

**H U G O B O S S**

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## **HUGO BOSS First Nine Months Results 2011**

Mark Langer (CFO)

November 2, 2011

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## **AGENDA**

**OPERATIONAL HIGHLIGHTS**

**FIRST NINE MONTHS RESULTS 2011**

**OUTLOOK 2011**

**BACKUP**

# AGENDA

**OPERATIONAL HIGHLIGHTS**

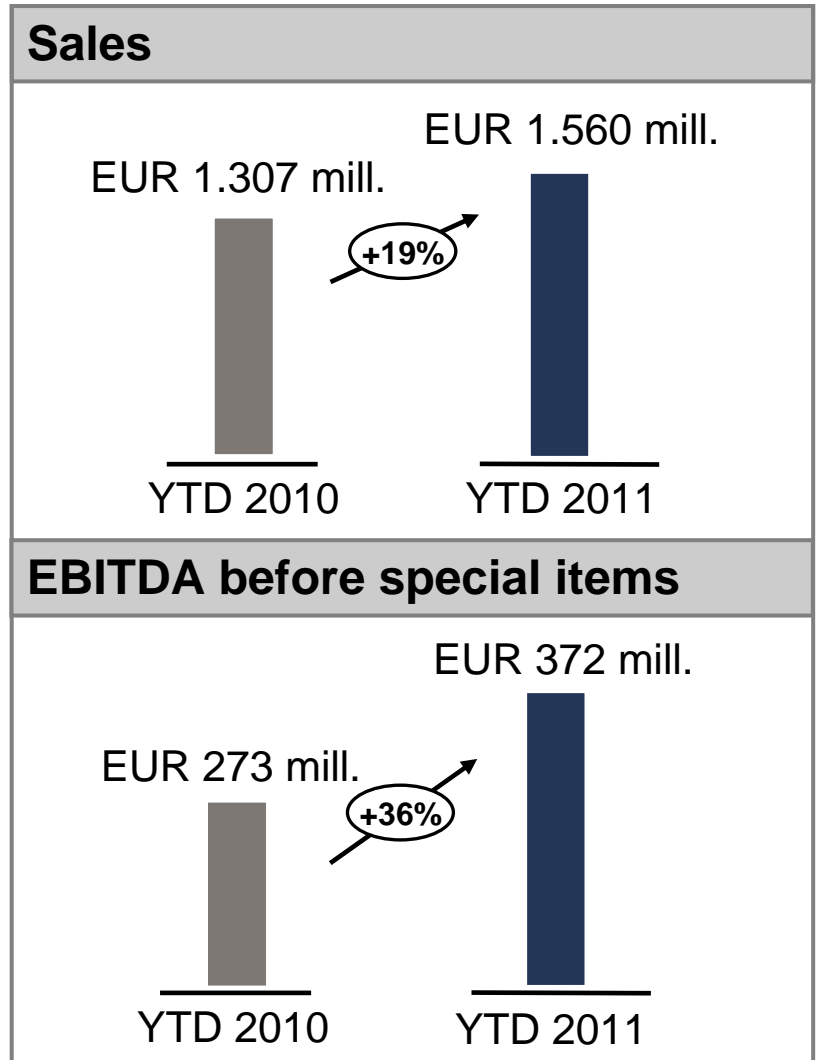
**FIRST NINE MONTHS RESULTS 2011**

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## Double-digit top- and bottom-line growth

- Broad-based sales growth
- Own retail driver of significant profitability increases
- Third quarter results reflect good momentum throughout the business



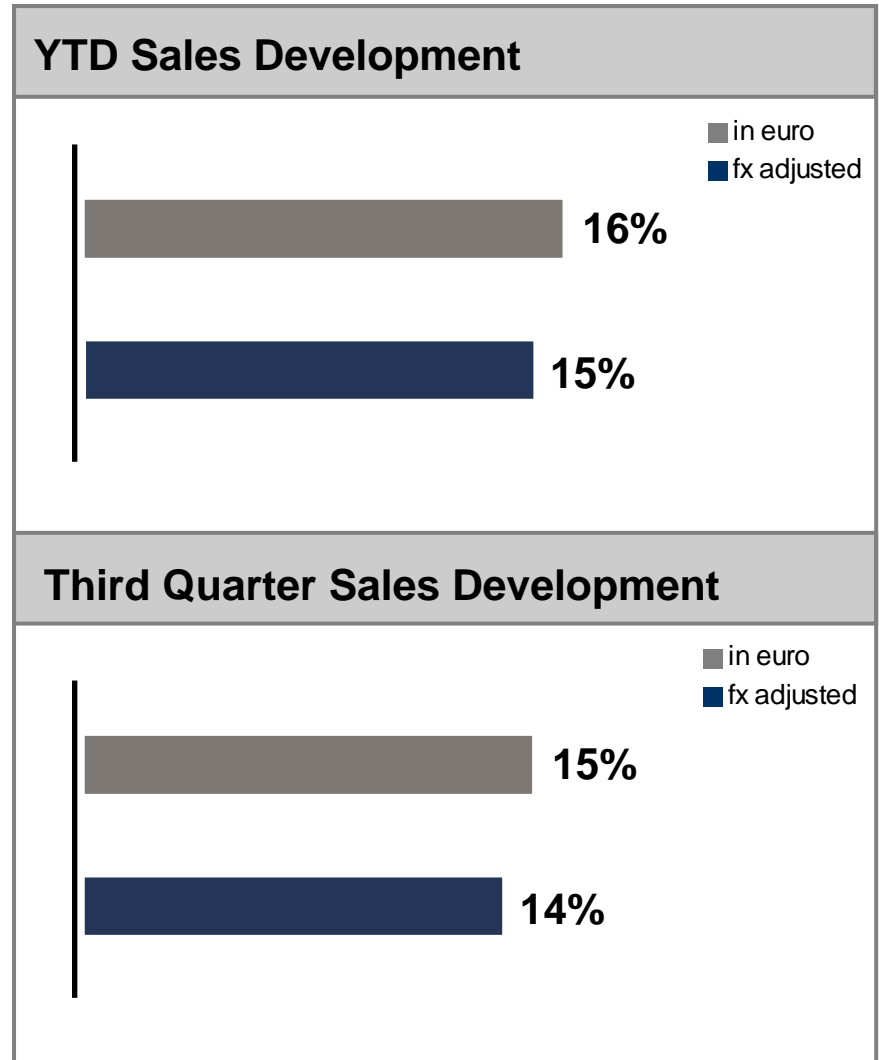
## Implementation of Project D.R.I.V.E. on track

