

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

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## **HUGO BOSS First Quarter Results 2013**

Claus-Dietrich Lahrs (CEO) | Mark Langer (CFO)  
Metzingen, May 2, 2013

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## Agenda

**First Quarter Results**

**Strategy Update**

**Outlook**

## Agenda

**First Quarter Results**

**Strategy Update**

**Outlook**

**First quarter results reflect challenging economic environment and different timing of wholesale shipments**

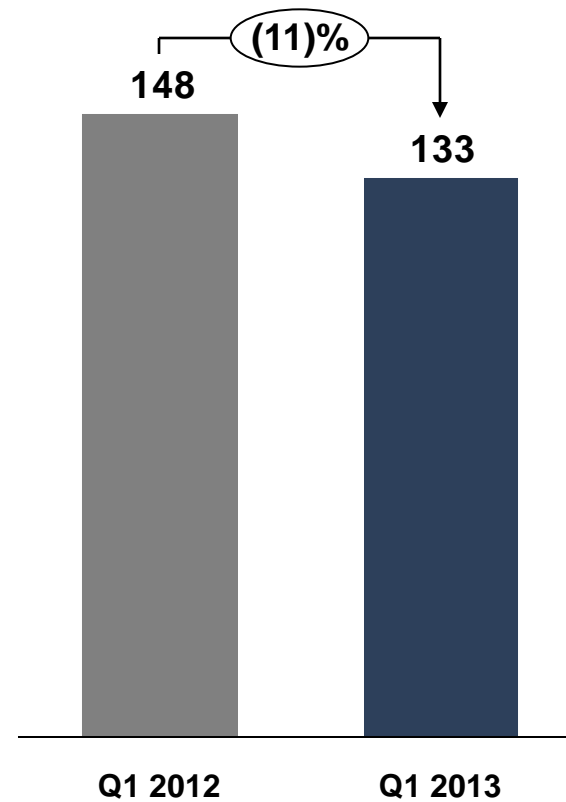
**Sales**

(in EUR million)



**EBITDA before special items**

(in EUR million)

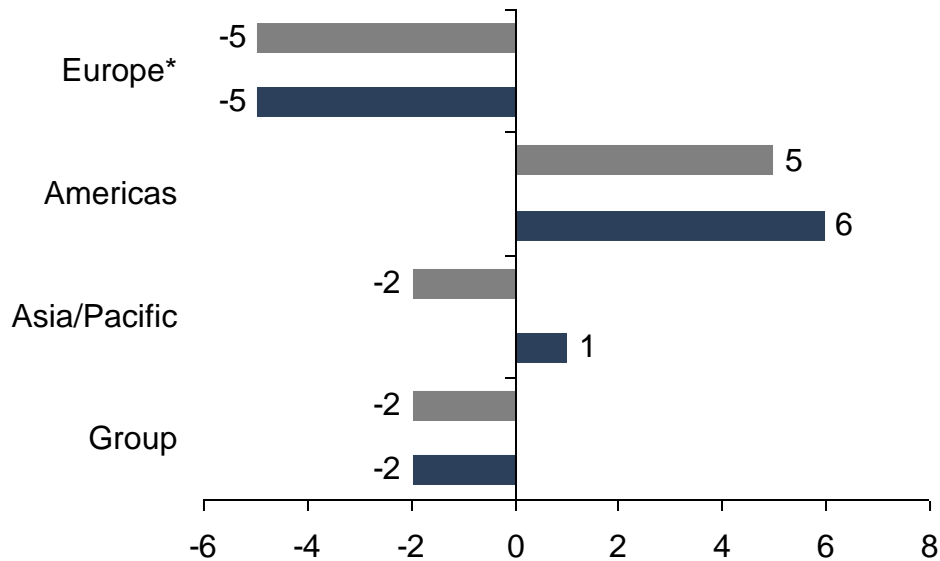


## Mixed regional sales performance

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

Q1 2013  
(in %)

■ in EUR  
■ fx-adjusted



- **European** performance burdened by timing of wholesale shipments and difficult market environment
- **Americas** strongest growing region despite different timing of wholesale deliveries
- Challenging market environment in China reflected in **Asia/Pacific** performance

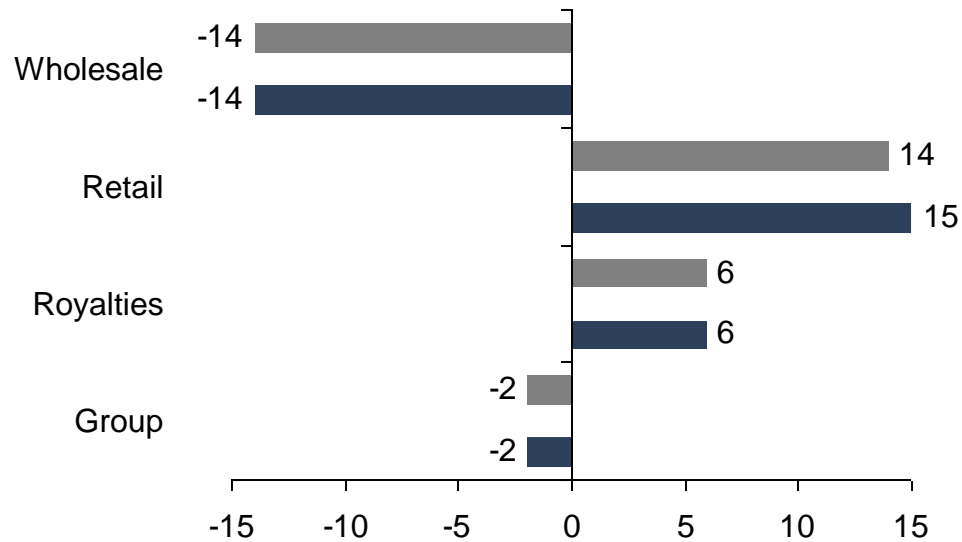
\*incl. Middle East and Africa.

