

H U G O B O S S

ROADSHOW San Francisco // HSBC

HUGO BOSS Company Handout
San Francisco, September 10, 2015

Agenda

Financial Review First Half Year 2015

Strategic Outlook 2015 and beyond

Financial Outlook 2015

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Financial Review First Half Year 2015

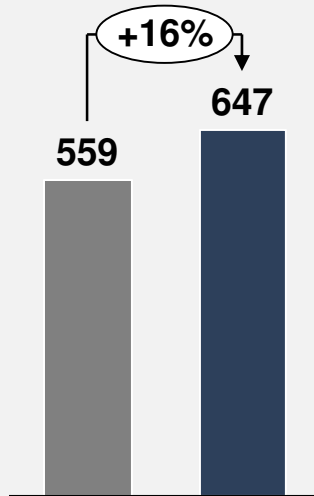
Strategic Outlook 2015 and beyond

Financial Outlook 2015

HUGO BOSS grows top and bottom line due to strong development in Q2

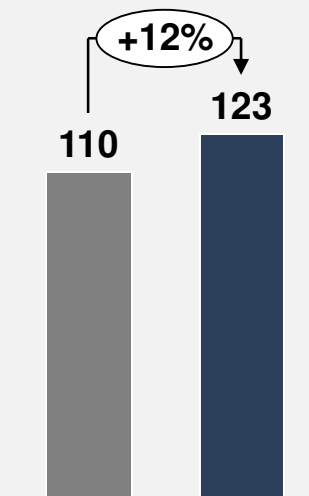
Second quarter results

Sales
(in EUR million)



Q2 2014 Q2 2015
(+7% fx-adjusted)

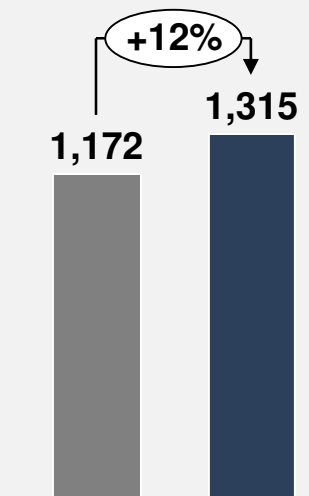
EBITDA before special items
(in EUR million)



Q2 2014 Q2 2015

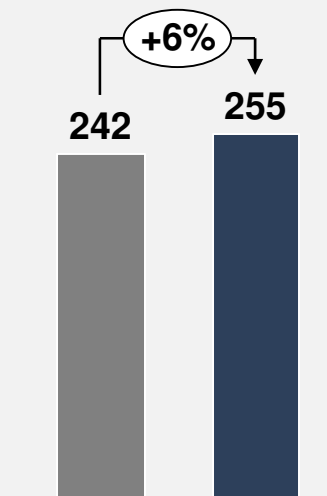
First half year results

Sales
(in EUR million)



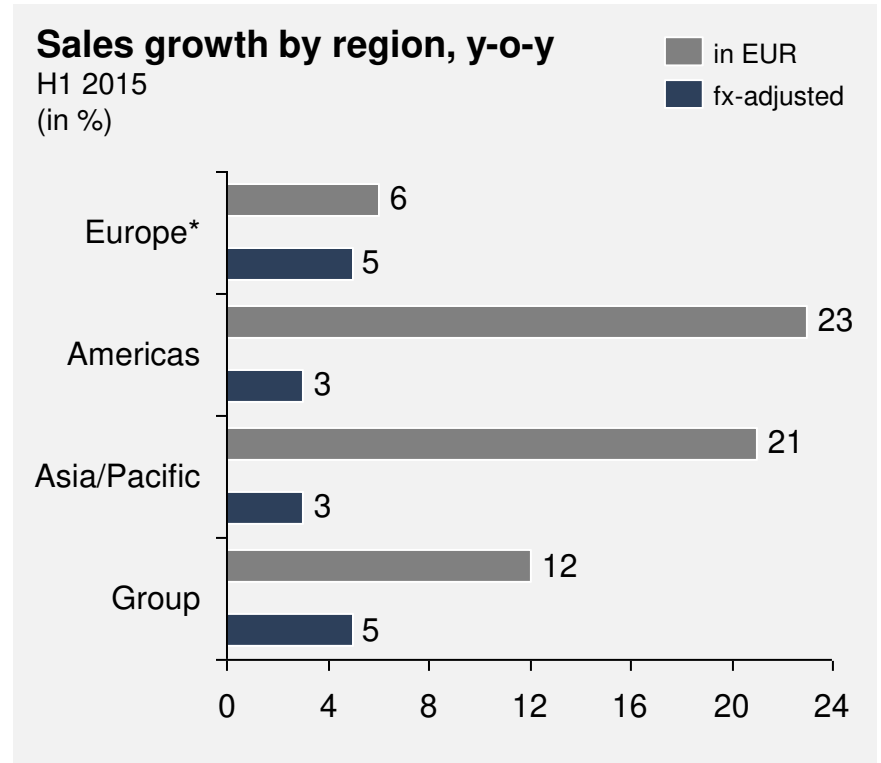
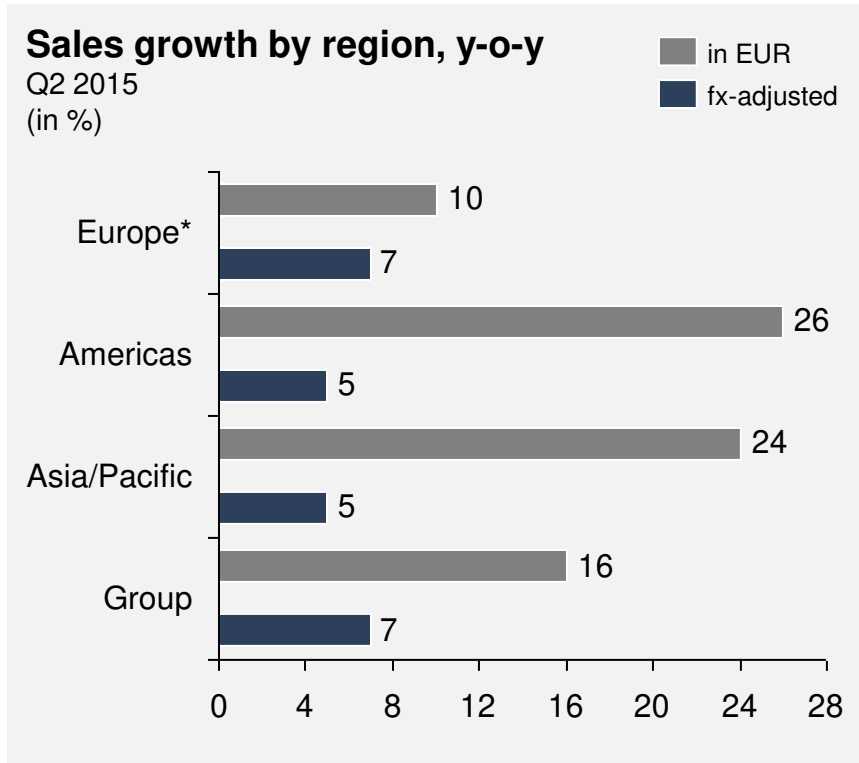
H1 2014 H1 2015
(+5% fx-adjusted)

EBITDA before special items
(in EUR million)



H1 2014 H1 2015

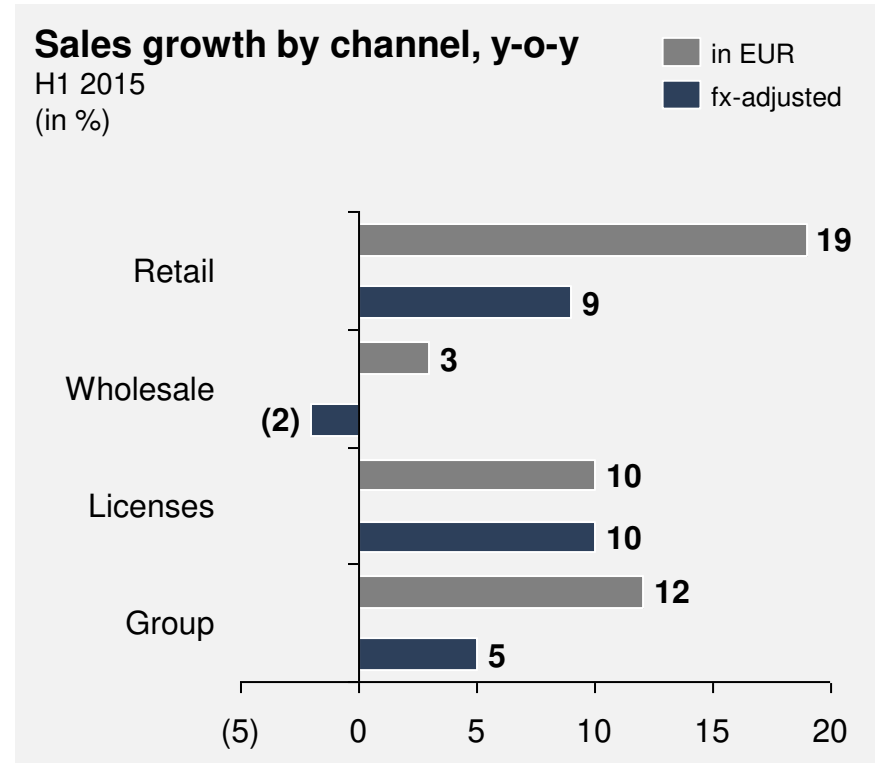
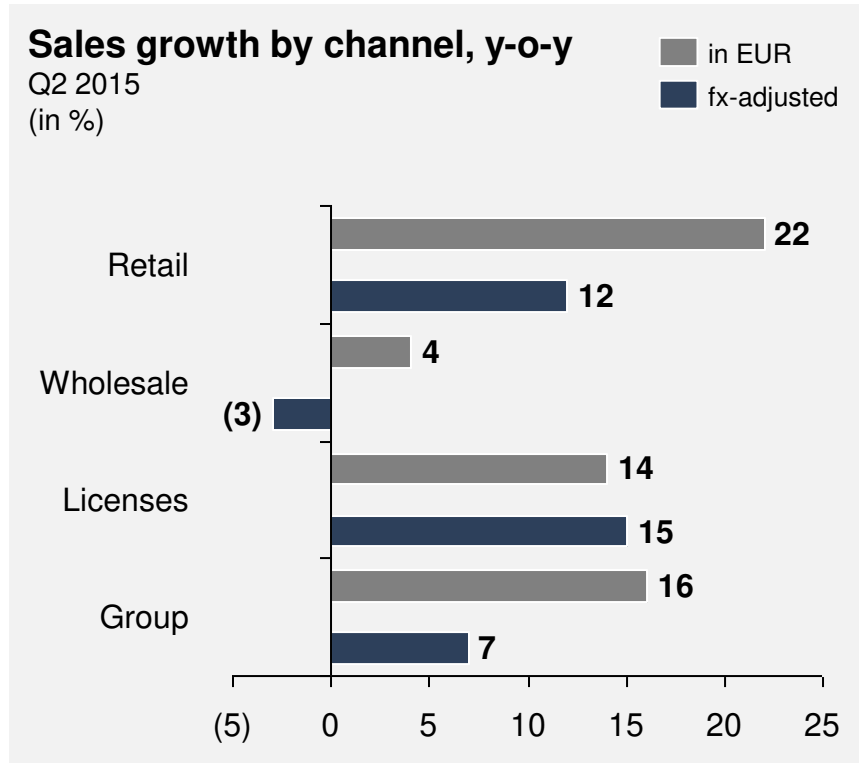
Sales momentum improves across all regions in second quarter



