

H U G O B O S S

HUGO BOSS Investor Day 2013
Group Strategy

Mr. Claus-Dietrich Lahrs, Chief Executive Officer
November 26, 2013

Agenda

Successful operational development has yielded strong financial results

Several challenges affect progress towards achievement of medium-term targets

Promising new initiatives underpin intact growth strategy

Summary and conclusion

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Successful operational development has yielded strong financial results

Several challenges affect progress towards achievement of medium-term targets

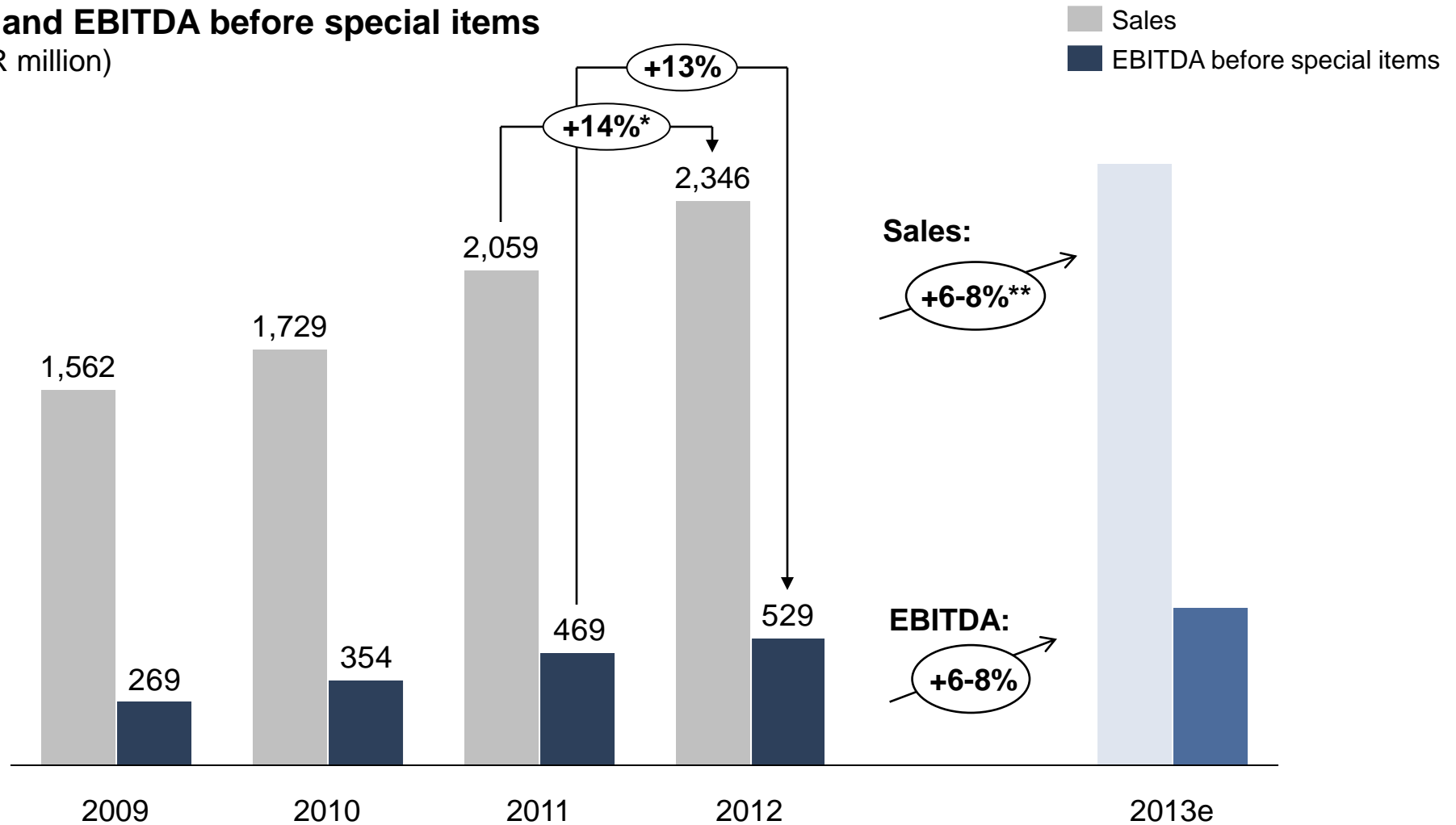
Promising new initiatives underpin intact growth strategy

Summary and conclusion

HUGO BOSS has grown tremendously in recent years

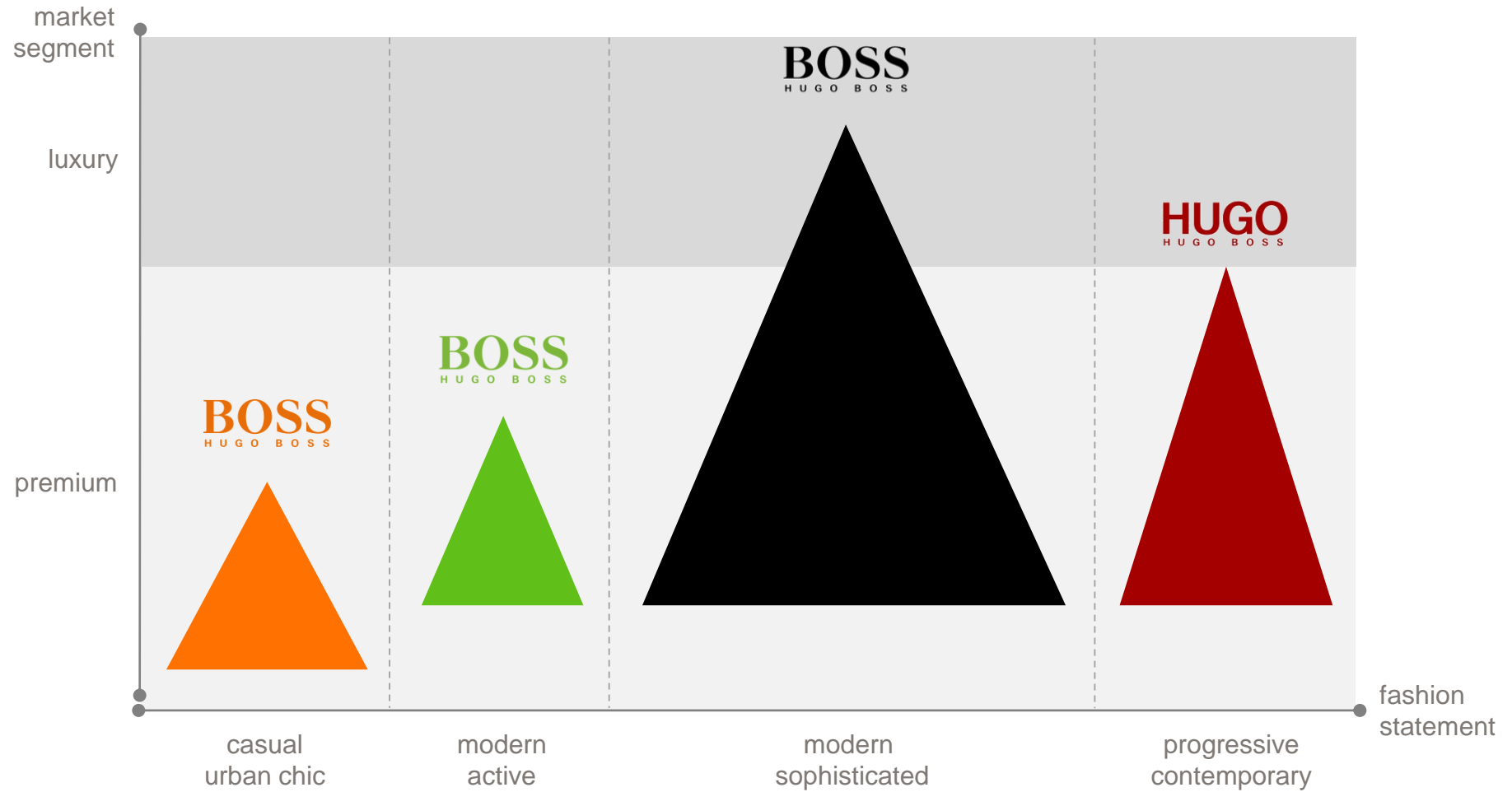
Sales and EBITDA before special items

(in EUR million)



