

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

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**HSBC Luxury Conference**

HUGO BOSS Company Handout  
May 22-23, 2014

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## Agenda

**Strategy review**

**First quarter results**

**Outlook**

## Agenda

**Strategy review**

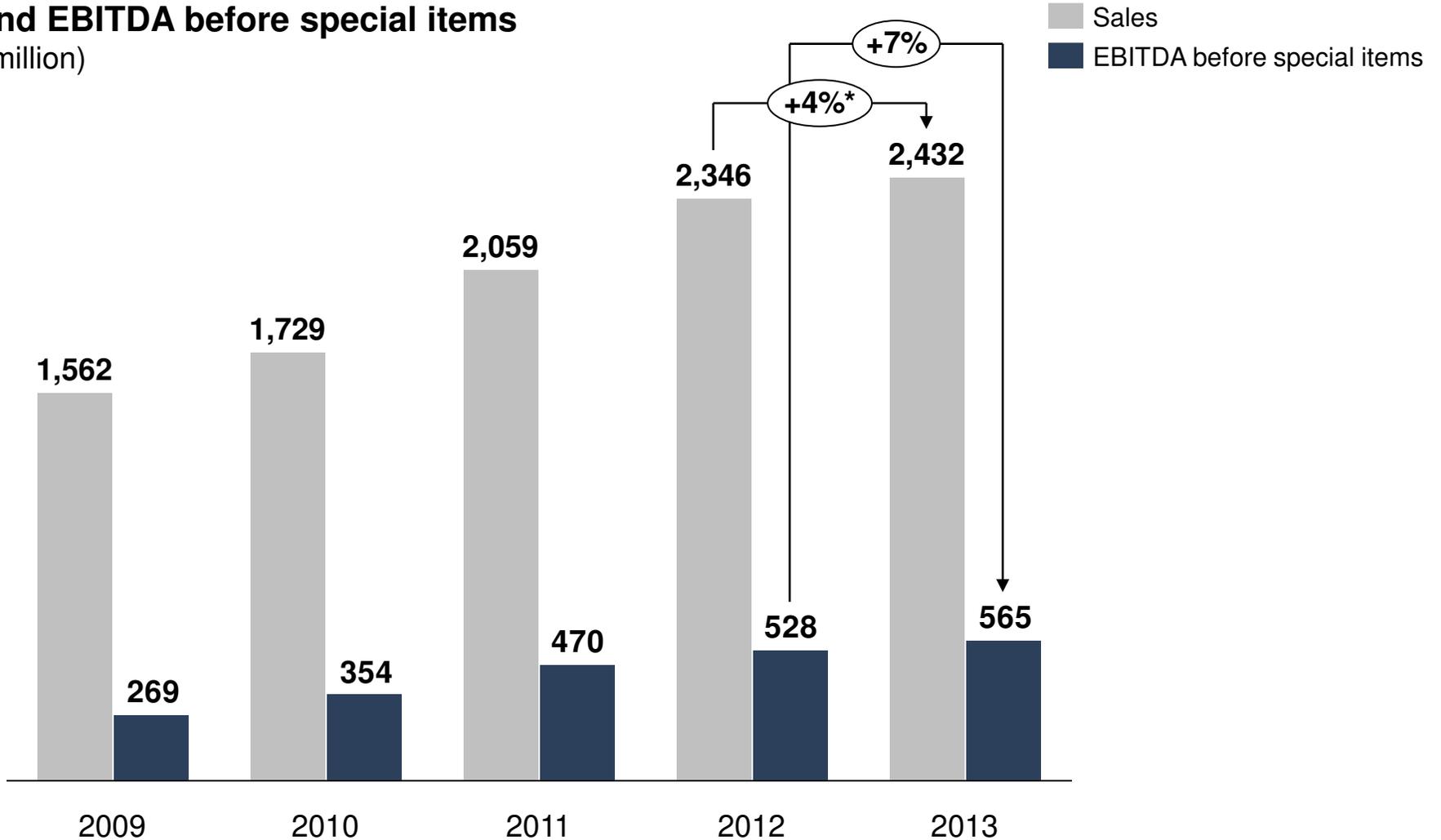
**First quarter results**

**Outlook**

## 2013 a year of good strategic and financial progress

### Sales and EBITDA before special items

(in EUR million)

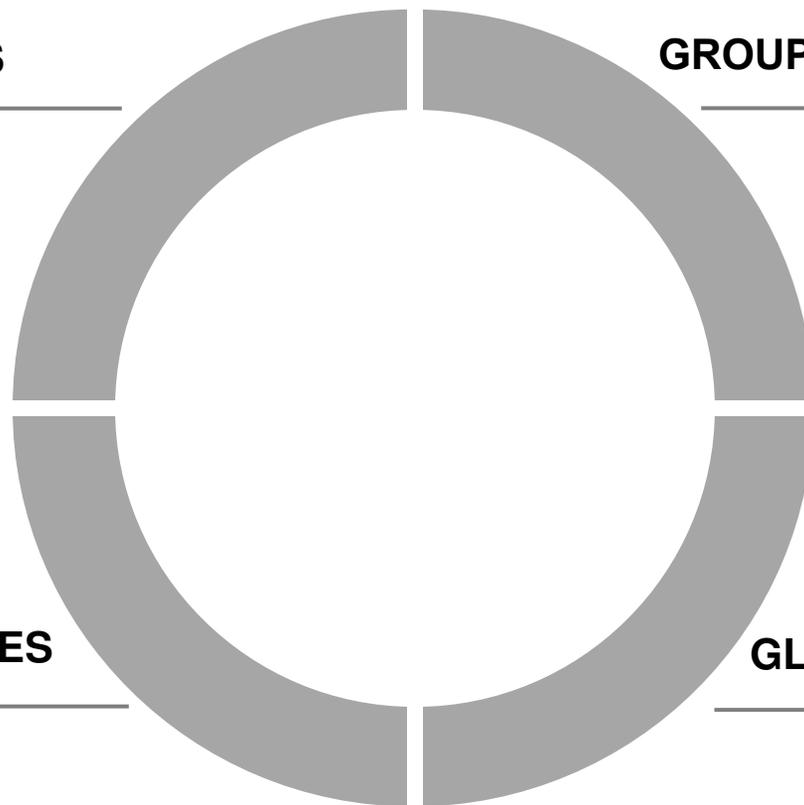


\*+6% fx-adjusted.