- Growth accelerates across almost all markets in **Europe** in the second quarter
- Key US market up 2% currency-adjusted in H1, trails performance of rest of region **Americas**
- Strong performance in Australia and Japan as well as takeovers drive growth in **Asia/Pacific**

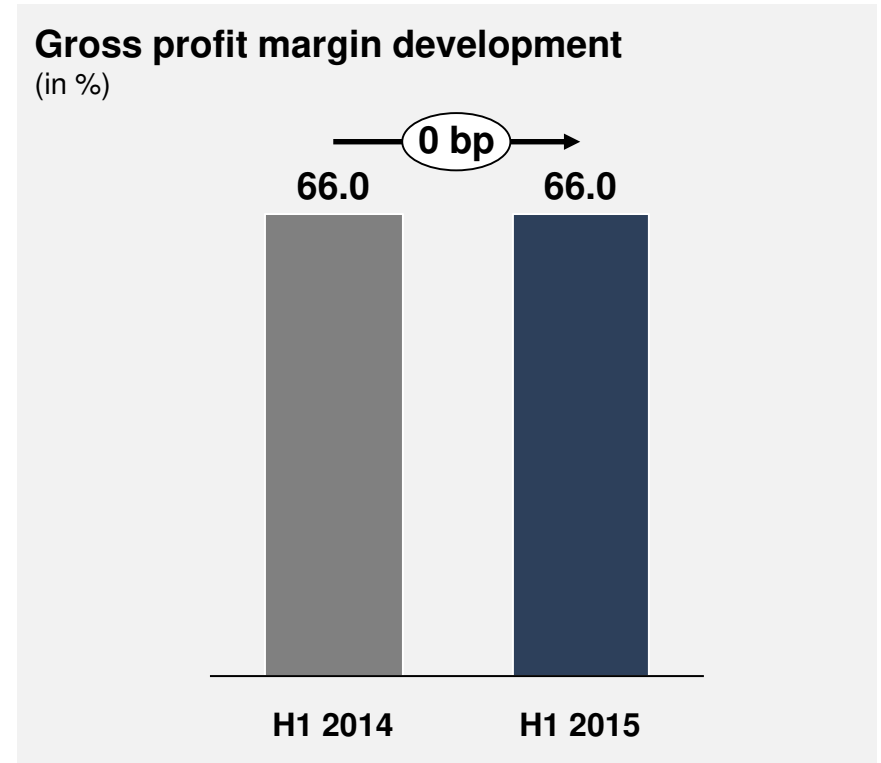
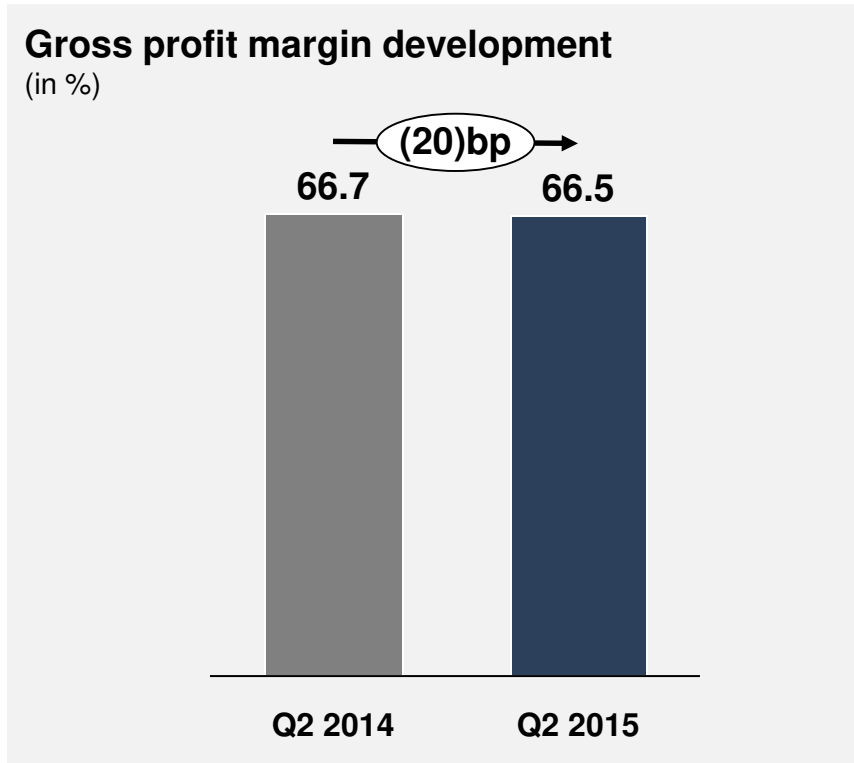
*Incl. Middle East and Africa

Like-for-like growth acceleration drives robust retail sales increase in Q2



- Improved comp store sales growth of 6% in Q2 (H1: 5%) contributes to **retail** sales increase
- **Wholesale** affected by takeover-related sales shifts
- Eyewear and watches support strong development of **license business**

Gross profit margin remains stable in first half year



- Positive distribution channel mix supports margin development in the first half year
- Rebates increase in the second quarter
- Negative inventory valuation effect moderates in the second quarter

Solid increase of adjusted Group EBITDA despite double-digit cost growth

in EUR million	H1 2015	H1 2014	Change in %
Sales	1,314.6	1,171.5	12
Gross profit	867.3	773.6	12
In % of sales	66.0	66.0	0 bp
Selling and distribution expenses	(532.2)	(460.4)	(16)
Administration expenses	(138.0)	(120.8)	(14)
Other operating income and expenses	0.1	(0.8)	
Operating result (EBIT)	197.2	191.6	3
In % of sales	15.0	16.4	(140) bp
Financial result	(7.3)	(4.0)	(83)
Earnings before taxes	189.9	187.6	1
Income taxes	(43.7)	(43.2)	(1)
Net income	146.2	144.4	1
Attributable to:			
Equity holders of the parent company	146.1	143.2	2
Earnings per share (EUR)*	2.12	2.07	2
EBITDA before special items	254.8	241.5	6
In % of sales	19.4	20.6	(120) bp
Special items	0.1	(0.8)	

- Currency translation effects impact overall operating expense development
- Selling and distribution expenses grow due to marketing and retail upgrades and expansion
- Administration expense increase reflects ongoing business model transformation
- Only stable gross margin development and cost growth weigh on EBITDA margin development

*Basic and diluted earnings per share

Currency translation effects distort regional profitability development

Segment profit

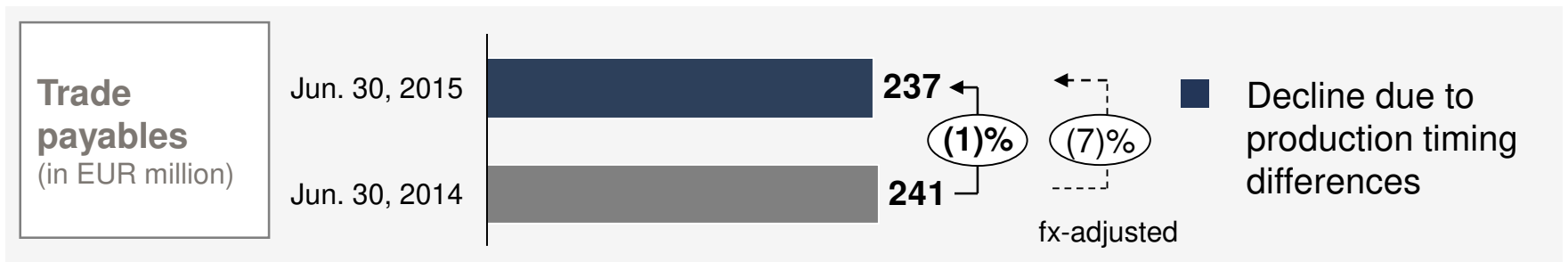
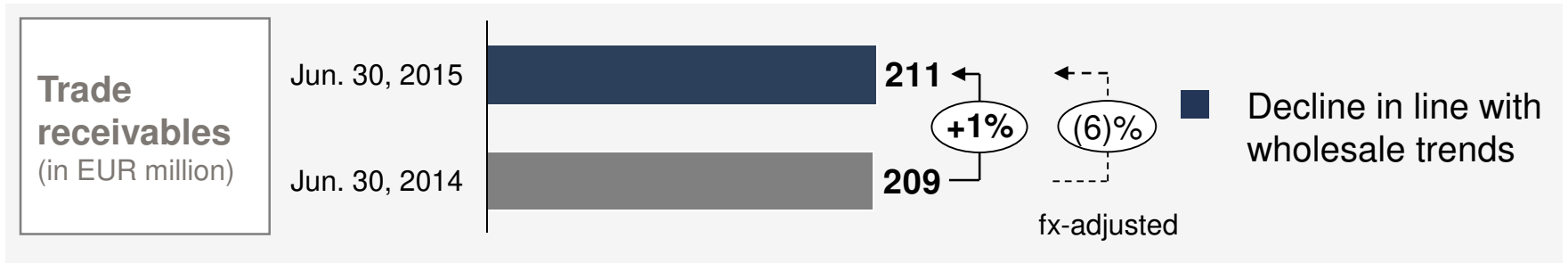
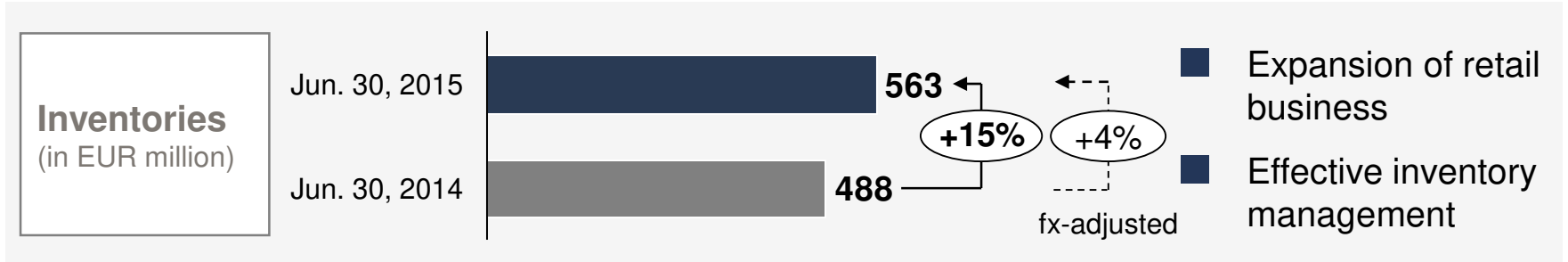
in EUR million

