HUGO BOSS

Bankhaus Lampe Roadshow

DUSSELDORF/COLOGNE, SEPTEMBER 29, 2017

DENNIS WEBER – HEAD OF INVESTOR RELATIONS

HUGO BOSS

Second Quarter Results 2017

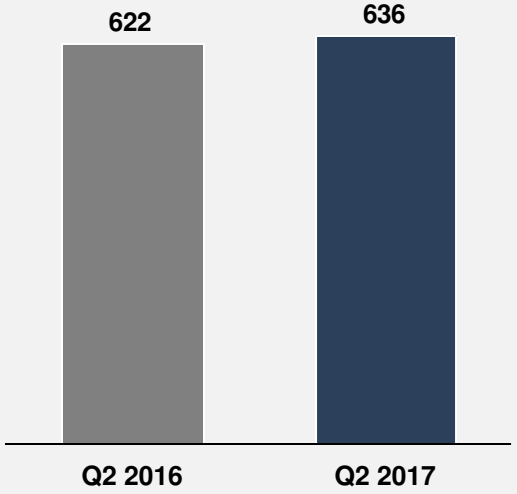
HUGO BOSS records sales increase in the second quarter

- Brand repositioning reaches important milestones
- Comp store sales performance in own retail turns positive
- Robust growth in key markets UK and China

Group Sales
(in EUR million)

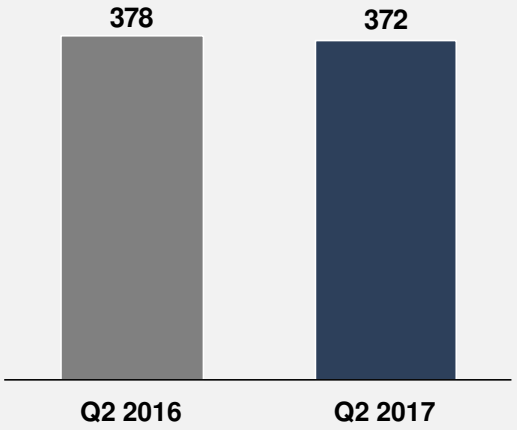
+2 %

+3 % fx-adjusted



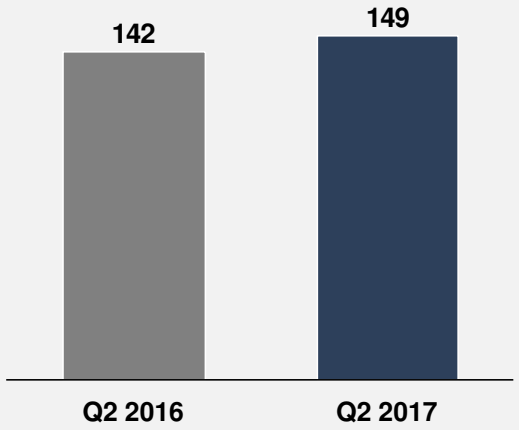
The Americas and Asia/Pacific drive Group sales growth

HUGO BOSS Europe Sales*
(2) %
0 % fx-adjusted



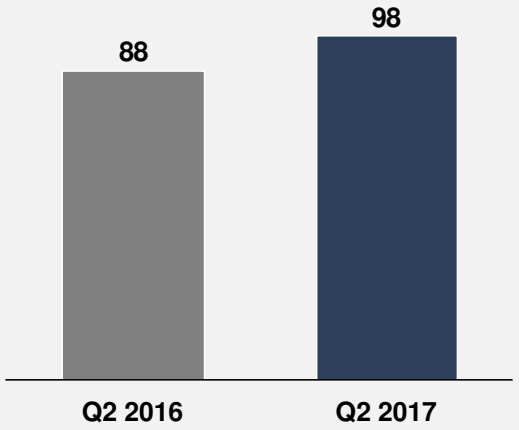
- Different timing of wholesale orders and deliveries

HUGO BOSS Americas Sales*
+5 %
+3 % fx-adjusted



- Sales up 2% in the US

HUGO BOSS APAC Sales*
+11 %
+10 % fx-adjusted

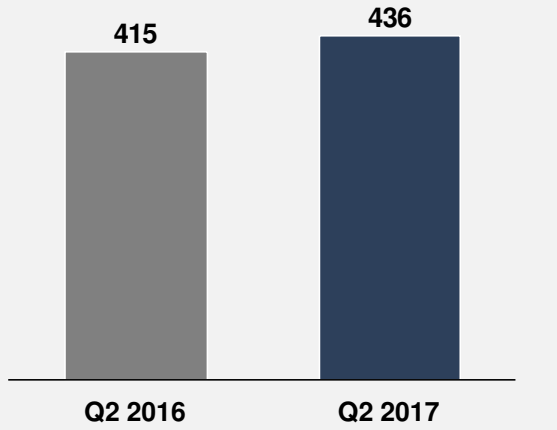


- Double-digit comp store sales increase in Mainland China

*in EUR million.

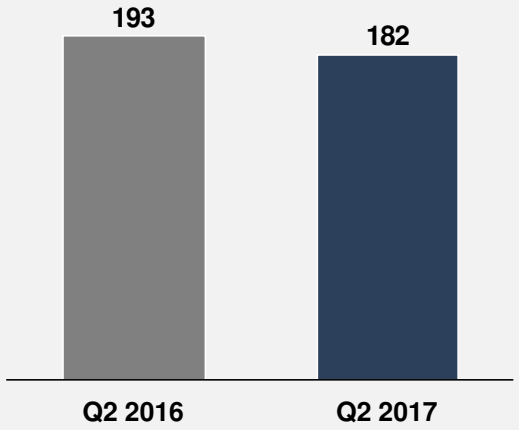
Like-for-like sales performance in own retail turns positive

Retail Sales*
+5 %
+6 % fx-adjusted



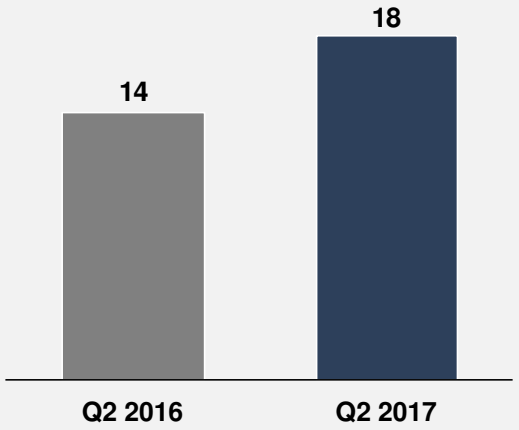
- Own retail sales up 3% on a comp store basis

Wholesale Sales*
(6) %
(6) % fx-adjusted



- Shift in timing of orders and deliveries in Europe

License Sales*
+27 %
+27 % fx-adjusted



- Fragrance business up at double-digit rates

*in EUR million.

