

H U G O B O S S

ANALYSTS' CONFERENCE 2012

Claus-Dietrich Lahrs (CEO) | Mark Langer (CFO)

Metzingen, March 14, 2012

CLAUS-DIETRICH LAHRS (CEO)

AGENDA



OPERATIONAL HIGHLIGHTS



2011 FINANCIAL YEAR



OUTLOOK

AGENDA



OPERATIONAL HIGHLIGHTS



2011 FINANCIAL YEAR



OUTLOOK

2011 the best year in history for HUGO BOSS

- Record financial results
- Strong momentum across all brands
- Double-digit sales increases in all regions
- Profitable retail expansion
- Successful implementation of Project D.R.I.V.E.

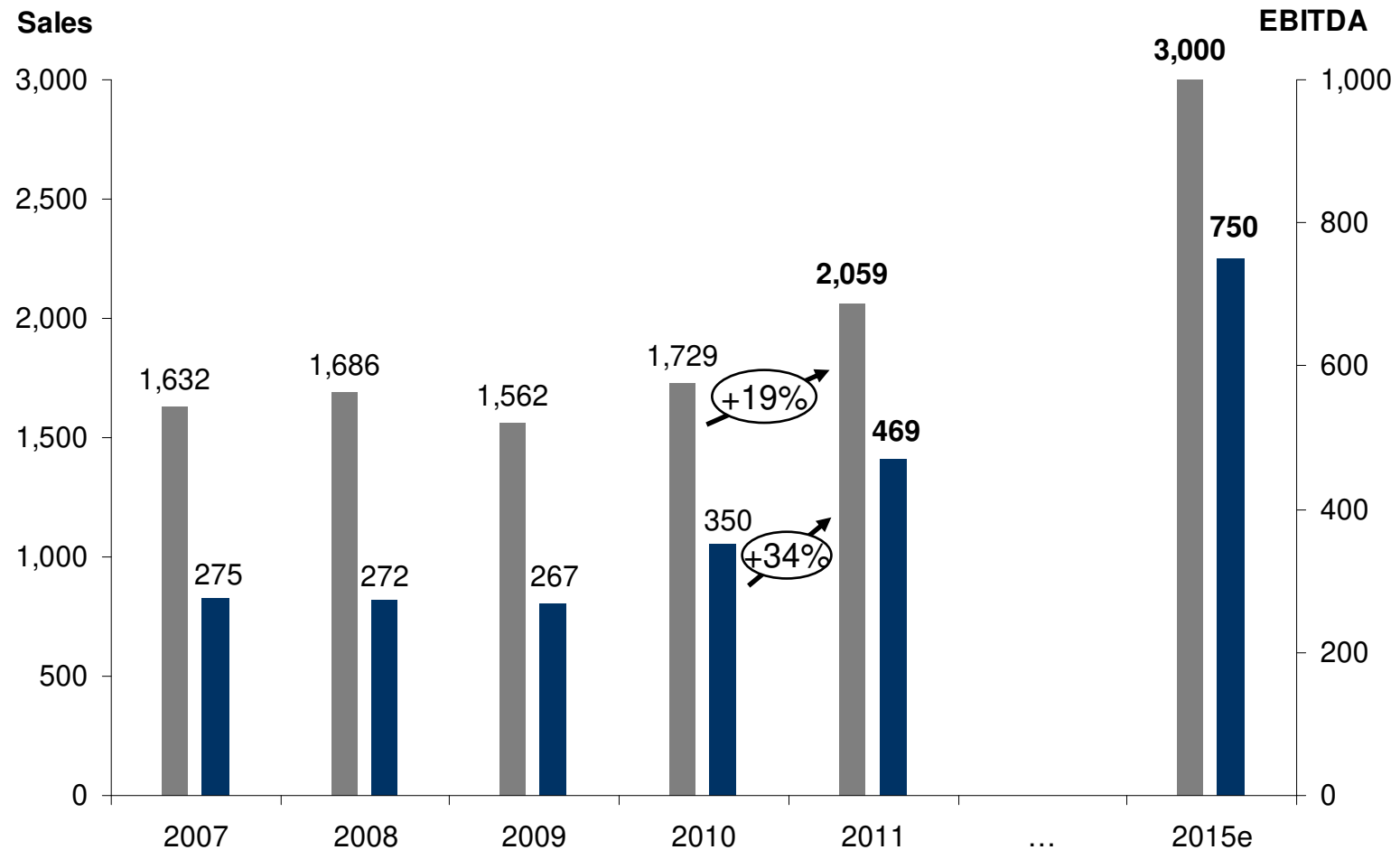


Record financial results

Sales and EBITDA before special items

(in EUR million)

■ Sales
■ EBITDA before special items



BOSS Selection – New direction receives strong customer support

- Sales increase by 43% in 2011
- Distinct brand identity across clothing and sportswear
- Strengthens luxury brand perception in key growth markets
- Important halo effect for entire brand portfolio



Pitti Uomo // Florence, Italy

BOSS Selection – Made to Measure underlines unrivalled tailoring competence



B
BOSS SELECTION
HUGO BOSS
MADE TO MEASURE



BOSS Black – Momentum in sportswear adds to historical strength in clothing



BOSS Black – Celebrating 30 years of partnership with McLaren



HUGO – Critics celebrate HUGO show at Berlin Fashion Week



BOSS Green – Defining premium sportswear

- Sales increase 50% in 2011
- Strongest growing brand within the HUGO BOSS portfolio
- Successful association with Germany's top golfer Martin Kaymer
- High credibility in golf & premium sportswear

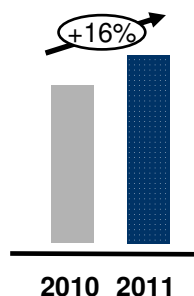


BOSS Orange – Sharpened brand positioning in urban lifestyle



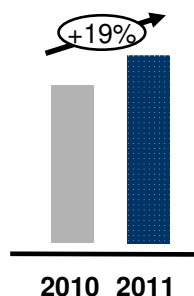
Double-digit sales increases in all regions

EUROPE*



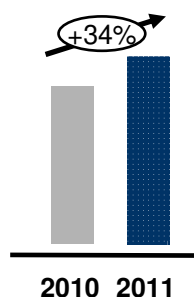
- Broad-based growth across the region
- Market share gains in wholesale
- Successful retail expansion

AMERICAS



- HUGO BOSS increases market share
- Strong growth with all key accounts
- Very good sell-throughs in retail

ASIA/PACIFIC



- China strongest growing and third largest Group market
- Clear luxury brand perception
- High-class store network

