

H U G O B O S S

HUGO BOSS Investor Day 2013

Asia Pacific Strategy

Dr. Gerrit Rützel, President & CEO Asia Pacific
Hong Kong, November 26, 2013

Agenda

HUGO BOSS in Asia Pacific

Key strategies

Key market activities

Summary

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HUGO BOSS in Asia Pacific

Key strategies

Key market activities

Summary

HUGO BOSS in Asia Pacific

Overview (as of FY 2012)



EMPLOYEES



MARKETS



DOORS



RETAIL DOORS



WHOLESALE DOORS



WHOLESALE PARTNERS

HUGO BOSS Asia Pacific organizational structure

Local structures in key locations

HONG KONG

Asia Pacific Headquarter / Showroom / Sourcing (Sportswear) /
Regional Distribution Center (RDC)

CHINA, Shanghai

Local subsidiary / Regional Distribution Center (RDC)

CHINA / MACAU

Joint Venture (Lotus Shenzhen and Lotus Macau)

CHINA, Beijing

Local press office

CHINA, Guangzhou

Local sourcing office / Production facilities

JAPAN, Tokyo

Local subsidiary

AUSTRALIA, Melbourne

Local subsidiary

TAIWAN, Taipei

Local branch

SINGAPORE, Singapore

Local subsidiary



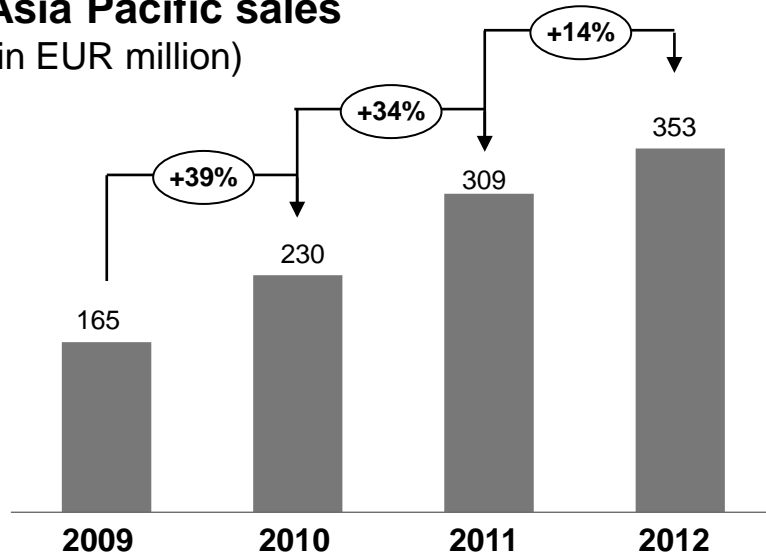
Asia Pacific continues as significant contributor to global success

Growth in each market contributing to ongoing success

- Robust growth since 2009
- Asia Pacific contributes 15% of Group sales
- Greater China accounting for 60% of overall regional sales

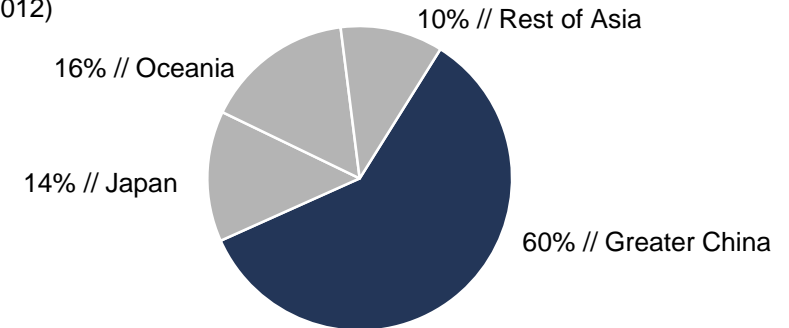
Asia Pacific sales

(in EUR million)



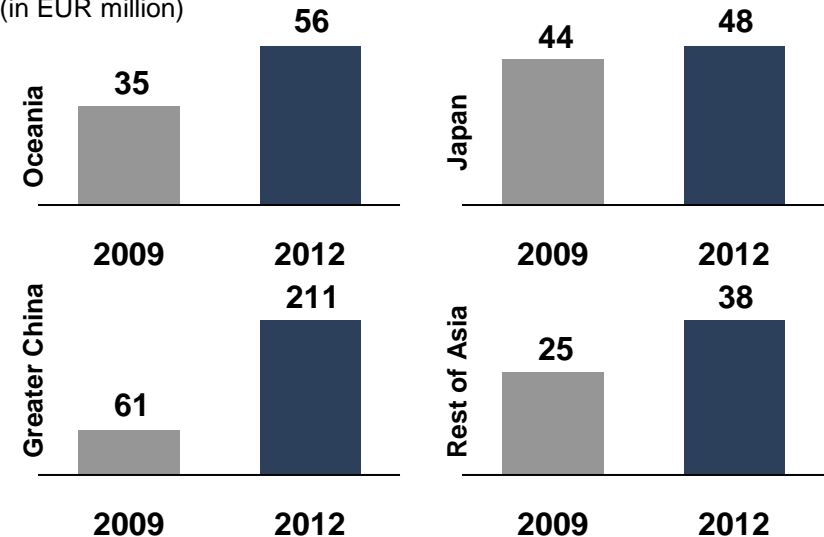
Sales split by market

(FY 2012)



Sales in APAC

(in EUR million)

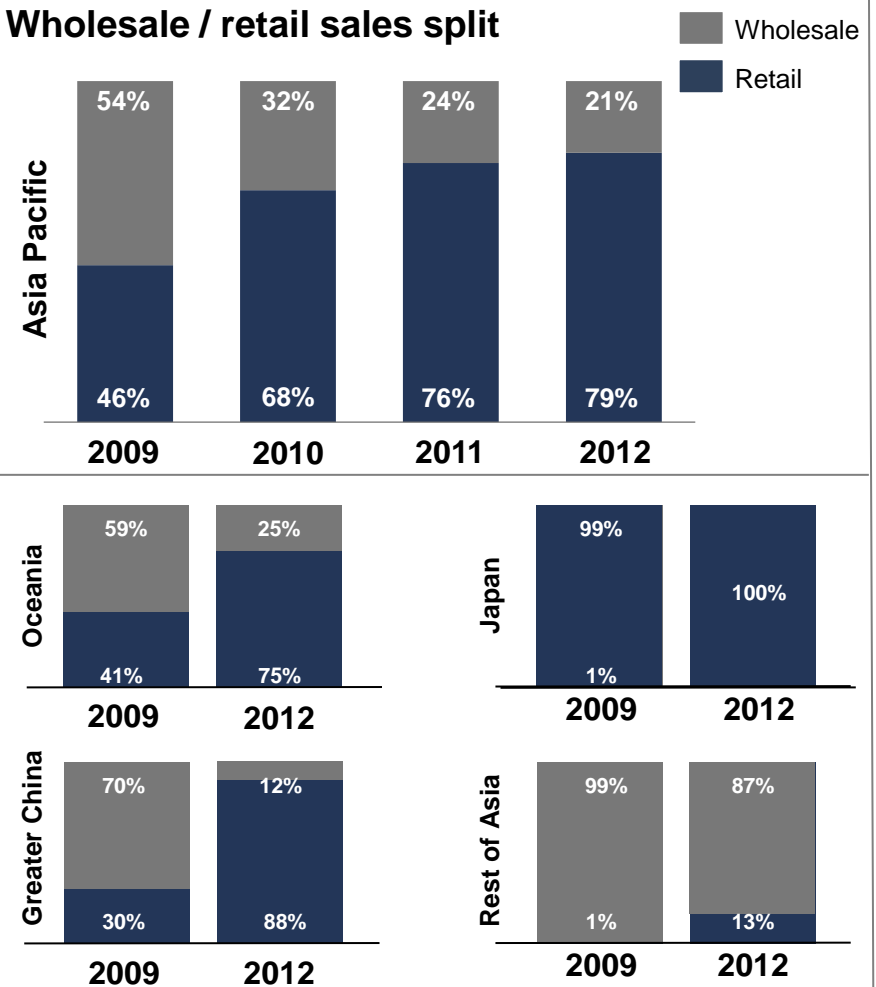


Continued retail transition is a core driver of growth

Retail share expanded in each market

- Confidence in retail operation indicated with opening of Asian flagship stores and South East Asia subsidiary
- Pursuing omni-channel growth model through expansion of physical alongside digital
- Travel retail as a major growth driver
- Wholesale business remains strong contributor to overall topline, even with focused transition to retail
- Balanced outlet network protects brand equity and supports healthy inventory levels

Wholesale / retail sales split

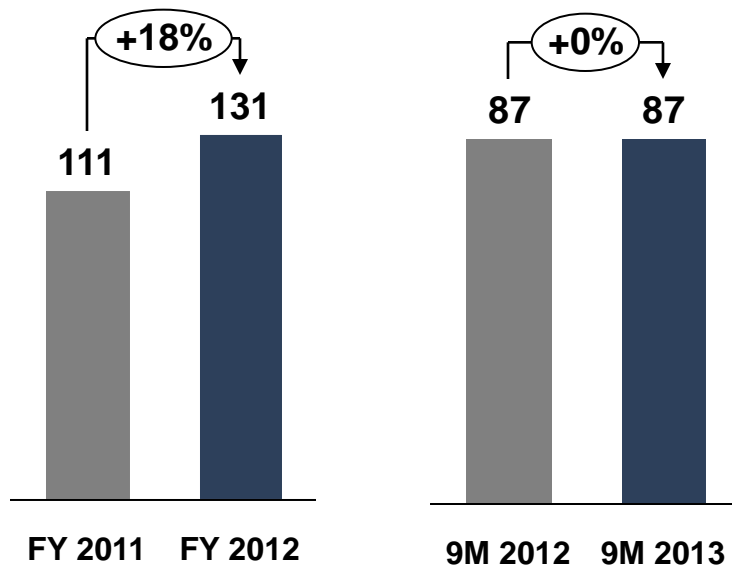


Asia Pacific continues as the Group's most profitable region

Asia Pacific has an important impact on Group performance

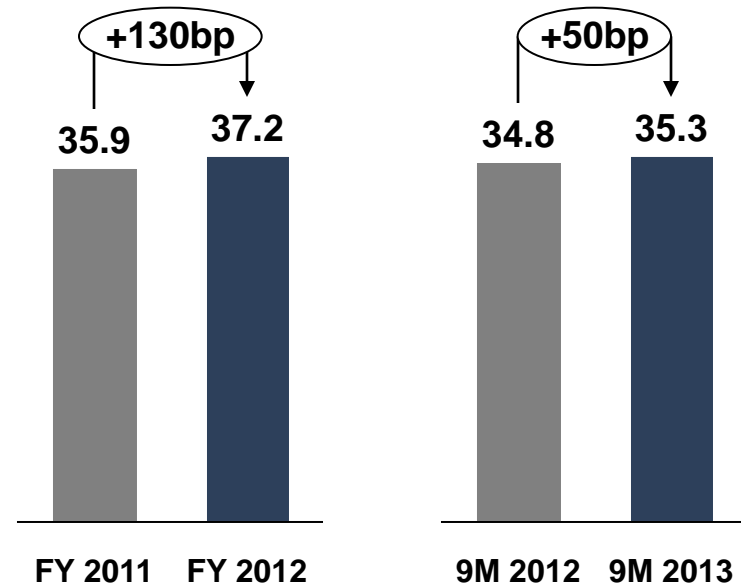
EBITDA development

(Regional result, in EUR million)



