

H U G O B O S S

HUGO BOSS



Commerzbank Roadshow

WARSAW, OCTOBER 04, 2017

FRANK BÖHME – IR MANAGER



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

622

636

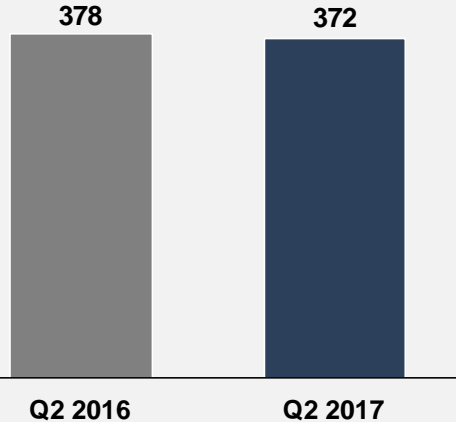
Q2 2016

Q2 2017

The Americas and Asia/Pacific drive Group sales growth

HUGO BOSS Europe Sales*

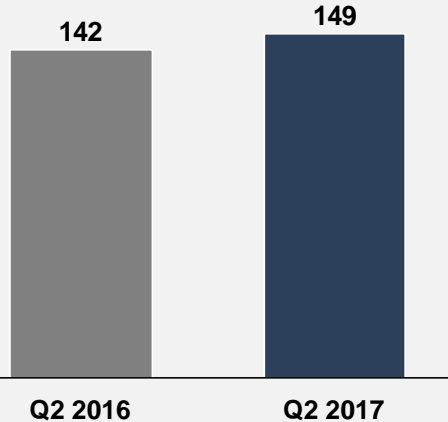
(2) %
0 % fx-adjusted



■ Different timing of wholesale orders and deliveries

HUGO BOSS Americas Sales*

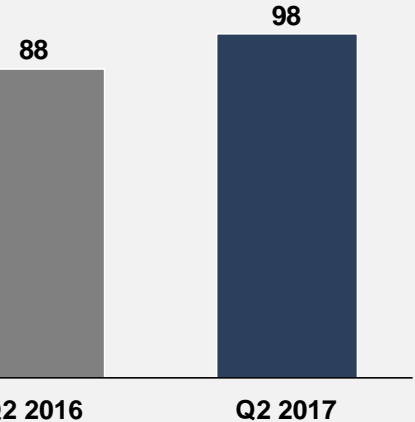
+5 %
+3 % fx-adjusted



■ Sales up 2% in the US

HUGO BOSS APAC Sales*

+11 %
+10 % fx-adjusted

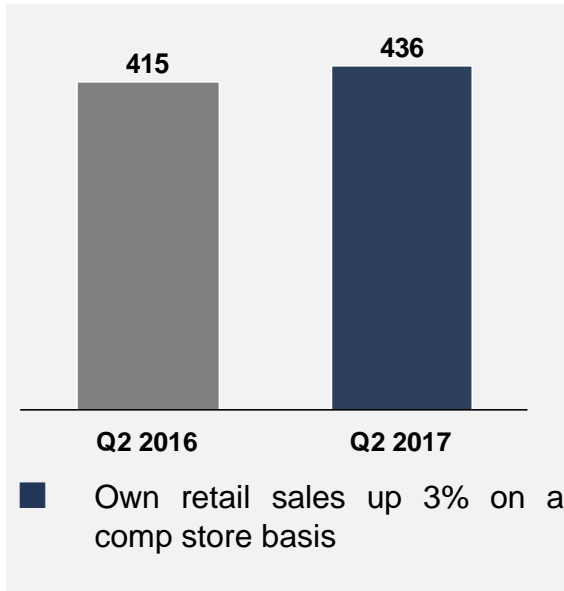


■ Double-digit comp store sales increase in Mainland China

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

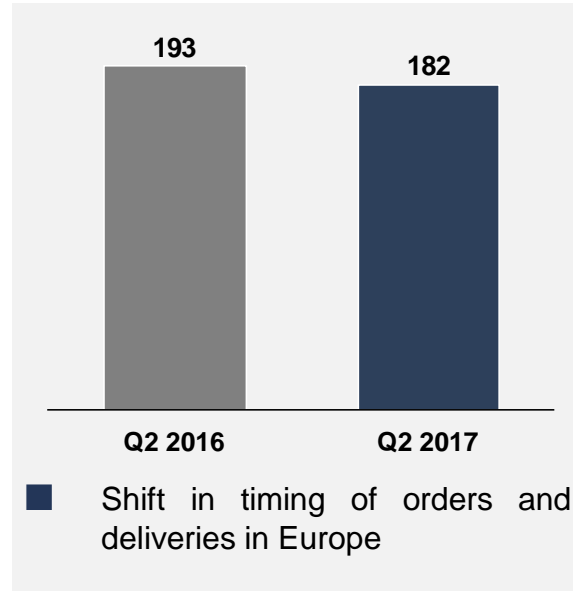
Retail Sales*

+5 %
+6 % fx-adjusted



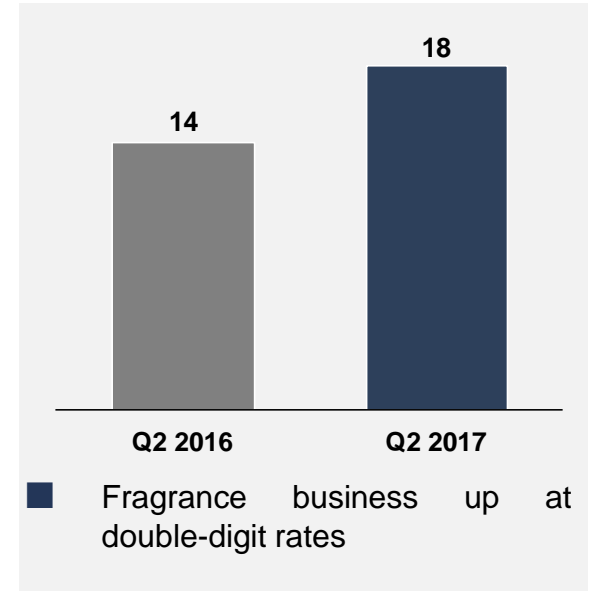
Wholesale Sales*

(6) %
(6) % fx-adjusted



