

**H U G O   B O S S**

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## **ANALYSTS' CONFERENCE 2013**

Claus-Dietrich Lahrs (CEO) | Mark Langer (CFO)  
Metzingen, March 14, 2013

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## Agenda

**Operational highlights**

**Financial highlights**

**Strategic initiatives and outlook**

**Summary**

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**Operational highlights**

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**Strategic initiatives and outlook**

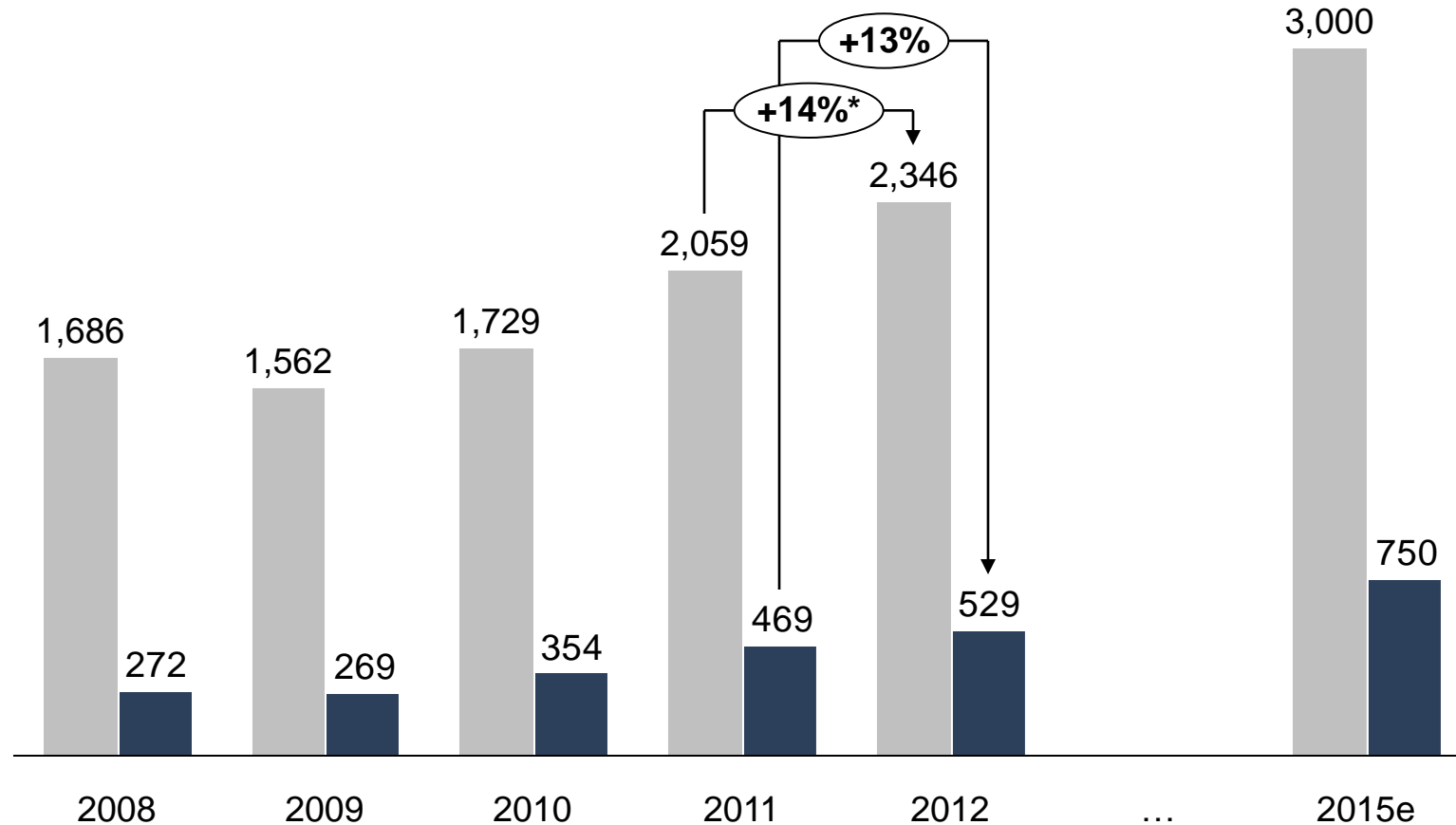
**Summary**

## HUGO BOSS achieves record results

### Sales and EBITDA before special items

(in EUR million)

■ Sales  
■ EBITDA before special items



\* +10% fx-adjusted.