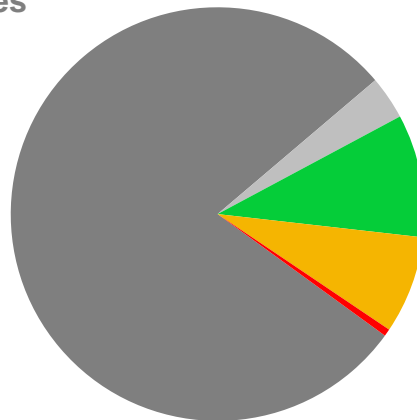
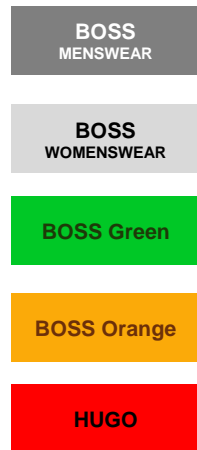
EBITDA margin development

(in % of regional sales)

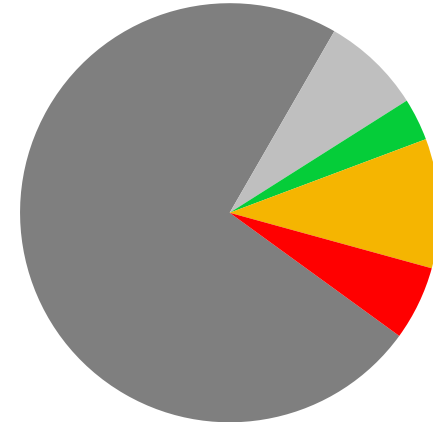


Brand portfolio establishes unique market access

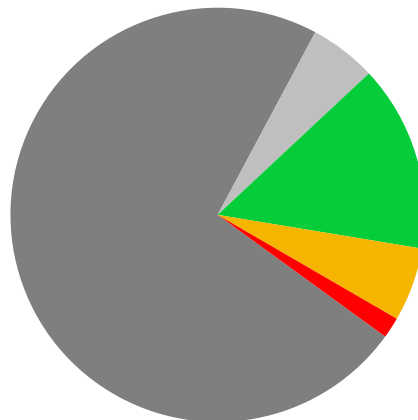
Entire portfolio offers growth opportunities



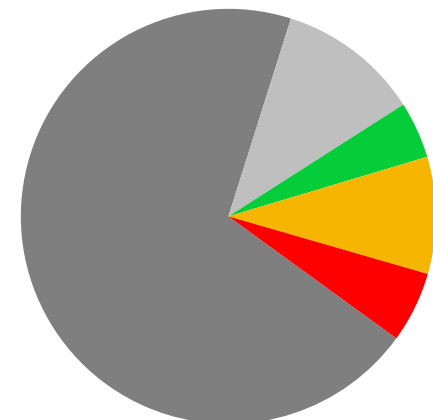
Greater China



Oceania



Rest of Asia



Japan

Each Asia Pacific market provides unique opportunities

Source: Splits based on full year 2012 sales estimates except Rest of Asia

HUGO BOSS as an entry brand into luxury with quality and fit being the dominant drivers

High quality and brand awareness are a strength throughout the region

Greater China

- Luxury
- Classic
- High quality
- Reliable
- Great fit

- High brand awareness
- Entry into luxury menswear
- BOSS menswear as key brand, with Tailored Line an integral component

Japan

- Sophisticated
- Fashion oriented
- High quality

- Good positioning in premium clothing market
- High awareness of suits as an iconic category
- Highest HUGO awareness in APAC



Rest of Asia

- High quality
- Modern
- Sophisticated

- High end menswear fashion brand

Oceania

- Prestigious
- Great fit
- Consistent
- Sophisticated
- Sharp

- Strong Tailored offer
- Entry to luxury world
- High menswear awareness
- Highest womenswear awareness in APAC

HUGO BOSS as top performing brand within the region

Consistent recognition as a Top Five brand

	2006	2007	2008	2009	2010	2011	2012	2013
	ALL	ALL	ALL	ALL	ALL	ALL	MEN	MEN
1	Giorgio Armani	Giorgio Armani	Giorgio Armani	Giorgio Armani	Giorgio Armani	Giorgio Armani	Giorgio Armani	Giorgio Armani
2	Louis Vuitton	Louis Vuitton	Dunhill	Louis Vuitton	Dunhill	Burberry	Burberry	Zegna
3	HUGO BOSS	Dunhill	Valentino	Dunhill	HUGO BOSS	HUGO BOSS	HUGO BOSS	HUGO BOSS
4	Dunhill	Versace	Burberry	Zegna	Versace	Versace	Versace	Burberry
5	Hermes	Hermes	Chanel	Hermes	Burberry	Ports	Zegna	Versace
6	Prada	Ports	Versace	Versace	Zegna	Chanel	Dunhill	Dunhill
7	Zegna	HUGO BOSS	Louis Vuitton	Dior	Dior	Louis Vuitton		
8	Chanel	Montblanc	Hermes	Givenchy	Louis Vuitton	Dior		