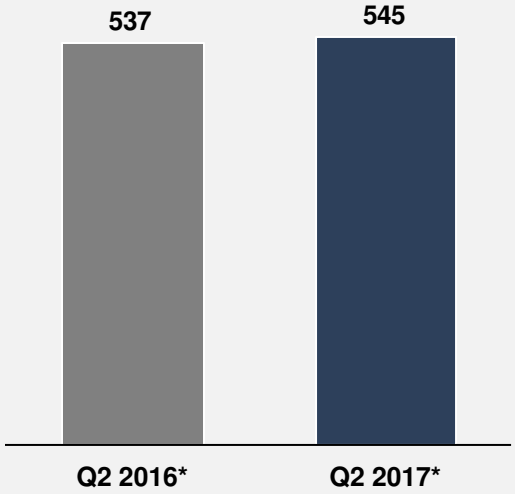
Sales up at BOSS and HUGO

- Athleisure drives BOSS sales
- Growth at HUGO impacted by timing effects in wholesale
- Menswear outperforms womenswear

BOSS
HUGO BOSS

+2 %

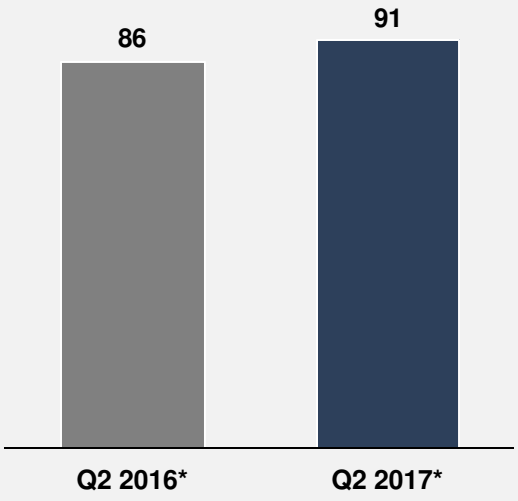
+2 % fx-adjusted



HUGO
HUGO BOSS

+6 %

+6 % fx-adjusted

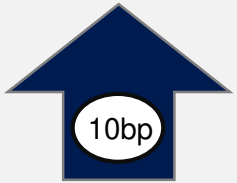


*in EUR million.

Operating profit stable despite higher marketing expenses and investments in digital

Gross margin

67.7 %



Administration expenses

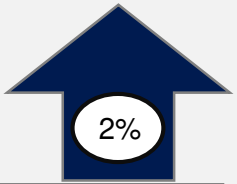
69 EUR million

Special items

6 EUR million

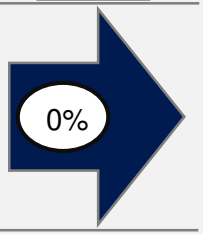
Selling & Distribution expenses

287 EUR million



EBITDA (before special items)

108 EUR million



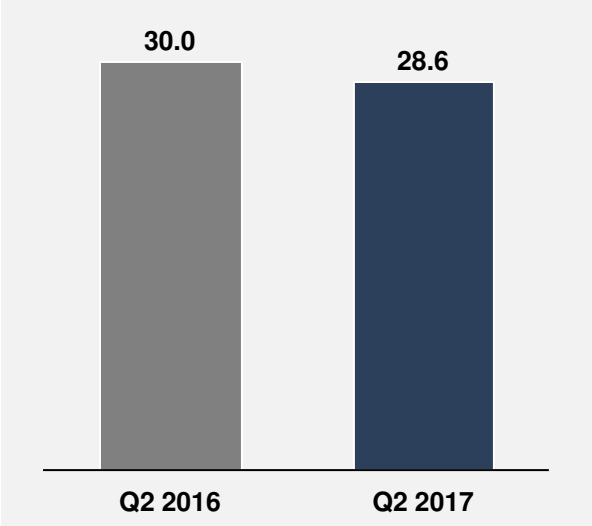
Net income attributable to equity holders of the parent company

58 EUR million

Profitability in Asia/Pacific improves significantly

Europe
(in %)

(140) bp

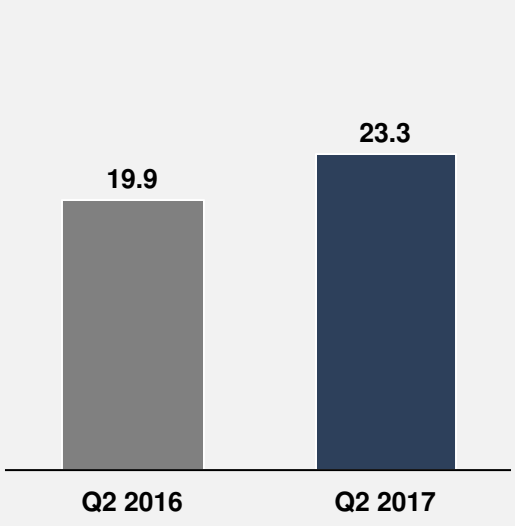


Americas
(in %)

+30 bp

Asia/Pacific
(in %)

+340 bp



Sales and earnings increase in the first half year

Group Sales (H1 2017)

1.287 Mio. EUR ↗ +2%
+2% fx-adjusted

EBITDA (before special items)

205 Mio. EUR ↗ +2%

Net income attributable to equity holders of the parent company

106 Mio. EUR ↗ >100%

Sales by Region (H1 2017)

Europe → 0%
+2% fx-adjusted

Americas ↗ +1%
(2)% fx-adjusted

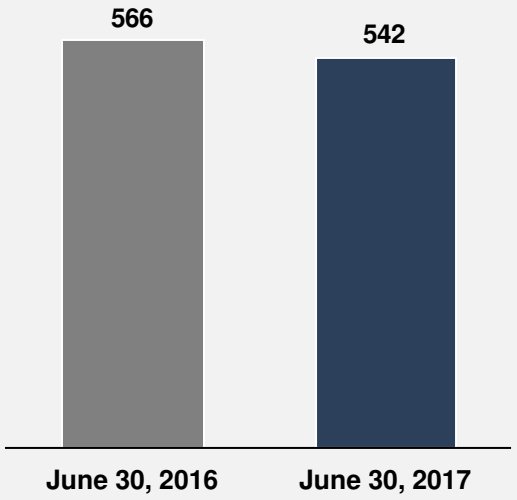
Asia/Pacific ↗ +7%
+5% fx-adjusted

Group inventories continue to be tightly controlled

- Double-digit inventory declines in the Americas and Asia/Pacific
- Trade net working capital down 8% in currency-adjusted terms
- Working capital to sales ratio reaches lowest level since 2014

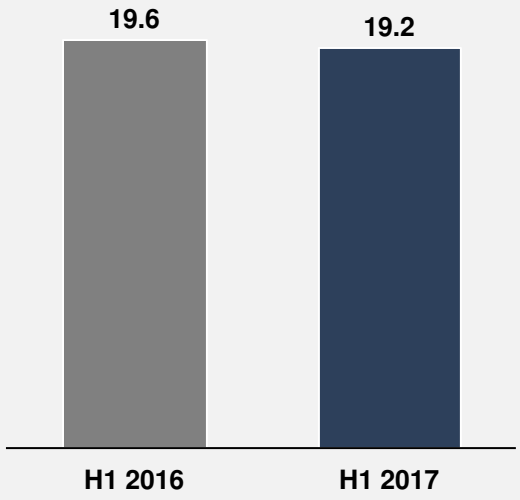
Inventories
(in EUR million)