## Beijing show largest BOSS fashion event ever in Asia



BOSS fashion show, Beijing  
Fall/Winter 2012 collection



## BOSS brand grows at double-digit rates across clothing and sportswear

**BOSS**  
HUGO BOSS





## HUGO BOSS makes a strong statement at the Vendée Globe





## HUGO rocks Berlin fashion week



HUGO fashion show, Berlin  
Fall 2013 collection

## Womenswear business set for sustainable long-term growth

**BOSS**  
HUGO BOSS



HUGO BOSS Analysts' Conference 2013

**BOSS**  
HUGO BOSS



HUGO BOSS ©

**HUGO**  
HUGO BOSS



March 14, 2013



## Successful product launches drive fragrance business



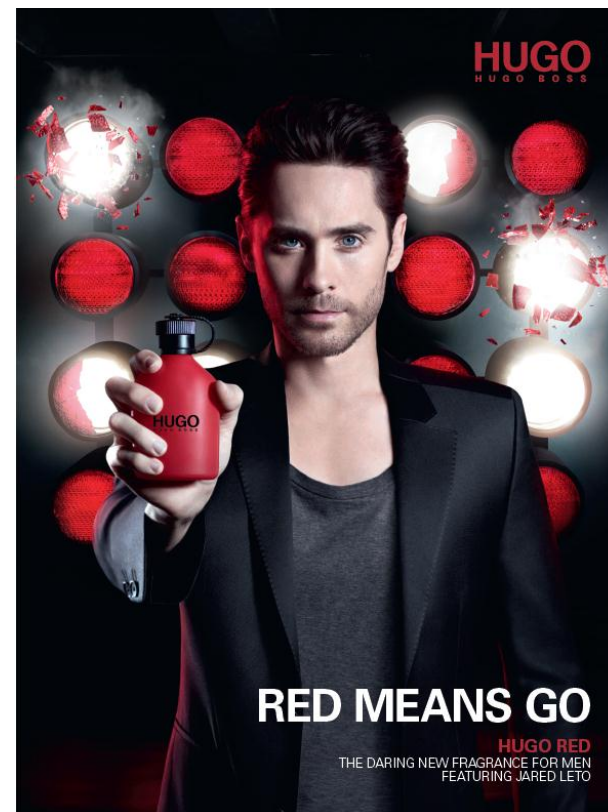
hugoboss.com

**BOSS**  
HUGO BOSS



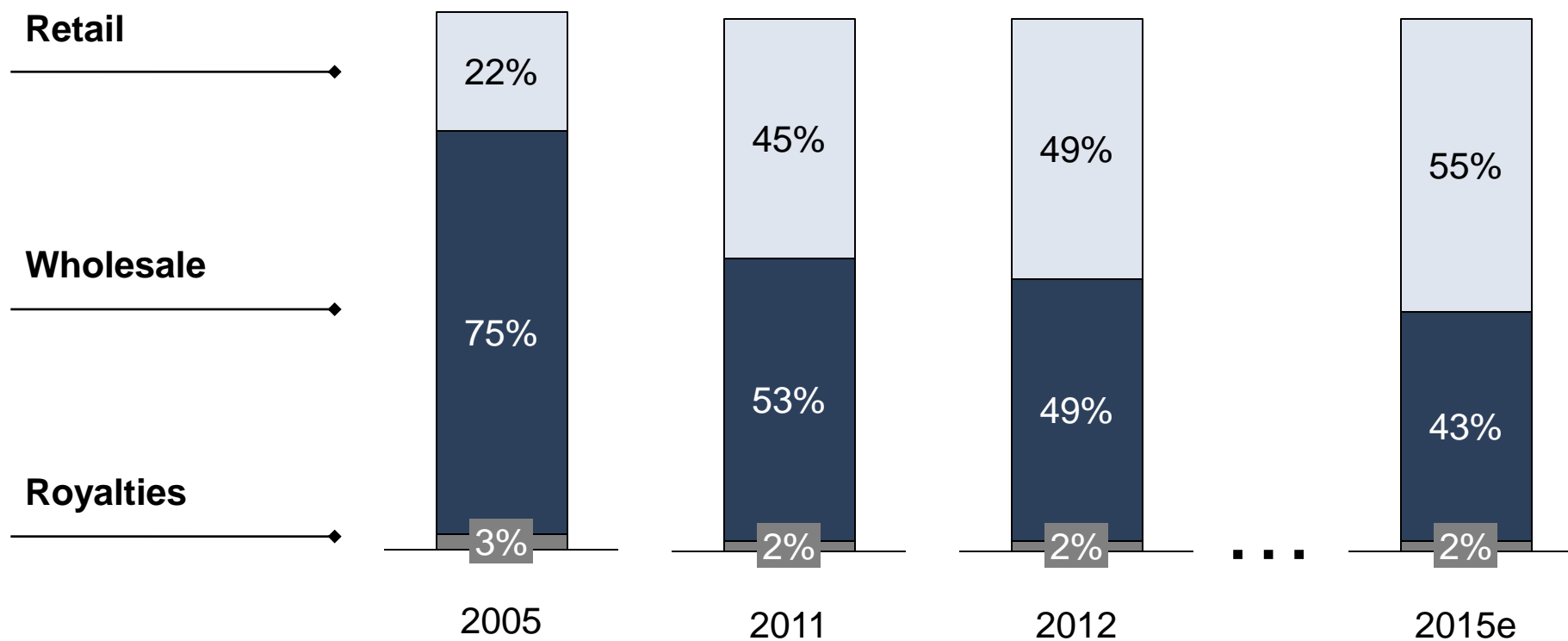
fragrances.hugoboss.com

**BOSS**  
HUGO BOSS



## Own retail has grown into the Group's biggest distribution channel

### Sales by distribution channel



## Further expansion of the own retail network

### Number of own retail stores as of December 31, 2012

(December 31, 2011: 622)



\* incl. Middle East and Africa.



## High profile store openings across all continents



**BOSS Store, Brussels**  
 Boulevard de Waterloo  
 Opening: October 2012  
 Net size: 423 sqm



**BOSS Store, Toronto**  
 Yorkdale  
 Opening: November 2012  
 Net size: 339 sqm



**BOSS Store, Melbourne**  
 Crown Plaza  
 Opening: December 2012  
 Net size: 458 sqm

## Renovations offer attractive potential for productivity uplifts



BOSS Store, Paris  
Avenue des Champs-Élysées



BOSS Store, Sydney  
King Street



BOSS Store, London  
Regent Street

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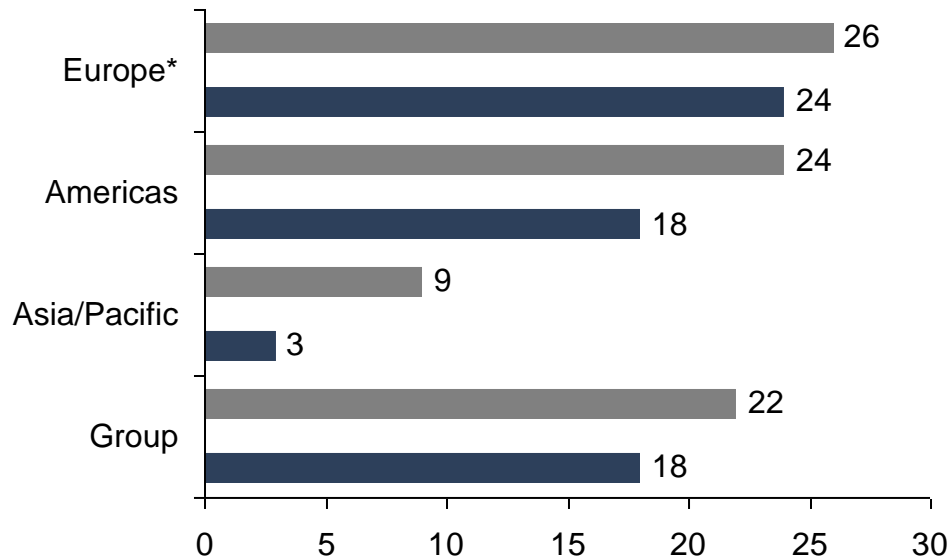
**Summary**

## All regions contribute to Group sales growth in 2012

### Sales growth by region, y-o-y

Q4 2012  
(in %)

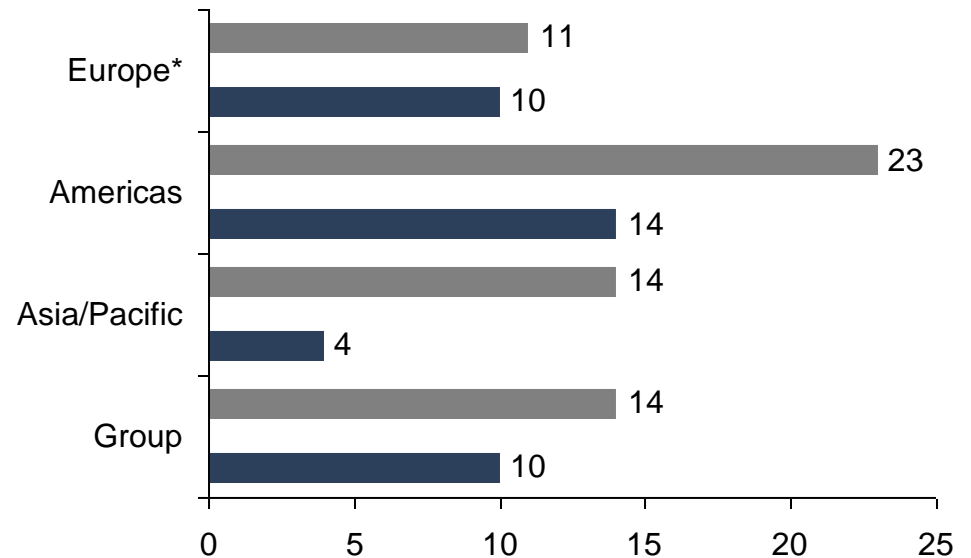
■ in EUR  
■ fx-adjusted



### Sales growth by region, y-o-y

FY 2012  
(in %)

■ in EUR  
■ fx-adjusted



- Sales increase in all European markets in 2012
- Broad-based growth in the U.S. drives performance in the Americas
- More moderate revenue increases in China slow growth in Asia/Pacific

\*incl. Middle East and Africa.

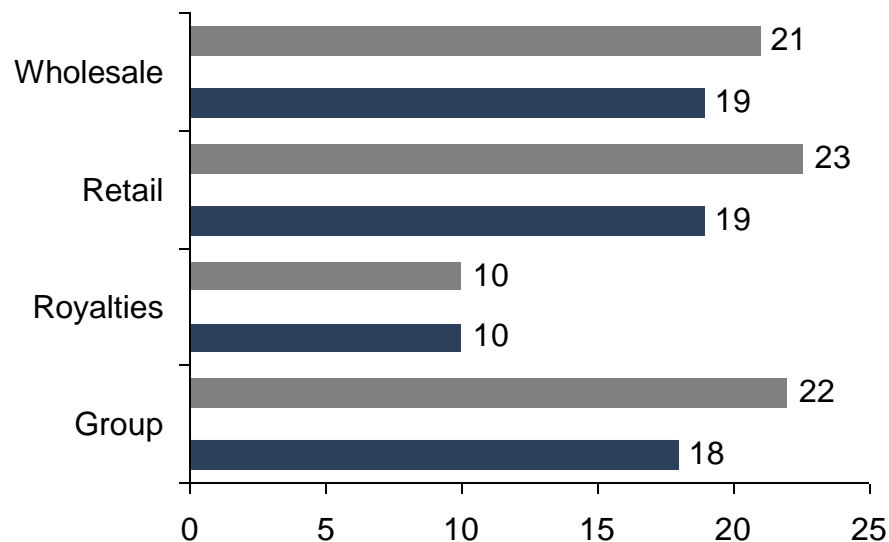


## Robust growth in retail primary driver of Group sales increases

### Sales growth by channel, y-o-y

Q4 2012  
(in %)

