

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

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## **HUGO BOSS First Quarter Results 2012**

Mark Langer (CFO)

April 26, 2012

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## AGENDA

**OPERATIONAL HIGHLIGHTS**

**FIRST QUARTER RESULTS**

**OUTLOOK**

## AGENDA

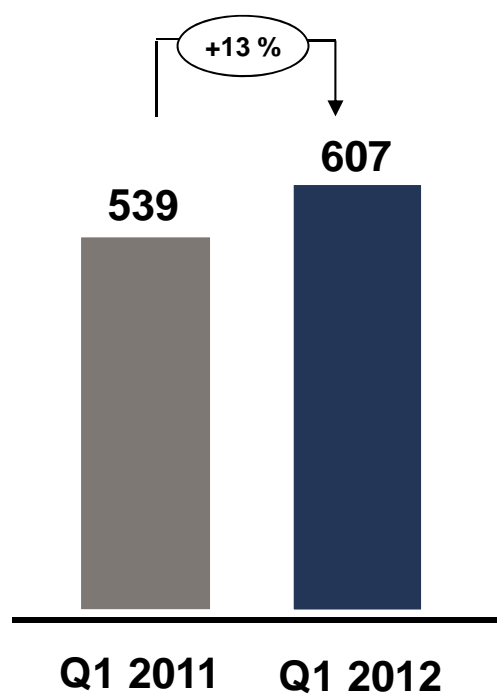
**OPERATIONAL HIGHLIGHTS**

**FIRST QUARTER RESULTS**

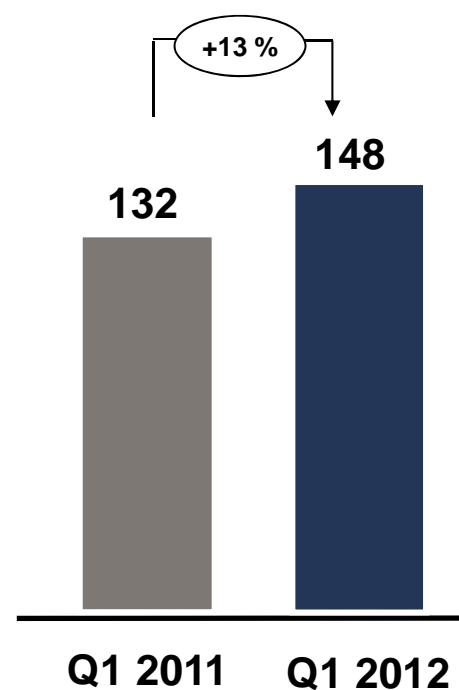
**OUTLOOK**

## HUGO BOSS has a successful start to the year 2012

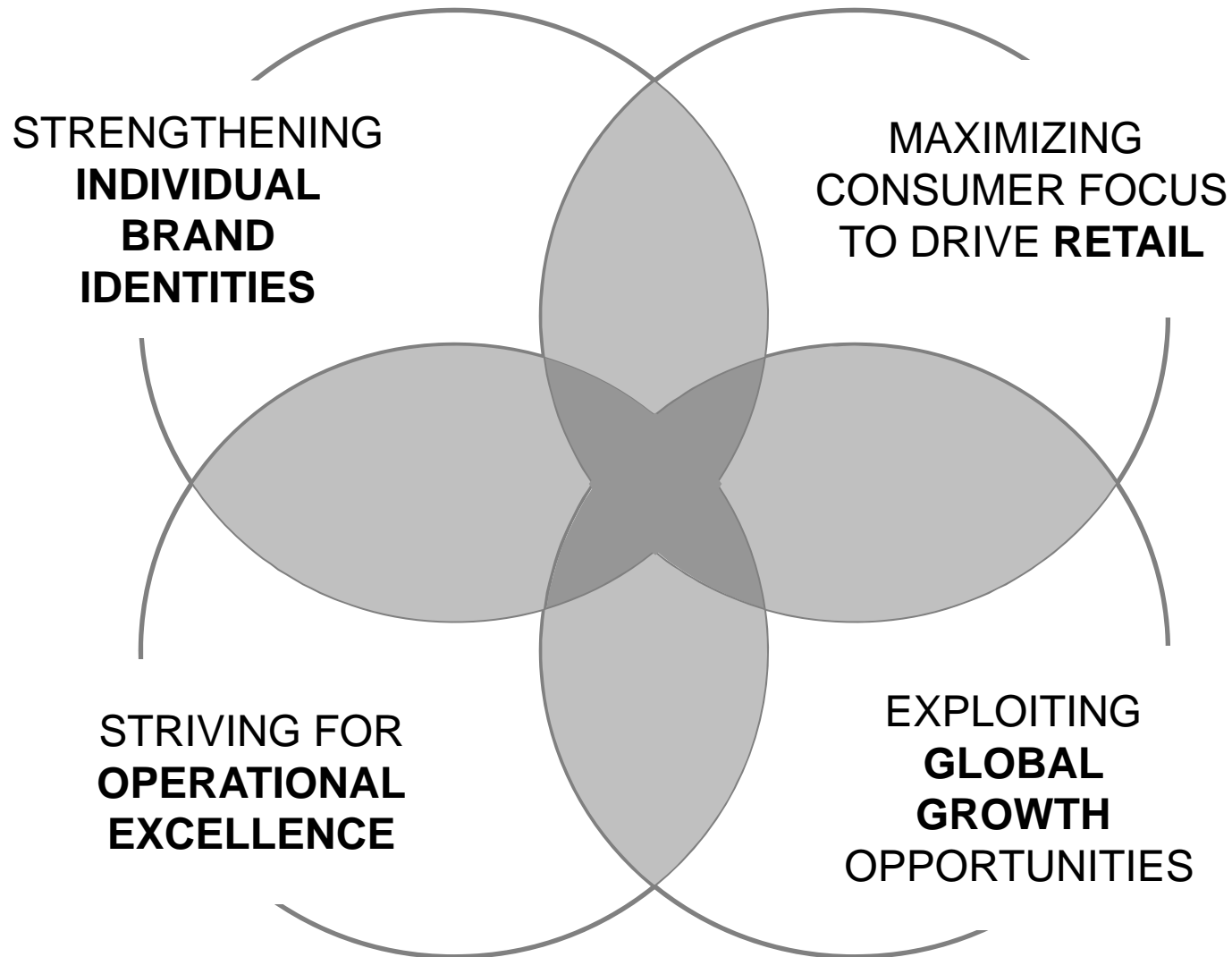
**Sales**  
(in EUR million)