## Wholesale sale decline outweighs robust growth in own retail

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

Q1 2013  
(in %)

■ in EUR  
■ fx-adjusted



- Different phasing of deliveries and new collection cycle weigh on **wholesale** development
- Continued double-digit growth in **own retail** supported by 2% comp store sales increase
- Solid growth of **royalties** business due to strong performance in fragrances and eyewear

## Gross margin increase more than offset by higher operating expenses

in EUR million	Q1 2013	Q1 2012	Change in %
<b>Net sales</b>	<b>593.5</b>	<b>606.8</b>	<b>(2)</b>
<b>Gross profit</b>	<b>367.1</b>	<b>370.1</b>	<b>(1)</b>
in % of sales	61.8	61.0	0.8 pp
Selling and distribution expenses	(199.0)	(189.2)	(5)
Administration costs and other operating income and expenses	(56.7)	(51.5)	(10)
<b>Operating result (EBIT)</b>	<b>111.4</b>	<b>129.4</b>	<b>(14)</b>
in % of sales	18.8	21.3	(2.5) pp
Financial result	(5.0)	(4.2)	(19)
<b>Earnings before taxes</b>	<b>106.4</b>	<b>125.2</b>	<b>(15)</b>
Income taxes	(24.4)	(30.0)	19
<b>Net income</b>	<b>82.0</b>	<b>95.2</b>	<b>(14)</b>
Attributable to:			
Equity holders of the parent company	81.6	93.9	(13)
<b>Earnings per share (EUR)*</b>			
Ordinary share	1.18	1.36	(13)
<b>EBITDA before special items</b>	<b>132.6</b>	<b>148.4</b>	<b>(11)</b>
in % of sales	22.3	24.5	(2.2) pp

- Positive channel mix effect supports **gross margin** increase
- Own retail expansion main driver of higher **selling and distribution expenses**
- **Adjusted EBITDA margin** down 2.2 percentage points due to higher operating expenses as a percentage of sales

\* Basic and diluted earnings per share



## Group operating margin decrease reflected in regional profitability development

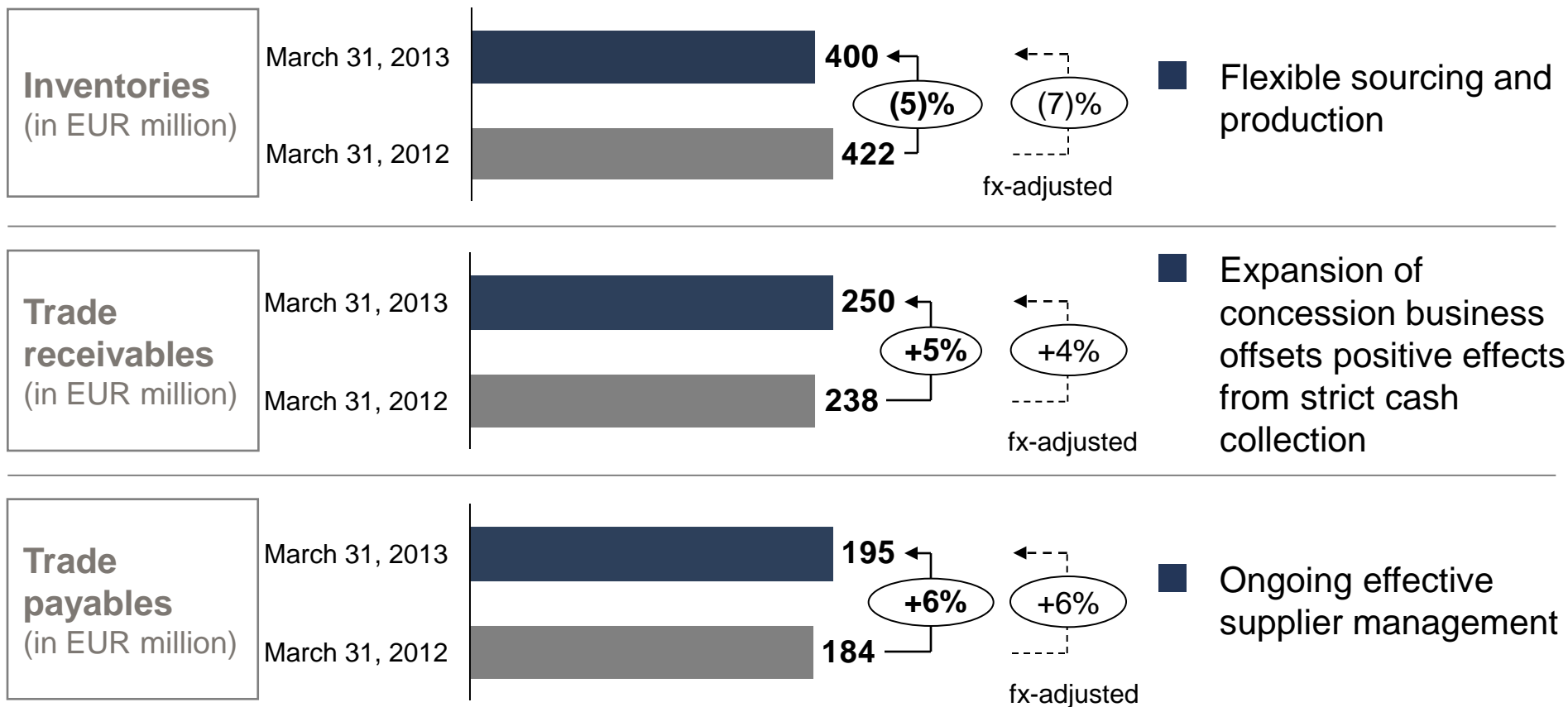
### Segment profit

in EUR million	Q1 2013	in % of segment sales	Q1 2012	in % of segment sales	Change in %
Europe*	133.7	36.5	148.7	38.6	(10)
Americas	32.1	25.2	34.9	28.6	(8)
Asia/Pacific	30.1	34.9	33.2	37.9	(9)
Royalties	11.0	85.1	11.6	95.6	(6)
Segment profit operating segments	<b>206.9</b>	<b>34.9</b>	<b>228.4</b>	<b>37.6</b>	(9)
Corporate units / consolidation	74.3		80.0		
EBITDA before special items	<b>132.6</b>	<b>22.3</b>	<b>148.4</b>	<b>24.5</b>	(11)

- Increased promotional activity and costs of retail expansion negatively impact profitability in all regions
- Decline in corporate unit costs underlines strict management of overhead expenditures

\*incl. Middle East and Africa.