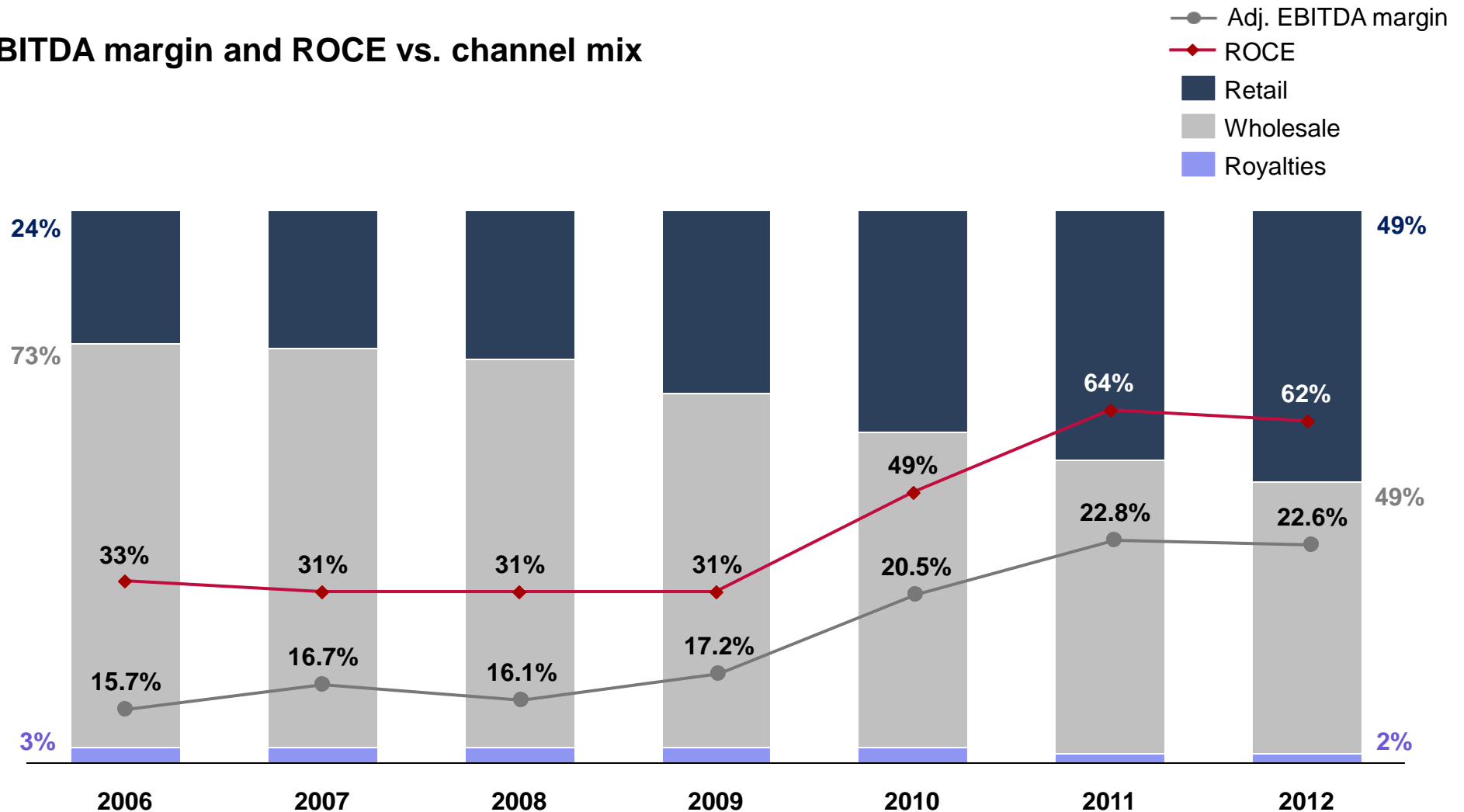
* +10% fx-adjusted. ** fx-adjusted.

Brand portfolio sharpened and streamlined



Group has succeeded in building a bigger and better own retail business

EBITDA margin and ROCE vs. channel mix



Several key measures have made retail the core of the HUGO BOSS business model...

Lead-time reduction

- Time to market shortened by twelve weeks
- Feedback loop enables optimization of new collection development

Core range

- Definition of core offering supports consistency of brand presentation
- Superior sell-through performance and operational efficiency

4 season cycle

- Switch from two to four more equally weighted collections per year
- Continuous update of offering attracts more frequent store visits

Modular collection development + retail space management

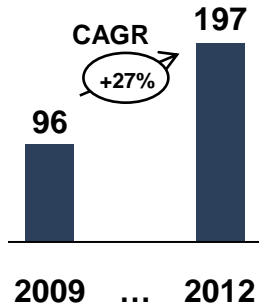
- Entire development process driven by presentation at point-of-sale
- Definition of brand modules enables flexible in-store space allocation

...enabling industry-beating growth in many of the Group's established markets

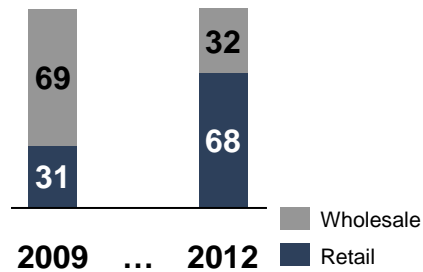
UK



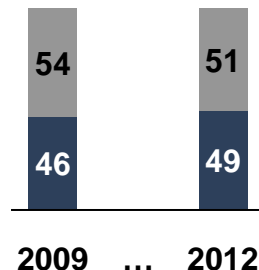
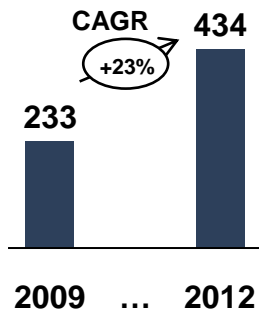
Sales
(in EUR million)



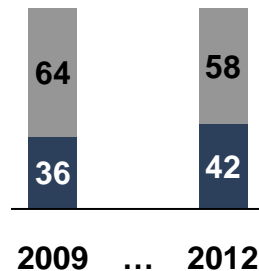
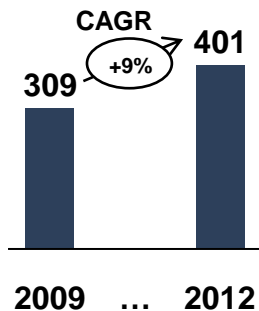
Wholesale vs. retail
(in % of country sales)



US



Germany

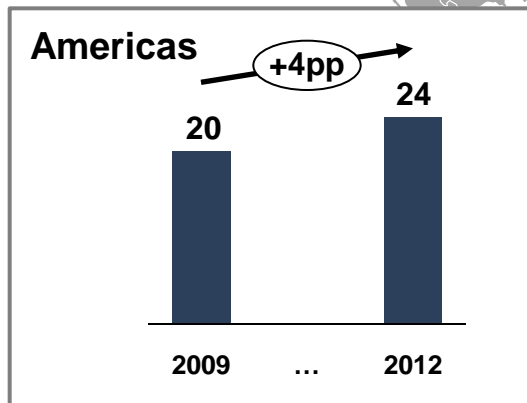
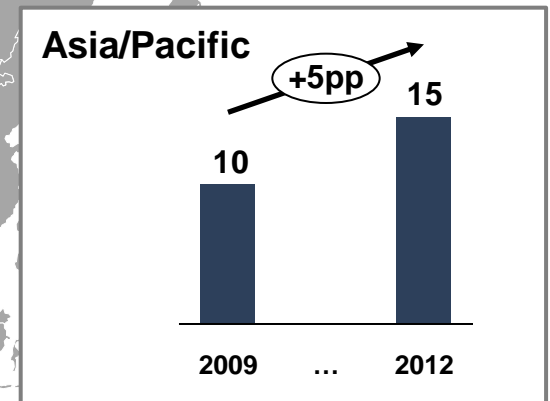
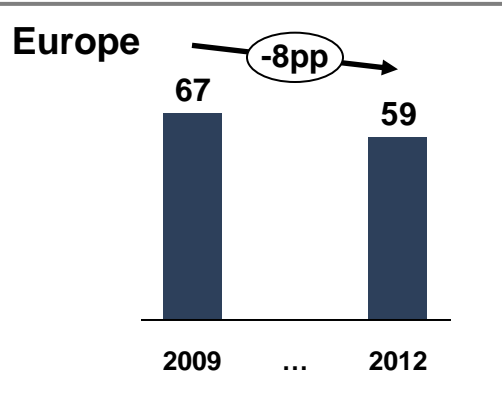