License Sales*

+27 %
+27 % fx-adjusted



*in EUR million

Commerzbank Roadshow Warsaw

HUGO BOSS ©

October 2017

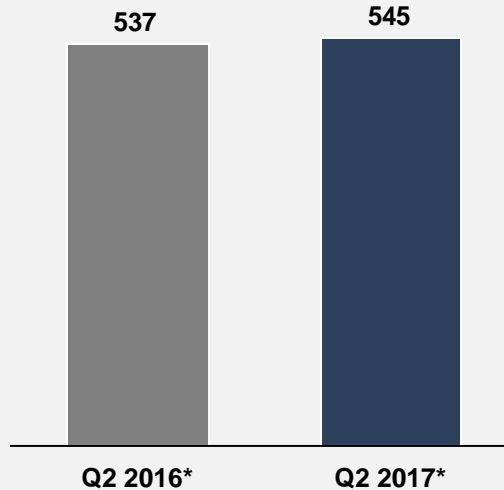
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Sales up at BOSS and HUGO

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

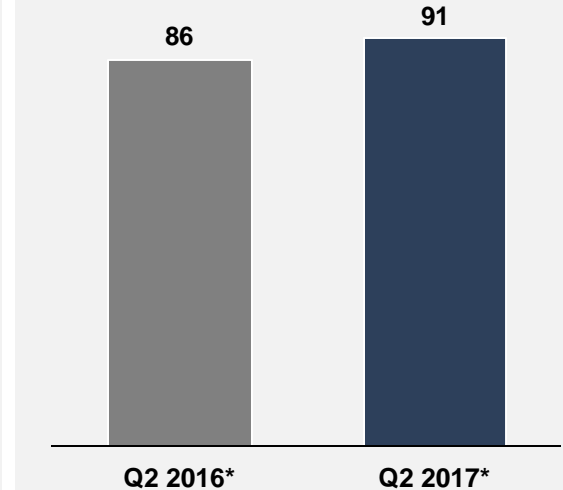
BOSS
HUGO BOSS

+2 %
+2 % fx-adjusted



HUGO
HUGO BOSS

+6 %
+6 % fx-adjusted

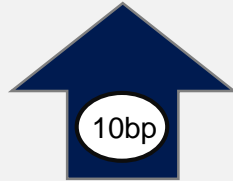


*in EUR million.

Operating profit stable despite higher marketing expenses and investments in digital

Gross margin

67.7 %



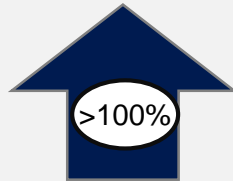
Administration expenses

69 EUR million



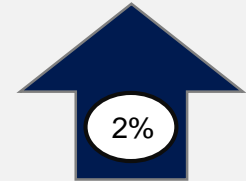
Special items

6 EUR million



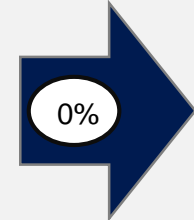
Selling & Distribution expenses

287 EUR million



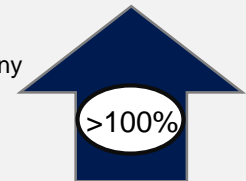
EBITDA (before special items)