Source: 'Best of Best' Survey, Hurun Report

Top 5 Menswear Brands				
Armani	BOSS	Burberry	Dunhill	Ermenegildo Zegna

Source: '2012 China Luxury Study', Bain & Company, December, 2012

Agenda

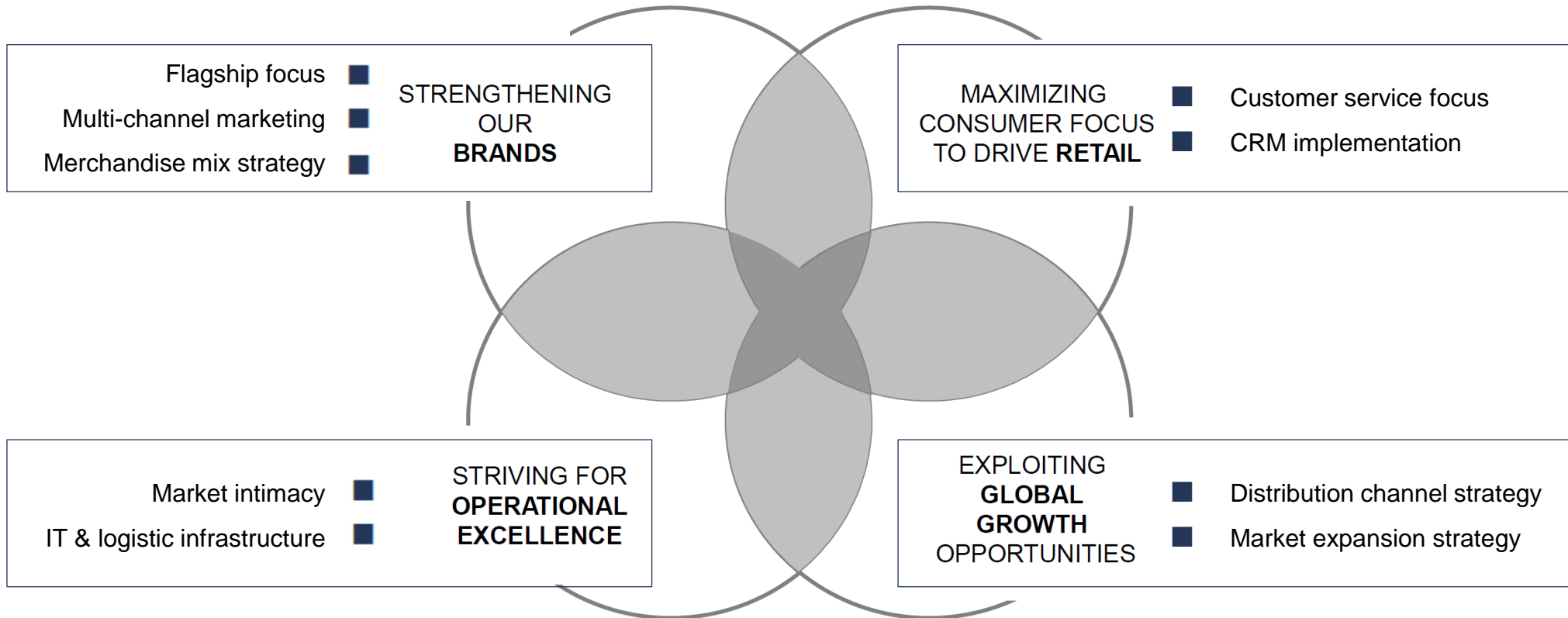
HUGO BOSS in Asia Pacific

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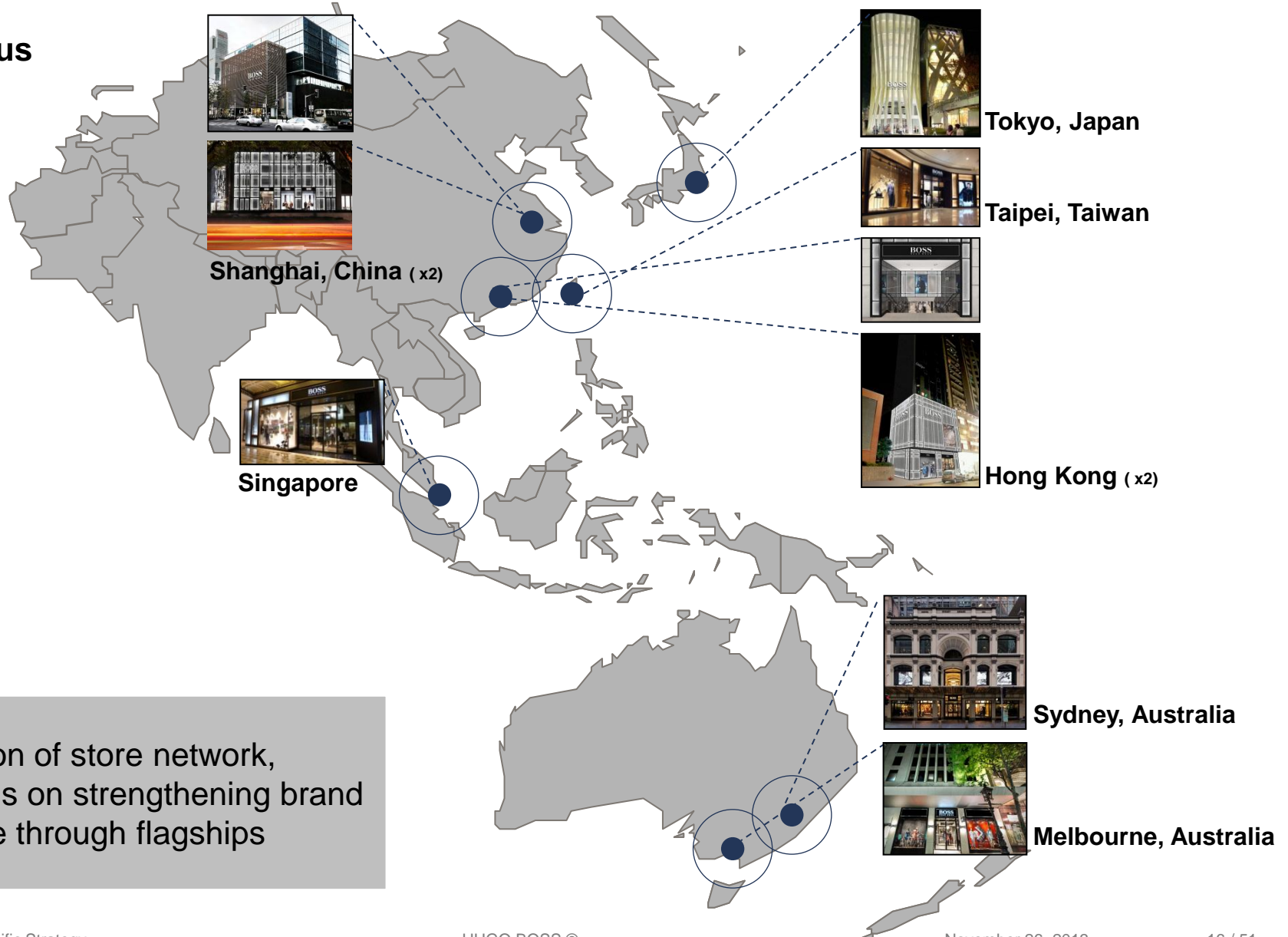
Group medium-term strategy sets the tone for Asia Pacific



Group medium-term strategy sets the tone for Asia Pacific



Flagship focus



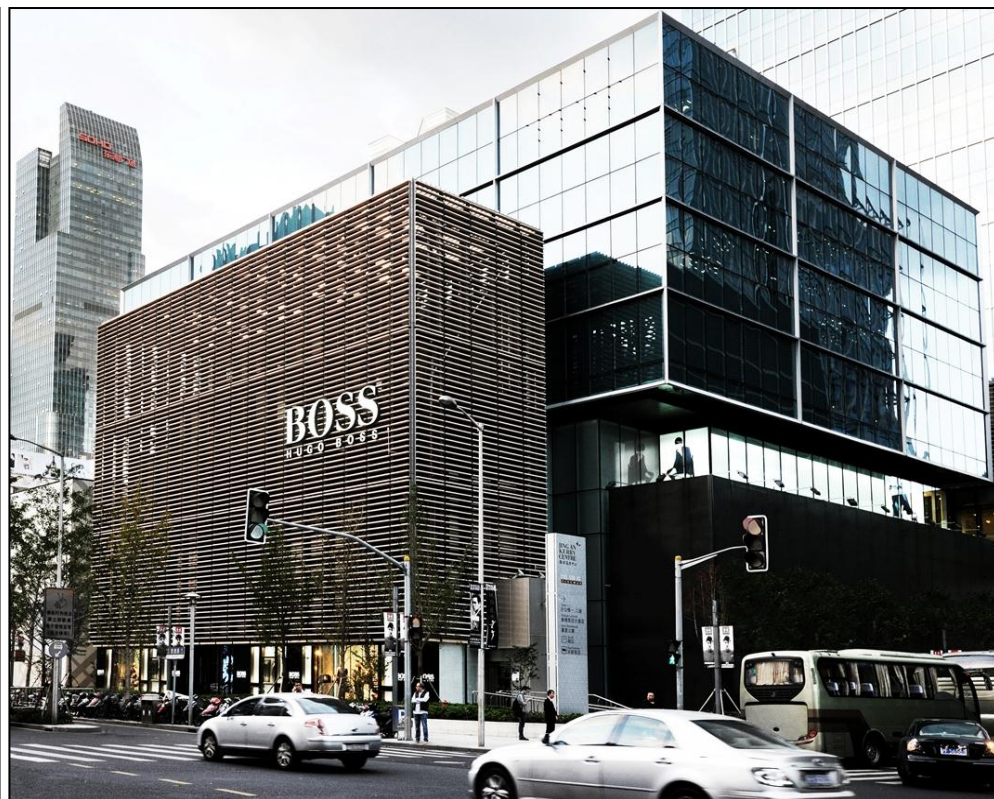
Expansion of store network,
with focus on strengthening brand
presence through flagships

Flagship focus

APM
Shanghai, China



Kerry Center
Shanghai, China



Flagship focus

Canton Road
Kowloon, Hong Kong



Central Building
Hong Kong



Flagship focus

King Street
Sydney, Australia



Marina Bay Sands
Singapore



Flagship focus

Omotesando
Tokyo, Japan



Taipei 101
Taipei, Taiwan



Multi-channel marketing

High quality events strengthen brand awareness and perception

- Events, social media and digital are frontiers for ongoing growth

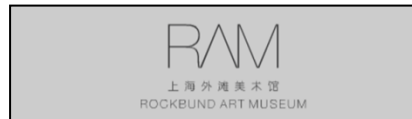




Multi-channel marketing

Event in focus: HUGO BOSS Asia Art

- Biannual art award
- Focus on contemporary art
- Celebrates the dynamic Asian and Chinese art scene



HUGO BOSS

ASIA ART

Award for Emerging Chinese Artists
亚洲艺术大奖——中国新锐艺术家

2013

入围艺术家展览 Exhibition of Finalist Artists
2013. 9.13 - 12.8

鸟头 BIRDHEAD
许家雄 HSU CHIA WEI
胡向前 HU XIANGQIAN
关尚智 KWAN SHEUNG CHI
李杰 LEE KIT
李燎 LI LIAO
黎薇 LI WEI

上海外滩美术馆 ROCKBUND ART MUSEUM
上海市黄浦区虎丘路20号 20 HUGU ROAD, HUANG PU DIST, SHANGHAI
T: 8621 3310 9988-1101 WWW.ROCKBUNDARTMUSEUM.ORG

支持 Supported by

RAM BOSS

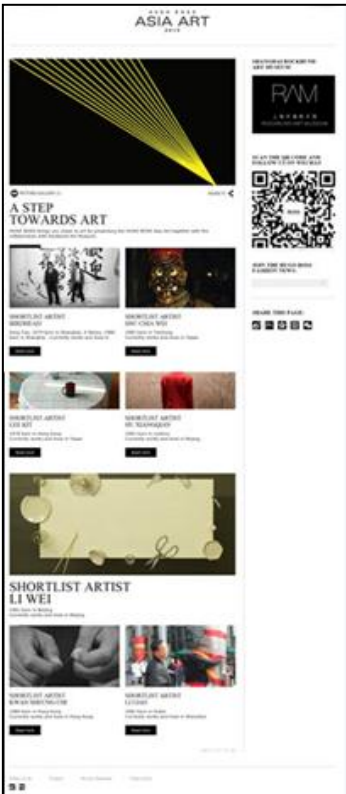
ROCKBUND 洛克bund

The HUGO BOSS ASIA ART is made possible through the partnership with HUGO BOSS.