- Key measures implemented
- Development process shortened to 38 weeks across all brands
- Four season cycle established in own retail and wholesale operations



## UK and Germany drive growth in Europe

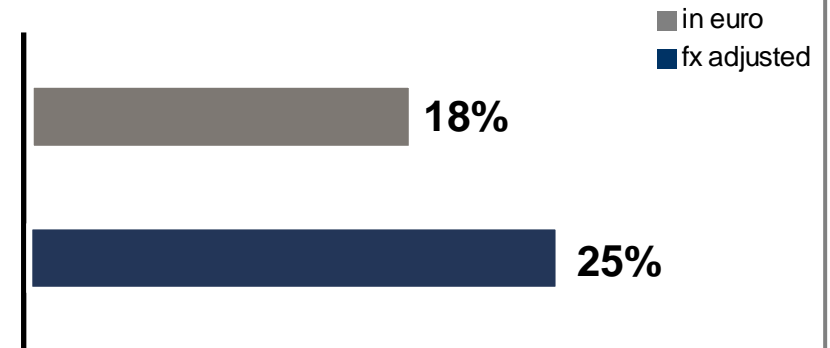
- Wholesale strength and own retail expansion support 19% sales increase in Germany in Q3
- Strong brand reputation makes UK fastest growing market in the region
- Growth across most major markets



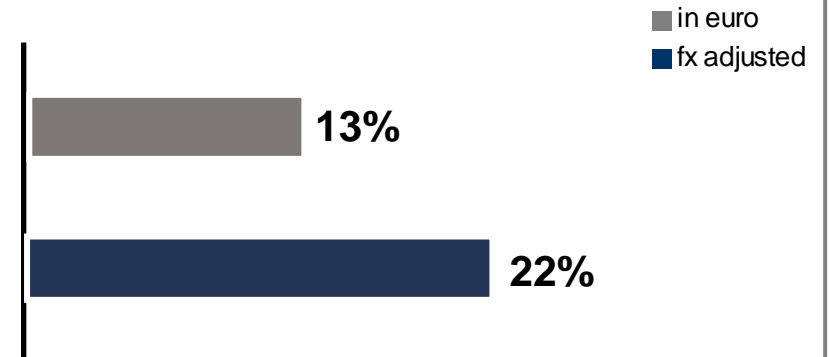
## Strong momentum in the Americas

- US market shows no signs of slowdown
- Unique market position in menswear clothing
- Encouraging feedback from wholesale partners

### YTD Sales Development



### Third Quarter Sales Development

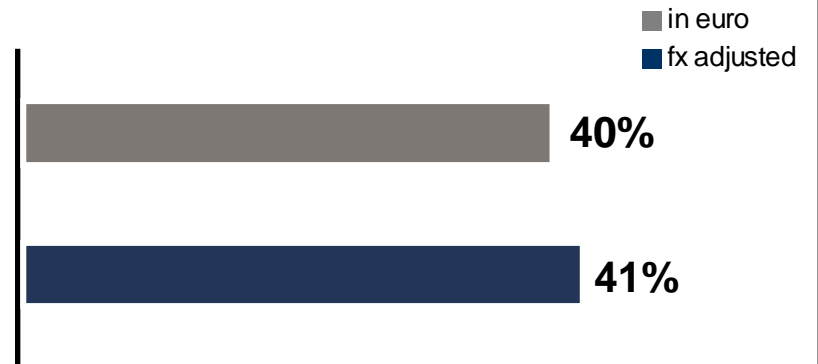




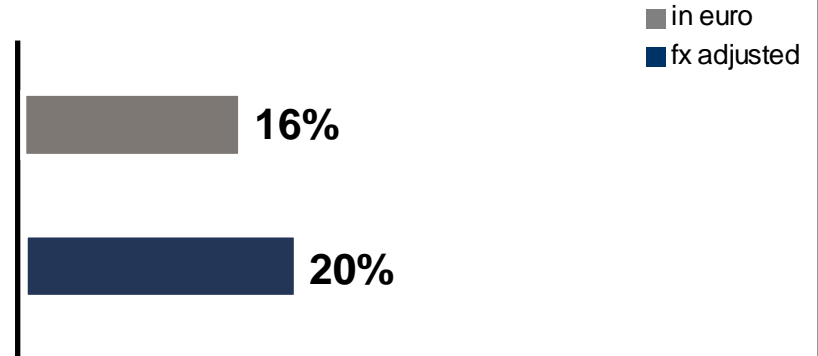
## China strongest growing market in Asia

- Similar sales trends compared to the first half year
- China grows 31% in the quarter
- Weak market environment in Japan

### YTD Sales Development



### Third Quarter Sales Development



## Franchise takeover and store expansion increase distribution in China

- Extending brand control key to growth strategy in China
- Agreement to take over 18 stores from franchise partner ImagineX
- Limited financial impact
- Group operates 90 own retail stores



## Own retail store base continues to grow

- BOSS Black Shop // Shenyang, China  
Opening date: August 2011  
Net Size: 279 m<sup>2</sup>



- BOSS Black Store // Hong Kong  
Opening date: September 2011  
Net Size: 215 m<sup>2</sup>



- BOSS Store // Stockholm, Sweden  
Opening date: September 2011  
Net Size: 435 m<sup>2</sup>