108 EUR million



Net income attributable to equity holders of the parent company

58 EUR million

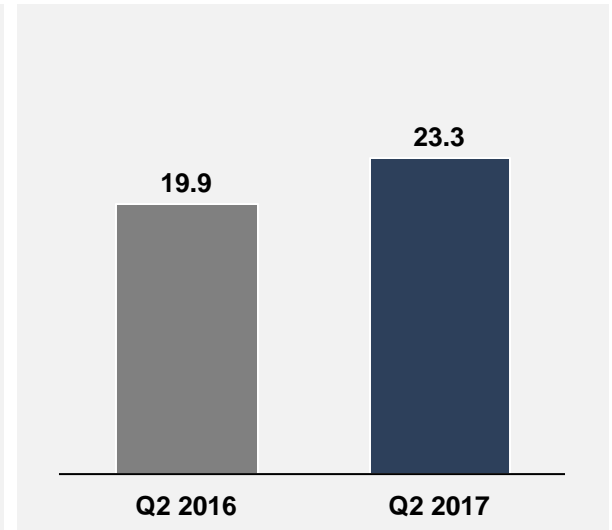
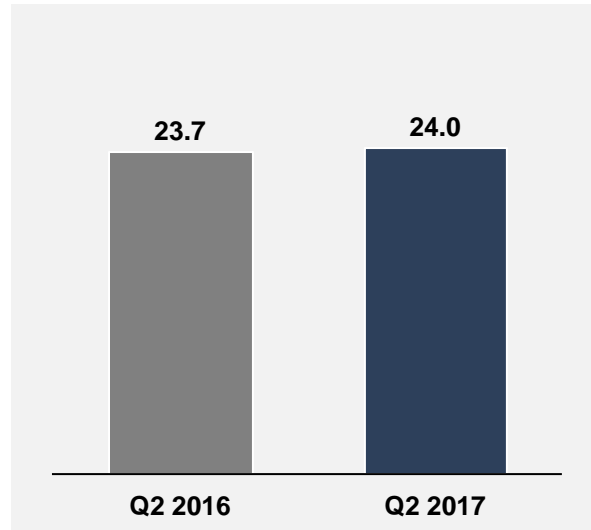
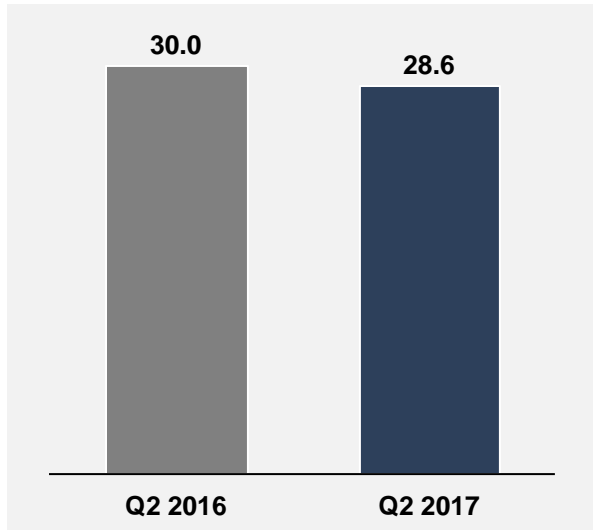


Profitability in Asia/Pacific improves significantly

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

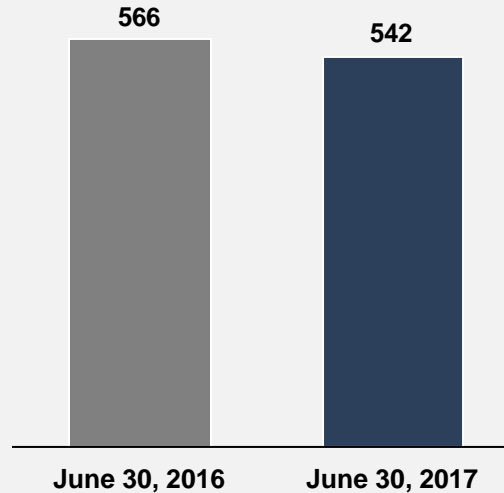
Asia/Pacific  +7%
+5% fx-adjusted

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

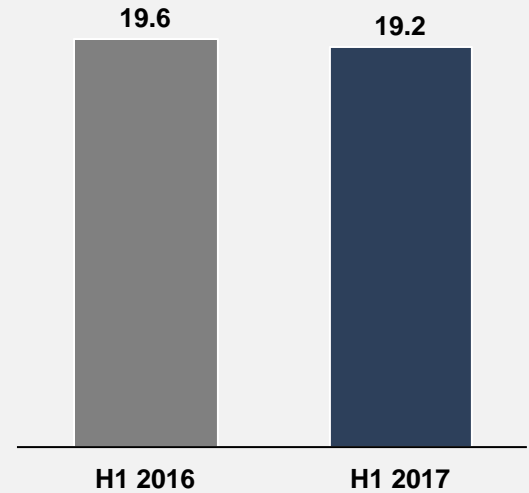
Inventories
(in EUR million)

(4) %
(3) % fx-adjusted



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

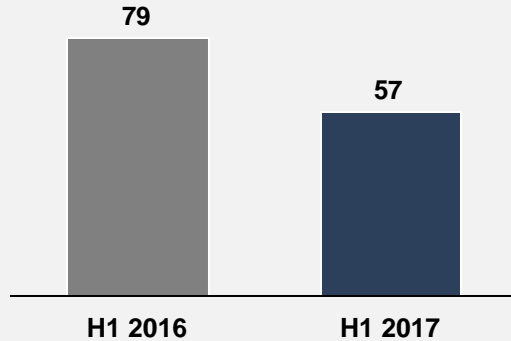
(40) bp



Investment activity moderates compared to the prior year

Capital expenditure (in EUR million)

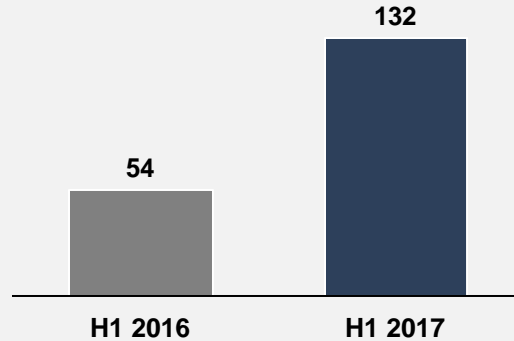
(28) %



■ Own retail investments decline

Free cash flow (in EUR million)