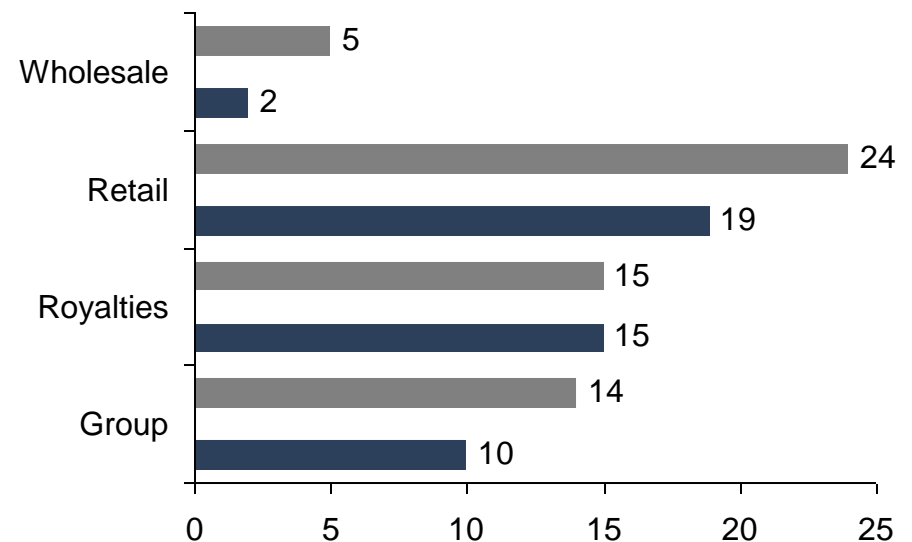
■ in EUR  
■ fx-adjusted



### Sales growth by channel, y-o-y

FY 2012  
(in %)

■ in EUR  
■ fx-adjusted



- Four season cycle effects drive strong Q4 wholesale performance supporting full year growth
- Store expansion and comp store sales growth support double-digit increases in retail
- Strong fragrance business key to robust increases in royalties segment



## Sales and gross margin improvements support net income growth

in EUR million	2012	2011*	Change in %
<b>Net sales</b>	<b>2,345.9</b>	<b>2,058.8</b>	<b>14</b>
<b>Gross profit</b>	<b>1,453.2</b>	<b>1,264.8</b>	<b>15</b>
in % of sales	61.9	61.4	0.5 pp
Selling and distribution expenses	(808.8)	(682.1)	(19)
Administration costs and other operating income and expenses	(211.2)	(188.1)	(12)
<b>Operating result (EBIT)</b>	<b>433.2</b>	<b>394.6</b>	<b>10</b>
in % of sales	18.5	19.2	(0.7) pp
Financial result	(23.6)	(11.7)	<(100)
<b>Earnings before taxes</b>	<b>409.6</b>	<b>382.9</b>	<b>7</b>
Income taxes	(98.1)	(91.5)	(7)
<b>Net income</b>	<b>311.5</b>	<b>291.4</b>	<b>7</b>
Attributable to:			
Equity holders of the parent company	307.4	284.9	8
<b>Earnings per share (EUR)**</b>			
Ordinary share	4.45	4.12	8
<b>EBITDA before special items</b>	<b>529.3</b>	<b>469.5</b>	<b>13</b>
in % of sales	22.6	22.8	(0.2) pp

■ Positive channel mix effects and efficiency improvements in sourcing and production support **gross margin** increase

■ Own retail expansion main driver of higher **selling and distribution expenses**

■ Exchange rate effects have negative impact on **net financial result**

\* Certain amounts shown here do not correspond to the 2011 consolidated financial statements and reflect adjustments made.

\*\* Basic and diluted earnings per share

## Margin improvements in the Americas and Asia benefit Group operating profit growth

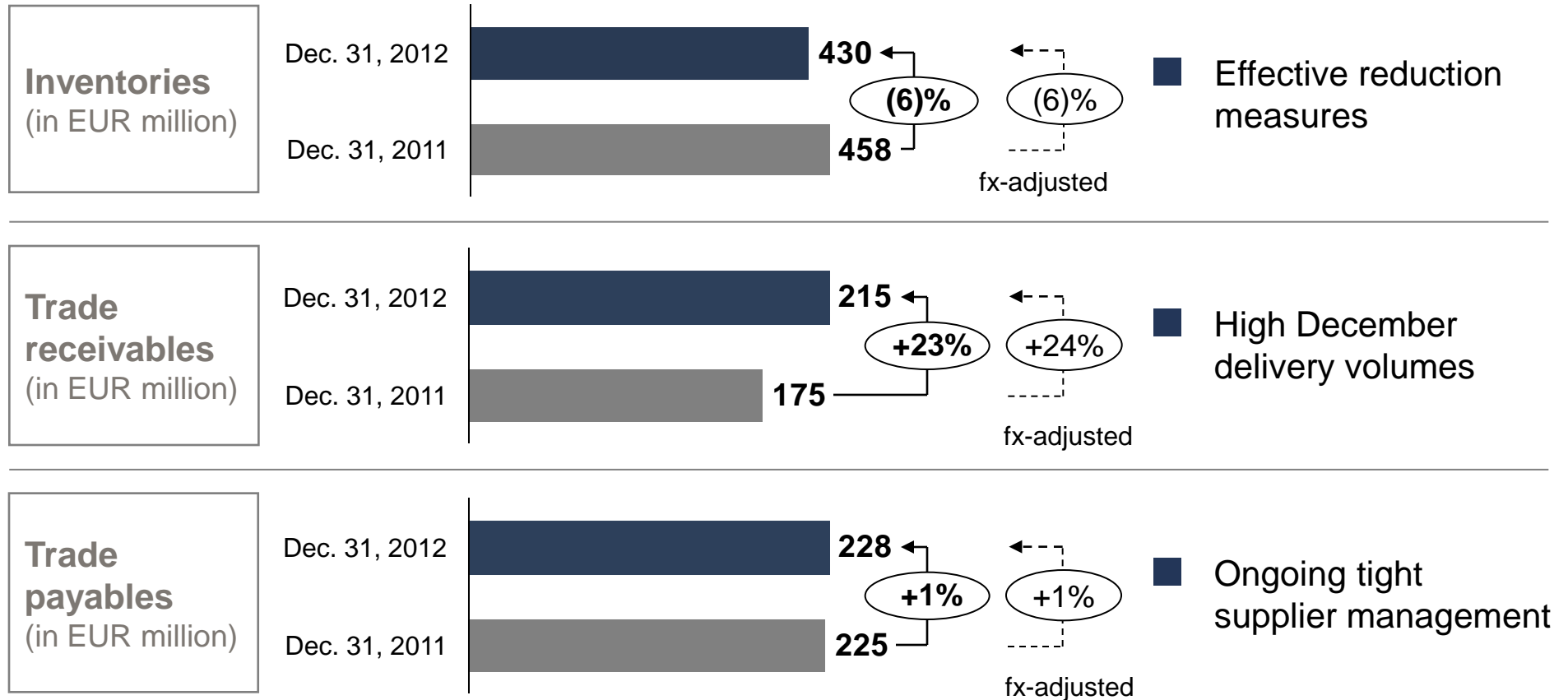
### Segment profit

in EUR million	2012	in % of segment sales	2011	in % of segment sales	Change in %
Europe*	510.7	37.1	486.3	39.0	5
Americas	153.3	27.4	122.3	26.9	25
Asia/Pacific	131.2	37.2	111.1	35.9	18
Royalties	50.4	89.2	43.0	87.2	17
Segment profit operating segments	<b>845.5</b>	<b>36.0</b>	<b>762.7</b>	<b>37.0</b>	11
Corporate units / consolidation	316.2		293.2		8
EBITDA before special items	<b>529.3</b>	<b>22.6</b>	<b>469.5</b>	<b>22.8</b>	13

- Significant retail expansion dilutes operating margin in Europe
- Healthy growth drives profitability increases in the Americas
- Further improvements make Asia/Pacific most profitable Group region

\*incl. Middle East and Africa.

