

H U G O B O S S

Investor Day 2016 – Agenda

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|--|-----------------------------------|
| ▶ Group Strategy | Mark Langer (CEO) |
| ▶ Brand Strategy | Ingo Wilts (CBO) |
| ▶ Sales & Distribution Strategy | Bernd Hake (CSO) |
| ▶ Digital Strategy | Richard Lloyd-Williams (Director) |
| ▶ UK Market Update | Stephan Born (MD) |
| ▶ US Market Update | Anthony Lucia (MD) |
| ▶ China Market Update | Marc Le Mat (MD) |
| ▶ Wrap-Up & Outlook | Mark Langer (CEO) |



Sales & Distribution Strategy

————— Bernd Hake —————

Chief Sales Officer

HUGO BOSS business model has evolved from wholesale...



...to own retail, which now accounts for 60% of Group sales



Both brands play distinctive role in wholesale distribution



Both brands play distinctive role in wholesale distribution



Both brands play distinctive role in wholesale distribution

Sport /
Athleisure

5

4

3

2

1



Both brands play distinctive role in wholesale distribution



Both brands play distinctive role in wholesale distribution

Clothing /
Exquisite

5

4

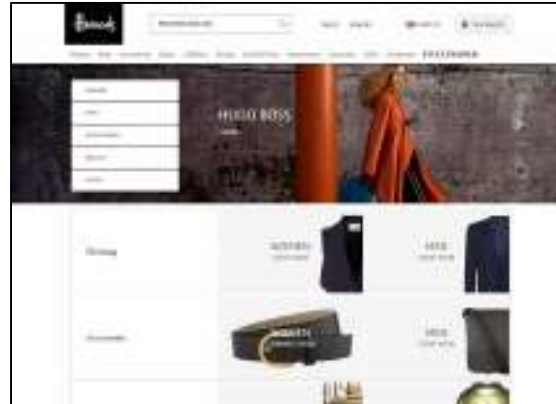
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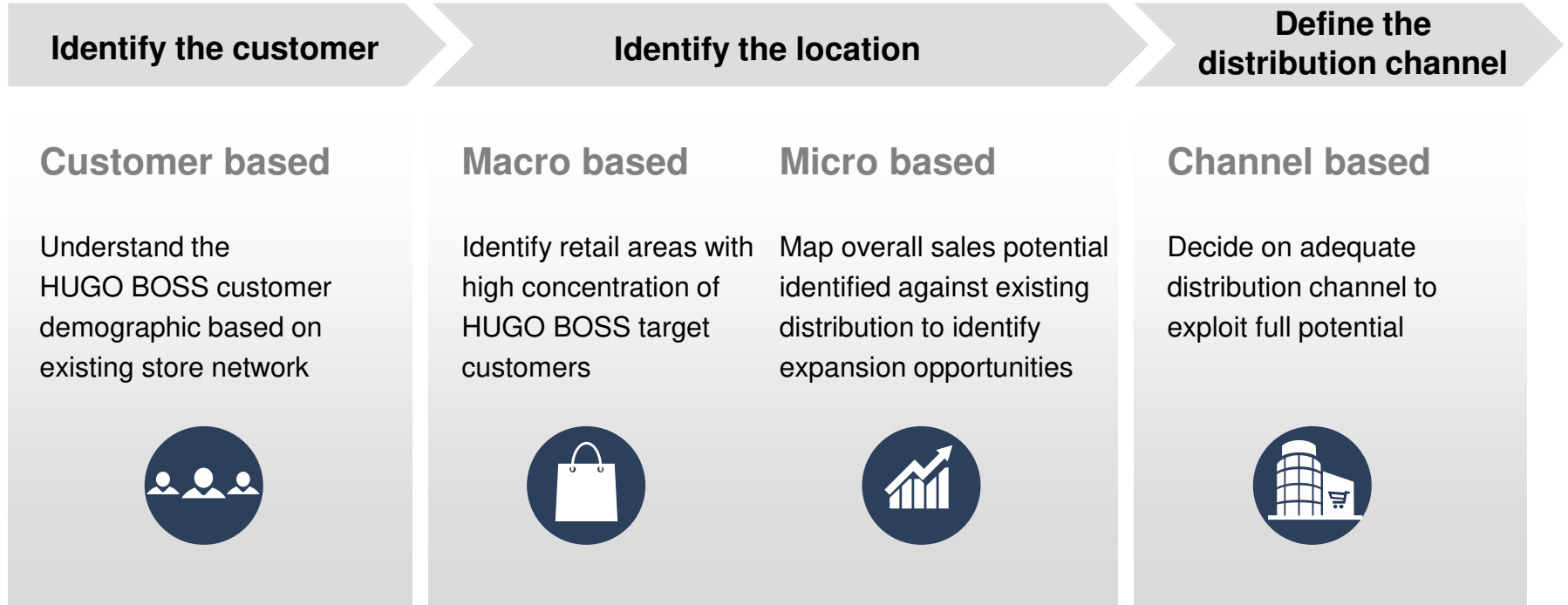