* incl. Middle East / Africa

RETAIL – Attractive additions to global network



BOSS Store // Shenyang, China

Opening: November 2011
Net size: 390 m²



BOSS Store // Geneva, Switzerland

Opening: December 2011
Net size: 475 m²



BOSS Store // London Stratford, UK

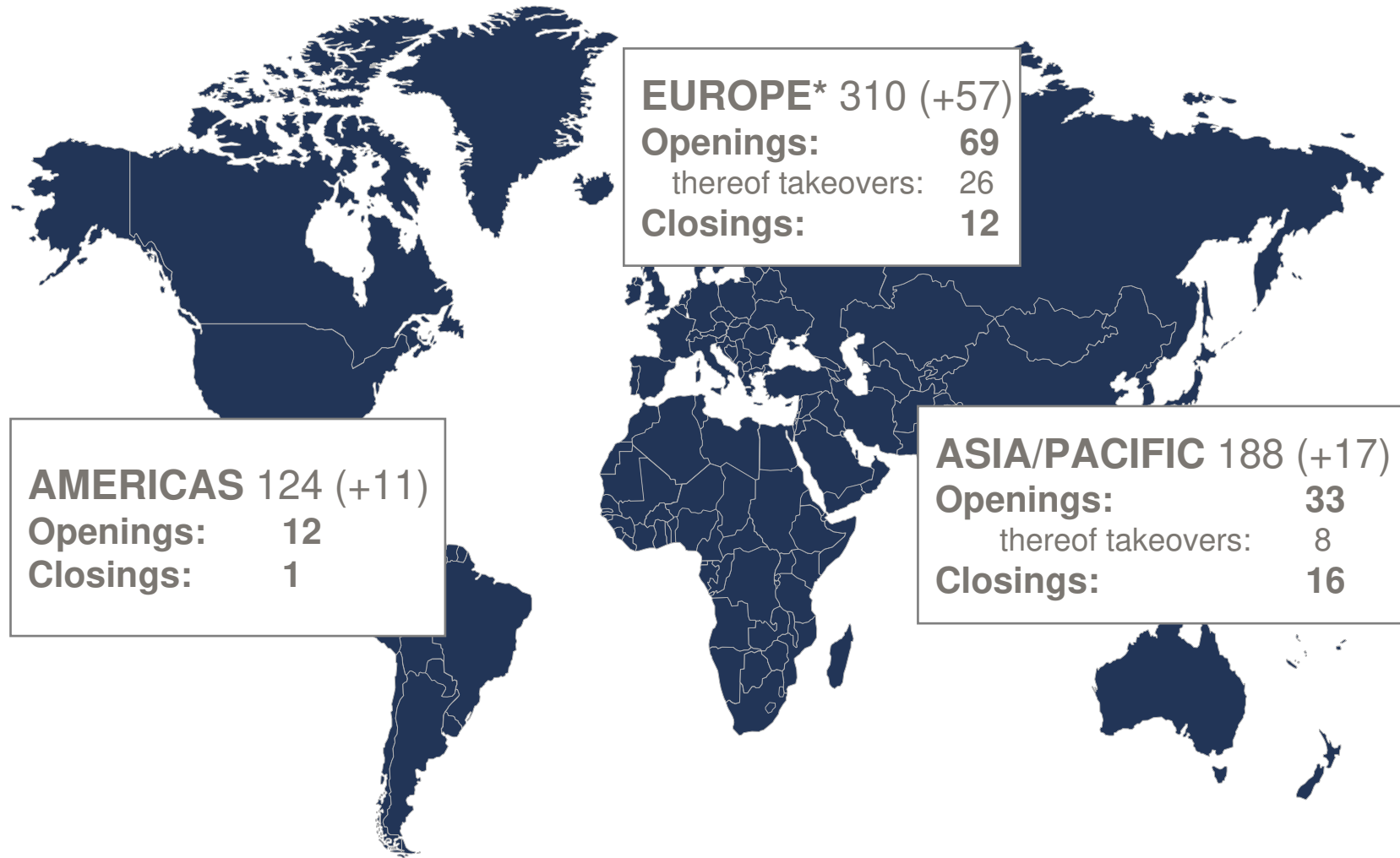
Opening: September 2011
Net size: 458 m²



BOSS Store // Huizhou Huamao, China

Opening: November 2011
Net size: 250 m²

RETAIL – Global store network grows by 85 to 622 locations in 2011

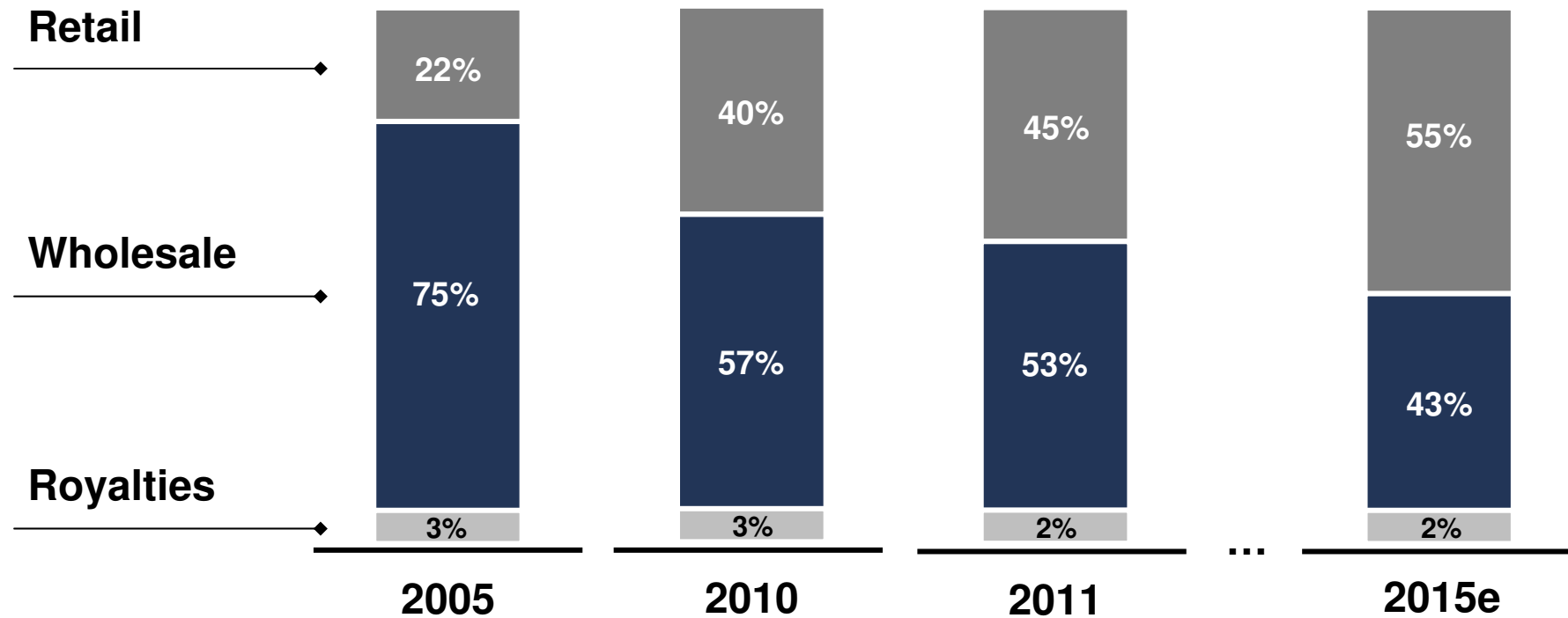


* incl. Middle East / Africa

Analysts' Conference 2012

Number of own retail stores as of December 31, 2011

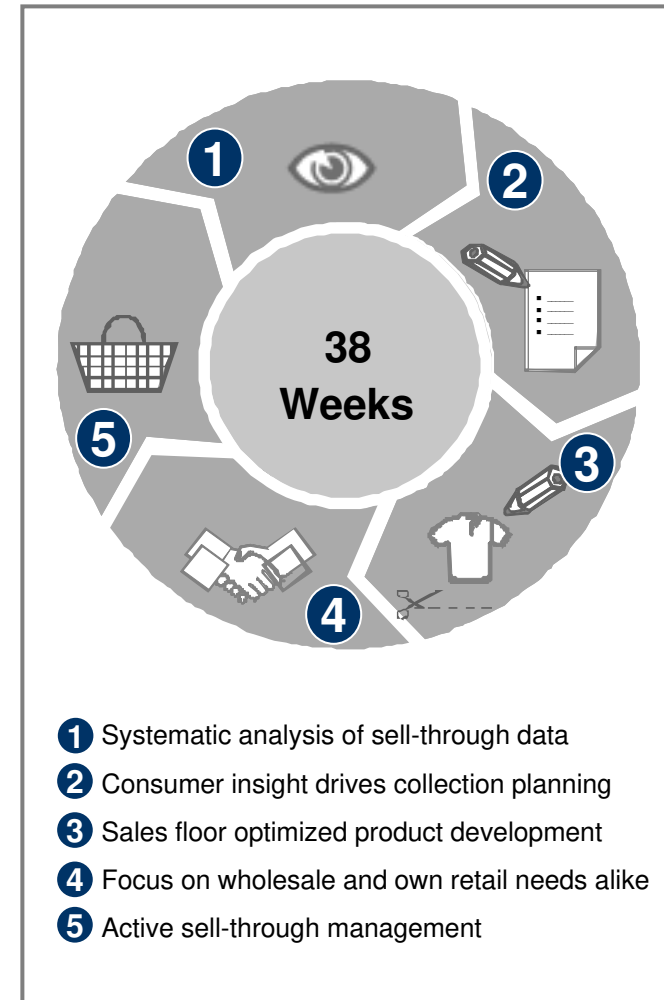
Importance of own retail increases steadily