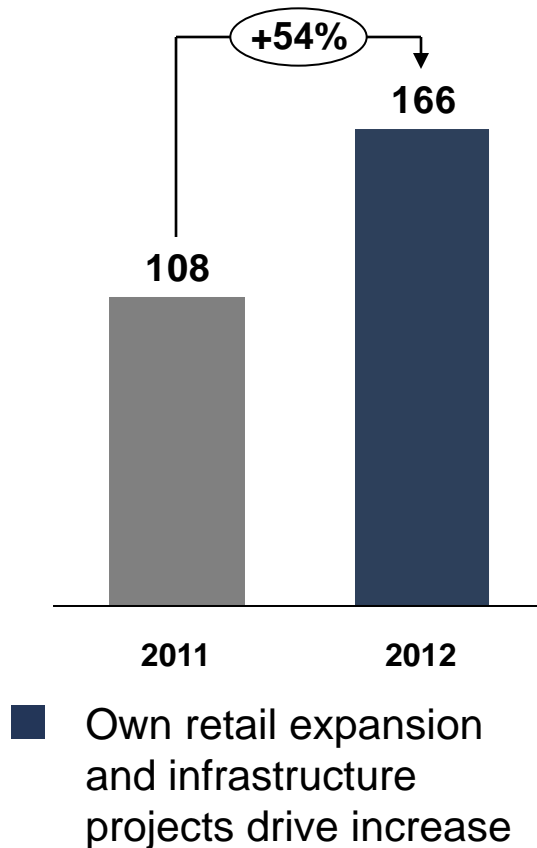
## Trade net working capital grows significantly slower than sales



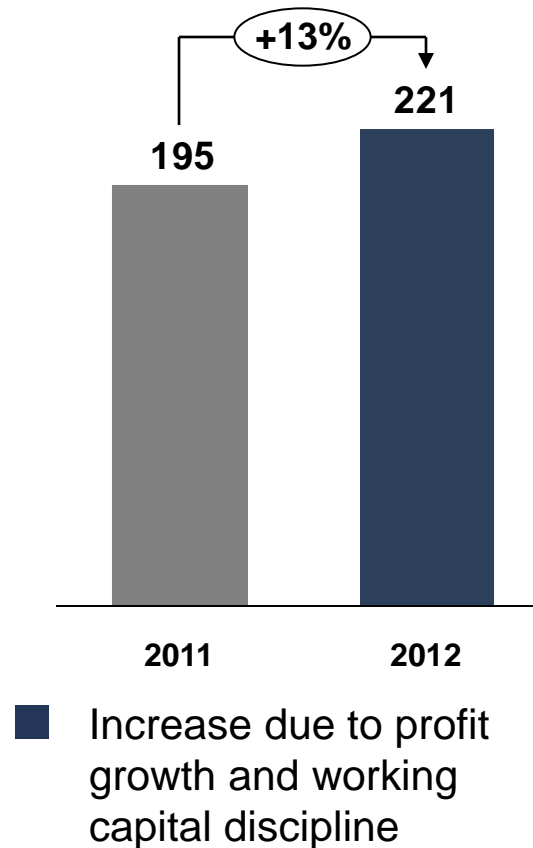
➔ Trade net working capital up 3% to EUR 418 million

## Operating profit increase and working capital discipline support free cash flow generation

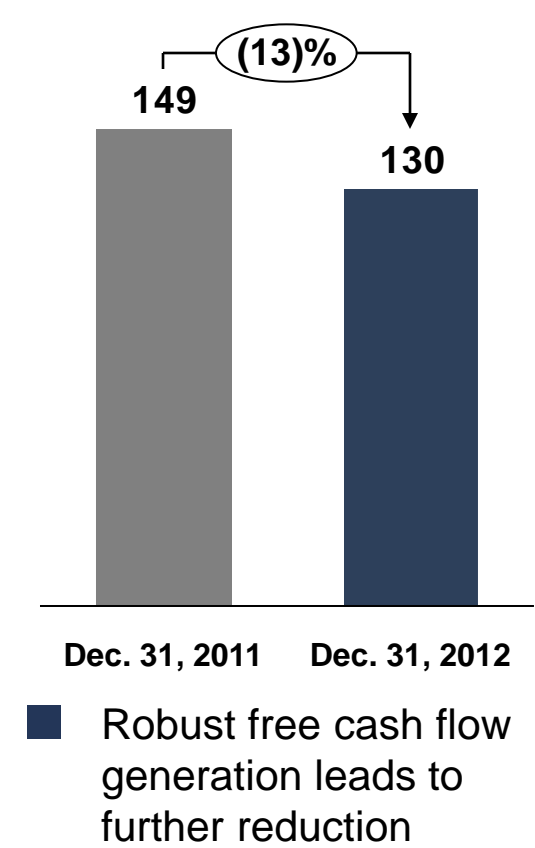
### Investments (in EUR million)



