

H U G O B O S S

Equita EU Conference

Milan, May 24, 2017

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FIRST QUARTER RESULTS 2017



HUGO BOSS starts the year with sales increase



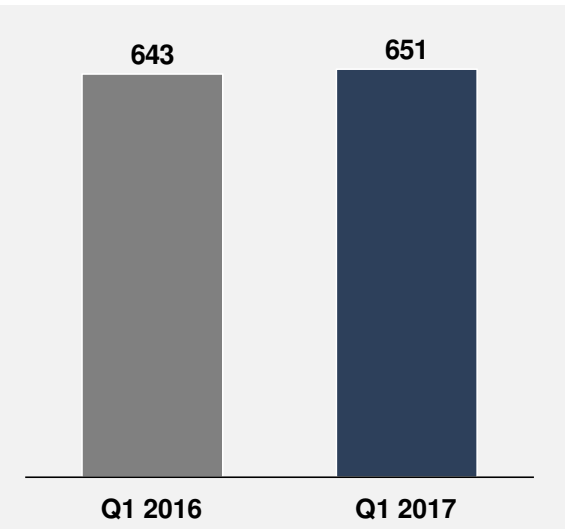
- Difficult market environment continues in Q1
- Good performance in core markets UK and China
- Sales growth in Europe and Asia more than compensates for declines in the Americas

HUGO BOSS Sales

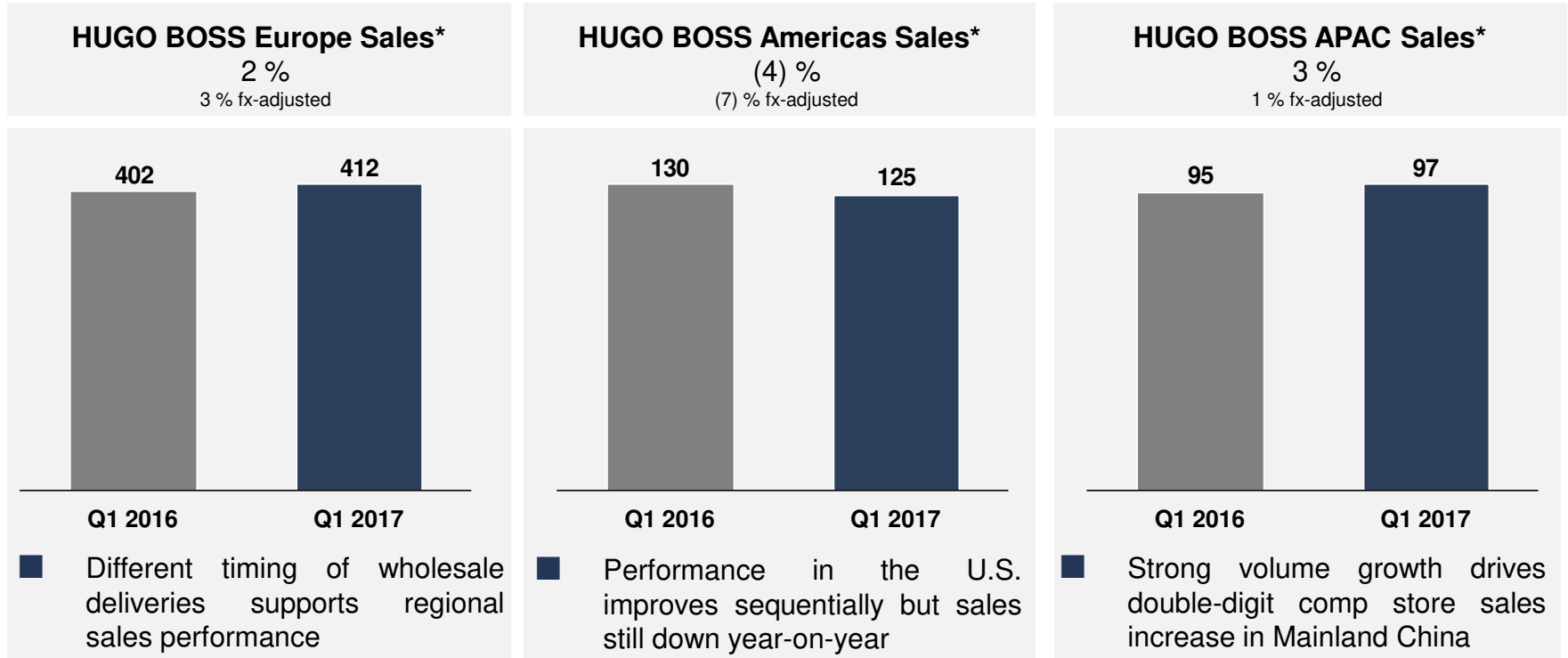
(in EUR million)