Online offers significant long-term growth potential



- Expansion of partnerships with online pure plays planned
- Strong interest in expanding direct brand control via online concessions
- Closer cooperation with partners to improve quality of brand presentation in department stores' online offerings

Future expansion will take all distribution channels into consideration



Key elements of the HUGO BOSS business model transformation

- Reduction in lead time



- Changes to collection pattern



- Reduction in complexity driven by core range



- Developing further know-how in terms of merchandise



- Upgrade of logistics infrastructure



- Investment in staff training and development



- Expansion of store network



Ongoing evolution of the store network



Openings

- Selective white space opportunities
- Relocations
- First HUGO pilot stores



Takeovers

- No further major franchise acquisitions planned
- Selective shop-in-shop takeovers in department stores



Renovations

- Renovation of around 100 retail points-of-sale per year



Closures

- Closure of 20 underperforming stores worldwide progressing as planned
- Rightsizing of Chinese store base completed
- Selected shop-in-shop closures/return to partners
- Rental contracts extended on a case-by-case basis

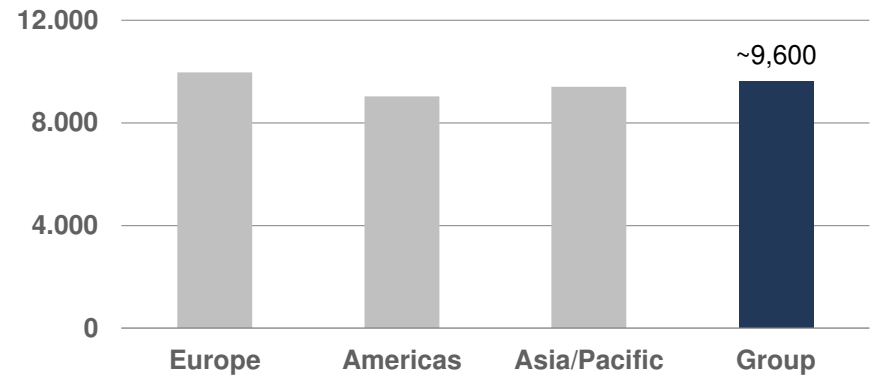
► **The pace of expansion in retail space will moderate significantly compared to historic levels**

Increasing sales productivity the key focus of retail management

Sales productivity by retail format, FY 2015
(in EUR/m²)