(4) %
(3) % fx-adjusted



Average trade net working capital as percentage of sales (in %)

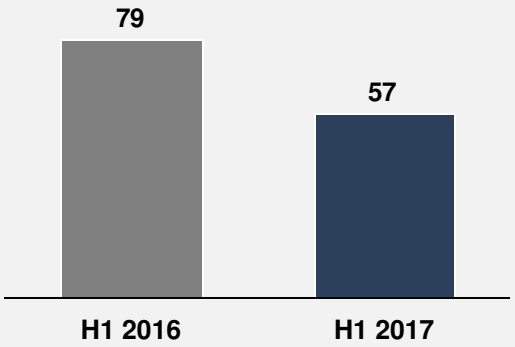
(40) bp



Investment activity moderates compared to the prior year

Capital expenditure
(in EUR million)

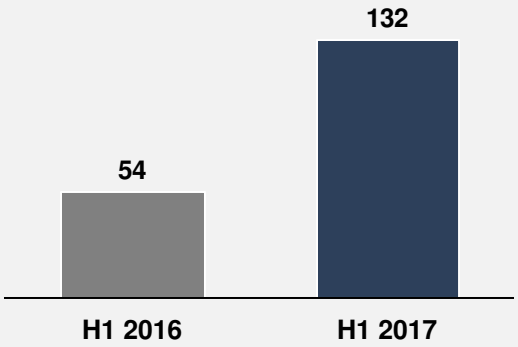
(28) %



- Own retail investments decline

Free cash flow
(in EUR million)

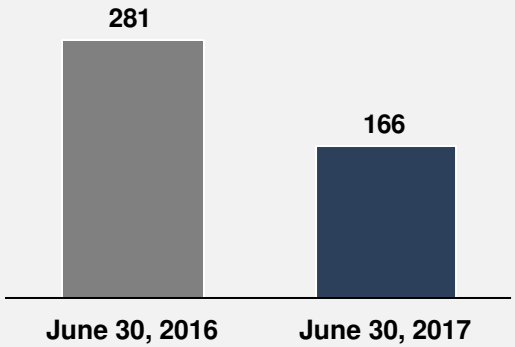
>100 %



- Higher net profit, lower working capital and investments

Net financial liabilities
(in EUR million)

(41) %



- Free cash flow improvement

Group Strategy Update

Group strategy focuses on four fields of action

I. REFOCUS THE BRAND

II. REFINE THE WAY WE SELL

DIGITAL

GLOBAL

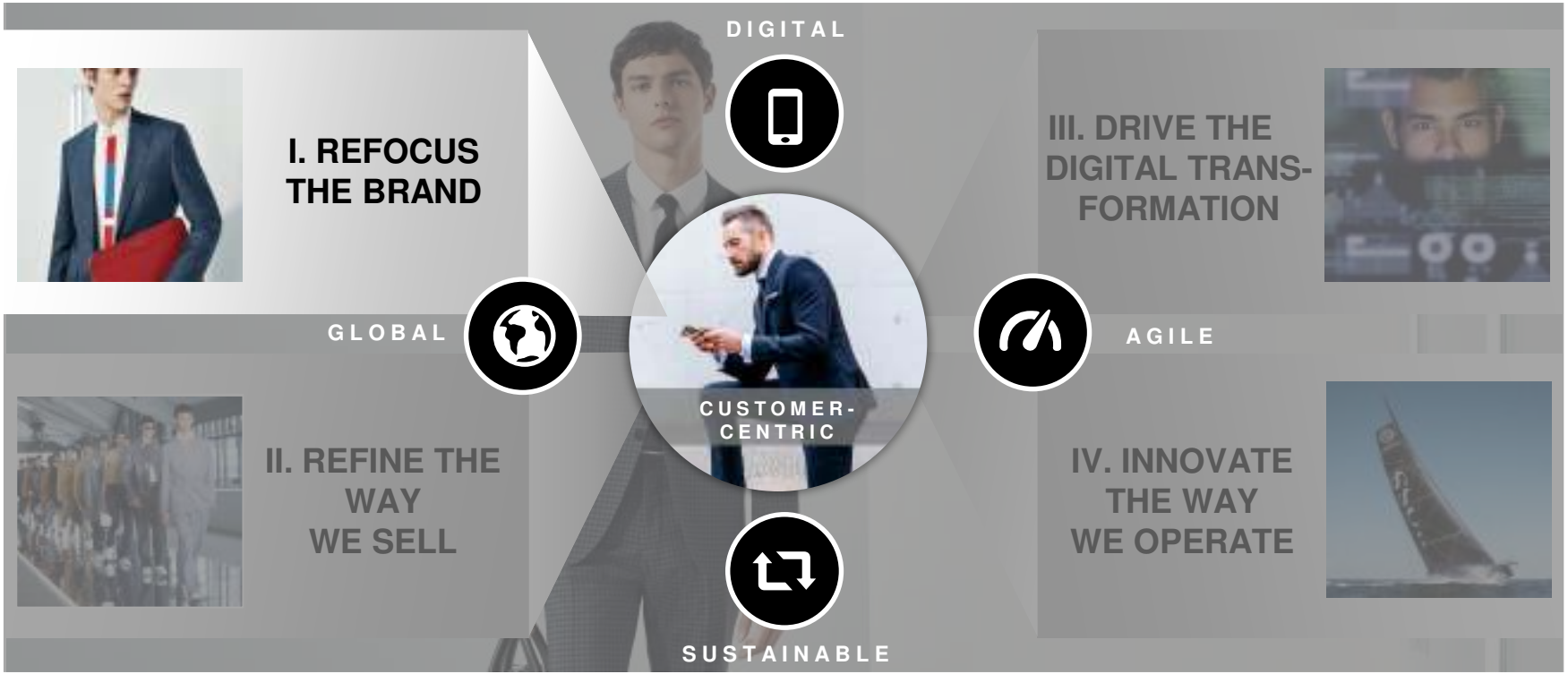
AGILE

SUSTAINABLE

III. DRIVE THE DIGITAL TRANS-FORMATION

IV. INNOVATE THE WAY WE OPERATE

Strategic Fields of Action



Two brands: BOSS and HUGO

#THISISBOSS

#IAMHUGO

TWO BRANDS

TWO TARGET CUSTOMERS

TWO BRAND IDENTITIES

Two personas give the BOSS and HUGO target customer a face

BOSS
HUGO BOSS

38

CONSULTANT

MARRIED I TWO CHILDREN

LONDON

DEMANDING QUALITY SEEKER

HUGO
HUGO BOSS

29

FOUNDER OF A START-UP

SINGLE

BERLIN

OPEN-MINDED LIFE ENTHUSIAST

BOSS and HUGO customers have different attitudes towards fashion

BOSS		HUGO
Status-oriented, traditional, rational	**ATTITUDE**	Open-minded, individual, spontaneous
Classic, modern, sophisticated	**STYLE**	Fashion-forward, contemporary, progressive
Highest quality, personal assistance	**EXPECTS**	Latest fashion trends, urban atmosphere
Retail & department stores, online	**SHOPPING**	Online, mobile, retail & department stores

