

H U G O B O S S

Investor Meeting Presentation

Roadshow London • JP Morgan
• March 14/15, 2017 •

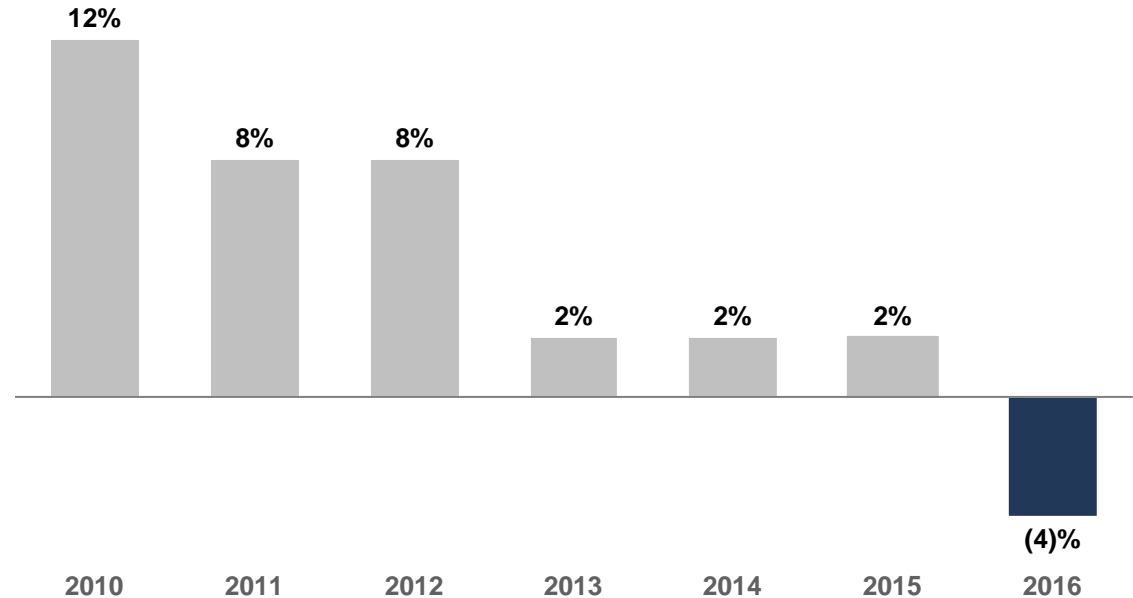
Mark Langer, CEO
Dennis Weber, Head of Investor Relations



Industry under pressure in 2016

- Overall positive consumption climate does not support industry sales
- Apparel is losing share of consumers' wallet
- High level of promotions

Luxury apparel market growth*
(FX-adjusted)



* Source: Bain & Altagamma

Company-specific challenges clearly identified

Brand positioning
unclear

Go-to-market approaches
different by market

Potential of digital underutilized

Speed of decision-making and
key operational processes
slowed by organizational inertia



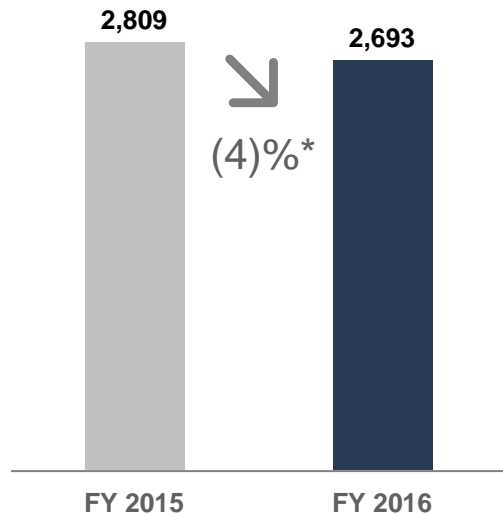
HUGO BOSS responded swiftly to challenges



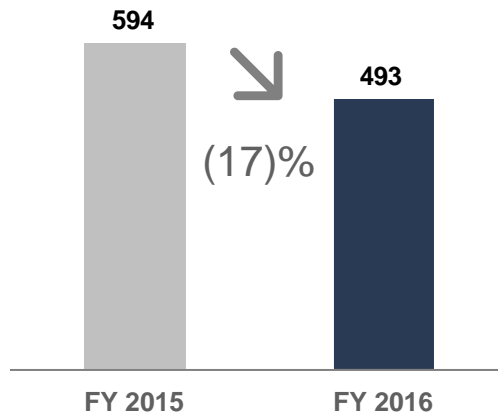
- 1 Comprehensive **cost savings** achieved
- 2 Optimization of **store network** initiated
- 3 Off-price **business** in the US largely **discontinued**
- 4 **Global prices harmonized** further
- 5 Foundation built for future growth in **digital**

Strong free cash flow generation despite earnings decline

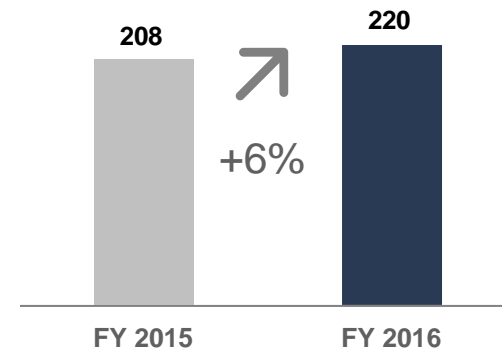
Sales
(in EUR million)



EBITDA before special items
(in EUR million)



Free cash flow
(in EUR million)

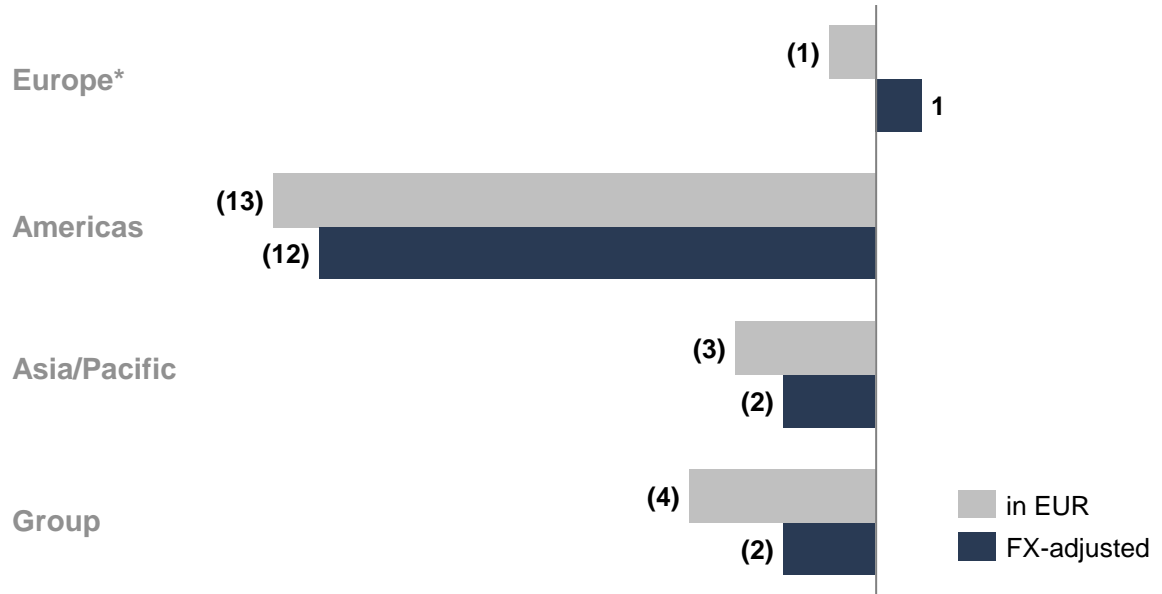


* (2)% FX-adjusted

Europe records positive sales performance in 2016

- 8% sales growth in the UK supports increase in Europe
- Decline in the US pressures sales in the Americas
- Sales momentum in China accelerates throughout the year