	H1 2015	In % of sales	H1 2014	In % of sales	Change in %
Europe*	244.1	31.6	243.0	33.5	0
Americas	81.6	25.9	61.3	24.0	33
Asia/Pacific	53.4	26.8	50.0	30.3	7
Licenses	21.9	80.2	20.4	82.5	7
Segment profit operating segments	401.0	30.5	374.7	32.0	7
Corporate units/consolidation	(146.2)		(133.2)		(10)
EBITDA before special items	254.8	19.4	241.5	20.6	6

- Margin decline in **Europe** due to currency effects and higher selling and distribution expenses
- Positive currency translation effects more than offset higher rebates in the **Americas**
- Mixed sales trends, takeovers and higher selling and distribution expenses impact margins in **Asia/Pacific**

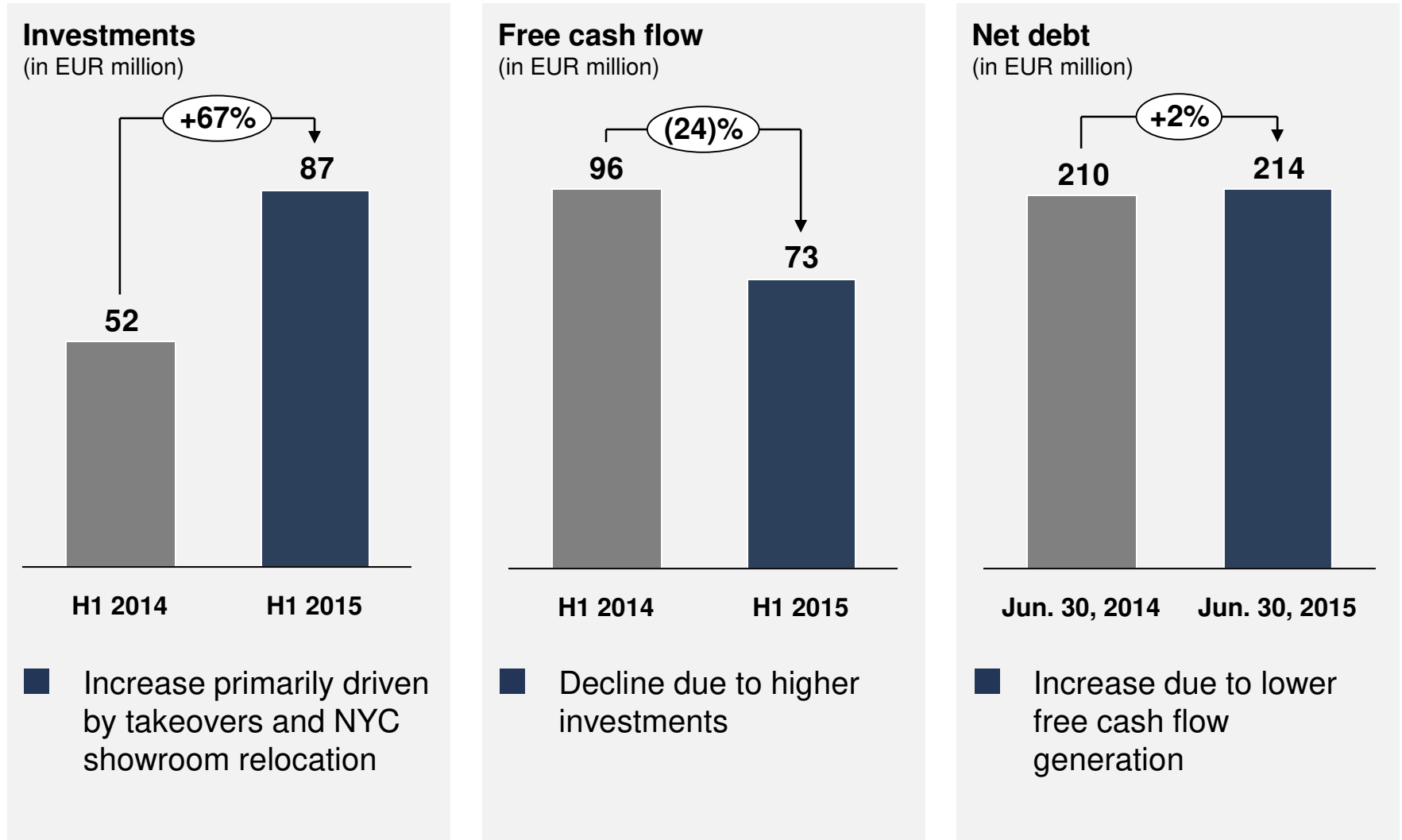
*Incl. Middle East and Africa

Inventory growth moderates significantly compared to previous quarters



Trade net working capital up 18% to EUR 537 million, up 5% currency-adjusted

Free cash flow declines due to higher capital expenditures



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Growth strategy 2020 defines 2015 priorities



Elevate the BOSS core brand by engaging consumers emotionally



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



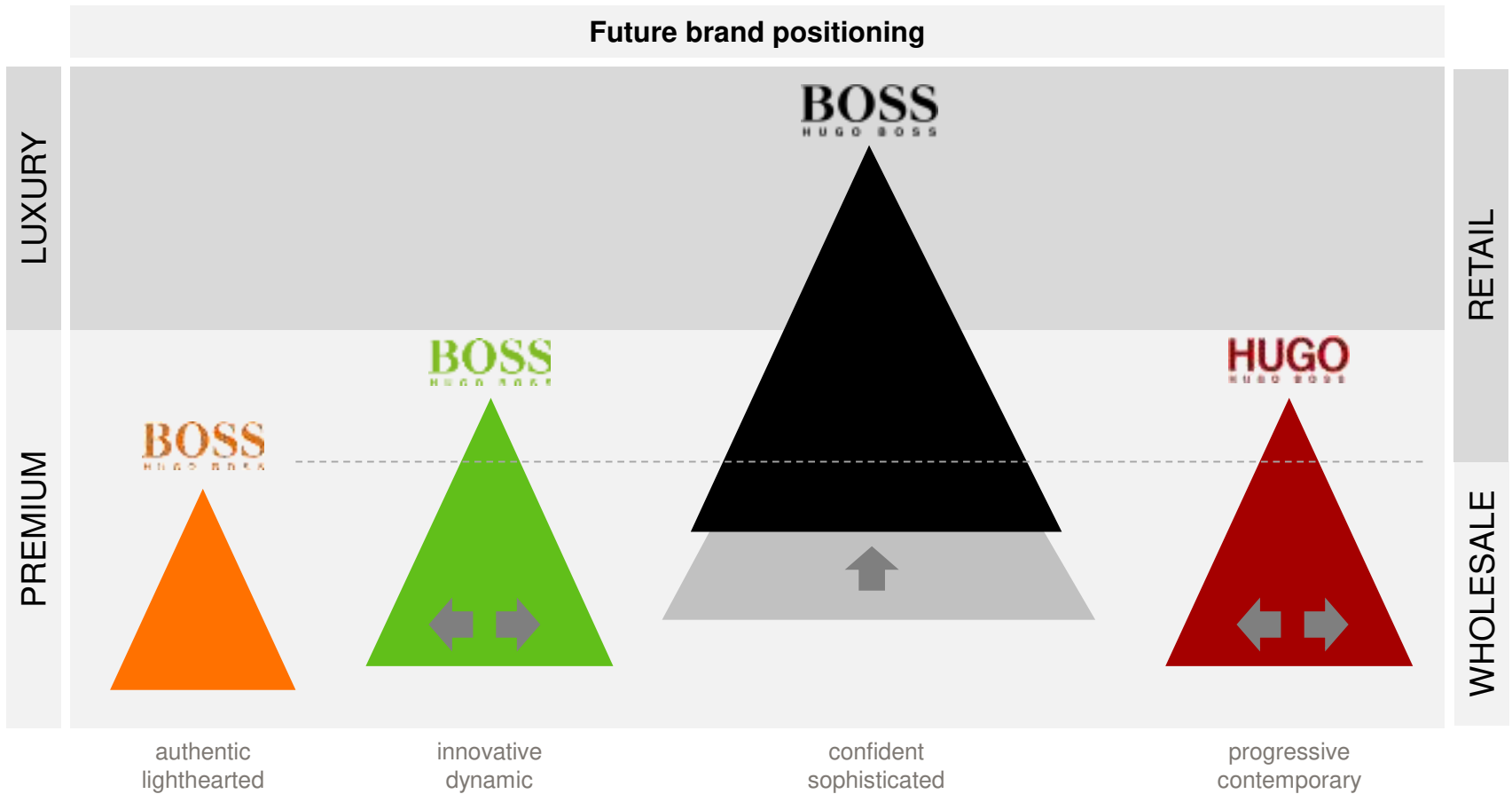
Build omnichannel to drive own retail online and offline