DEMANDING QUALITY SEEKER

OPEN-MINDED LIFE ENTHUSIAST

Two competitive environments

Upper Premium

Premium

BOSS and HUGO are distinct brands based on a common set of values

BOSS

HUGO

EXCLUSIVE CHARACTERISTICS

MODERN DESIGN

EFFORTLESS LOOKS

SHARP TAILORING AND REFINED CASUALWEAR

PRODUCT EXCELLENCE

TO BE DRESSED IMPECCABLY FOR EVERY OCCASION

SHARED VALUES & BENEFITS

INNOVATION

PREMIUM QUALITY AND PERFECT FIT

SUSTAINABILITY

TRUSTWORTHINESS

AUTHENTICITY

LIFESTYLE EXPERIENCES

EXCLUSIVE CHARACTERISTICS

CONTEMPORARY DESIGN

PROGRESSIVE LOOKS

FASHION - FORWARD

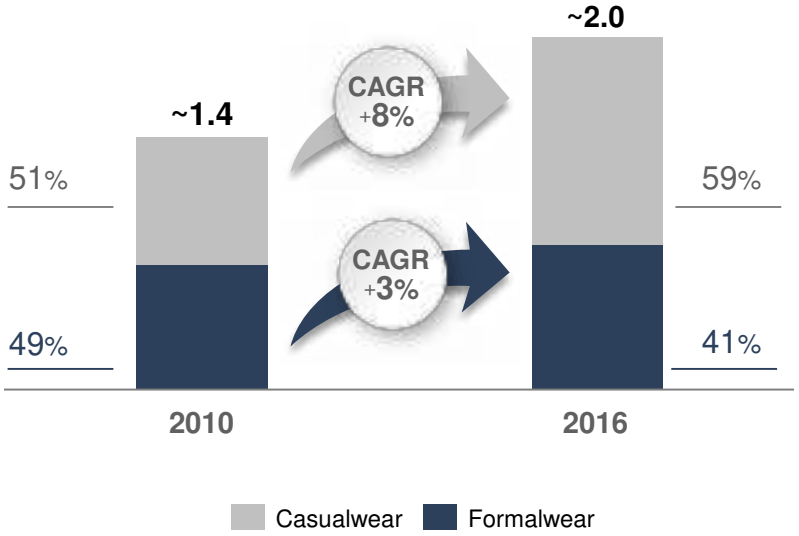
DESIGNER CLOTHES FOR AN AFFORDABLE PRICE

TO BE DRESSED INDIVIDUALLY FOR EVERY OCCASION

BOSS: Upgrade of casualwear and new interpretation of formalwear

Split of BOSS brand sales by segment

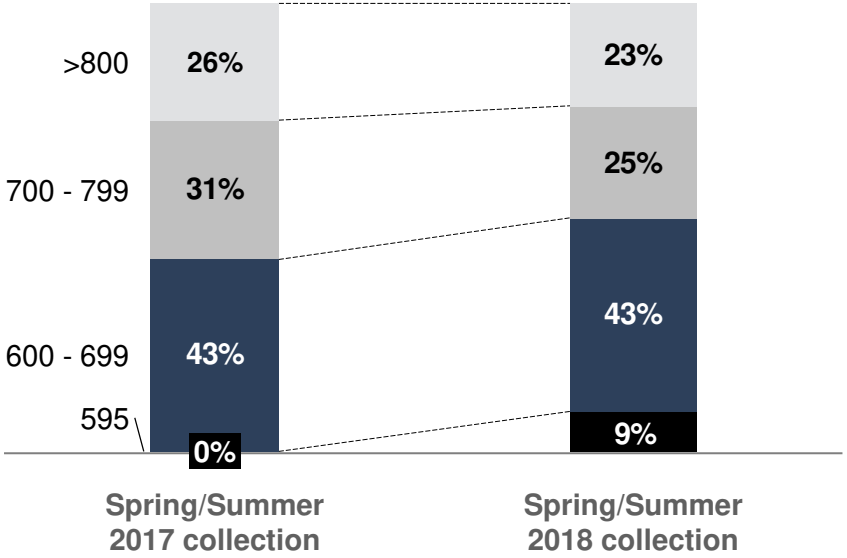
In EUR billion



BOSS: Rebalanced offer takes advantage of BOSS core strength in upper premium

Suit offer by price point

Based on number of styles offered in France, in % of total



BOSS Menswear collection spans three wearing occasions

BOSS HUGO BOSS

BUSINESS	CASUAL	ATHLEISURE

DRESSED IMPECCABLY FOR EVERY OCCASION

BOSS Womenswear collection consists of Business and Casual

BOSS HUGO BOSS

BUSINESS

CASUAL

DRESSED IMPECCABLY FOR EVERY OCCASION

Business and Casual form HUGO Menswear…

BUSINESS CASUAL

HUGO

GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

…and HUGO Womenswear collections

BUSINESS CASUAL

HUGO

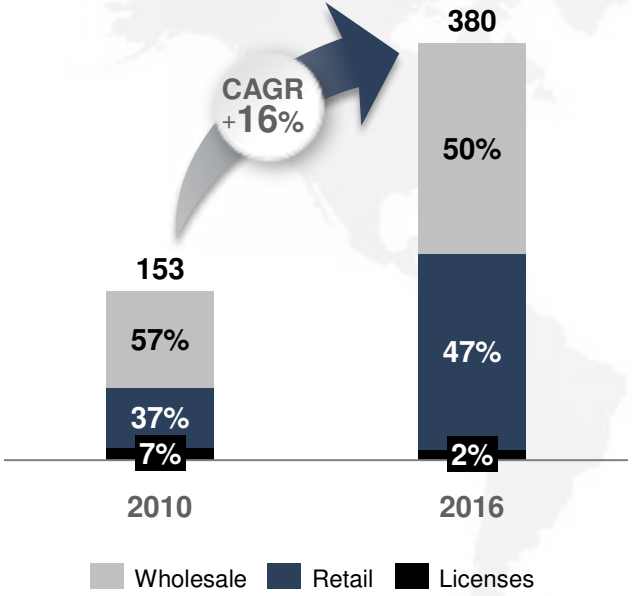
GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

HUGO: Refined brand positioning receives strong feedback

HUGO has grown significantly above industry average in recent past

HUGO sales split by channel

In EUR million



- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Full calendar of events to drive excitement around HUGO