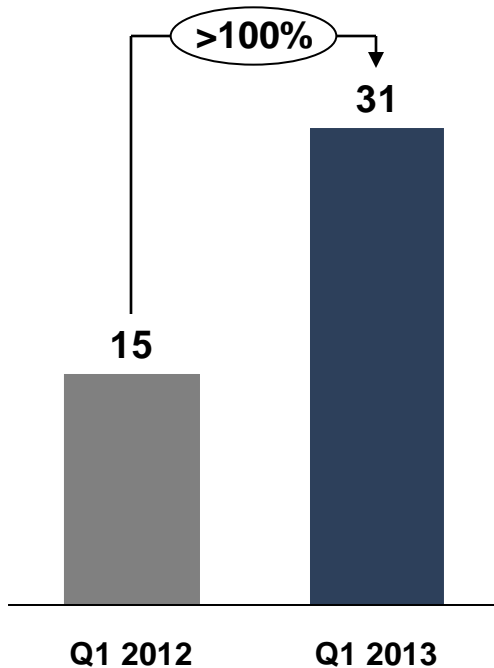
## Trade net working capital below prior year level



➔ Trade net working capital down 5% to EUR 454 million

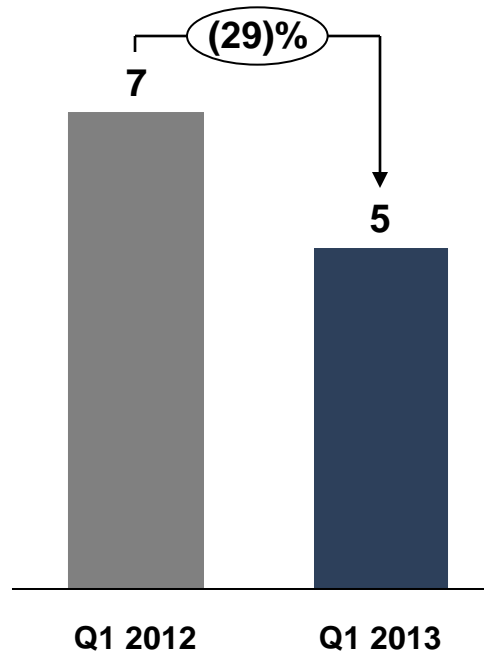
Higher investments focused on infrastructure upgrade and own retail

**Investments**  
(in EUR million)



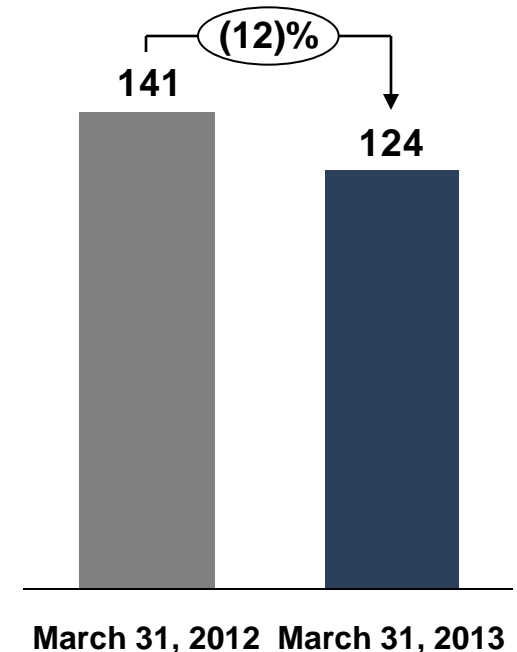
■ Own retail expansion and infrastructure projects drive increase

**Free cash flow**  
(in EUR million)



■ Ongoing cash generation despite increased investments and lower operating profit

**Net debt**  
(in EUR million)



■ Strict capital management leads to further reduction

## **Completion of refinancing increases equity ratio to above 50%**

- New 5-year, EUR 450 million syndicated loan facility replaces old facility of same amount
- Significantly lower loan utilization increases equity ratio to 52%
- Favourable conditions to support improvement of Group interest charge