- Consequent business model transformation
- Strong brand equity
- Unparalleled retail focus across the organization
- Favorable perception based on European brand value
- Own retail effectively supplementing historically grown wholesale presence
- Visible upgrade of brand perception

Group has made good progress building a truly global presence

Sales share by region*

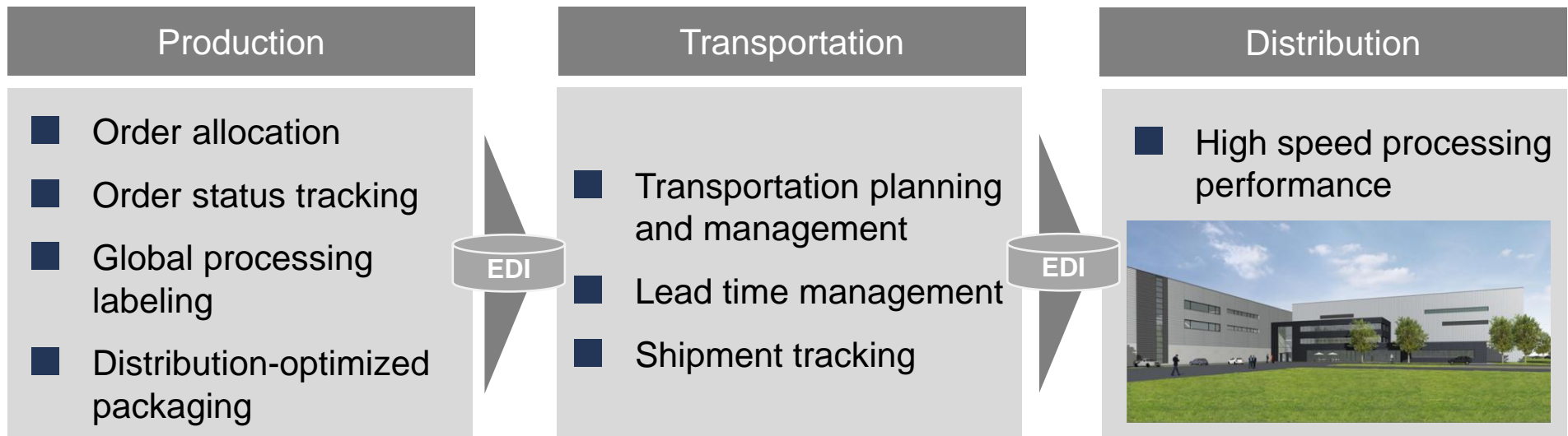
(in % of Group sales)



* excl. Royalties (2009: 3%, 2012: 2%).

Supply chain integration project adds to strong operational backbone

- Homogenous, Group-wide integrated supply chain based on SAP a strong platform for further growth
- Roll out completed in all production entities
- New flat-packed goods distribution center to be seamlessly integrated in production and transportation processes



Agenda

Successful operational development has yielded strong financial results

Several challenges affect progress towards achievement of medium-term targets

Promising new initiatives underpin intact growth strategy

Summary and conclusion

Overall economic backdrop much weaker than originally expected

Annual real GDP growth rates

	2011he	2011a	2012he	2012a	2013he	2013e	2014e	2015e
Eurozone	+1.6%	+1.6%	+0.7%	(0.7)%	+1.5%	(0.3)%	+1.0%	+1.4%
Germany	+2.9%	+3.3%	+1.0%	+0.7%	+2.0%	+0.5%	+1.7%	+1.8%
USA	+1.7%	+1.8%	+2.0%	+2.8%	+2.5%	+1.6%	+2.6%	+3.0%
China	+9.2%	+9.3%	+8.6%	+7.7%	+8.2%	+7.6%	+7.4%	+7.3%
World	+2.8%	+3.0%	+2.7%	+2.2%	+3.0%	+2.0%	+2.9%	+3.1%

Source: Bloomberg

he: historic estimate (as of October 2011, presented at Investor Day 2011)

a: actual

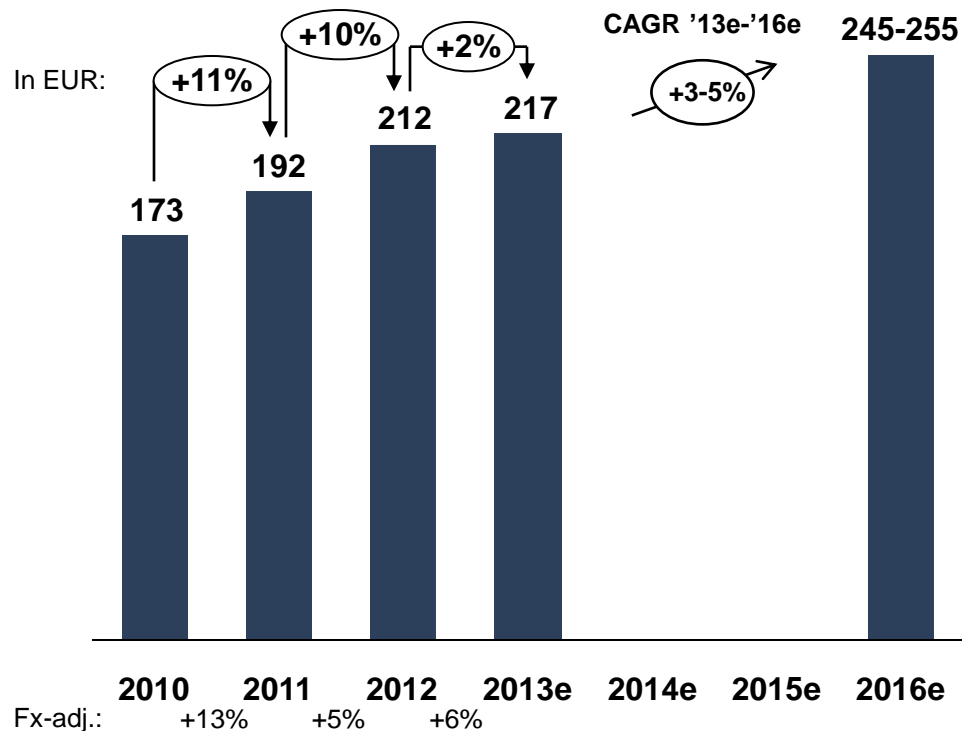
e: current estimate (as of October 2013)

Industry has returned to more moderate growth rates as the China boom is over

Overall industry growth has moderated...

