

H U G O B O S S

ROADSHOW LONDON // RBC

HUGO BOSS Company Handout

London, March 25, 2015

Mark Langer, CFO | Dr. Kay Hofmann, Investor Relations Manager

Agenda

Strategic review 2014

Financial performance 2014

Outlook 2015 and beyond

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Outlook 2015 and beyond

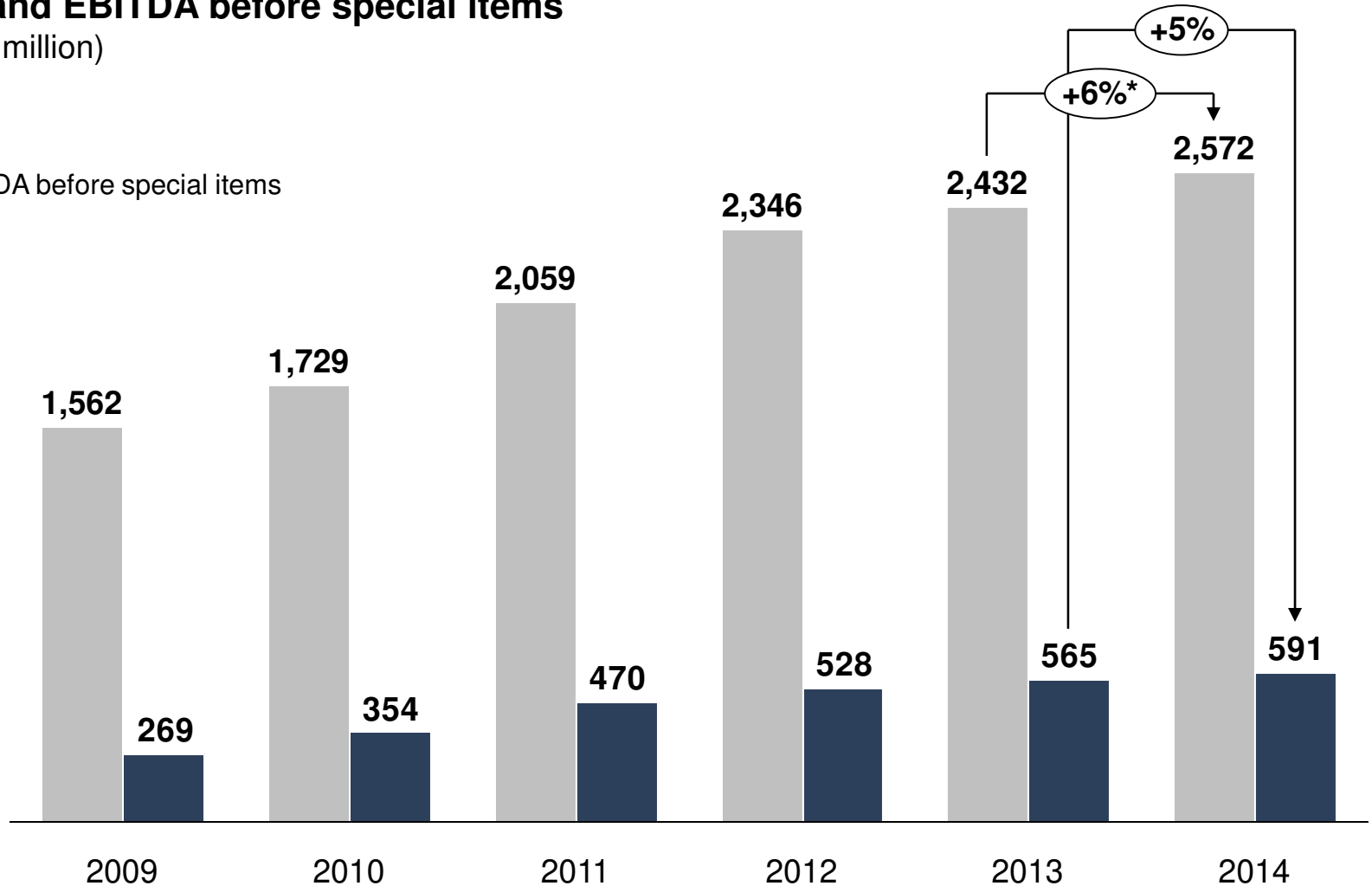
HUGO BOSS achieves solid sales and profit growth in 2014

Sales and EBITDA before special items

(in EUR million)

■ Sales

■ EBITDA before special items

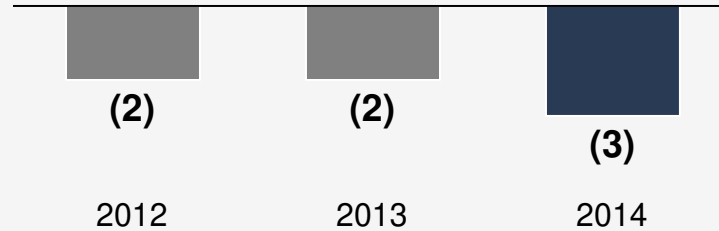


*+6% fx-adjusted

Market environment more difficult than expected

German apparel market, y-o-y

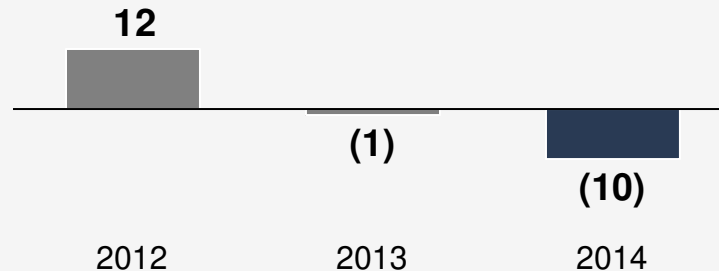
Retail sales development (in %)*



- Lower consumer spending for apparel
- Unfavorable weather conditions

Chinese men's luxury apparel market, y-o-y

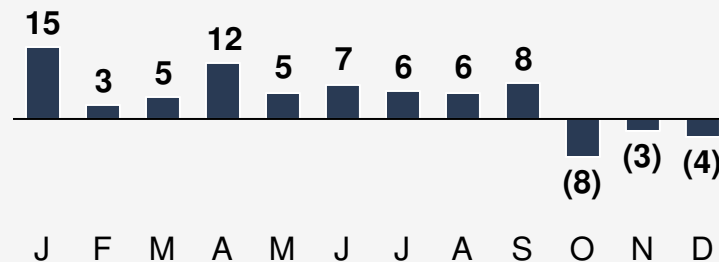
Retail sales development (in %)**



- Anti-corruption campaign reducing luxury gifting
- General economic slowdown

Hong Kong Clothing & Footwear market, 2014

Monthly retail sales development (in %)**



- Slowdown in Chinese tourism
- Impact of political demonstrations

*Source: TextilWirtschaft, based on TW-Testclub Panel

**Source: Bain & Company, 2014 China Luxury Market Study

***Source: Hong Kong Census and Statistics Department

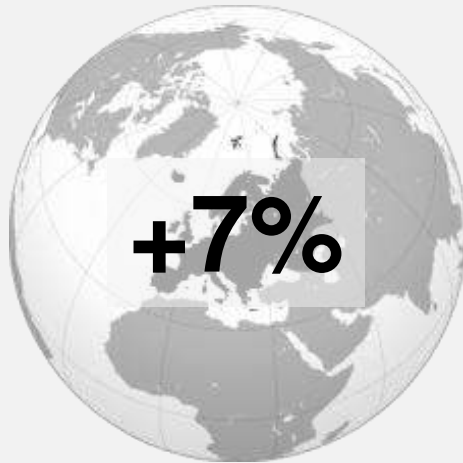
Globally balanced footprint secures solid growth

Currency-adjusted sales development

FY 2014

(in %)

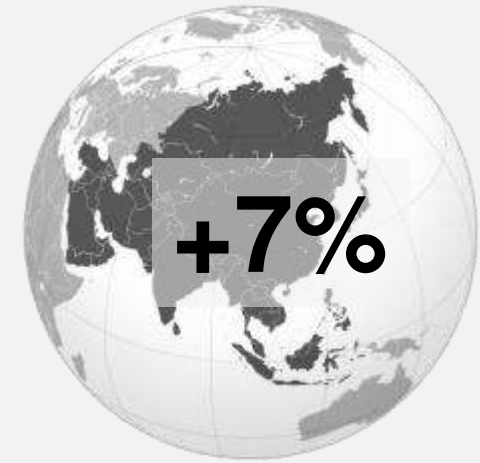
Europe



Americas



Asia/Pacific

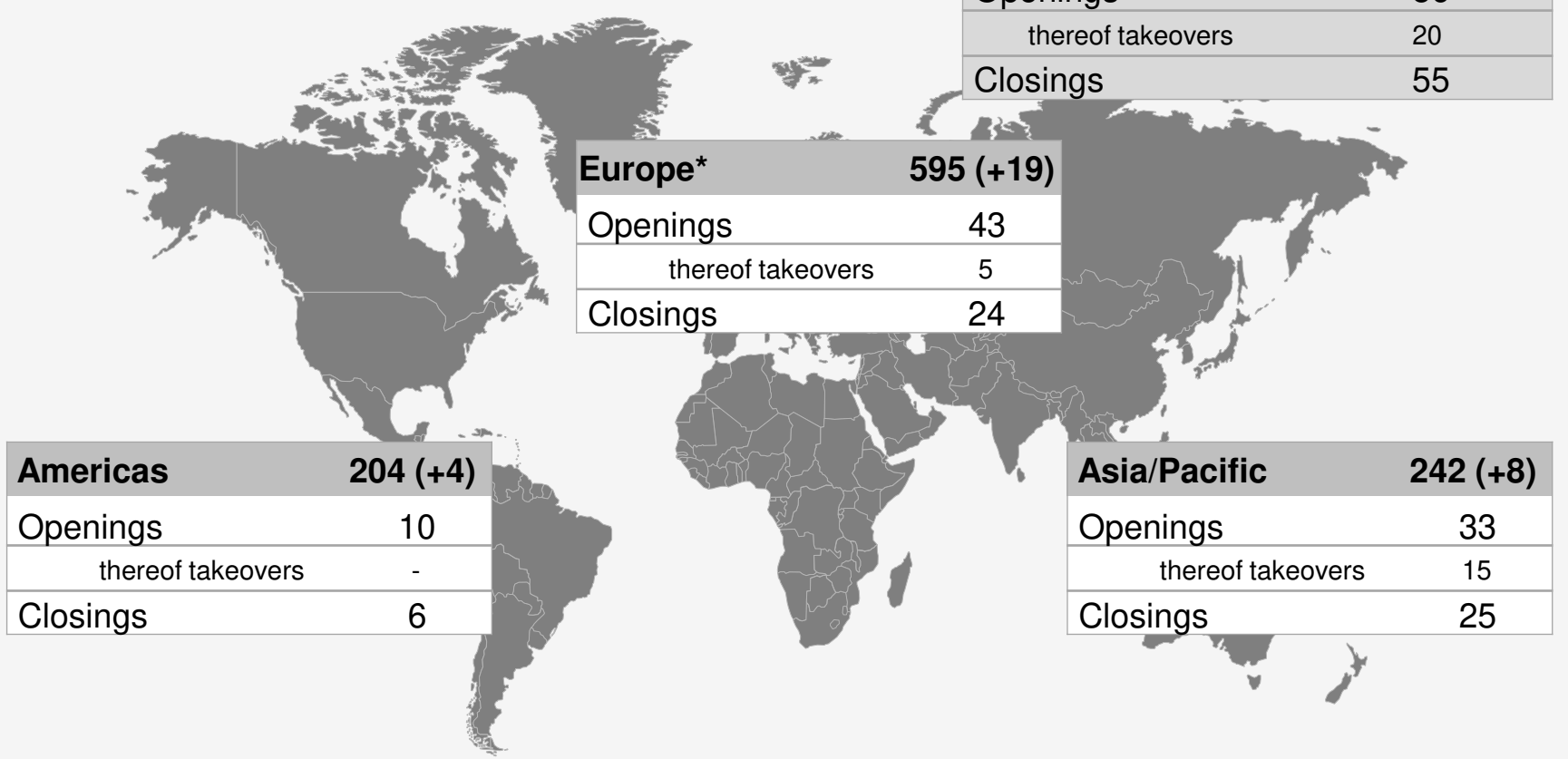


Strength in core European markets shields the Group from economic turbulence elsewhere