Sales by region y-o-y (in %)

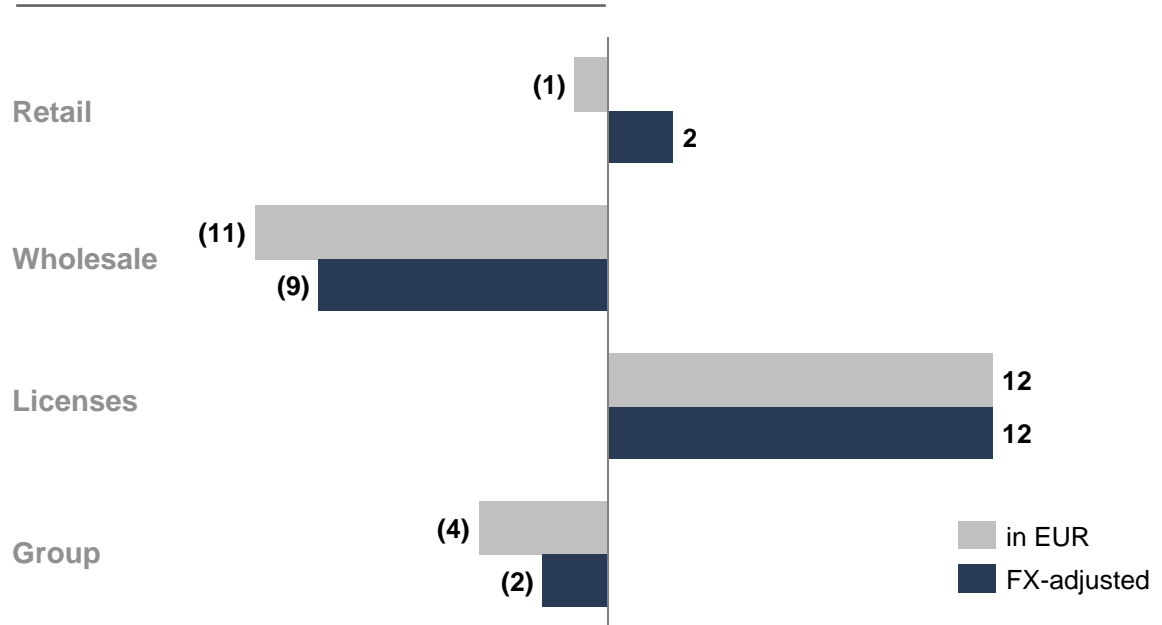


* Incl. Middle East and Africa

Growth in own retail does not fully offset sales decline in wholesale

- Retail expansion more than offsets currency-adjusted comp store sales decline of 6%
- Decline in wholesale business mainly attributable to distribution changes in the US
- Robust growth in license business

Sales by channel y-o-y
(in %)



Group profitability suffers from operating deleverage

Gross profit margin

66.0%  0_{bp}

Selling & Distribution expenses

1,176 EUR million  3%

Administration expenses

272 EUR million  3%

EBITDA (before special items)

493 EUR million  (17)%

Special items

67 EUR million  >100%

Net income

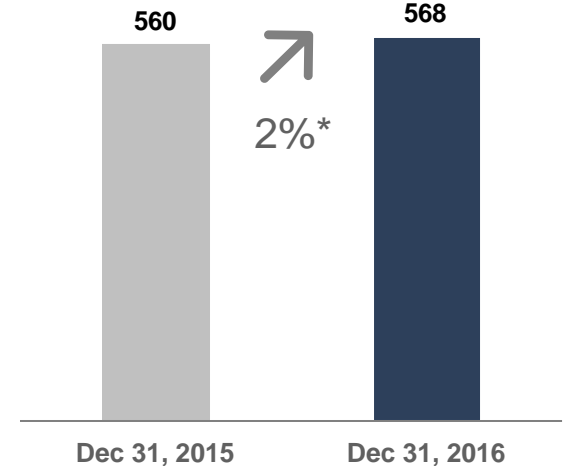
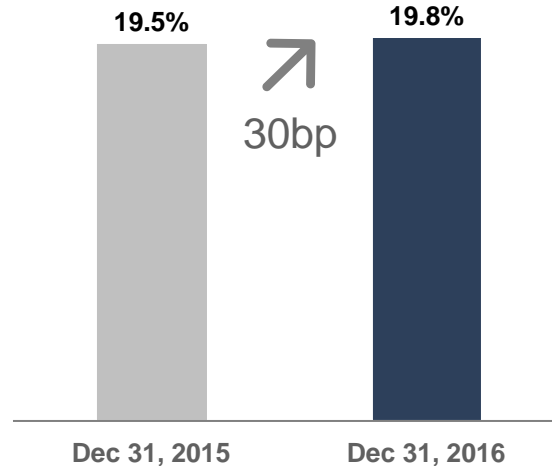
194 EUR million  (39)%

Tight grip on working capital management despite sales decline

- Working capital almost stable in relation to sales
- Inventory position in the US and China improves significantly over the course of the year
- Group's inventory position clean heading into 2017

Average trade net working capital
(as a percentage of sales)

Inventories
(in EUR million)