World wide luxury goods sales

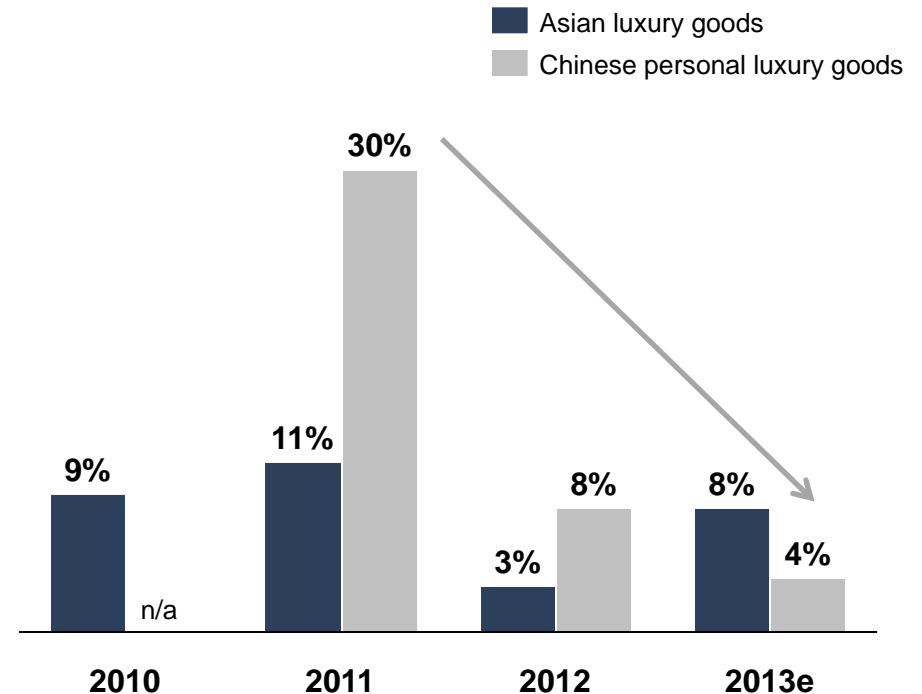
(in EUR billion)



...with the slowdown in China decelerating our catch-up in the region

Growth of Asian luxury goods market vs. Chinese personal luxury markets

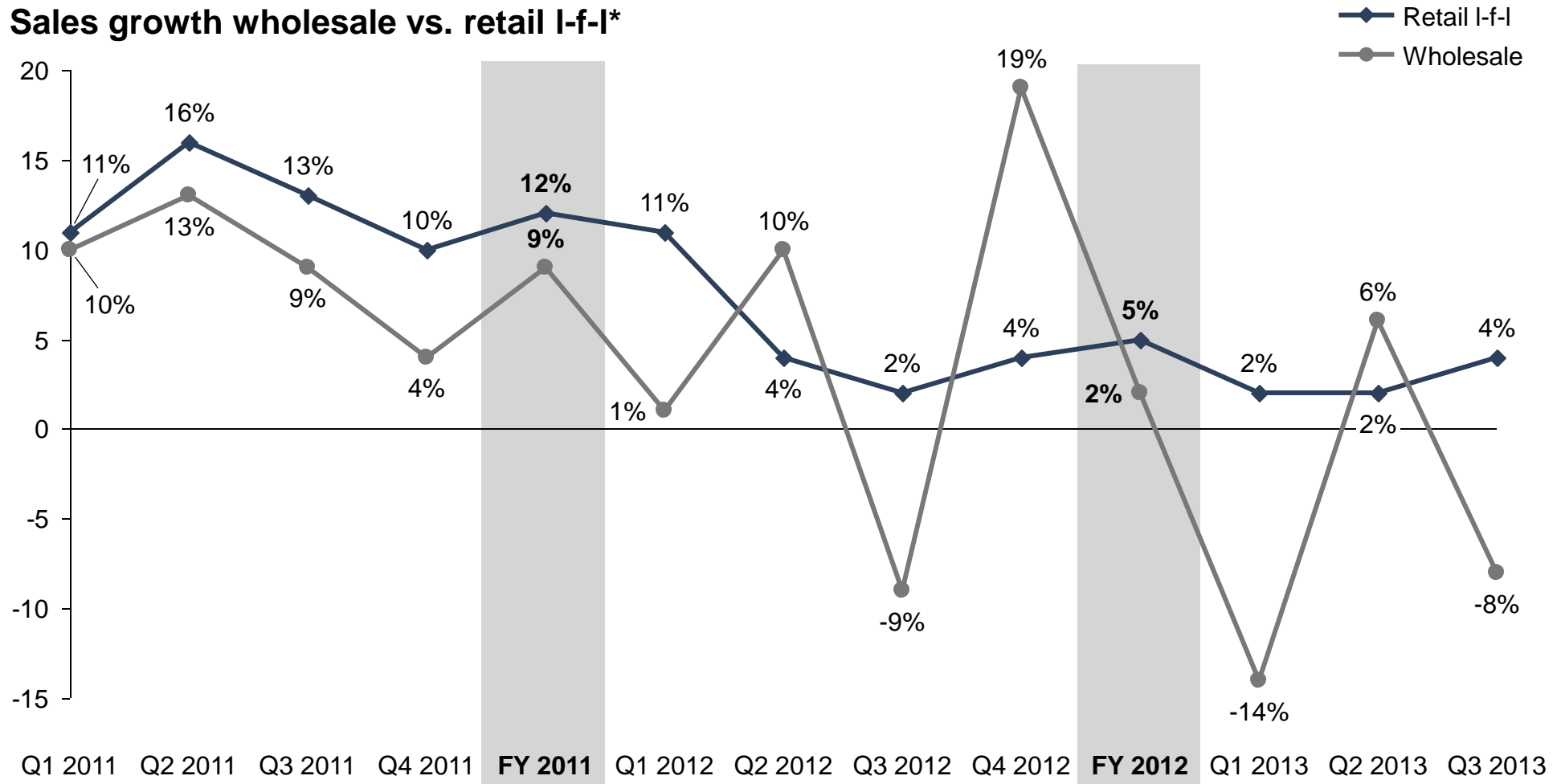
(fx-adjusted)



Source: Fondazione Altagamma / Bain&Company

This backdrop has affected top line momentum in both wholesale and own retail recently

Sales growth wholesale vs. retail I-f-I*



*Both fx-adjusted.

Wholesale remains an important part of our business despite current challenges

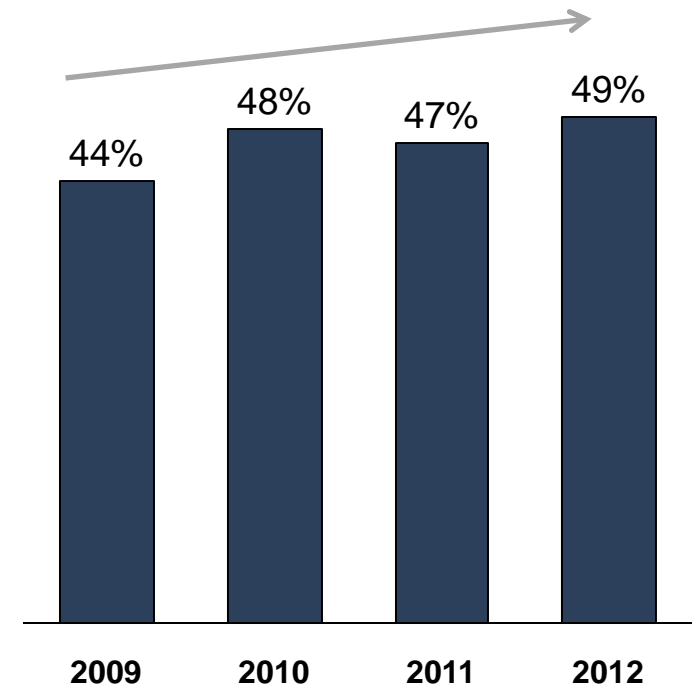
Overall difficult market situation...