# AGENDA

OPERATIONAL HIGHLIGHTS

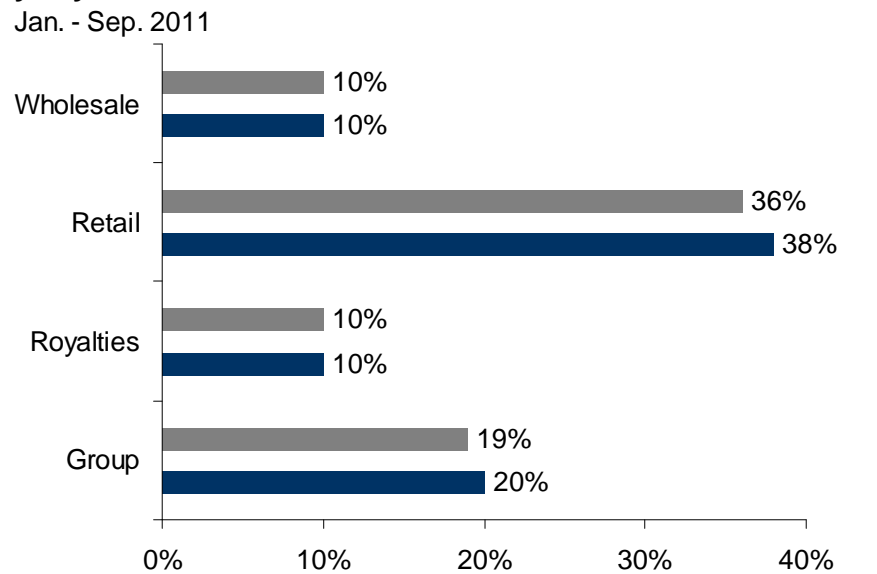
**FIRST NINE MONTHS RESULTS 2011**

OUTLOOK 2011

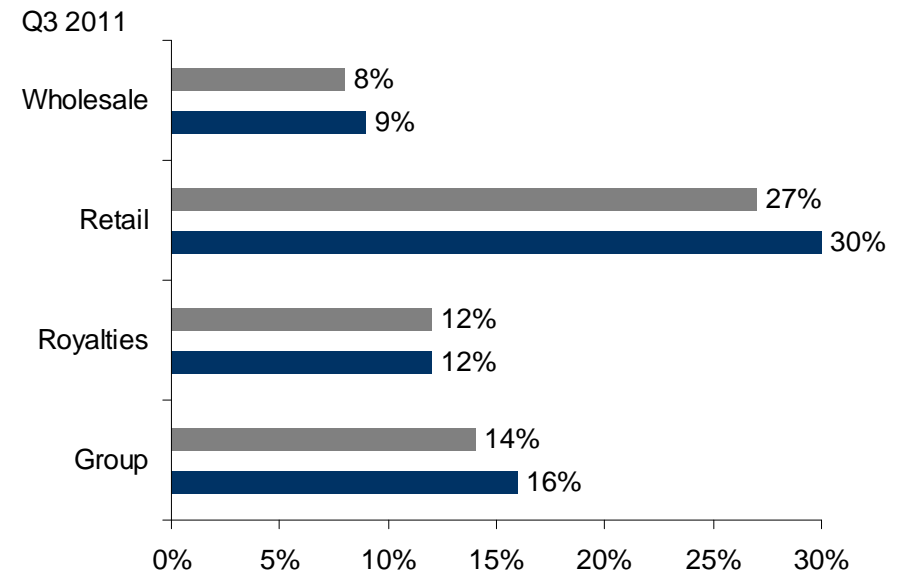
BACKUP

# SALES – All distribution channels grow at double-digit rate year-to-date

**Sales development by distribution channel, y-o-y**  
Jan. - Sep. 2011



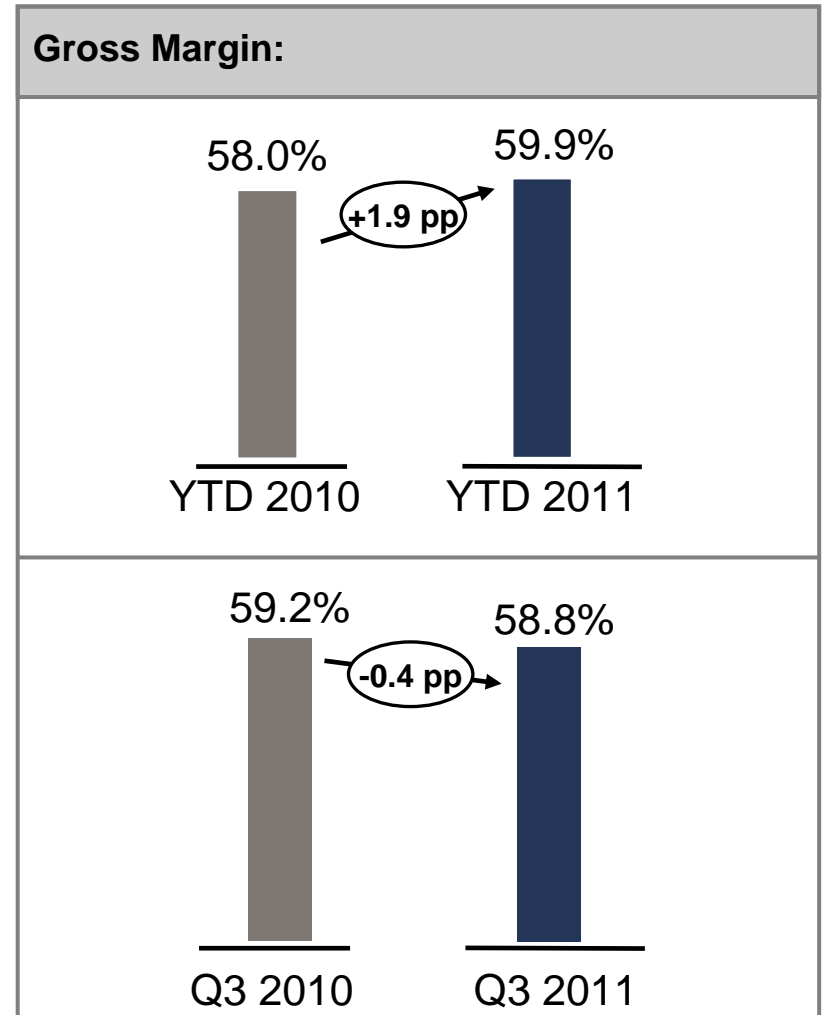
**Sales development by distribution channel, y-o-y**  
Q3 2011