**Financial performance testifies to successful strategy execution**

**MAXIMIZING  
BRAND ATTRACTIVENESS**

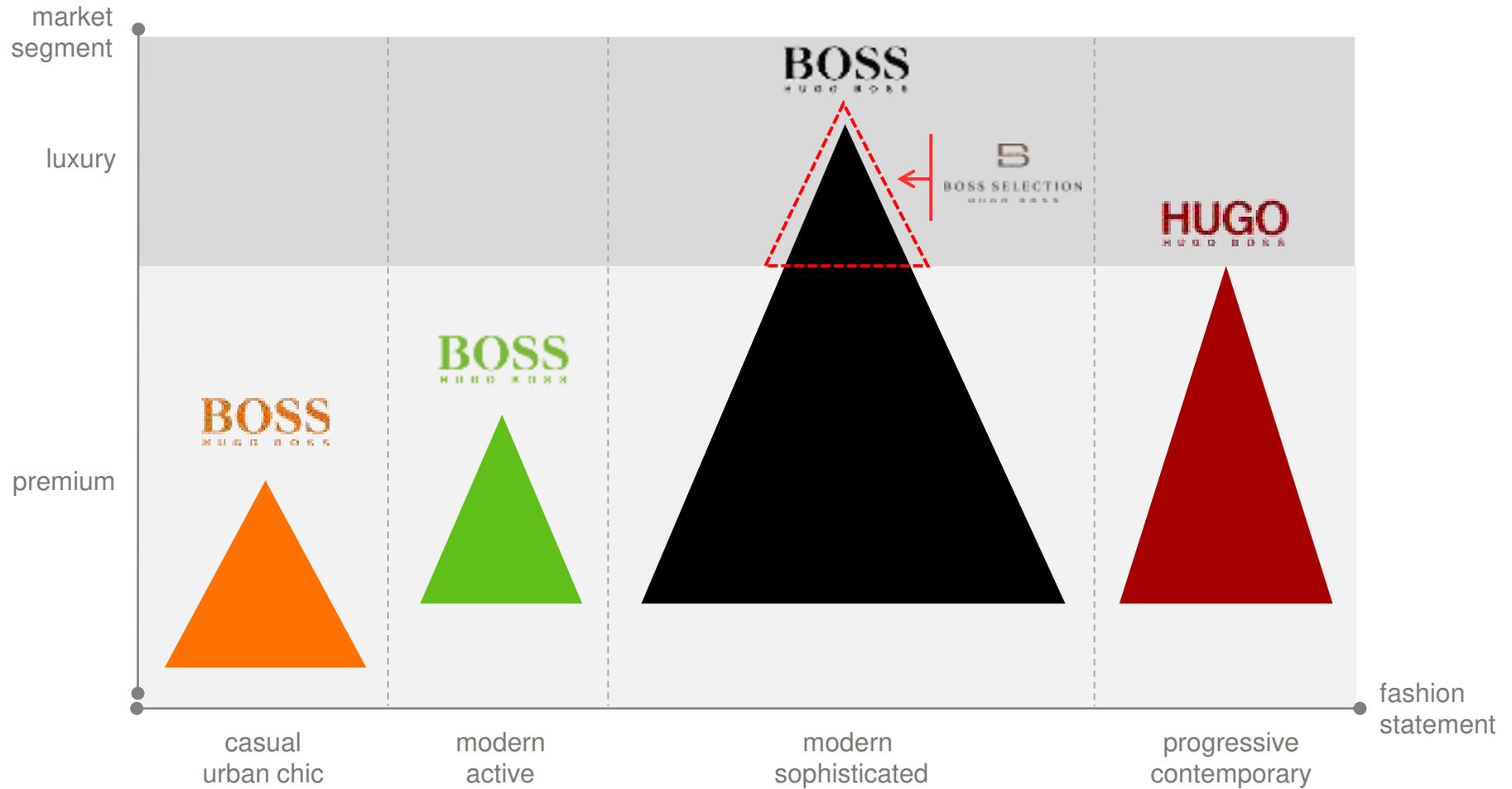
**GROWING THE  
GROUP'S OWN RETAIL BUSINESS**



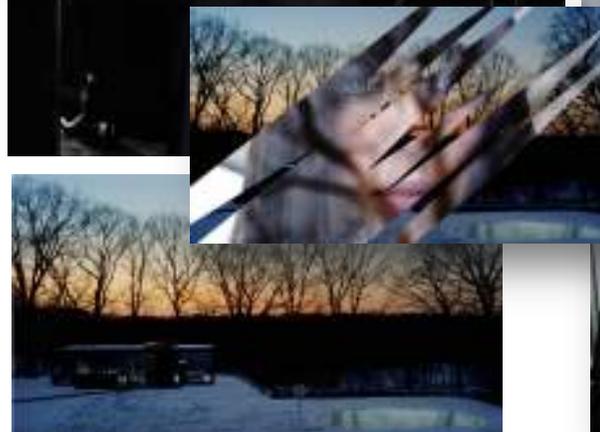
**IMPROVING  
OPERATIONAL PROCESSES**

**LEVERAGING  
GLOBAL GROWTH POTENTIAL**

## Further strengthening the brand portfolio



## Unleashing the emotional power of the brand



**Increased awareness to drive sales growth in womenswear**



**Womenswear visibility increasing at wholesale and in own retail**



BOSS womenswear shop, Matsuya Ginza, Tokyo



BOSS womenswear shop, Printemps Haussmann, Paris



BOSS womenswear floor, Columbus Circle, New York

## Expansion and productivity improvements to drive future retail growth

- Successful exploitation of white space opportunities in the past few years
- Around 50 new store openings expected in 2014
- Focus on sales productivity improvements



### Stores Europe\*

2009:	219
2013:	576
	<b>+ 357</b>



### Stores Americas

2009:	108
2013:	200
	<b>+92</b>

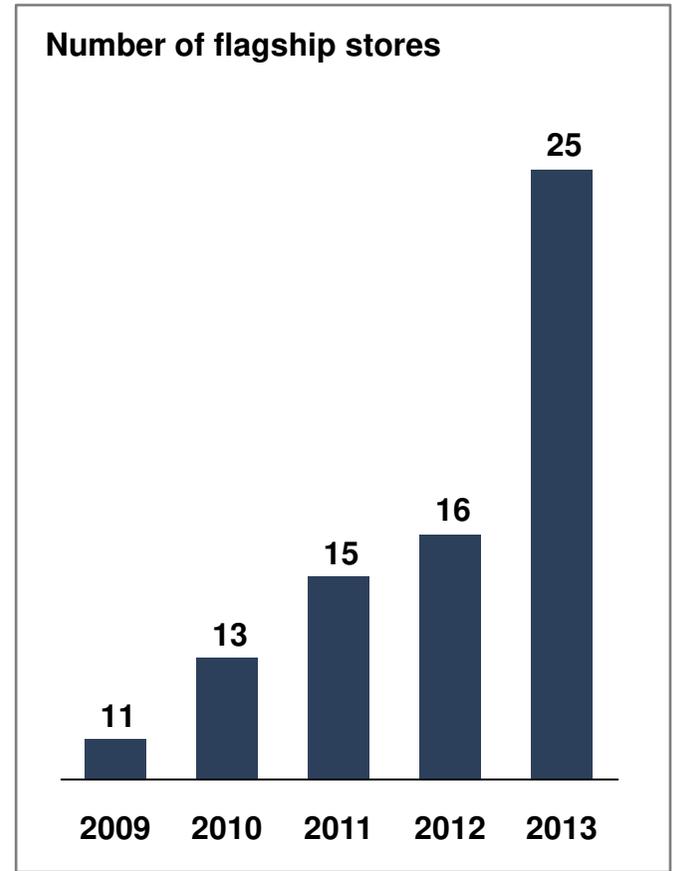


### Stores Asia/Pacific

2009:	111
2013:	234
	<b>+123</b>

\*Incl. Middle East and Africa.

