

H U G O B O S S

Investor Day 2016 – Agenda

- ▶ **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)**



Wrap-Up & Outlook

Mark Langer
CEO

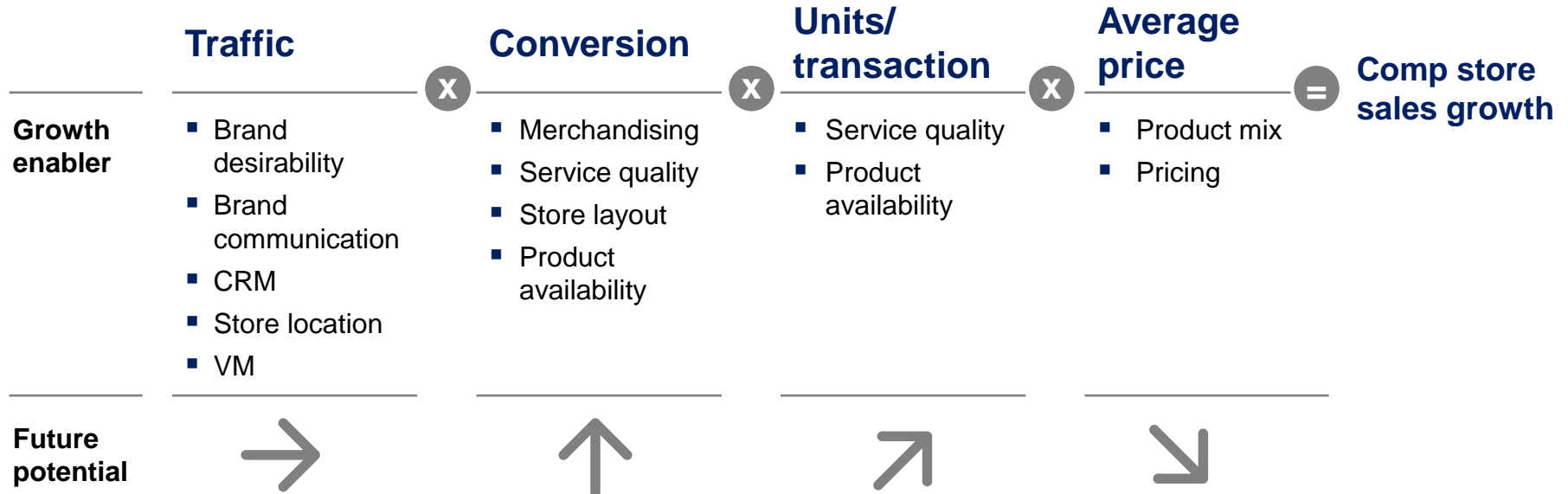
HUGO BOSS continues to be focused on profitable and sustainable growth