Pitti Uomo

Reversed logo capsule

Vogue's Fashion Night Out

HUGO
HUGO BOSS

6/2017

1/2018

Zac Efron – Brand ambassador

M.I.A. cooperation

Bread & Butter

Pop-up store High Snobiety

Strategic Fields of Action

Three key distribution priorities

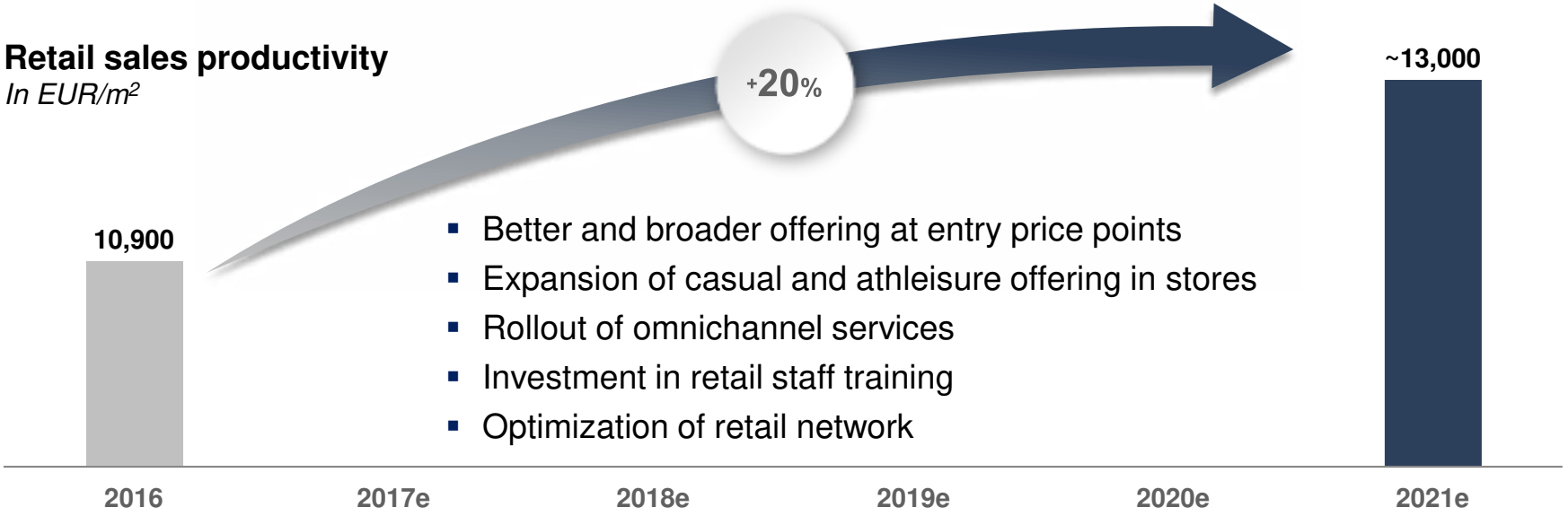
1 **Increase own retail sales productivity**

2 Exploit the full potential of online

3 Further integrate distribution across all channels

Retail sales productivity

In EUR/m²



- 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

Three key distribution priorities

1 Increase own retail sales productivity

2 **Exploit the full potential of online**

3 Further integrate distribution across all channels

Three key distribution priorities

1 Increase own retail sales productivity

2 Exploit the full potential of online

3 **Further integrate distribution across all channels**

90 % of European retail business omnichannel-enabled

Positive reaction from wholesale partners to new Spring/Summer 2018 collection

- Orders for athleisure wear up at double-digit rates
- HUGO orders up solidly driven by double-digit increase in casualwear
- Overall order book broadly stable y-o-y, outperforming the global wholesale market

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

Strategic Fields of Action

Digital transformation comprises the entire value chain

Product & collection development

Sourcing and production

Distribution and logistics

Own retail and wholesale distribution

Increasing use of virtual prototyping accelerates collection development

- Improved communication flow with suppliers
- Reduction of mock-ups and prototypes
- 100% of HUGO shirt, neckwear and knitwear offering digitalized

Production facility in Izmir is developing into a “smart factory”

Key elements of logistics infrastructure upgraded or renewed

European flat-packed goods distribution center
Filderstadt, Germany

New construction completed in 2014

US distribution center
Midway (Georgia), United States

SAP implementation completed in 2017

2014 **2016** **2017**

European e-Com and B-pool distribution center
Wendlingen, Germany

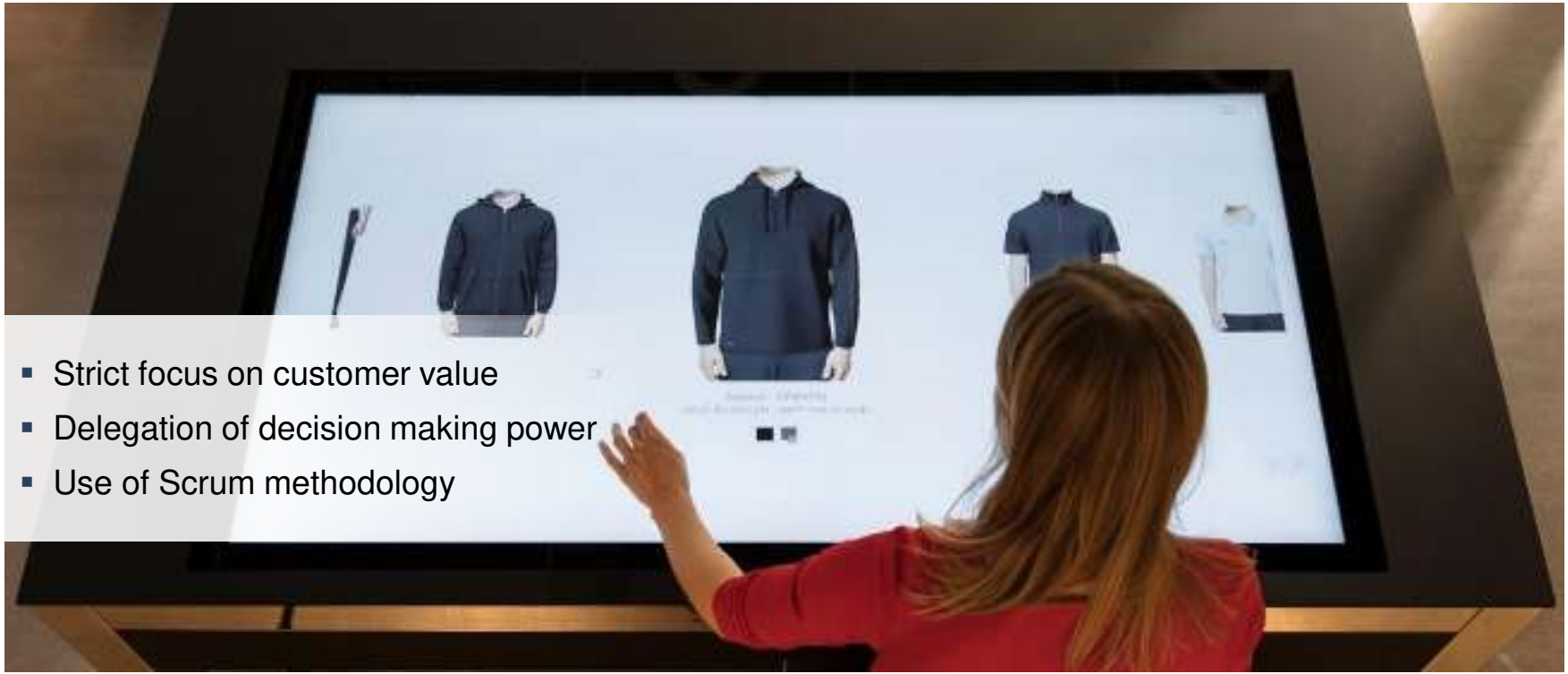
Refurbishment completed in 2016

New store concepts create strong link between physical and digital retailing

HUGO digital showroom with full order functionality starting October 2017

Strategic Fields of Action

Digital showroom development demonstrates adoption of new ways of working



- Strict focus on customer value
- Delegation of decision making power
- Use of Scrum methodology