1 %

1 % fx-adjusted



Solid sales growth in Europe and Asia/Pacific

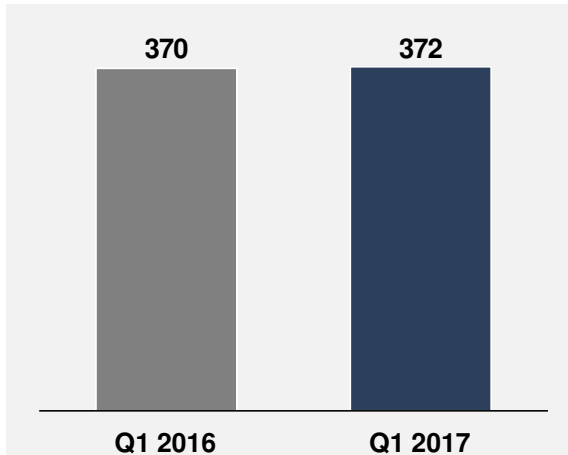


*in EUR million

Wholesale and license businesses up solidly

HUGO BOSS Retail Sales*

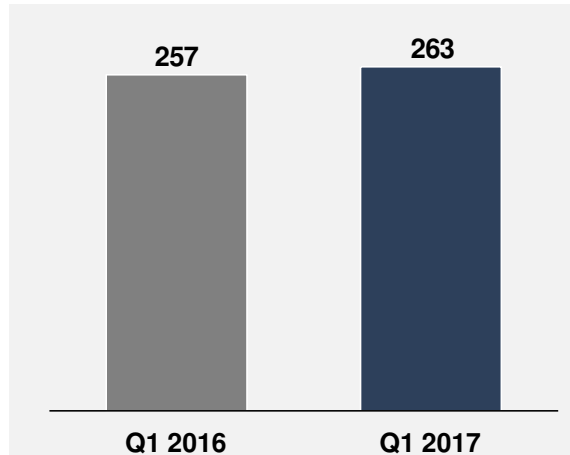
0 %
0 % fx-adjusted



■ Sales down 3% on a comp store basis, momentum improves over the course of the quarter

HUGO BOSS Wholesale Sales*

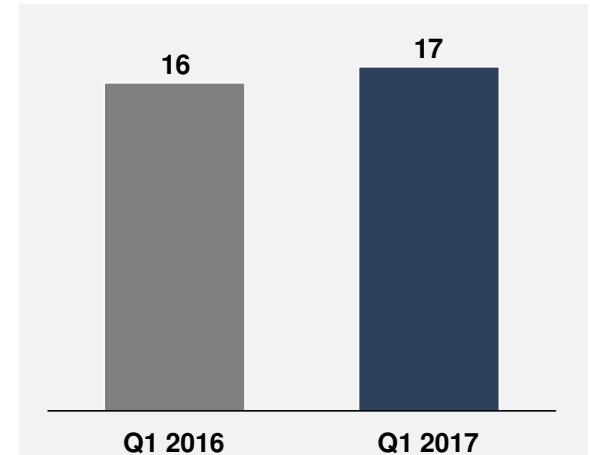
3 %
2 % fx-adjusted



■ Wholesale sales benefit from delivery shift effect in Europe

HUGO BOSS License Sales*

5 %
5 % fx-adjusted



■ Fragrance business up double-digits

*in EUR million

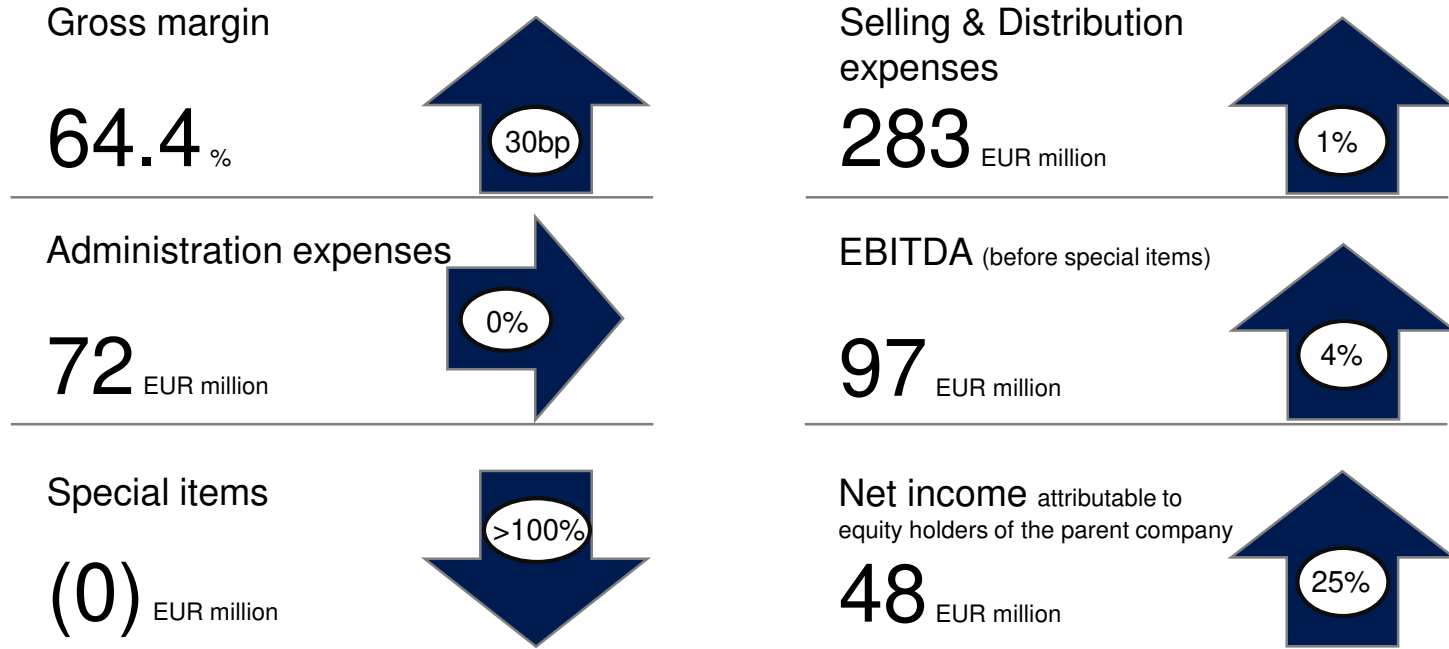
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HUGO BOSS ©