## Upgrade and expansion of retail store universe



Extended brand control in department stores



## Improving frontline execution

- Superior service levels in line with brand proposition
- Focus on ensuring high standards globally
- Strong emphasis on customer feedback and constant evaluation



## Omnichannel main strategic focus in coming years





## Further operational process improvements offer significant long-term potential

- Retail merchandise planning tool provides integrated view of sales and inventories
- Positive impact on full-price sell-throughs
- Rollout in phases until end of 2015



## Migration to new distribution center according to plan

- Migration under way and to be completed by the end of June
- Shorter time to market
- Efficiency gains through comprehensive automation and close upstream integration



## Encouraging trends in Europe to continue

- Improving sentiment among customers and retail partners
- Ongoing business model transformation towards own retail
- Focus on lifting brand presence in multi-brand environments



## Positive outlook for the Americas despite headwinds at the beginning of the year

- Sharp deceleration of overall market growth
- Very disciplined market approach to support long-term growth and profitability
- Positive womenswear reception adds to key strength in menswear



## Asia remains Group's largest regional opportunity

- Important investments in retail presence and brand perception
- Franchise legacy thoroughly addressed
- Suiting competence a key competitive differentiator



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## HUGO BOSS off to a good start in 2014

### Sales

(in EUR million)



### EBITDA before special items

(in EUR million)

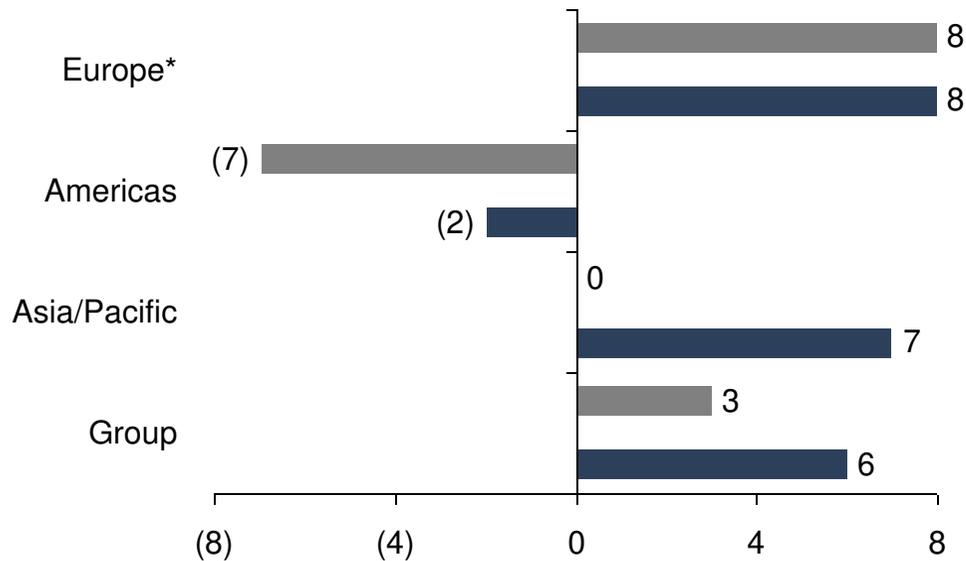


## Good momentum in Europe drives Group sales increase

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

Q1 2014  
(in %)

■ in EUR  
■ fx-adjusted



- UK and Germany strongest growing major markets in **Europe**
- Tough market environment weighs on sales development in the **Americas**
- Growth in **Asia/Pacific** backed by good performance in Australia and Japan

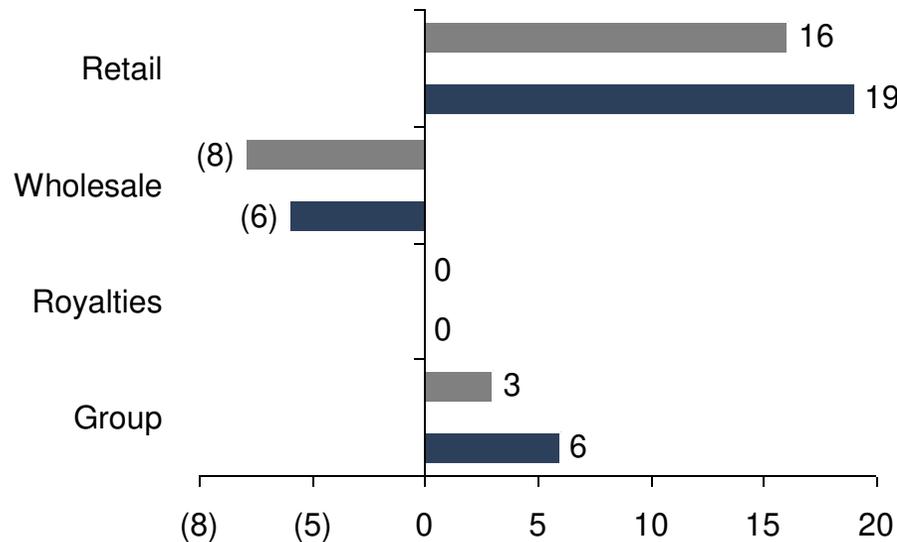
\*incl. Middle East and Africa.

## Like-for-like growth acceleration contributes to robust retail sales development

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

Q1 2014  
(in %)

■ in EUR  
■ fx-adjusted



- Europe primary driver of 6% comp store sales increase supporting double-digit **retail** growth
- Cautious order behavior and takeover effects impact **wholesale** performance
- Solid performance of eyewear and watches supports development of **royalties** business

## Growth investments weigh on short-term margin development

in EUR million	Q1 2014	Q1 2013*	Change in %
<b>Net sales</b>	<b>612.6</b>	<b>593.5</b>	<b>3</b>
<b>Gross profit</b>	<b>400.6</b>	<b>366.8</b>	<b>9</b>
in % of sales	65.4	61.8	360 bp
Selling and distribution expenses	(232.5)	(196.5)	(18)
Administration costs	(60.9)	(59.0)	(3)
Other operating income/expenses	1.5	0.1	> 100
<b>Operating result (EBIT)</b>	<b>108.7</b>	<b>111.4</b>	<b>(2)</b>
in % of sales	17.7	18.8	(110) bp
Financial result	(2.7)	(5.0)	46
<b>Earnings before taxes</b>	<b>106.0</b>	<b>106.4</b>	<b>0</b>
Income taxes	(24.4)	(24.4)	0
<b>Net income</b>	<b>81.6</b>	<b>82.0</b>	<b>0</b>
Attributable to:			
Equity holders of the parent company	80.7	81.6	(1)
<b>Earnings per share (EUR)**</b>	<b>1.17</b>	<b>1.18</b>	<b>(1)</b>
<b>EBITDA before special items</b>	<b>131.3</b>	<b>132.6</b>	<b>(1)</b>
in % of sales	21.4	22.3	(90) bp

■ Investments in own retail, marketing and logistics main driver of higher **selling and distribution expenses**