### Free cash flow (in EUR million)

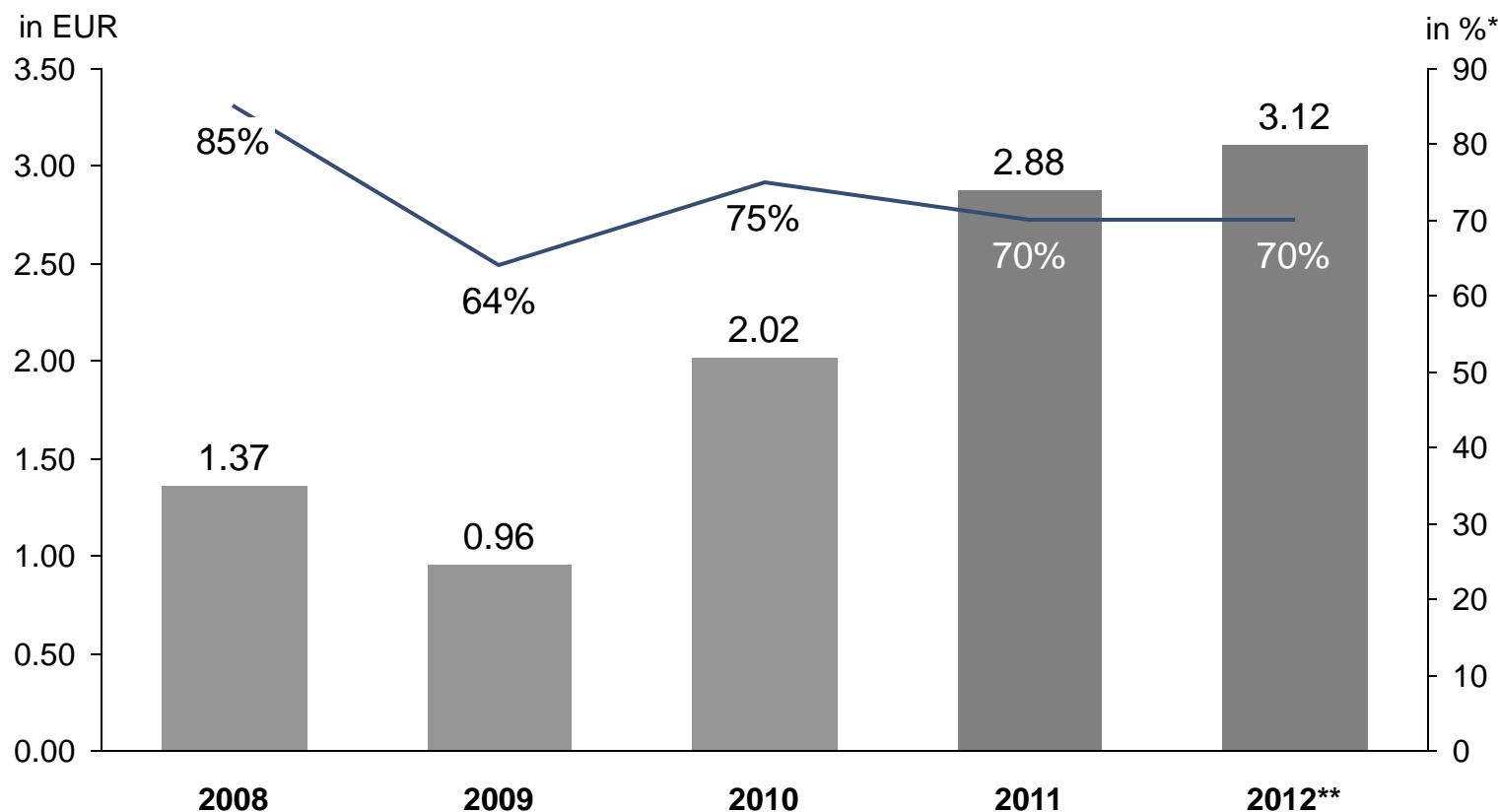


### Net debt (in EUR million)



## Dividend proposal of EUR 3.12 per share reflects 70% payout ratio

### Dividend and payout ratio



➔ Proposal in line with dividend policy of 60% to 80% payout of consolidated net profit

\* As a percentage of net profit attributable to the shareholders of the parent company. // \*\*2012: Dividend proposal.



## **HUGO BOSS successfully completes refinancing**

- Current syndicated loan was scheduled to mature in May 2013
- New 5-year, EUR 450 million syndicated loan facility structured in EUR 100 million term loan and EUR 350 million revolving credit facility
- Strong demand and favorable conditions document confidence in Group's financial strength