Sales by distribution channel as a percentage of total sales

Project D.R.I.V.E. implemented successfully

- Modular collection concept improves retail presentation
- Shortening of lead times enables market feedback to influence future development
- Implementation of four season cycle allows better adjustment to seasonal differences in demand and attracts consumers to stores more frequently
- Positive feedback from wholesale partners



MARK LANGER (CFO)

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OPERATIONAL HIGHLIGHTS



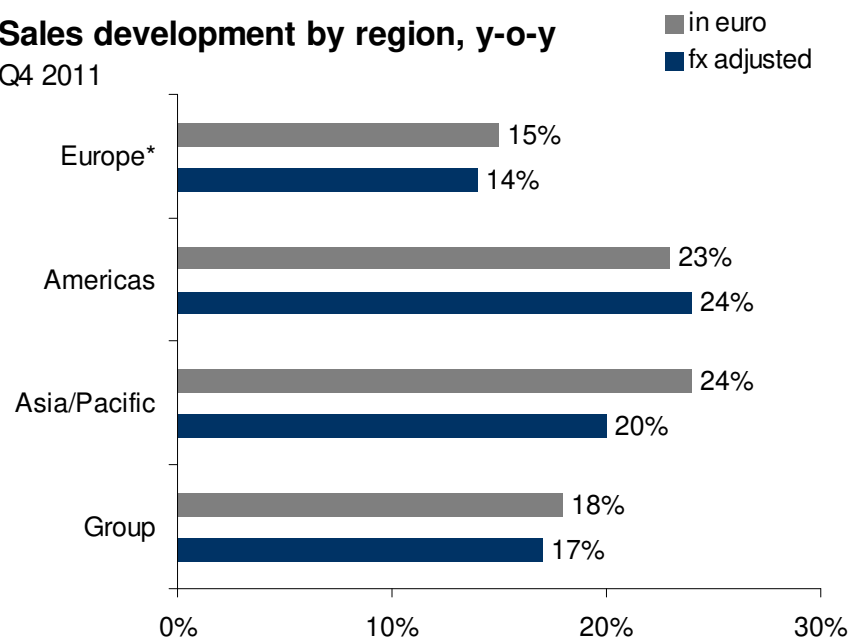
2011 FINANCIAL YEAR



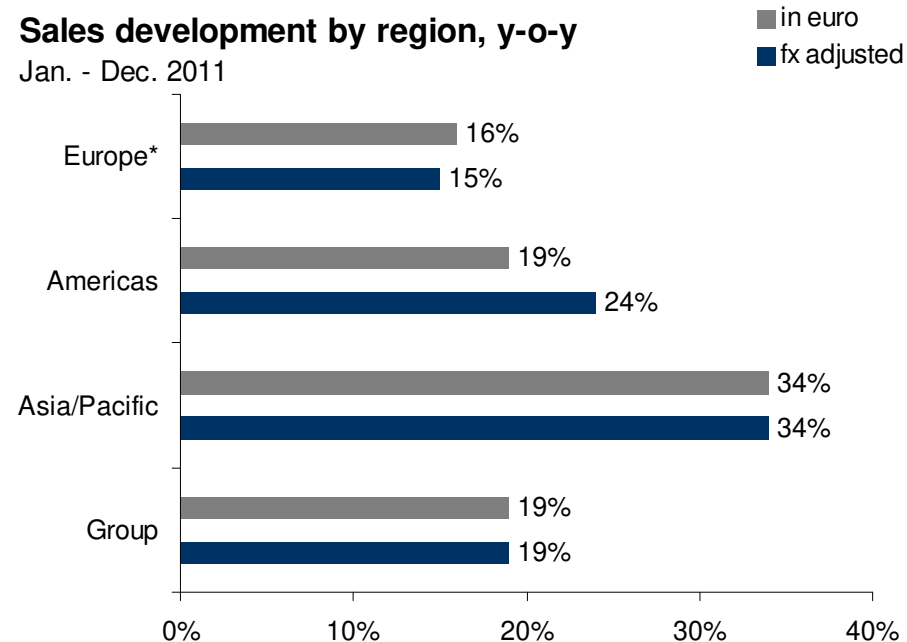
OUTLOOK

SALES BY REGION – Double-digit growth in all regions

Sales development by region, y-o-y
Q4 2011



Sales development by region, y-o-y
Jan. - Dec. 2011



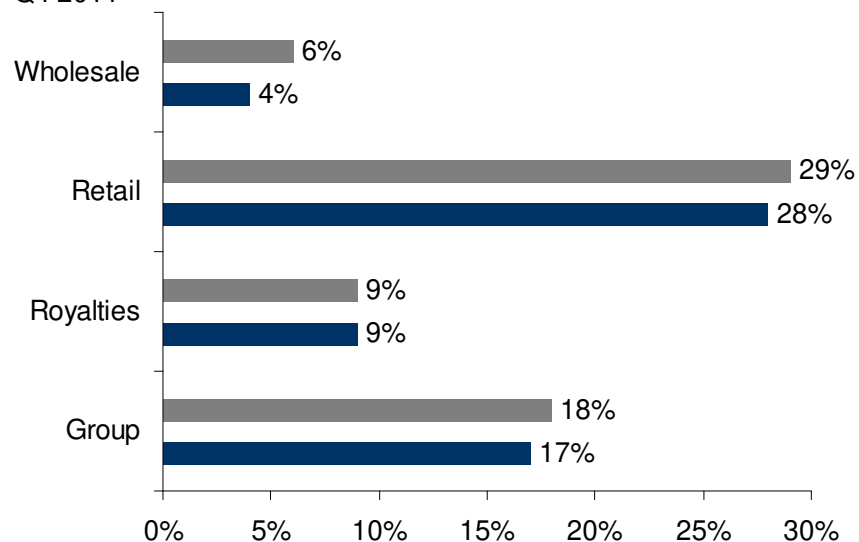
- Broad-based growth in **Europe**
- U.S. market drives performance in the **Americas**
- China remains growth engine in **Asia/Pacific**

* incl. Middle East / Africa

SALES BY DISTRIBUTION CHANNEL – Sales up in all channels

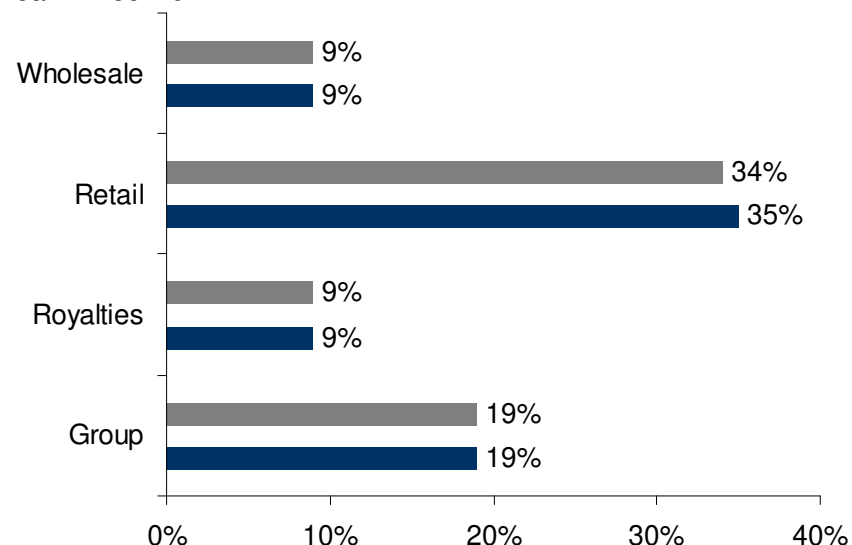
Sales development by distribution channel, y-o-y Q4 2011