Retail expansion continues

Number of own retail stores as of December 31, 2014

(December 31, 2013: 1,010)



TOTAL	1,041 (+31)
Total selling space	140,000 sqm (+4%)
Openings	86
thereof takeovers	20
Closings	55

Europe*	595 (+19)
Openings	43
thereof takeovers	5
Closings	24

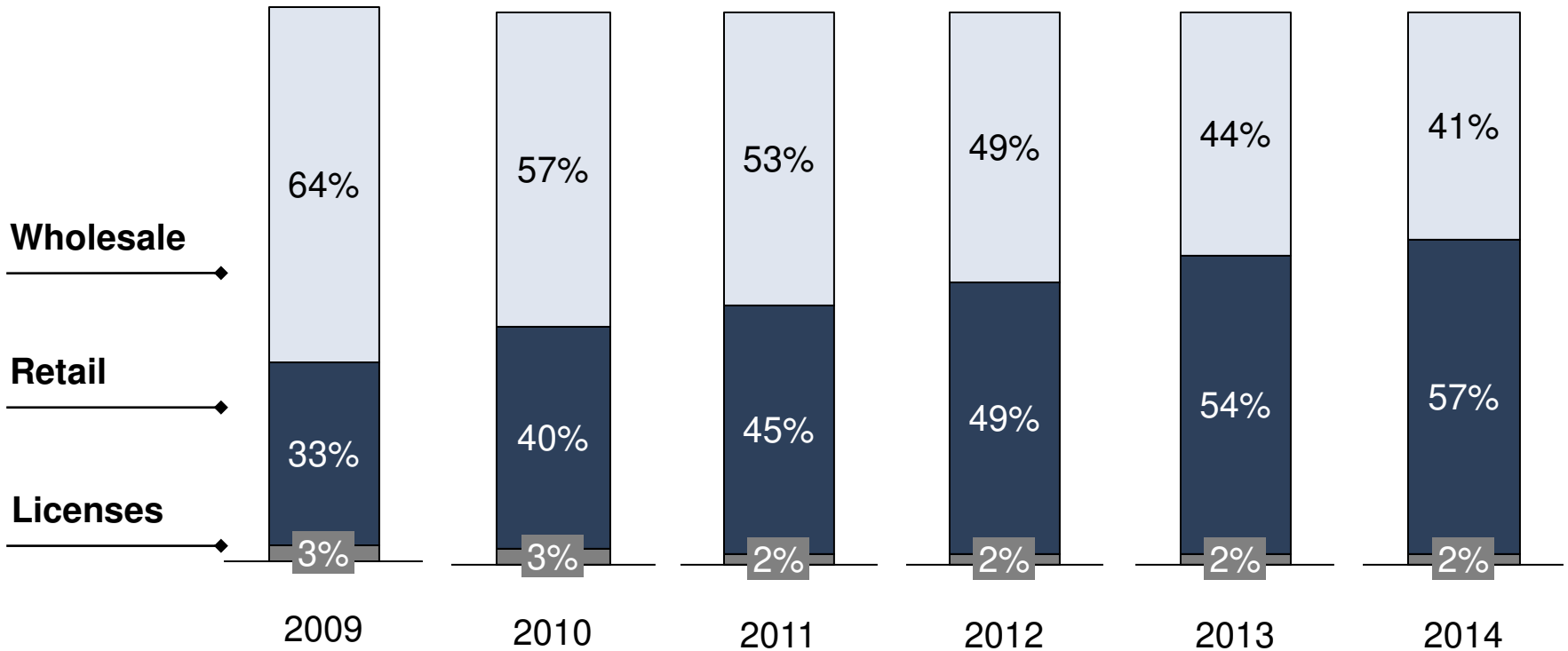
Americas	204 (+4)
Openings	10
thereof takeovers	-
Closings	6

Asia/Pacific	242 (+8)
Openings	33
thereof takeovers	15
Closings	25

*Incl. Middle East and Africa

Expansion and productivity improvements drive expansion of retail share

Sales by distribution channel



Retail to account for at least 75% of Group sales by 2020

HUGO BOSS has reached a new level in womenswear



▶ BOSS Womenswear sales up 18% currency-adjusted, overall womenswear business +11%

HUGO BOSS wins important brand rankings in Germany and China

Germany



- HUGO BOSS named „Best Fashion Brand“
- Independent study conducted by market research institute GfK
- Based on commercial success and emotional appeal
- Sample: 1,000 Germany-based consumers

China



- HUGO BOSS named „Best Fashion Label for Men“
- Independent study conducted by The Hurun Research Institute
- Most important ranking in the Chinese luxury goods market
- Sample: 376 mainland Chinese individuals with a personal wealth of at least RMB 10 million

New flat-packed goods distribution center in Germany fully operational



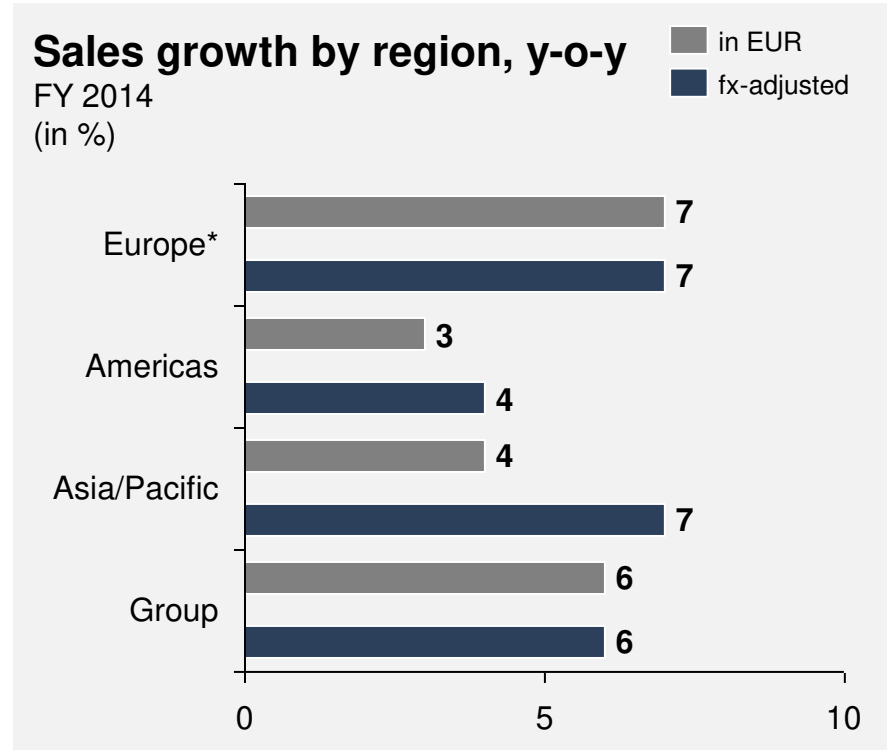
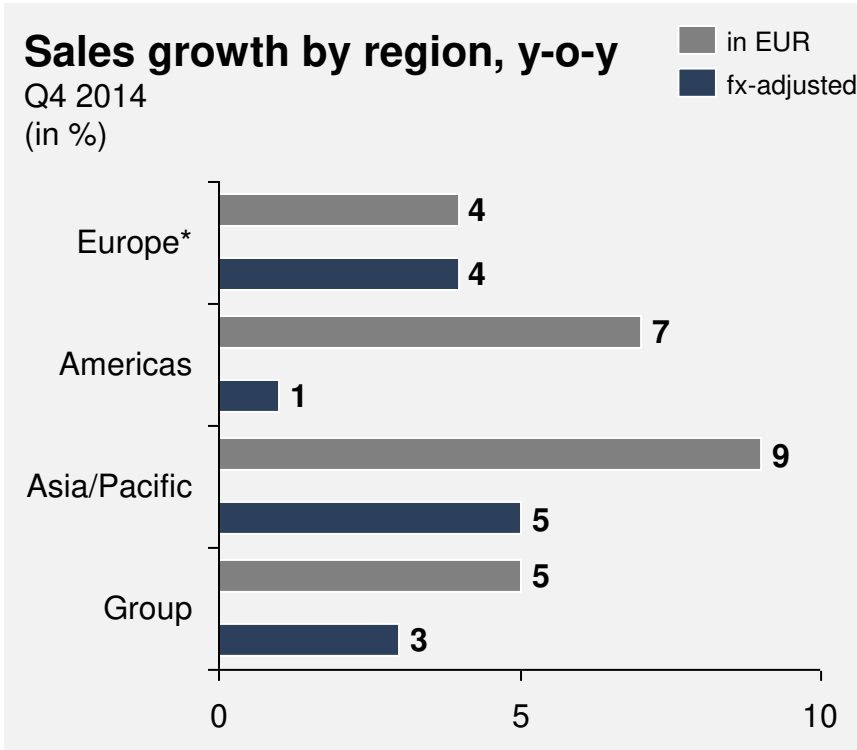
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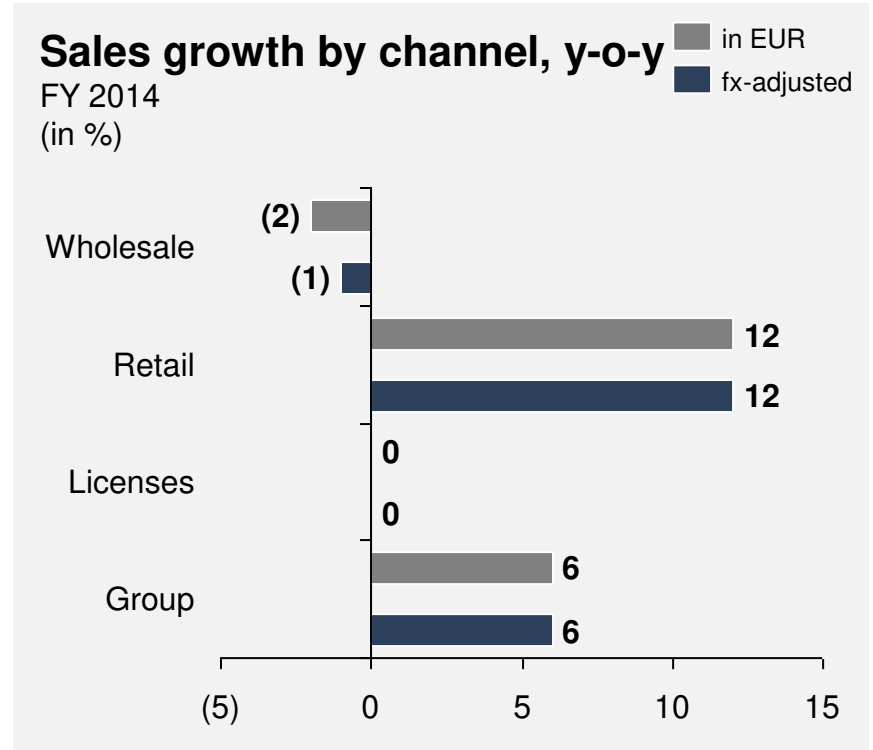
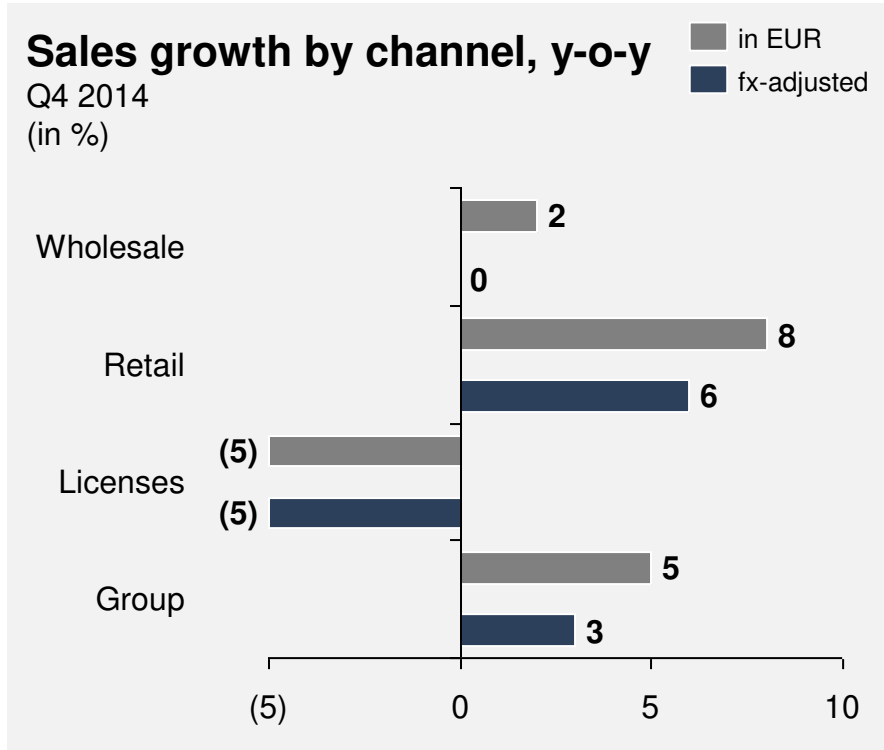
All regions contribute to Group sales growth in 2014