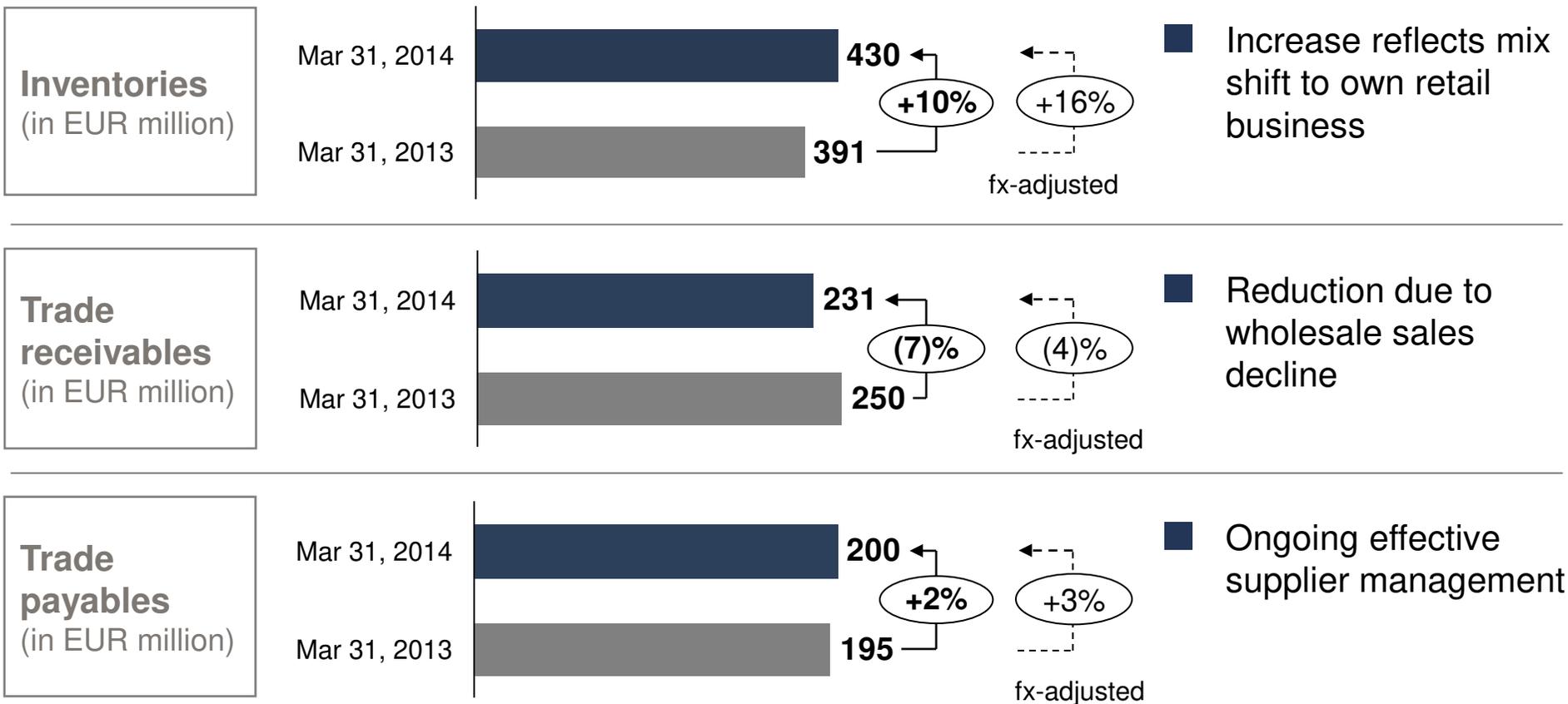
■ **Adjusted EBITDA margin** down 90 basis points due to increased operating expenses as a percentage of sales

■ Improvement of **financial result** helped by lower interest expenses

\*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made.

\*\*Basic and diluted earnings per share.

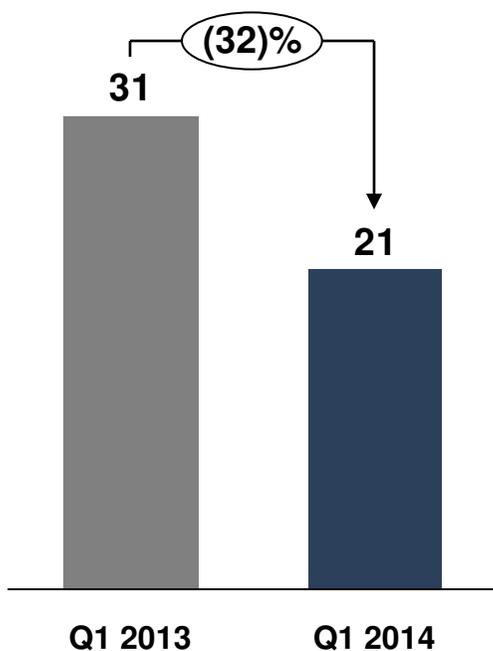
## Higher working capital position due to inventory increase



➔ Trade net working capital up 4% to EUR 461 million

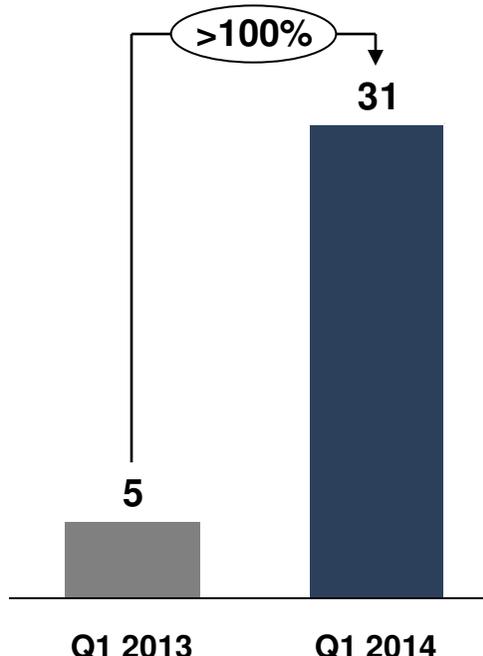
**Strong free cash flow generation supports further net debt reduction**

**Investments**  
(in EUR million)



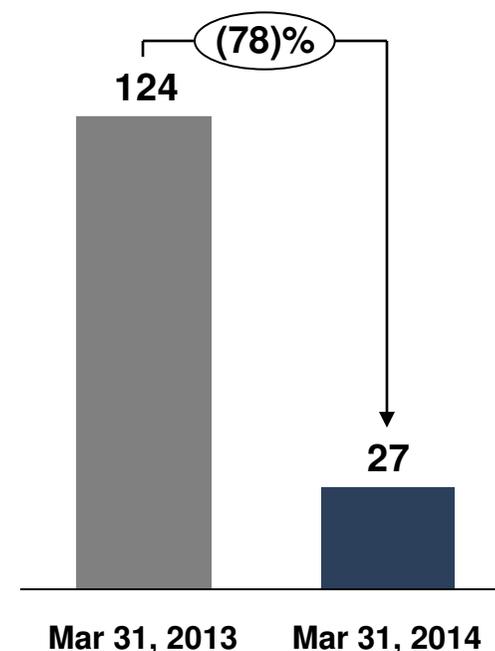
■ Moderation due to non-recurrence of prior year infrastructure investments