■ in euro
■ fx adjusted



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

■ in euro
■ fx adjusted



- Continued sales increases in all distribution channels
- Solid order business supports **wholesale** growth
- **Comp store** sales increase 6% in Q4, 8% in FY 2011 (both currency-adjusted)

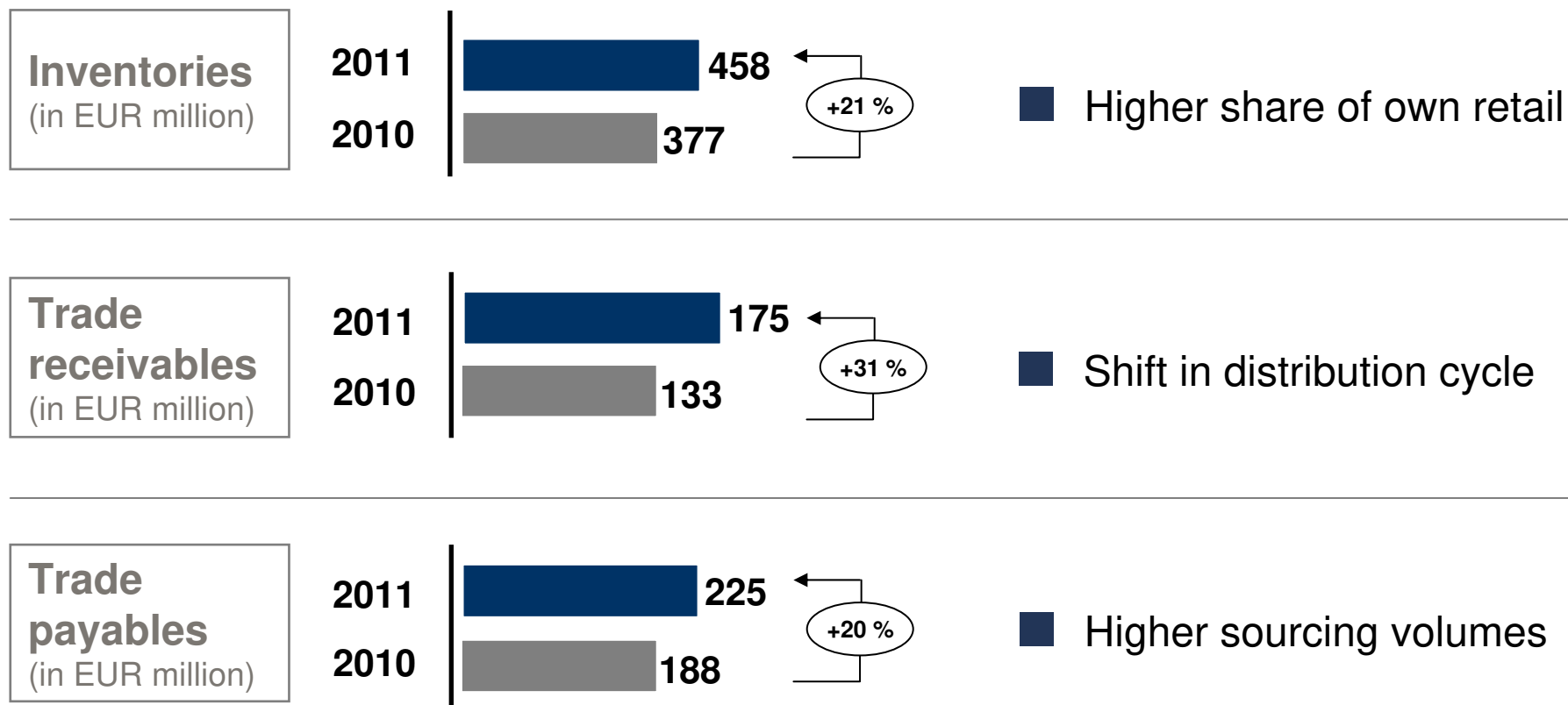
INCOME STATEMENT – Adjusted EBITDA margin reaches 22.8%

in EUR million	2011	2010	Change in %
Net sales	2,058.8	1,729.4	19
Gross profit	1,264.8	1,027.2	23
in % of sales	61.4	59.4	2.0 pp
Selling and distribution expenses	(682.1)	(574.4)	(19)
Administration costs and other operating income and expenses	(188.6)	(188.8)	0
Operating result (EBIT)	394.1	263.9	49
in % of sales	19.1	15.3	3.8 pp
Financial result	(11.7)	(14.8)	21
Earnings before taxes	382.4	249.2	53
Income taxes	(91.4)	(59.9)	(53)
Net income	291.0	189.2	54
Attributable to:			
Equity holders of the parent company	284.5	185.9	53
Earnings per share (EUR)*			
Preferred share	4.13	2.70	53
EBITDA before special items	469.0	349.8	34
in % of sales	22.8	20.2	2.6 pp

* Basic and diluted shares

- **Gross profit margin** up 200 bp to 61.4% due to higher share of own retail and consistent pricing strategy
- Higher **selling & distribution expenses** driven by own retail expansion and increased marketing expenditures
- Efficiency improvements support 34% growth of **EBITDA before special items**

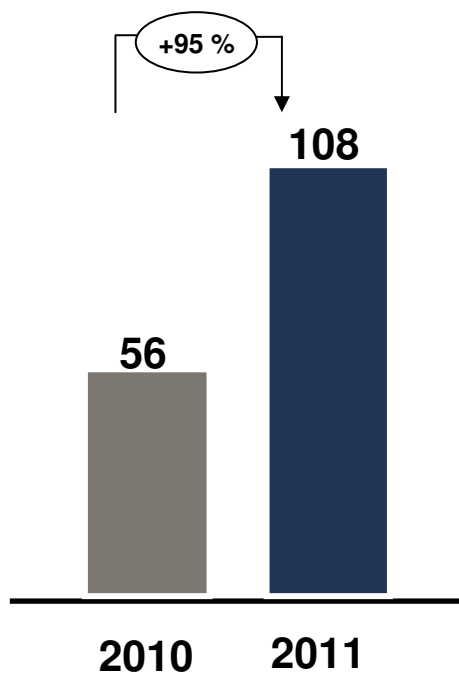
TRADE NET WORKING CAPITAL – Increases mainly due to implementation of new collection cycle



Trade net working capital grows 26% to EUR 407 million

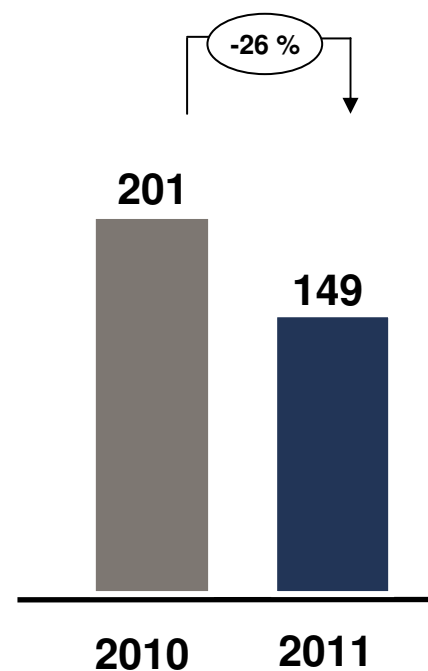
NET DEBT – Further net debt reduction despite higher investments