- UK remains **Europe's** fastest growing market, up 16% currency-adjusted in 2014
- Double-digit growth in own retail more than offsets decline in wholesale in the **Americas**
- Growth in **Asia/Pacific** driven by strong performance in Oceania and Japan

*Incl. Middle East and Africa

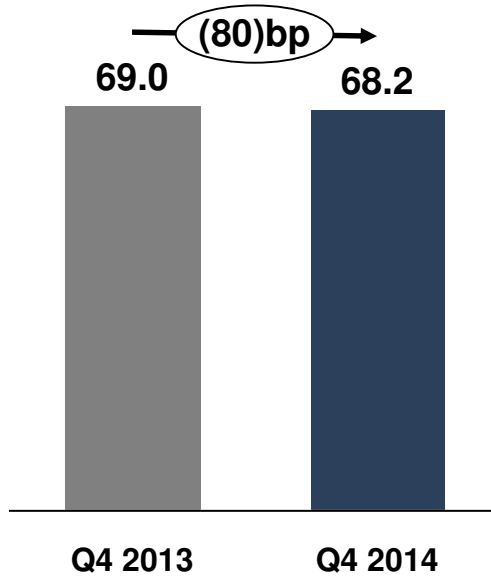
Retail continues to drive Group sales increases



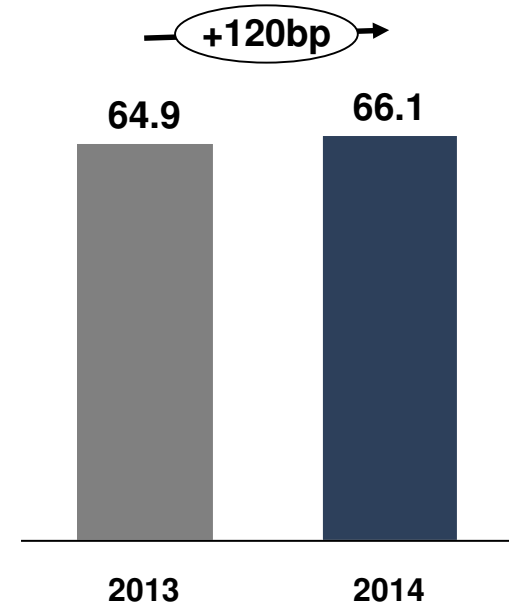
- **Wholesale** performance affected by takeovers and industry consolidation
- Growth in **own retail** supported by store expansion and comp store sales growth of 3% (Q4: 0%)
- Weaker fragrance business offsets improvements in watches and eyewear in **license business**

Robust full year gross profit margin improvement

Fourth quarter



Full year



- Strong comparison base
- Above-average growth of outlet channel
- Moderate increase of rebates

- Positive distribution channel mix
- Lower rebates

EBITDA grows despite higher operating expenses

in EUR million			
	2014	2013	Change in %
Sales	2,571.6	2,432.1	6
Gross profit	1,699.1	1,579.6	8
In % of sales	66.1	64.9	120 bp
Selling and distribution expenses	(994.9)	(891.6)	(12)
Administration expenses	(236.2)	(228.5)	(3)
Other operating income and expenses	(19.3)	(3.3)	>(100)
Operating result (EBIT)	448.7	456.2	(2)
In % of sales	17.4	18.7	(130) bp
Financial result	(11.6)	(22.7)	49
Earnings before taxes	437.1	433.5	1
Income taxes	(102.6)	(100.1)	(2)
Net income	334.5	333.4	0
Attributable to:			
Equity holders of the parent company	333.3	329.0	1
Earnings per share (EUR)*	4.83	4.77	1
EBITDA before special items	590.8	564.7	5
In % of sales	23.0	23.2	(20) bp
Special items	(19.3)	(3.3)	>(100)

- Own retail expansion main driver of higher **selling and distribution expenses**
- **Marketing expenditures** increase by 60 basis points to 6.3% of sales
- Moderate increase in **administration costs** demonstrates tight overhead cost management
- **Other operating expenses** linked to distribution changes and consolidation of production facilities
- Improved **financial result** due to reduction of debt and lower interest rates

*Basic and diluted earnings per share

Region Europe records solid margin improvement

Segment profit

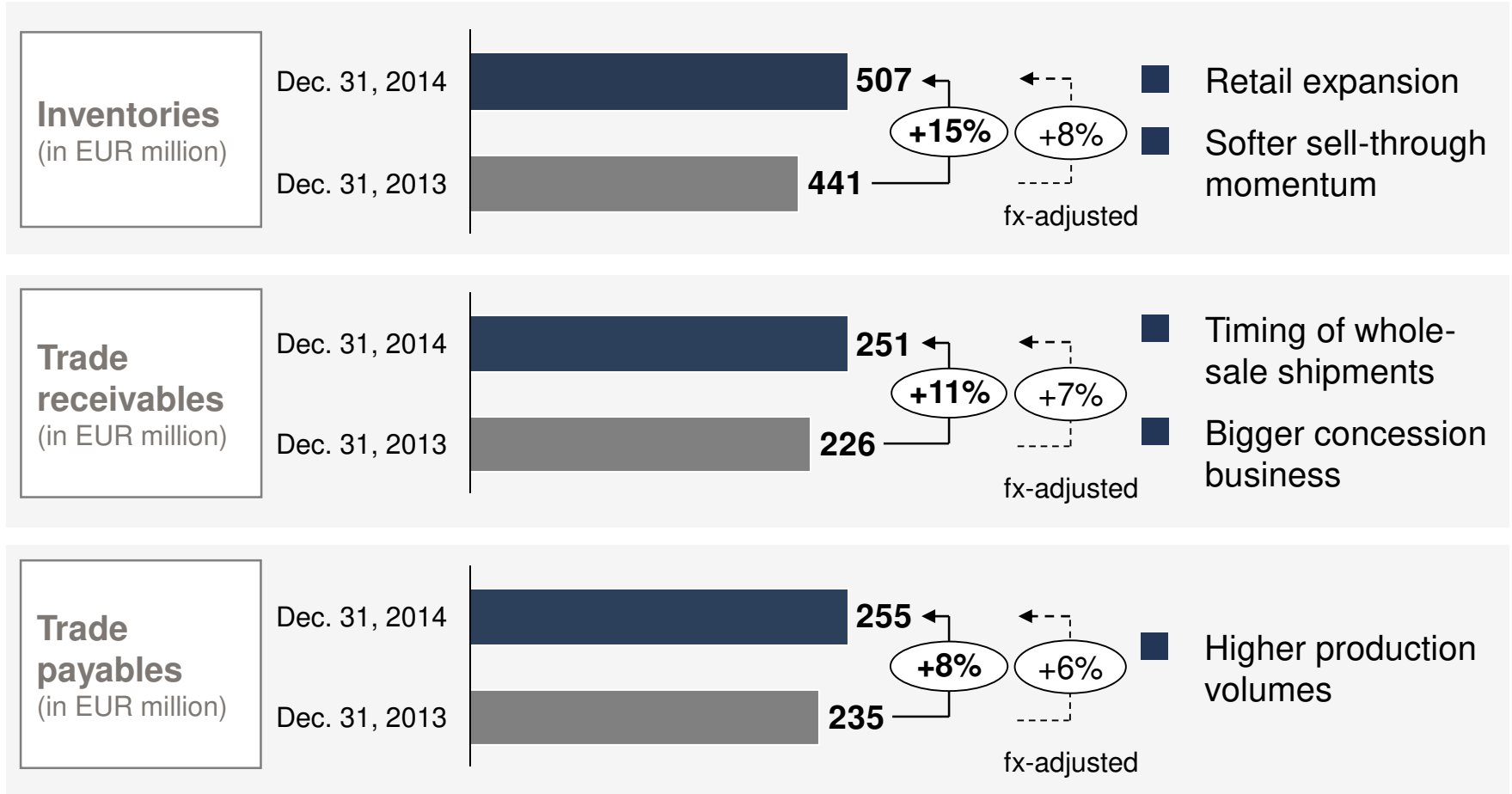
in EUR million

	2014	In % of sales	2013	In % of sales	Change in %
Europe*	536.1	34.2	490.2	33.6	9
Americas	151.1	25.8	152.0	26.7	(1)
Asia/Pacific	112.2	31.1	117.3	33.8	(4)
Licenses	49.1	85.2	49.3	85.2	0
Segment profit operating segments	848.5	33.0	808.8	33.3	5
Corporate units/consolidation	(257.7)		(244.1)		(6)
EBITDA before special items	590.8	23.0	564.7	23.2	5

- Healthy top line growth and better gross margin support operating margin increase in **Europe**
- Higher operating expenses outweigh gross margin improvement in the **Americas**
- Mixed comp store sales performance and cost increases cause operating deleverage in **Asia/Pacific**