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



■ Cash generation supported by lower investments and working capital discipline

**Net debt**  
(in EUR million)

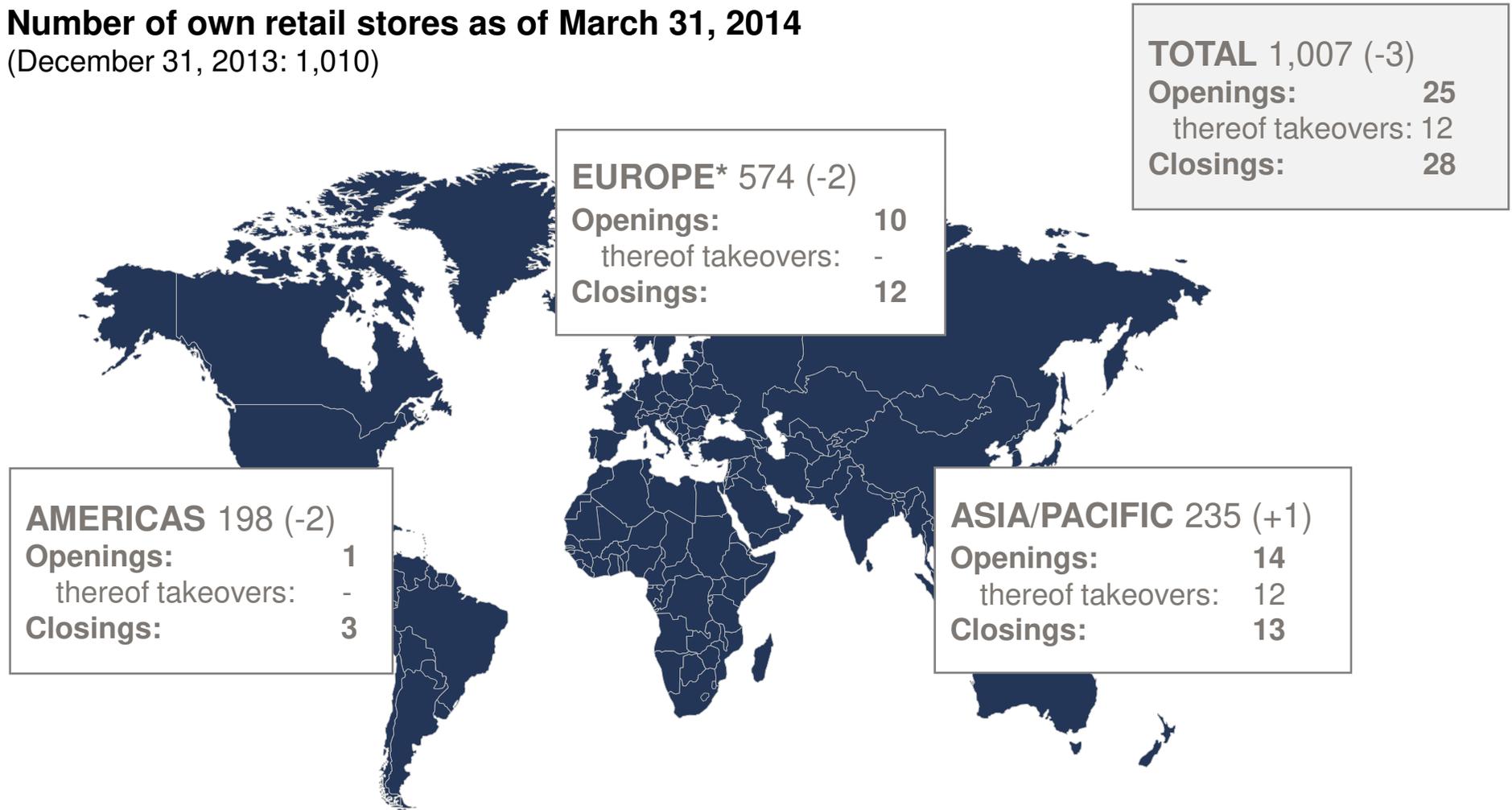


■ Strong cash flow development leads to further reduction

Several shop-in-shop closures mask underlying retail space expansion

Number of own retail stores as of March 31, 2014

(December 31, 2013: 1,010)



\* incl. Middle East and Africa.

## Agenda

**Strategy review**

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Full year financial guidance reconfirmed

2014 Outlook

Sales growth (currency-adjusted)

High single-digit

Growth of EBITDA before special items

High single-digit

Capex

EUR 110 million - EUR 130 million

Own retail network

Around 50 organic openings

## Positive outlook despite ongoing challenges in some key markets

- Strength in Europe to continue
- Uncertainties persist in the US and China
- Business model transformation and better wholesale business to support accelerated growth over the remainder of 2014



**BACKUP**

## Five year overview\*

in EUR million	2013	2012	2011	2010	2009
<b>Earnings Position</b>					
Sales	2,432.1	2,345.9	2,058.8	1,729.4	1,561.9
Gross profit	1,579.6	1,444.1	1,252.0	1,022.4	836.2
EBITDA	561.4	523.9	468.0	340.1	226.5
EBITDA before special items	564.7	528.1	469.5	353.7	269.2
EBIT	456.2	432.0	394.6	267.9	157.4
Net income attributable to equity holders of the parent company	329.0	306.5	284.9	188.9	105.5
<b>Financial Position and Dividend</b>					
Free cash flow	230.0	220.6	194.9	246.3	299.5
Net debt	57.0	130.4	149.1	201.1	379.1
Capital expenditures	185.3	165.8	108.5	55.6	48.3
Depreciation/amortization	105.3	91.9	73.4	72.2	69.1
Dividend	230.5	215.3	199.1	139.7	66.6
<b>Asset and Liability Structure</b>					
Total assets	1,501.3	1,577.2	1,419.6	1,342.8	1,065.4
Shareholders' equity	740.3	631.6	517.3	361.2	205.5
Trade net working capital	431.8	408.5	399.6	322.7	295.6
Non-current assets	611.5	587.7	503.2	454.5	435.0
<b>Key Ratios</b>					
Gross profit margin in %	64.9	61.6	60.8	59.1	53.5
Adjusted EBITDA margin in %	23.2	22.5	22.8	20.5	17.2
Total leverage**	0.1	0.2	0.3	0.6	1.4
Equity ratio in %	49.3	40.0	36.4	26.9	19.3

\*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made.

\*\*Net debt/EBITDA before special items and expenses for the "Stock Appreciation Rights Program".