**EBITDA before special items**  
(in EUR million)



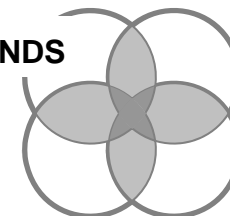
## Continuous execution of medium-term growth strategy



## Good momentum at all brands

- Double-digit growth at almost all brands
  
- Strong reception of new BOSS Selection Made-to-Measure offering
  
- BOSS Green builds further credibility in premium golf apparel

BRANDS



**B**  
BOSS SELECTION  
HUGO BOSS

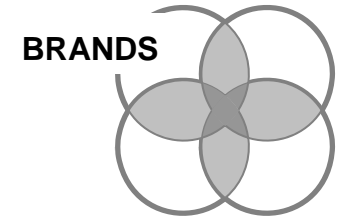
**BOSS**  
HUGO BOSS

**BOSS**  
HUGO BOSS

**BOSS ORANGE**  
HUGO BOSS

**HUGO**  
HUGO BOSS

# Positive retailer feedback on new collection cycle



P  
A  
S  
T

## Spring/Summer



BOSS  
HUGO BOSS

## Fall/Winter



BOSS  
HUGO BOSS

DEC

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

OCT

NOV

T  
O  
D  
A  
Y

## Spring



SHOP ONLINE HUGOBOSS.COM

BOSS  
HUGO BOSS

## Summer



SHOP ONLINE HUGOBOSS.COM

BOSS  
HUGO BOSS

## Fall



SHOP ONLINE HUGOBOSS.COM

BOSS  
HUGO BOSS

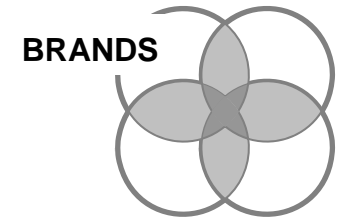
## Winter



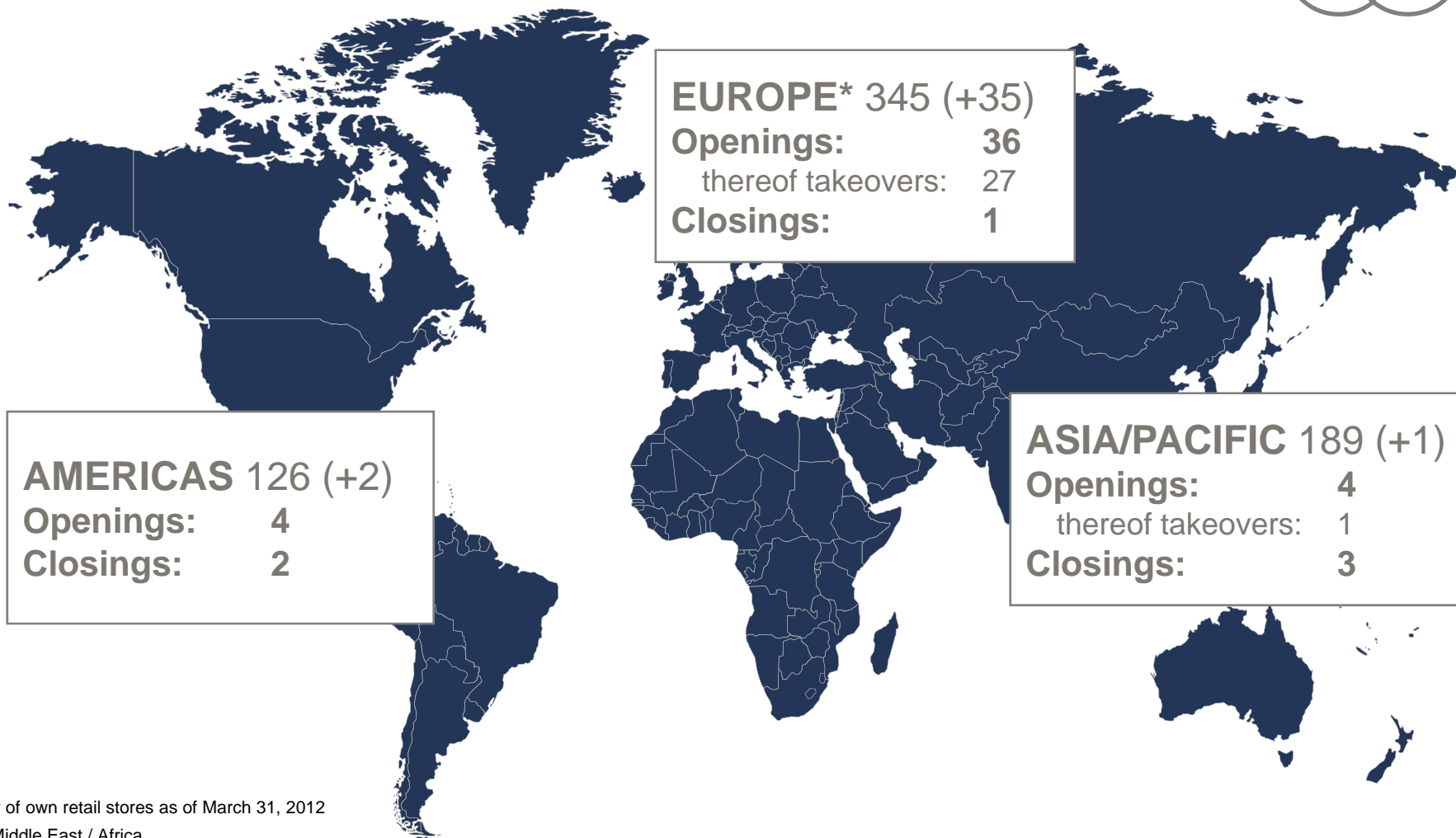
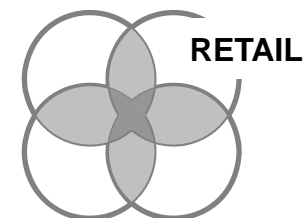
BOSS  
HUGO BOSS