*Incl. Middle East and Africa

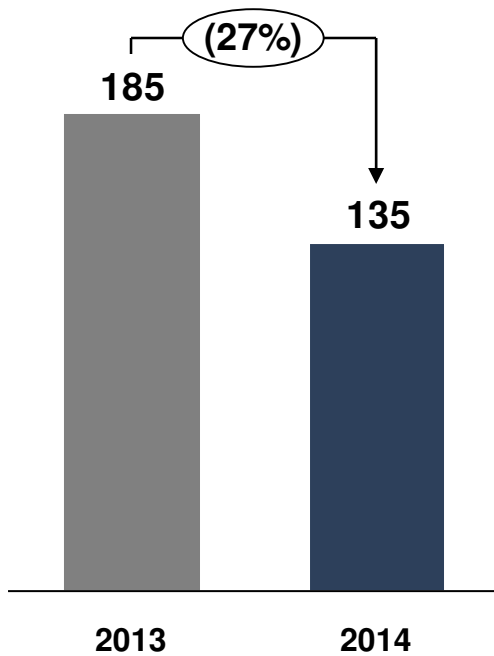
Trade net working capital increases despite moderation of inventory growth



Trade net working capital up 16% to EUR 503 million

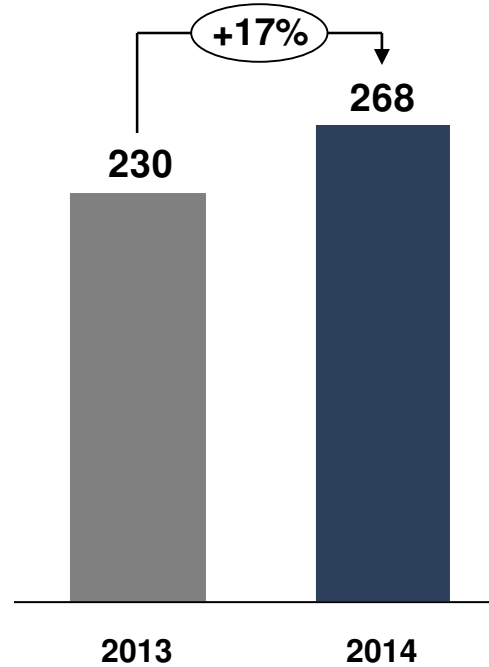
Robust free cash flow growth

Investments
(in EUR million)



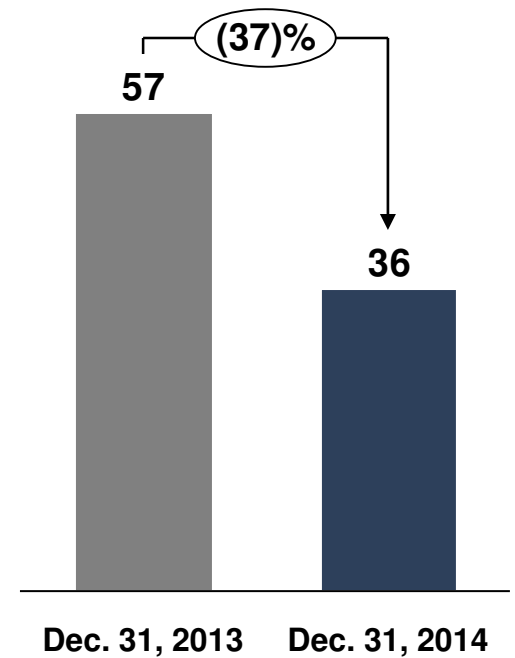
■ Non-recurrence of prior year distribution center investments

Free cash flow
(in EUR million)



■ Increase mainly due to lower investments

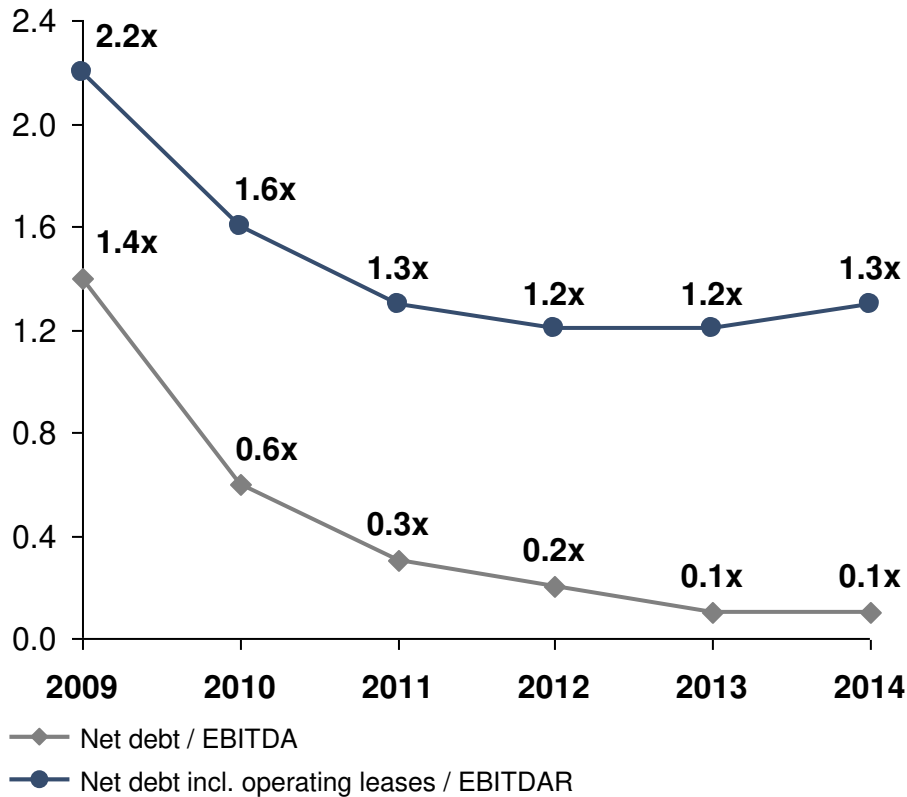
Net debt
(in EUR million)



■ Increase of FCF supports net debt reduction

Adjusted financial leverage has remained broadly stable over the last years

(Adjusted) financial leverage

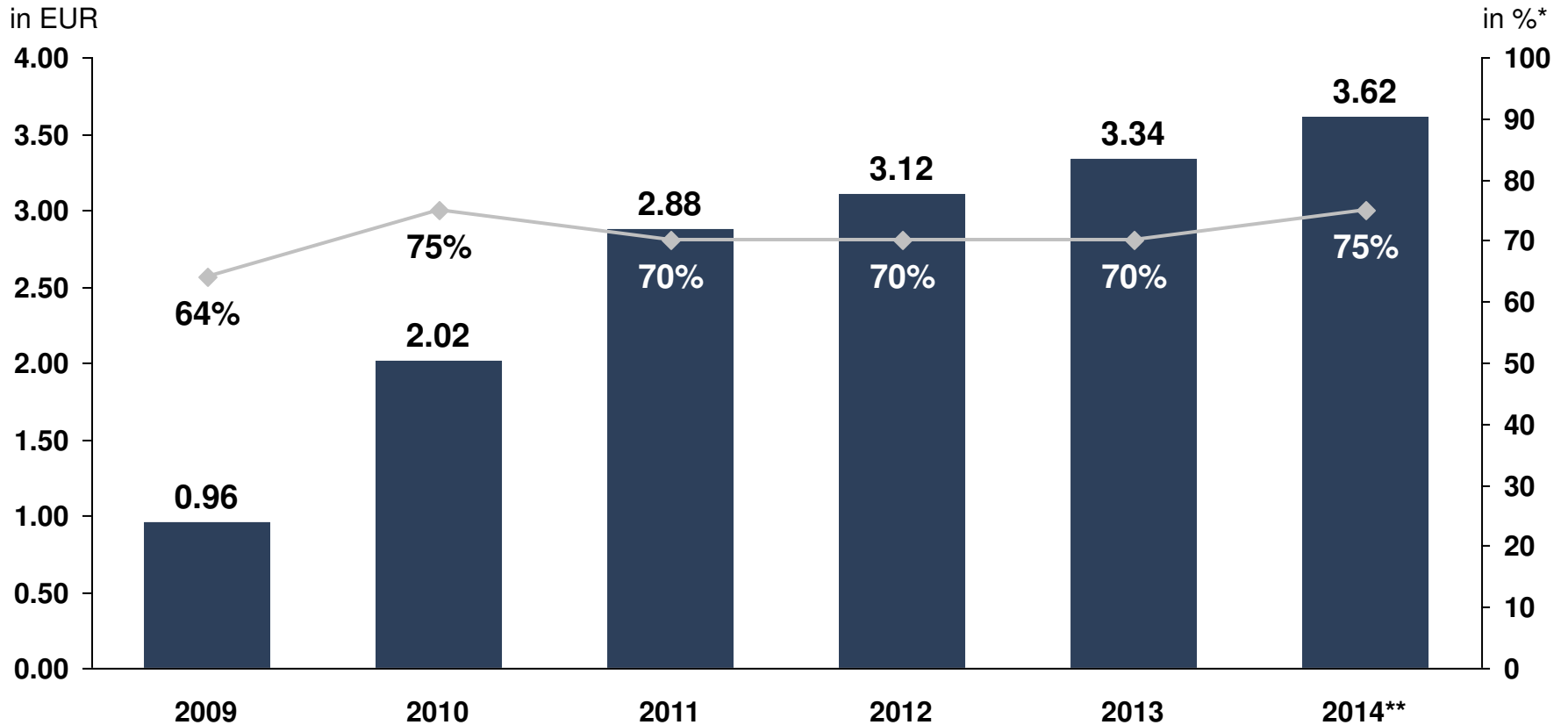


- Adjusted financial leverage reflects profitability improvements offset by higher operating lease obligations
- Management comfortable with current levels of above one

Operating leases = Future committed operating lease obligations capitalized according to S&P methodology
 EBITDAR = EBITDA + minimum rents + contingent rents

Proposed dividend increases payout ratio to 75%

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 // **2014: Dividend proposal

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Growth strategy 2020 to drive further profitable growth