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Non-recurrence of prior year special items and strict cost discipline drive profit growth



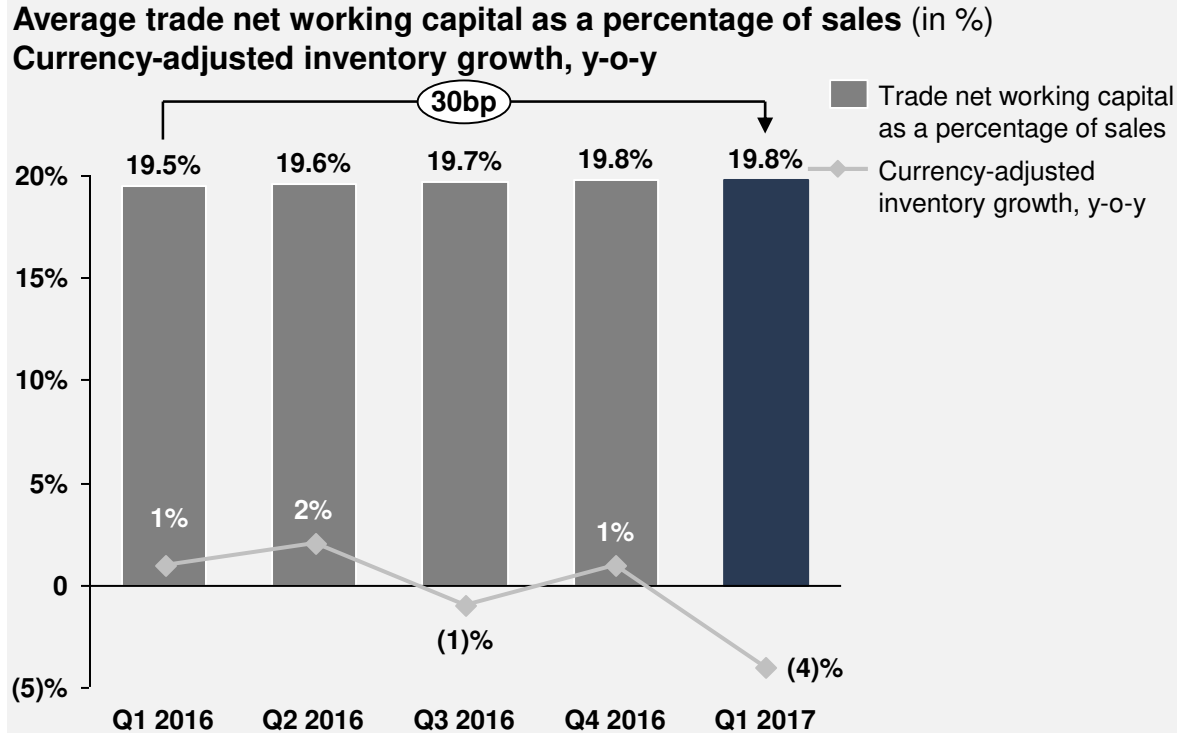
Profitability in Asia/Pacific improves significantly

Segment earnings

In EUR million	Q1 2017	In % of sales	Q1 2016	In % of sales	Change in %
Europe*	126.8	30.8	117.9	29.3	8
Americas	15.4	12.3	26.5	20.4	(42)
Asia/Pacific	24.7	25.3	17.5	18.4	41
Licenses	14.0	84.9	13.4	85.3	5
Earnings of operating segments	180.9	27.8	175.3	27.3	3
Corporate units/consolidation	(83.5)		(81.8)		(2)
EBITDA before special items	97.4	15.0	93.5	14.5	4