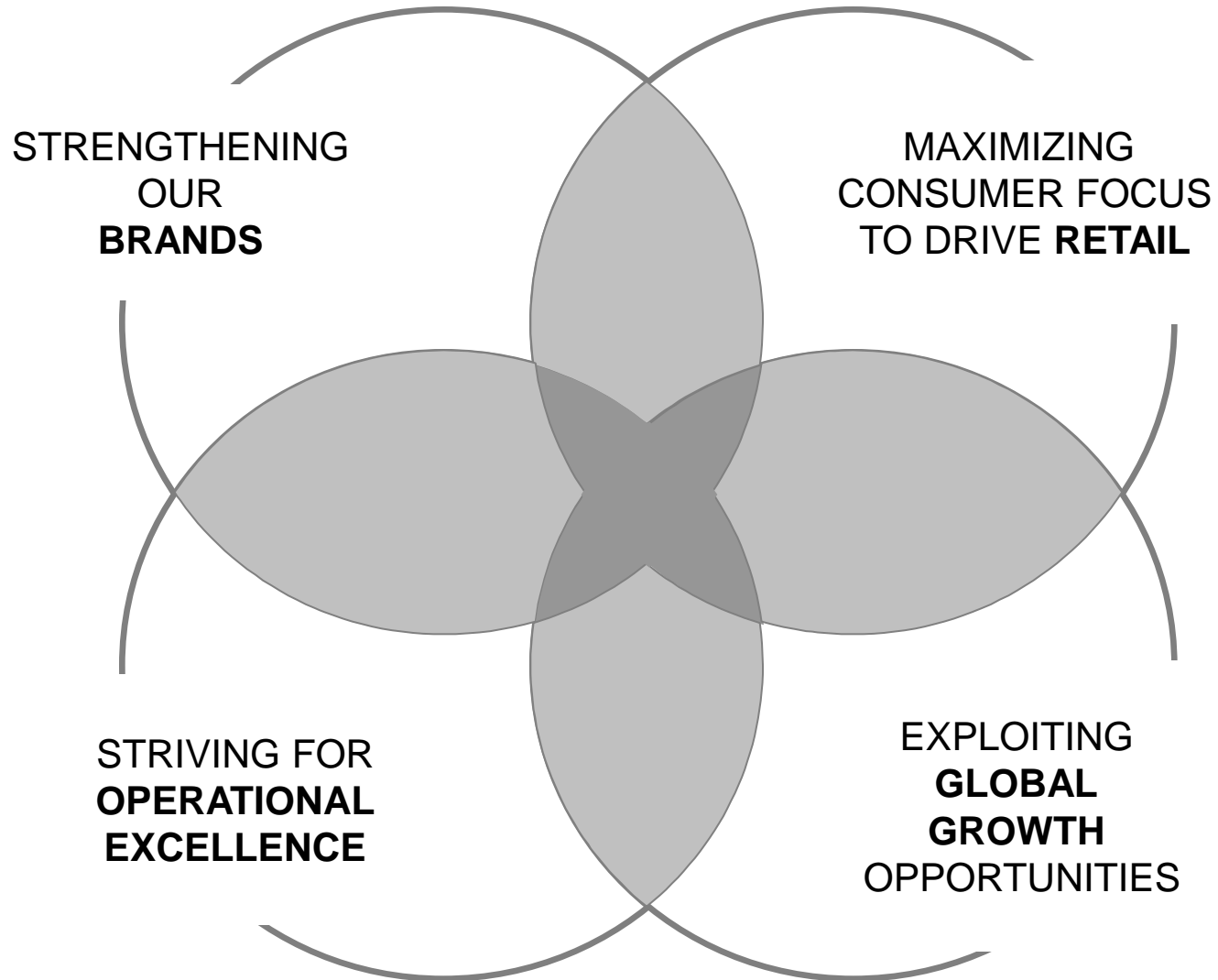
## Agenda

**First Quarter Results**

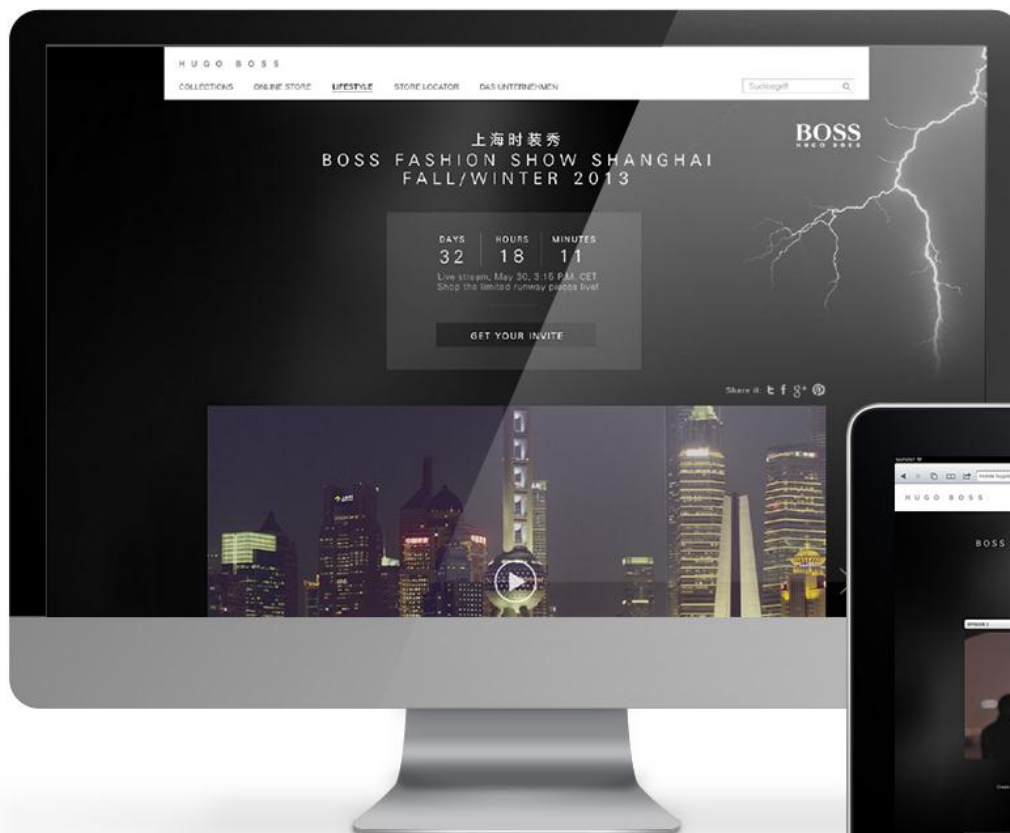
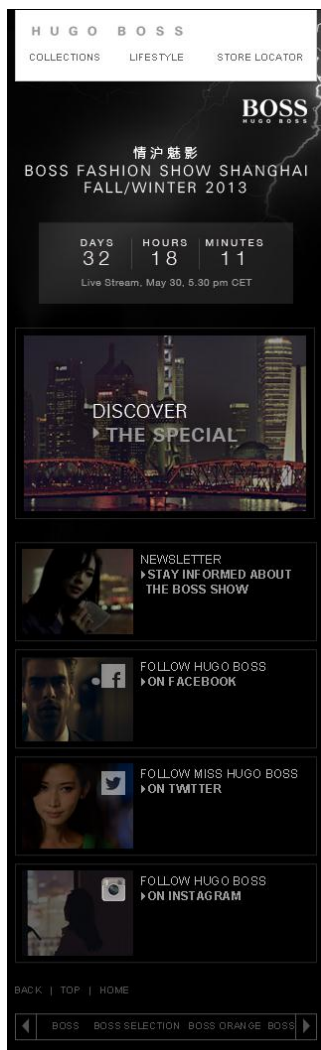
**Strategy Update**