- Economic downturn and weak traffic development impact performance of many partners
- High number of owner-operated businesses exit the market
- Increasing competition from online and mono-brand formats

...has several implications for HUGO BOSS:

- Consolidation of account portfolio set to continue
- Closer cooperation with key partners offers potential for upgrade of brand presentation and space gains
- Targeted offers adjust to the unique needs of the wholesale channel

Share of TOP 50 wholesale customers
(in % of total wholesale sales)



Controlled space expansion can only partly mitigate pressure on wholesale



Saks,
Columbus (OH)



El Corte Inglés,
Marbella



Alsterhaus,
Hamburg


HUGO BOSS remains absolutely focused on further improvement of structural profitability

Achievements

- Brand portfolio sharpened and streamlined
- Retail transformation faster and more comprehensive than expected
- Growth in established markets exceeds initial expectations
- Operational setup strengthened and globalized

Challenges

- Macroeconomic development worse than initially expected
- Wholesale market deterioration enforcing faster and earlier move to active space management
- Difficult industry situation slows down catch-up in Asia

- 
- Target of EUR 3 billion in sales by 2015 confirmed
 - Margin improvement progress delayed by current challenges
 - Clear commitment to 25% EBITDA margin achievement after 2015

Agenda

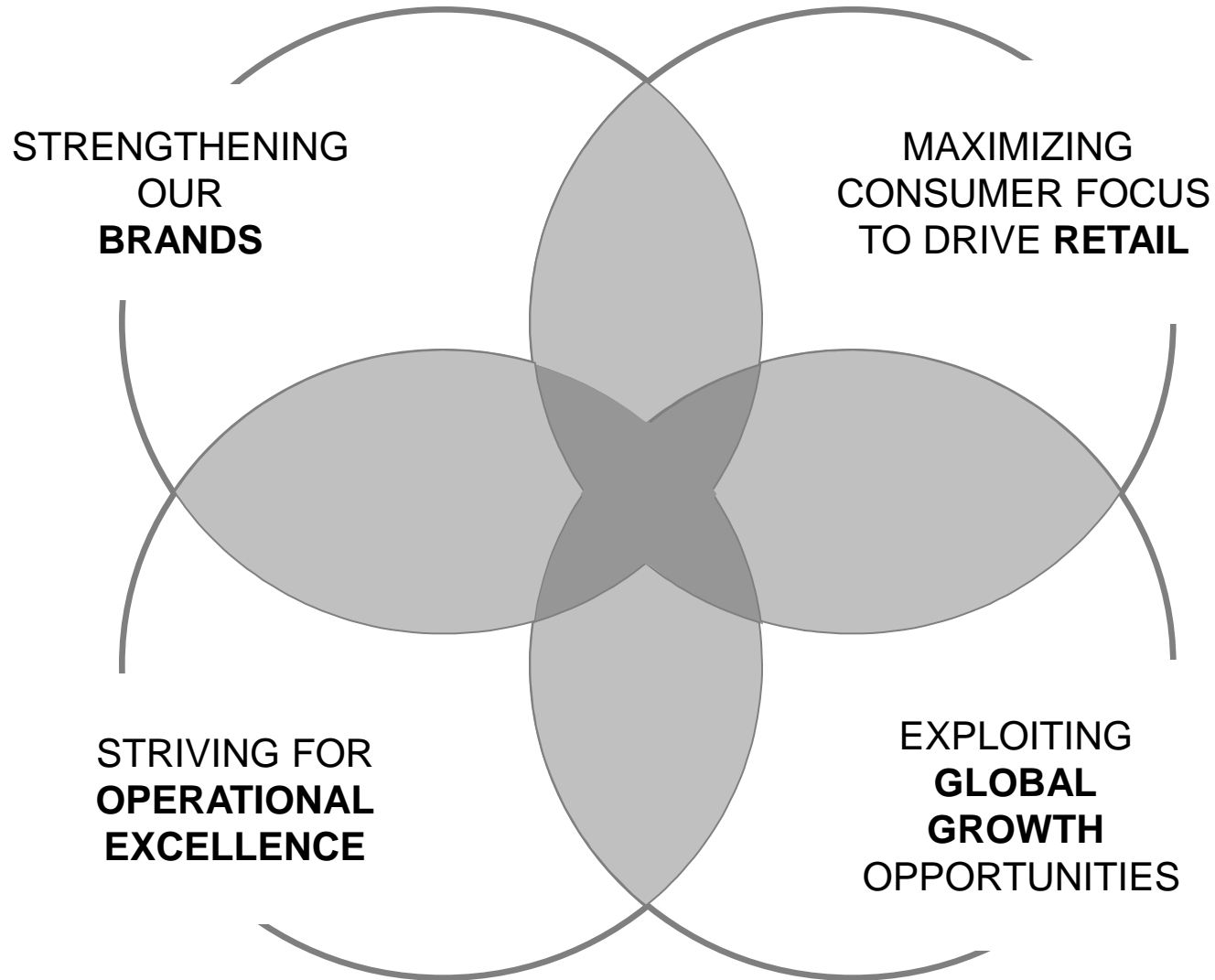
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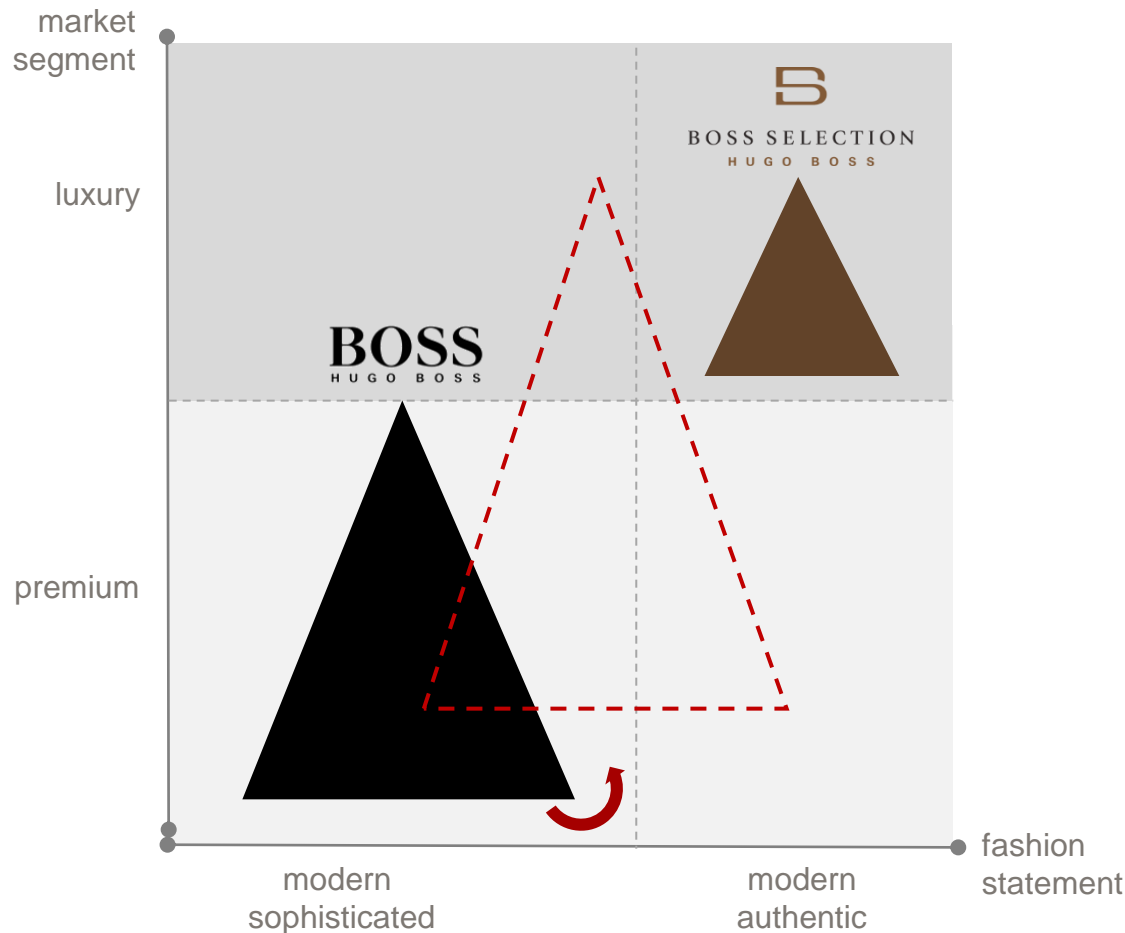
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Summary and conclusion

Growth strategy intact



Integrated BOSS offering underlines premium and luxury brand appeal



- Integrated offering from premium to luxury
- Simplified brand messaging from end consumer perspective
- Gradual exit of entry price points supports trade-up of core brand BOSS

BOSS suit offering reflects clear customer segmentation

Premium market segment:

FUSED



BOSS
HUGO BOSS

- Industrial
- Thermally connected
- More efficient manufacturing technique enables shorter production times and more attractive value for money

Production time: 200 min.