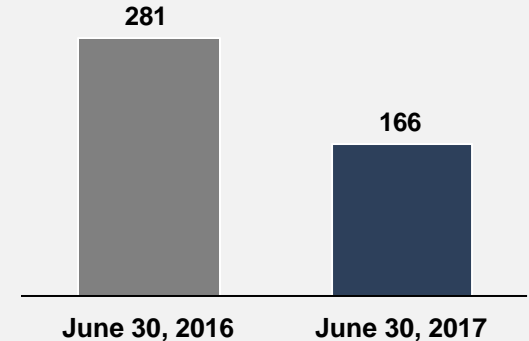
>100 %



■ Higher net profit, lower working capital and investments

Net financial liabilities (in EUR million)

(41) %

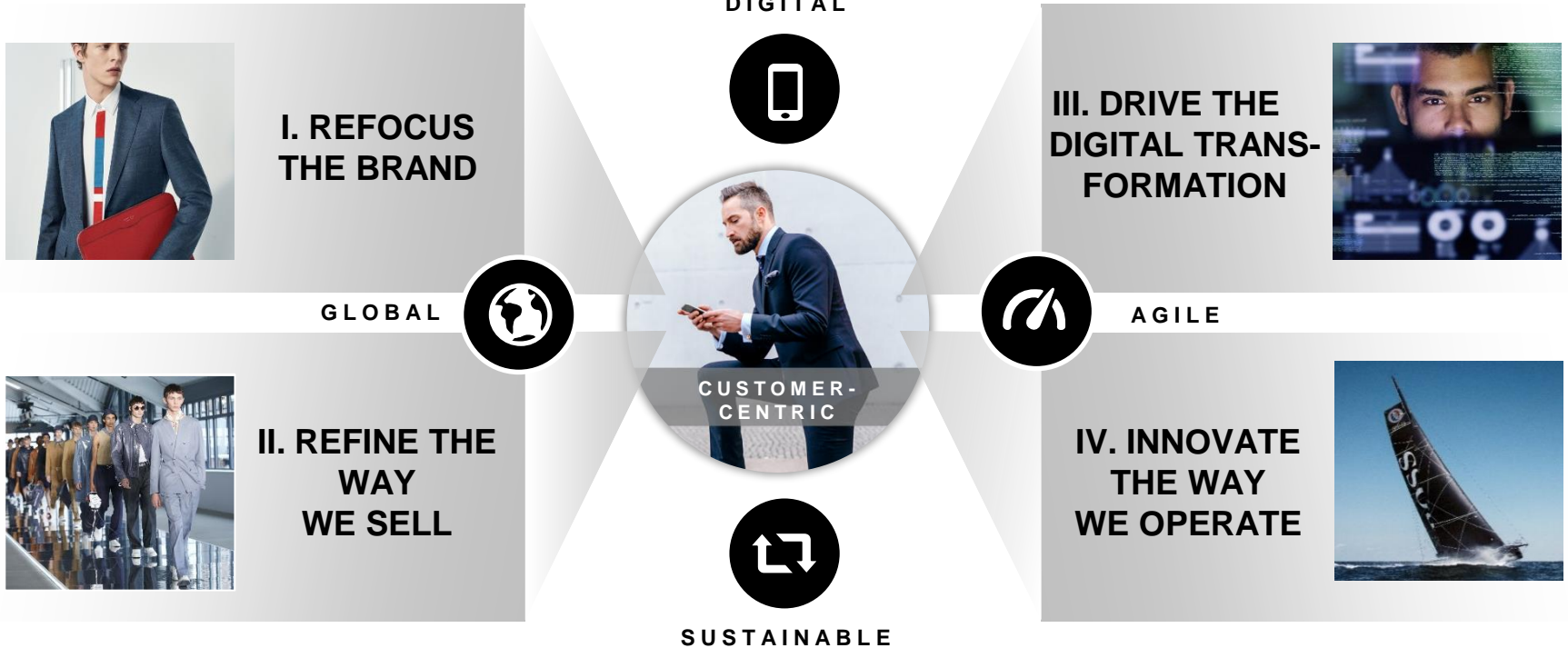


■ Free cash flow improvement

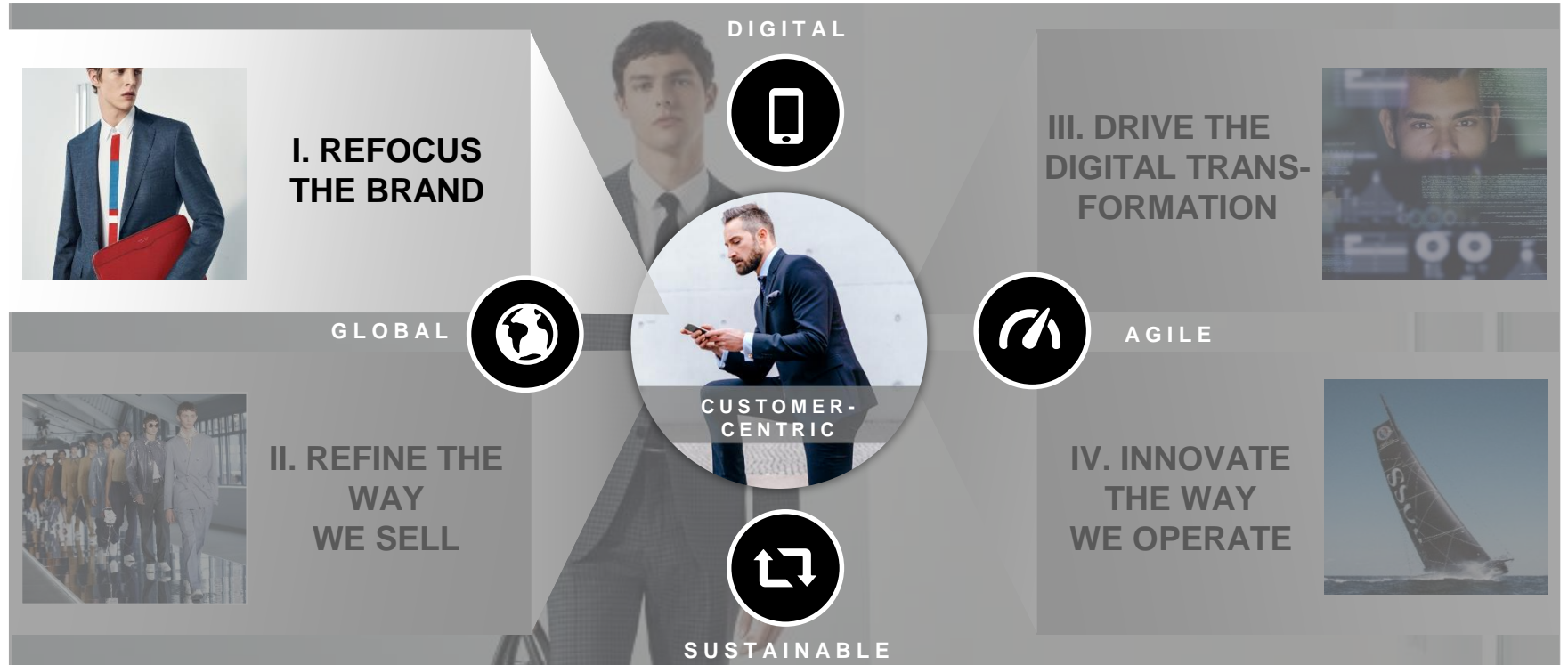


Group Strategy Update

Group strategy focuses on four fields of action



Strategic Fields of Action



Two brands: BOSS and HUGO

#THISISBOSS



TWO BRANDS

TWO TARGET CUSTOMERS

#IAMHUGO



TWO BRAND IDENTITIES

Two personas give the BOSS and HUGO target customer a face

BOSS
HUGO BOSS

38

CONSULTANT

MARRIED | 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

|  | | |  | |
|---|---|------------------------------------|---|---|