*Incl. Middle East and Africa

Group inventories continue to be well controlled

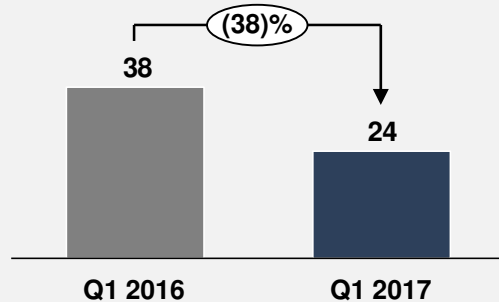


- Trade net working capital down 1% in currency-adjusted terms
- Inventories decrease in all three regions
- Double-digit inventory declines in the Americas and Asia/Pacific

Different timing of investments supports free cash flow performance

Capital expenditure

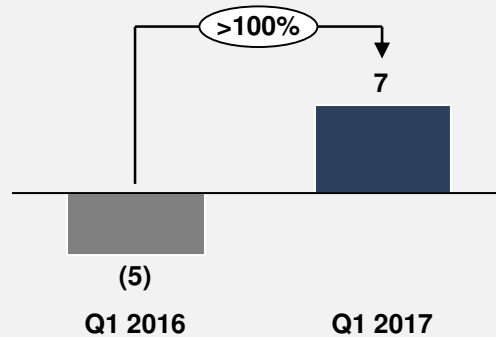
(in EUR million)



■ Decline reflects different timing of retail projects compared to the prior year

Free cash flow

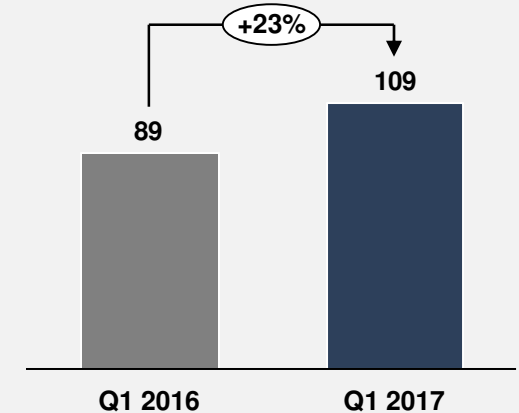
(in EUR million)



■ Increase due to profit growth, working capital improvements and lower investments

Net financial liabilities

(in EUR million)



■ Increase due to dividend payment in May 2016

GROUP STRATEGY



Group strategy focuses on four fields of action



REFOCUS THE BRAND



Focus on two clearly positioned brands

BOSS
HUGO BOSS



HUGO
HUGO BOSS



Two strong brands with distinctive cores



Brand values	Superior quality, sharp tailoring, craftsmanship
Brand message & USP	BOSS offers sharp tailoring in businesswear and refined casual- and athleisurewear to a quality-seeking customer who wants to be dressed impeccably for every occasion
Brand personality	Successful, confident, sophisticated
Pricing	Upper premium



Brand values	Progressive & contemporary design, fashion-forward
Brand message & USP	HUGO stands for progressive looks, an edgy, urban attitude and offers contemporary design trends (24-hour look)
Brand personality	Edgy, individual, spontaneous
Pricing	Premium

BOSS dresses the demanding customer for all occasions



BUSINESS



CASUAL



ATHLEISURE

(Early) summer 2017:

Sell in of Spring/Summer 2018 collection to wholesale partners

End of 2017:

Spring/Summer 2018 collection in stores

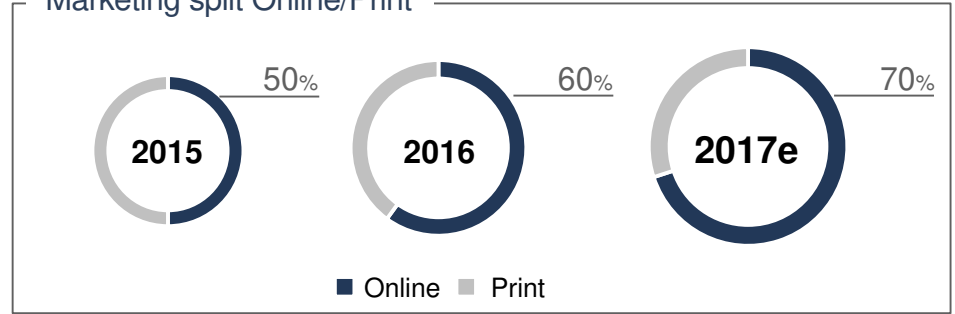
New York Fashion Show showcases the elements fundamental to BOSS