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

Senior management changes bring new expertise to the company

Filippo Bernasconi
Director Brand & Creative Management Shoes and Leather (formerly at Bally)

Tony Lucia
President and CEO, USA (G-Star, Escada)

Linda Dauriz
Director Customer Experience & Corporate Development (McKinsey & Company)

Neil Melgaard-Lewty
Senior Head of Design Menswear Smart Casual (Tommy Hilfiger, MEXX)

Dr. Marcus Meyer
Managing Director Central Markets (Navyboot, Geox)

Richard Lloyd-Williams
Director of Digital Transformation (NET-A-PORTER)

Yves Müller appointed Chief Financial Officer

Responsibilities // Controlling, Finance, Central Services, Investor Relations and IT

2006 – 2017: CFO at Tchibo

1999 – 2006: Head of group accounting and IT at Tchibo

1994 – 1999: Auditor at Arthur Andersen

Financial and Operational Outlook

Group sales outlook confirmed

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

Sales by region*

Europe	Stable
Americas	Slight decline
Asia/Pacific	Slight increase

* On a currency-adjusted basis

Financial outlook remains largely unchanged

Sales*	Largely stable	Unch.
Gross profit margin	Slight increase	Unch.
EBITDA before special items	-3% to +3%	Unch.
Consolidated net income	Low double-digit percentage rate increase	Unch.
Capital expenditure	EUR 130 million to EUR 150 million	↘
Free cash flow	Increase to around EUR 250 million	↗

* 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**
↑	▪ Channel mix ▪ Reduction of rebates ▪ Reduction of collection complexity	▪ Wage cost inflation	▪ Brand investments ▪ Growing share of online ▪ CX investments	▪ IT and digital ▪ Wage cost inflation
↓	▪ Quality investments	▪ Easing rent pressures ▪ Growing share of online	▪ Increased effectiveness	▪ Reduction of organizational complexity ▪ Strict overhead cost management
Medium-term trend	→	↘	↗	→

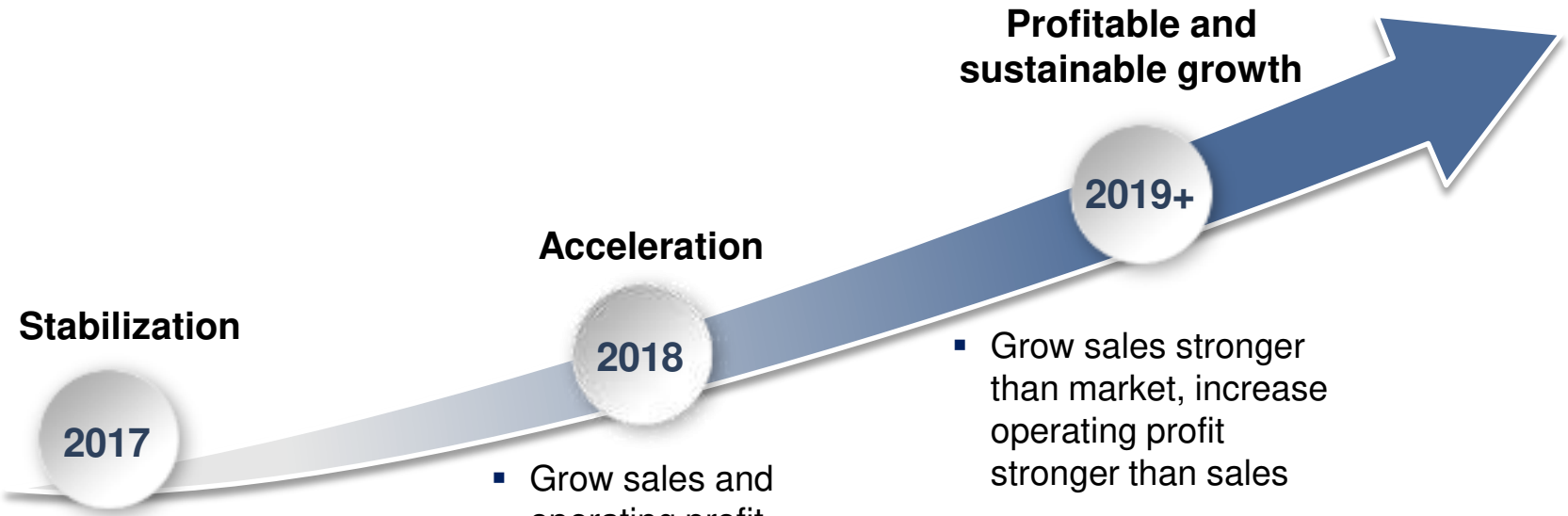
▶ **Group confident to maintain current gross margin level and limit future cost inflation**

[1] CX = Customer Experience

Adjustment of brand and merchandising strategy expected to increase sales volumes

	Traffic	x	Conversion	x	Units/ transaction	x	Average price	=	Comp store sales growth
Growth enabler	▪ Brand desirability ▪ Brand communication ▪ CRM ▪ Store location ▪ VM		▪ Merchandising ▪ Service quality ▪ Store layout ▪ Product availability		▪ Service quality ▪ Product availability		▪ Product mix ▪ Pricing		
Future potential	→		↑		↗		↘		