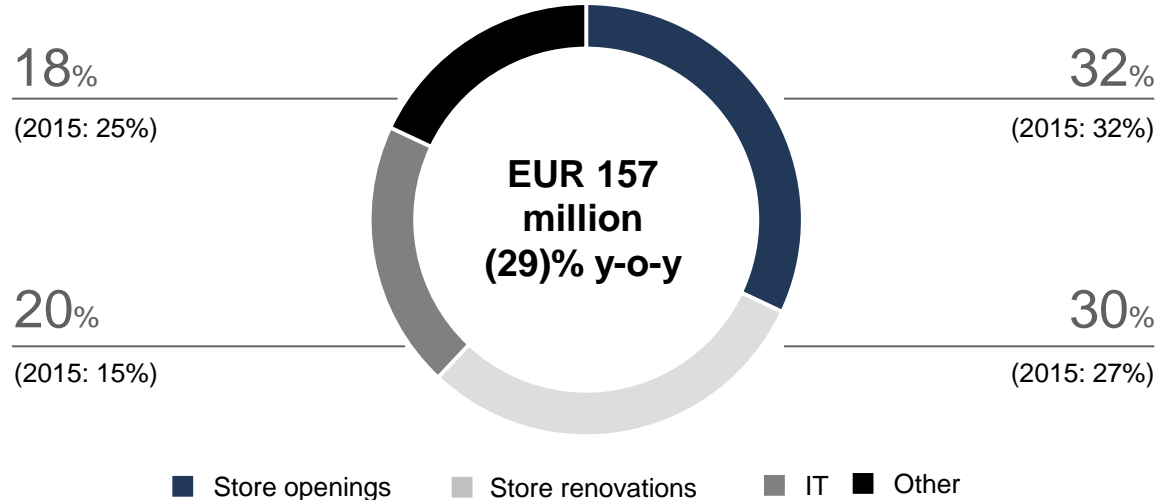


* 1% FX-adjusted

Investments focus on own retail and IT

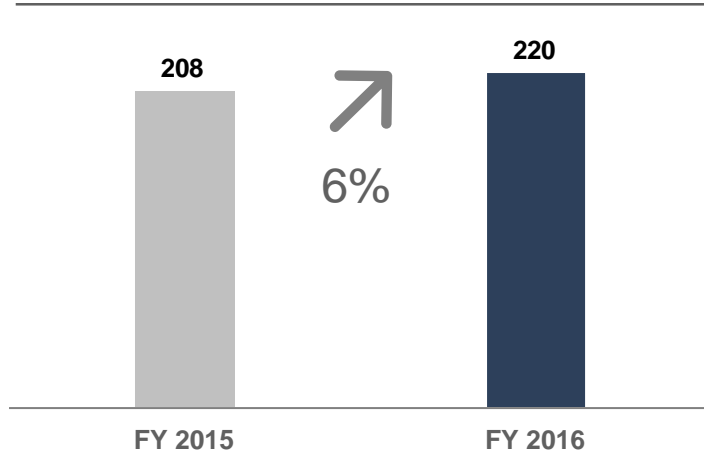
- Investments decrease due to slow down of retail expansion and non-recurrence of prior year one-time projects
- Two thirds of budget spent on store expansion and refurbishments
- IT investments underscore focus on digitizing the business model

HUGO BOSS Investments by area 2016 (in %)



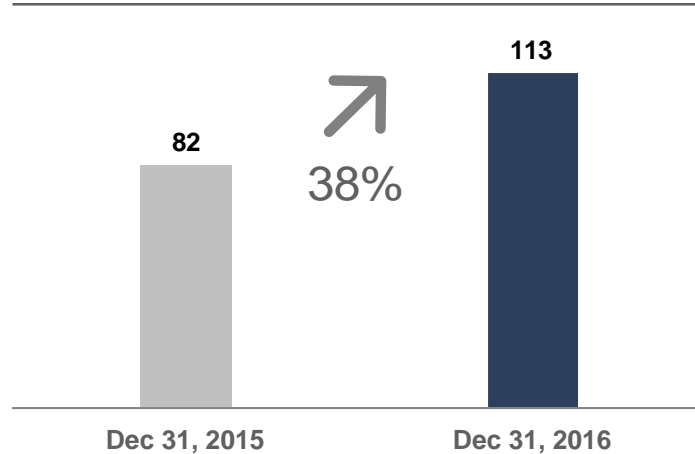
Strong free cash flow generation despite earnings decline

Free cash flow
(in EUR million)



- Lower investments more than offset earnings shortfall

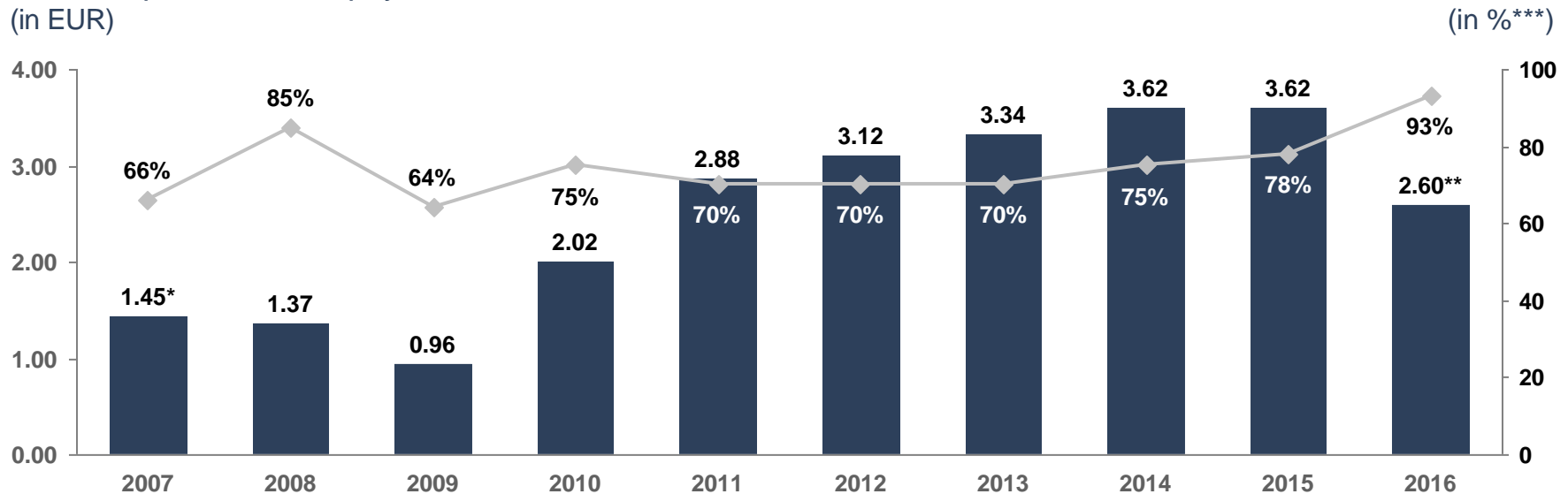
Net debt
(in EUR million)



- Net debt increases on low levels
- Equity ratio amounts to almost 50%

One-time nature of financial year 2016 warrants exception from dividend policy

Dividend per share and payout ratio
(in EUR)



► Dividend policy of paying out between 60% and 80% of consolidated net income reconfirmed

* Excluding special dividend of €5.00 per share ** Proposal for fiscal year 2016 *** As a percentage of net income attributable to shareholders

Group strategy focuses on four fields of action





Focus on two clearly positioned brands

BOSS
HUGO BOSS



HUGO
HUGO BOSS



Two strong brands with distinctive cores



Brand values	Top quality, sharp tailoring, clear designs
Brand message & USP	BOSS offers confident business wear and refined casual wear for sophisticated customers who want to be impeccably dressed for every situation
Brand personality	Successful, confident, sophisticated, reliable, responsible, authentic, dynamic, quality-oriented
Pricing	Upper premium



Brand values	Progressive & contemporary design, expressive fashion statement
Brand message & USP	HUGO offers designer clothes at an affordable price which give the wearer a 24-hour look
Brand personality	Spontaneous, individual, contemporary, trend-oriented, creative, fashion-forward, experimental
Pricing	Premium

BOSS dresses the demanding customer for all occasions



BUSINESS



CASUAL



ATHLEISURE

June 2017:

Sell in of the collection to wholesale partners

January 2018:

Spring / Summer collection 2018 in stores

New York Fashion Show showcases the elements fundamental to BOSS



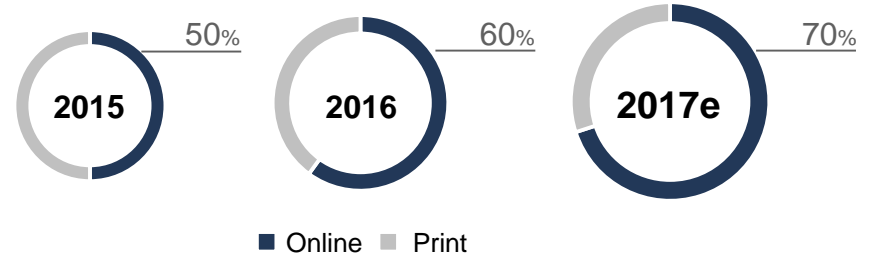
#NYCFASHIONSHOWFALL/WINTER2017



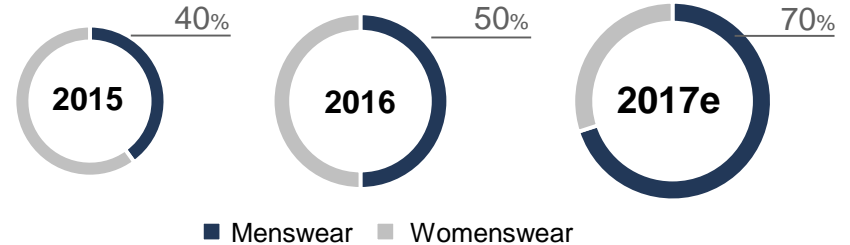
Marketing strategy prioritizes digital and menswear



Marketing split Online/Print



Marketing split Menswear/Womenswear



Womenswear continues to be an important part of the BOSS business



HUGO represents an exciting long-term growth opportunity



CASUAL



BUSINESS



Two competitive environments

Upper
Premium



Premium



Attractive pricing will contribute to the expansion of HUGO across all regions

Entry price point for suits

United States (in USD)



Euro Countries (in EUR)



China (in CNY)



Global sales share by brand,
FY 2016 (in %)

HUGO
HUGO BOSS

14%

BOSS
HUGO BOSS

86%

► Average HUGO prices are around 30% below BOSS



Wholesale partners welcome clarity and consistency of refined brand positioning



- Positive overall feedback from wholesale partners on refined brand strategy
-
- Order intake for Fall/Winter 2017 in line with expectations, positive momentum in casualwear
-
- Group committed to align global selling prices further

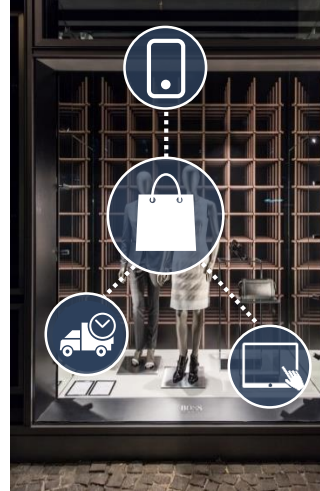
Target to increase own retail sales productivity by 20% in the next five years



Better and broader offering at entry price points



Expansion of casual and athleisure offering in stores



Rollout of omnichannel services



Investment in retail staff training



Optimization of retail network

Store renovations will upgrade own retail network



Openings

- 10-15 freestanding store openings will strengthen the network
- First HUGO pilot stores planned for 2018



Closures

- Remaining circa 15 store closures to be completed by the end of the year
- Some additional store closures based on expiration of rental contract



Renovations

- Renovations to account for the bulk of retail investments

► **Own retail selling space will remain largely stable in 2017**

New BOSS pricing architecture clears up historical imbalances

Americas →

- ▶ BOSS prices to remain virtually unchanged
- ▶ Around 20% above European levels

Europe ↗

- ▶ Single-digit % increase overall
- ▶ All Euro countries fully aligned

Asia ↘

- ▶ Mid-teens % decline overall
- ▶ Max. 30% above European levels

Maximum
price difference
between
two markets
30%
by end of 2018

▶ The effect of BOSS price adjustments will be neutral on a global level



DRIVE THE DIGITAL TRANSFORMATION

Online and physical retailing are becoming one



Improvement of online business a key priority in 2017

The screenshot displays the Hugo Boss website interface, highlighting several key areas of improvement for online business in 2017:

- Mobile:** A section showing a smartphone, a pen, and a notepad, indicating a focus on mobile optimization.
- Service:** A chat window titled "Chat with us" with input fields for "What is your name? *" and "What is your question?", and buttons for "Cancel" and "Submit".
- Content:** A section featuring a male model wearing a jacket, with text indicating "Complete content" and "Khaki colour".
- Merchandising:** A grid of product images (jackets, bags, shoes) with prices, illustrating the merchandising strategy.
- Navigation:** The top navigation bar includes links for BRANDS, NEW IN, MEN, WOMEN, FEATURES, GIFTS, and FRAGRANCES.
- Header:** The Hugo Boss logo is prominently displayed in the top left corner.
- Background:** The background features a large image of a man wearing sunglasses, with the text "SPRING/SUMMER 2017" and "WHO WILL YOU BE NEXT?" overlaid.

The Group's digital roadmap

Enable the cultural transformation

Set the foundations

- Takeover of website frontend management
- Insourcing of European online fulfilment
- hugoboss.com and app (re)launches
- Omnichannel pilots

Improve performance

- Rollout of omnichannel services
- Commercial optimization of hugoboss.com and app