Investments (in EUR million)



■ Own retail and infrastructure investments drive growth

Net debt (in EUR million)

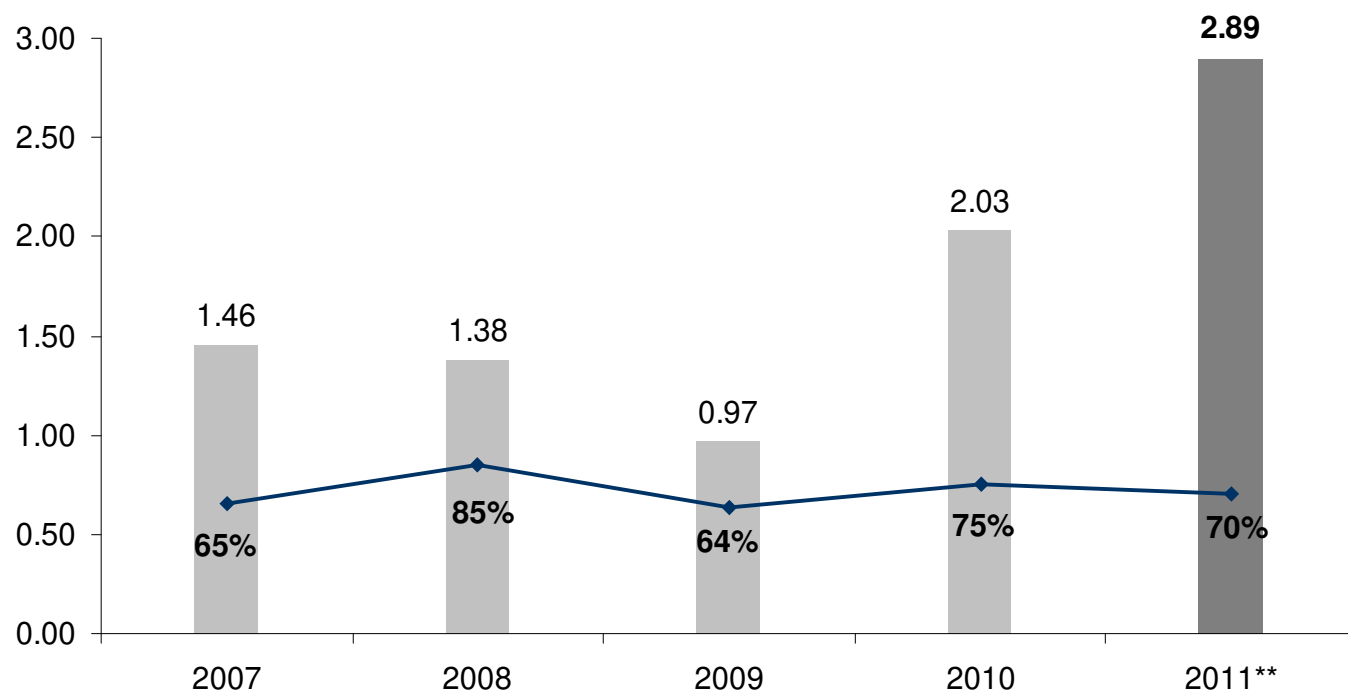


■ Strong profit generation offsets working capital and capex increases

DIVIDEND – Dividend increase proposed

Dividend* and payout ratio

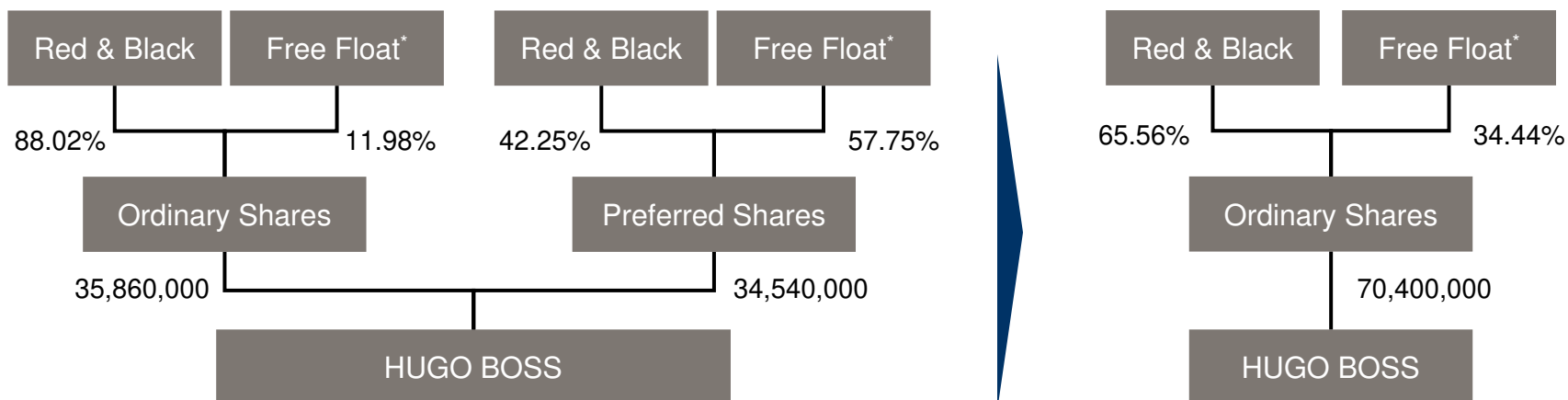
(in EUR and
in % of consolidated net income attributable to equity holders of the parent
company)



Proposal in line with dividend policy to pay out between 60% and 80% of consolidated net income

* Preferred shares / excluding special dividend **2011: subject to shareholder approval

Share class conversion offers many benefits for shareholders



* Includes 1,383,833 treasury shares (528,555 ordinary shares and 855,278 preferred shares)

Benefits

- Simplified share structure
- Increased liquidity
- Higher index weighting
- Improved Corporate Governance standards (“one share – one vote”)

Process

- Approval from both ordinary and preferred shareholders sought at AGM and separate meeting on May 3
- Mandatory one-to-one conversion
- Implementation as soon as possible

Conversion to registered shares planned

Definition

In contrast to a bearer share, **a registered share is registered in the name of the shareholder.**

The shareholder is registered in the company's share register with name, address, date of birth and number of shares held.

Rationale for simultaneous conversion

The conversion to registered shares requires several operational steps also necessary for the conversion of share classes, **increasing efficiency and reducing one-time costs.**

Benefits

- Simplified, accelerated and more direct communication with shareholders
- Improved transparency of shareholder structure
- Potential cost savings related to AGM invitation process

CLAUS-DIETRICH LAHRS (CEO)