Multi-channel marketing

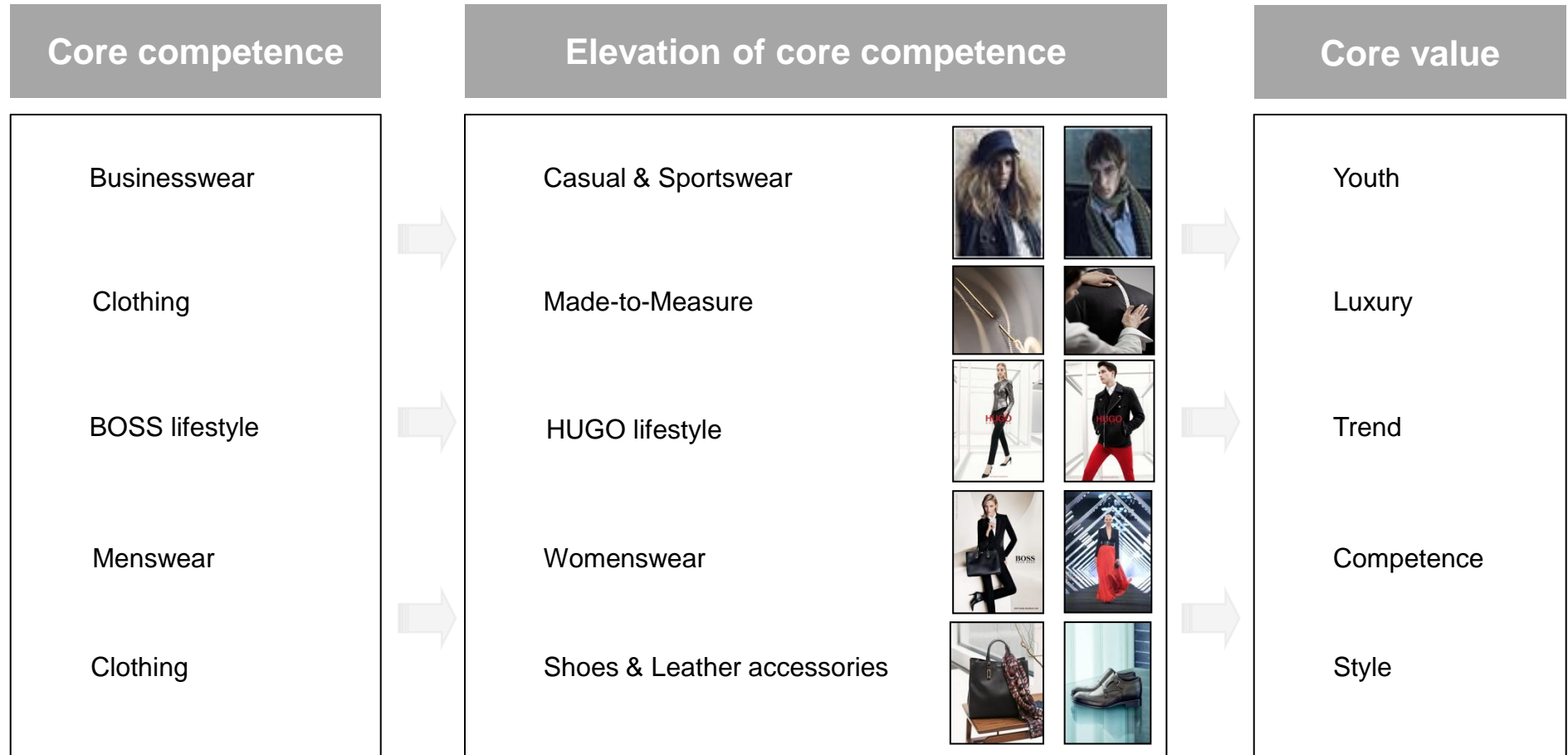
Event in focus: HUGO BOSS Asia Art

- Social media
- Digital marketing
- Event



Merchandise mix strategy

The world of HUGO BOSS



■ Regional merchandise unit enables efficient merchandise operation

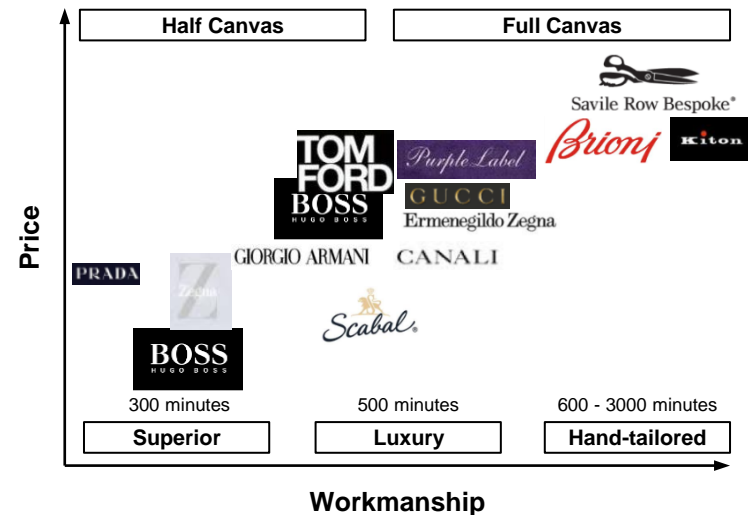
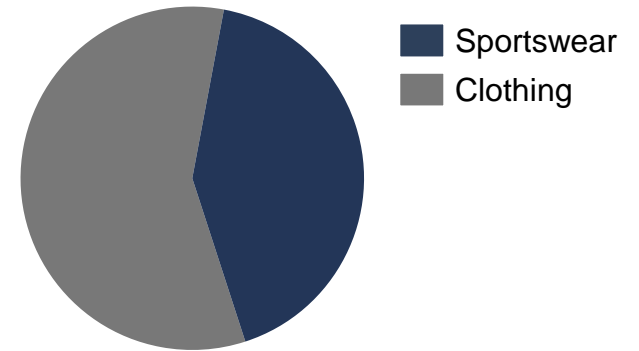
Merchandise mix strategy

Sportswear and clothing as two main pillars of our core brand's success

- BOSS menswear clothing is a driving component for the rest of the Asia Pacific business
- Sportswear in Greater China is a platform for future growth
 - Growing importance of tailored sportswear
- Clothing has further avenues for growth across the region
 - Previous improvements continue to drive success
 - Recent increase in suit sales builds a strong business case for a future Made-to-Measure business
 - Global and regional trend supports importance of Made-to-Measure and absolute luxury

BOSS menswear breakdown, APAC excl. China

(% sportswear vs. clothing, FY 2012)

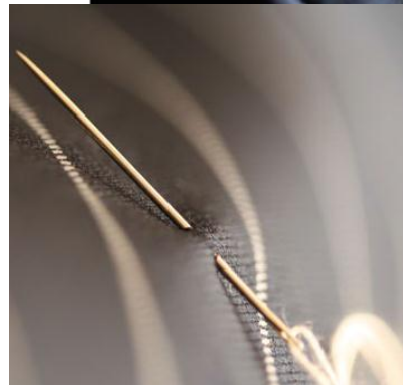


Source: HUGO BOSS study, December 2012

Merchandise mix strategy

Made-to-Measure roll-out focuses on HUGO BOSS product excellence

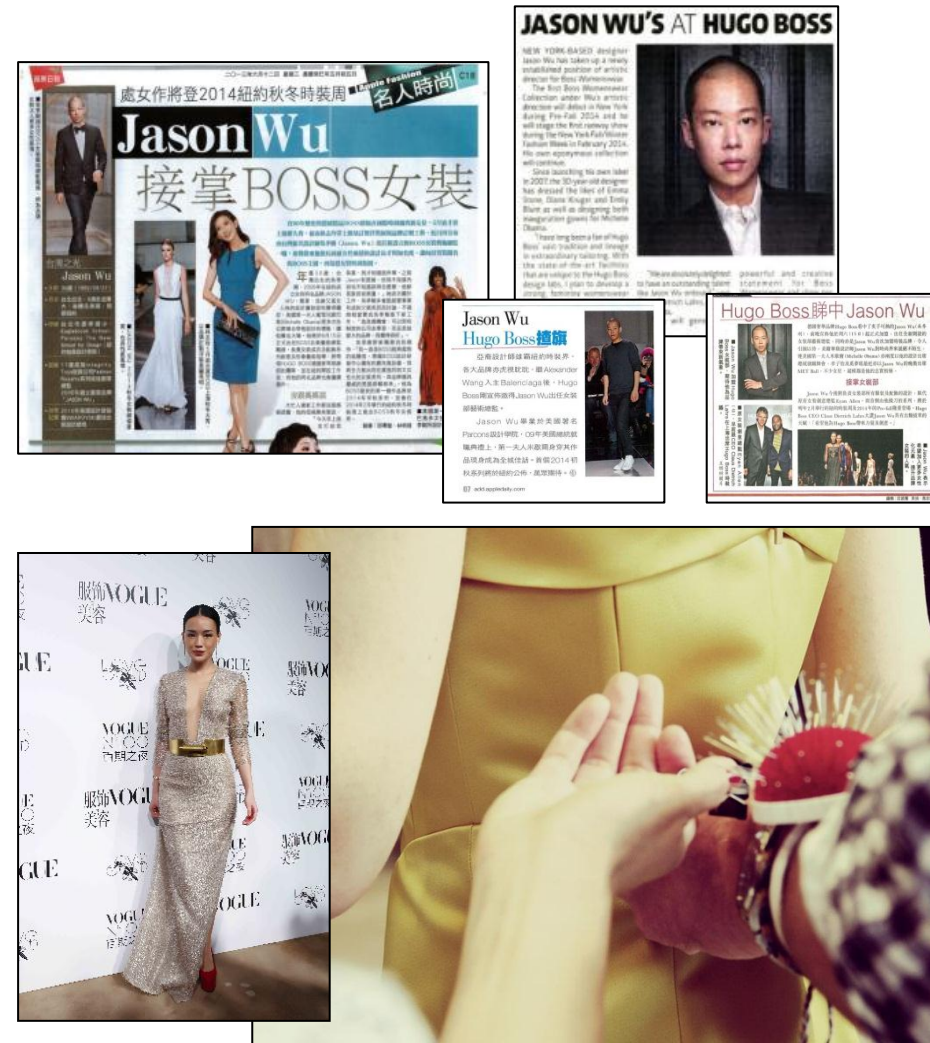
- Made-to-Measure program typifies HUGO BOSS suiting craftsmanship and product quality
- Testing phase already underway, and first end-customer fitting to occur in March 2014
- Program initially offered in Shanghai, Beijing, Hong Kong, Singapore and Tokyo



Merchandise mix strategy

BOSS Womenswear is an exciting opportunity for sustained growth

- BOSS womenswear enjoys high levels of appreciation and valuation after purchase
- Solid platform for robust growth
- Jason Wu to provide the next level of region relevant form and fit
- Marketing and PR events incorporating Jason Wu will provide unprecedented womenswear exposure within the region



Merchandise mix strategy

Shoes and accessories as an example of product excellence

- More space allocated to shoes & accessories in key store locations

Women's S&A space allocation

(women's S&A space as % of womenswear total space)

Country	Location	SA area as % womenswear
Hong Kong	Central Building, Central	19%
	Canton Road, Tsim Sha Tsui	12%
China	Oriental Plaza, Beijing	23%
	Yanlord, Chengdu	20%
	Kerry Center, Shanghai	18%
Australia	Crown Casino, Melbourne	15%