Strategy execution will drive profitable and sustainable growth



Stabilization

- Financial outlook confirmed
- Sales and operating profit to remain stable

Acceleration

- Grow sales and operating profit

Profitable and sustainable growth

- Grow sales stronger than market, increase operating profit stronger than sales

HUGO BOSS will further strengthen its position in the premium apparel industry

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%

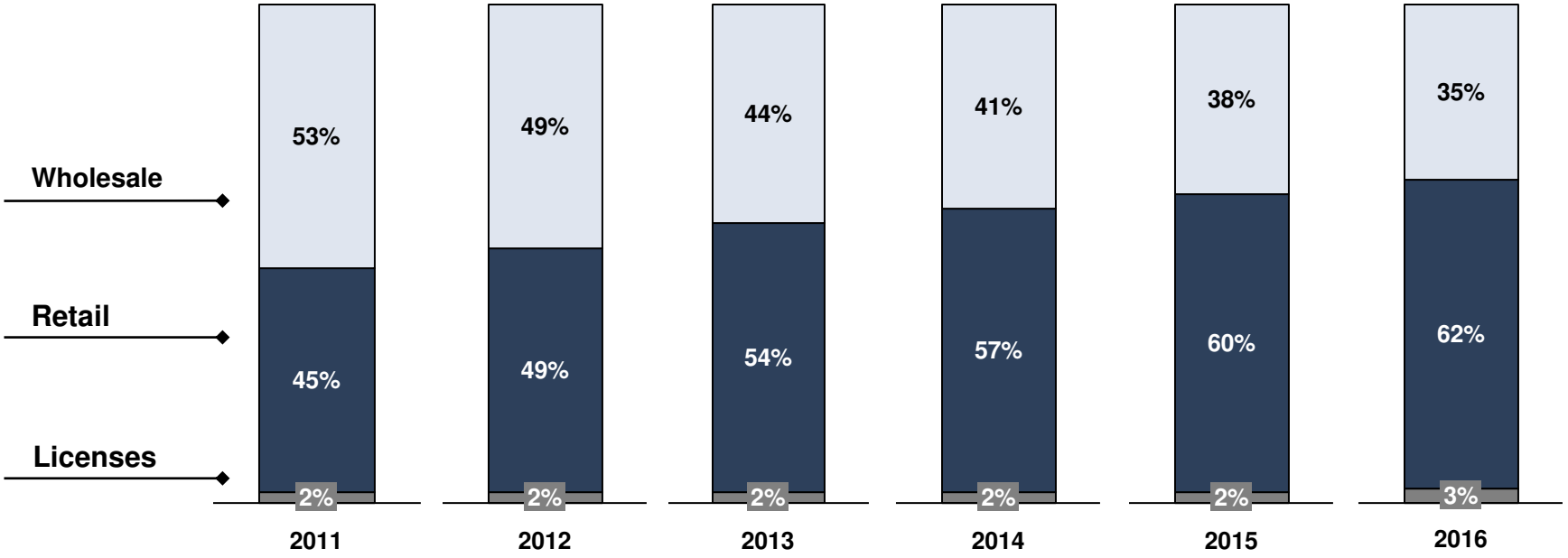
Asia/Pacific

14%

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

* As of 2016, +3% Licenses

Sales by distribution channel

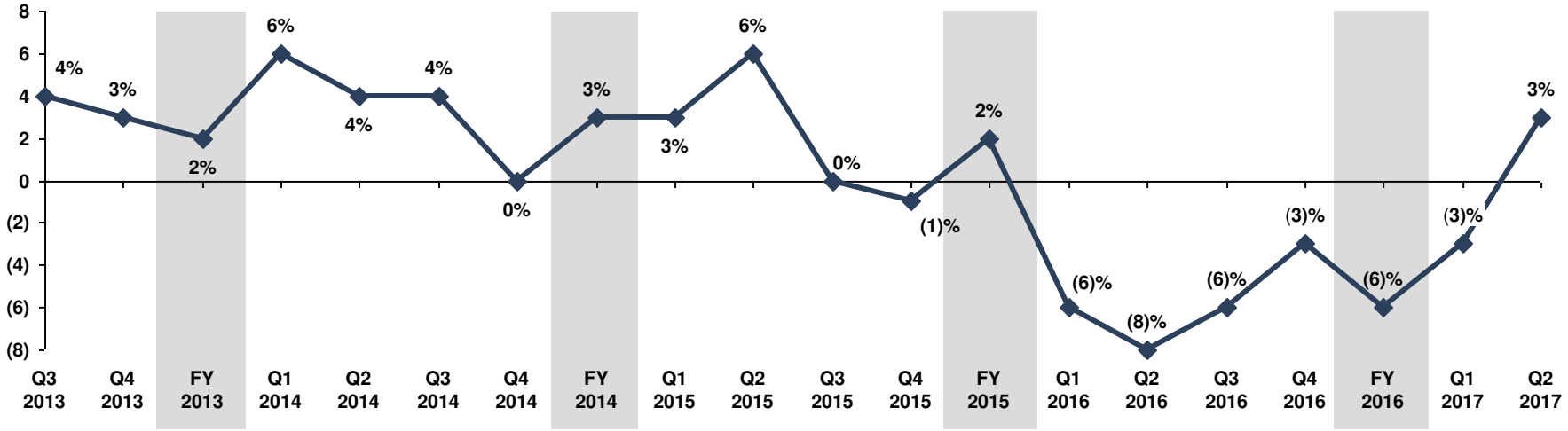


Number of Group's own retail stores by region

As of 30/06/2017	Freestanding stores	Shop-in-Shops	Outlets	Total
Europe	189	344	63	**596**
Americas	93	105	49	**247**
Asia/Pacific	156	87	42	**285**
Total	**438**	**536**	**154**	**1,128**