Exploit growth opportunities in under-penetrated markets

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

BOSS brand elevation upgrades the offering and drives retail sales growth



HUGO and BOSS Green to substitute 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



Category migration in European wholesale progressing as planned

- HUGO and BOSS Green substitute BOSS Menswear in multi-brand category spaces in wholesale
- Migration process completed in Germany, roll-out in rest of Europe ongoing
- Retailer feedback and order intake in line with original expectations



BOSS Store Frankfurt, Börsenstraße

Double-digit growth of BOSS Womenswear partly offset by other brands



BOSS Womenswear sales up 12% currency-adjusted in H1, overall womenswear +5%

Iconic BOSS Bespoke Bag launches with Fall/Winter 2015 collection



Launch reflects importance of S&A in defining brand identity and driving brand desirability

Continuous expansion and upgrade of retail store portfolio

Number of own retail stores as of June 30, 2015

(December 31, 2014: 1,041)

TOTAL	1,088 (+47)
Total selling space	147,000 sqm (+4%)
Openings	86
thereof takeovers	51
Closings	39

Europe*	603 (+8)
Openings	31
thereof takeovers	6
Closings	23

Americas	204 (0)
Openings	5
thereof takeovers	1
Closings	5

Asia/Pacific	281 (+39)
Openings	50
thereof takeovers	44
Closings	11

*Incl. Middle East and Africa

Takeovers remain important part of retail expansion

South Korea

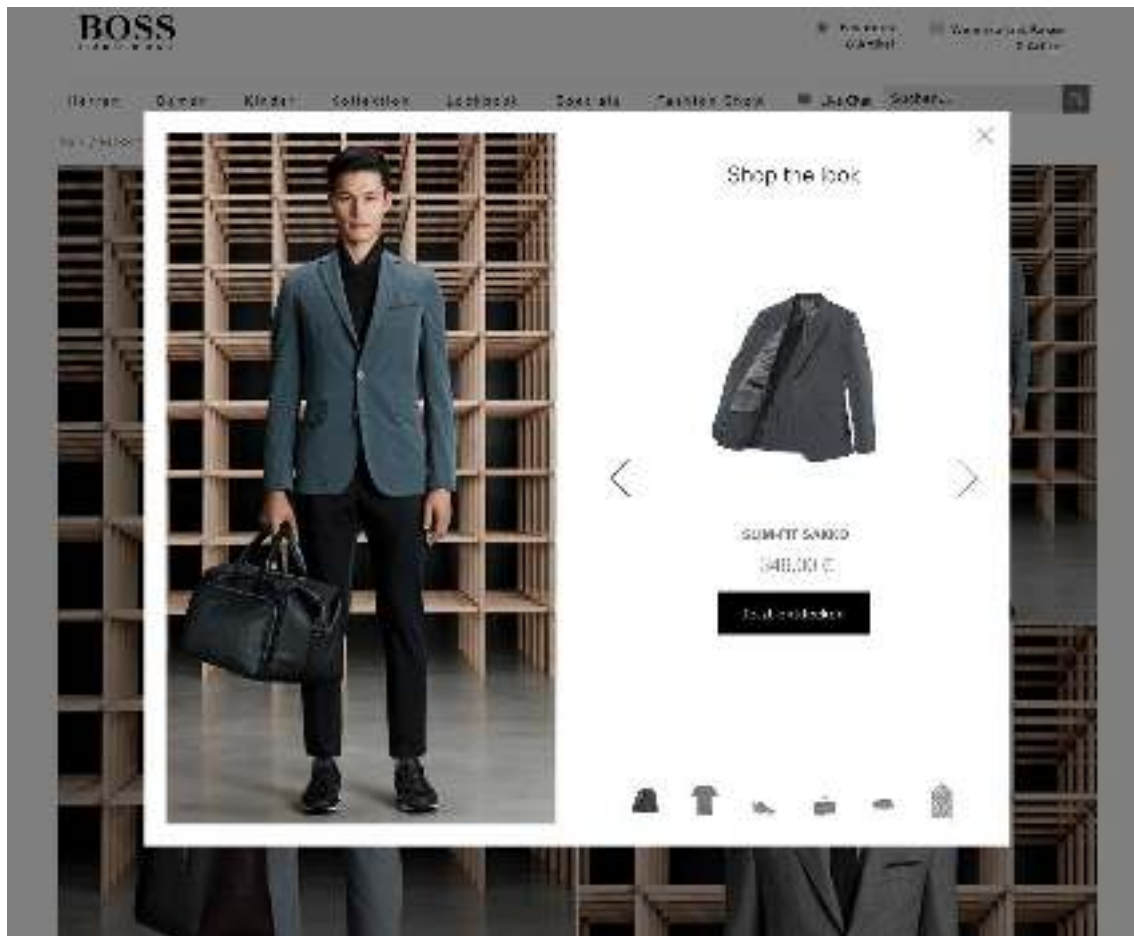
- Key fashion and trend-setting market in Southeast Asia
- Takeover effective March 1, 2015
- 17 freestanding stores
- Direct management of 6 duty free stores to tap full potential of travel retail business

China

- Takeover of last remaining franchise partner allows full brand control and simplifies distribution structure
- Takeover effective April 1, 2015
- 21 freestanding stores

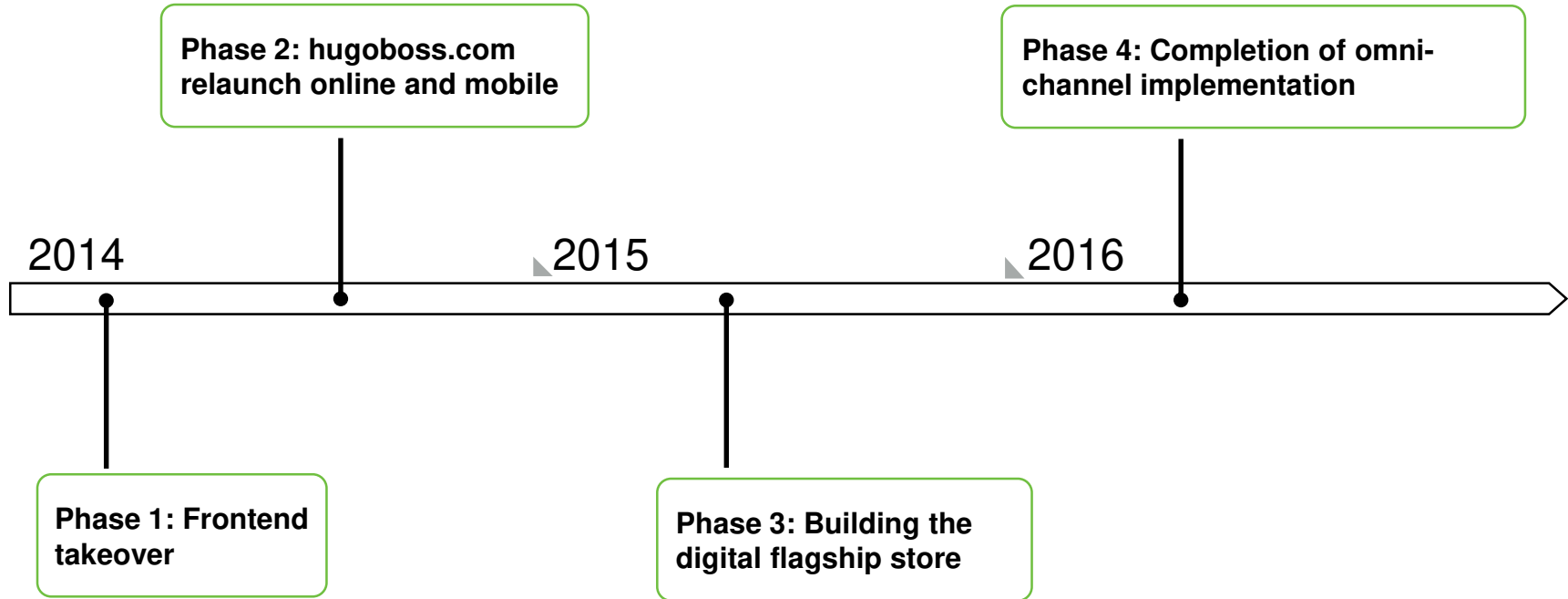
Stronger brand presentation in Asia/Pacific to drive brand perception and sales

Online sales growth acceleration reflects progress on road to omnichannel



Online sales up 34% currency-adjusted in the second quarter, +23% in H1

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

Region Europe to lead the Group's growth in 2015

Europe*



- Ongoing strength in the UK, other major markets improving
- Tourism adds to pick up of domestic demand

Americas



- Promotional environment warrants cautious approach to US wholesale business
- Retail improvements under way

Asia/Pacific



- Good momentum in Australia and Japan
- Focus on brand and retail management to partly offset market decline in China

*Incl. Middle East and Africa

New flat-packed goods distribution center operational since July 2014



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

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2015 financial outlook reconfirmed

Outlook 2015

Sales growth (currency-adjusted)

Mid-single-digit rate

Growth of
EBITDA before special items

5% - 7%

Capex

EUR 220 million – EUR 240 million

Own retail network

Around 65 openings (excl. takeovers)

Focus on long-term growth irrespective of current market challenges

- Solid first half year performance in a tough market environment
- Group on track for achievement of full year targets
- HUGO BOSS committed to invest in long-term growth



BOSS Store Düsseldorf, Breidenbacher Hof

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*



Europe
(incl. Middle East/Africa)

61%

Germany:	17%	(of Group Sales)
Great Britain:	10%	
France:	7%	
Benelux:	6%	
Other:	21%	