**Outlook**

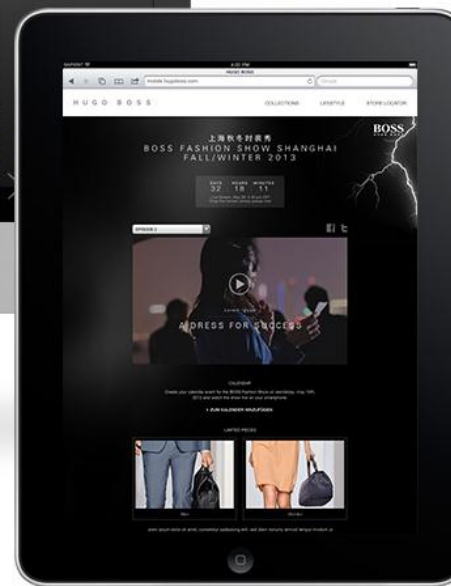
**Clear focus on execution of medium-term strategy**



## Growing excitement around Shanghai fashion show at the end of May



BOSS fashion show, Shanghai  
Power Station of Art  
Fall/Winter 2013  
May 30, 2013



## Amsterdam first of several new flagship store openings in 2013



BOSS Store, Amsterdam  
Leidsestraat  
Opening: March 2013  
Net size: 779 sqm

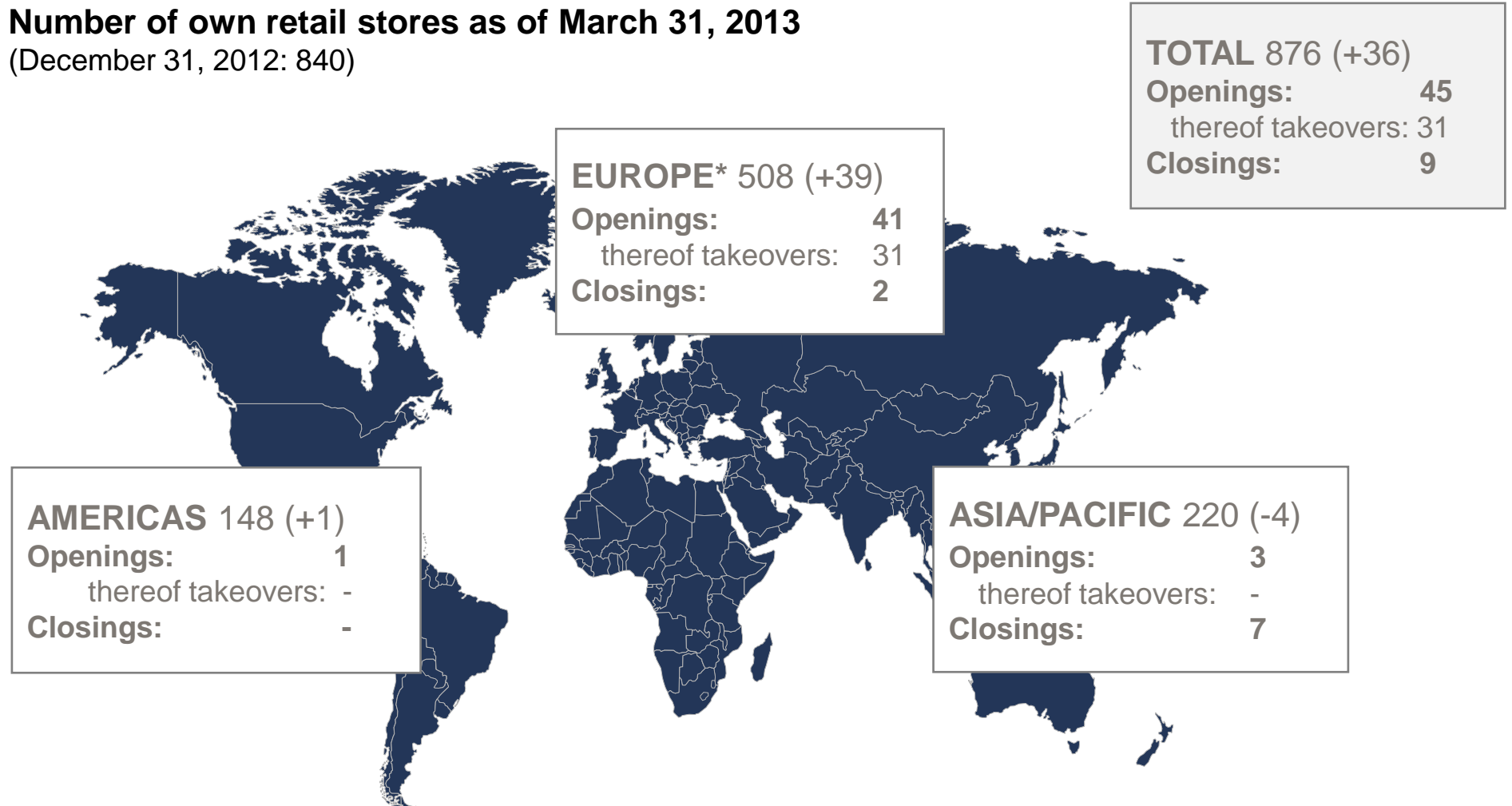




**New store openings and shop-in-shop takeovers increase store count**

**Number of own retail stores as of March 31, 2013**

(December 31, 2012: 840)



\* incl. Middle East and Africa.