- Solid growth in wholesale despite negative impact from franchise takeovers
- Retail comp store sales growth reaches +6% in Q3 (+9% year-to-date, both currency-adjusted)
- Fragrance launches drive sales increases in royalties business

## GROSS MARGIN – Own retail drives year-to-date margin improvement

- Higher share of own retail and better full-price sell-throughs support year-to-date margin increase
- Q3 gross margin declines due to negative inventory valuation impact



## INCOME STATEMENT – EBITDA margin increases to 23.9%

in EUR million	Jan. - Sep. 2011	Jan. - Sep. 2010	Change in %
<b>Net sales</b>	<b>1,559.6</b>	<b>1,307.0</b>	<b>19</b>
<b>Gross profit</b>	<b>934.2</b>	<b>757.7</b>	<b>23</b>
in % of sales	59.9	58.0	1.9 pp
Selling and distribution expenses	(473.2)	(403.0)	(17)
Administration costs and other operating income and expenses	(139.6)	(139.0)	0
<b>Operating result (EBIT)</b>	<b>321.4</b>	<b>215.7</b>	<b>49</b>
in % of sales	20.6	16.5	4.1 pp
Financial result	(10.6)	(12.6)	16
<b>Earnings before taxes</b>	<b>310.8</b>	<b>203.1</b>	<b>53</b>
Income taxes	(74.6)	(48.3)	(54)
<b>Net income</b>	<b>236.2</b>	<b>154.8</b>	<b>53</b>
Attributable to:			
Equity holders of the parent company	231.1	153.9	50
<b>Earnings per share (EUR)<sup>1</sup></b>			
Preferred share	3.35	2.25	49
<b>EBITDA before special items</b>	<b>372.1</b>	<b>273.0</b>	<b>36</b>
in % of sales	23.9	20.9	3.0 pp

<sup>1</sup> Basic and diluted earnings per share.

## SEGMENT PROFIT – Profitability improvements in all regions

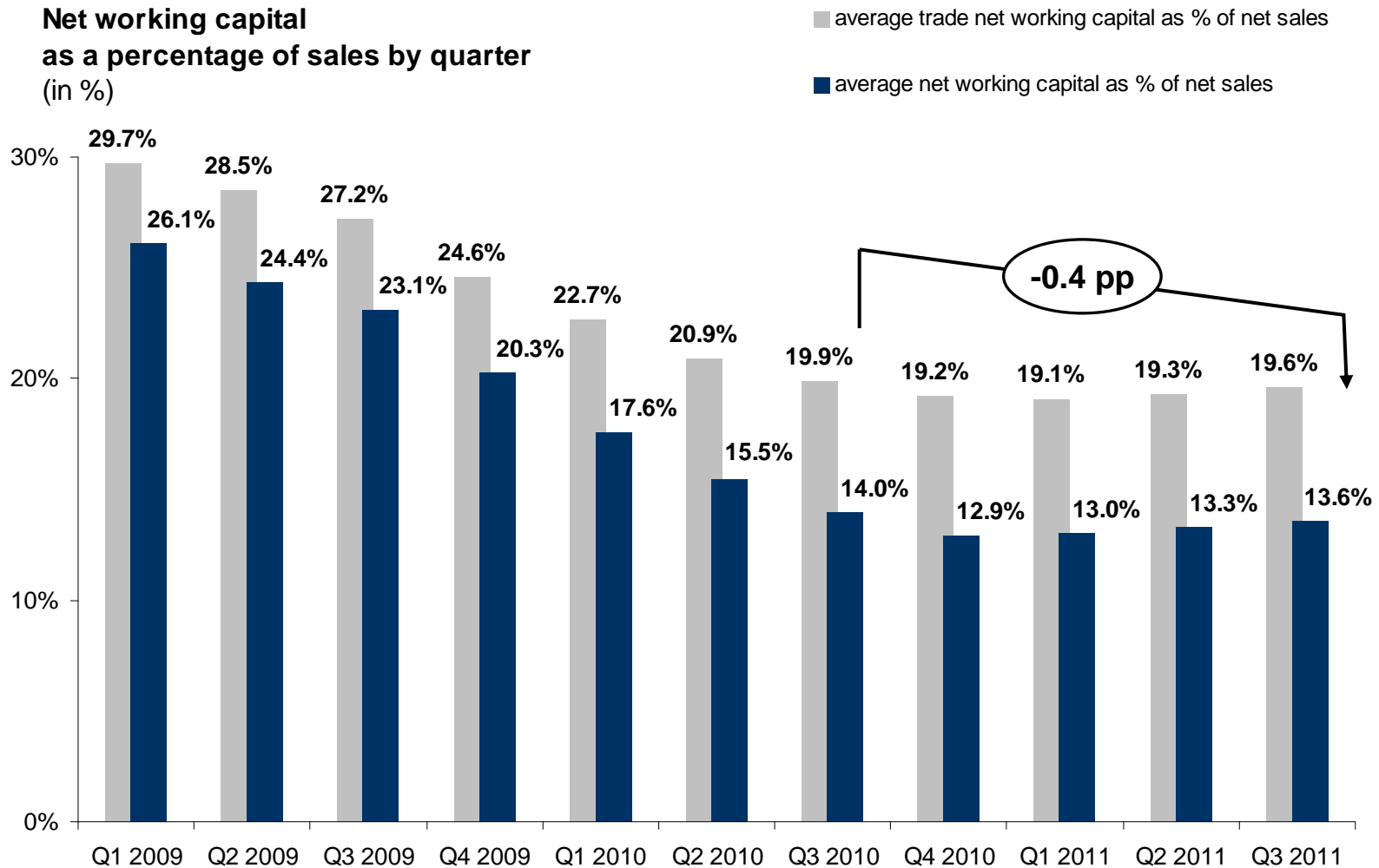
in EUR million	Jan. - Sep. 2011	in % of sales	Jan. - Sep. 2010	in % of sales	Change in %
Europe*	397.9	40.4	324.8	38.4	23
Americas	83.7	25.6	62.0	22.4	35
Asia/Pacific	75.0	34.9	51.4	33.3	46
Royalties	29.2	89.6	26.6	89.4	10
<b>Segment profit operating segments</b>	<b>585.8</b>	<b>37.6</b>	<b>464.8</b>	<b>35.6</b>	<b>26</b>
Corporate units / consolidation	(213.7)		(191.8)		
<b>EBITDA before special items</b>	<b>372.1</b>	<b>23.9</b>	<b>273.0</b>	<b>20.9</b>	<b>36</b>