Americas

23%

U.S.:	18%
Canada:	3%
Central & South America:	2%



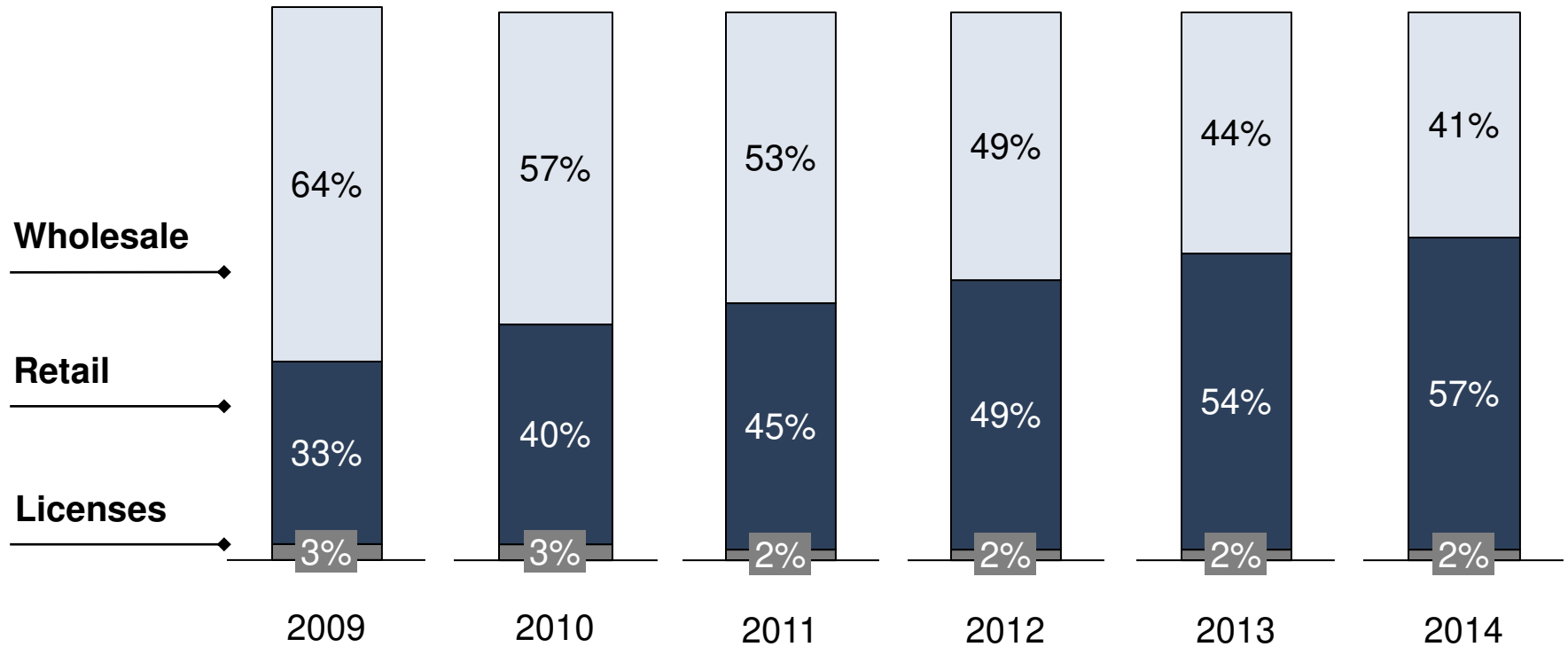
Asia/Pacific

14%

China:	8%
Oceania:	2%
Japan:	1%
Other:	3%

*+2% Licenses

Sales by distribution channel

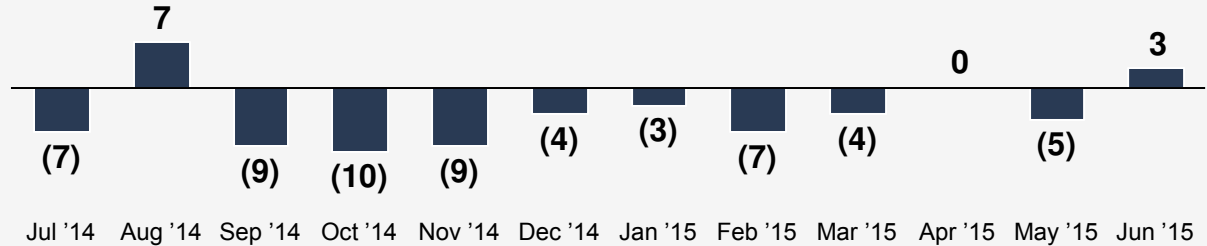


Retail to account for at least 75% of Group sales by 2020

Key market data

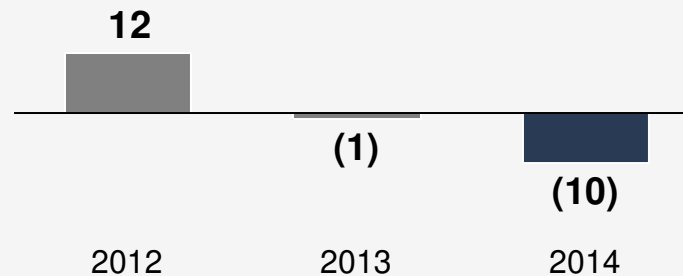
German apparel market

Retail sales growth
(in %)*



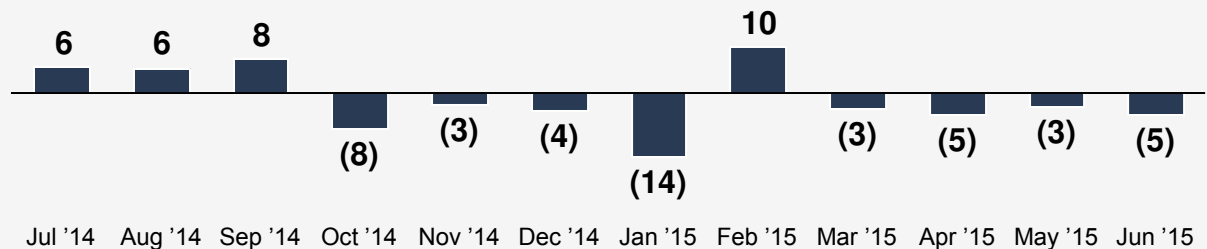
Chinese men's luxury apparel market

Retail sales growth
(in %)**



Hong Kong Clothing & Footwear market

Retail sales growth
(in %)***



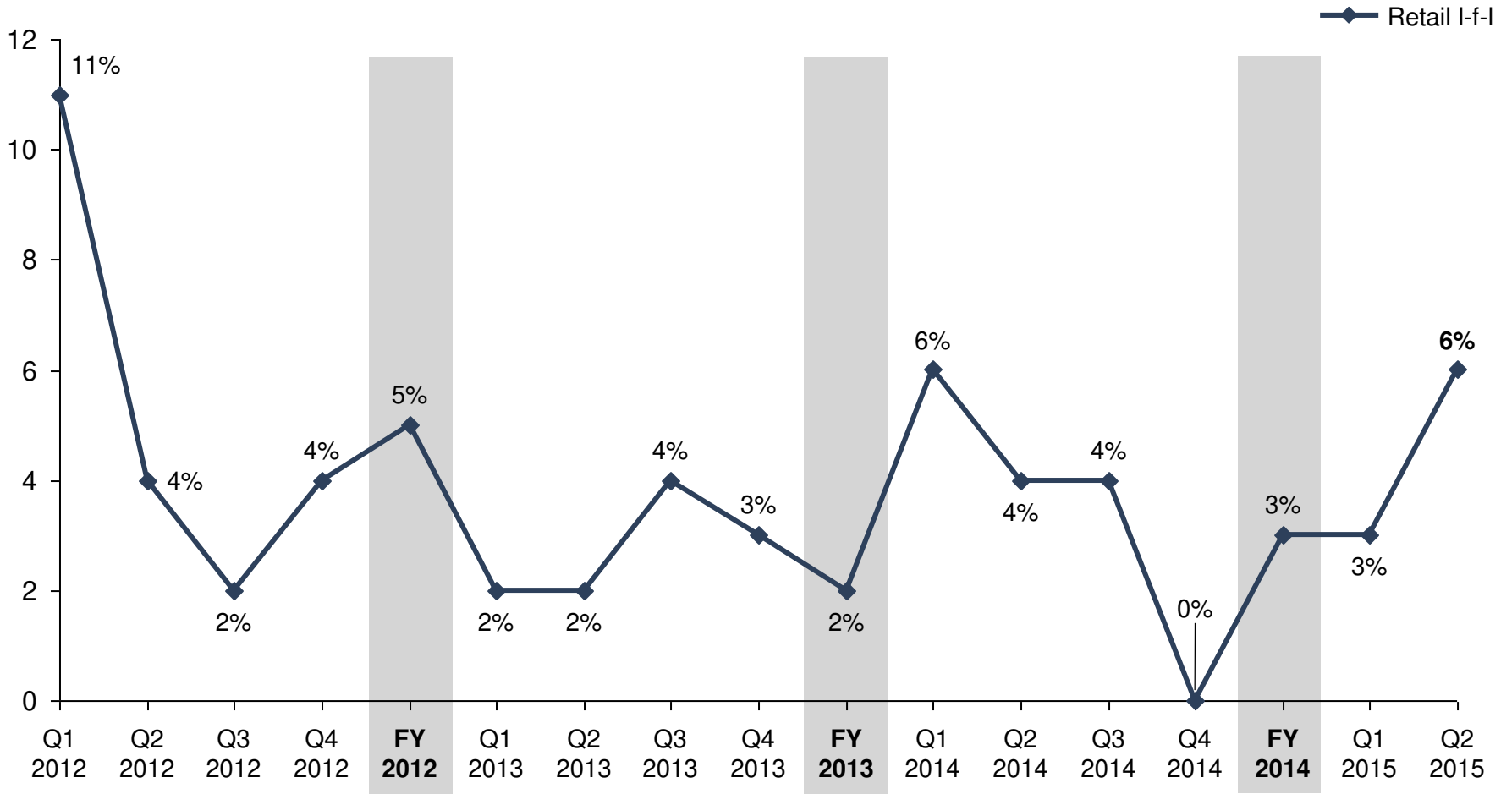
*Source: TextilWirtschaft, based on TW-Testclub Panel