Luxury market segment:

SEMI CANVAS

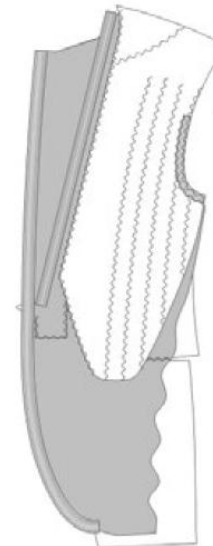


BOSS
HUGO BOSS
TAILORED

- Semi traditional
- Only partly thermally connected
- Flexible processing of chest and shoulder parts for a comfortable and perfect fit

Production time: 300 min.

FULL CANVAS



BOSS
HUGO BOSS
MADE TO MEASURE

- Traditional
- Unfixed
- Artisanal love of detail fuses with German engineering skills and allows for highest wearing comfort

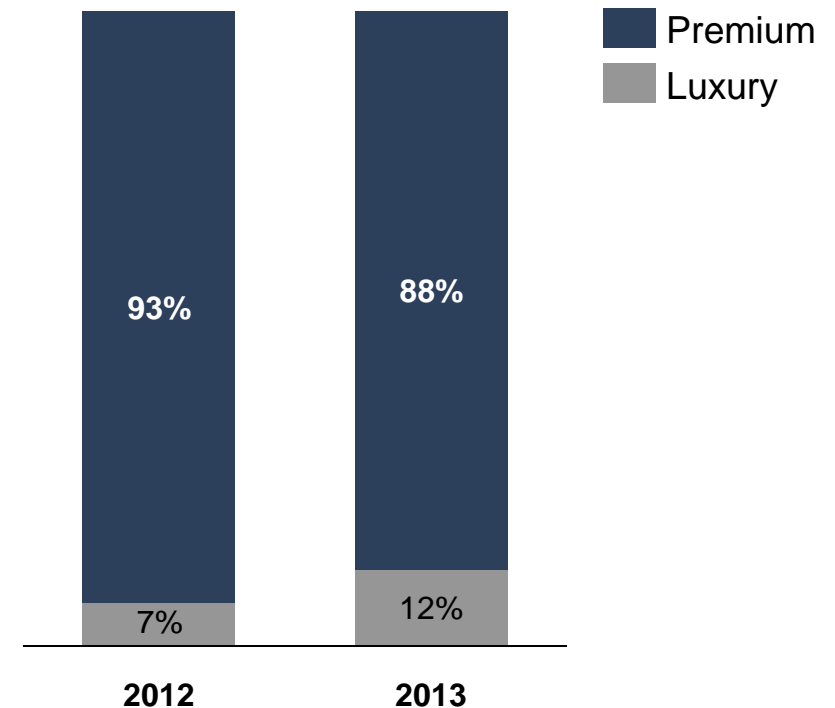
Production time: 500 min.

Luxury share has started growing visibly in Fall 2013 collection already

- Integrated luxury offering received positively by wholesale partners and end consumers
- Growing weight across all categories
- Product innovations to drive further luxury share increases in both clothing and sportswear



BOSS Menswear Fall 2013 collection sell-in, premium vs. luxury



Womenswear to become an important growth driver going forward



Refined strategic brand communication approach to support momentum

■ **Focusing on a new target audience**

From a wholesale to a consumer focused approach. From talking to thousands to talking to hundred millions of people. The consumer is BOSS.

■ **Making the Brand Purpose consumer relevant and tangible**

HUGO BOSS inspires people towards success

■ **Focusing on a consistent global message**

Integration of communication activities across all consumer touch points with a strong central lead.

■ **Sharpening ROI mentality**

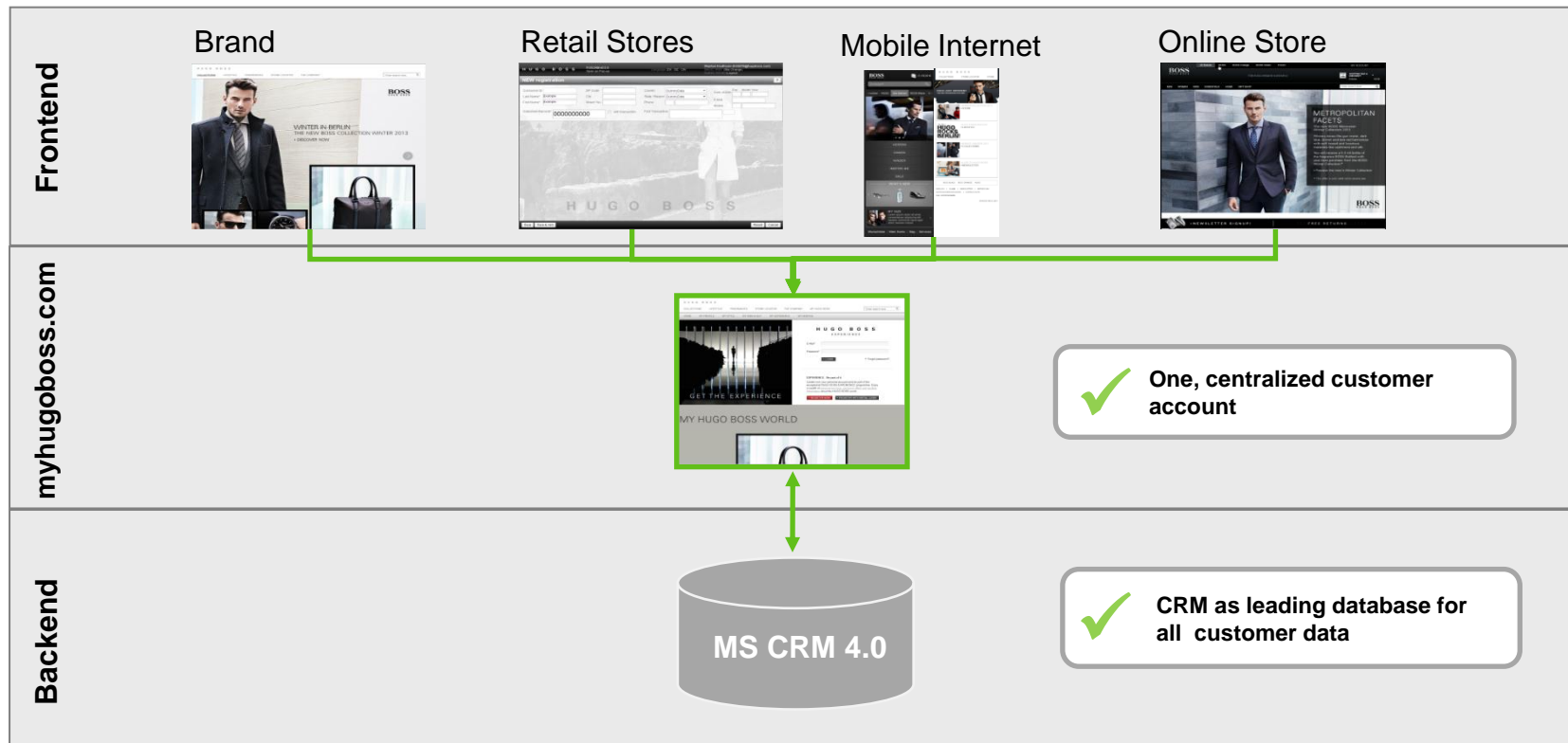
Fewer – Bigger – Better activities that build image and reach more consumers resulting in higher traffic, better conversion and bigger baskets.

■ **Integrating all digital activities on one platform**

Roll out of myhugoboss.com to link offline, online and mobile driving consumer lifetime value.