|  | <p>Status-oriented, traditional, rational</p> | <p>ATTITUDE</p> | <p>Open-minded, individual, spontaneous</p> |  |
| | <p>Classic, modern, sophisticated</p> | <p>STYLE</p> | <p>Fashion-forward, contemporary, progressive</p> | |
| | <p>Highest quality, personal assistance</p> | <p>EXPECTS</p> | <p>Latest fashion trends, urban atmosphere</p> | |
| | <p>Retail & department stores, online</p> | <p>SHOPPING</p> | <p>Online, mobile, retail & department stores</p> | |
| <p>DEMANDING QUALITY SEEKER</p> | | <p>OPEN-MINDED LIFE ENTHUSIAST</p> | | |

Two competitive environments



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

BOSS
HUGO BOSS

HUGO
HUGO BOSS

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

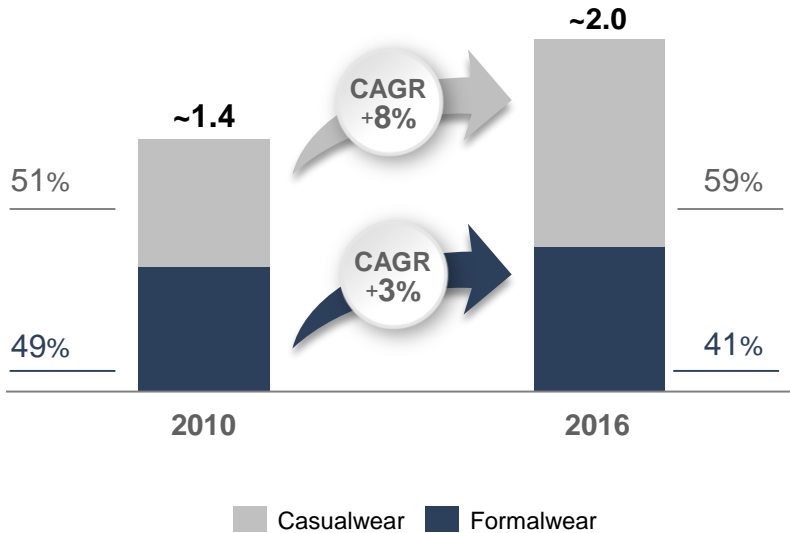
DESIGNER CLOTHES FOR AN
AFFORDABLE PRICE