Elevate the BOSS core brand by engaging consumers emotionally



Leverage the brand's potential in womenswear and shoes & accessories



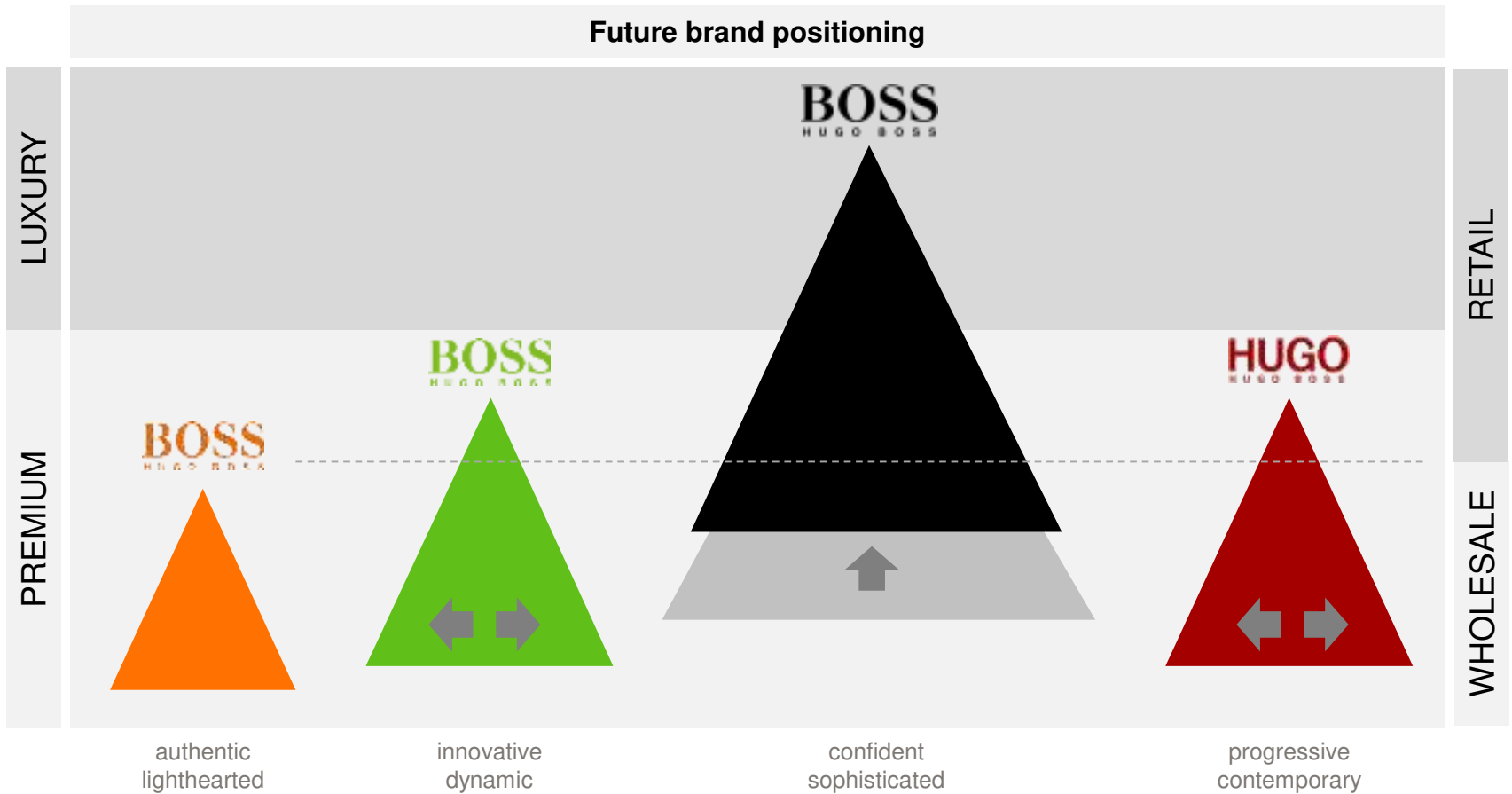
Build omnichannel to drive own retail online and offline



Exploit growth opportunities in under-penetrated markets

Further build the Group's operational strength to enable key strategy implementation

Increasingly nuanced portfolio to support BOSS brand elevation



HUGO and BOSS Green to replace BOSS in category business

RETAIL

Own stores to increasingly focus on BOSS core brand exclusively



WHOLESALE

Presence of BOSS core brand to become limited to shop-in-shops



Category business focused on HUGO and BOSS Green



Coming collections reflect product elevation in BOSS Womenswear



BOSS campaign builds brand's credibility as a fashion destination

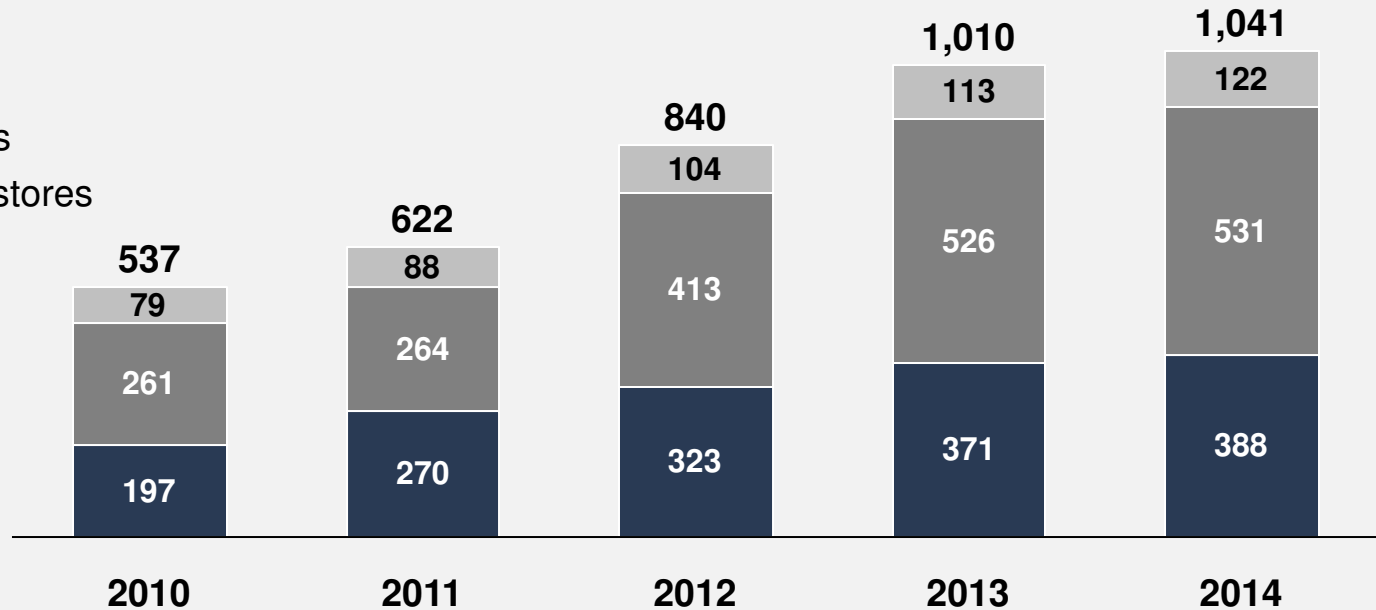


New openings and takeovers to contribute to retail expansion

Number of own retail stores

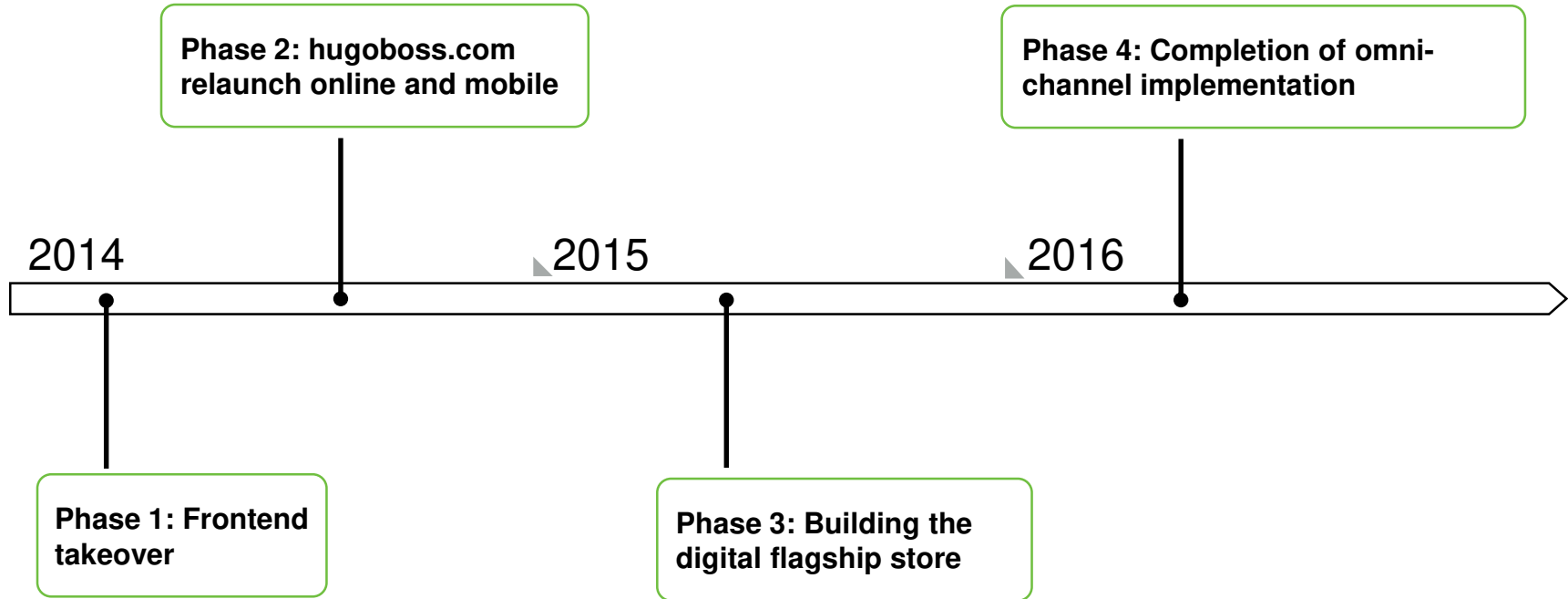
as of December 31

- Outlets
- Shop-in-Shops
- Freestanding stores



- Around 50 new openings planned in 2015
- Takeovers of franchise stores and shop-in-shops to further add to store count
- Growing importance of renovations