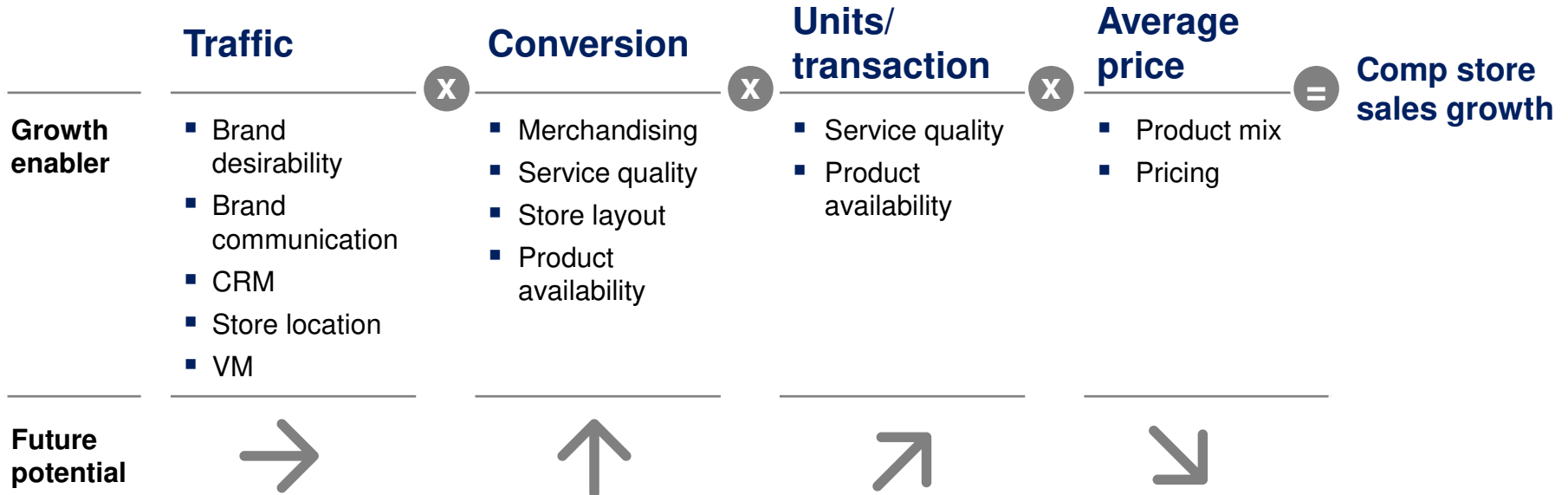


Sales productivity by region, FY 2015
(in EUR/m²)



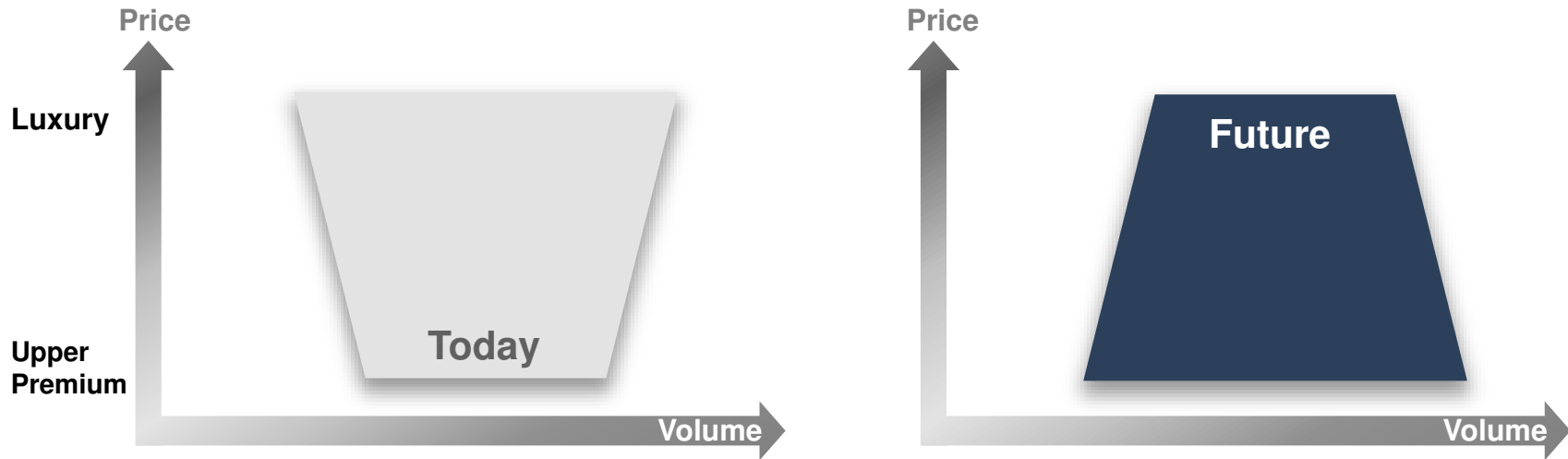
► **Target of increasing the Group's sales productivity by 20% over the next few years**

Adjustment of brand and merchandising strategy expected to increase sales volumes



In-store merchandising changes will better balance offerings across price points...

Illustration of composition of product assortment in directly operated stores



- Offering of traffic-driving premium price points to be broadened
- Breadth of luxury offerings to be reduced
- Selected high-end luxury products to support desirability of brand through halo effect on rest of product range

...and different wearing occasions

To be added to the product range



Smart casual



Athleisure



In-store today



Business



Womenswear



S&A

Multiple ways of enhancing the shopping experience



**Staff
Empowerment
& Training**



**Visual
Merchandising**



**In-store
processes**



**Integrated
CRM**



**Digital
services**

First steps taken to ensure an omnichannel customer experience



Find in store

Check in-store product availability online



Click & Collect

Buy online and pick up in store



Order in store

Order missing styles or sizes online in store



Return in store

Buy online and return in store



Ship from store

Buy online and deliver from store

Rollout Status

Available in all online stores

Available in the US and selected European stores

European rollout to be completed by end of 2017

Available in the US and selected European stores

European rollout to be completed by end of 2017

Rollout to be completed by end of 2017

First trials planned in 2017

Building a successful omnichannel organization and culture

Past

- Inconsistent merchandising and lack of accountability due to management responsibility being fragmented