## Franchise business in Singapore to be taken over in August



BOSS Store  
Ngee Ann City, Takashimaya  
Singapore

## Agenda

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**2013 financial outlook reconfirmed**

**2013 Outlook**

**Sales growth (currency-adjusted)**

**High single-digit**

**Growth of EBITDA before special items**

**High single-digit**

**Capex**

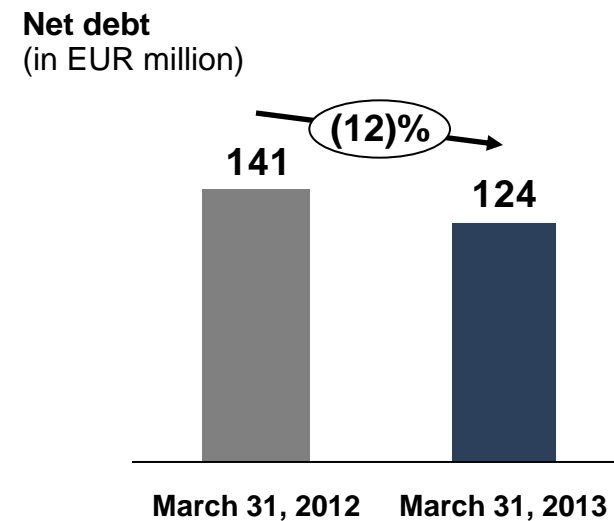
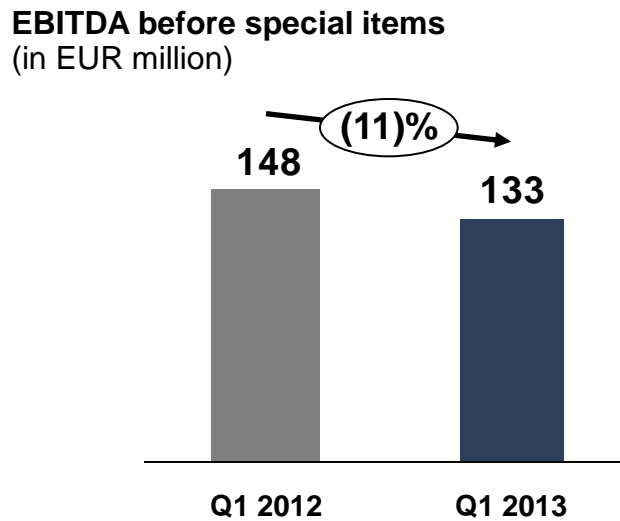
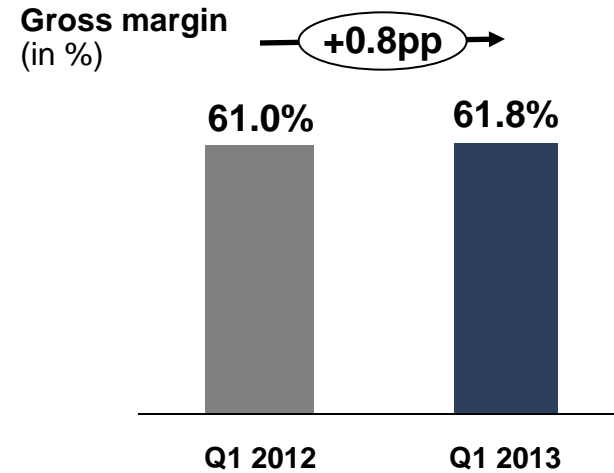
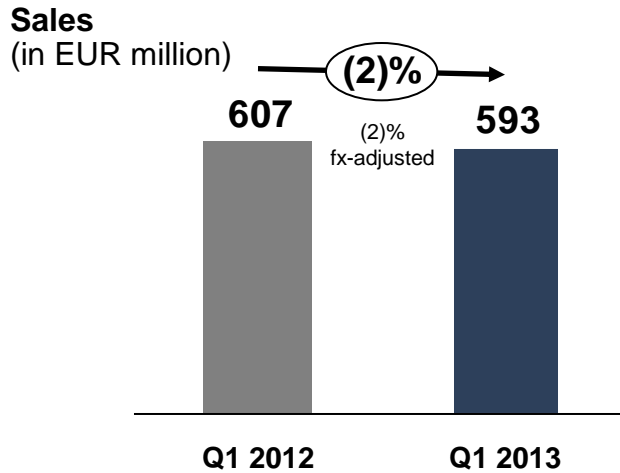
**Increase on a comparable basis**