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

***Source: Hong Kong Census and Statistics Department

Retail comp stores sales growth

Sales growth retail I-f-I*



*fx-adjusted

Income statement

in EUR million

	Q2 2015	Q2 2014	Change in %	H1 2015	H1 2014	Change in %
Sales	647.1	558.9	16	1,314.6	1,171.5	12
Cost of sales	(216.7)	(185.8)	(17)	(447.3)	(397.9)	(12)
Gross profit	430.4	373.1	15	867.3	773.6	12
In % of sales	66.5	66.7	(20) bp	66.0	66.0	0 bp
Selling and distribution expenses	(268.0)	(227.9)	(18)	(532.2)	(460.4)	(16)
Administration expenses	(69.6)	(60.0)	(16)	(138.0)	(120.8)	(14)
Other operating income and expenses	1.6	(2.3)		0.1	(0.8)	
Operating result (EBIT)	94.4	82.9	14	197.2	191.6	3
In % of sales	14.6	14.8	(20) bp	15.0	16.4	(140) bp
Net interest income/expense	(2.9)	(1.5)	(93)	(3.8)	(2.0)	(90)
Other financial items	0.3	0.1	> 100	(3.5)	(2.0)	(75)
Financial result	(2.6)	(1.4)	(86)	(7.3)	(4.0)	(83)
Earnings before taxes	91.8	81.5	13	189.9	187.6	1
Income taxes	(21.1)	(18.7)	(13)	(43.7)	(43.2)	(1)
Net income	70.7	62.8	13	146.2	144.4	1
Attributable to:						
Equity holders of the parent company	70.6	62.5	13	146.1	143.2	2
Non-controlling interests	0.1	0.3	(67)	0.1	1.2	(92)
Earnings per share (EUR)*	1.02	0.90	13	2.12	2.07	2
EBITDA before special items	123.3	110.2	12	254.8	241.5	6
In % of sales	19.1	19.7	(60) bp	19.4	20.6	(120) bp
Special items	1.6	(2.3)		0.1	(0.8)	

*Basic and diluted earnings per share

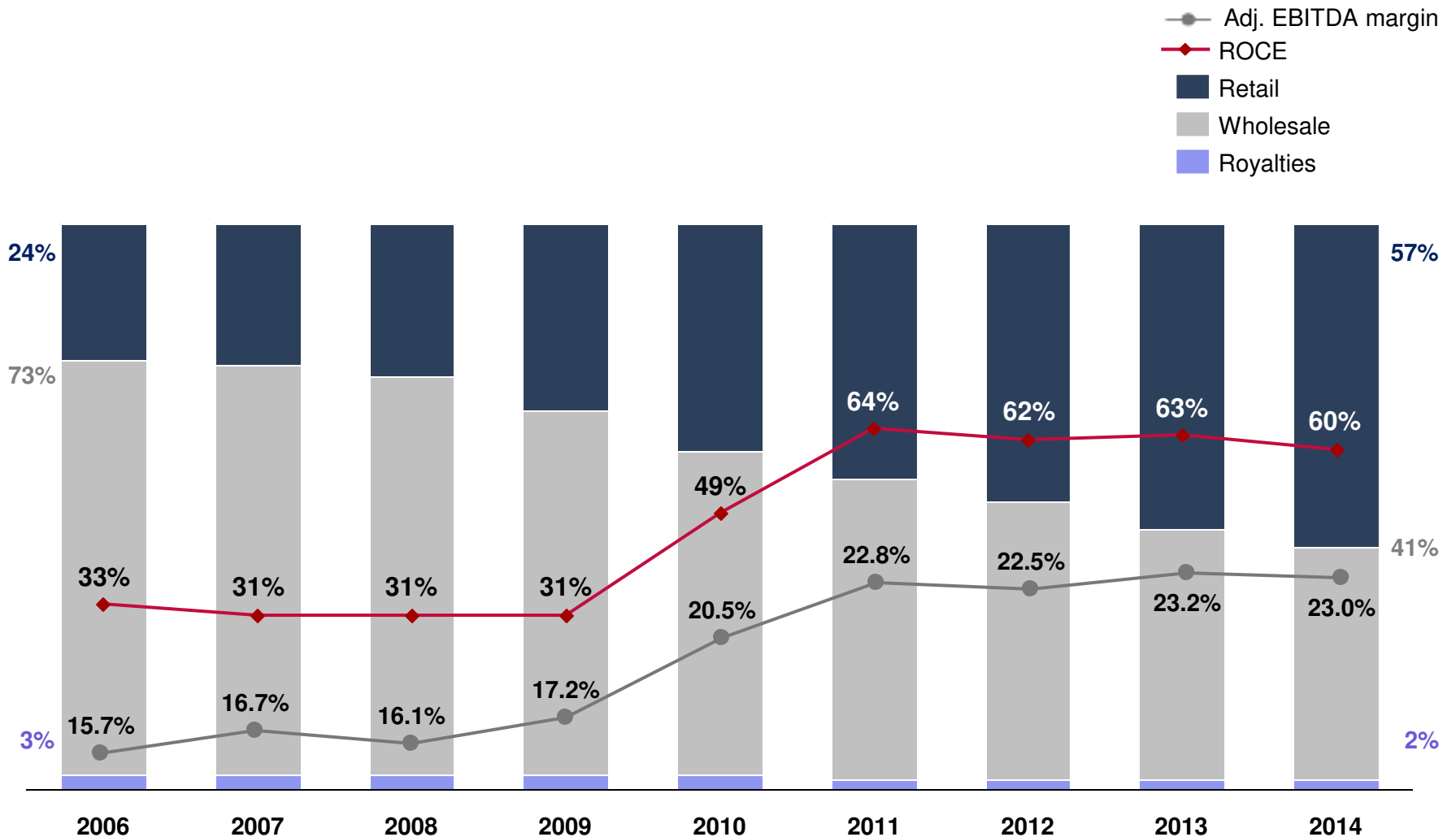
5-Year Overview

in EUR million	2014	2013	2012	2011	2010	2009
Earnings Position						
Sales	2,571.6	2,432.1	2,345.9	2,058.8	1,729.4	1,561.9
Gross profit	1,699.1	1,579.6	1,444.1	1,252.0	1,022.4	836.2
EBITDA	571.5	561.4	523.9	468.0	340.1	226.5
EBITDA before special items	590.8	564.7	528.1	469.5	353.7	269.2
EBIT	448.7	456.2	432.0	394.6	267.9	157.4
Net income attributable to equity holders of the parent company	333.3	329.0	306.5	284.9	188.9	105.5
Financial Position and Dividend						
Free cash flow	268.4	230.0	220.6	194.9	246.3	299.5
Net debt	35.7	57.0	130.4	149.1	201.1	379.1
Capital expenditures	134.7	185.3	165.8	108.5	55.6	48.3
Depreciation/amortization	122.8	105.3	91.9	73.4	72.2	69.1
Dividend	249.8	230.5	215.3	199.1	139.7	66.6
Asset and Liability Structure						
Total assets	1,661.8	1,501.3	1,577.2	1,419.6	1,342.8	1,065.4
Shareholders' equity	843.9	740.3	631.6	517.3	361.2	205.5
Trade net working capital	503.0	431.8	408.5	399.6	322.7	295.6
Non-current assets	660.3	611.5	587.7	503.2	454.5	435.0
Key Ratios						
Gross profit margin in %	66.1	64.9	61.6	60.8	59.1	53.5
Adjusted EBITDA margin in %*	23.0	23.2	22.5	22.8	20.5	17.2
Total leverage**	0.1	0.1	0.2	0.3	0.6	1.4
Equity ratio in %	50.8	49.3	40.0	36.4	26.9	19.3