## Agenda

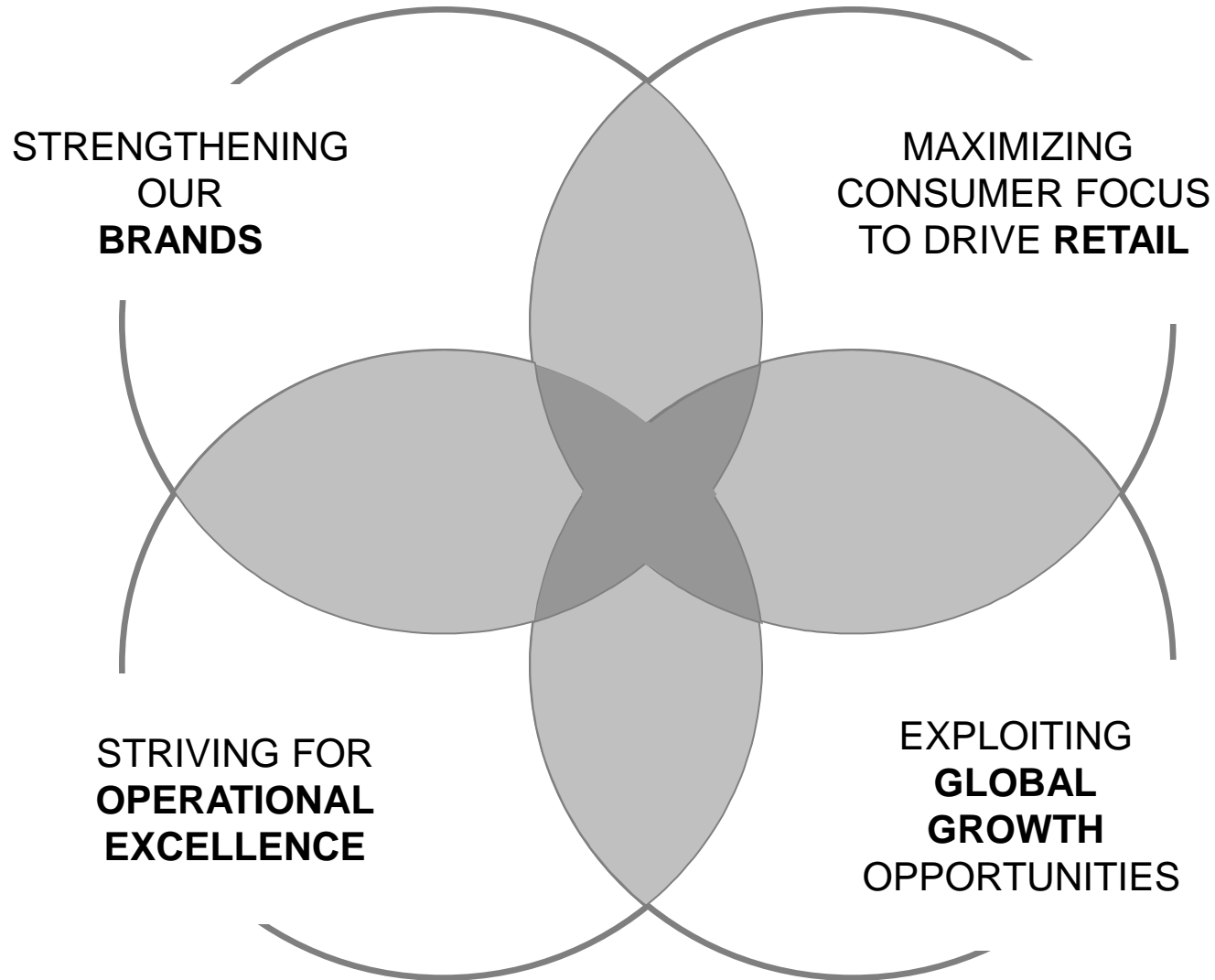
**Operational highlights**

**Financial highlights**

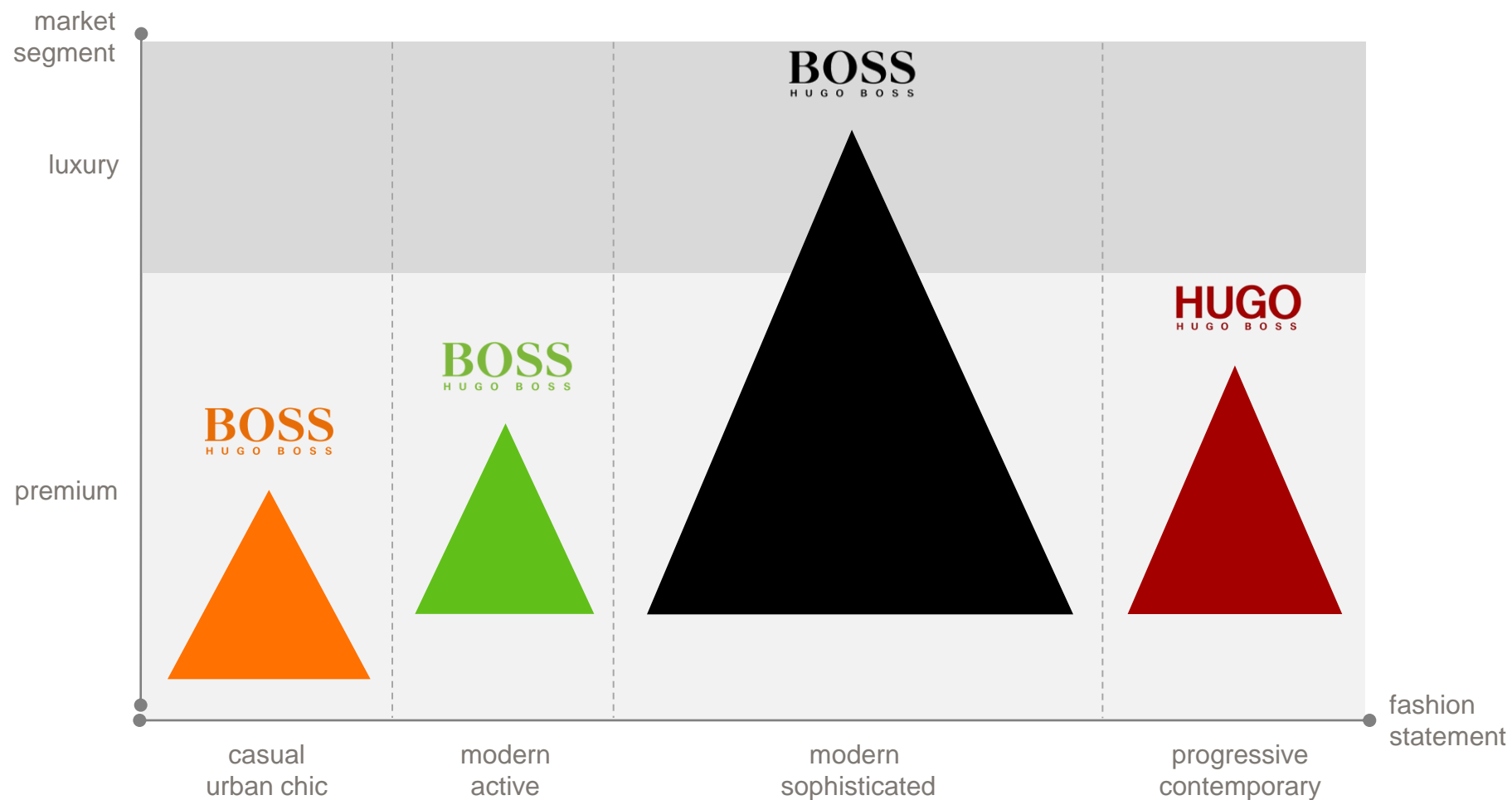
**Strategic initiatives and outlook**

**Summary**

## Continued focus on execution of medium-term strategy



## Strong portfolio of attractive brands



## Integration of BOSS Black and BOSS Selection elevates the core brand



BOSS 65175 HUGO BOSS AG Photo: © R. T. 123 940

SHOP ONLINE [HUGOBOSS.COM](http://HUGOBOSS.COM)

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HUGO BOSS



## Unprecedented focus on womenswear

**BOSS**  
HUGO BOSS



## Dedicated advertising campaign puts womenswear in the spotlight



BOSS 40X65 HUGO BOSS AG Photo: © P. J. J. 1990

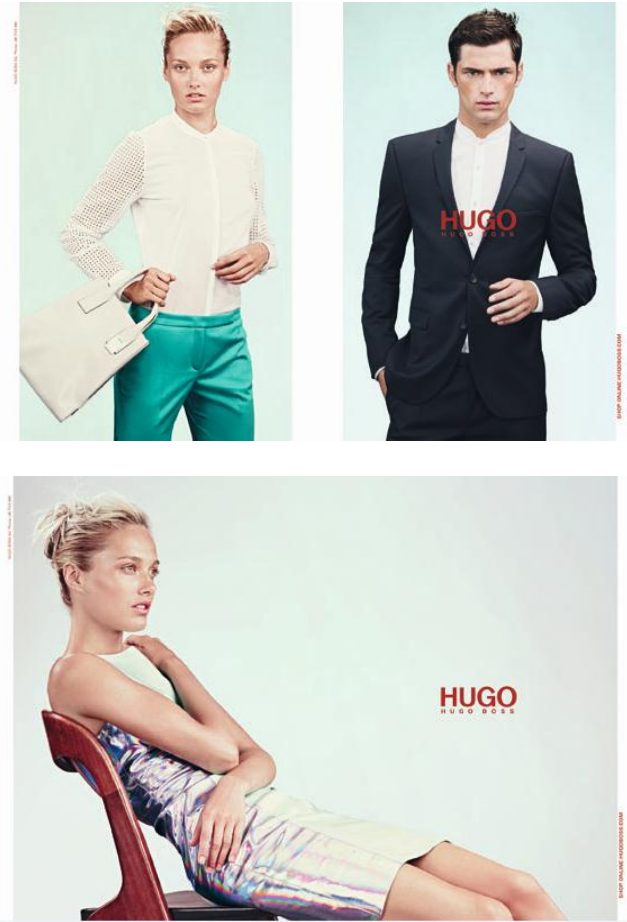
SHOP ONLINE [HUGOBOSS.COM](http://HUGOBOSS.COM)

**BOSS**  
HUGO BOSS

## HUGO celebrates 20<sup>th</sup> anniversary



HUGO 20<sup>th</sup> anniversary  
20 iconic products





## New BOSS Orange campaign takes consumers on a roadtrip



**BOSS**  
HUGO BOSS

## World class golfer Martin Kaymer the face of the BOSS Green campaign





## Retail to remain the Group's growth engine

Flagships in  
mega-cities

Directly operated  
stores

Controlled space

E-Commerce  
M-Commerce



➔ 50 new stores and shop-in-shops to be opened in 2013

## New flagship stores define highest level of customer experience



BOSS Store Shanghai,  
Kerry Center



BOSS Store Shanghai,  
APM International



BOSS Store Amsterdam,  
Leidsestraat



BOSS Store Berlin,  
Kurfürstendamm



BOSS Store Stuttgart,  
Königstraße



BOSS Store Tokyo,  
Omotesando

## Expansion of concession business model

- Successful set-up of concession business model in the last year...



El Corte Inglés



GLOBUS  
SAVOIR VIVRE



... to be further expanded in 2013.