# Royalties business off to a strong start



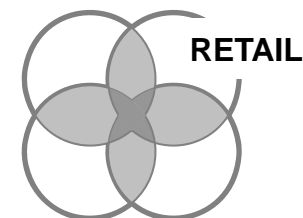
# Own retail network grows by 38 to 660 locations



Number of own retail stores as of March 31, 2012

\* incl. Middle East / Africa

## Key store openings in the first quarter



- BOSS Store // Madrid, Spain  
Opening date: March 2012  
Net Size: 367 m<sup>2</sup>



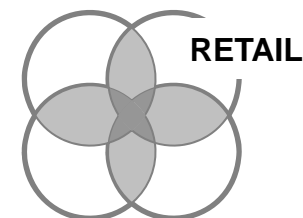
- BOSS Store // Salt Lake City, USA  
Opening date: March 2012  
Net Size: 199 m<sup>2</sup>



- BOSS Black Store // Hefei, China  
Opening date: January 2012  
Net Size: 197 m<sup>2</sup>



## Roll-out of new concession business model in Spain and Switzerland

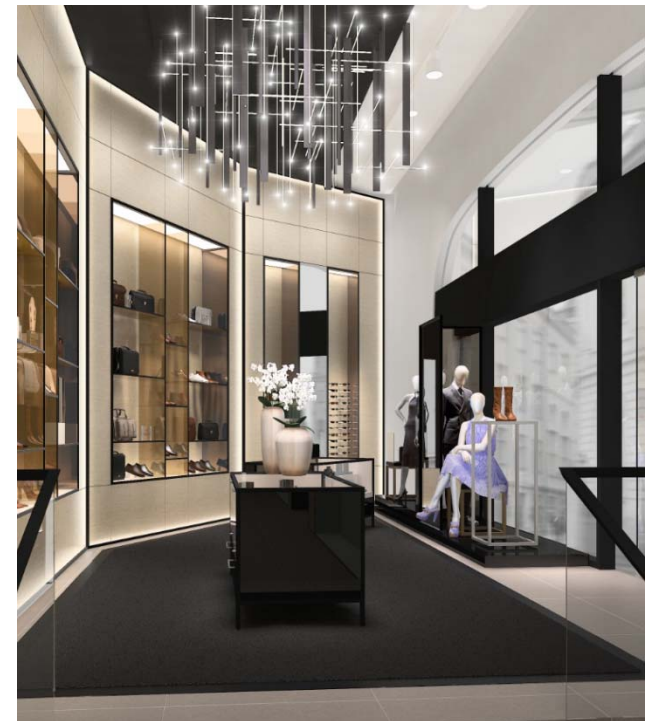
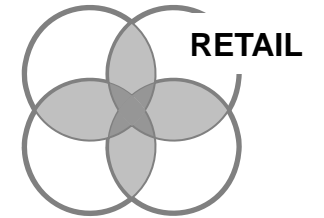


- Take over of 24 shop-in-shops from El Corte Ingles (Spain) and Globus (Switzerland) in the first quarter
- Promising initial sales productivity improvements