Omnichannel model geared to the demands of today's consumer

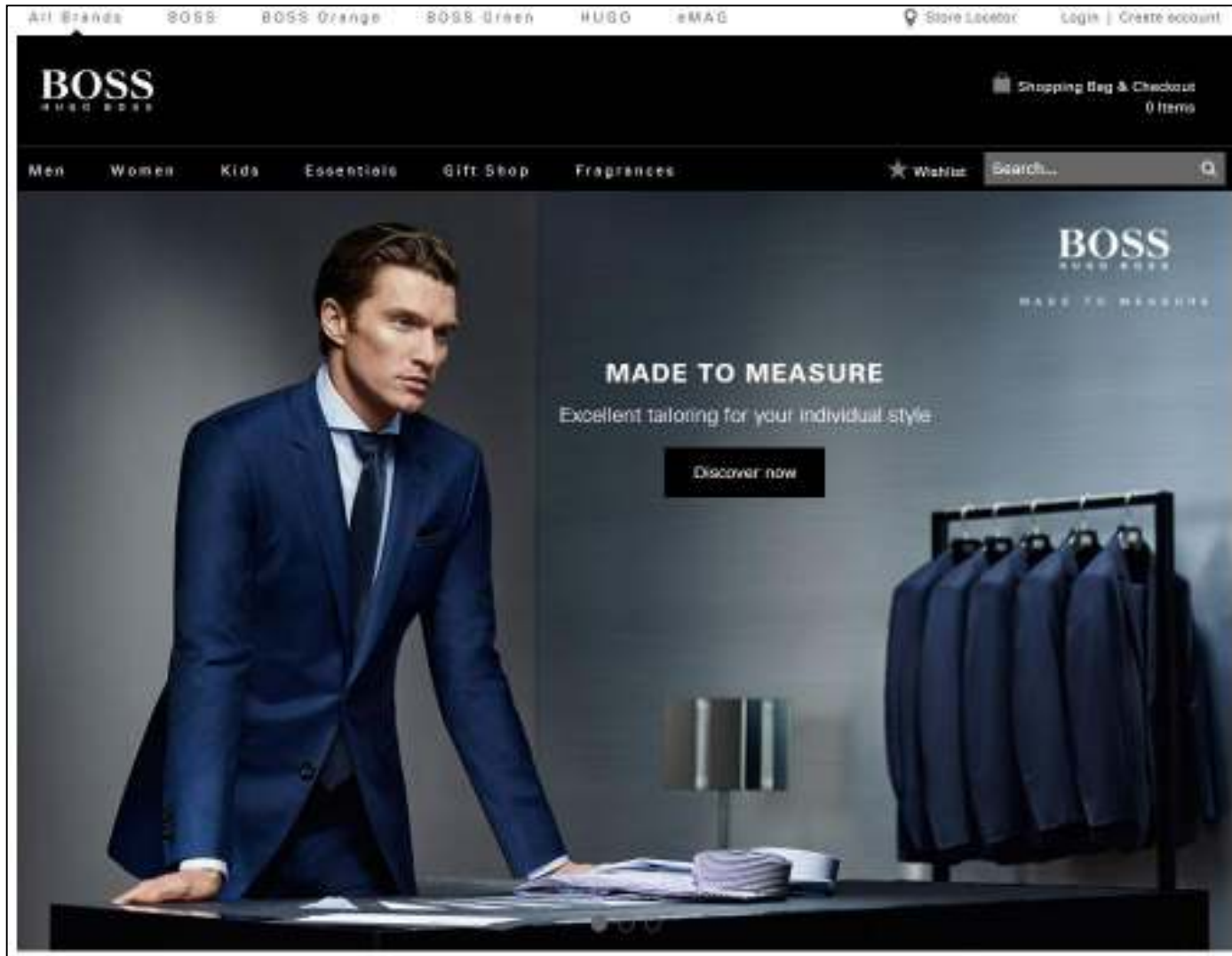


Implementation of omnichannel business model under way

Key digital initiatives defined

Initiative	Description and rationale	Status
Launch of own store frontend	Takeover of Demandware software from former fulfillment partner enabling full control	Done
Relaunch of hugoboss.com	Migration of formerly separate eCom and brand worlds driving traffic to store	Done
Mobile store upgrade	Seamless integration of mobile store based on responsive design	Done
Ongoing store upgrades	Addition of new features to drive in-store experience and usability	2015
myhugoboss.com / "Mocca" POS system	Integrated customer database enabling store-driven CRM measures	2015
In-store online ordering	iPad-based in-store ordering from significantly wider online offering	2016
Order online, exchange in store	Offering standardized and seamless return process for maximum convenience	2016
Click & Collect	Order online, collect in-store	2016

Takeover of frontend has upgraded overall look and feel



Merger of online store and brand website drives traffic

Before

Two different gateways
for eCom store and
brand website



Today

Seamless integration of
content and commerce



In-store availability feature introduced



- Provides real-time store inventory information
- Enables search for product in other stores
- Locates closest store in relation to customer's IP address or GPS position

Further improvement of retail execution to support solid growth in Europe

- Tough industry environment and weak customer footfall in many markets
- Focus on improving in-store experience as well as customer service and relationship management
- Underpenetrated categories and markets offer attractive opportunities



BOSS Store Zurich, Bahnhofstrasse

Brand control key for success in the Americas

- Promotional market environment set to continue for foreseeable future
- Important retail-related process improvements under way
- Focus on upgrade of brand presentation in US wholesale business



BOSS Store Washington DC, City Center

Strategic progress in China adds to strength of other markets in Asia

- Growing momentum in formalwear to support further share gains in China despite ongoing market weakness
- Confident outlook for Australia and Japan
- Direct control of trendsetting South Korean market to improve market position



BOSS Store Osaka, Shinsaibashi

B2C distribution center builds foundation for omnichannel

B2C Warehouse Wendlingen, Germany

- Former flat-packed goods facility to serve as a B2C distribution center going forward

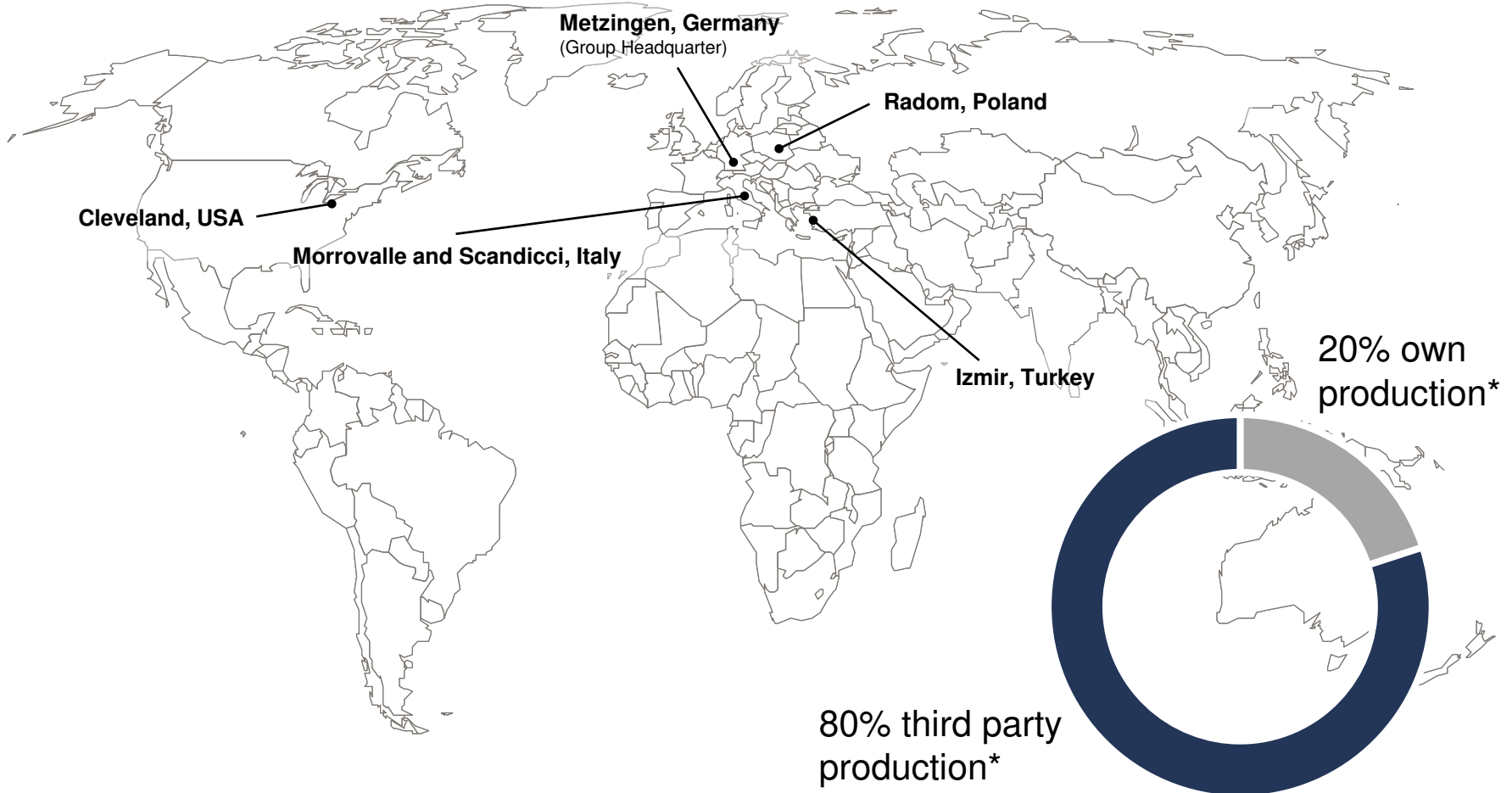


- Key tasks: Storage, packing, return handling, product refurbishment
- Handling of product returns from all European markets and sales channels
- Remodeling currently under way

Launch of new systems refines retail management

	Retail Merchandise Planning	Retail Assortment Planning
Purpose	<ul style="list-style-type: none"> ■ Systems-based planning process based on sales, margins and stock levels 	<ul style="list-style-type: none"> ■ SAP-based assortment planning approach based on store capacity, location characteristics and product lifecycles
Main operational benefits	<ul style="list-style-type: none"> ■ Detailed pre-season budgeting based on expected demand ■ Flexible in-season monitoring of performance versus plan 	<ul style="list-style-type: none"> ■ Improved fit of merchandise offering and product availability ■ Consumer-centric collection development
Main financial benefits	<ul style="list-style-type: none"> ■ Higher sales ■ Lower inventories 	<ul style="list-style-type: none"> ■ Improved full-price sales supporting margins ■ Higher inventory turns
Timing of rollout	<ul style="list-style-type: none"> ■ Completion in 2015 	<ul style="list-style-type: none"> ■ Starting with Fall 2016 collection development

Consolidation of own production network drives operational efficiency



*Percentage based on procurement volumes

Solid growth of sales and operating profit expected in 2015

Outlook 2015

Sales growth (currency-adjusted)

Mid-single-digit rate

Growth of
EBITDA before special items

5% - 7%

Capex

EUR 200 million – EUR 220 million

Own retail network

Around 50 openings (excl. takeovers)

Clear growth plan in place to overcome external challenges

- Group has coped well with market weakness in 2014
- Multi-faceted opportunities provide numerous levers for long-term growth
- Another year of solid financial performance and important strategic progress ahead



BOSS Store Osaka, Shinsaibashi

BACKUP

Brand portfolio

BOSS
HUGO BOSS

BOSS
HUGO BOSS

72%* of Group sales
modern / sophisticated



8%* of Group sales
modern / active



BOSS
HUGO BOSS

HUGO
HUGO BOSS

10%* of Group sales
casual / urban chic



10%* of Group sales
progressive / contemporary



*as of FY 2014

Sales by region 2014

Share of Group sales*



Asia/Pacific

14%



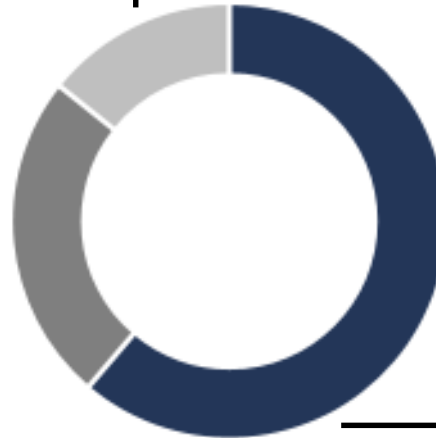
Europe (incl. Middle East and Africa)