**Own retail network**

**Around 50 net organic openings**

**BACKUP**

## First quarter results at a glance



## Profit & loss statement

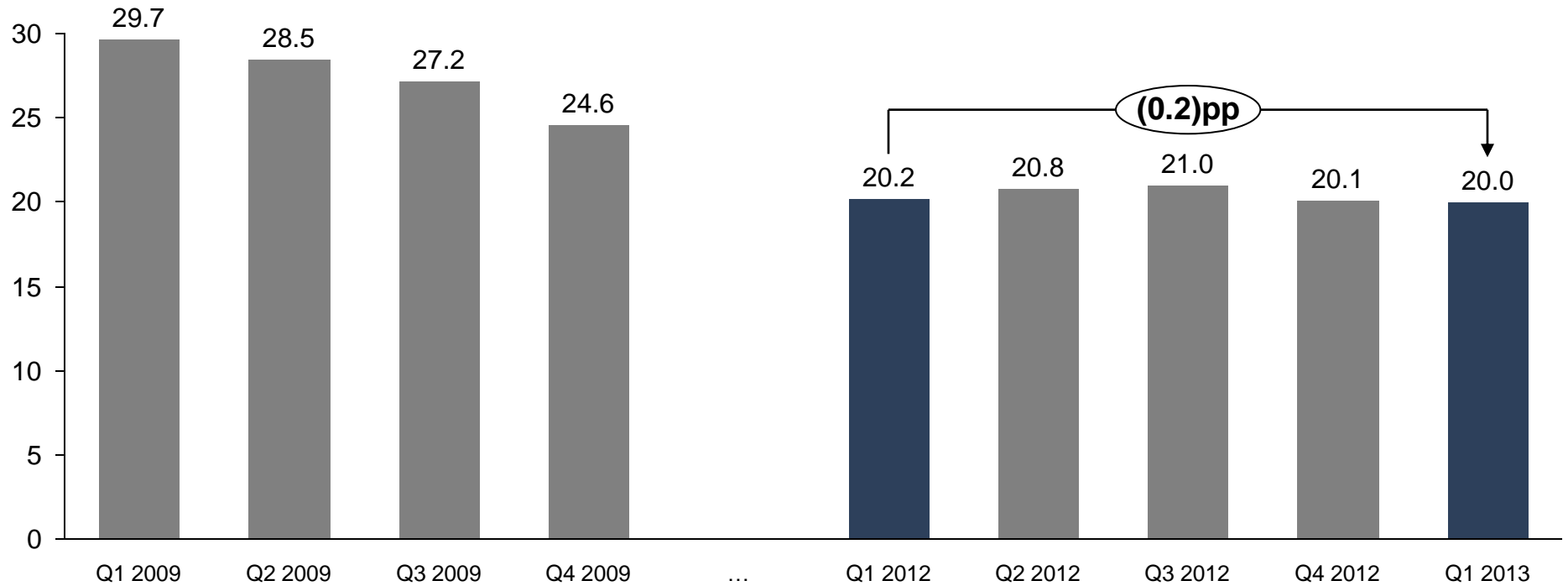
in EUR million	Q1 2013	Q1 2012	Change in %	2012	2011	Change in %
<b>Net sales</b>	<b>593.5</b>	<b>606.8</b>	<b>(2)</b>	<b>2,345.9</b>	<b>2,058.8</b>	<b>14</b>
Cost of sales	(213.9)	(224.2)	5	(849.2)	(756.5)	(12)
Direct selling expenses	(12.5)	(12.5)	0	(43.5)	(37.5)	(16)
<b>Gross profit</b>	<b>367.1</b>	<b>370.1</b>	<b>(1)</b>	<b>1,453.2</b>	<b>1,264.8</b>	<b>15</b>
in % of sales	61.8	61.0	0.8 pp	61.9	61.4	0.5 pp
Selling and distribution expenses	(199.0)	(189.2)	(5)	(808.8)	(682.1)	(19)
Administration costs and other operating income and expenses	(56.7)	(51.5)	(10)	(211.2)	(188.1)	(12)
<b>Operating result (EBIT)</b>	<b>111.4</b>	<b>129.4</b>	<b>(14)</b>	<b>433.2</b>	<b>394.6</b>	<b>10</b>
in % of sales	18.8	21.3	(2.5) pp	18.5	19.2	(0.7) pp
Net interest income/expense	(3.8)	(3.3)	(15)	(16.1)	(16.2)	1
Other financial items	(1.2)	(0.9)	(33)	(7.5)	4.5	<(100)
<b>Financial result</b>	<b>(5.0)</b>	<b>(4.2)</b>	<b>(19)</b>	<b>(23.6)</b>	<b>(11.7)</b>	<b>&lt;(100)</b>
<b>Earnings before taxes</b>	<b>106.4</b>	<b>125.2</b>	<b>(15)</b>	<b>409.6</b>	<b>382.9</b>	<b>7</b>
Income taxes	(24.4)	(30.0)	19	(98.1)	(91.5)	(7)
<b>Net income</b>	<b>82.0</b>	<b>95.2</b>	<b>(14)</b>	<b>311.5</b>	<b>291.4</b>	<b>7</b>
<b>Attributable to:</b>						
Equity holders of the parent company	81.6	93.9	(13)	307.4	284.9	8
Minority interests	0.4	1.3	(69)	4.1	6.5	(36)
<b>Net income</b>	<b>82.0</b>	<b>95.2</b>	<b>(14)</b>	<b>311.5</b>	<b>291.4</b>	<b>7</b>
<b>Earnings per share (EUR)*</b>						
Ordinary share	1.18	1.36	(13)	4.45	4.12	8
Preferred share**		1.37			4.13	
<b>EBITDA before special items</b>	<b>132.6</b>	<b>148.4</b>	<b>(11)</b>	<b>529.3</b>	<b>469.5</b>	<b>13</b>
in % of sales	22.3	24.5	(2.2) pp	22.6	22.8	(0.2) pp