# Remodelling of Paris flagship store creates new level of brand experience

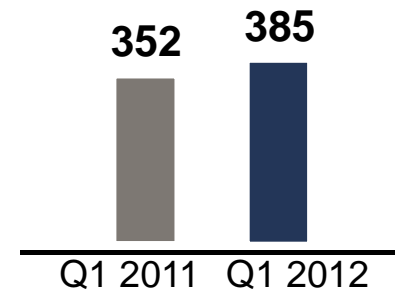


## Strong performance in Europe despite economic headwinds



- 6% sales growth in Germany supported by strong own retail performance
  
- UK sales increase 19% excluding takeover effects
  
- Resilient performance in Southern European markets

**Sales** (in EUR million)



**First quarter sales growth**

■ in euro  
■ fx adjusted

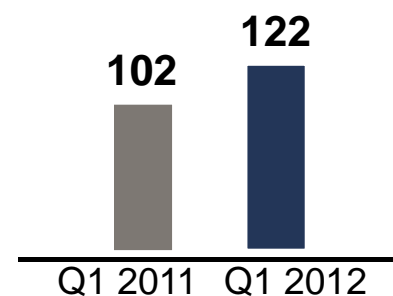


## No signs of slowdown in the Americas

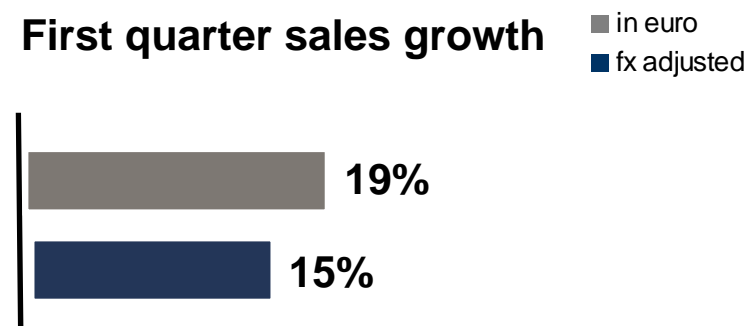


- Ongoing positive sentiment among key US wholesale partners
  
- Renewed partnership with Neiman Marcus off to a strong start
  
- Robust own retail performance

**Sales** (in EUR million)



**First quarter sales growth**

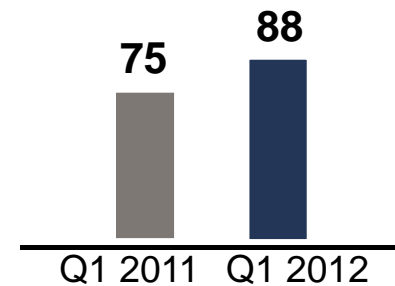


## More difficult market environment in Asia/Pacific

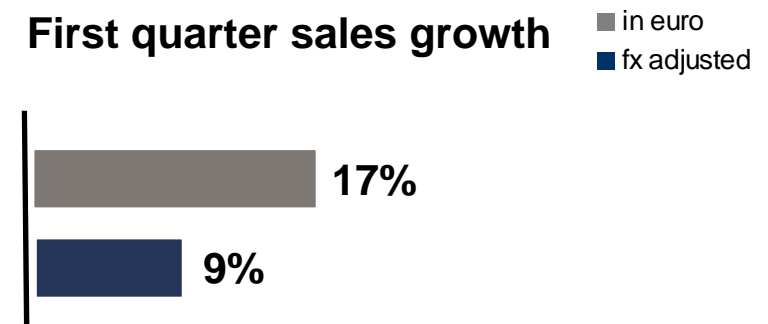


- China grows 13% on a currency-adjusted basis
  
- Strong brand perception solid foundation for medium-term growth
  
- Further upgrade of retail footprint key strategic focus

**Sales** (in EUR million)



**First quarter sales growth**





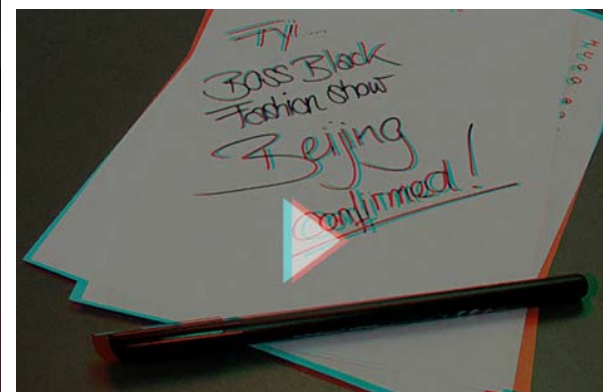
## Upcoming Beijing fashion show a key milestone for HUGO BOSS in Asia



3D LIVE STREAM  
MAY 18TH 2012

3D演绎  
时尚北京

NEW DIMENSION BEIJING

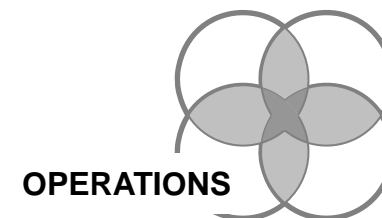
The graphic features a dark background with a grid pattern. On the left, there are three inset images: a man in a brown jacket, a man in a dark suit, and a woman wearing sunglasses. The central text is in large, glowing Chinese characters. At the top right, it says "3D LIVE STREAM MAY 18TH 2012". Below the Chinese characters, it says "NEW DIMENSION BEIJING".

BOSS  
HUGO BOSS

SAVE THE DATE  
BOSS BLACK FASHION SHOW BEIJING  
3D LIVE STREAM  
MAY 18TH 2012, 2.45 P.M. CET

The BOSS HUGO BOSS logo is at the top. Below it, the text "SAVE THE DATE BOSS BLACK FASHION SHOW BEIJING 3D LIVE STREAM MAY 18TH 2012, 2.45 P.M. CET" is displayed in white on a dark background.

## Operational infrastructure improvements cater to growth in Asia



- New distribution centers in Shanghai and Hong Kong up and running
- Support regional growth through increased speed to market and faster replenishment
- Roll-out of harmonized IT platform under way



## AGENDA

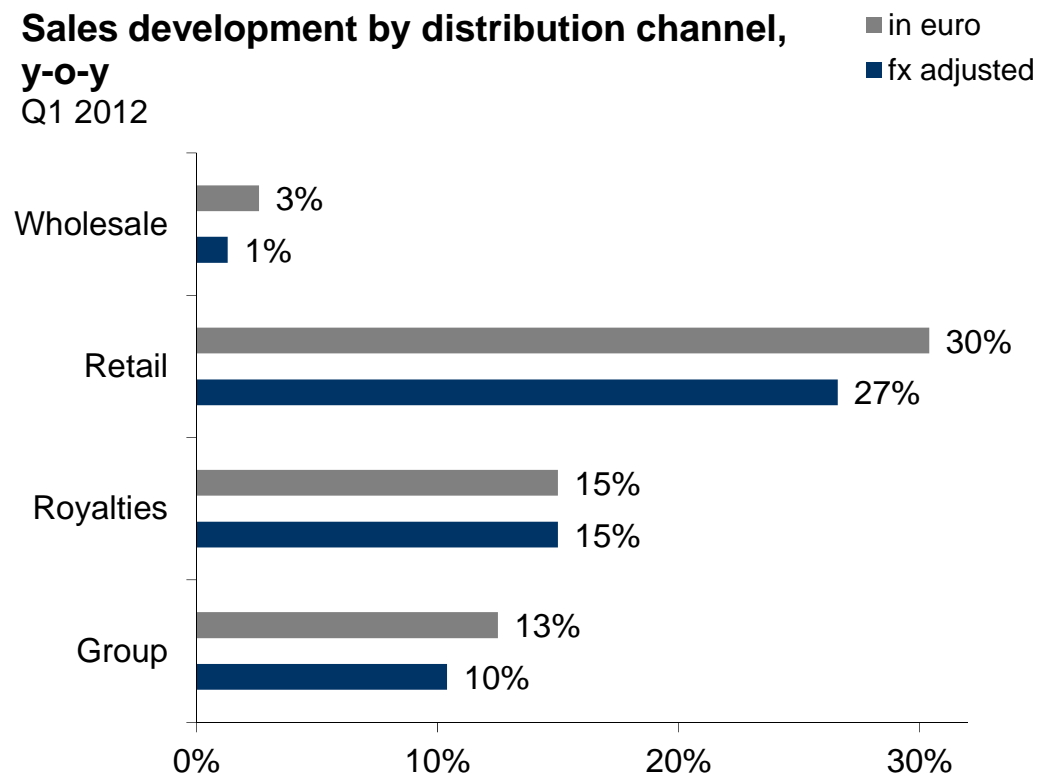
OPERATIONAL HIGHLIGHTS

**FIRST QUARTER RESULTS**

OUTLOOK

## Retail primary driver of Group sales growth

Sales development by distribution channel, y-o-y Q1 2012



- Wholesale sales development reflects introduction of four season cycle
- Own retail comp store sales grow by 11% on a currency-adjusted basis
- Broad-based increases in licensed business