**TO BE DRESSED INDIVIDUALLY
FOR EVERY OCCASION**

BOSS: Upgrade of casualwear and new interpretation of formalwear

Split of BOSS brand sales by segment

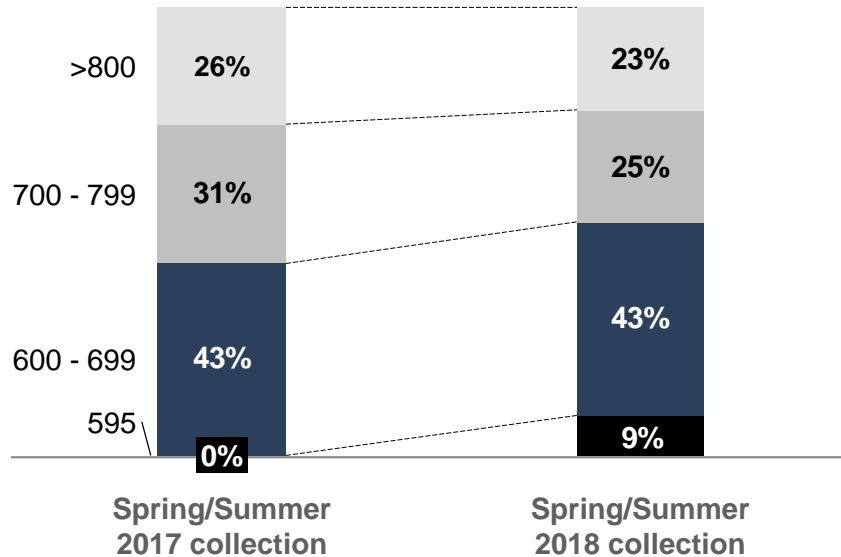
In EUR billion



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
HUGO BOSS



GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

...and HUGO Womenswear collections

BUSINESS

CASUAL

HUGO
HUGO BOSS



GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

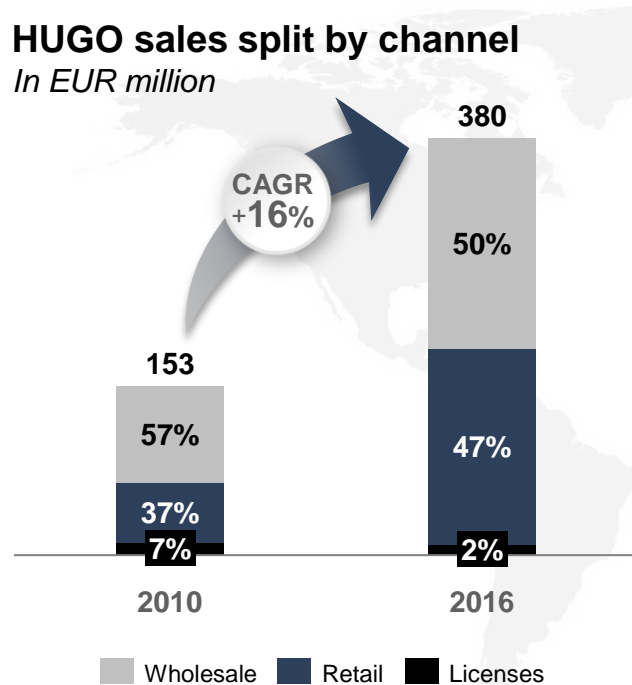
HUGO: Refined brand positioning receives strong feedback