Develop the model

- Digitization of existing business model
- Addition of new business models

Nov 2016



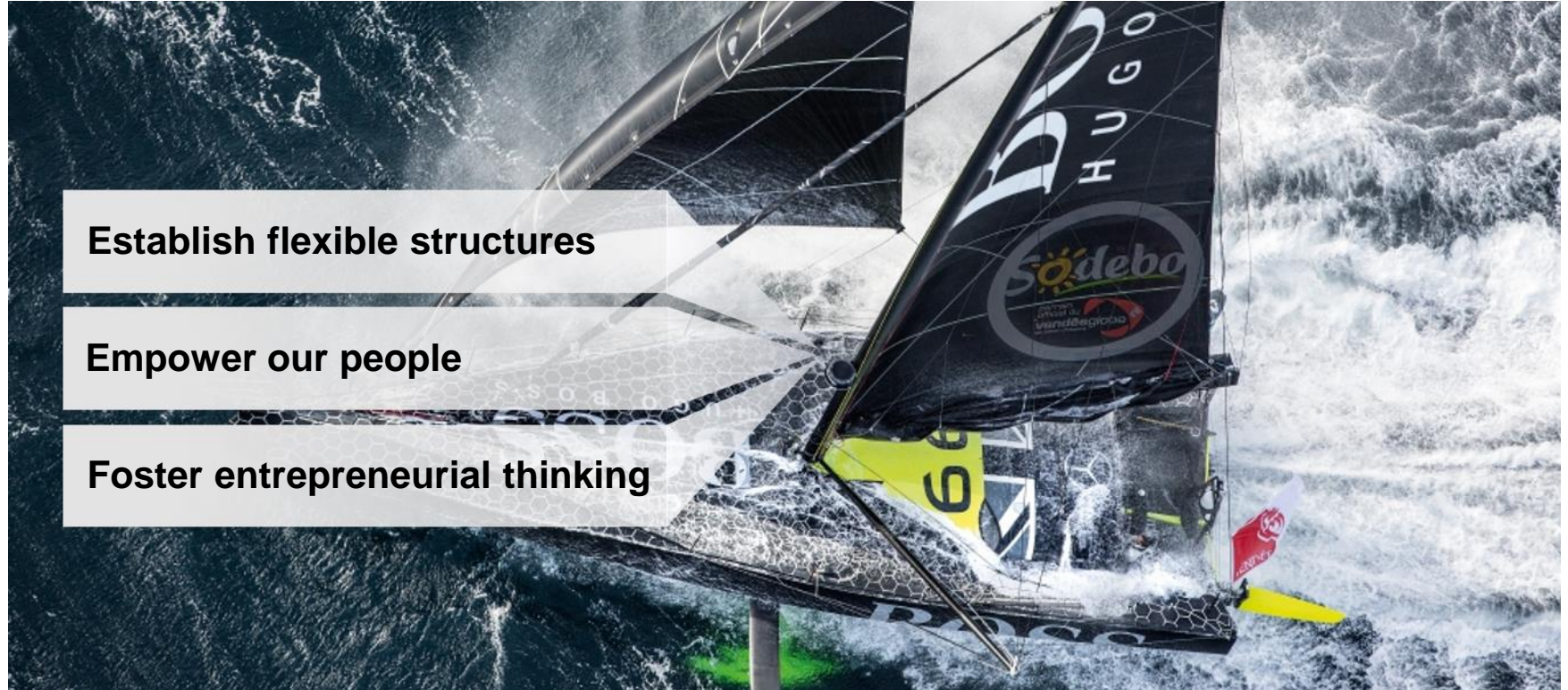
INNOVATE THE
WAY WE OPERATE

Agility is the basis of innovation

Establish flexible structures

Empower our people

Foster entrepreneurial thinking



Speed drives commercial success





Financial & Operational Outlook

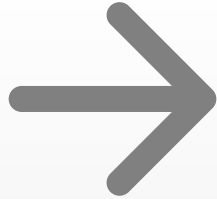
HUGO BOSS continues to be focused on profitable and sustainable growth



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

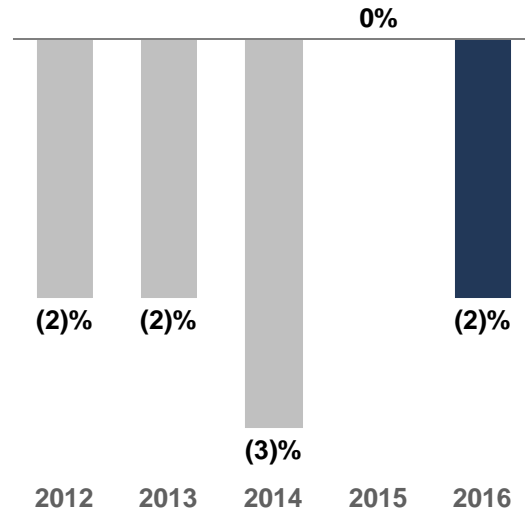
European business to weather industry storms

Europe

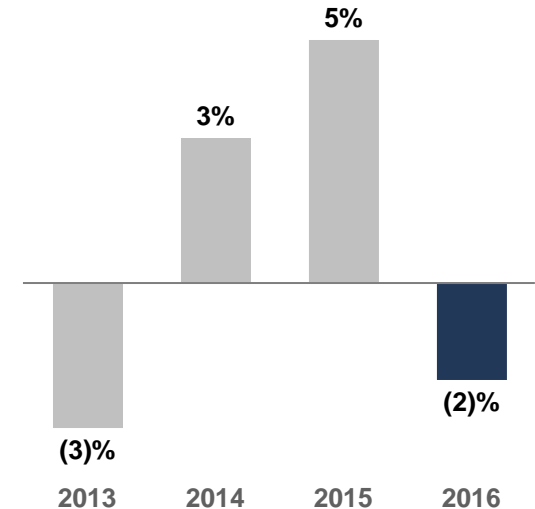


- Broadly stable sales expected in Europe
- Tough market environment to weigh on sales performance in Germany
- UK to continue growing solidly in 2017

German apparel sales y-o-y
(in %)



UK branded menswear
apparel sales y-o-y** (in %)



* Source: Kantar ** Source: Textilwirtschaft

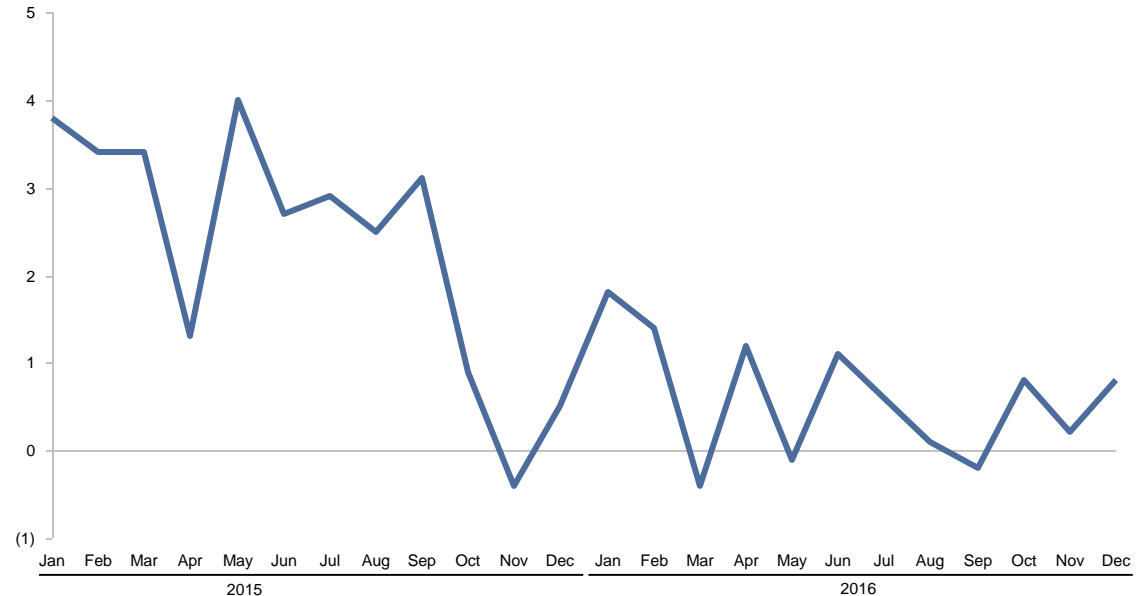
Step-by-step improvements targeted in the Americas

Americas



- Slight sales decline forecasted in the Americas
- Distribution changes in wholesale and footfall declines to affect US performance
- Solid growth expected in Canada and Brazil

Personal consumption expenditures for clothing y-o-y (in %)*



*Source: US Bureau of Economic Analysis

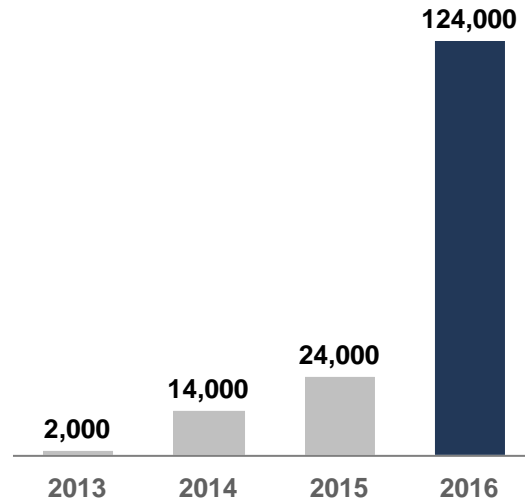
Growth in China to drive sales increases in Asia/Pacific