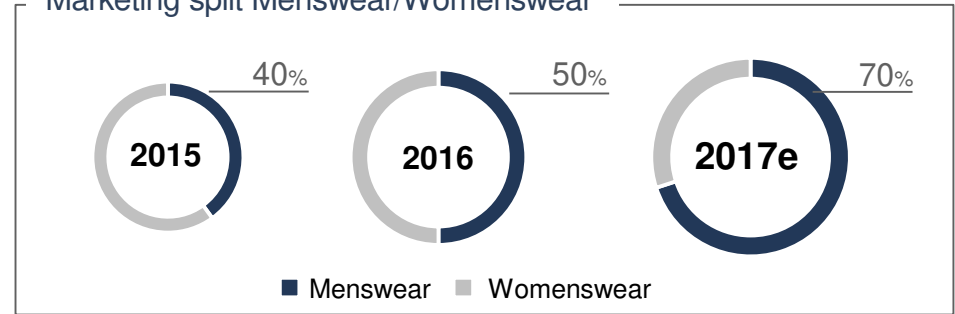
Marketing strategy prioritizes digital and menswear



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



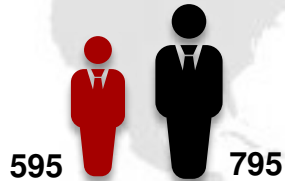
BOSS and HUGO operate in two separate competitive environments



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

Entry price point for suits

United States (in USD)



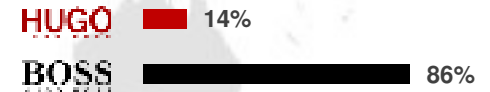
Euro Countries (in EUR)



China (in CNY)



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



▶ 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

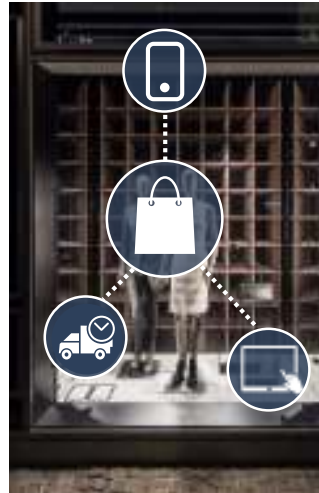
Target to increase own retail sales productivity by 20% in the next five years



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

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

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

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



DRIVE THE DIGITAL
TRANSFORMATION

Online and physical retailing are becoming one



Online business set to return to growth after disappointing start to the year 2017

Search engine optimization • CRM • Mobile • Page load performance • User experience • Merchandising



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

May 2017



INNOVATE THE WAY WE OPERATE

Agility is the basis of innovation

Establish flexible structures

Empower our people

Foster entrepreneurial thinking



Speed drives commercial success

**Replenish
sold-out
bestsellers
in-season**

**Adjust collection
content based on
short-term trends**

**Become more
flexible in our
approach
towards seasons**

Demand-driven supply
Supplement the regular collection
development process with a fast track concept
which reduces the time to market to weeks
rather than months

FINANCIAL AND OPERATIONAL OUTLOOK



Important milestone on the return to profitable growth ahead



**HUGO
Fashion
Show**



**BOSS
Fashion
Show**



Wholesale

**Sell in of
Spring/Summer
2018 collection**



Stores

June 2017

Until August 2017

Starting end of 2017

July 2017

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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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







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**

Disciplined cost management will continue to 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