KaDeWe  
BERLIN  
KARSTADT PREMIUM GROUP



OBERPOLLINGER  
MÜNCHEN  
KARSTADT PREMIUM GROUP



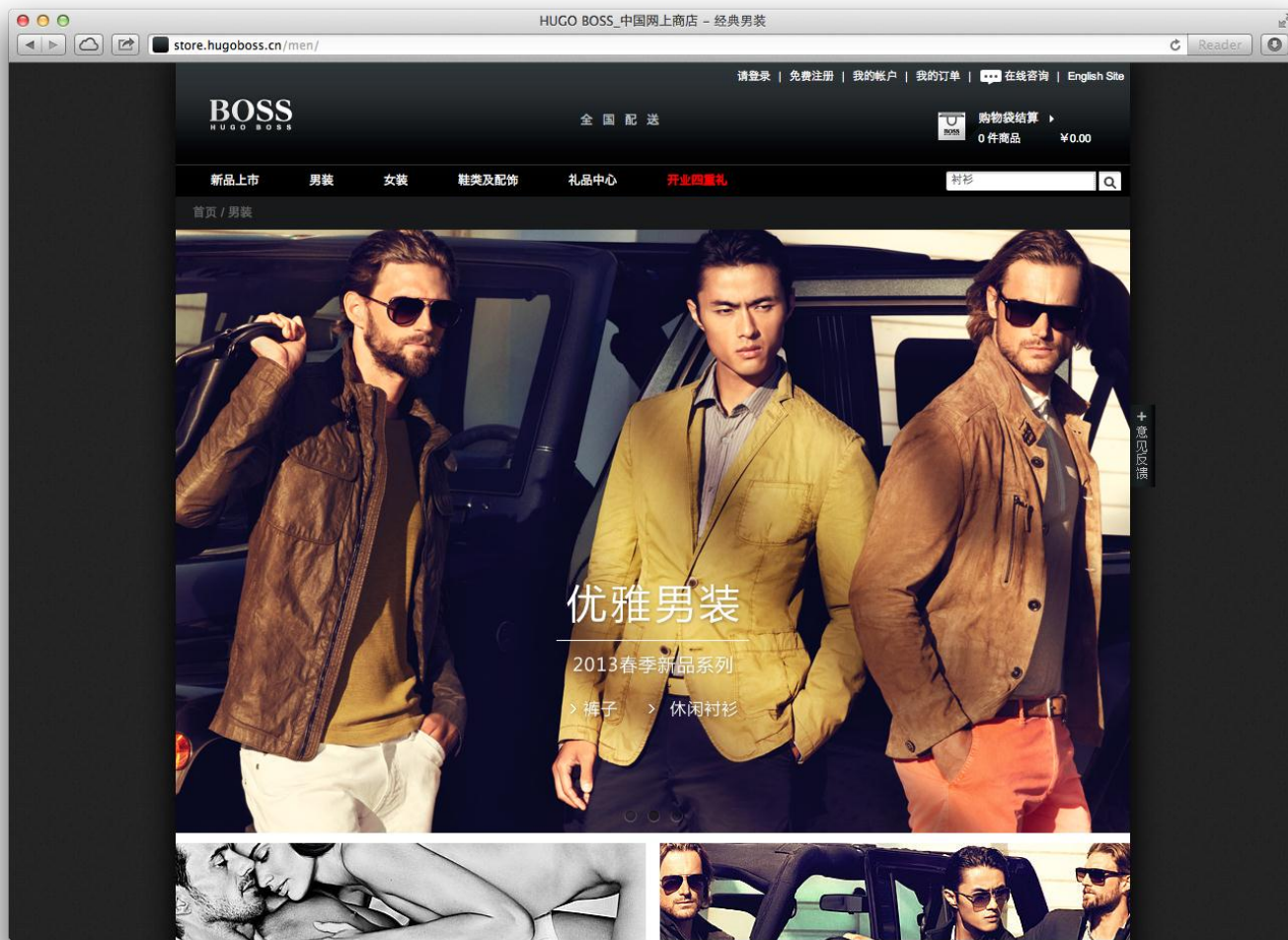
ALSTERHAUS  
HAMBURG  
KARSTADT PREMIUM GROUP



WÖHRL  
MODE & SPORT MIT STARKEN MARKEN



## Chinese online store launched



## Continuous strive for operational excellence

- Continued SAP rollout
- Implementation of global retail merchandise planning solution
- Construction of flat-packed goods distribution center on track for 2014 opening



## Extended brand control to drive growth in Europe

- Expansion of own retail and controlled space in multi-brand environments
- Intact growth trends in key European markets
- Ambitious medium-term expansion plans in Russia



BOSS Store, Brussels  
Boulevard de Waterloo



## Solid increases expected in America

- European lifestyle brand value a solid foundation for further growth
- Breadth of brand portfolio offers attractive opportunities
- Continuous focus on further enhancement of retail experience



BOSS Store, Los Angeles  
Beverly Center

## Gradual improvement in China to support better performance in Asia/Pacific

- Multiple initiatives in place to drive brand perception and awareness in China
- Brand-building upgrades of Chinese retail network under way
- Performance in Japan and Australia to improve compared to prior year



BOSS Store, Taipei  
Taipei 101

## HUGO BOSS expects continued top and bottom line increases in 2013

### 2013 Outlook

**Sales growth (currency-adjusted)**

**High-single-digit**

**Growth of EBITDA before special items**

**High-single-digit**

**Capex**

**Increase on a comparable basis**

**Own retail network**

**Around 50 net organic openings**

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## 2013 to be another important step towards medium-term goals

- Group prepared to outperform difficult retail environments
- Proven strategy solid foundation for growth
- Important progress towards 2015 goals expected

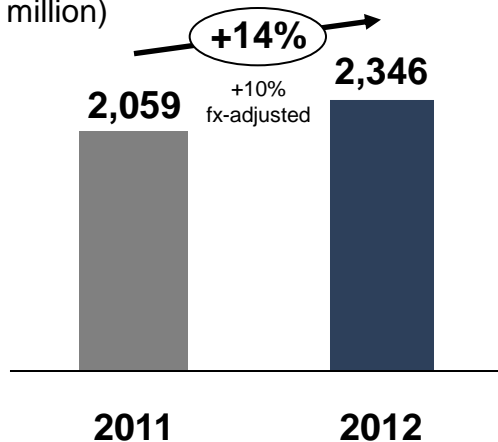


## BACKUP

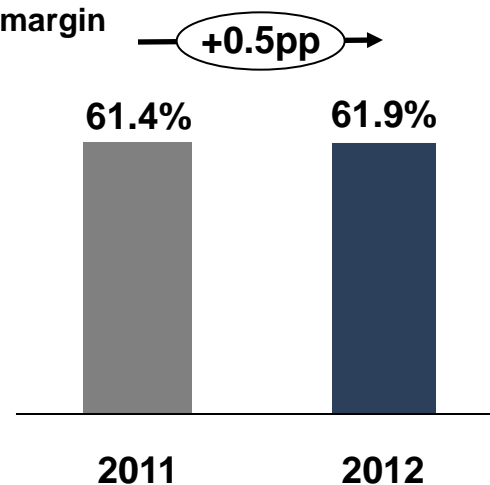


## Full year results at a glance

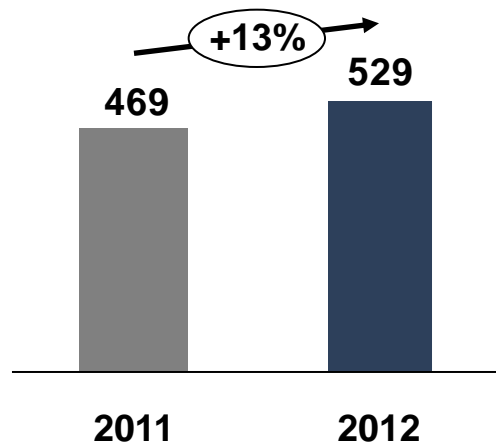
**Sales**  
(in EUR million)



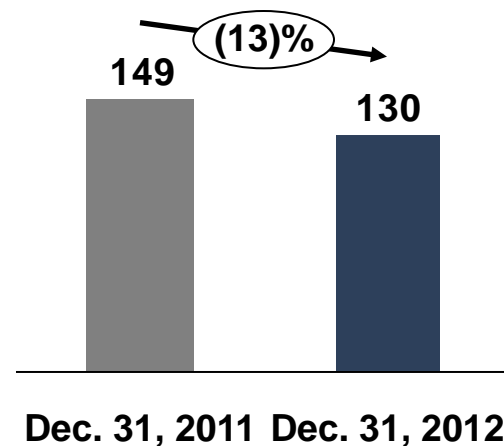
**Gross margin**  
(in %)



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



**Net debt**  
(in EUR million)



## Profit & loss statement

in EUR million	Q4 2012	Q4 2011*	Change in %	2012	2011*	Change in %
<b>Net sales</b>	<b>607.4</b>	<b>499.3</b>	<b>22</b>	<b>2,345.9</b>	<b>2,058.8</b>	<b>14</b>
Cost of sales	(206.4)	(160.2)	(29)	(849.2)	(756.5)	(12)
Direct selling expenses	(9.4)	(8.4)	(12)	(43.5)	(37.5)	(16)
<b>Gross profit</b>	<b>391.6</b>	<b>330.6</b>	<b>18</b>	<b>1,453.2</b>	<b>1,264.8</b>	<b>15</b>
in % of sales	64.5	66.2	(1.7) pp	61.9	61.4	0.5 pp
Selling and distribution expenses	(235.5)	(209.0)	(13)	(808.8)	(682.1)	(19)
Administration costs and other operating income and expenses	(54.4)	(48.9)	(11)	(211.2)	(188.1)	(12)
<b>Operating result (EBIT)</b>	<b>101.6</b>	<b>72.8</b>	<b>40</b>	<b>433.2</b>	<b>394.6</b>	<b>10</b>
in % of sales	16.7	14.6	2.1 pp	18.5	19.2	(0.7) pp
Net interest income/expense	(4.5)	(4.4)	(2)	(16.1)	(16.2)	1
Other financial items	(4.1)	3.3	<(100)	(7.5)	4.5	<(100)
<b>Financial result</b>	<b>(8.6)</b>	<b>(1.1)</b>	<b>&lt;(100)</b>	<b>(23.6)</b>	<b>(11.7)</b>	<b>&lt;(100)</b>
<b>Earnings before taxes</b>	<b>93.1</b>	<b>71.7</b>	<b>30</b>	<b>409.6</b>	<b>382.9</b>	<b>7</b>
Income taxes	(22.2)	(16.8)	(32)	(98.1)	(91.5)	(7)
<b>Net income</b>	<b>70.9</b>	<b>54.9</b>	<b>29</b>	<b>311.5</b>	<b>291.4</b>	<b>7</b>
<b>Attributable to:</b>						
Equity holders of the parent company	69.7	53.5	30	307.4	284.9	8
Minority interests	1.2	1.4		4.1	6.5	(36)
<b>Net income</b>	<b>70.9</b>	<b>54.9</b>	<b>29</b>	<b>311.5</b>	<b>291.4</b>	<b>7</b>
<b>Earnings per share (EUR)**</b>						
Ordinary share	1.01	0.77	31	4.45	4.12	8
Preferred share***		0.78			4.13	
<b>EBITDA before special items</b>	<b>137.6</b>	<b>97.1</b>	<b>42</b>	<b>529.3</b>	<b>469.5</b>	<b>13</b>
in % of sales	22.7	19.4	3.3 pp	22.6	22.8	(0.2) pp