Asia/Pacific

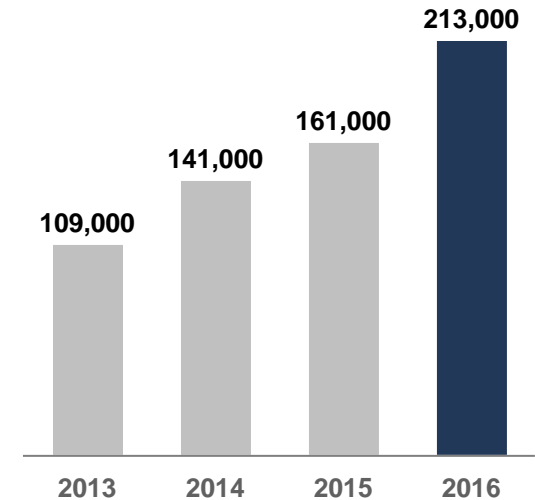


- Slight sales increase expected in Asia/Pacific
- Successful digital communication an important driver of robust growth in China
- Continued declines projected in Hong Kong and Macau

WeChat follower



Weibo follower



Group sales to remain largely stable in 2017

Sales by region*



Europe

Stable



Americas

Slight
decline



**Asia/
Pacific**

Slight
increase



Sales by channel*



Retail

Increase of up to mid
single-digit percentage
rate, comp store
sales -3% to +3%



Wholesale

Decline at a low
to mid single-digit
percentage rate



Licenses

Solid
growth



* On a currency-adjusted basis

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March 2017

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Financial outlook expects stabilization of operational performance in 2017


Sales*

Largely stable


Gross margin

Slight increase


**EBITDA
before special items**

-3% to +3%


Net income

 Low double-digit
percentage rate increase

Capex

 EUR 150 million to
EUR 170 million

Free cash flow






Largely stable



* On a currency-adjusted basis

Disciplined cost management will support profitability

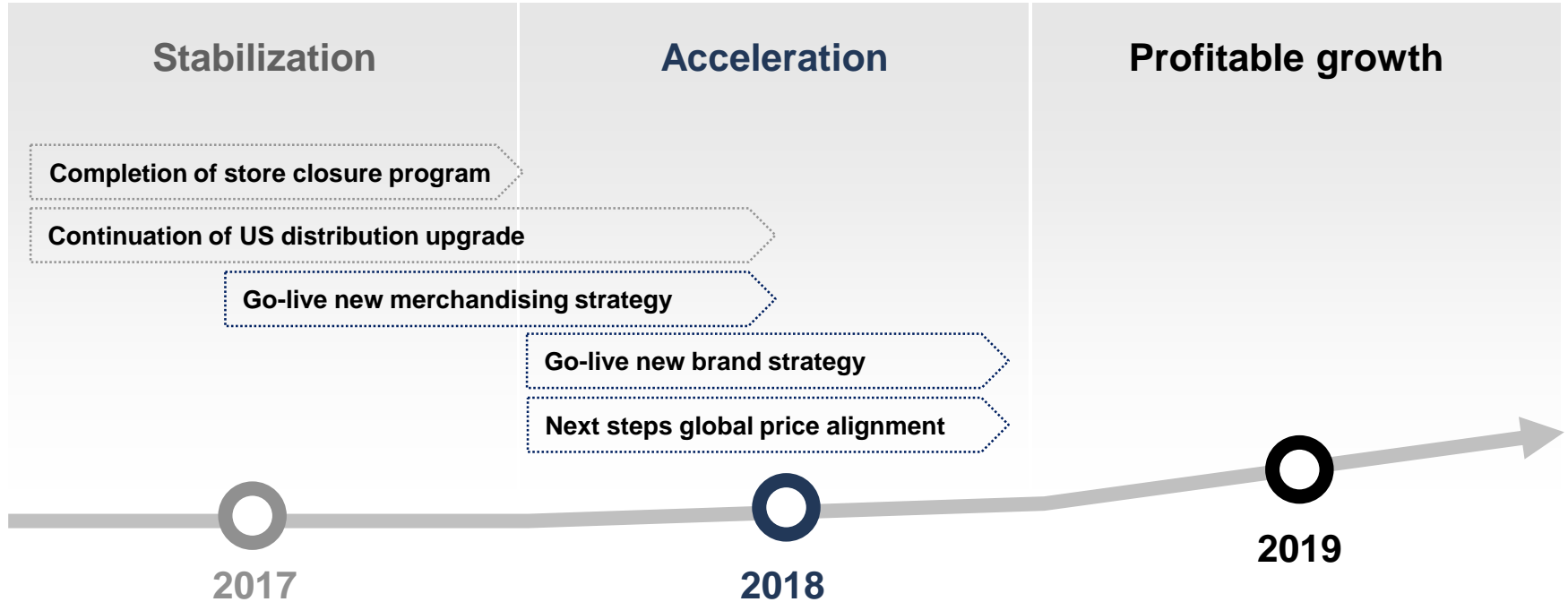
Key influencing factors on gross margin and major cost items, medium-term trend as a % sales

		OPEX		
Gross profit margin		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
Medium-term trend				

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

¹ CX = Customer Experience

Our return path to profitable and sustainable growth



2017 - A year of stabilization and strategy implementation





Sales by region and major markets

Share of Group sales*



Europe

(incl. Middle East/Africa)

61%

Germany:	17%
Great Britain:	12%
France:	6%
Benelux:	5%
Other:	21%



Americas

22%

U.S.:	16%
Canada:	3%
Central &	
South America:	2%
Other:	1%



Asia/Pacific

14%

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

* As of 2016, +3% Licenses

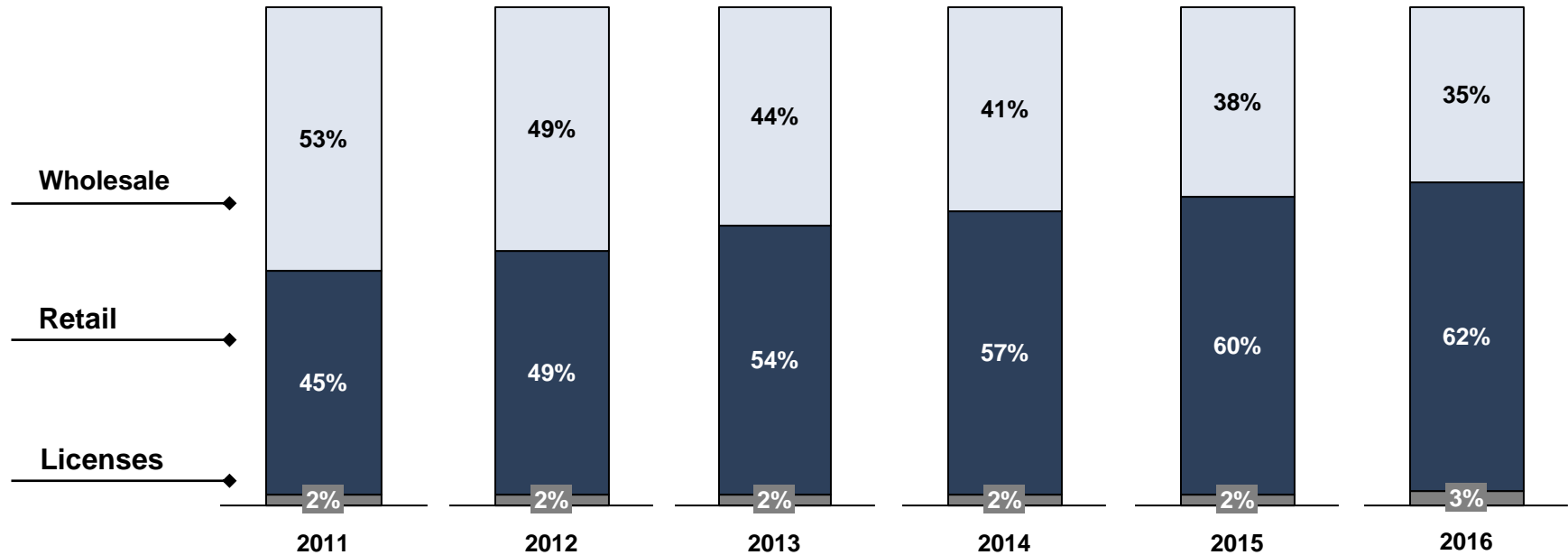
Full Year Results 2016 – Segment profit

Segment profit

In EUR million	FY 2016	In % of sales	FY 2015	In % of sales	Change in %
Europe*	519	30.2	535	31.8	(3)
Americas	133	22.9	187	28.0	(29)
Asia/Pacific	80	20.8	100	25.5	(20)
Licenses	59	85.3	52	83.1	15
Segment profit operating segments	791	29.5	874	31.1	(10)
Corporate units/consolidation	(297)		(280)		0
EBITDA before special items	493	18.3	594	21.2	(17)