HUGO has grown significantly above industry average in recent past

HUGO sales split by channel

In EUR million

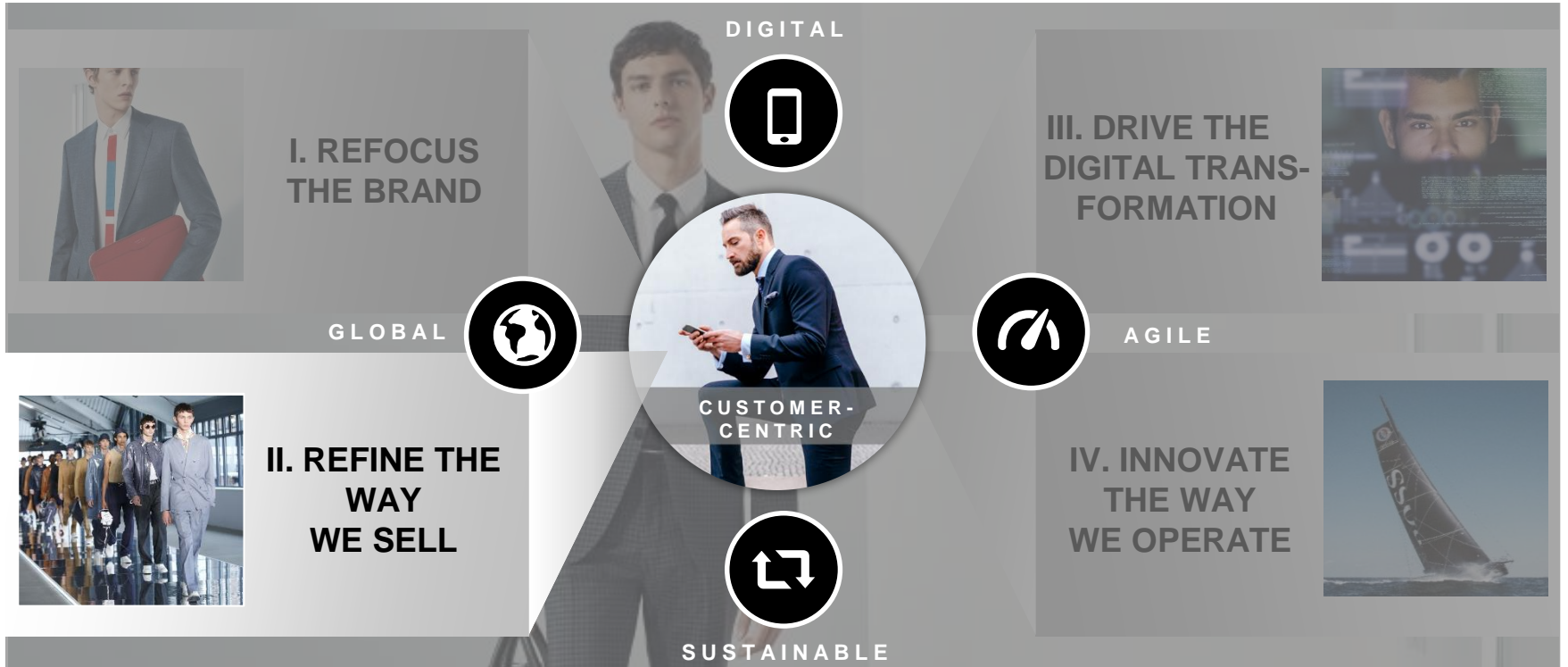


- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Full calendar of events to drive excitement around HUGO