- EBITDA margin in Europe exceeds 40%
- Strongest margin increase in the Americas
- Retail expansion drives improvement in Asia

\*incl. Middle East and Africa

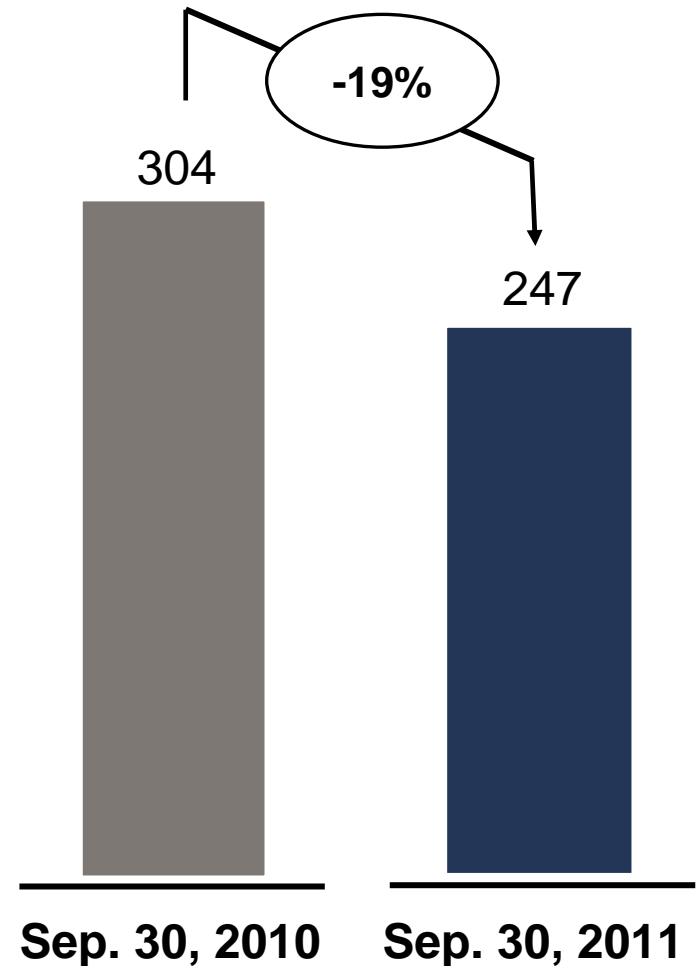


# NET WORKING CAPITAL – Relative decline despite higher inventories



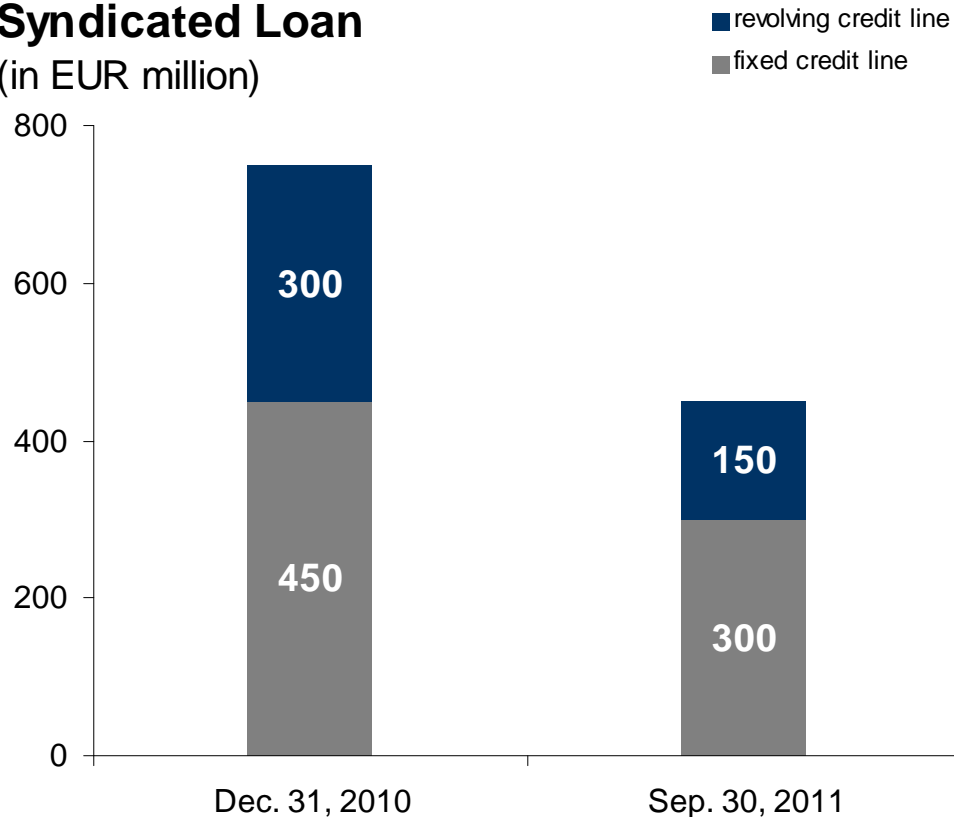
## NET DEBT – Strong profit development drives declines

- Higher investments due to retail expansion and franchise takeovers
- Group profit increase drives strong free cash flow generation
- Net financial liabilities reduced by 19% or EUR 57 million to EUR 247 million