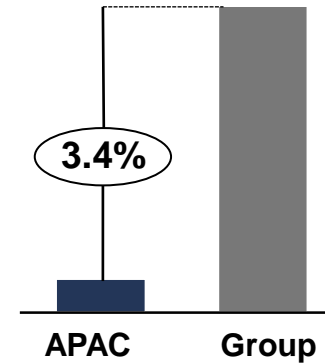
Merchandise mix strategy

Currently underexploited, HUGO provides robust growth possibilities

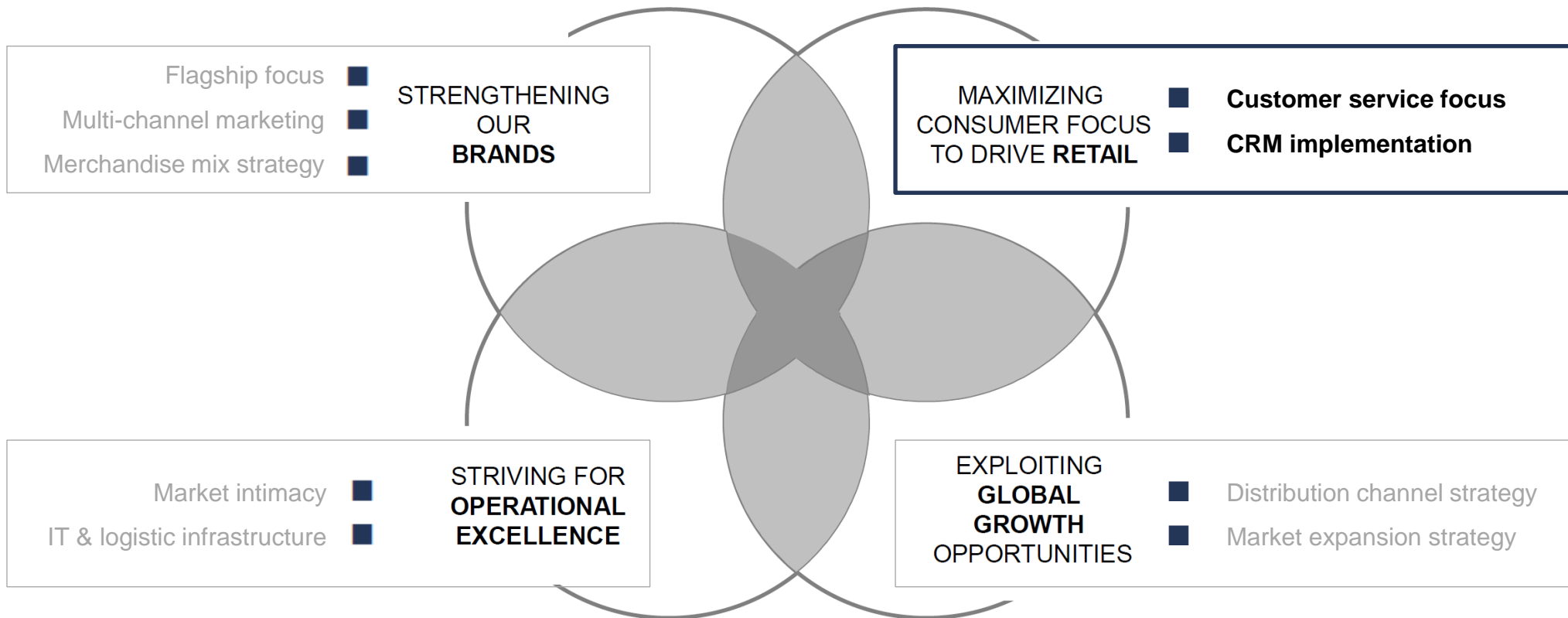
- HUGO's fashion forward core value increasingly resonates with the Asian consumer
- More personal/individual fashion statement (fashion & fit)
- Engage burgeoning younger consumer segment
- Expand footprint of HUGO across retail and wholesale
- Elevate HUGO BOSS brand recognition through HUGO focus

HUGO is HUGO BOSS' expression of avant-garde and forward thinking fashion

HUGO net sales comparison
(FY 2012)



Group medium-term strategy sets the tone for Asia Pacific

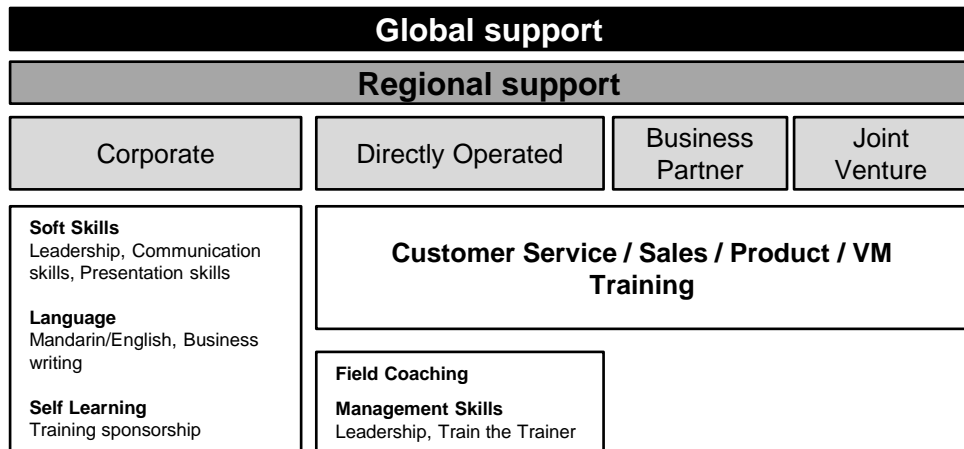


Maximizing consumer focus to drive retail

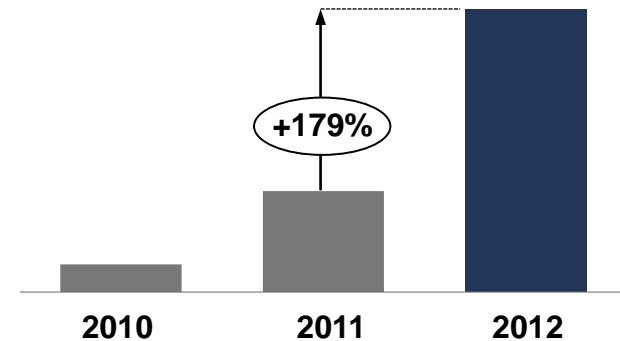
Customer service focus

Retail training strengthens the HUGO BOSS experience

- Increased focus and commitment to retail excellence, with ongoing training infrastructure development
- Improved mystery shopping results, a direct link to retail training and retail focus
- Clothing business, particularly suiting, benefits strongly through blended learning concept (online & face-to-face)



Retail training
(DOS training hours)



Training covers all mystery shopping criteria:

- Store appearance
- Welcome
- Discovery
- Selling skills
- Dealing with objections
- Final courtesy
- KPIs

Customer service focus

Retail training strengthens the HUGO BOSS experience

Company Profile



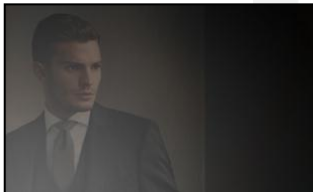
Cross- & Upselling



HUGO BOSS Womenswear

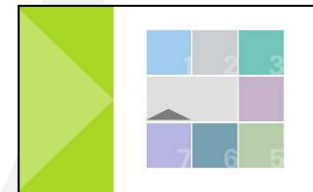


Store Operational Manual - Customer Service



HUGO BOSS employees are focused on ensuring the customer experience exceeds expectations

7 Steps to Sales Success



Textile Basics



How to Sell a Suit



Store Management by KPI



CRM implementation

Progressive implementation of a more sophisticated CRM tool supports our customer-centric focus

■ CRM as an important tool, to:

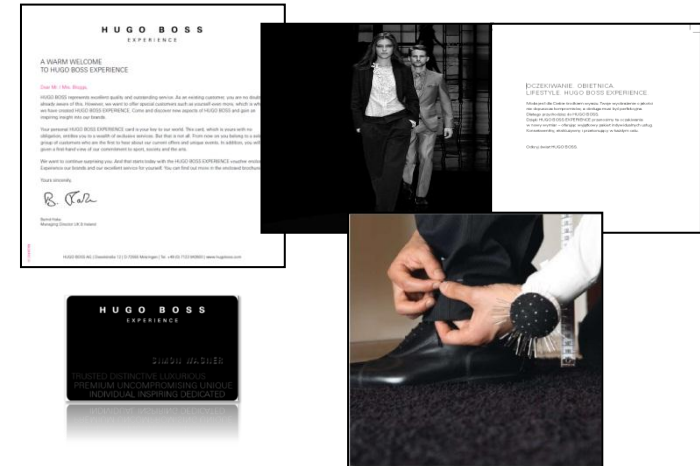
- Improve retail excellence
- Drive traffic
- Increase customer engagement
- Increase sales

■ Numerous benefits for the customer

- Better customer service from customer history
- Free standard alterations
- Invitations and information about exclusive HUGO BOSS events
- Access to myhugoboss.com (2014)

■ Supported by a variety of training tools

- CRM@HUGOBOSS
- Customer experience and services
- Campaigns and activities
- Customer intelligence
- Reporting and performance