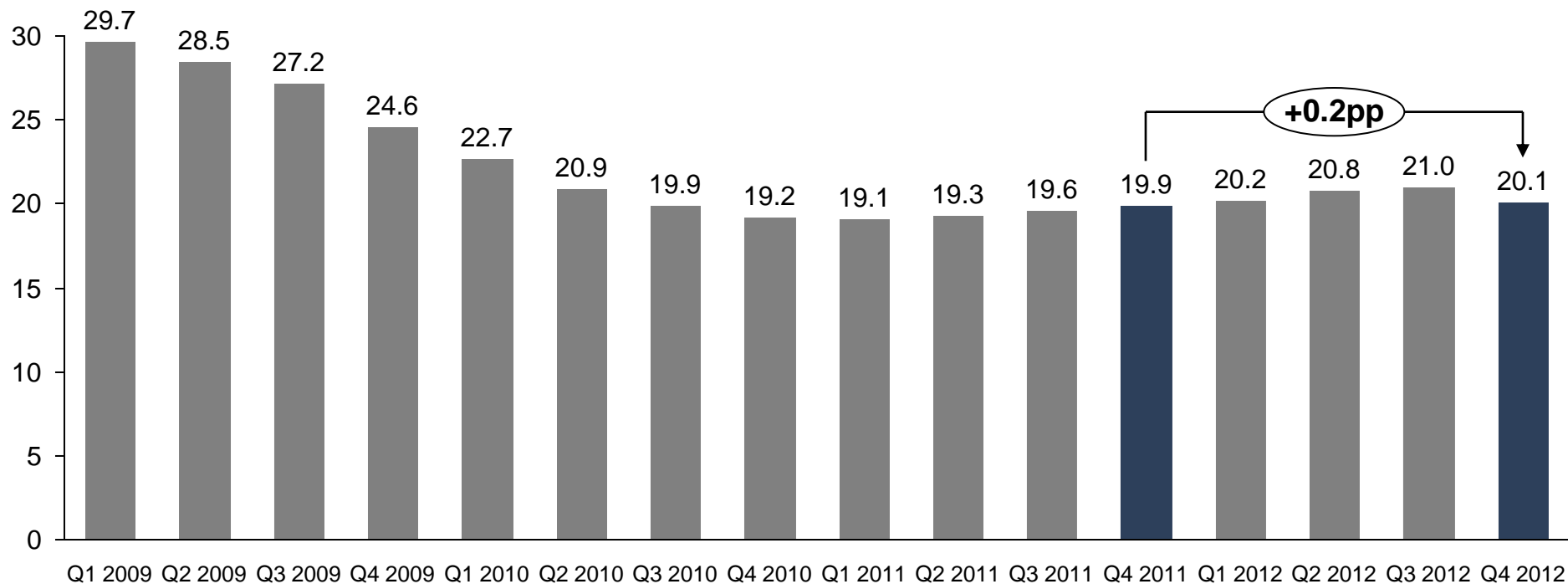
\* Certain amounts shown here do not correspond to the 2011 consolidated financial statements and reflect adjustments made.

\*\* Basic and diluted earnings per share

\*\*\* Preferred shares were converted into ordinary shares on June 15, 2012 after the close of stock market trading.

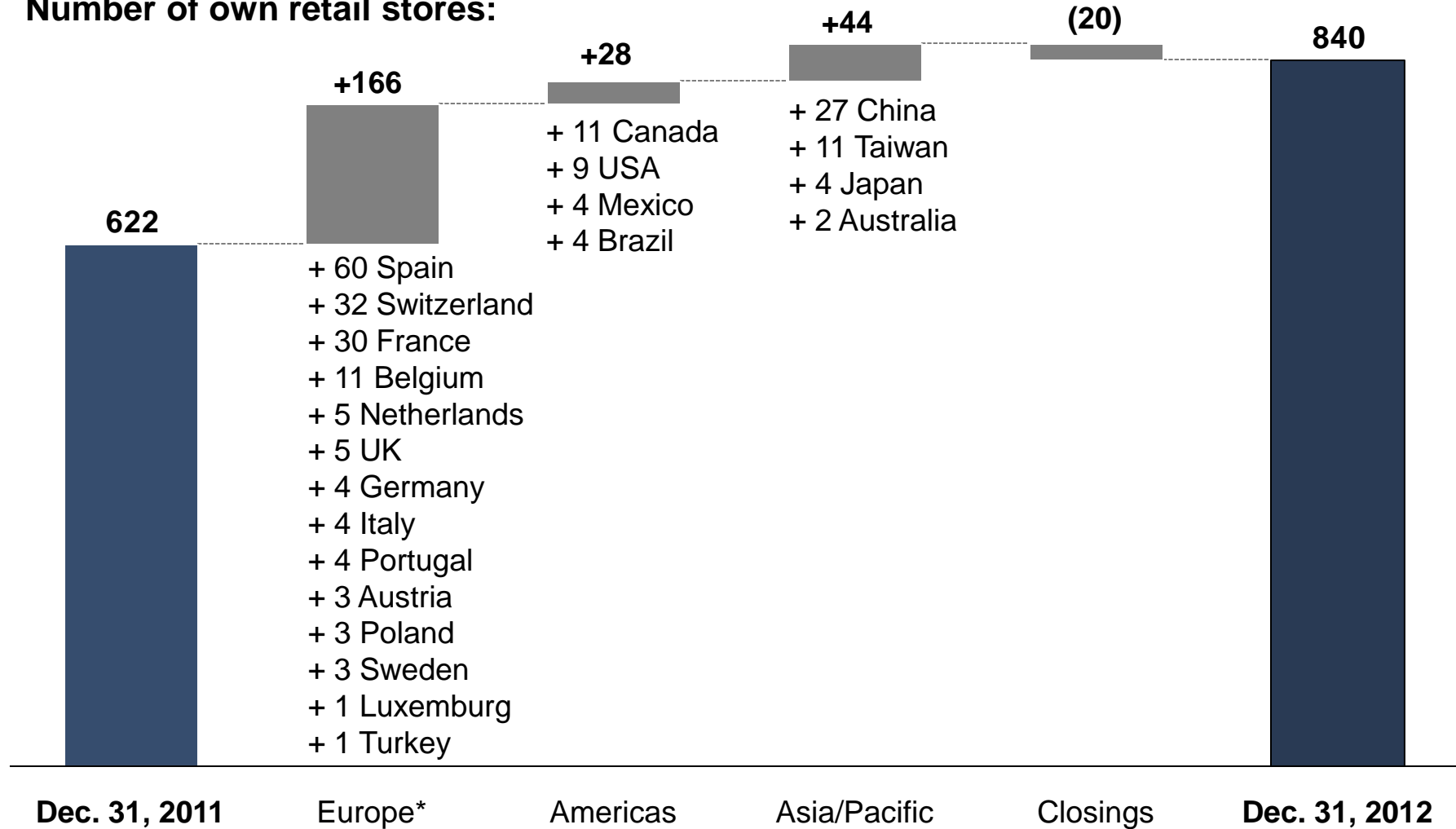
## Trade net working capital

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



## Retail Network

### Number of own retail stores:



\*Europe incl. Middle East and Africa.

## Financial calendar 2013

Date	Event
March 14, 2013	Press and Analysts' Conference
May 2, 2013	First Quarter Results
May 16, 2013	Annual Shareholders' Meeting
July 31, 2013	First Half Year Results
October 31, 2013	Nine Months Results

## **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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