## Strong gross margin improvements offset by higher operating costs

in EUR million	Q1 2012	Q1 2011	Change in %
<b>Net sales</b>	<b>606.8</b>	<b>539.2</b>	<b>13</b>
<b>Gross profit</b>	<b>370.1</b>	<b>314.7</b>	<b>18</b>
in % of sales	61.0	58.4	2.6 pp
Selling and distribution expenses	(189.2)	(152.5)	(24)
Administration costs and other operating income and expenses	(51.5)	(46.3)	(11)
<b>Operating result (EBIT)</b>	<b>129.4</b>	<b>115.9</b>	<b>12</b>
in % of sales	21.3	21.5	(0.2 pp)
Financial result	(4.2)	(6.0)	30
<b>Earnings before taxes</b>	<b>125.2</b>	<b>109.9</b>	<b>14</b>
Income taxes	(30.0)	(26.4)	(14)
<b>Net income</b>	<b>95.2</b>	<b>83.5</b>	<b>14</b>
Attributable to:			
Equity holders of the parent company	93.9	81.9	15
<b>Earnings per share (EUR)*</b>			
Preferred share	1.37	1.19	15
<b>EBITDA before special items</b>	<b>148.4</b>	<b>131.6</b>	<b>13</b>
in % of sales	24.5	24.4	0.1 pp

\* Basic and diluted shares

- **Gross margin up**  
260bp to 61.0% mainly due to channel mix effects and efficiency improvements in sourcing
- **Higher selling & distribution expenses** driven by own retail expansion and increased marketing expenditures
- **EBITDA before special items up 13%** to EUR 148 million

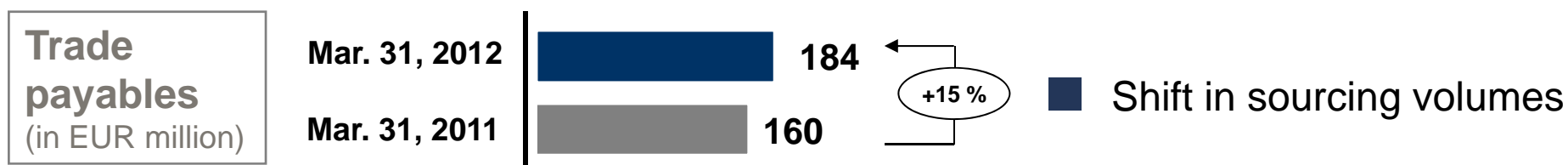
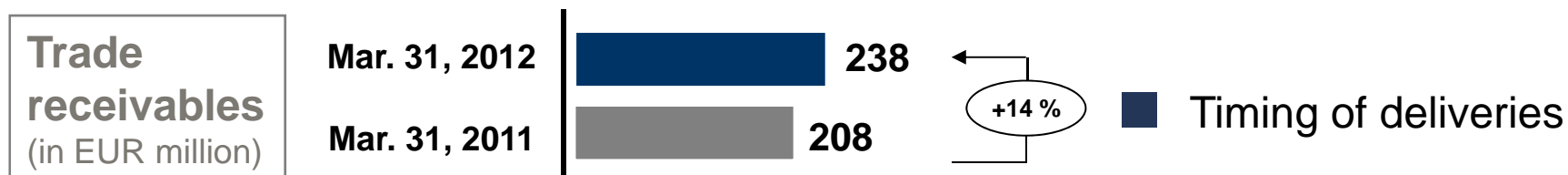
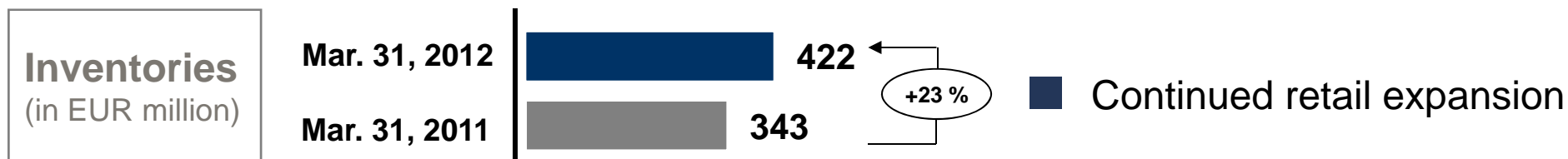
## Significant profitability improvements in the Americas and Asia

in EUR million	Q1 2012	in % of sales	Q1 2011	in % of sales	Change in %
Europe*	148.7	38.6	143.8	40.9	4
Americas	34.9	28.6	25.3	24.8	37
Asia/Pacific	33.2	37.9	25.3	33.8	31
Royalties	12.7	104.9	8.8	83.8	44
Segment profit operating segments	<b>229.5</b>	<b>37.8</b>	<b>203.2</b>	<b>37.7</b>	<b>13</b>
Corporate units / consolidation	(81.1)		(71.6)		
EBITDA before special items	<b>148.4</b>	<b>24.5</b>	<b>131.6</b>	<b>24.4</b>	<b>13</b>

- Higher sales and marketing expenditures affect margin development in Europe
- Retail strength drives profitability improvements in the Americas
- Higher retail share supports margin expansion in Asia

\*incl. Middle East and Africa

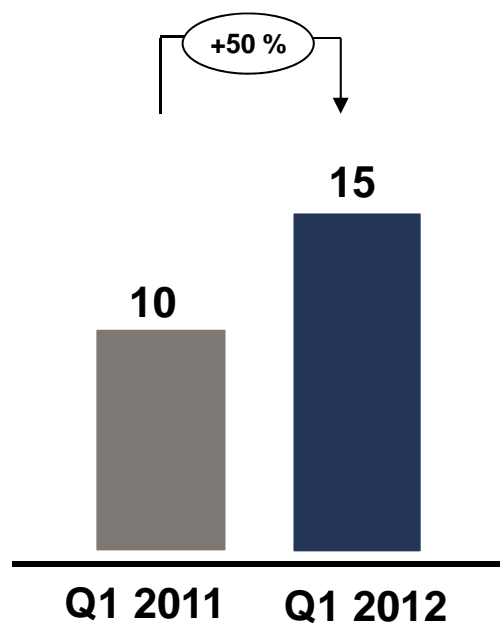
## Trade net working capital increases by 22% to EUR 476 million



## Net debt declines despite higher investments

### Investments

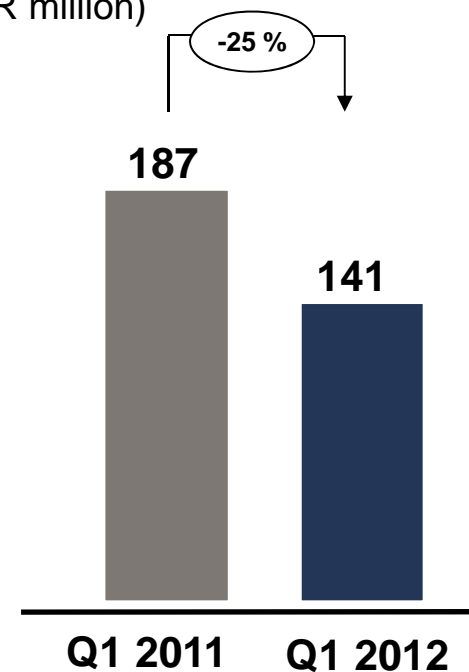
(in EUR million)