AGENDA



OPERATIONAL HIGHLIGHTS

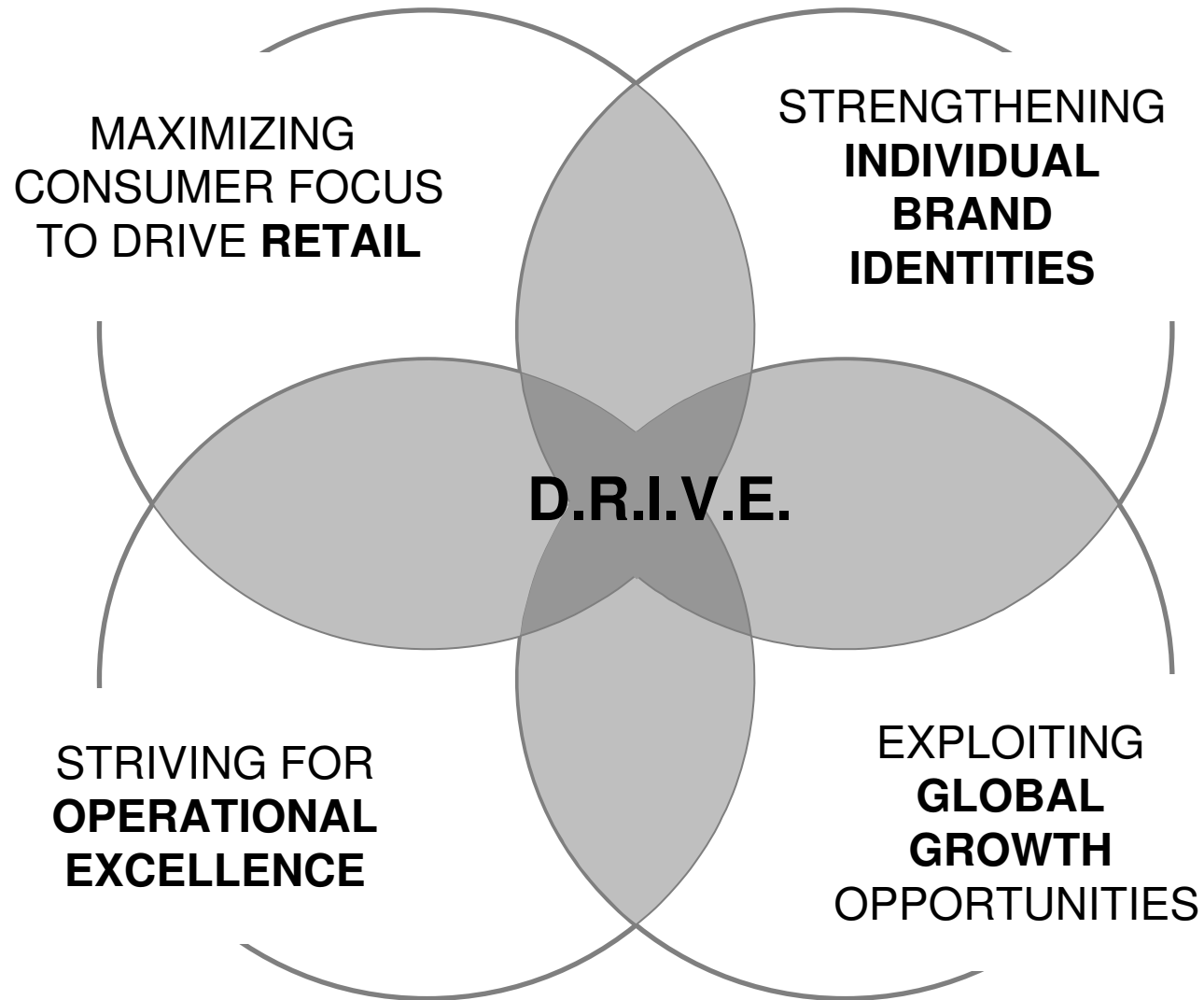


2011 FINANCIAL YEAR



OUTLOOK

Continued focus on execution of medium-term growth strategy



Investing in our brands: Campaigns



B

BOSS SELECTION
HUGO BOSS



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BY

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BOSS ORANGE

HUGO BOSS

Investing in our brands: High profile fashion events

- May 2012:

Fashion Show // Beijing, China
BOSS Black Man, Woman

- June 2012:

Pitti Uomo // Florence, Italy
BOSS Selection

- July 2012:

Mercedes Benz Fashion Week // Berlin, Germany
HUGO

- September 2012:

New York Fashion Week // New York, USA
BOSS Black Man, Woman



Investing in our brands: Online communication

Online



Newsletter



Blog



Mobile

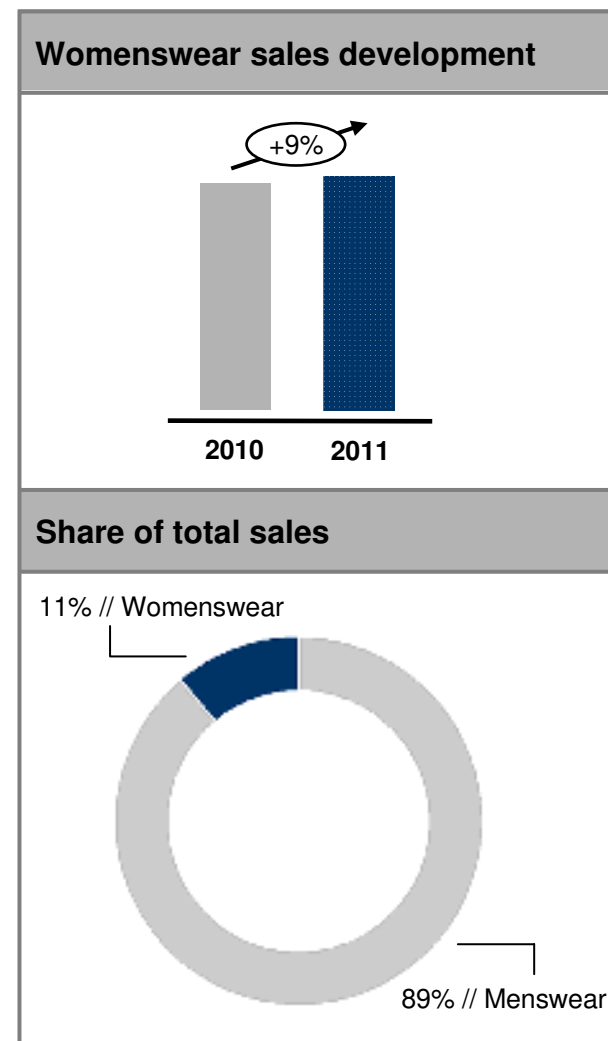


Social Media



Good feedback on womenswear offerings

- Growth in 2011 driven by all brands
- Fall 2012 first collection designed under new organisational set-up
- Focus on strengthening BOSS Black sportswear offering
- Positive retailer feedback on new product initiatives



Fall 2012 key looks exemplify new creative direction in womenswear

BOSS
HUGO BOSS

BOSS
HUGO BOSS

BOSS ORANGE
HUGO BOSS

HUGO
HUGO BOSS



Full pipeline of new store projects



**Flagship Store //
Shanghai, China**



**BOSS Store, Columbus Circle //
New York, USA (Renovation)**



**Flagship Store, Champs Elysées //
Paris, France (Renovation)**



**BOSS Store, Long Island //
New York, USA**



**BOSS Store //
Taipeh, Taiwan**



**BOSS Store //
Sao Paulo, Brazil**

New forms of retail partnerships

Increasing retail sophistication enables HUGO BOSS to take a more active role in managing retail partners' selling space

Productivity drivers

- Improved brand presentation
- Active product range management
- Dedicated, well-trained staff
- Effective replenishment

Partnerships

- Pohland (Germany)
- El Corte Ingles (Spain)
- Globus (Switzerland)

➔ Increased control over brand presentation

➔ Productivity improvements expected

➔ Immediate earnings accretion

Brand worlds upgrade online shopping experience

- Online sales increase by 67% to EUR 33 million in 2011
- Newly launched monobrand sub-stores elevate consumer experience
- Further improved usability and navigation
- Mobile and Swiss online store to launch in first half year 2012



Positive impact from D.R.I.V.E. measures expected



Comp Store Sales

- Positive impact on footfall and conversion rates from fresher merchandise offering



Sell-Through

- Closer adaptation to seasonal differences in consumer demand



Inventory Turns

- More frequent deliveries closer to actual sale



Lead Times

- New collection development based on sell-through performance of mirror season

Important investments into the future growth of our business

- New flat-packed goods distribution center to be built near headquarters
- Caters to future business growth and improves efficiency of key logistical processes
- Total expenditures amount to around EUR 100 million
- Start of operation planned for 2014



Attractive growth opportunities in all regions

EUROPE*

- Ongoing good brand momentum in key markets
- Attractive opportunities from own retail expansion and active space management in wholesale

AMERICAS

- Positive sentiment among key US wholesale partners
- Brand presentation at retail as good as never before