## FINANCING STRUCTURE – Partial payback of syndicated loan facility

### Syndicated Loan (in EUR million)



- Strong cash flow generation enables partial debt payback
- Moderately positive impact on financial expenses

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**OUTLOOK 2011**

BACKUP

## FINANCIAL GUIDANCE – 2011 targets confirmed

### 2011 Outlook

**Sales growth  
(currency-adjusted)**

**15% - 17%**

**Growth of EBITDA before  
special items**

**25% - 30%**

**Capex**

**approx. EUR 90 mill.**

**Own retail network**

**Expansion by around 70 stores**

## SUMMARY – HUGO BOSS set for another record year

- Ongoing momentum across all regions
- On track for achievement of full year targets
- Business model improvements to support medium-term Group growth



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**FIRST NINE MONTHS RESULTS 2011**

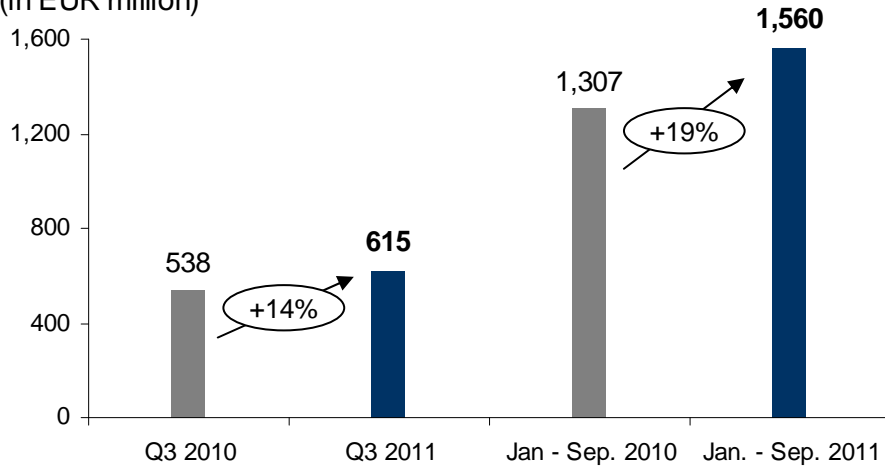
**OUTLOOK 2011**

**BACKUP**

# NINE MONTHS RESULTS AT A GLANCE

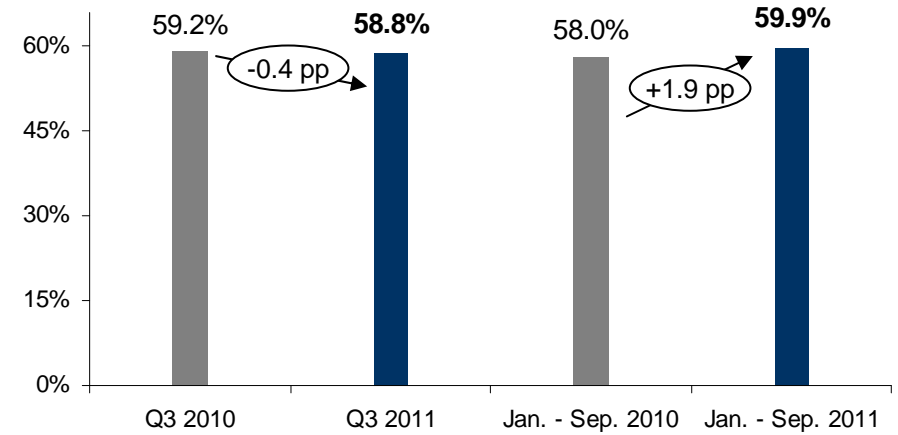
## Sales

(in EUR million)



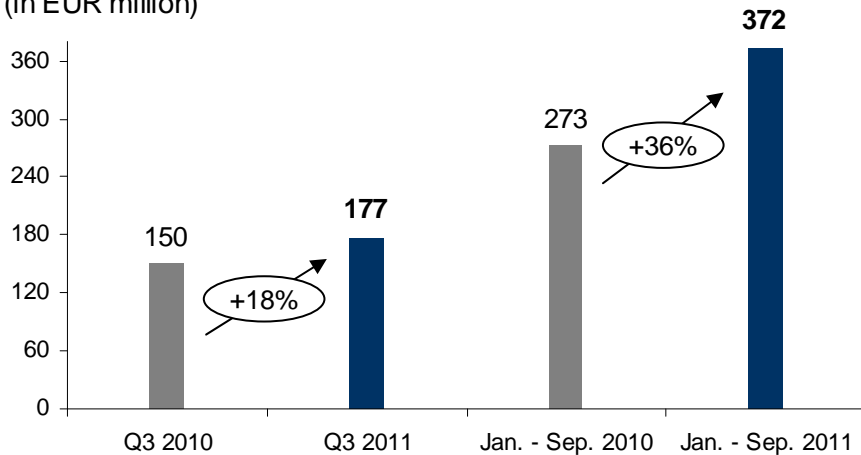
## Gross margin

(in %)



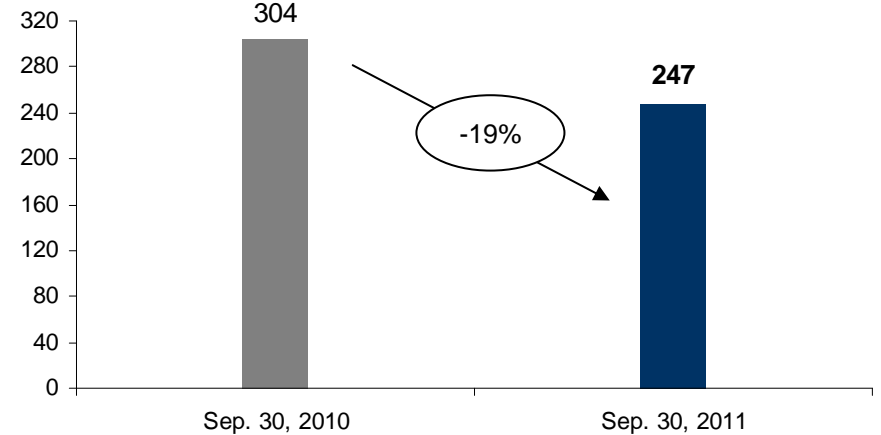
## EBITDA before special items

(in EUR million)