2017 – A year of stabilization and strategy implementation



BACKUP



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%



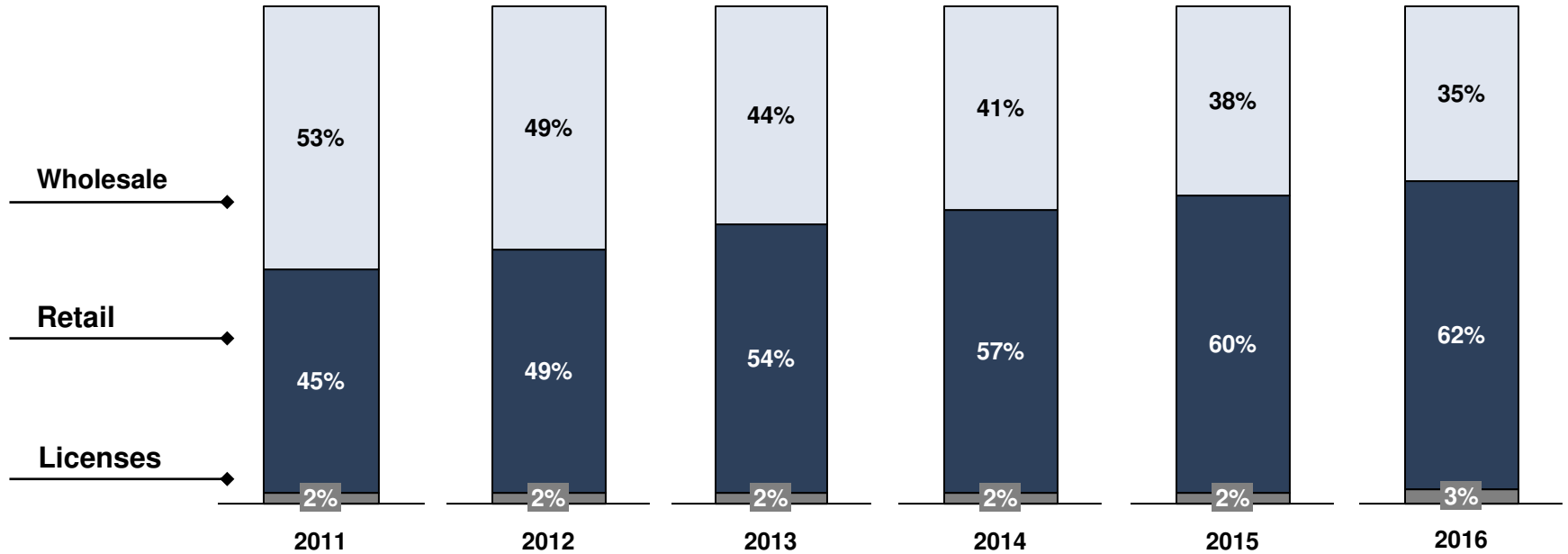
Asia/Pacific

14%

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

* As of 2016, +3% Licenses

Sales by distribution channel

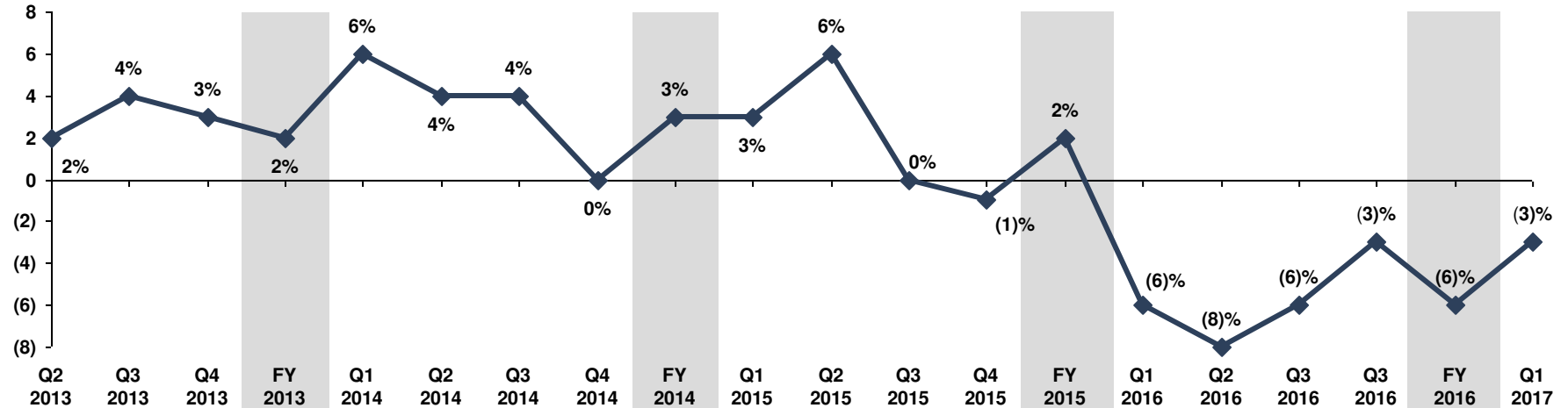


Number of Group's own retail stores by region

As of 31/03/2017	Freestanding stores	Shop-in-Shops	Outlets	Total
Europe	187	346	62	595
Americas	92	105	48	245
Asia/Pacific	157	89	40	286
Total	436	540	150	1,126