## Profit & loss statement

in EUR million	Q1 2014	Q1 2013*	Change in %	2013	2012*	Change in %
<b>Net sales</b>	<b>612.6</b>	<b>593.5</b>	<b>3</b>	<b>2,432.1</b>	<b>2,345.9</b>	<b>4</b>
Cost of sales	(212.0)	(226.7)	6	(852.5)	(901.8)	5
<b>Gross profit</b>	<b>400.6</b>	<b>366.8</b>	<b>9</b>	<b>1,579.6</b>	<b>1,444.1</b>	<b>9</b>
in % of sales	65.4	61.8	360 bp	64.9	61.6	330 bp
Selling and distribution expenses	(232.5)	(196.5)	(18)	(891.6)	(791.9)	(13)
Administration costs	(60.9)	(59.0)	(3)	(228.5)	(216.0)	(6)
Other operating income/expenses	1.5	0.1	> 100	(3.3)	(4.2)	21
<b>Operating result (EBIT)</b>	<b>108.7</b>	<b>111.4</b>	<b>(2)</b>	<b>456.2</b>	<b>432.0</b>	<b>6</b>
in % of sales	17.7	18.8	(110) bp	18.7	18.4	30 bp
Net interest income/expense	(0.6)	(3.9)	85	(14.4)	(18.0)	20
Other financial items	(2.1)	(1.1)	(91)	(8.3)	(5.8)	(43)
<b>Financial result</b>	<b>(2.7)</b>	<b>(5.0)</b>	<b>46</b>	<b>(22.7)</b>	<b>(23.8)</b>	<b>5</b>
<b>Earnings before taxes</b>	<b>106.0</b>	<b>106.4</b>	<b>0</b>	<b>433.5</b>	<b>408.2</b>	<b>6</b>
Income taxes	(24.4)	(24.4)	0	(100.1)	(97.6)	(3)
<b>Net income</b>	<b>81.6</b>	<b>82.0</b>	<b>(0)</b>	<b>333.4</b>	<b>310.6</b>	<b>7</b>
<b>Attributable to:</b>						
Equity holders of the parent company	80.7	81.6	(1)	329.0	306.5	7
Non-controlling interests	0.9	0.4	> 100	4.4	4.1	7
<b>Earnings per share (EUR)**</b>	<b>1.17</b>	<b>1.18</b>	<b>(1)</b>	<b>4.77</b>	<b>4.44</b>	<b>7</b>
<b>EBITDA before special items</b>	<b>131.3</b>	<b>132.6</b>	<b>(1)</b>	<b>564.7</b>	<b>528.1</b>	<b>7</b>
in % of sales	21.4	22.3	(90) bp	23.2	22.5	70 bp

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\*\*Basic and diluted earnings per share.

## Segment profitability

### Segment profit

in EUR million	Q1 2014	in % of sales	Q1 2013*	in % of sales	Change in %
Europe**	136.6	34.6	123.1	33.6	11
Americas	25.0	21.0	29.6	23.2	(16)
Asia/Pacific	26.5	30.7	29.2	33.8	(9)
Royalties	10.7	82.8	11.0	85.1	(3)
<b>Segment profit operating segments</b>	<b>198.8</b>	<b>32.5</b>	<b>192.9</b>	<b>32.5</b>	<b>3</b>
Corporate units/consolidation	(67.5)		(60.3)		(12)
<b>EBITDA before special items</b>	<b>131.3</b>	<b>21.4</b>	<b>132.6</b>	<b>22.3</b>	<b>(1)</b>

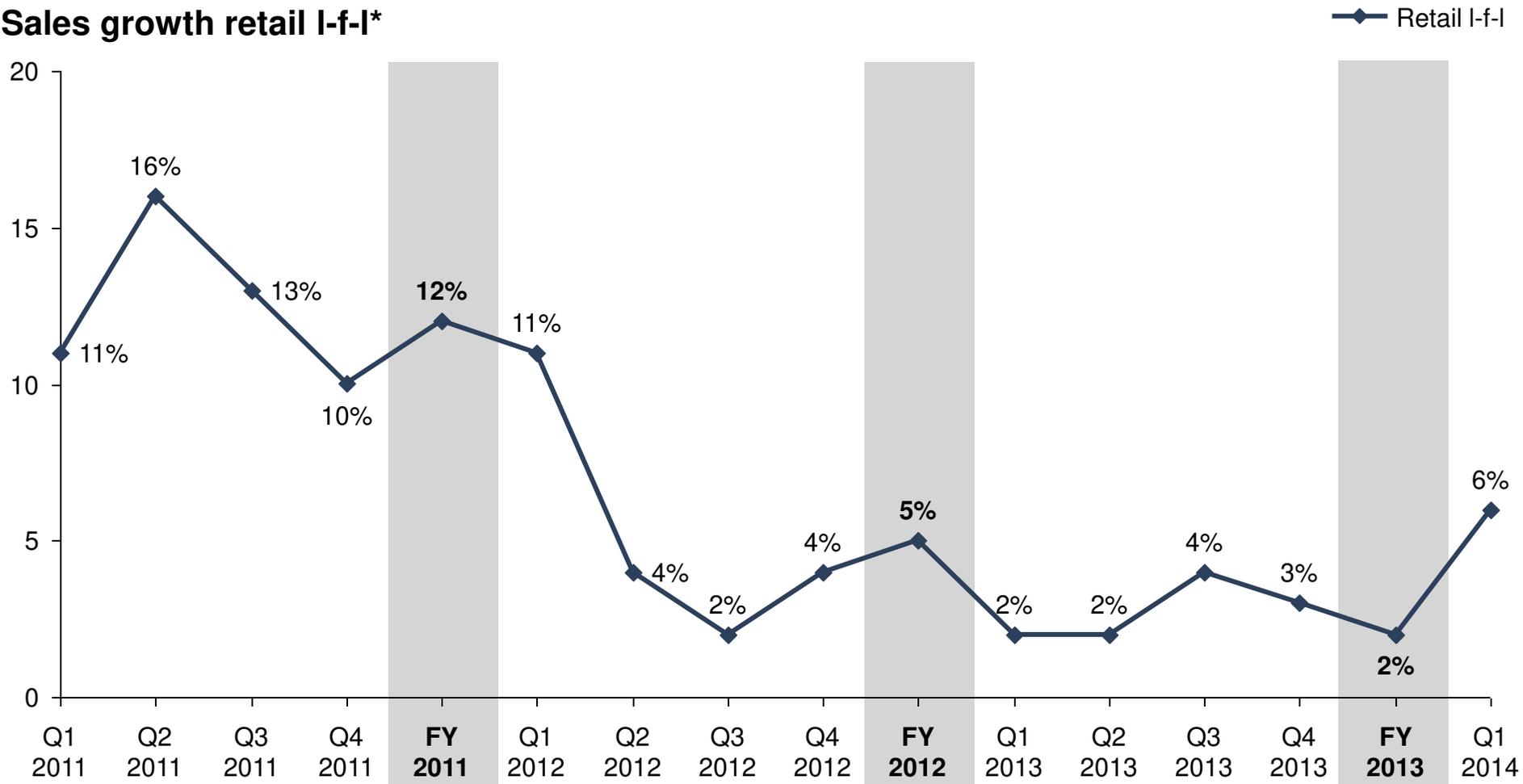
- Solid operating margin increase in **Europe** due to sales productivity improvements as well as lower rebates
- Robust gross profit margin developments in the **Americas** and **Asia** offset by operational deleverage

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\*\*Incl. Middle East and Africa.