ASIA/PACIFIC

- Target consumer base continues to grow strongly
- Impact from increased economic and political uncertainty on consumer confidence difficult to foresee

* incl. Middle East / Africa

Positive 2012 outlook

2012 Outlook

Sales growth (currency-adjusted)

up to 10%

Growth of EBITDA before special items

slightly stronger than sales

Capex

above prior year level

Own retail network

around 50 organic openings

SUMMARY – HUGO BOSS in good shape for further growth

- Tremendous growth opportunities with all brands despite economic uncertainties
- HUGO BOSS able to outperform difficult retail environments
- Significant investments in the long-term growth of the business
- Ongoing business model improvements



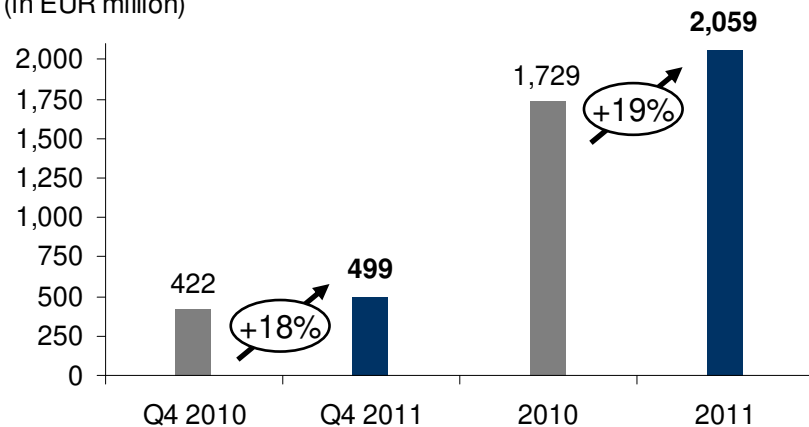
QUESTIONS & ANSWERS

BACKUP

FULL YEAR RESULTS AT A GLANCE

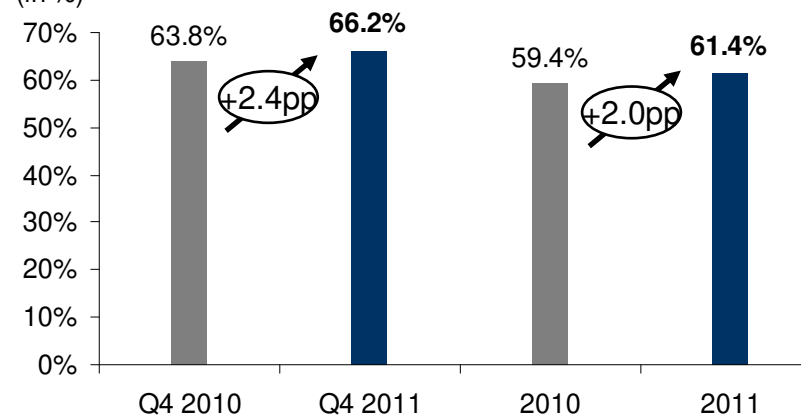
Sales

(in EUR million)



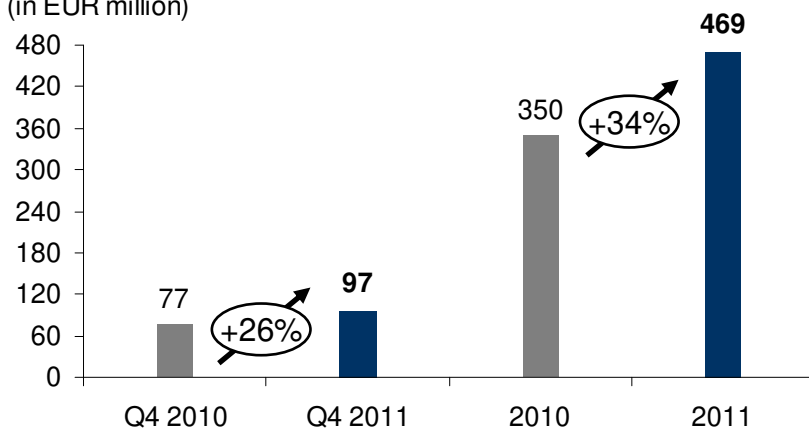
Gross margin

(in %)



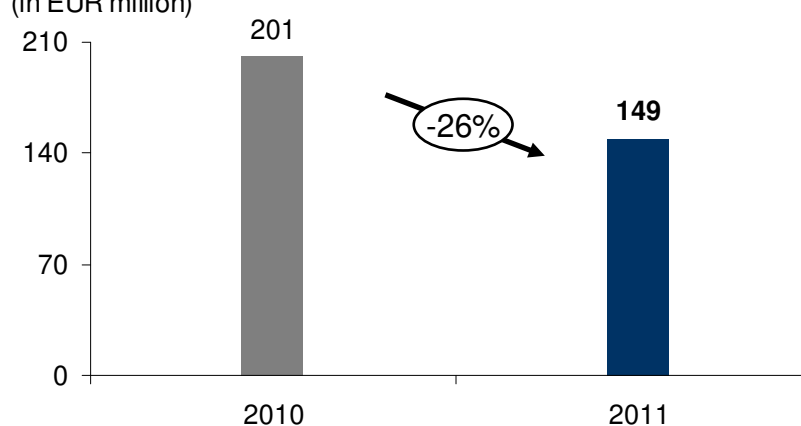
EBITDA before special items

(in EUR million)



Net debt

(in EUR million)



GROUP INCOME STATEMENT Q4 AND FY 2011

in EUR million	2011	2010	Change in %	Q4 2011	Q4 2010	Change in %
Net sales	2,058.8	1,729.4	19	499.3	422.4	18
Cost of sales	(756.5)	(661.8)	(14)	(160.2)	(140.8)	(14)
Direct selling expenses	(37.5)	(40.5)	7	(8.4)	(12.1)	30
Gross profit	1,264.8	1,027.2	23	330.6	269.5	23
in % of sales	61.4	59.4	2.0 pp	66.2	63.8	2.4 pp
Selling and distribution expenses	(682.1)	(574.4)	(19)	(209.0)	(171.4)	(22)
Administration costs and other operating income and expenses	(188.6)	(188.8)	0	(49.0)	(49.8)	2
Operating result (EBIT)	394.1	263.9	49	72.7	48.3	51
in % of sales	19.1	15.3	3.8 pp	14.6	11.4	3.2 pp
Net interest income/expense	(16.2)	(17.3)	6	(4.4)	(4.4)	0
Other financial items	4.5	2.5	80	3.3	2.2	50
Financial result	(11.7)	(14.8)	21	(1.1)	(2.2)	49
Earnings before taxes	382.4	249.2	53	71.6	46.1	55
Income taxes	(91.4)	(59.9)	(53)	(16.8)	(11.7)	(43)
Net income	291.0	189.2	54	54.8	34.4	59
Attributable to:						
Equity holders of the parent company	284.5	185.9	53	53.4	32.0	67
Minority interests	6.5	3.3	94	1.4	2.4	(42)
Net income	291.0	189.2	54	54.8	34.4	59
Earnings per share (EUR)*						
Ordinary share	4.12	2.69	53	0.78	0.45	73
Preferred share	4.13	2.70	53	0.78	0.45	73

* Basic and diluted shares

SEGMENT PROFIT

in EUR million	2011	in % of sales	2010	in % of sales	Change in %
Europe*	486.3	39.0	393.9	36.7	23
Americas	122.3	26.9	94.7	24.9	29
Asia/Pacific	111.1	35.9	80.0	34.7	39
Royalties	43.0	87.2	39.2	86.8	10
Segment profit operating segments	762.7	37.0	607.7	35.1	26
Corporate units / consolidation	(293.8)		(257.9)		
EBITDA before special items	469.0	22.8	349.8	20.2	34