Customer relationship management efforts yield first positive results

- Multi-channel consumers purchase twice as much compared to offline/online only consumers
- With myhugoboss.com every consumer gets a personalized service across all channels

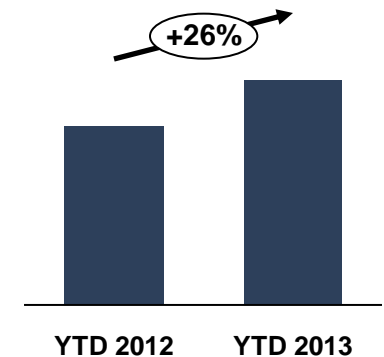


The importance of the traveling consumer is growing robustly

- The importance of tourism for HUGO BOSS European business is growing strongly...
- ...with Italy and the UK being supported the most
- Russian and Chinese visitors account for around half of overall tourism spending with growth rates exceeding the market average for both nationalities

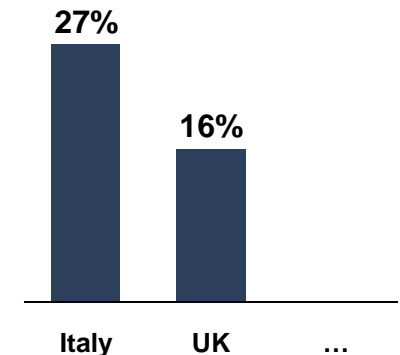
YoY growth of tourism-related own retail sales in Europe

(estimate based on tax refund data)



Share of tourism-related own retail sales by market

(YTD September 2013)



- Strong focus on consistency of global brand presentation
- Travel retail offers attractive growth opportunities
- Investments in flagship markets pay back globally

Upgrade and expansion of flagship store network in key locations globally



New York,
Columbus Circle

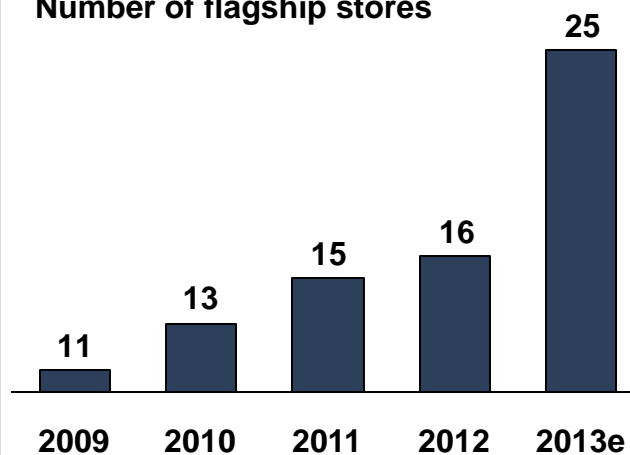


Moscow,
Kuznetsky Most



Shanghai,
APM Mall

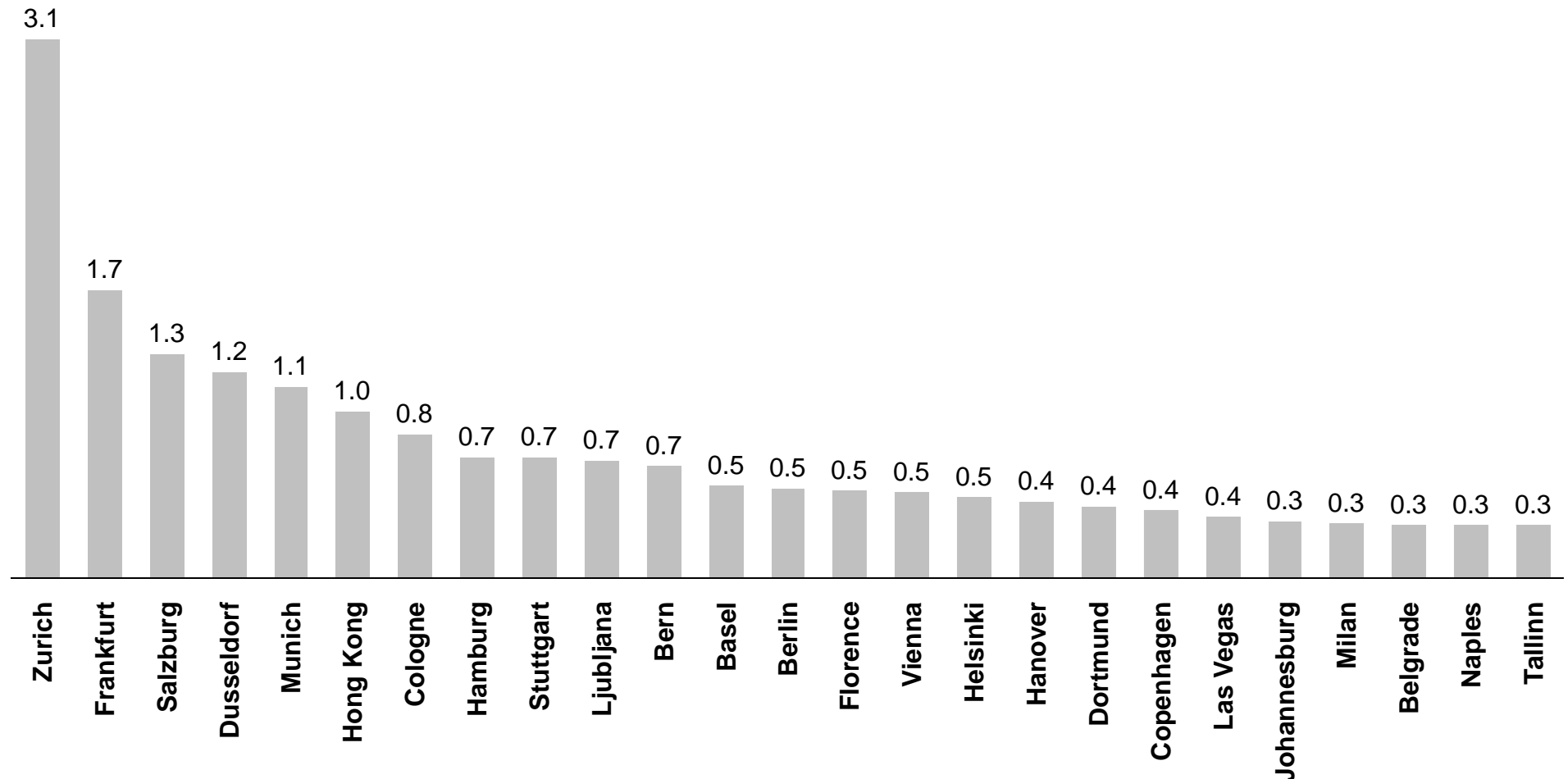
Number of flagship stores



Directly operated store expansion conquers white space

EUR spent on HUGO BOSS in 25 international metropolises

(as of 2012, % of TEUR GDP per metropolis)



Refined showroom timing and delivery cycle optimizes time to market

Further enhancement of central D.R.I.V.E. concepts expected to drive performance

4-season cycle

- Analytical insight in collection performance deepened significantly
- Renewed emphasis on Spring and Fall collections in response to American and Asian market needs

Showroom timing

- Showroom times more closely aligned with global fashion calendar
- Differentiated timing introduced for menswear and womenswear

Delivery timing

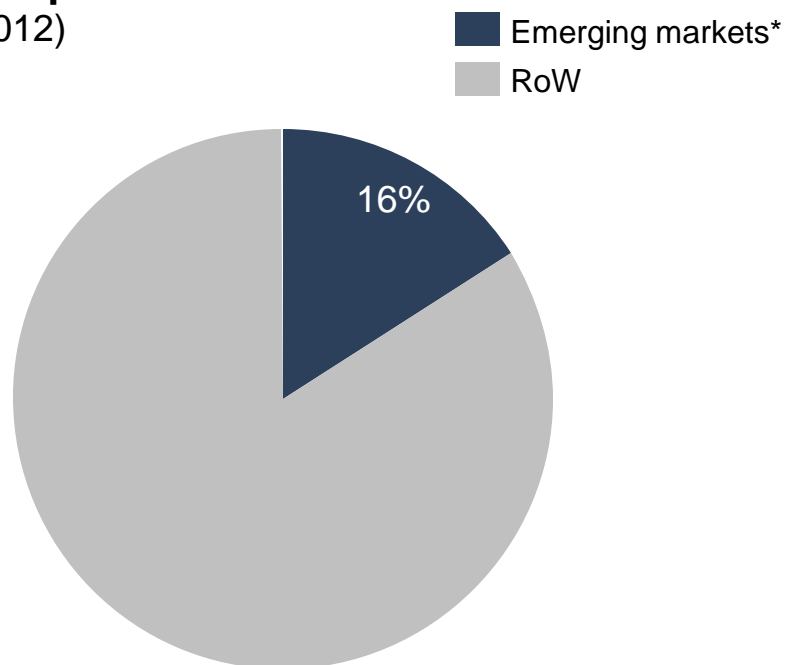
- Earlier deliveries increase new collection availability at season start
- Positive impact on full price sell-throughs expected