Retail comp stores sales

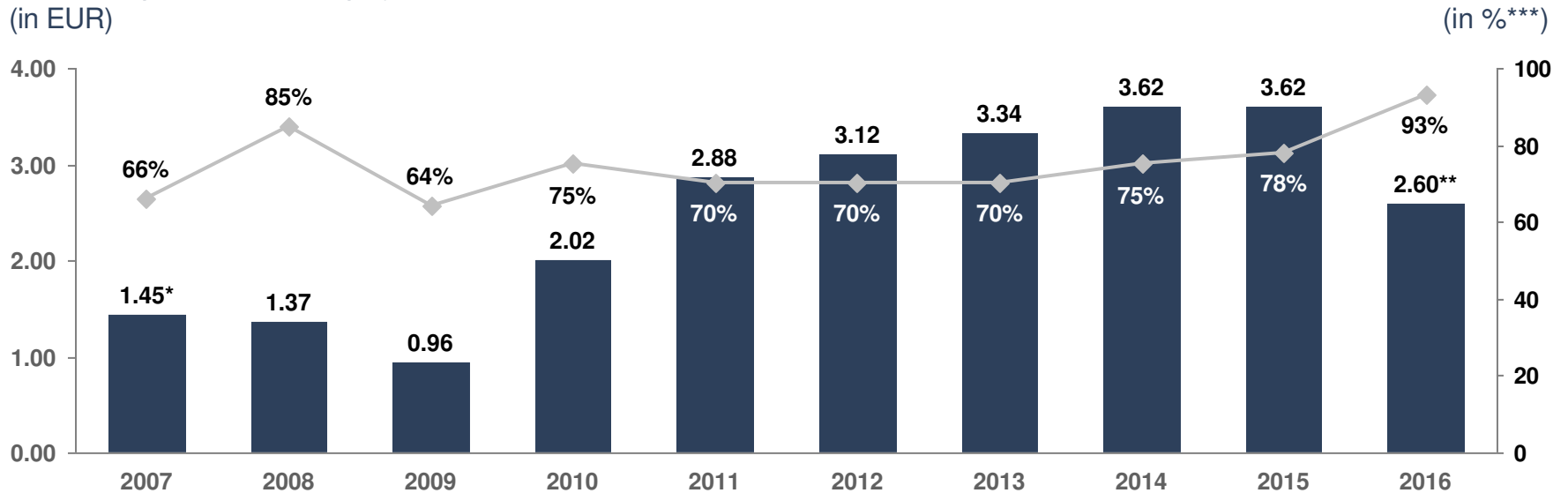
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

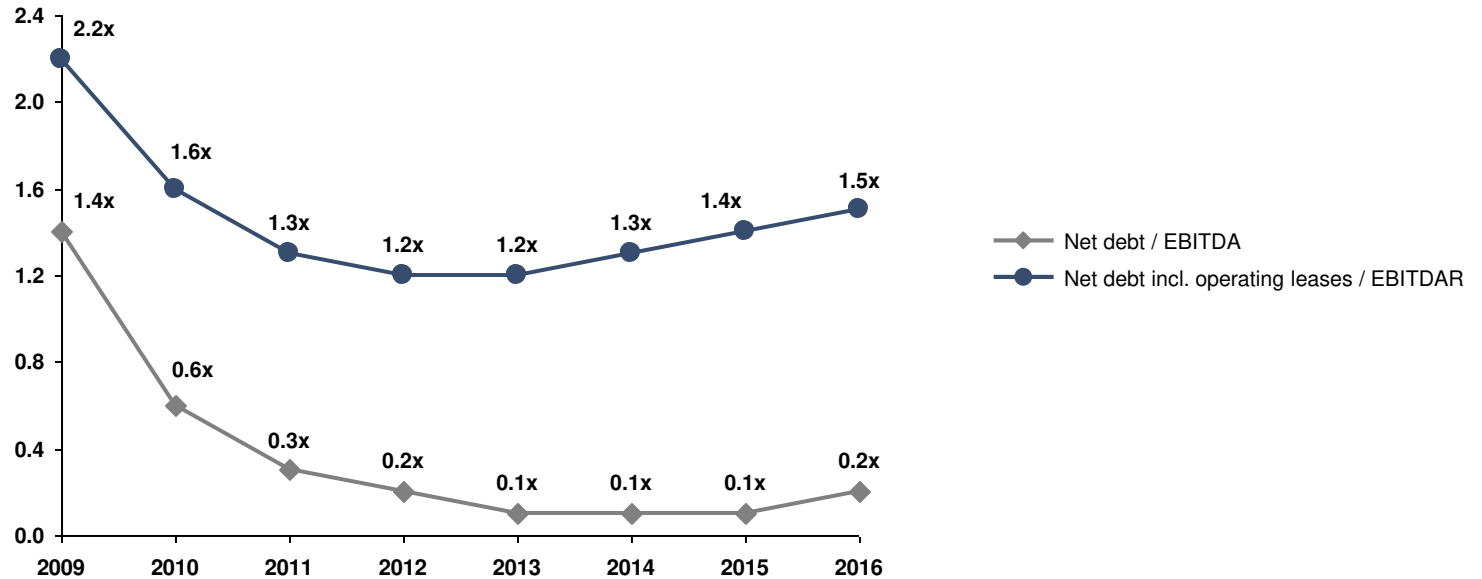
Dividend per share and payout ratio
(in EUR)