## Net debt

(in EUR million)

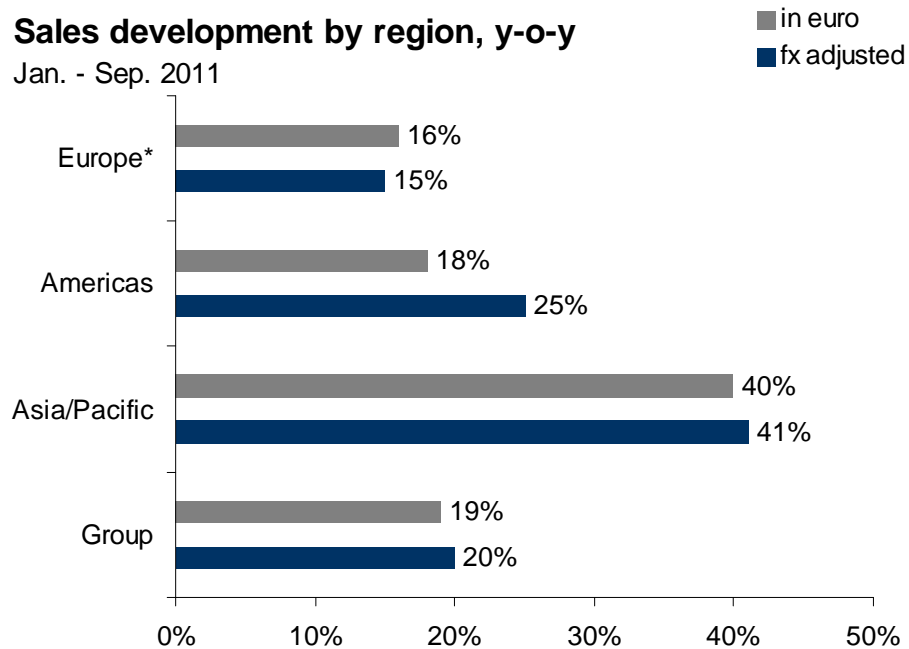




# SALES BY REGION – Sales up in all regions

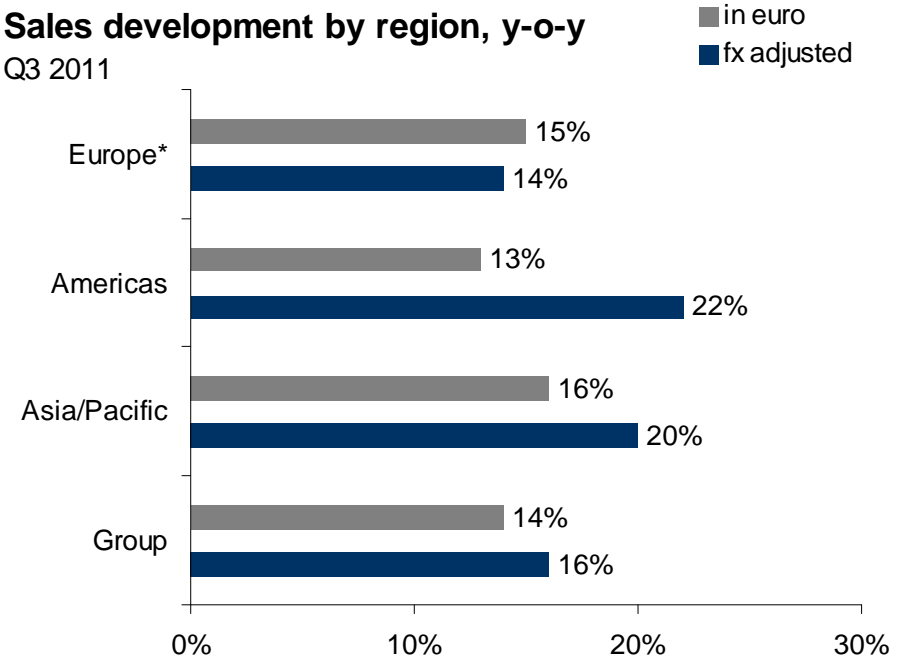
**Sales development by region, y-o-y**

Jan. - Sep. 2011



**Sales development by region, y-o-y**

Q3 2011



- Europe continues to grow at a double-digit rate
- Americas the strongest growing region in the third quarter
- Q3 sales development in Asia reflects non-recurrence of consolidation effects