\*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

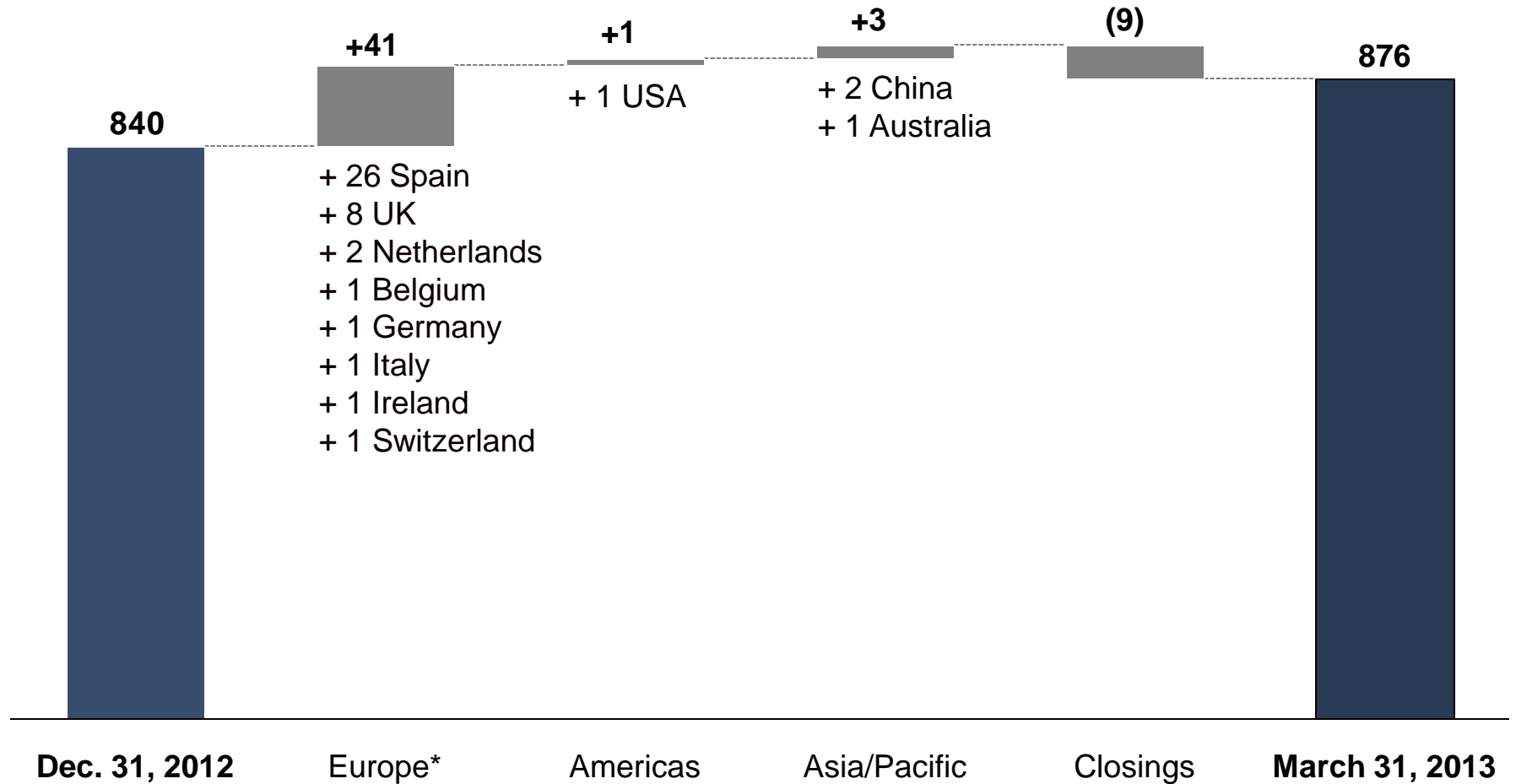
**Average trade net working capital as a percentage of sales by quarter**  
(in %)





Retail network

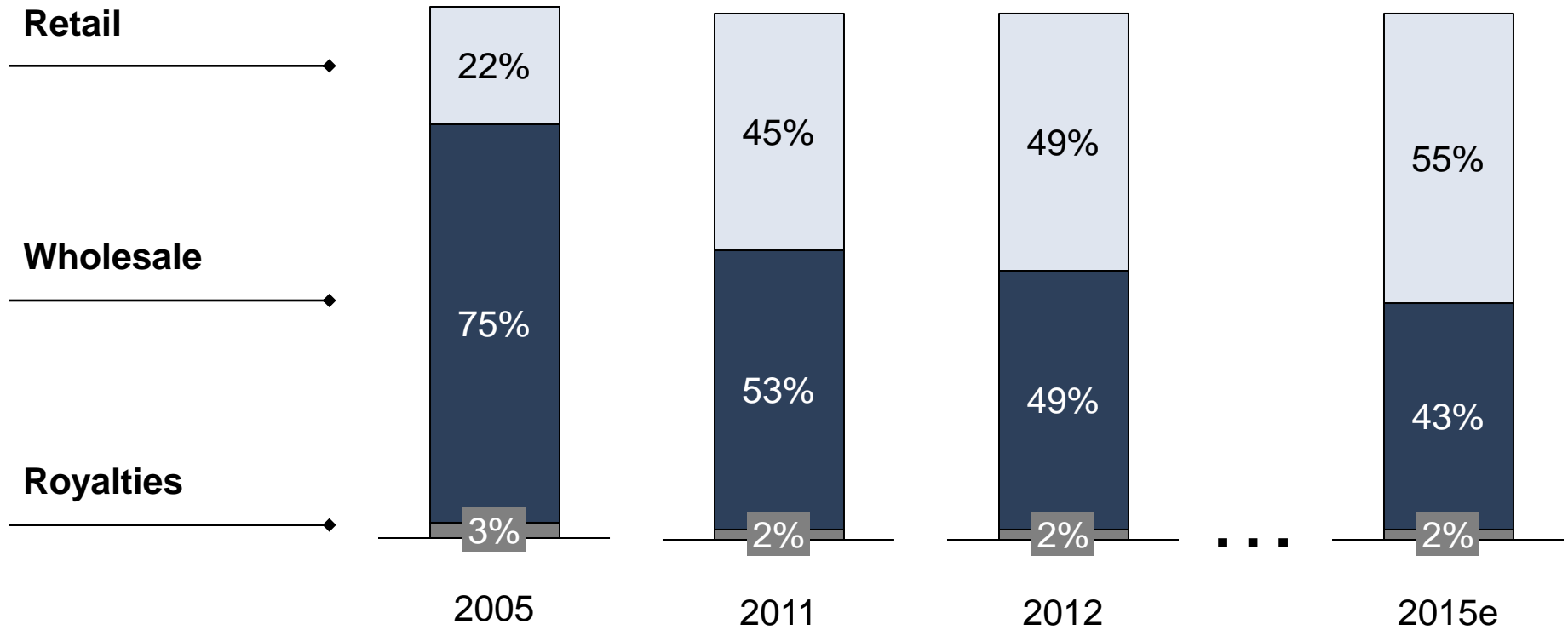
Number of own retail stores:



\*Europe incl. Middle East and Africa.

Group sales split by distribution channel

Sales by distribution channel



## Financial calendar 2013

Date	Event
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
November 26, 2013	Investor Day, Hong Kong

## **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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