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

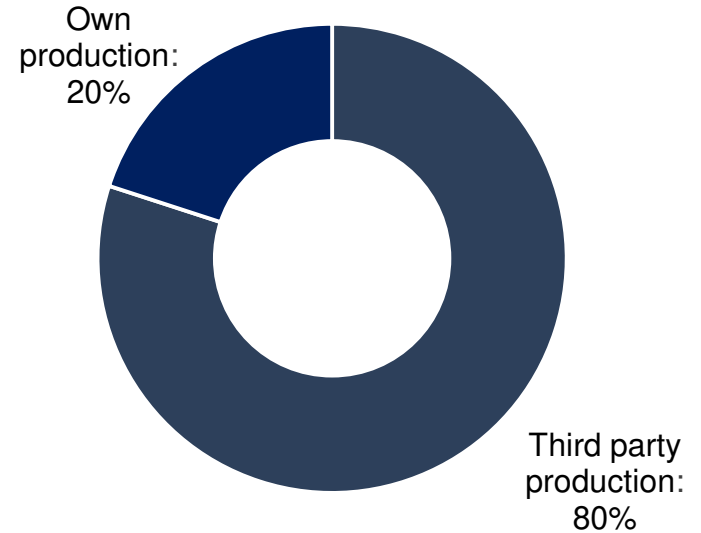
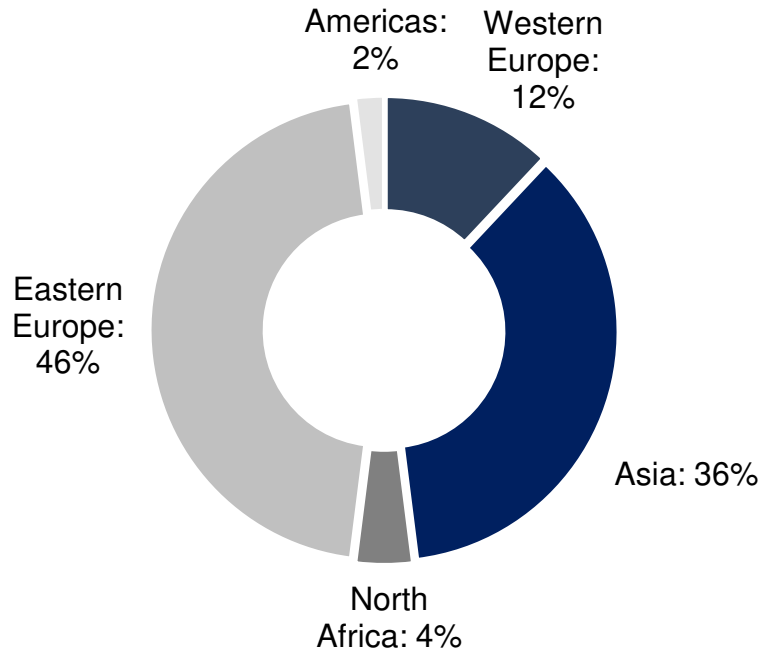
* Excluding special dividend of €5.00 per share ** Proposal for fiscal year 2016 *** As a percentage of net income attributable to shareholders

(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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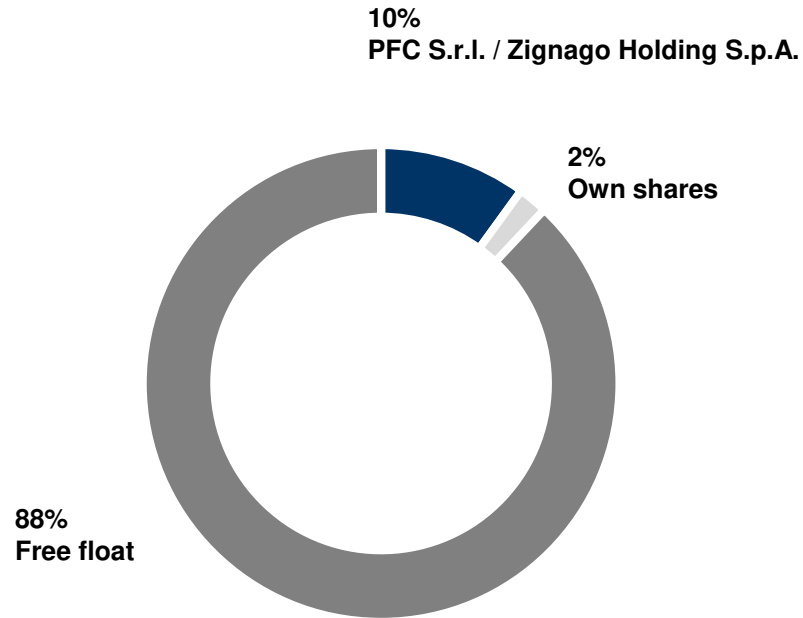
Analyst coverage

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	Sophie Park
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
Evercore ISI	Omar Saad
Exane BNP Paribas	Luca Solca
Goldman Sachs	Alberto D'Agnano
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 Migliorini
Morgan Stanley	Elena Mariani
Nord LB	Wolfgang Vasterling
Oddo Seydler	Martin Decot
RBC	Piral Dadhanian
Société Générale	Thierry Cota
UBS	Fred Speirs

Shareholder structure*



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

Financial Calendar 2017 and Investor Relations contact

Date	Event
August 2, 2017	HUGO BOSS Investor Day 2017
August 2, 2017	Publication of the First Half Year Report
November 2, 2017	Publication of the Third Quarter Results

Investor Relations Contact

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