■ Focus on own retail expansion and renovation

### Net debt

(in EUR million)



■ Net debt declines by EUR 46 million



## AGENDA

OPERATIONAL HIGHLIGHTS

FIRST QUARTER RESULTS

**OUTLOOK**

## 2012 outlook confirmed

### 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**

## HUGO BOSS enjoys ongoing growth momentum

- Resilient performance even in challenging markets
- Ongoing business model improvements provide new opportunities from better consumer insights
- 2012 another step towards achievement of medium-term goals



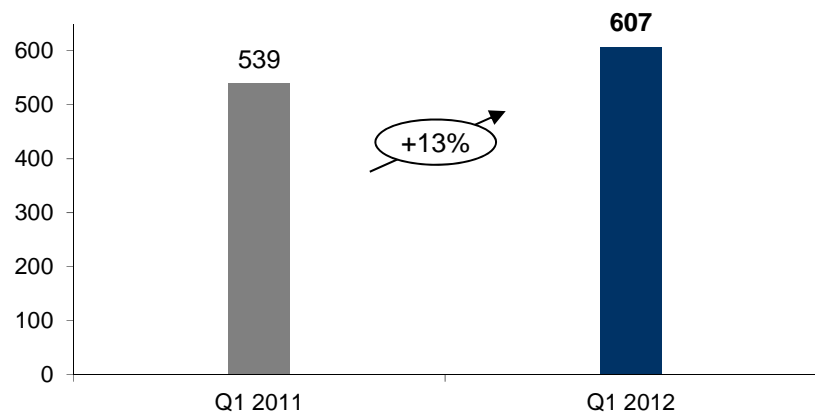
# QUESTIONS & ANSWERS

# BACKUP

# FIRST QUARTER RESULTS AT A GLANCE

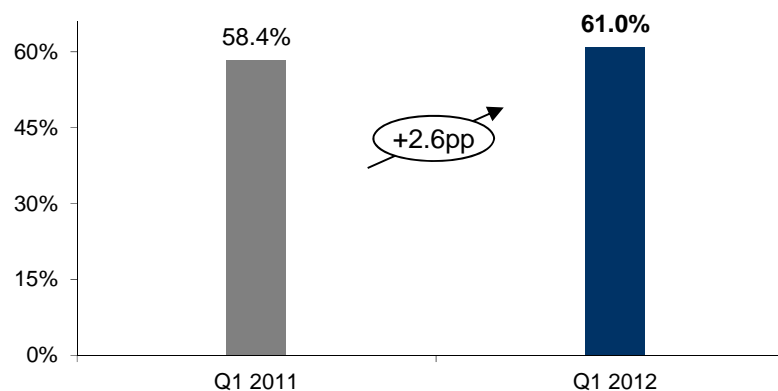
## Sales

(in EUR million)



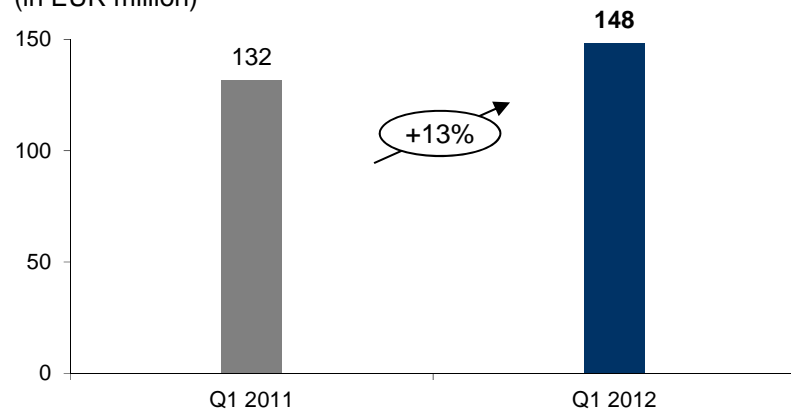
## Gross margin

(in %)



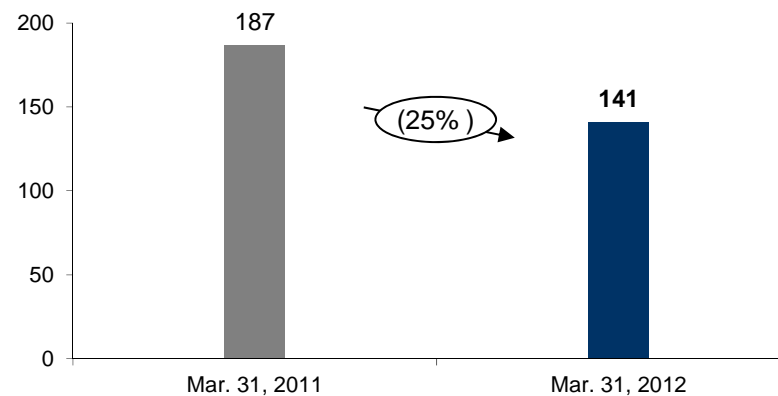
## EBITDA before special items

(in EUR million)



## Net debt

(in EUR million)