23%

61%



Americas

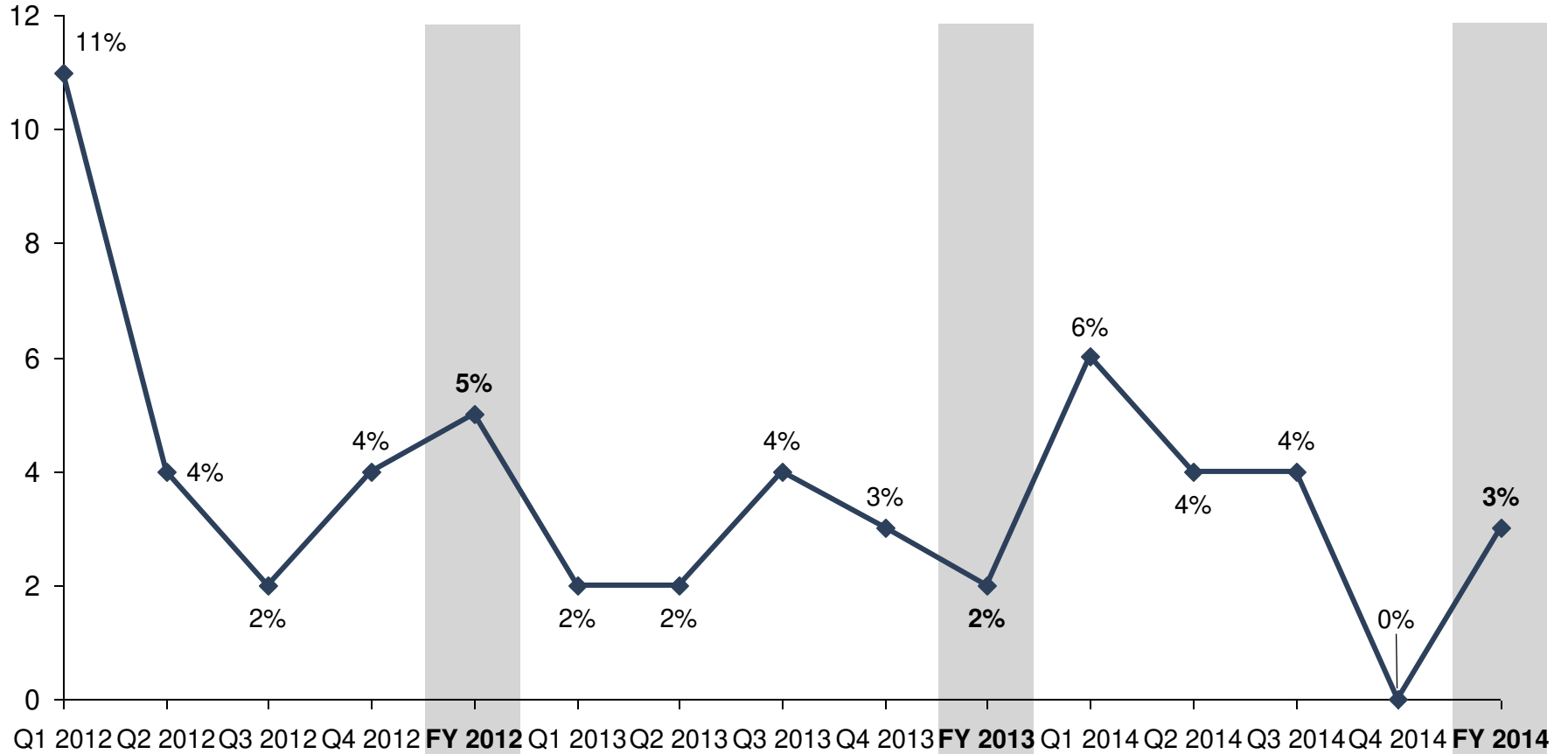


*+2% Licenses

Retail comp stores sales growth

Sales growth retail I-f-I*

◆ Retail I-f-I



*fx-adjusted

Income statement

in EUR million

	Q4 2014	Q4 2013	Change in %	2014	2013	Change in %
Sales	683.6	649.0	5	2,571.6	2,432.1	6
Cost of sales	(217.3)	(200.9)	(8)	(872.5)	(852.5)	(2)
Gross profit	466.3	448.1	4	1,699.1	1,579.6	8
In % of sales	68.2	69.0	(80) bp	66.1	64.9	120 bp
Selling and distribution expenses	(289.0)	(264.5)	(9)	(994.9)	(891.6)	(12)
Administration expenses	(56.3)	(64.9)	13	(236.2)	(228.5)	(3)
Other operating income and expenses	(15.9)	0.1	>(100)	(19.3)	(3.3)	>(100)
Operating result (EBIT)	105.1	118.8	(12)	448.7	456.2	(2)
In % of sales	15.4	18.3	(290) bp	17.4	18.7	(130) bp
Net interest income/expense	(1.1)	(6.9)	84	(4.5)	(14.4)	69
Other financial items	(3.4)	(0.1)	>(100)	(7.1)	(8.3)	14
Financial result	(4.5)	(7.0)	36	(11.6)	(22.7)	49
Earnings before taxes	100.6	111.8	(10)	437.1	433.5	1
Income taxes	(25.3)	(26.1)	3	(102.6)	(100.1)	(2)
Net income	75.3	85.7	(12)	334.5	333.4	0
Attributable to:						
Equity holders of the parent company	75.3	84.4	(11)	333.3	329.0	1
Non-controlling interests	0	1.3	(100)	1.2	4.4	(73)
Earnings per share (EUR)*	1.09	1.22	(11)	4.83	4.77	1
EBITDA before special items	167.4	157.3	6	590.8	564.7	5
In % of sales	24.5	24.2	30 bp	23.0	23.2	(20) bp
Special items	(15.9)	0.1	>(100)	(19.3)	(3.3)	>(100)

*Basic and diluted earnings per share

5-Year Overview

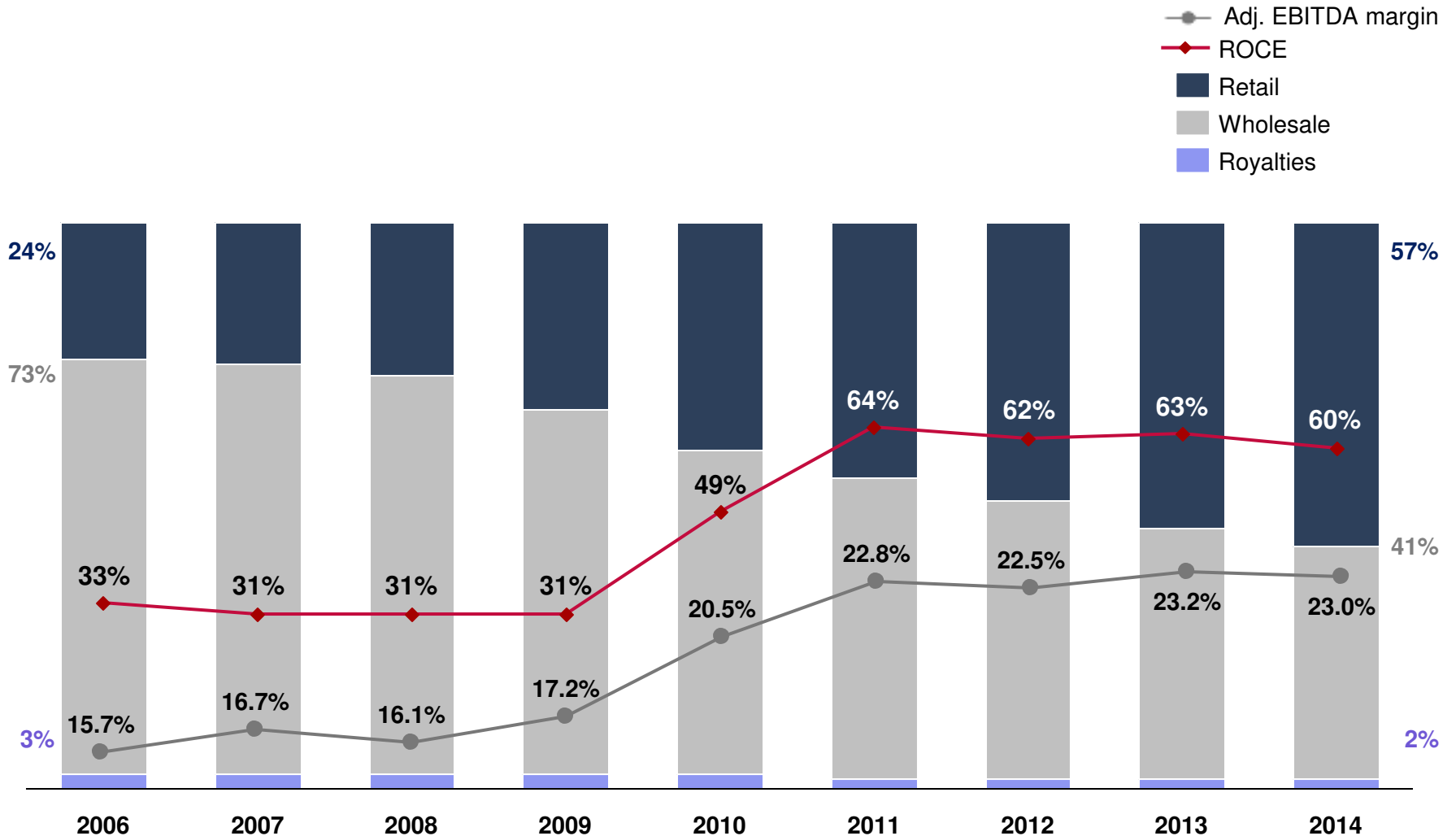
in EUR million	2014	2013	2012	2011	2010
Earnings Position					
Sales	2,571.6	2,432.1	2,345.9	2,058.8	1,729.4
Gross profit	1,699.1	1,579.6	1,444.1	1,252.0	1,022.4
EBITDA	571.5	561.4	523.9	468.0	340.1
EBITDA before special items	590.8	564.7	528.1	469.5	353.7
EBIT	448.7	456.2	432.0	394.6	267.9
Net income attributable to equity holders of the parent company	333.3	329.0	306.5	284.9	188.9
Financial Position and Dividend					
Free cash flow	268.4	230.0	220.6	194.9	246.3
Net debt	35.7	57.0	130.4	149.1	201.1
Capital expenditures	134.7	185.3	165.8	108.5	55.6
Depreciation/amortization	122.8	105.3	91.9	73.4	72.2
Dividend*	249.8	230.5	215.3	199.1	139.7
Asset and Liability Structure					
Total assets	1,661.8	1,501.3	1,577.2	1,419.6	1,342.8
Shareholders' equity	843.9	740.3	631.6	517.3	361.2
Trade net working capital	503.0	431.8	408.5	399.6	322.7
Non-current assets	660.3	611.5	587.7	503.2	454.5
Key Ratios					
Gross profit margin in %	66.1	64.9	61.6	60.8	59.1
Adjusted EBITDA margin in %**	23.0	23.2	22.5	22.8	20.5
Total leverage***	0.1	0.1	0.2	0.3	0.6
Equity ratio in %	50.8	49.3	40.0	36.4	26.9