Integrate

Existing systems
Existing consumers
Existing benefits

Specify

Market needs
Legal requirements

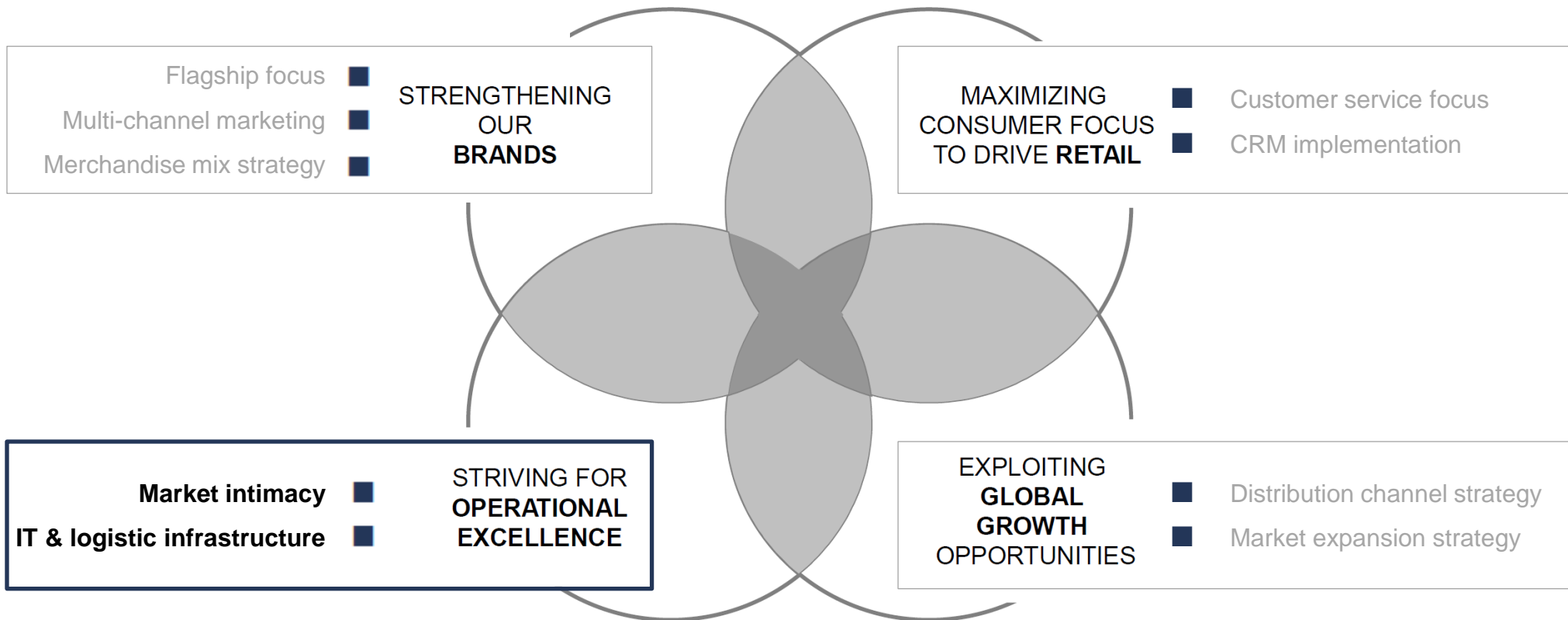
Execute

Customer experience
New customers

Elevate

Refined data sources
Advanced analytics
Deep consumer knowledge

Group medium-term strategy sets the tone for Asia Pacific



Striving for operational excellence

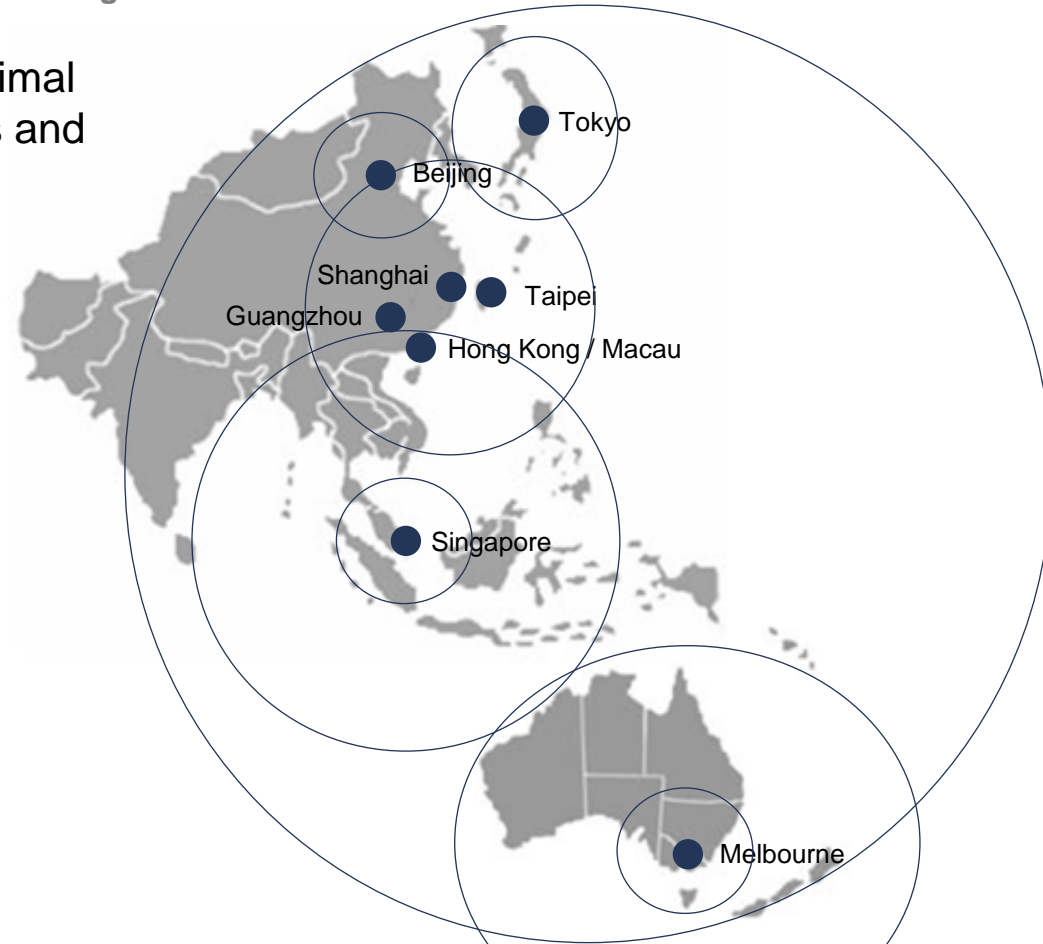
Market intimacy

HUGO BOSS Asia Pacific acts local with intimate market knowledge and interaction

- Subsidiary and branch network enables optimal local management sharing of best practices and alignment of regional priorities



2011



2013

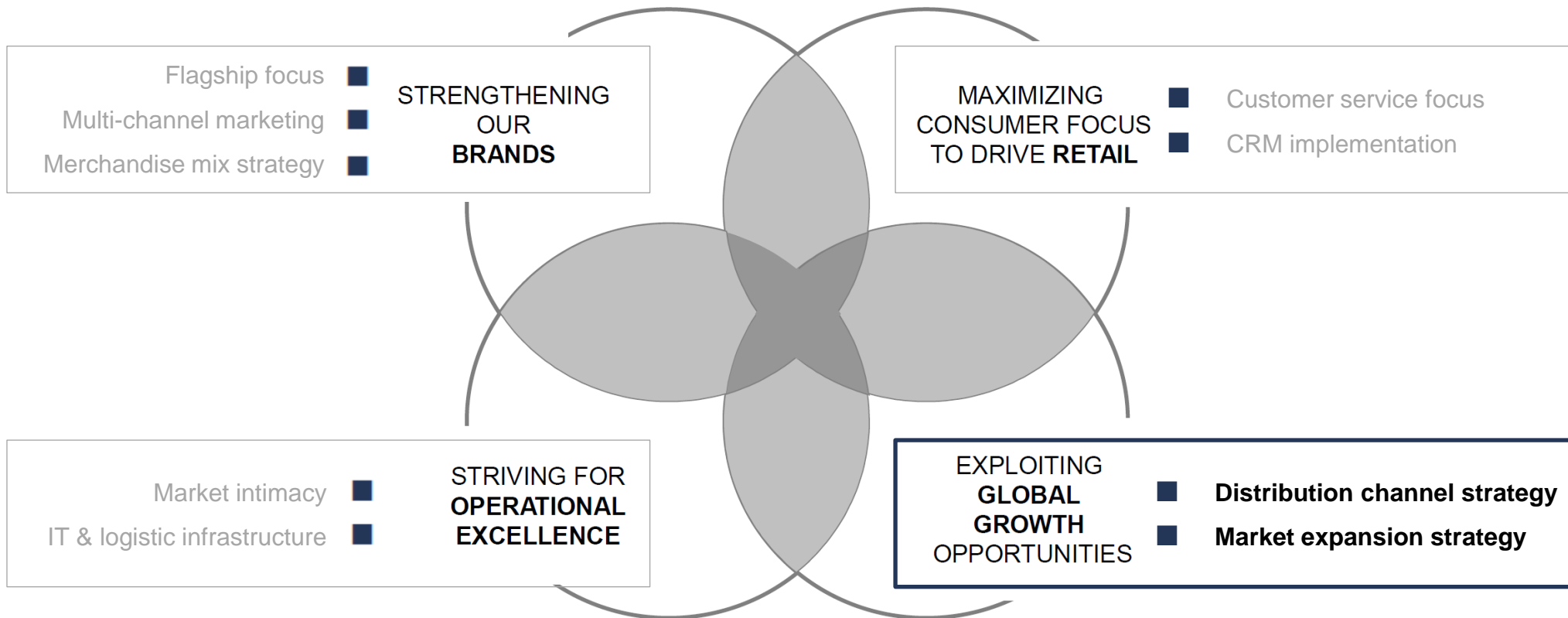
IT & logistic infrastructure

Efficient IT and distribution set-up supports operational excellence

- Support for regional growth through improved warehouse network within Asia Pacific
- Increased speed to market and faster replenishment
- Cost efficiency improvements alongside flexibility to cater for future growth
- Complete SAP coverage drives operational efficiency and transparency
- Set-up of non-production material buying process reducing costs and lead-time
- Successful integration of important Joint Venture functions (IT, logistics)



Group medium-term strategy sets the tone for Asia Pacific



Exploiting global growth opportunities

Distribution channel strategy

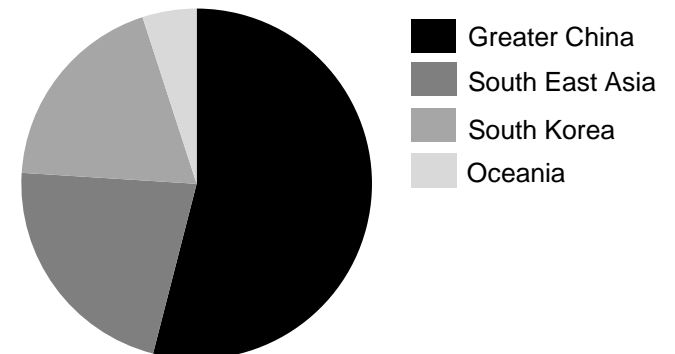
Sales channel in focus: Travel Retail as an important growth driver

- Total POS: 37
 - Airport: 23
 - Downtown: 14
- Asia Pacific travel retail present in 10 countries
- Strong, double-digit sales growth
- Moving towards direct operation of stores
- Eight openings in 2013
- Asian consumers are heavily expanding their travel reach, including the Americas and Europe

Top 5 travel retail locations, Asia Pacific (as of 2013)

- Hong Kong International Airport, Hong Kong
- Sanya City, Hainan
- Bangkok Airport, Thailand
- Bangkok Downtown, Thailand
- City of Dreams, Macau

POS by market (% of total Asia Pacific travel retail POS)



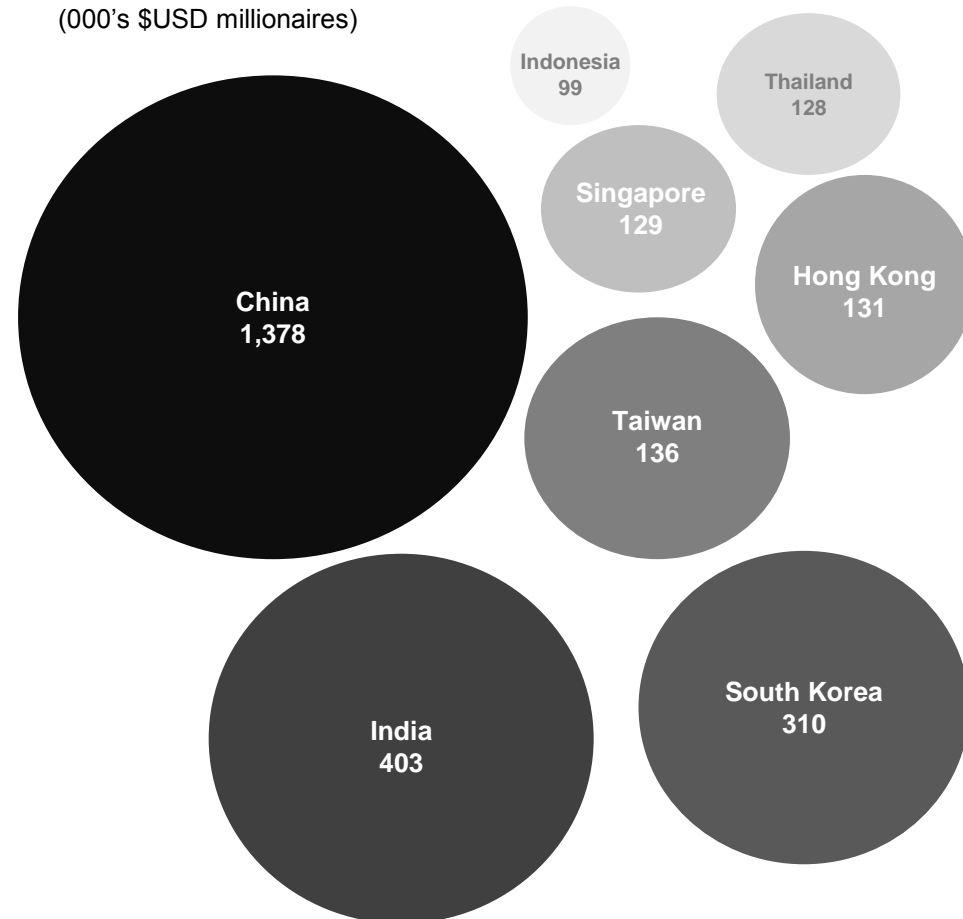
Market expansion strategy

Asia Pacific contains many opportunities for future growth

- Burgeoning fashion culture and spending power in numerous markets a key component of future growth
- China currently steals regional limelight but new markets provide key to ongoing success
- Ongoing evaluation of takeovers of existing franchise partners
- South-East Asia subsidiary allows future integration of surrounding markets
- Own store online opportunities