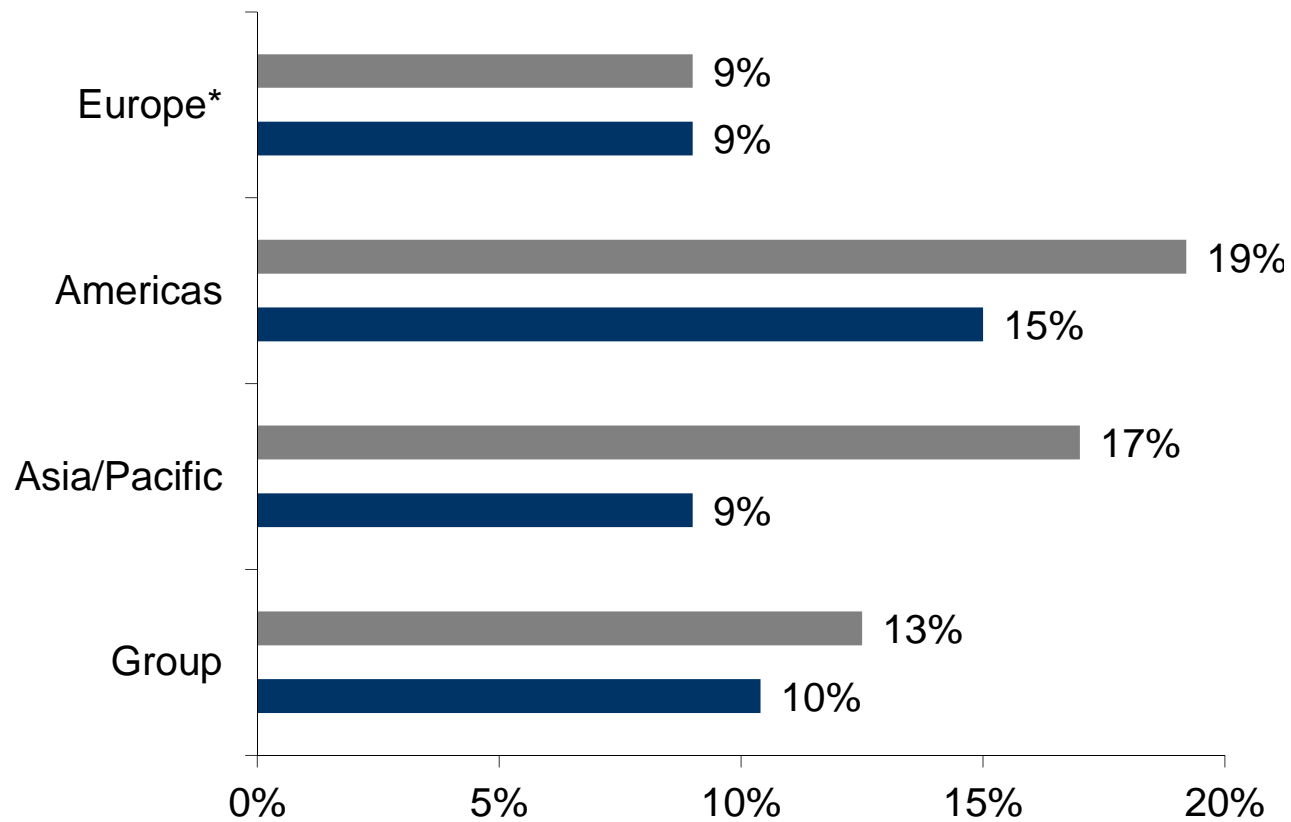


## FIRST QUARTER P&L

in EUR million	Q1 2012	Q1 2011	Change in %
<b>Net sales</b>	<b>606.8</b>	<b>539.2</b>	<b>13</b>
Cost of sales	(224.2)	(213.8)	(5)
Direct selling expenses	(12.5)	(10.7)	(17)
<b>Gross profit</b>	<b>370.1</b>	<b>314.7</b>	<b>18</b>
in % of sales	61.0	58.4	2.6 pp
Selling and distribution expenses	(189.2)	(152.5)	(24)
Administration costs and other operating income and expenses	(51.5)	(46.3)	(11)
<b>Operating result (EBIT)</b>	<b>129.4</b>	<b>115.9</b>	<b>12</b>
in % of sales	21.3	21.5	(0.2 pp)
Net interest income/expense	(3.3)	(3.8)	13
Other financial items	(0.9)	(2.2)	59
<b>Financial result</b>	<b>(4.2)</b>	<b>(6.0)</b>	<b>30</b>
<b>Earnings before taxes</b>	<b>125.2</b>	<b>109.9</b>	<b>14</b>
Income taxes	(30.0)	(26.4)	(14)
<b>Net income</b>	<b>95.2</b>	<b>83.5</b>	<b>14</b>
<b>Attributable to:</b>			
Equity holders of the parent company	93.9	81.9	15
Minority interests	1.3	1.6	
<b>Net income</b>	<b>95.2</b>	<b>83.5</b>	<b>14</b>
<b>Earnings per share (EUR)<sup>1</sup></b>			
Ordinary share	1.36	1.18	15
Preferred share	1.37	1.19	15