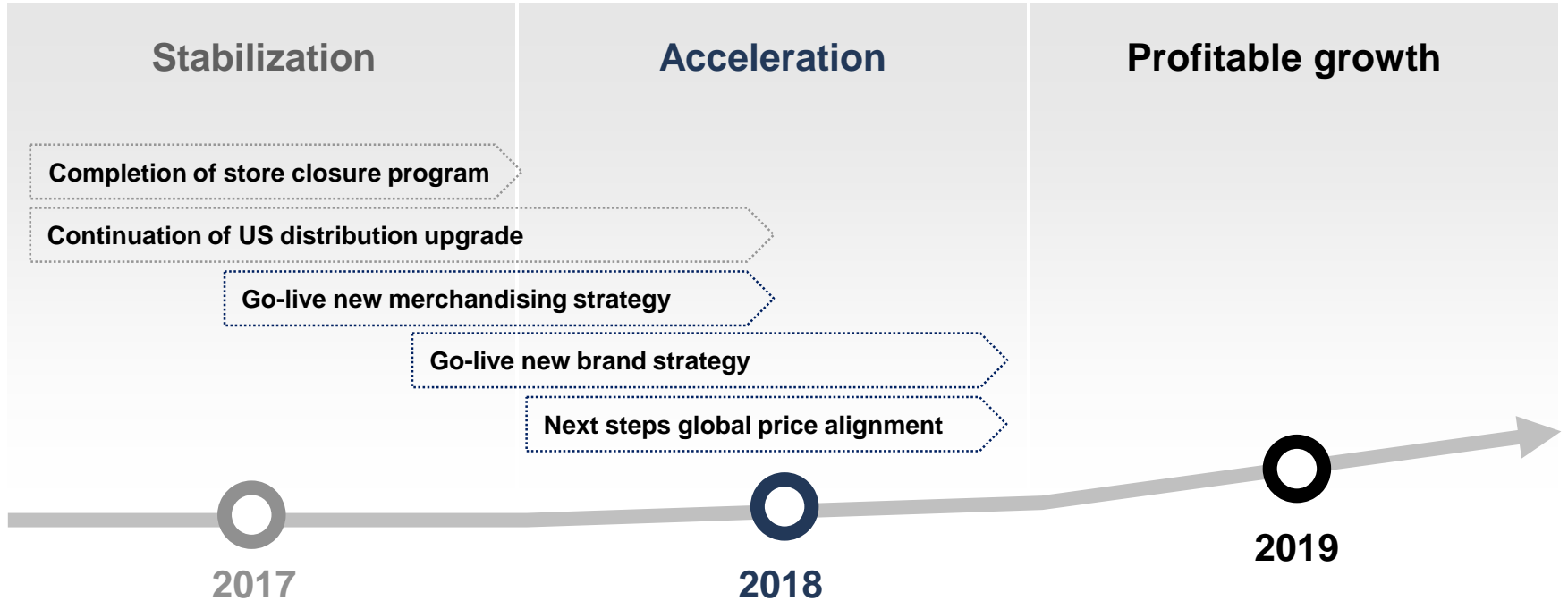
Focus on two clearly positioned brands



Adjustment of brand and merchandising strategy expected to increase sales volumes



Our return path to profitable and sustainable growth



Disciplined cost management will support profitability

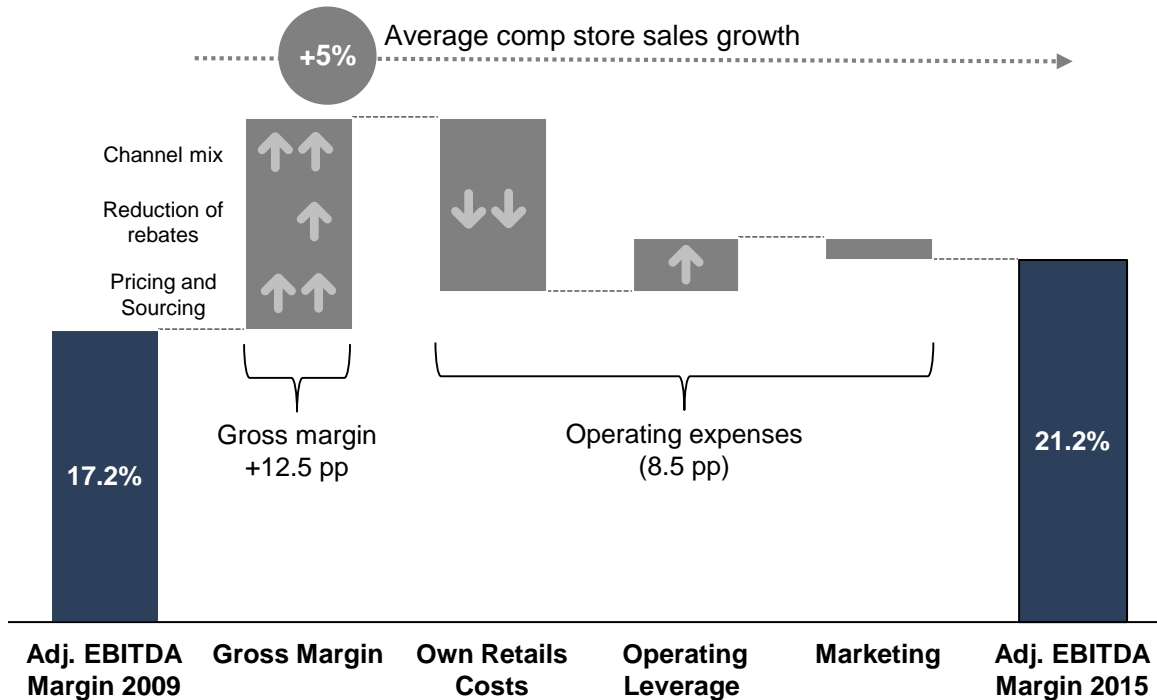
Key influencing factors on gross margin and major cost items, medium-term trend as a % sales

	Gross profit margin	OPEX		
		Retail costs	Marketing & CX ¹	G&A
↑	<ul style="list-style-type: none"> Channel mix Reduction of rebates Reduction of collection complexity 	<ul style="list-style-type: none"> Wage cost inflation 	<ul style="list-style-type: none"> Brand investments Growing share of online CX investments 	<ul style="list-style-type: none"> IT and digital Wage cost inflation
↓	<ul style="list-style-type: none"> Quality investments 	<ul style="list-style-type: none"> Easing rent pressures Growing share of online 	<ul style="list-style-type: none"> Increased effectiveness 	<ul style="list-style-type: none"> Reduction of organizational complexity Strict overhead cost management
Future trend	→	↘	↗	→