## Retail comp stores sales growth

### Sales growth retail I-f-I\*

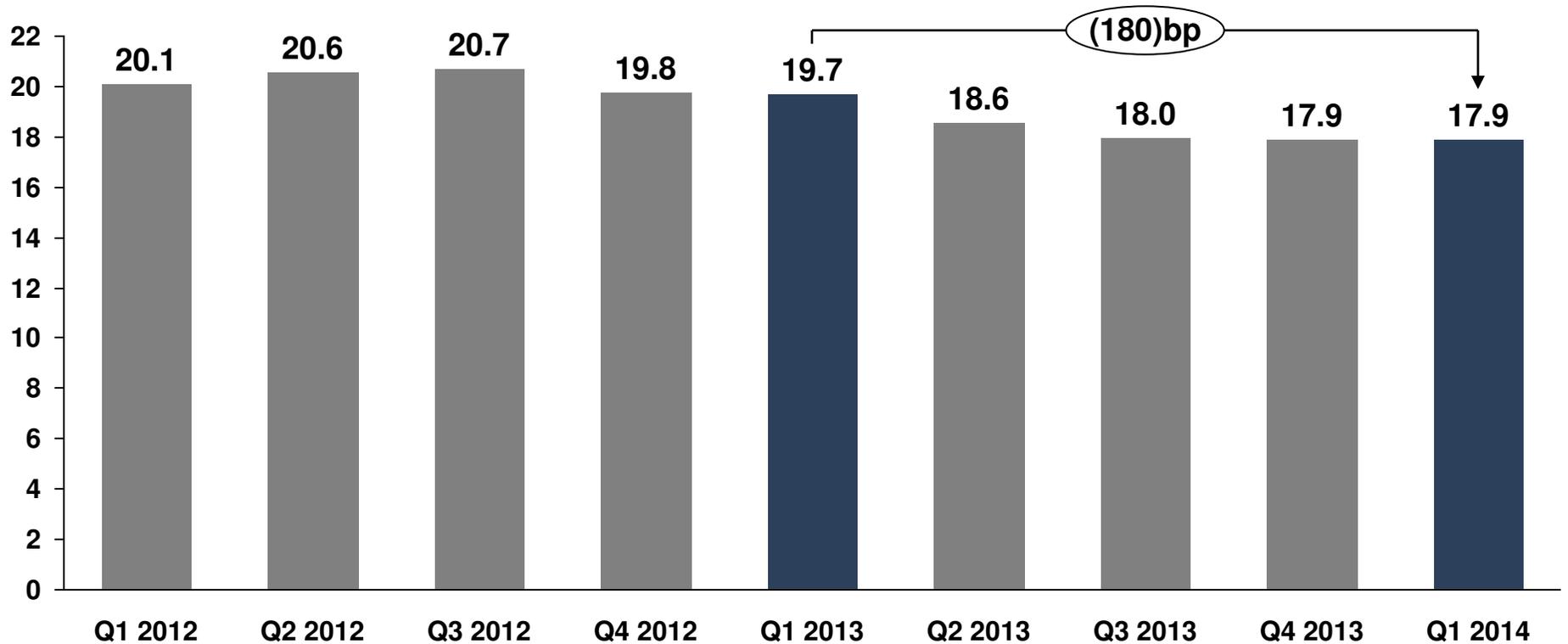


\*fx-adjusted.

## Trade net working capital

### Average trade net working capital as a percentage of sales by quarter\*

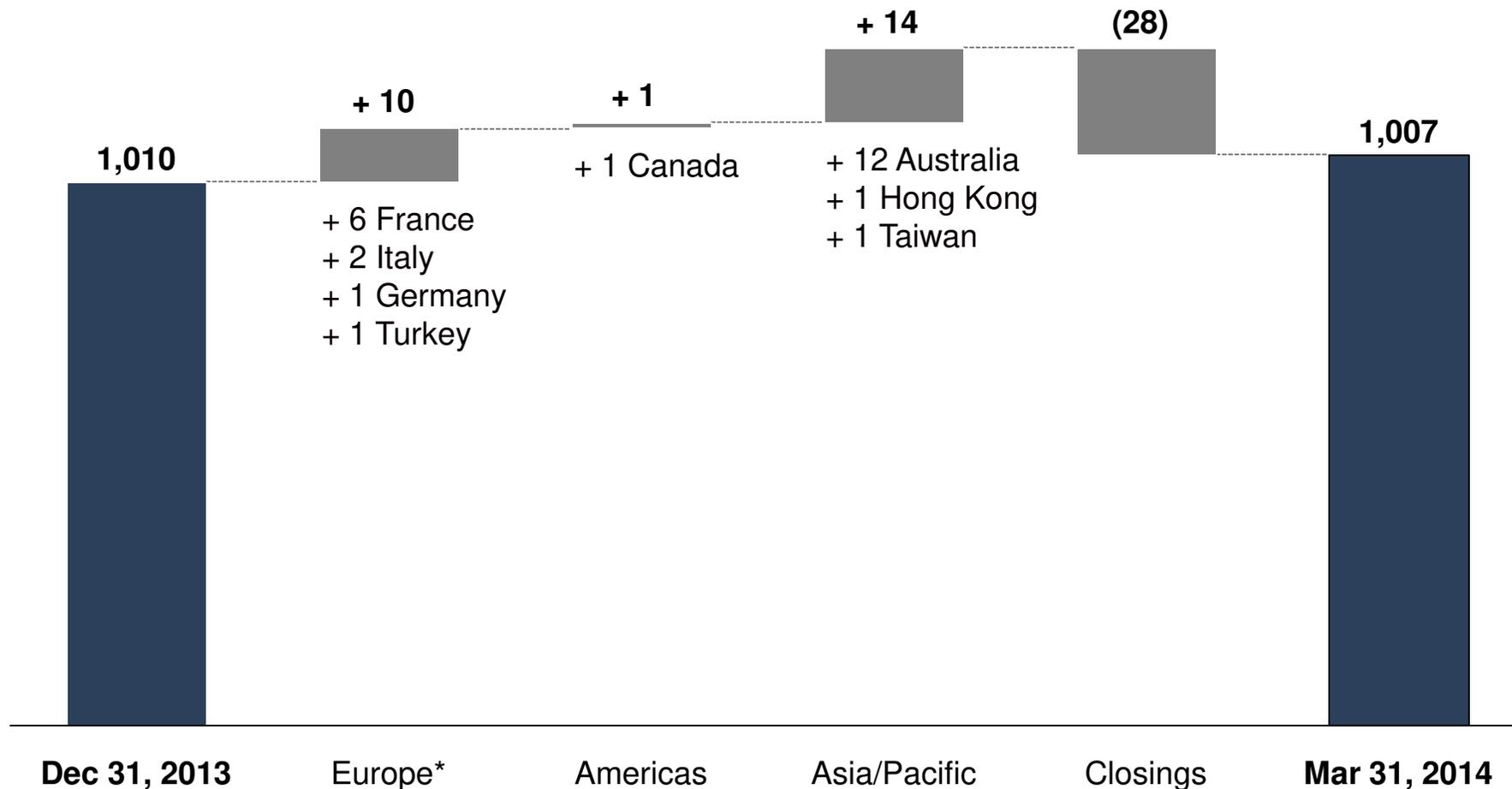
(in %)



