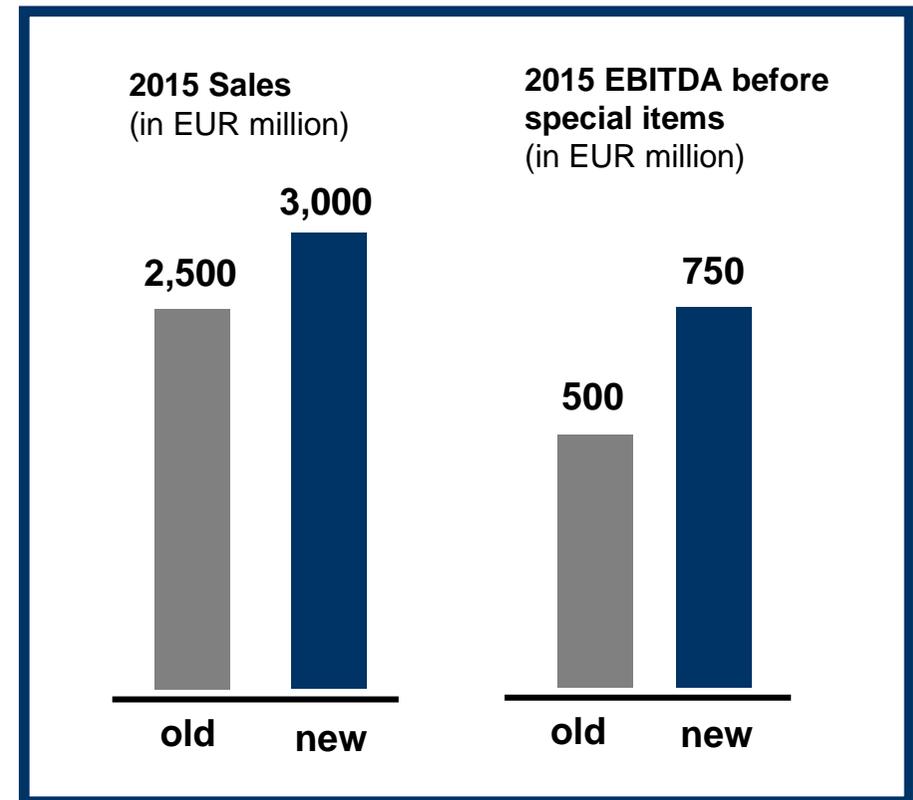
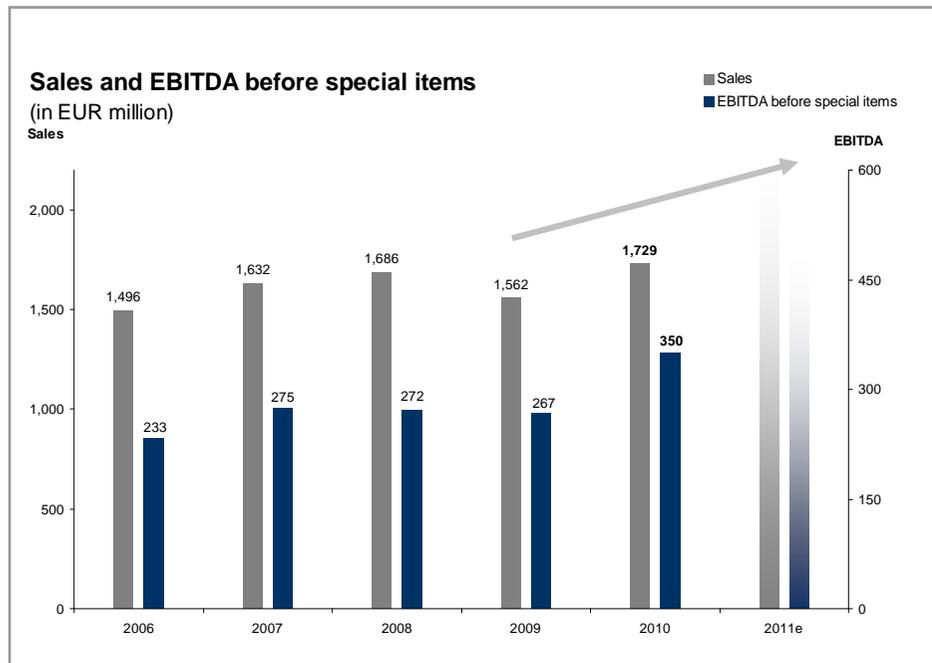
MEDIUM-TERM OUTLOOK

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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