- No clear ownership of customer experience

Today



- Global merchandise management function bears responsibility for inventory from end-to-end
- Global retail operations function responsible for the entire customer experience

Share of full-price business to gradually increase further

Share of retail sales by retail channel (in %)



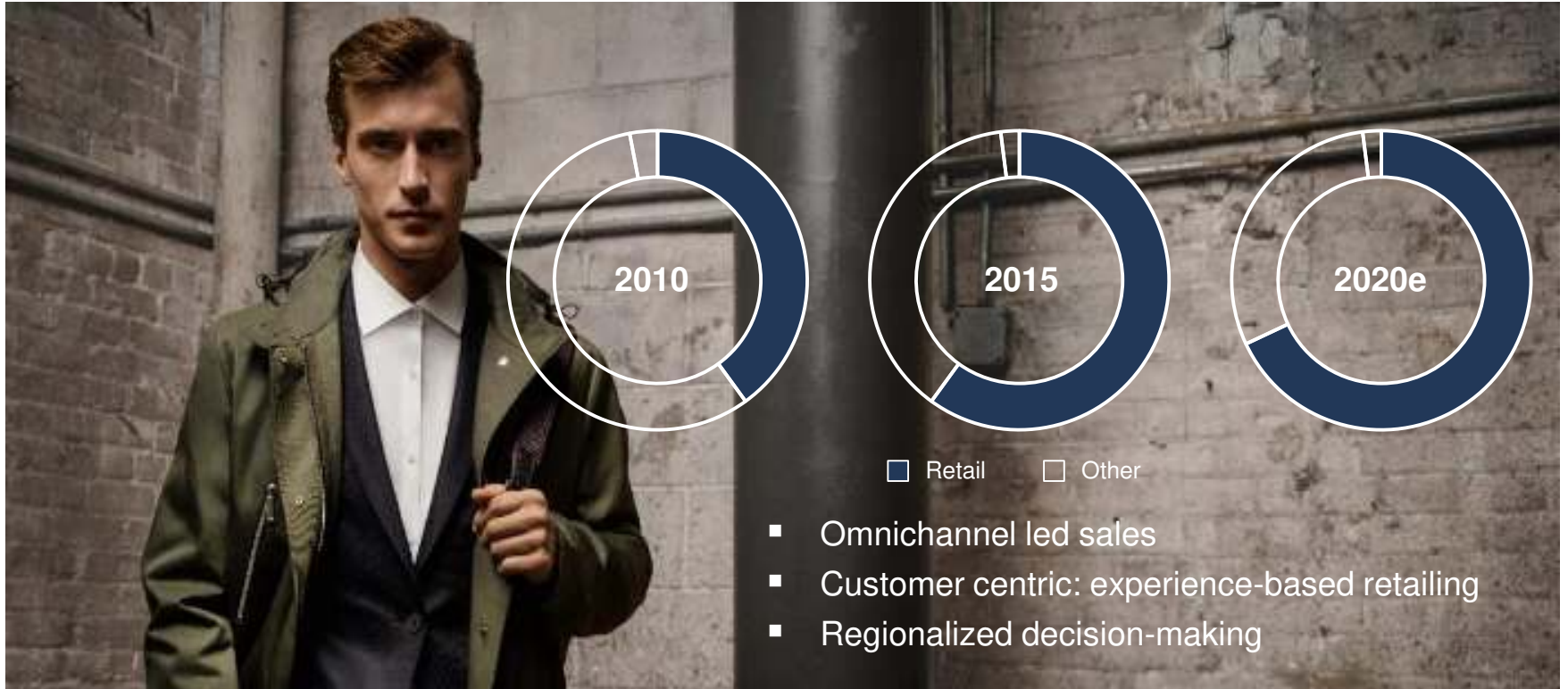
Discounts relative to gross DOS sales (in %)



Key focus areas

- Clearance sales restricted to own outlets
- Ongoing consolidation of outlet network in favor of well established, high-traffic premium locations
- Improvement of merchandise planning processes and systems
- Transition to a more flexible way of managing the allocation of merchandise

Ongoing transformation of business model



Key messages

<h3>Channels</h3> <p>New brand strategy provides opportunities across all channels</p>	<h3>LFL</h3> <p>Retail excellence program to improve sales productivity</p>	<h3>Omnichannel</h3> <p>Focus on cultivating a successful omnichannel organization and culture</p>
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