HNWI situation in Asia

(000's \$USD millionaires)



Source: 'The 2012 Global Retail Development Index', A.T. Kearney, 2012

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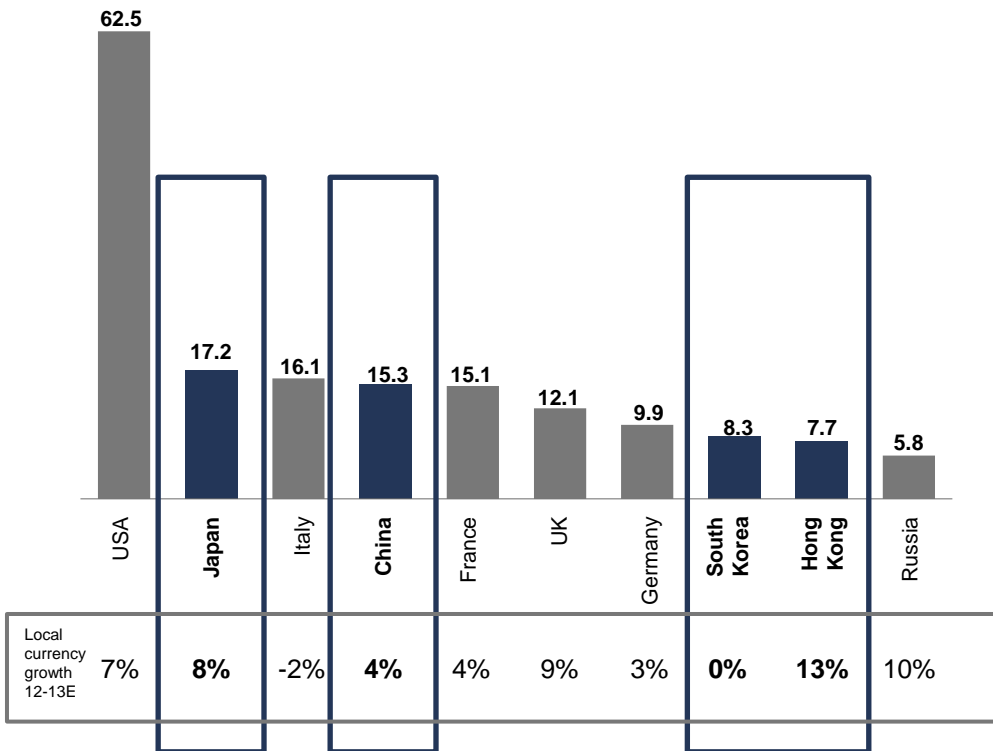
Key market activities

Summary

Asia Pacific in focus

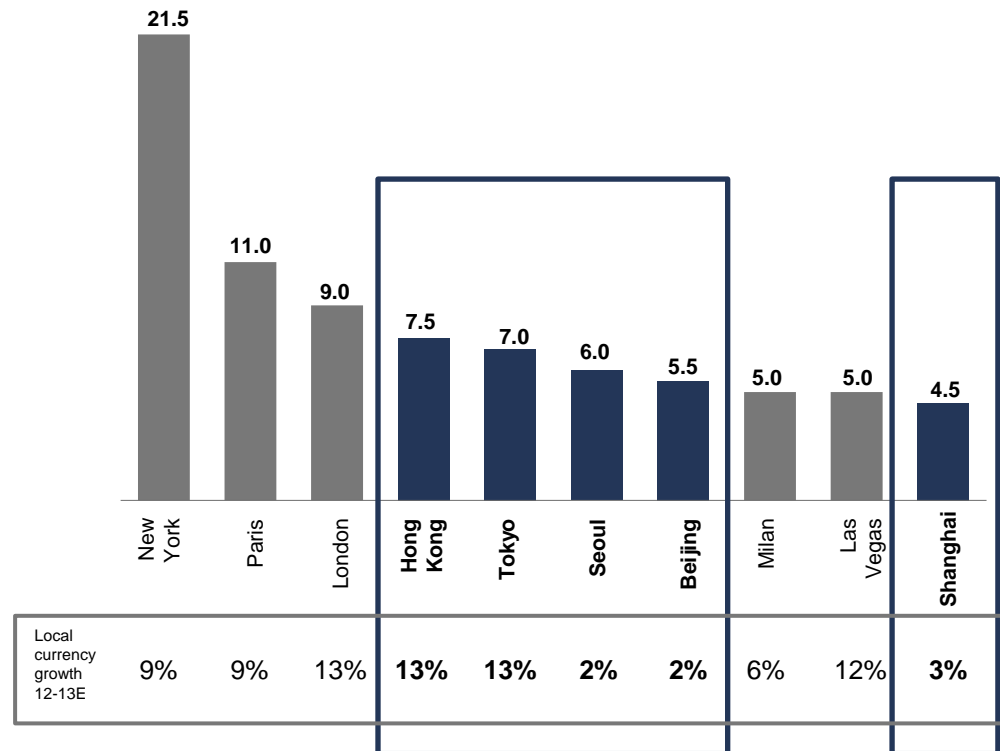
Asia Pacific is an important region for luxury goods

Personal luxury goods, Top 10 countries (as of 2013, in EUR billion)



Source: 'Worldwide Markets Monitor', Fondazione Altagamma & BAIN & COMPANY, October 2013

Personal luxury goods, Top 10 cities (as of 2013, in EUR billion)



Source: 'Worldwide Markets Monitor', Fondazione Altagamma & BAIN & COMPANY, October 2013

Hong Kong and Macau

Key retail destinations within the region

Hong Kong

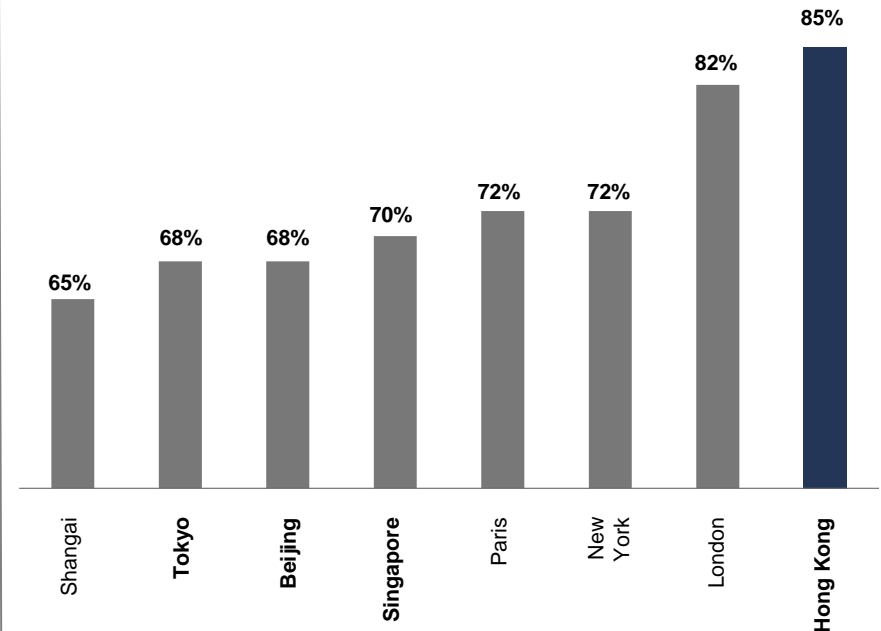
- Flagship openings will increase performance in the city, and global awareness, driving sales throughout Asia Pacific and beyond
- Consolidated wholesale presence to support retail operations and protect brand image
- Strong KPI and LfL performance driven by suit and womenswear business

Macau

- Solid LfL performance
- Relocation of Venetian store, upcoming renovation of Wynn store and first airport/traveller store
- Supply chain improvements

Luxury destination ranking

(% global luxury retailers present in city)