*Incl. Middle East and Africa

Sales by distribution channel



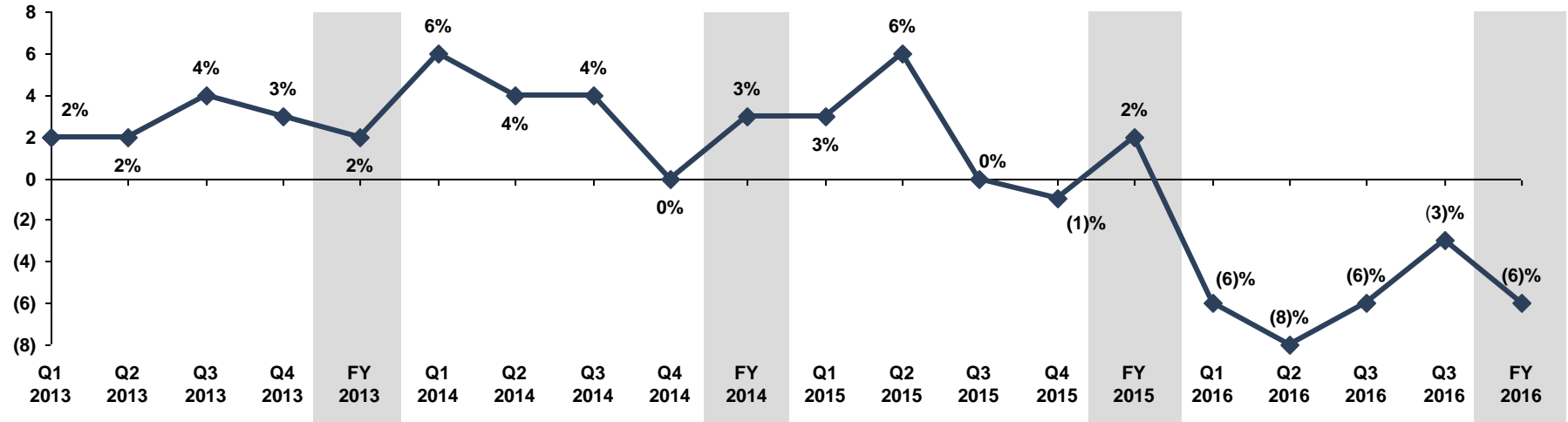
Number of Group's own retail stores by region

As of 31/12/2016	Freestanding stores	Shop-in-Shops	Outlets	Total
Europe	191	354	63	608
Americas	94	89	49	232
Asia/Pacific	157	90	37	284
Total	442	533	149	1,124