* Based on dividend proposal

**EBITDA before special items/Sales

***Net financial liabilities/EBITDA before special items and expenses for the stock appreciation rights program

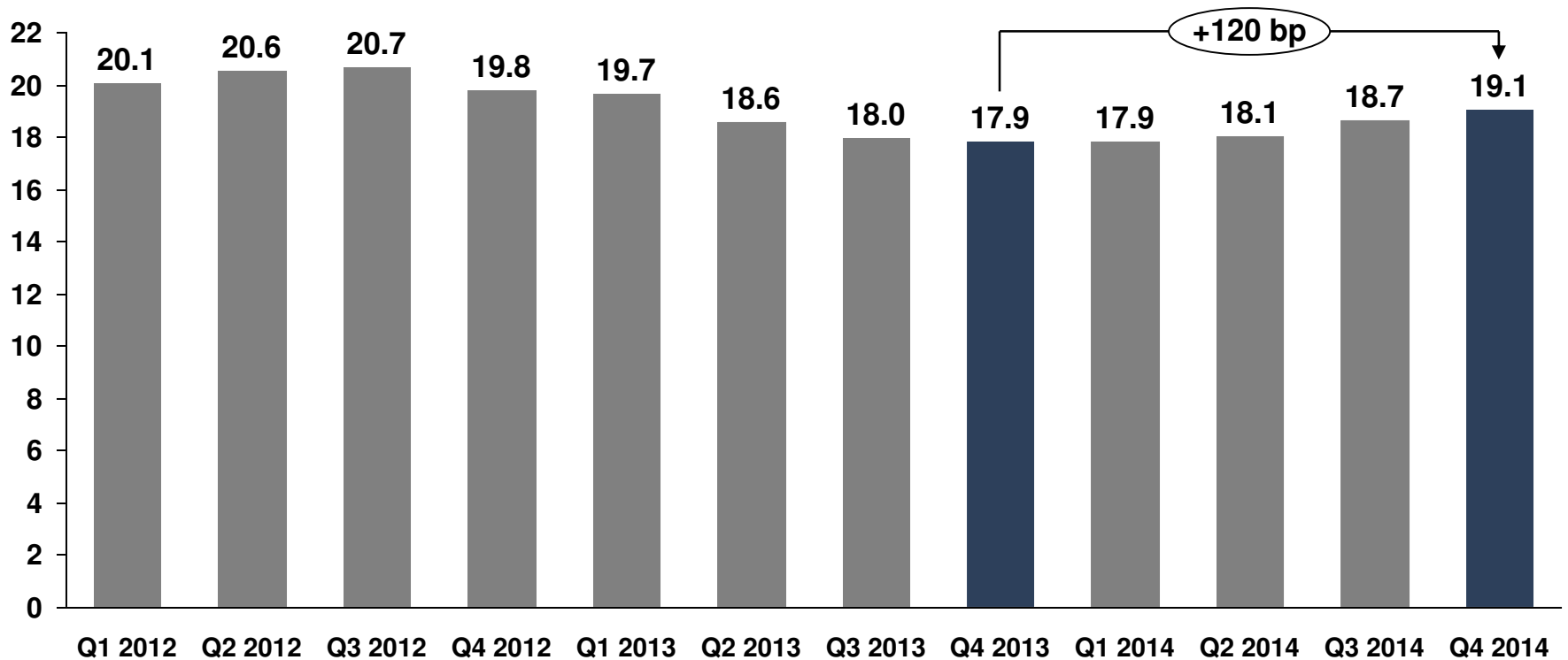
EBITDA margin and ROCE vs. channel mix



Trade net working capital

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

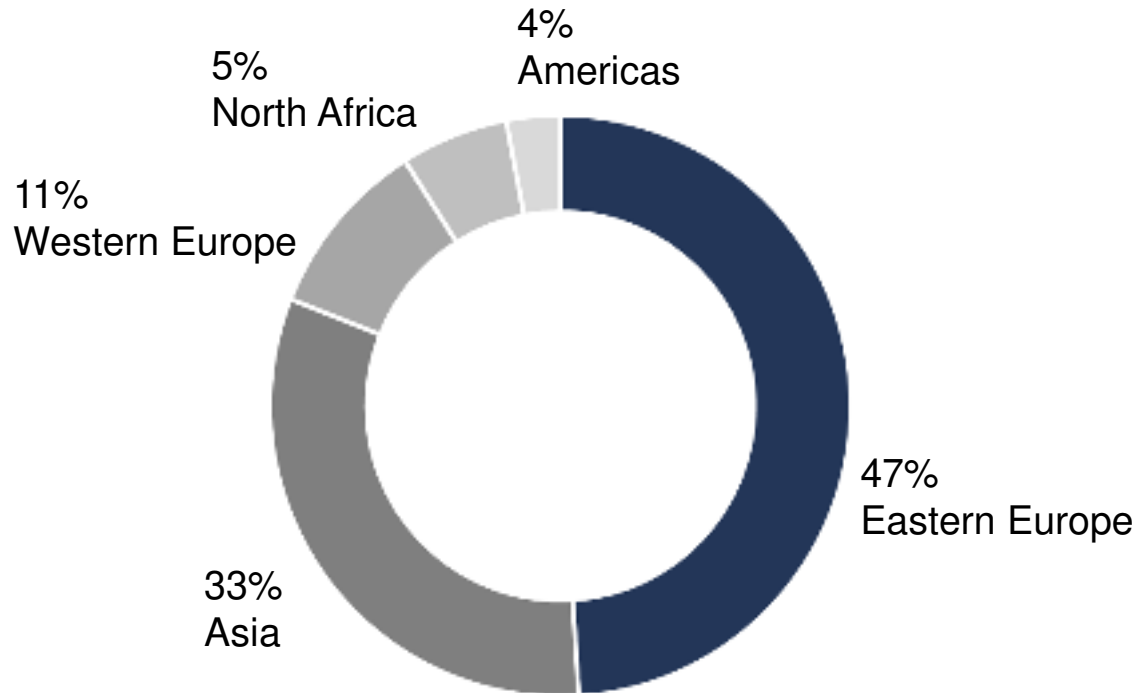
(in %)



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

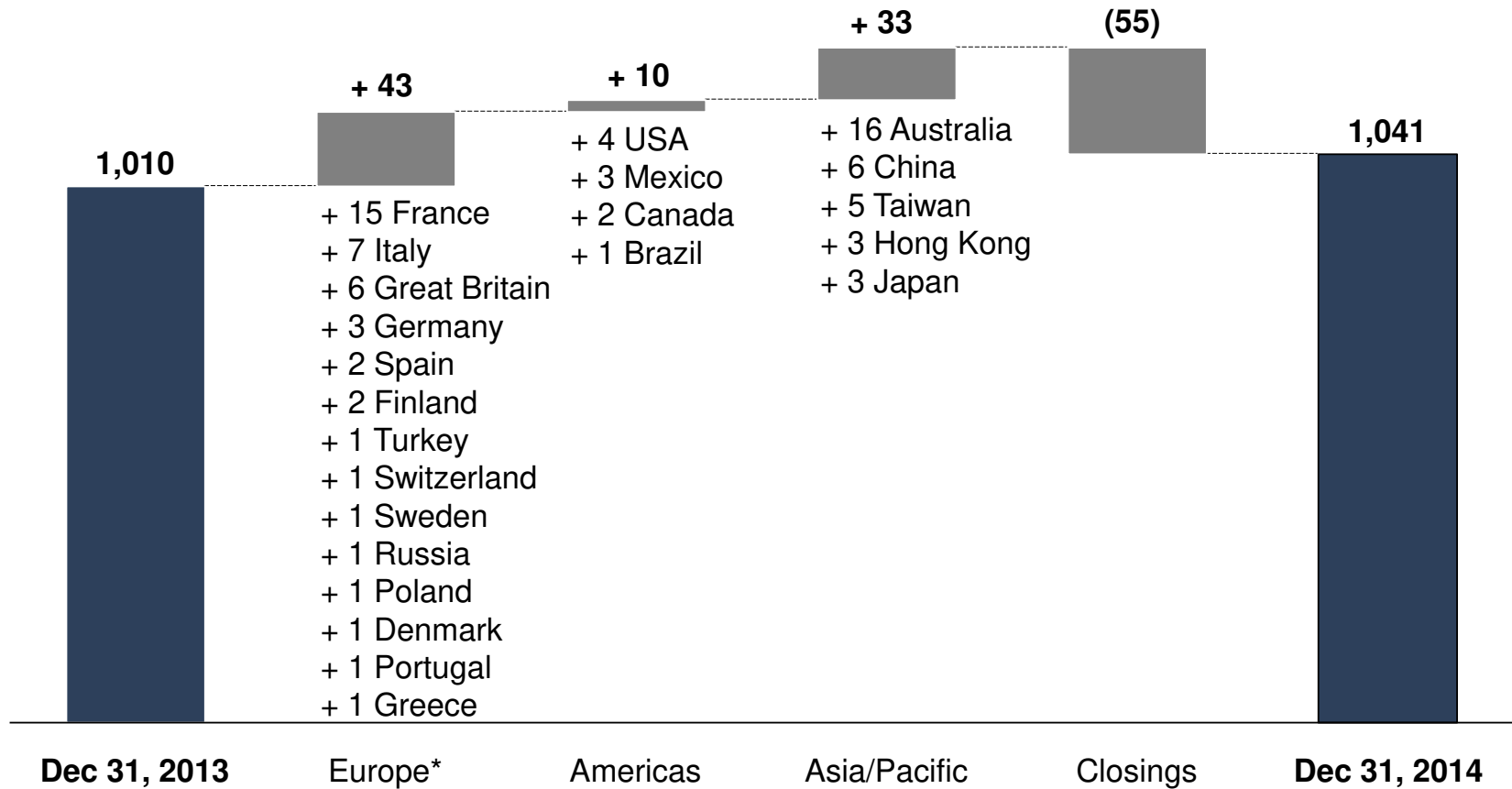
Sourcing structure

Regional split of sourcing and production volume 2014



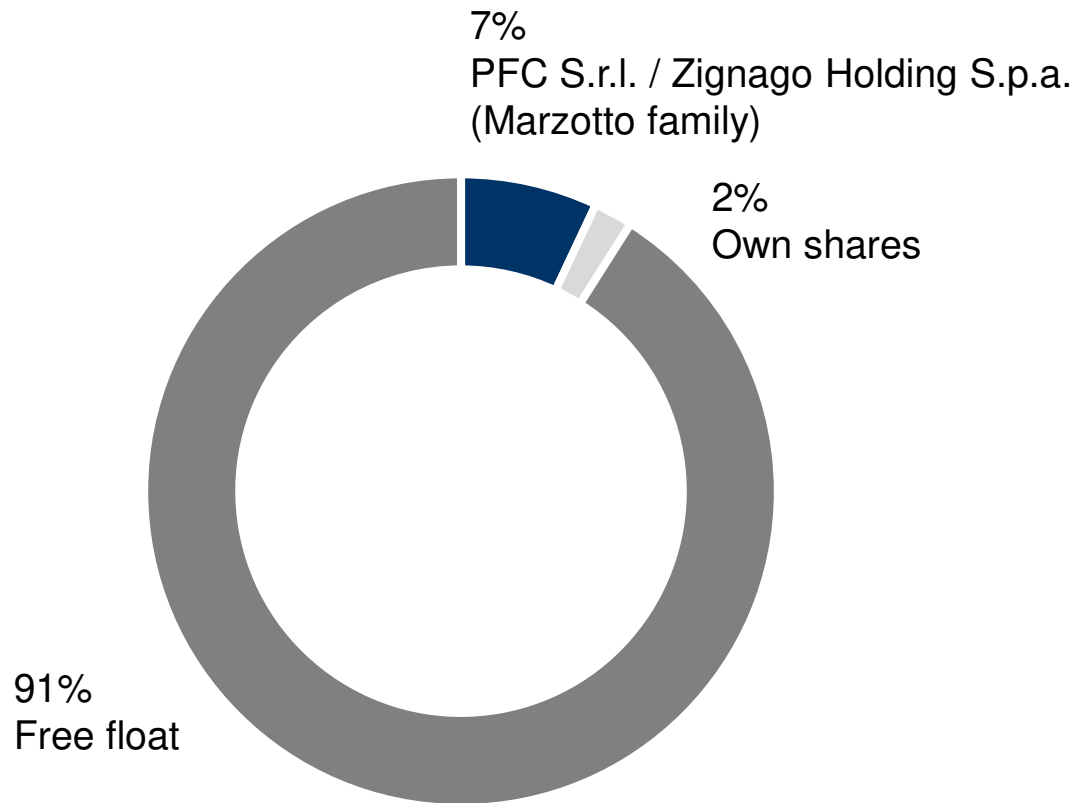
Retail network

Number of own retail stores



*Europe incl. Middle East and Africa

Shareholder structure*



*Based on ad-hoc announcement dated March 16, 2015

Financial calendar 2015

Date	Event
May 6, 2015	First Quarter Results
May 12, 2015	Annual Shareholders' Meeting
August 4, 2015	First Half Year Results
November 3, 2015	Nine Months Results

Investor Relations contact

Dennis Weber, CFA
Head of Investor Relations

Phone: +49 (0) 7123 94 - 86267
E-Mail: Dennis_Weber@hugoboss.com
Internet: group.hugoboss.com

Dr. Kay Hofmann
Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581
E-Mail: Kay_Hofmann@hugoboss.com
Internet: group.hugoboss.com

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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