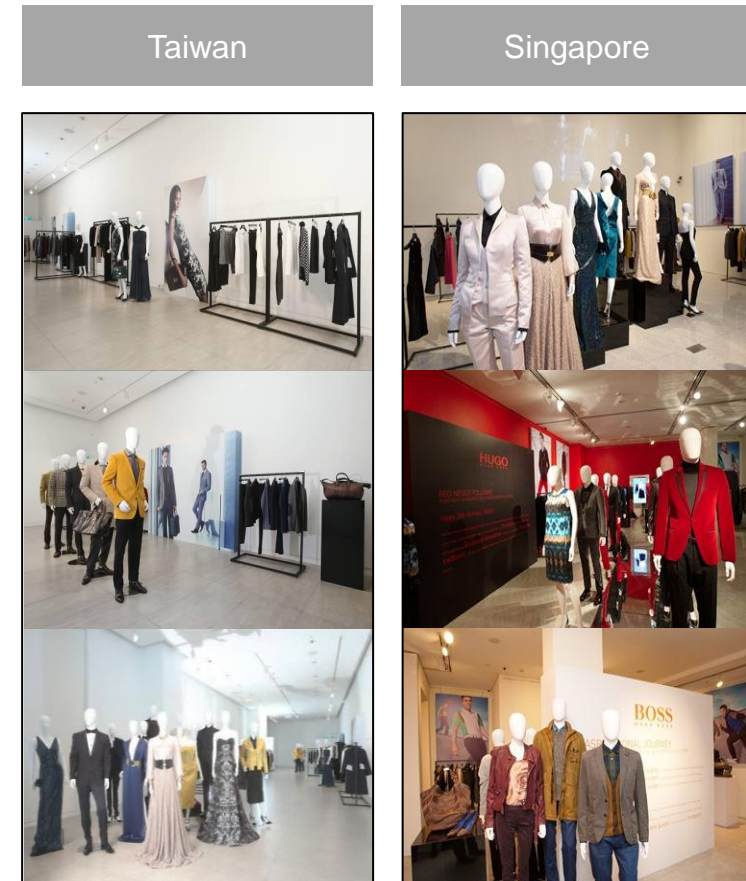
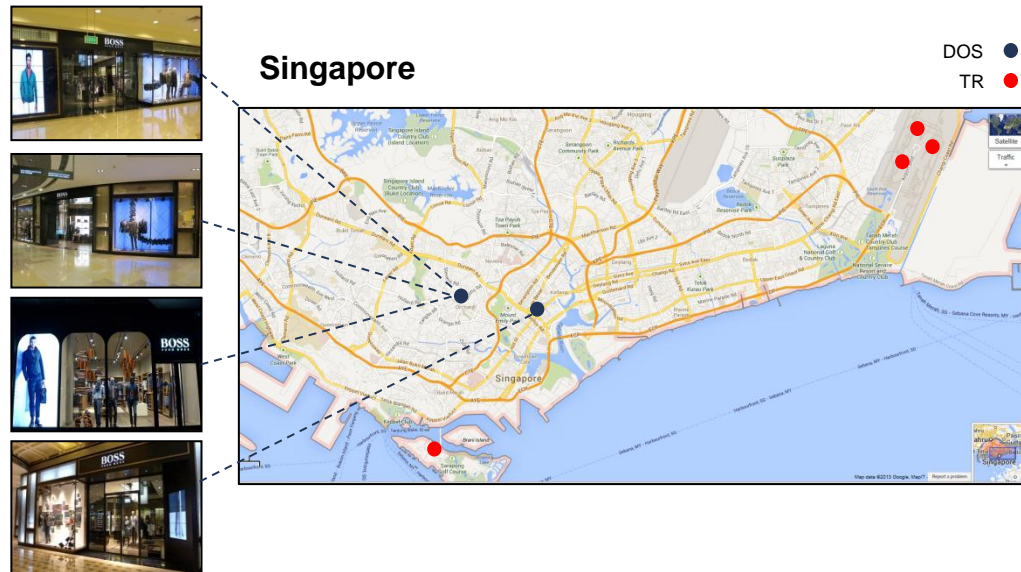


Source: 'How Global is the Business of Retail', CBRE, 2012

Singapore and Taiwan

Successful takeovers enhance consistent brand experience

- Both operations successfully integrated into HUGO BOSS network
- Improved retail network including outlet location in order to protect brand equity and to manage inventory effectively
- Improving performance after takeovers
- Better market access and marketing



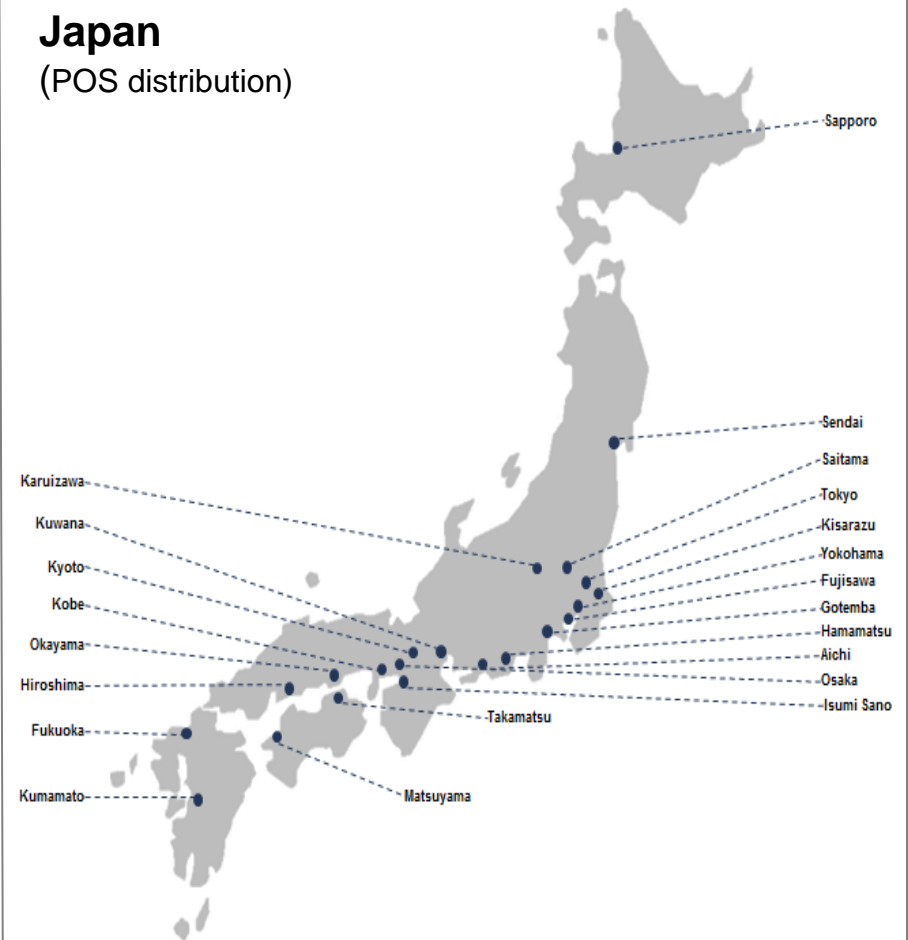
Japan

Achievement of key milestones supports further growth

- Strongly performing market in Asia Pacific including turnaround to profitable subsidiary
- Opening of flagship store in Omotesando, Tokyo and Shinsaibashi, Osaka
- Getting ready to launch Japanese webpage
- Successful roll-out of SAP delivers widespread efficiencies

Japan

(POS distribution)



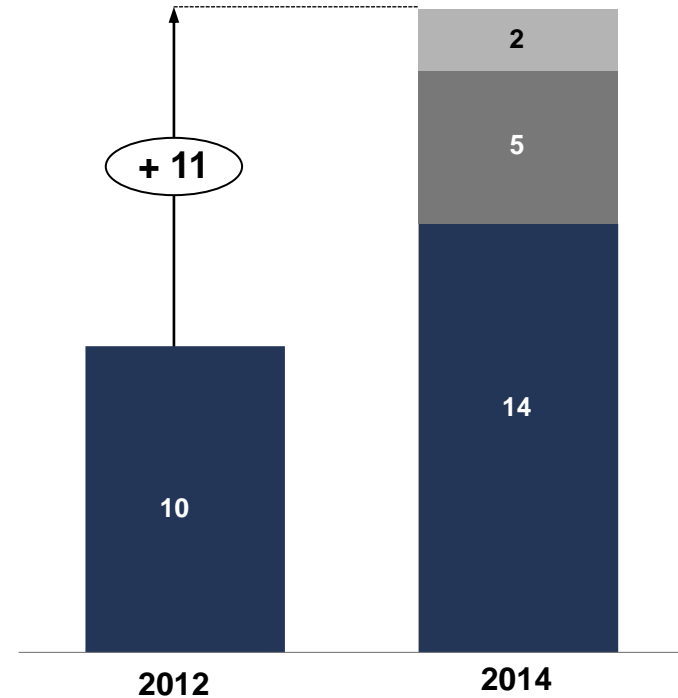
Australia

Further improvements ensure strategic importance within the region

- Renovation of important locations in Sydney and Melbourne alongside opening of new flagship
- Cost savings and streamlined operations from warehouse re-structure, showroom closure and optimized merchandise delivery
- Successful implementation of David Jones concession strategy and takeover of Perth franchise
 - Maximized brand control
 - Improved customer experience
 - Expansion of concession footprint
 - Additive wholesale benefits (BOSS Orange & HUGO)
- Exploring further retail opportunities in New Zealand

Shop-in-Shop presence
(# DOS concession locations)

■ Sportswear
■ Womenswear
■ Menswear



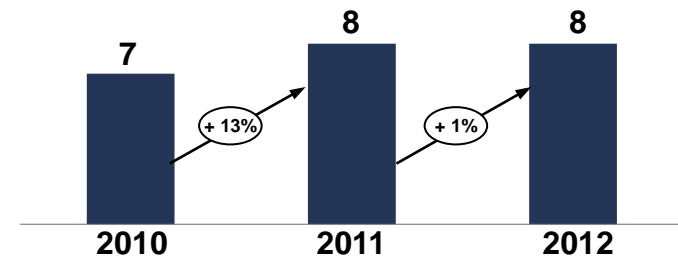
Rest of Asia

Strong business partner relationships enable effective brand control

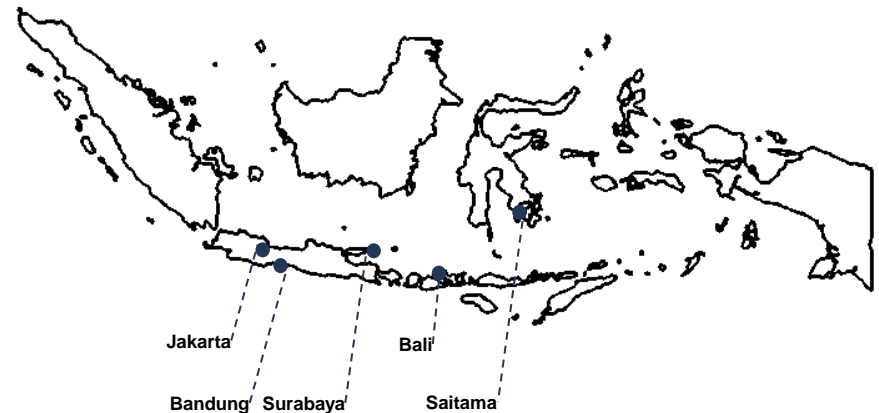
- South Korea is a trend leader with shoes and accessories a local strength
- Major expansion in Indonesia, with prime locations
 - 9 new openings in 2012
- New entry into the Vietnam market capitalizes on first-mover advantages
- Implementing the first B7 concept in Asia in Bangkok just one avenue to prepare for anticipated drop in luxury import tax
- Resorts and holiday destinations are key to tapping into the increasingly mobile consumer
- Continued improvement in showroom efficiency and franchise partner support

South Korean personal luxury goods

(in EUR billion)



Source: 'Worldwide Markets Monitor', Fondazione Altagamma & BAIN & COMPANY, October 2013



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Summary

- Strong focus on retail expansion and upgrade
- Strengthen digital and retail marketing activities
- Exploit the full strength of the HUGO BOSS portfolio
- Maximize retail expertise with a particular focus on training and CRM development
- Further improve and fine tune operational set-up
- Grow wholesale and travel retail businesses selectively



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.