► Low single-digit contribution from new space expected in 2017

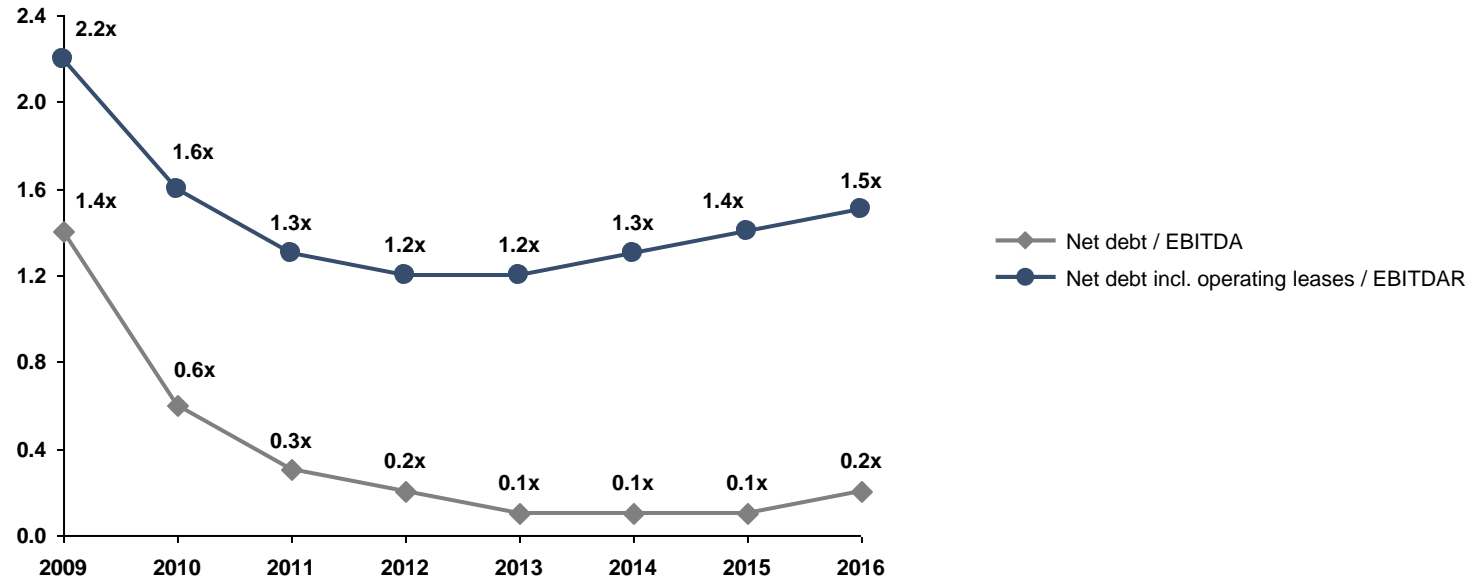
Retail comp stores sales

Retail I-f-I sales development*



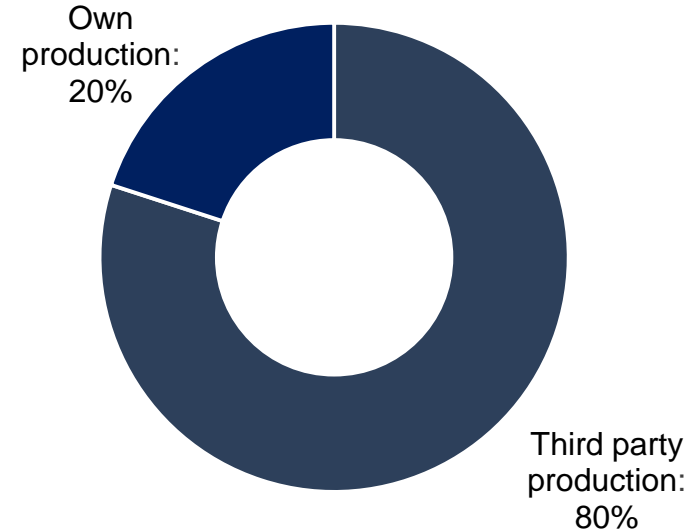
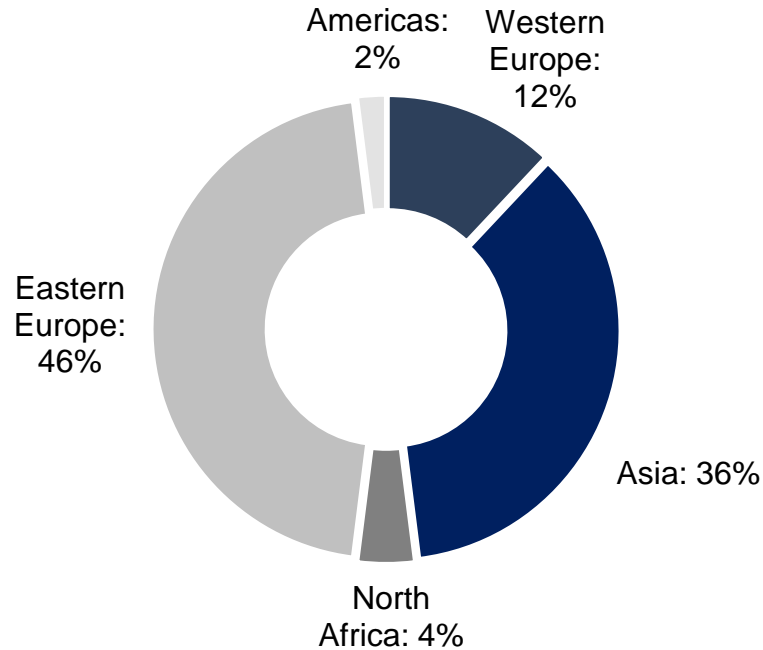
*FX-adjusted

(Adjusted) financial leverage



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

Sourcing and production structure*



*As of 2016, in value terms

Multi-Year overview

In EUR million	2016	2015	2014	2013	2012	2011
Sales	2,692.8	2,808.7	2,571.6	2,432.1	2,345.9	2,058.8
Gross profit	1,777.5	1,852.8	1,699.1	1,579.6	1,444.1	1,252.0
EBITDA	432.7	589.9	571.5	561.4	523.9	468.0
EBITDA before special items	493.1	594.1	590.8	564.7	528.1	469.5
EBIT	263.5	447.7	448.7	456.2	432.0	394.6
Net income	193.6	319.4	333.3	329.0	306.5	284.9
Free cash flow	220.2	207.6	268.4	230.0	220.6	194.9
Net debt	113.2	82.2	35.7	57.0	130.4	149.1
Capex	156.8	220.3	134.7	185.3	165.8	108.5
Depreciation/amortization	169.2	142.1	122.8	105.3	91.9	73.4
Dividend	179.4***	249.8	249.8	230.5	215.3	199.1
Total assets	1,798.6	1,800.3	1,661.8	1,501.3	1,577.2	1,419.6
Shareholders equity	887.6	955.7	843.9	740.3	631.6	517.3
Trade net working capital	524.4	527.6	503.0	431.8	408.5	399.6
Non-current assets	751.7	764.6	660.3	611.5	587.7	503.2
Gross profit margin in %	66.0	66.0	66.1	64.9	61.6	60.8
Adjusted EBITDA margin in %*	18.3	21.2	23.0	23.2	22.5	22.8
Total leverage**	0.2	0.1	0.1	0.1	0.2	0.3
Equity ratio in %	49.3	53.1	50.8	49.3	40.0	36.4

*EBITDA before special items/Sales **Net financial liabilities/EBITDA before special items ***Dividend proposal
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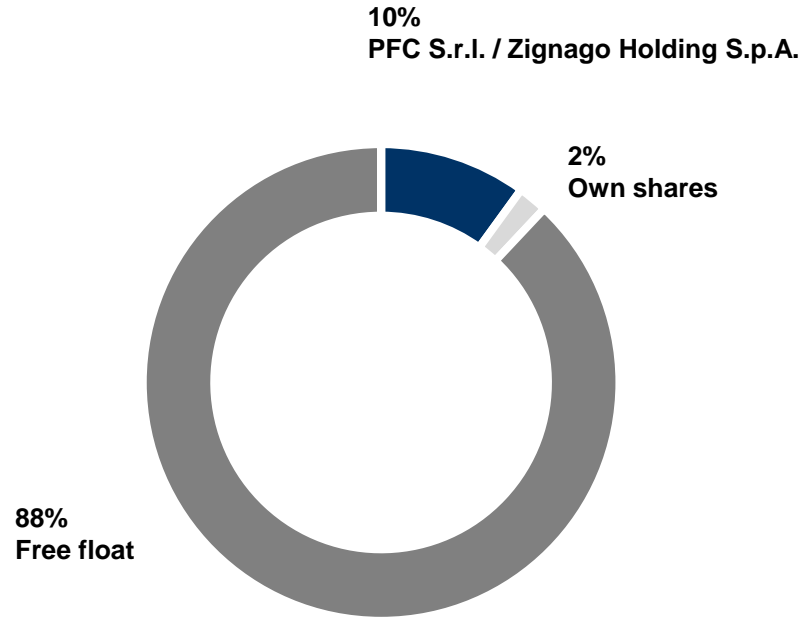
Analyst coverage

The HUGO BOSS AG share is covered by the following financial analysts:

Institution	Analyst
Aurel BGC	David Da Maia
Baader Bank	Volker Bosse
Bankhaus Lampe	Peter Steiner
Bank of America Merrill Lynch	Sherri Malek
Barclays	Julian Easthope
Berenberg Bank	Zuzanna Pusz
Bryan Garnier	Cédric Rossi
Citigroup	Thomas Chauvet
Commerzbank	Andreas Riemann
Credit Suisse	Guillaume Gauville
Deutsche Bank	Warwick Okines
DZ Bank	Herbert Sturm
Equita	Fabio Fazzari
Equinet	Mark Josefson
Exane BNP Paribas	Luca Solca
Goldman Sachs	Richard Edwards
Hamburger Sparkasse	Christian Hamann

Institution	Analyst
Hauck & Aufhäuser	Christian Salis
HSBC	Antoine Belge
Intermonte	Daniele Alibrandi
Invest Securities	Peter Farren
Jefferies	Charmaine Yap
J.P. Morgan	Melanie Flouquet
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
Macquarie	Andreas Inderst
MainFirst	John Guy
Mirabaud Securities	Alessandro Miglioni
Morgan Stanley	Elena Mariani
Nord LB	Wolfgang Vasterling
Oddo Seydler	Martin Decot
RBC	Richard Chamberlain
Société Générale	Thierry Cota
UBS	Fred Speirs

Shareholder structure*



*Source: Share register, voting rights notifications (as of March 2017)

Financial Calendar 2017 and Investor Relations contact

Date	Event
May 3, 2017	Publication of the First Quarter Results
May 23, 2017	Annual Shareholders' Meeting
August 2, 2017	HUGO BOSS Investor Day 2017
August 2, 2017	Publication of the First Half Year Report
November 2, 2017	Publication of the Nine Months Results

Investor Relations Contact

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Forward looking statements contain risks

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