*EBITDA before special items/Sales

**Net financial liabilities/EBITDA before special items

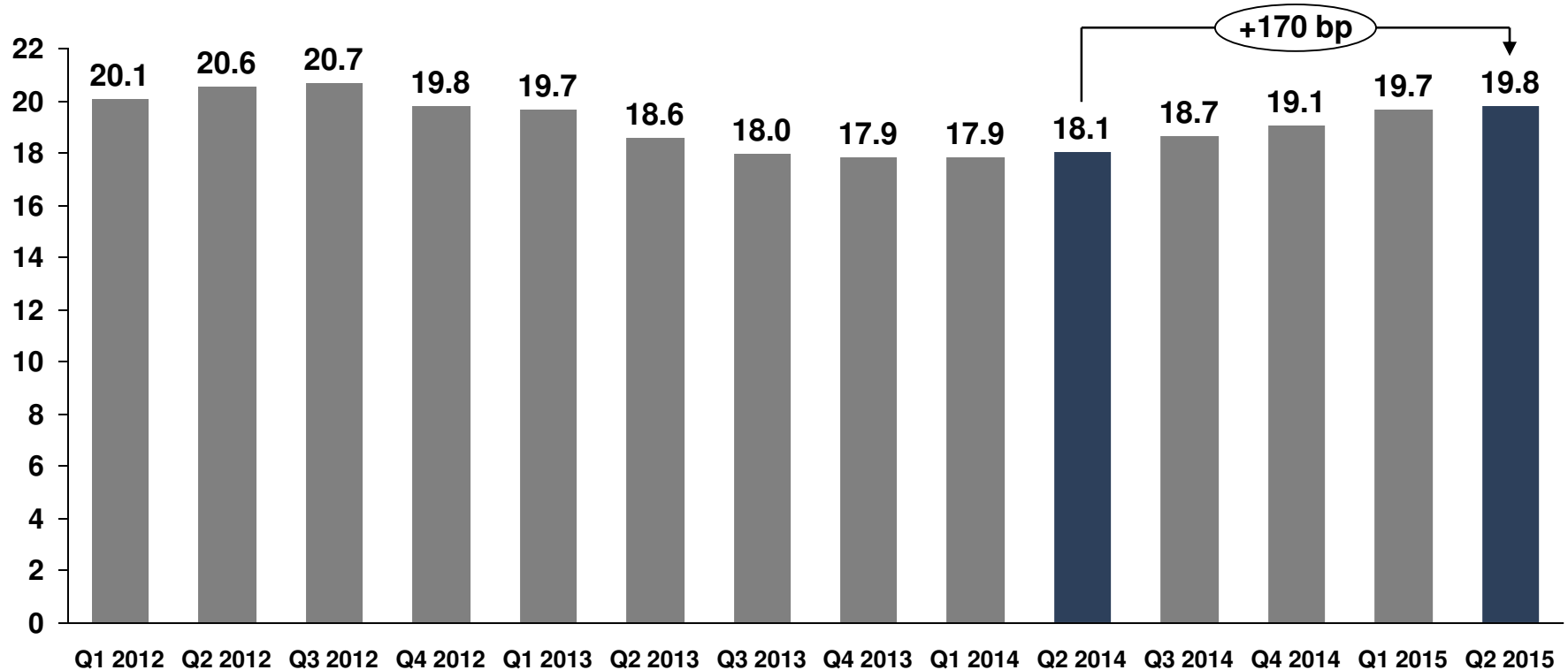
EBITDA margin and ROCE vs. channel mix



Trade net working capital

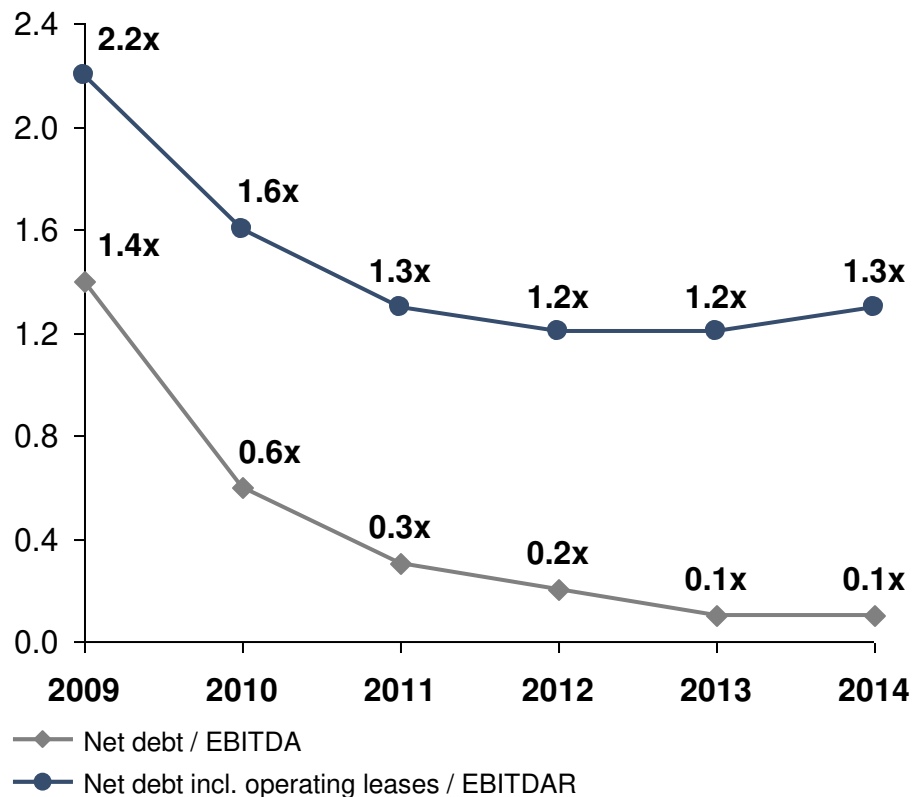
Average trade net working capital as a percentage of sales by quarter*

(in %)



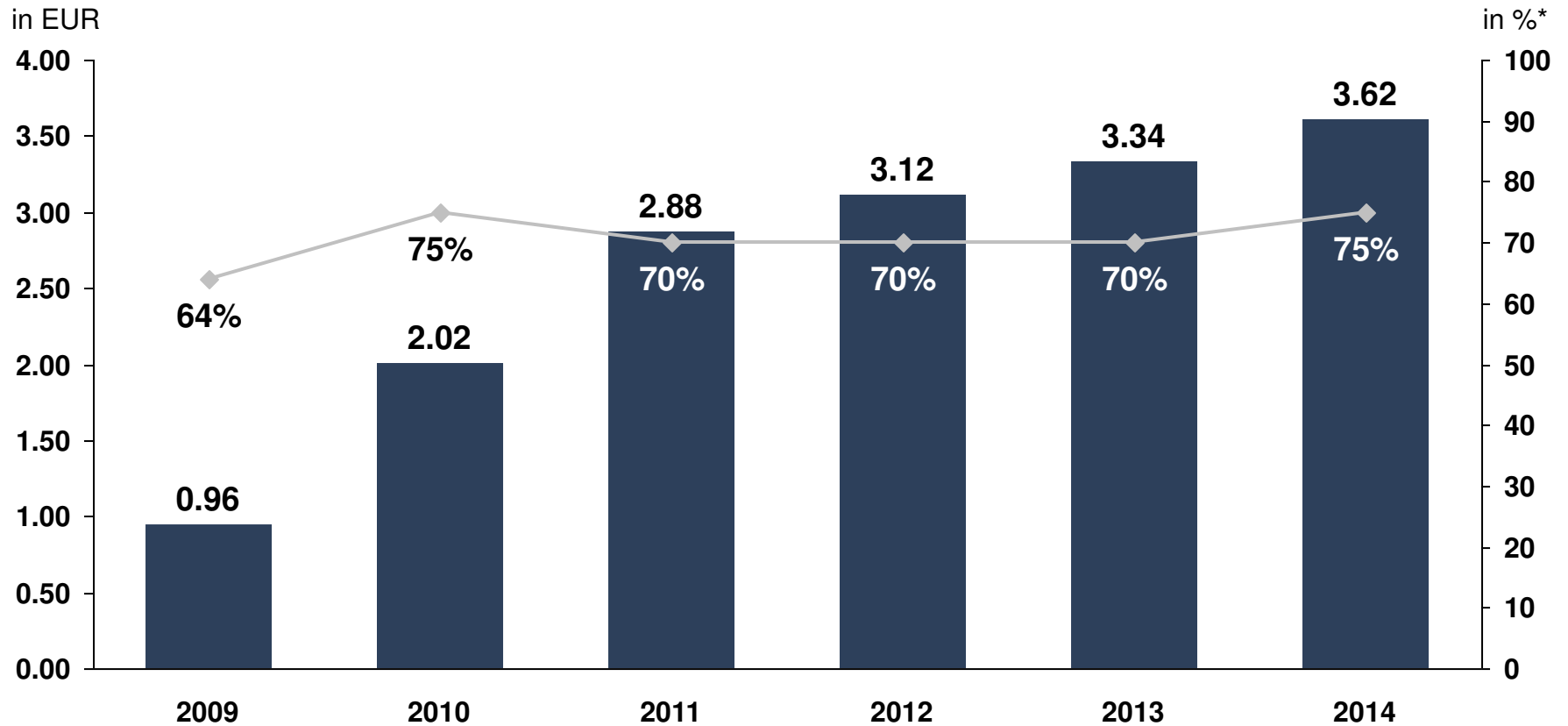
*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made

Adjusted financial leverage



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

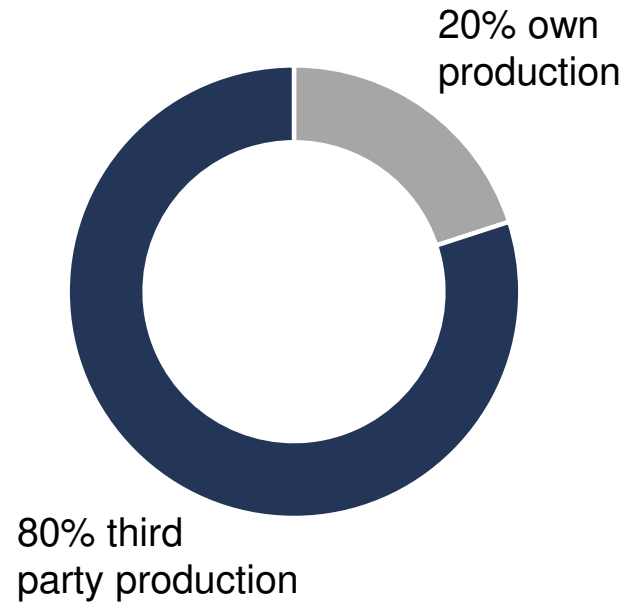
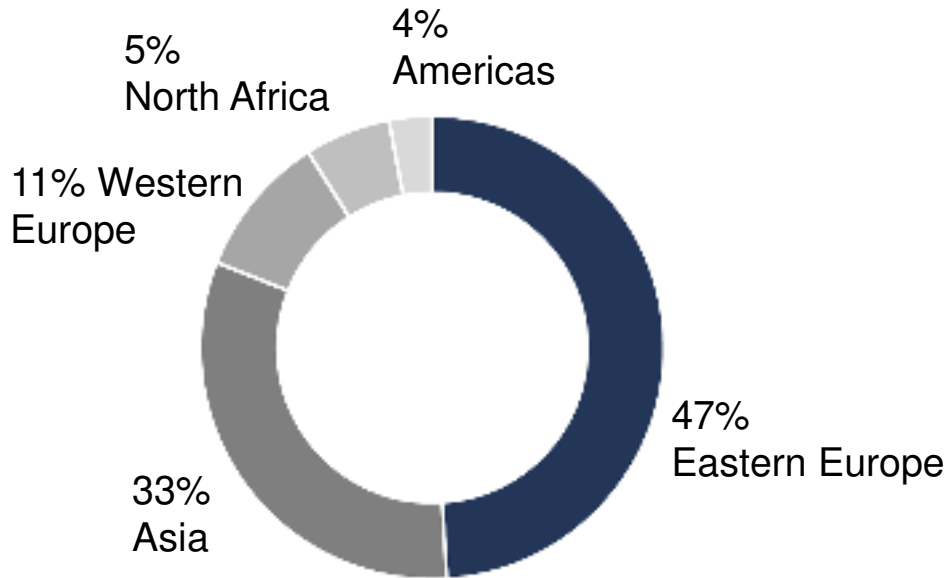
Dividend and payout ratio