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## Retail network

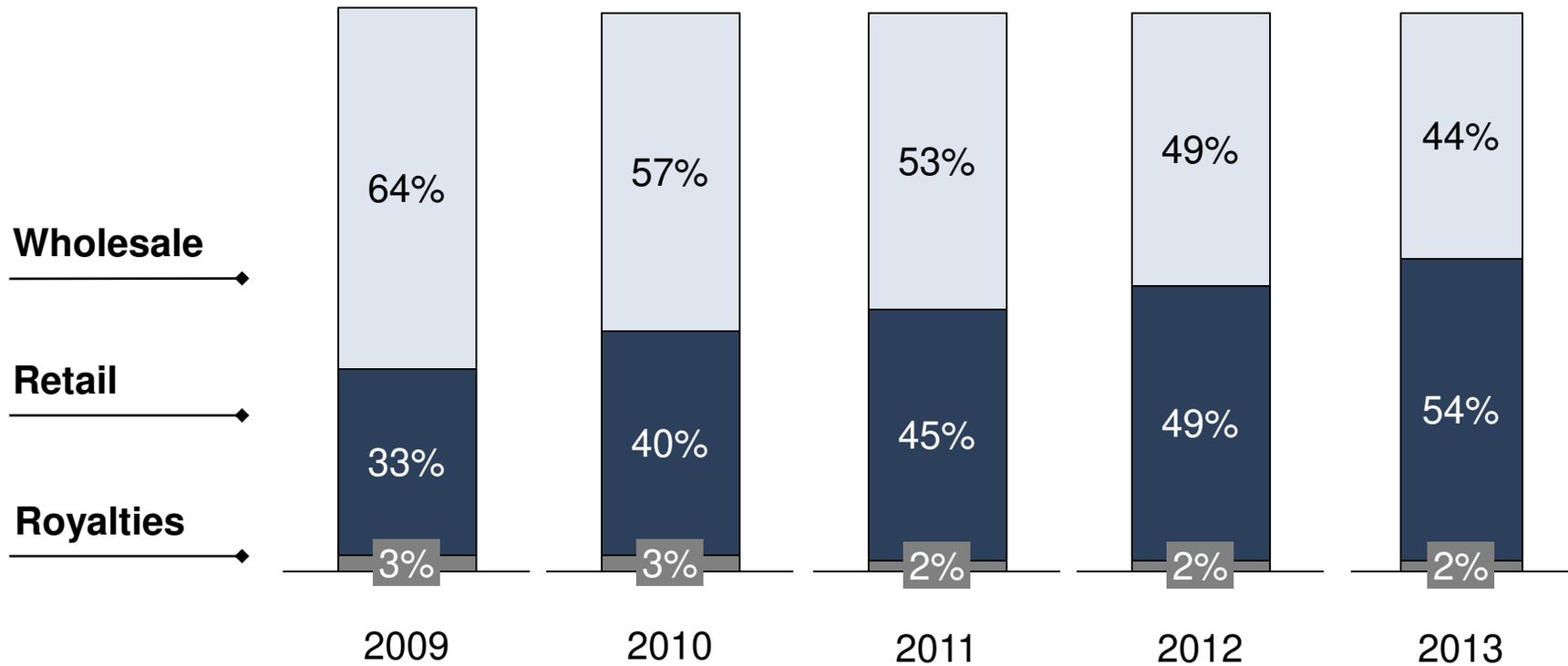
### Number of own retail stores:



\*Europe incl. Middle East and Africa.

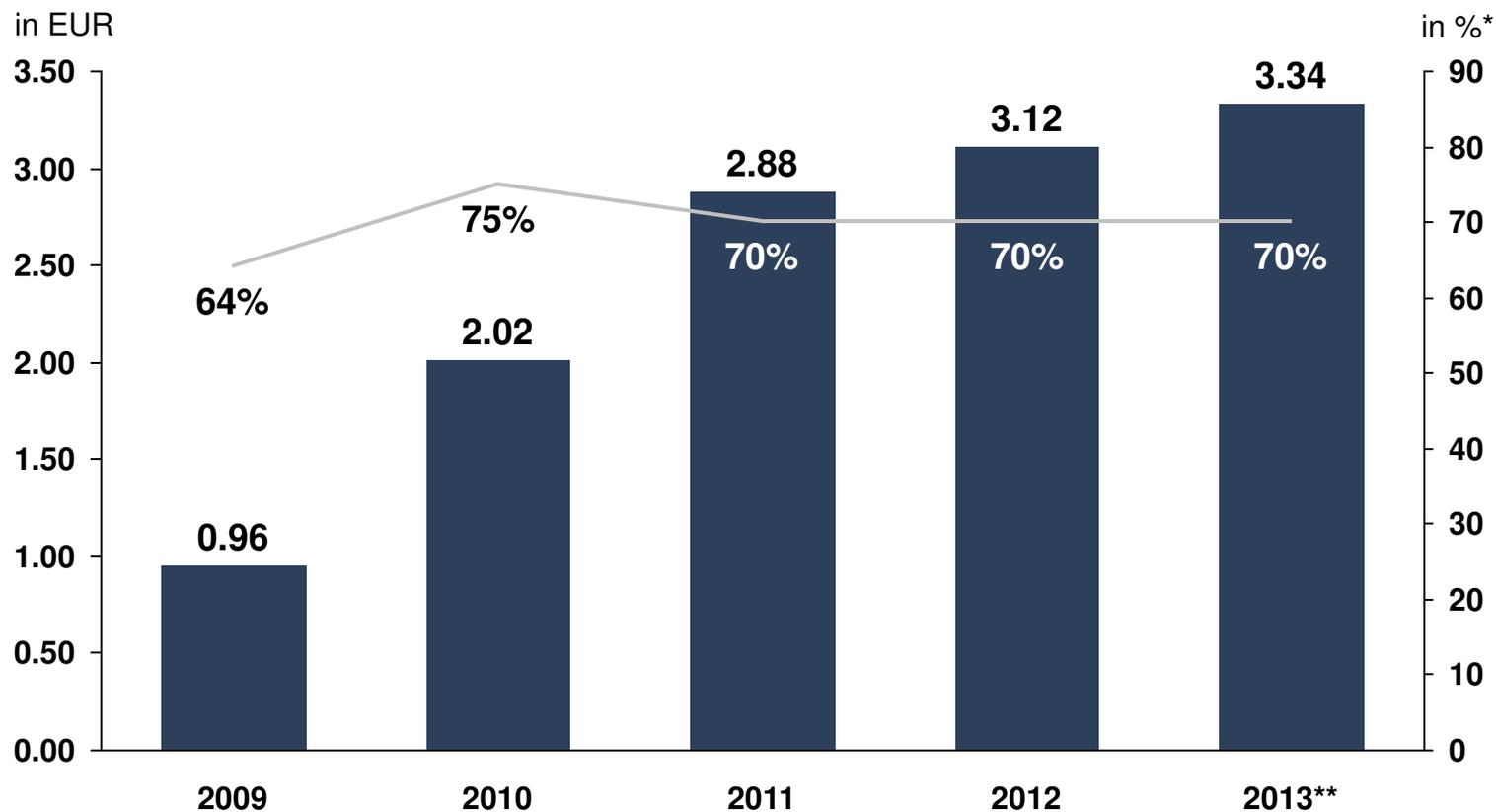
## Sales split by distribution channel

### Sales by distribution channel



## Dividend development

### Dividend and payout ratio



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

\*As a percentage of net income attributable to the shareholders of the parent company. // \*\*2013: Dividend proposal.

## Financial calendar 2014

<b>Date</b>	<b>Event</b>
<b>May 13, 2014</b>	<b>Annual Shareholders' Meeting</b>
<b>July 31, 2014</b>	<b>First Half Year Results</b>
<b>November 4, 2014</b>	<b>Nine Months Results</b>

## Investor Relations contact

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## **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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