## SALES BY REGION

**Sales development by region, y-o-y**  
Q1 2012

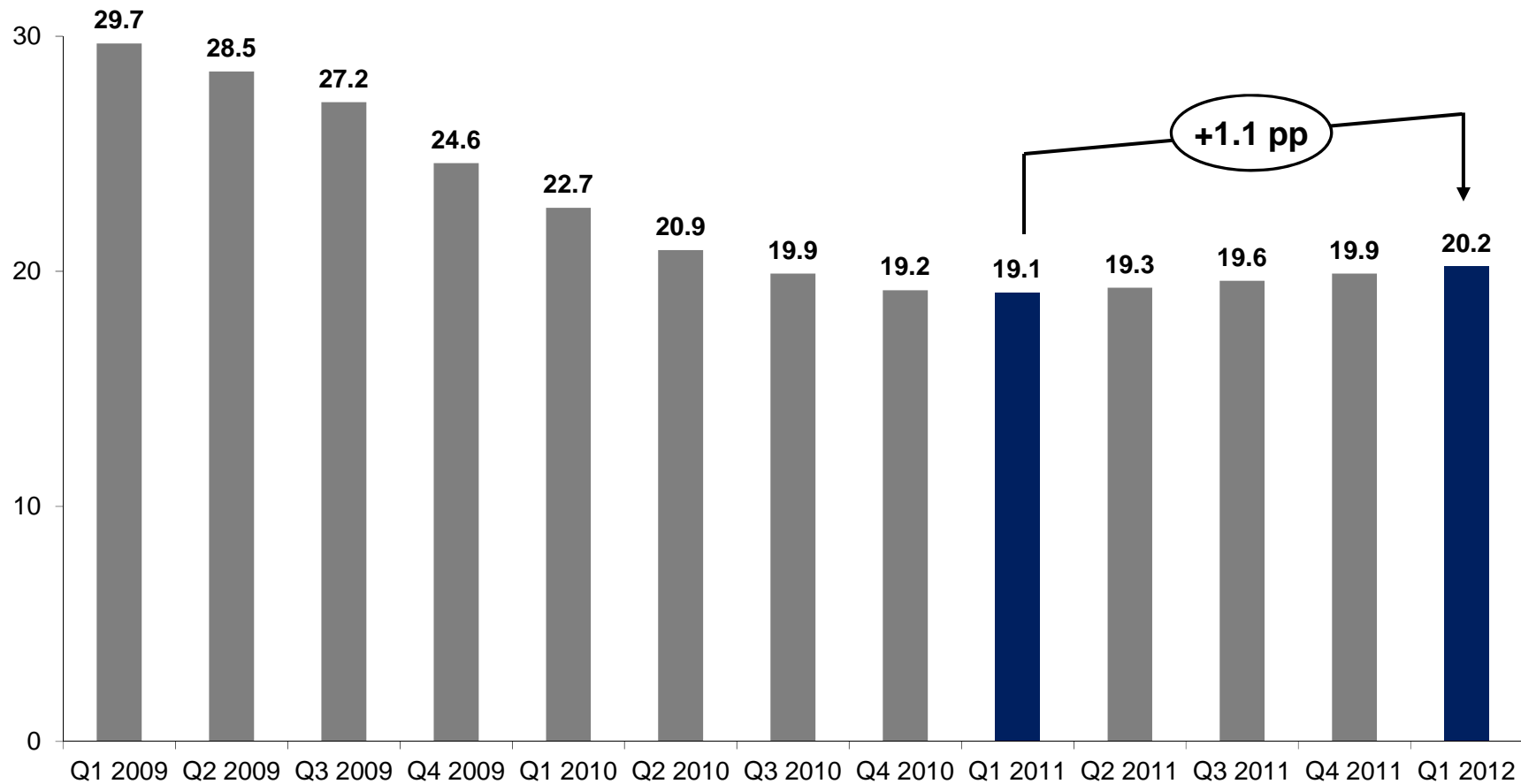


\*incl. Middle East and Africa



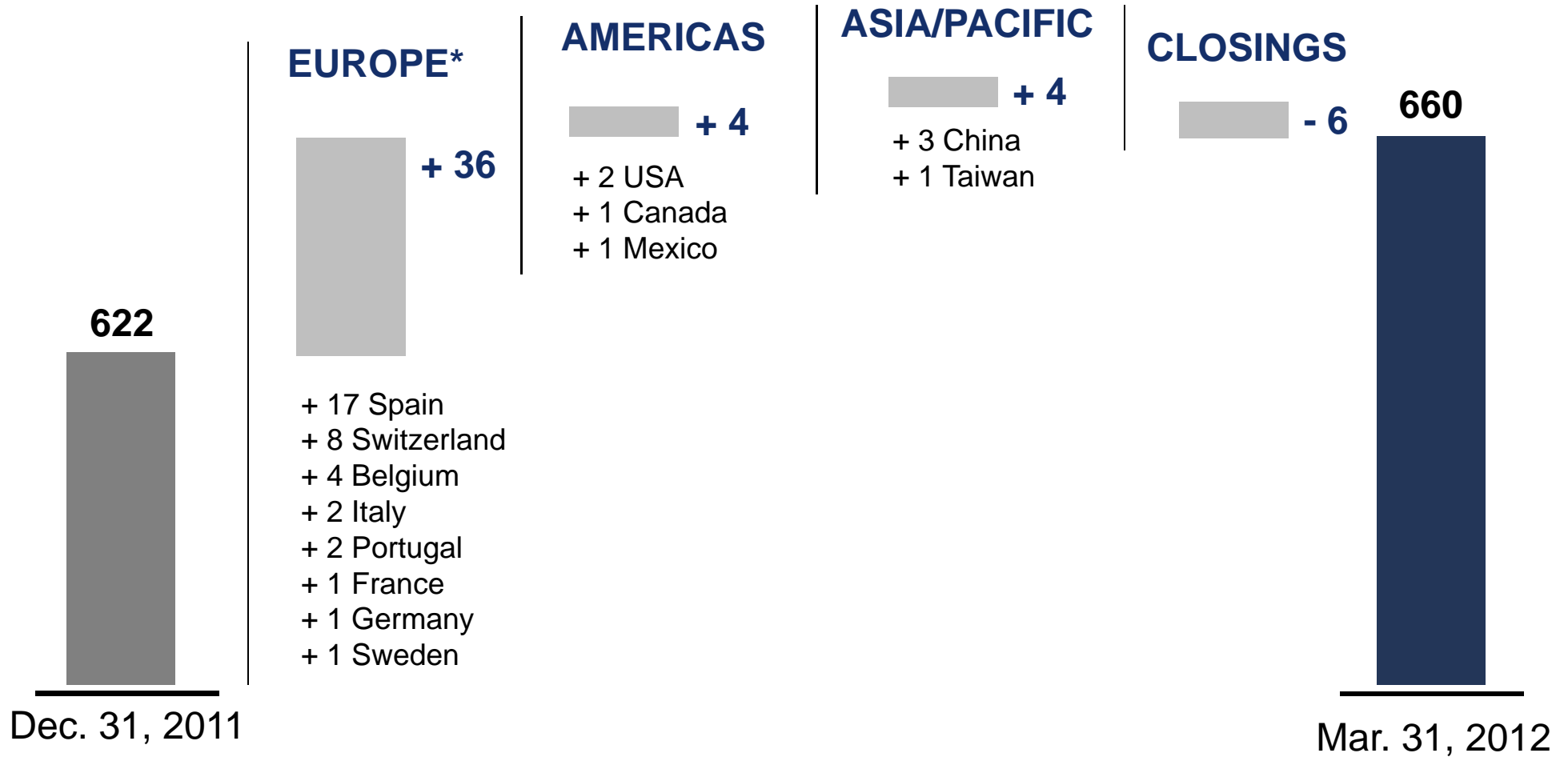
## TRADE NET WORKING CAPITAL

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



## RETAIL NETWORK

Number of own retail stores:



\*Europe incl. Middle East / Africa

## FINANCIAL CALENDAR 2012

Date	Event
May 3, 2012	Annual Shareholders' Meeting
July 31, 2012	First Half Year Results 2012
October 30, 2012	Nine Months Results 2012

## **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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