Retail comp stores sales

Retail l-f-l sales development*

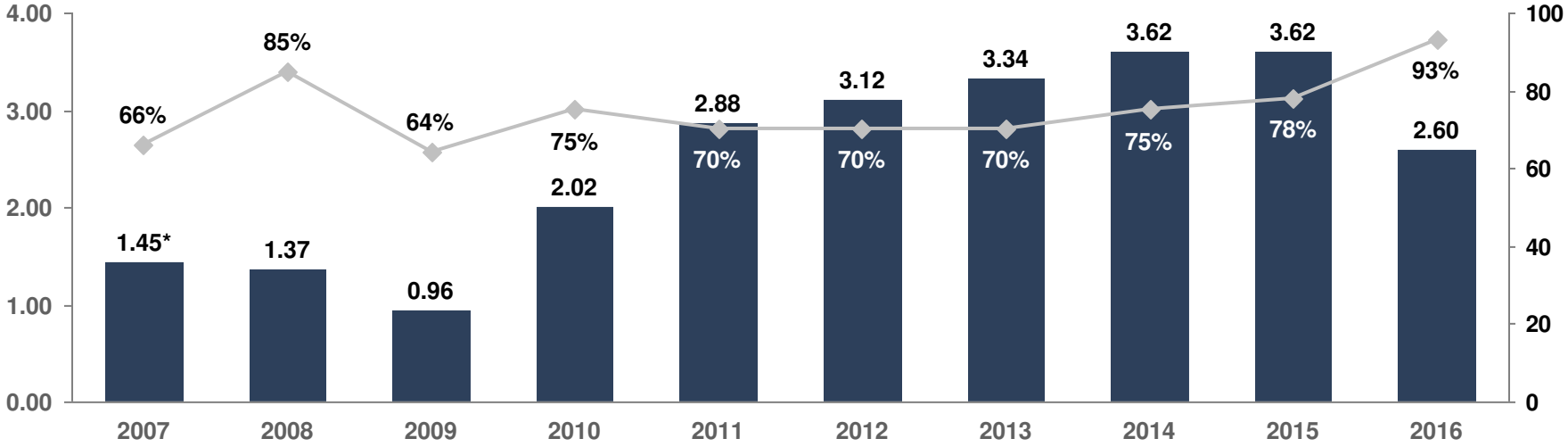


*FX-adjusted

Dividend policy

Dividend per share and payout ratio

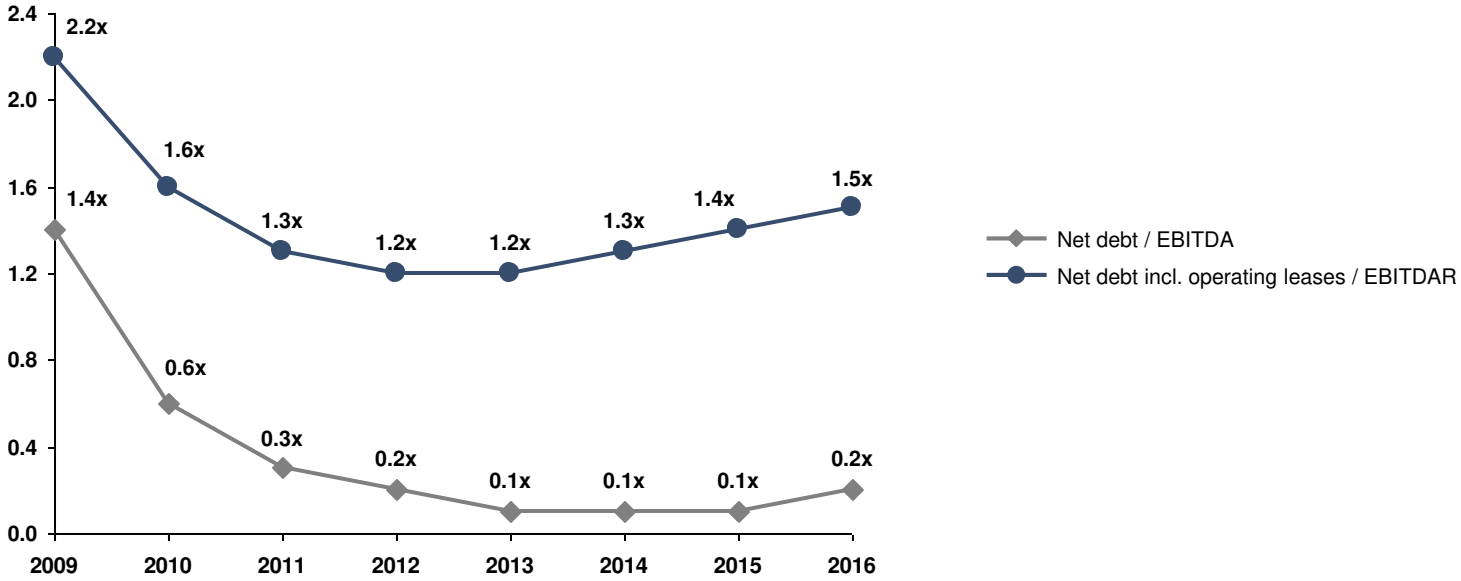
(in EUR) (in %**)



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

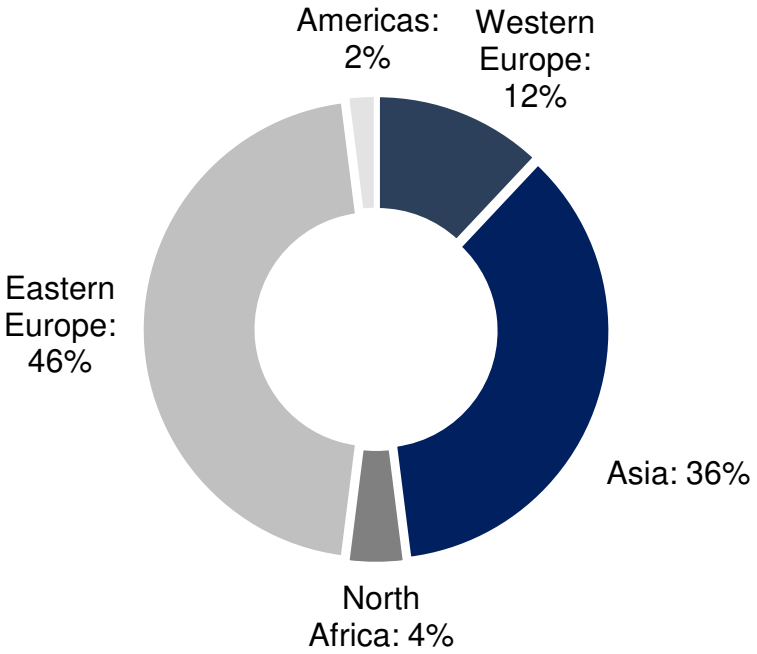
* Excluding special dividend of €5.00 per share ** As a percentage of net income attributable to shareholders

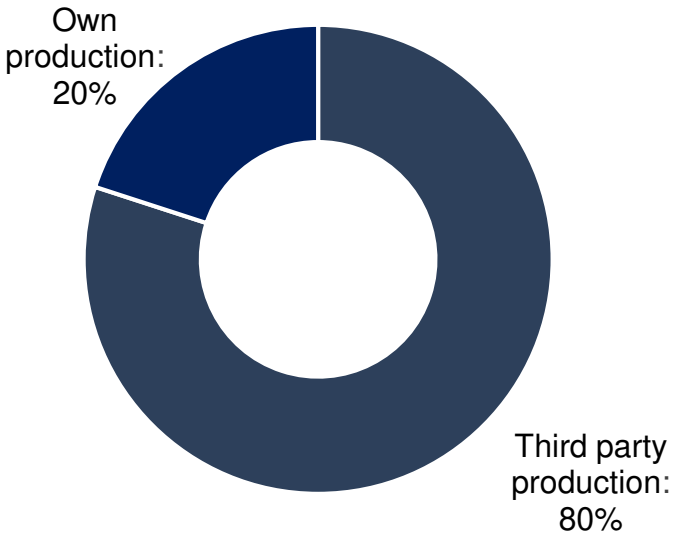
(Adjusted) financial leverage



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

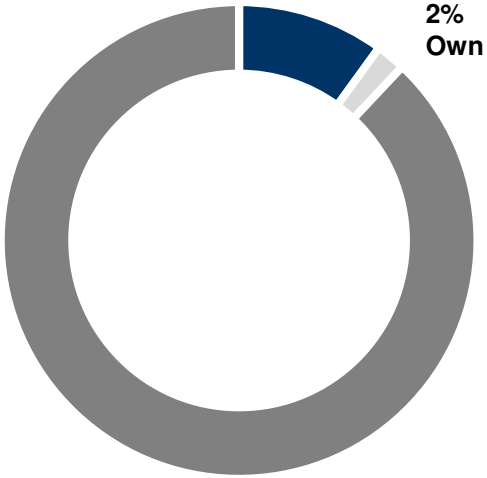
Analyst coverage

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	Ashley Wallace
Barclays	Julian Easthope
Berenberg Bank	Zuzanna Pusz
Bloomberg Intelligence	Chris Chaviaras
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
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 Dadhania
Société Générale	Thierry Cota
UBS	Fred Speirs

Shareholder structure*



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

Financial Calendar 2017/2018 and Investor Relations contact

Date	Event
November 2, 2017	Publication of the Third Quarter Results
March 8, 2018	Full Year Results 2017 & Press and Analysts' Conference
May 2, 2018	First Quarter Results 2018

Investor Relations Contact

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Forward looking statements contain risks

This document contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate ", "assume ", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should", and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

HUGO BOSS