Operations + communication

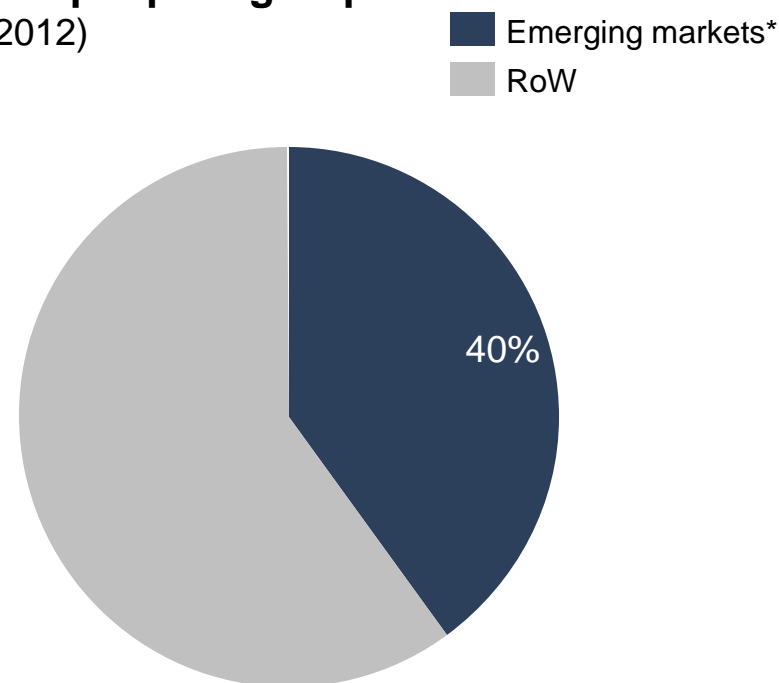
- Production and sourcing more closely synchronized with actual demand
- Brand communication more strongly focused on key collection themes

Underpenetration of emerging markets points to significant growth potential

Sales split HUGO BOSS
(FY 2012)



Sales split peer group**
(FY 2012)



* incl. Greater China.

** Peer group: Swatch, Richemont, Burberry, Gucci, LV, Tod's, Salvatore Ferragamo, Adidas, Puma, Luxottica.

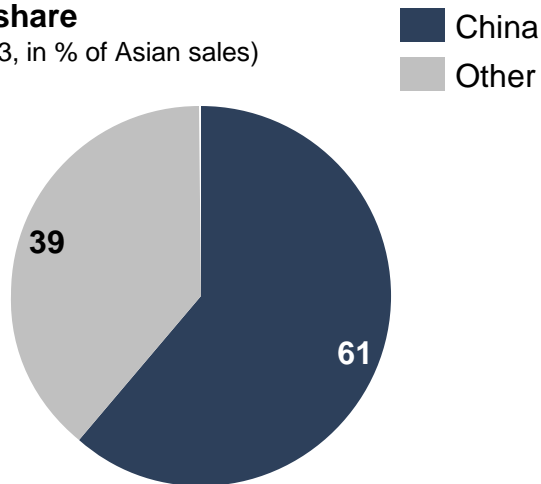
China continues to be the biggest regional opportunity for HUGO BOSS



China

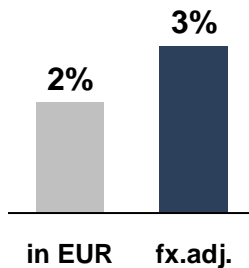
Sales share

(9M 2013, in % of Asian sales)



Sales growth

(9M 2013)



- Late direct market entry
- Successful build up of operational infrastructure has laid the foundation for expected future growth
- Focus on quality upgrade of retail network as well as strengthening of brand perception
- Catch-up to peers impacted by economic and industry headwinds

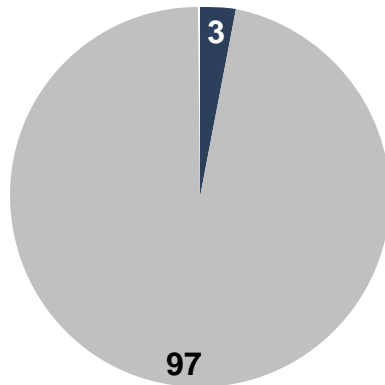
Russia has the potential to develop into one of the European core markets



Russia

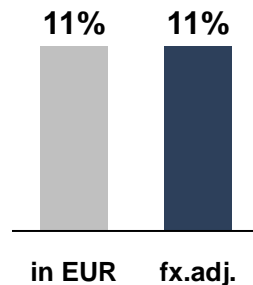
Sales share

(9M 2013, in % of European sales)



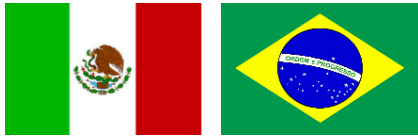
Sales growth

(9M 2013)



- HUGO BOSS enjoys high levels of brand awareness and favorable brand perception
- Comprehensive market presence driven by franchise and department store partners
- Around 30 freestanding franchise stores
- First own store opening in Moscow in August marks direct market entry

Latin America has become an increasingly important growth driver in the Americas

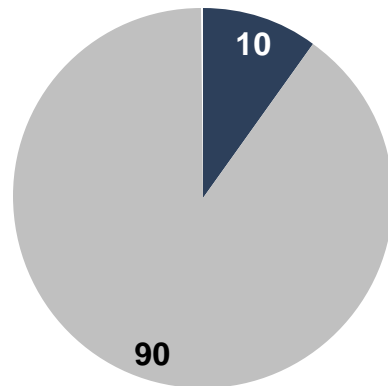


Latin America

Sales share

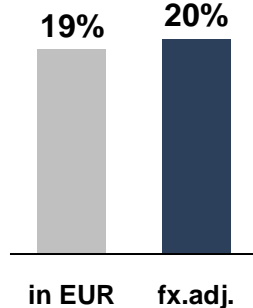
(9M 2013, in % of American sales)

■ Latin America
■ Other



Sales growth

(9M 2013)



- 25+ years market presence
- Strong brand recognition driven by menswear clothing
- Reputation for modern designs and perfect fit
- Freestanding store base in Brazil has doubled to 12 since the end of 2011

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Summary and conclusion

Retail-driven business model will secure long-term profitable growth

Economic and industry conditions more challenging than expected

- Macroeconomic development weaker than expected
- Deterioration of global wholesale market
- Temporary slowdown of industry growth in China impacting HUGO BOSS catch-up

Challenges clearly addressed

- Upgrade of own retail customer experience to address an increasingly sophisticated, globally mobile audience
- Concession business model expanded more comprehensively and faster than originally expected
- Brand communication strengthened

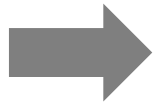
- Growth strategy fully intact
- Short-term margin dilution accepted to support long-term profitable growth
- Clear commitment to achievement of 25% operating margin target

HUGO BOSS has a clear long-term vision

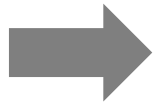
HUGO BOSS will...



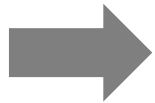
...further build its leading market position in the global premium and luxury apparel industry, with an expanded womenswear and luxury offering adding to our historical strength in the menswear premium segment.



...continue developing into a world-class retailer, offering inspirational shopping experiences across all consumer touchpoints.



...further balance its global market position, offering one face to the customer across all regions.



...continue defining operational excellence in the industry, with efficient processes enabling sound strategy execution and strong results development.



...continue demonstrating responsible management, creating value for employees, customers, partners, shareholders and society.

H U G O B O S S

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.