\*incl. Middle East and Africa

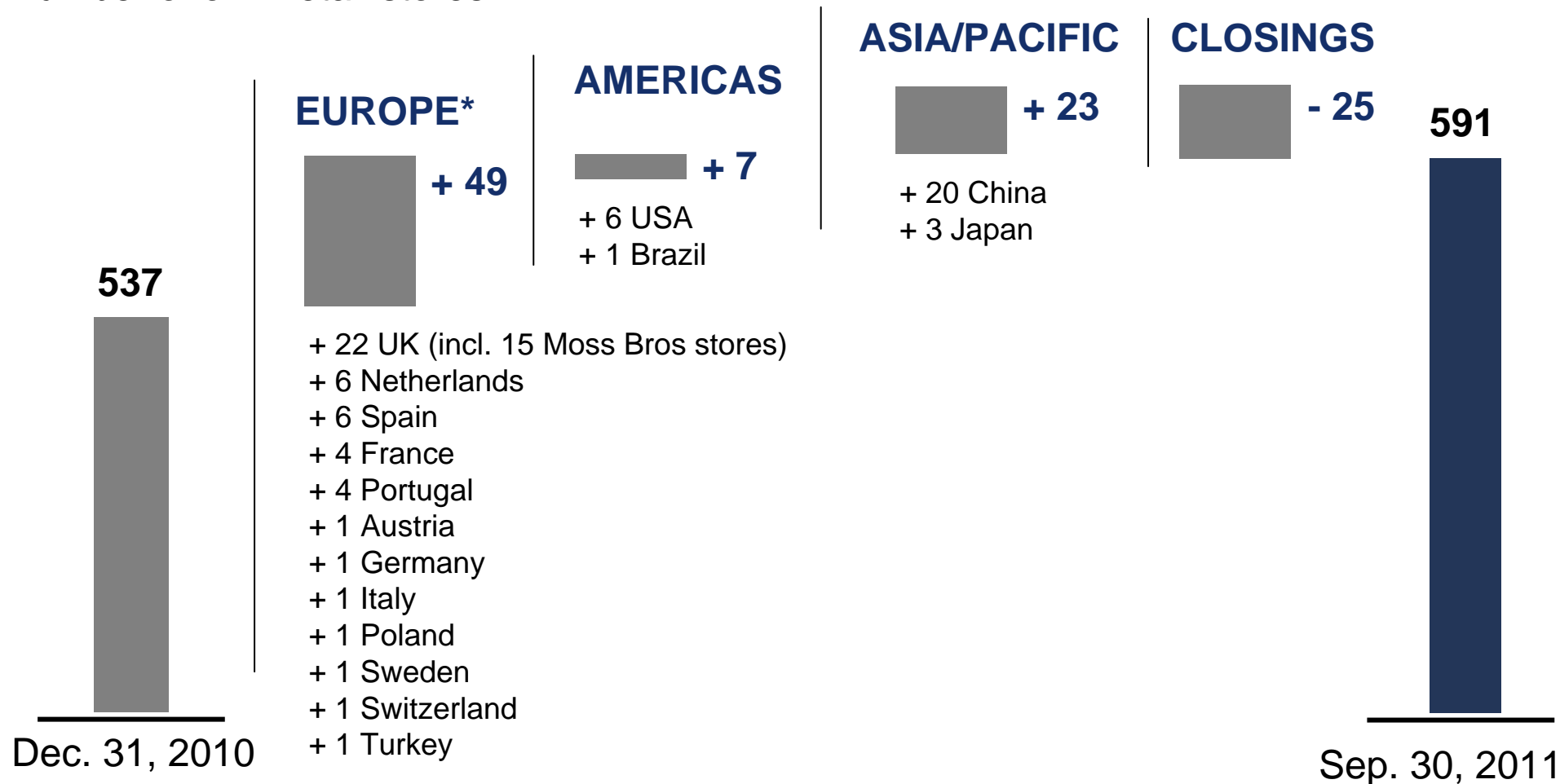
## GROUP INCOME STATEMENT

in EUR million	Jan. - Sep. 2011	Jan. - Sep. 2010	Change in %	Q3 2011	Q3 2010	Change in %
<b>Net sales</b>	<b>1,559.6</b>	<b>1,307.0</b>	<b>19</b>	<b>615.0</b>	<b>538.0</b>	<b>14</b>
Cost of sales	(596.4)	(521.0)	(14)	(241.1)	(205.1)	(18)
Direct selling expenses	(29.0)	(28.3)	(2)	(12.0)	(14.5)	17
<b>Gross profit</b>	<b>934.2</b>	<b>757.7</b>	<b>23</b>	<b>361.9</b>	<b>318.4</b>	<b>14</b>
in % of sales	59.9	58.0	1.9 pp	58.8	59.2	(0.4) pp
Selling and distribution expenses	(473.2)	(403.0)	(17)	(159.1)	(140.8)	(13)
Administration costs and other operating income and expenses	(139.6)	(139.0)	0	(43.1)	(49.0)	12
<b>Operating result (EBIT)</b>	<b>321.4</b>	<b>215.7</b>	<b>49</b>	<b>159.7</b>	<b>128.6</b>	<b>24</b>
in % of sales	20.6	16.5	4.1 pp	26.0	23.9	2.1 pp
Net interest income/expense	(11.8)	(12.9)	9	(4.1)	(4.2)	0
Other financial items	1.2	0.3	>100	2.0	(3.7)	>100
<b>Financial result</b>	<b>(10.6)</b>	<b>(12.6)</b>	<b>16</b>	<b>(2.1)</b>	<b>(7.9)</b>	<b>73</b>
<b>Earnings before taxes</b>	<b>310.8</b>	<b>203.1</b>	<b>53</b>	<b>157.6</b>	<b>120.7</b>	<b>31</b>
Income taxes	(74.6)	(48.3)	(54)	(37.9)	(28.5)	(33)
<b>Net income</b>	<b>236.2</b>	<b>154.8</b>	<b>53</b>	<b>119.7</b>	<b>92.2</b>	<b>30</b>
<b>Attributable to:</b>						
Equity holders of the parent company	231.1	153.9	50	118.0	91.3	29
Minority interests	5.1	0.9	>100	1.7	0.9	90
<b>Net income</b>	<b>236.2</b>	<b>154.8</b>	<b>53</b>	<b>119.7</b>	<b>92.2</b>	<b>30</b>
<b>Earnings per share (EUR)<sup>1</sup></b>						
Common share	3.34	2.24	49	1.71	1.34	28
Preferred share	3.35	2.25	49	1.71	1.34	28

<sup>1</sup> Basic and diluted earnings per share.

# RETAIL NETWORK – Net increase of 54 stores in first nine months of 2011

Number of own retail stores:



\*Europe incl. Middle East / Africa

## FINANCIAL CALENDAR 2011/2012

<b>Date</b>	<b>Event</b>
<b>November 8, 2011</b>	<b>Investor Day 2011</b>
<b>March 14, 2012</b>	<b>Press and Analysts' Conference</b>
<b>April 26, 2012</b>	<b>First Quarter Results 2012</b>
<b>May 3, 2012</b>	<b>Annual Shareholders' Meeting</b>
<b>July 31, 2012</b>	<b>First Half Year Results 2012</b>
<b>October 30, 2012</b>	<b>Nine Months Results 2012</b>

## FORWARD-LOOKING STATEMENTS CONTAIN RISKS

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate", "assume", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

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