Dividend in line with distribution policy of 60% to 80% payout of consolidated net profit

*As a percentage of net profit attributable to the shareholders of the parent company

Sourcing and production structure 2014*



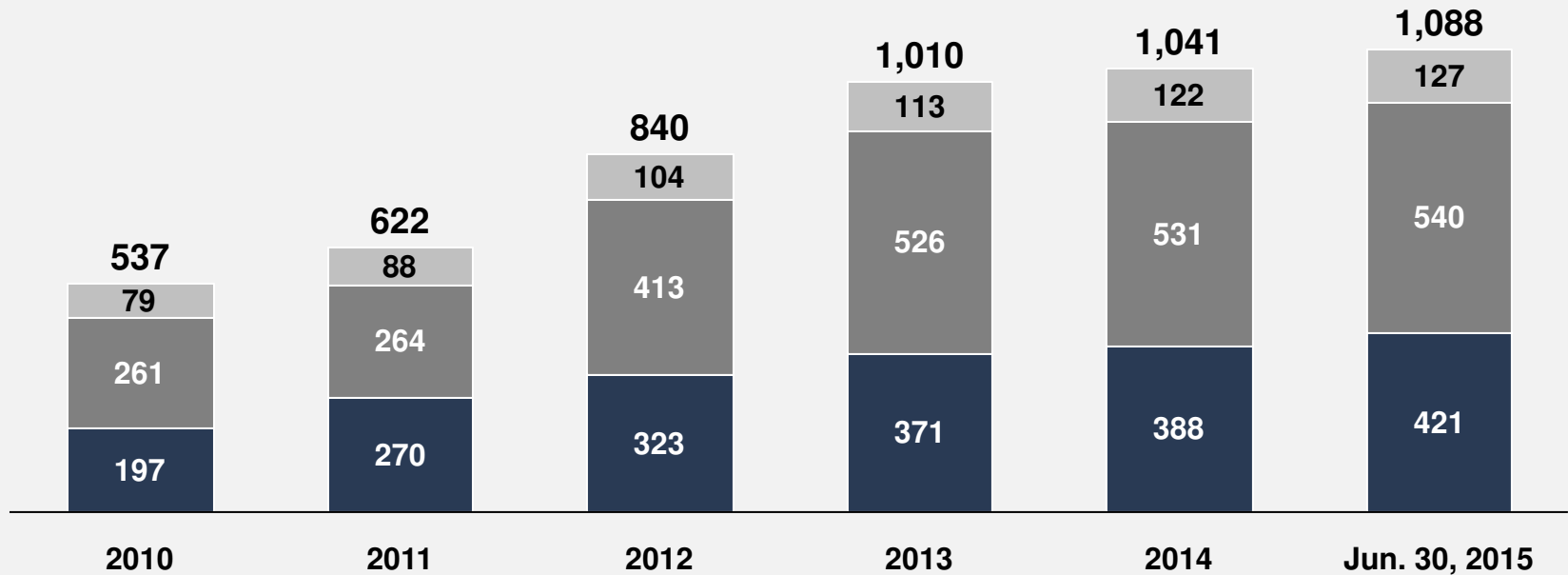
*Percentage based on value of procurement volumes

Retail network

Number of own retail stores

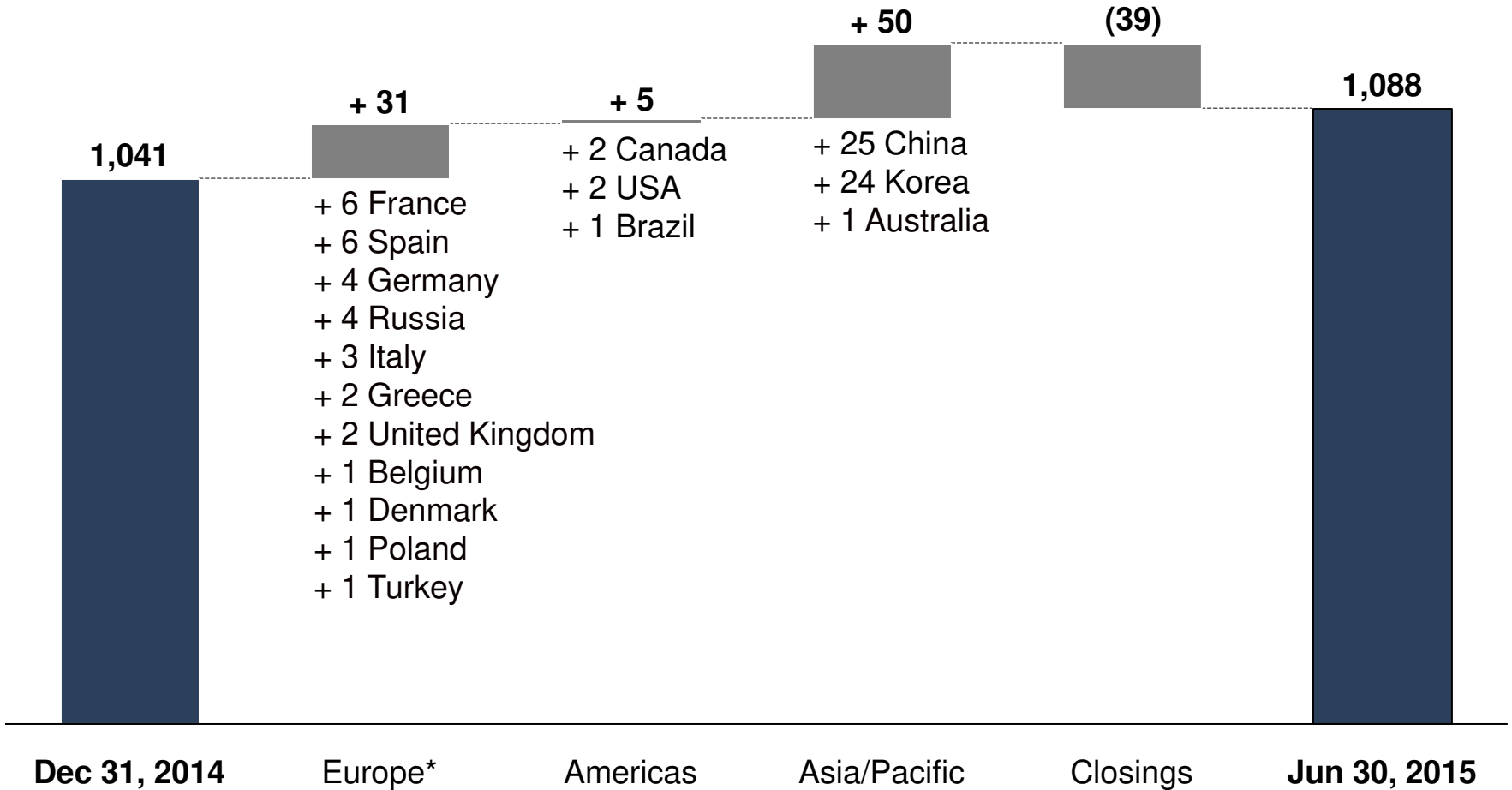
as of December 31

- Outlets
- Shop-in-Shops
- Freestanding stores



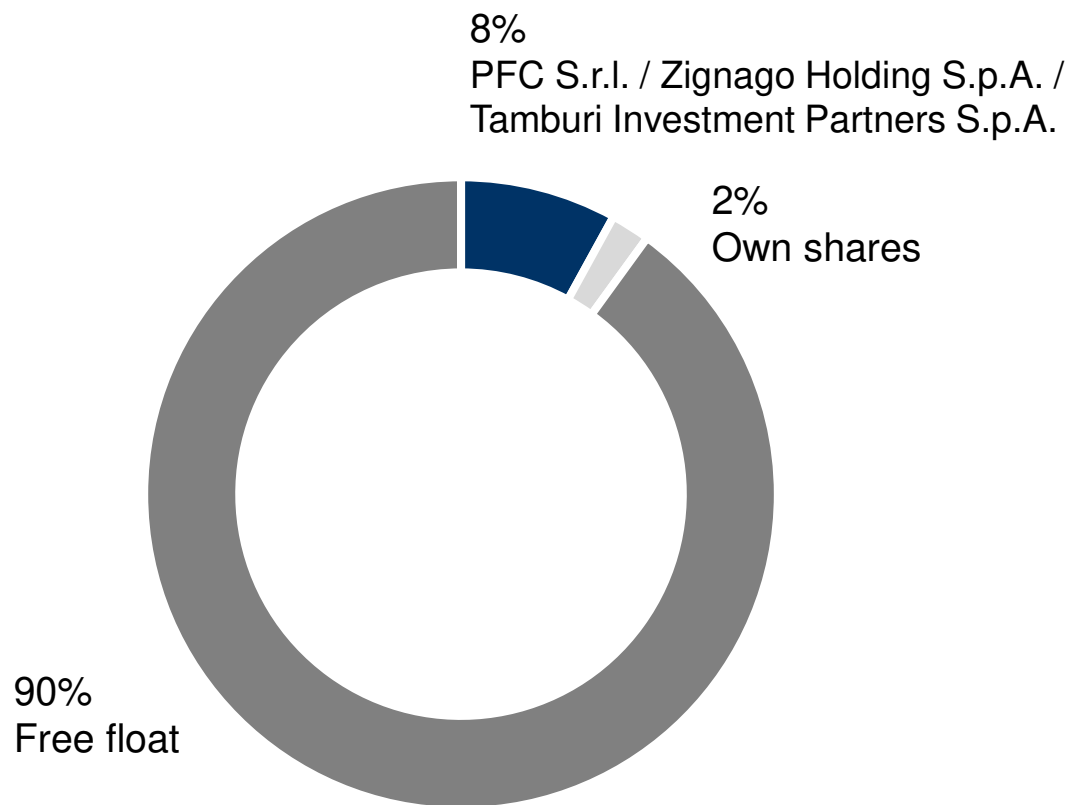
Retail network (continued)

Number of own retail stores



*Europe incl. Middle East and Africa

Shareholder structure*



*Source: Share register, voting rights notifications

Financial calendar 2015

Date	Event
November 3, 2015	Nine Months Results
November 24, 2015	Investor Day, Metzingen, Germany

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