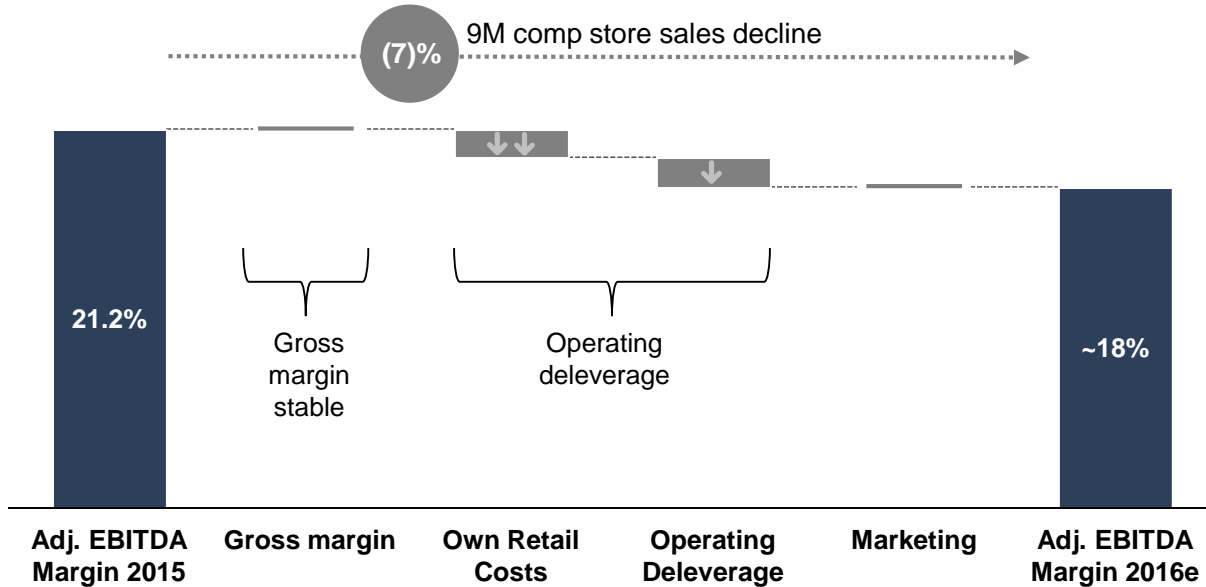
▶ **Group confident to maintain current gross margin level and limit future cost inflation**

¹ CX = Customer Experience

Solid like-for-like growth has been a key driver of margin growth in the past



2016 highlights strong correlation between retail sales performance and margin

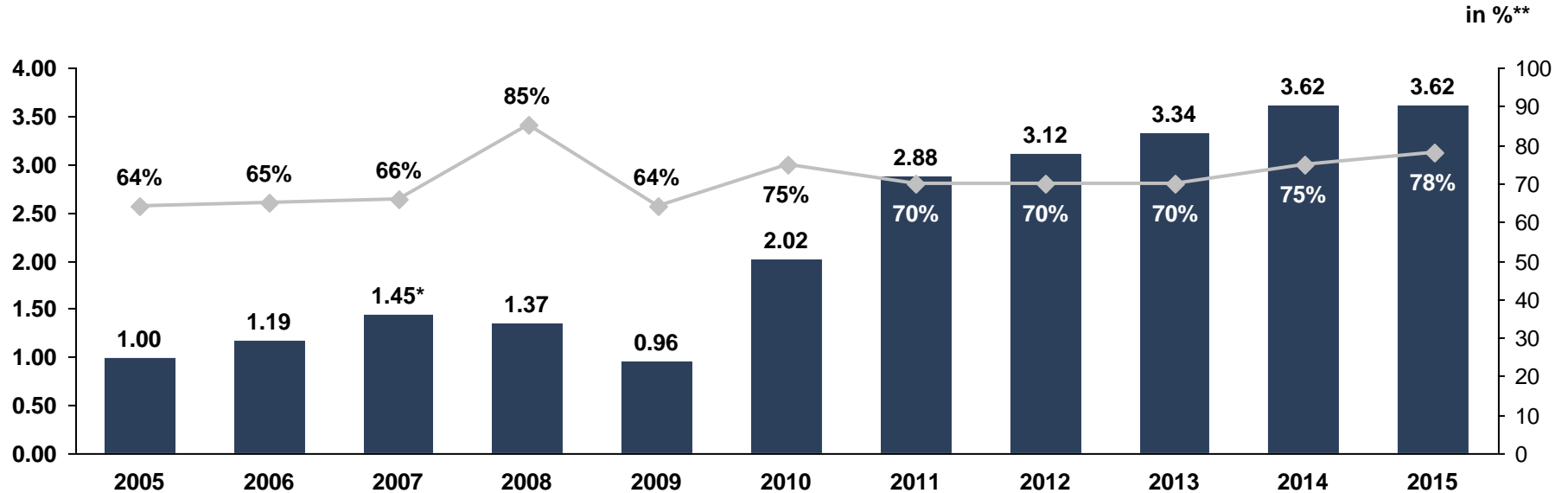


► **Low- to mid-single-digit retail comp store sales growth needed to expand operating margin**

Financial management continues to target maximization of free cashflow



Continuously strong free cash flow generation supports shareholder returns



► Group reconfirms dividend policy of paying out between 60% and 80% of net income

*Excluding special dividend of €5.00 per share **As a percentage of net income attributable to shareholders

Six principles guide financial management

- 1 Retail expenditure growth to be below retail sales growth**

- 2 G&A expenditures to grow maximum in line with top line**

- 3 Trade net working capital growth to be below Group sales growth**

- 4 Investments to sustain future profitable growth**

- 5 Free cash flow to be used primarily to fund shareholder returns**

- 6 Maintain adjusted financial leverage >1 to ensure balance sheet efficiency**

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