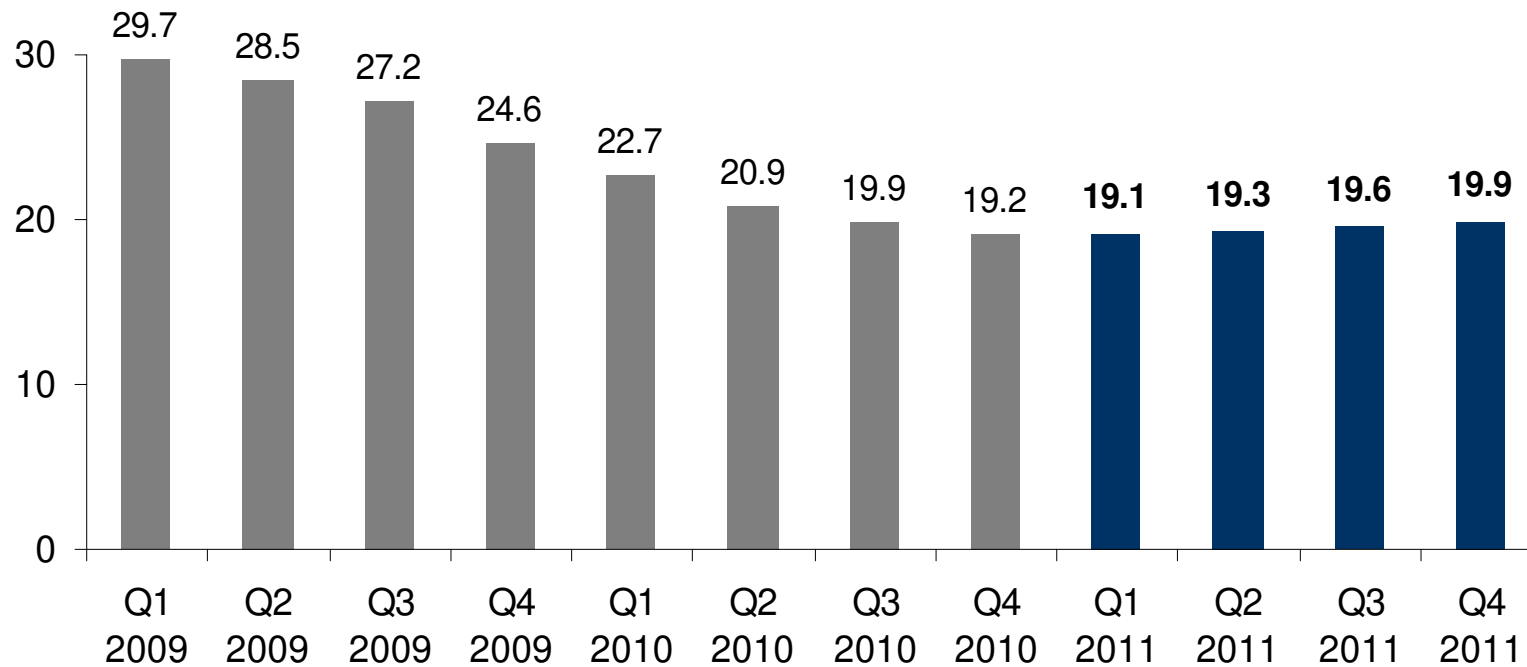
* incl. Middle East / Africa

CASH FLOW STATEMENT

in EUR million	Jan.-Dec. 2011	Jan.-Dec. 2010	Change in %
Cash flow from operating activities	301.7	308.3	(2)
Cash flow from investing activities	(108.4)	(62.0)	(75)
Cash flow from financing activities	(289.0)	(68.2)	<(100)
Change in cash and cash equivalents	(94.5)	180.8	<(100)

TRADE NET WORKING CAPITAL

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



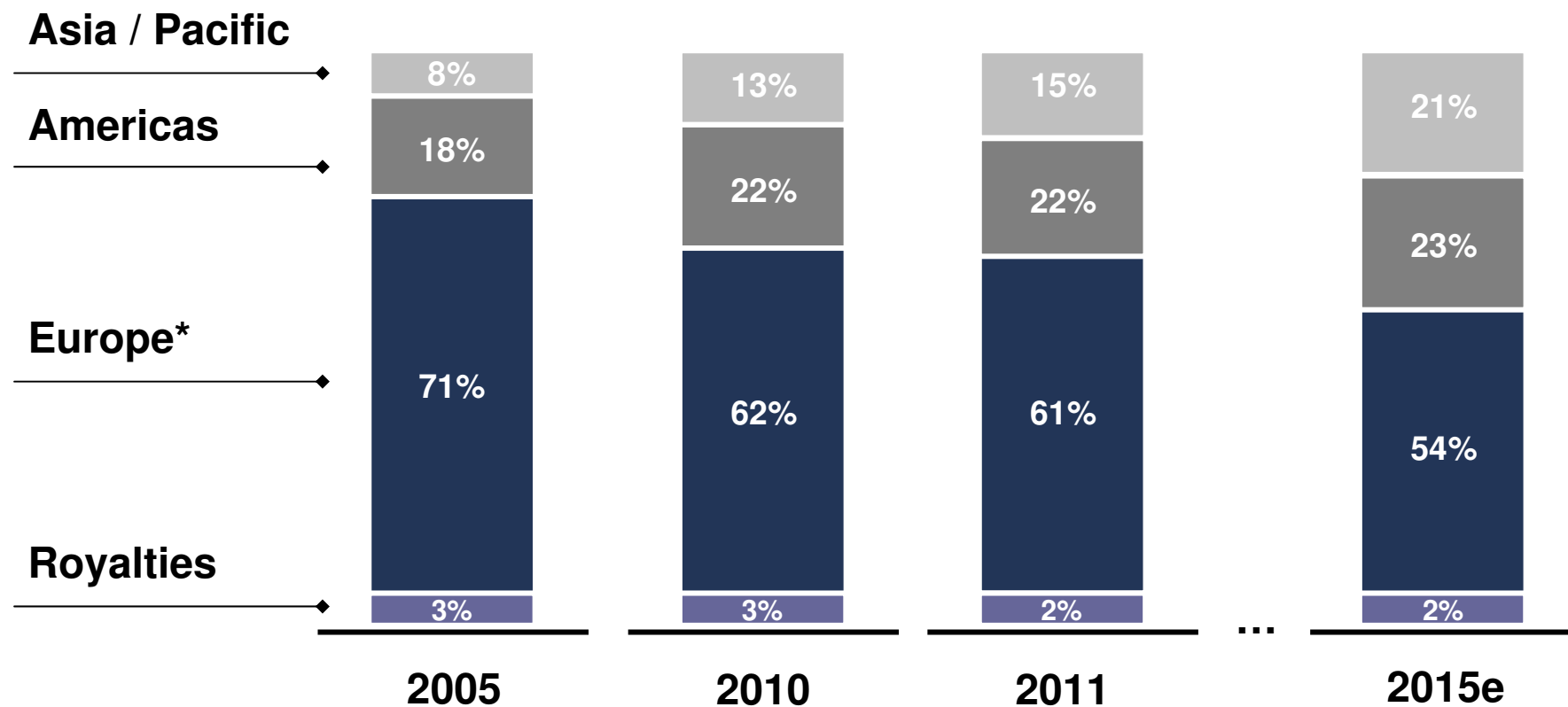
OWN RETAIL STORE OPENINGS BY REGION

Number of own retail stores:



* incl. Middle East / Africa

REGIONAL SALES DEVELOPMENT



* incl. Middle East / Africa
Analysts' Conference 2012

Sales by region as a percentage of total sales

FINANCIAL CALENDAR 2012

Date	Event
March 14, 2012	Press and Analysts' Conference
April 26, 2012	First Quarter Results 2012
May 3, 2012	Annual Shareholders' Meeting
July 31, 2012	First Half Year Results 2012
October 30, 2012	Nine Months Results 2012

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