Strategic Fields of Action



Three key distribution priorities

1

Increase own retail sales productivity

2

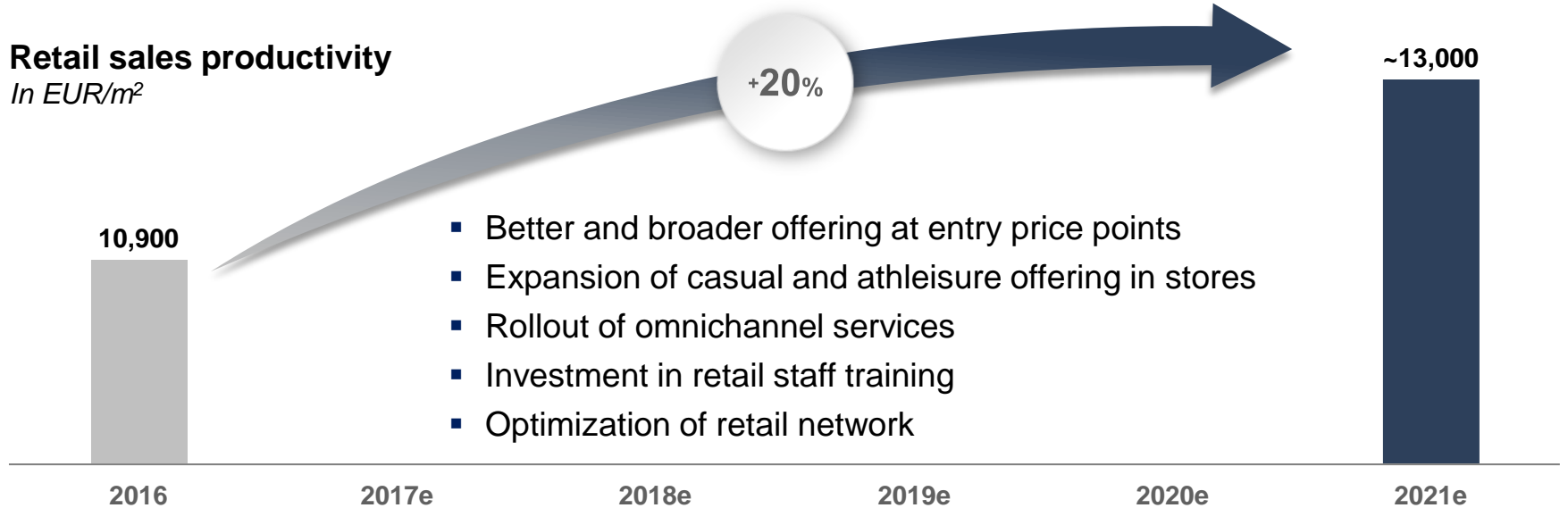
Exploit the full potential of online

3

Further integrate distribution across all channels

Retail sales productivity

In EUR/m²



Three key distribution priorities

1

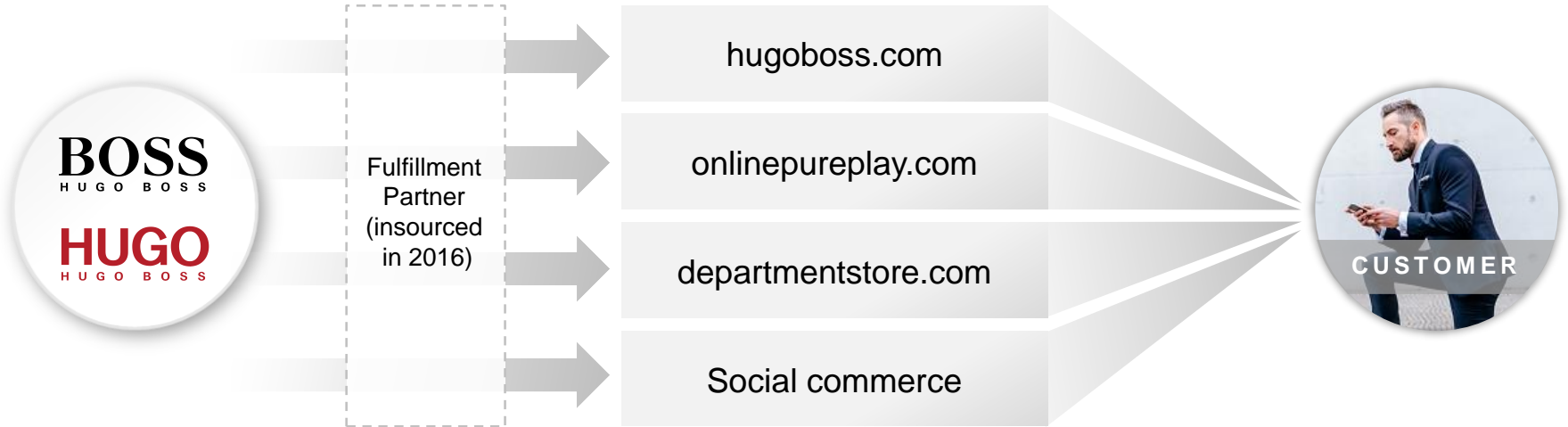
Increase own retail sales productivity

2

Exploit the full potential of online

3

Further integrate distribution across all channels



Three key distribution priorities



Increase own retail sales productivity



Exploit the full potential of online



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**

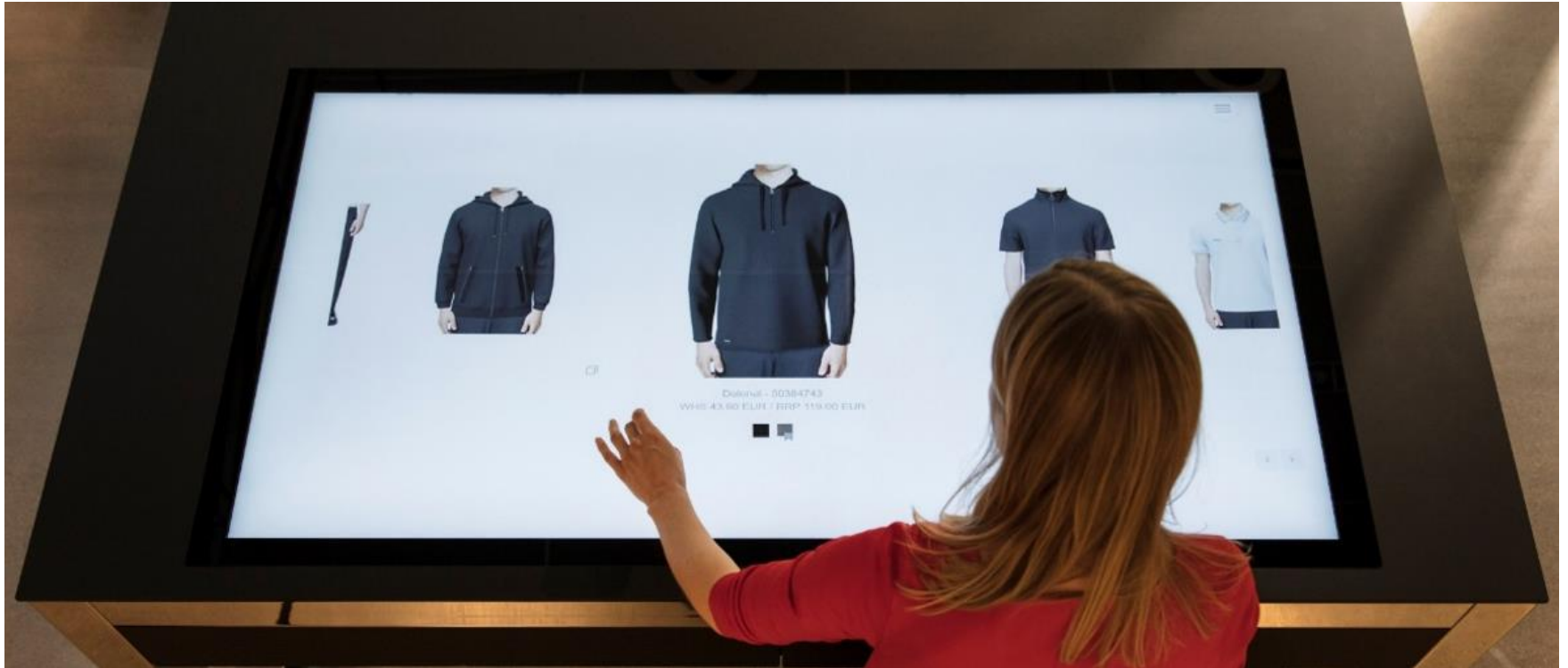
Refurbishment
completed in 2016



New store concepts create strong link between physical and digital retailing



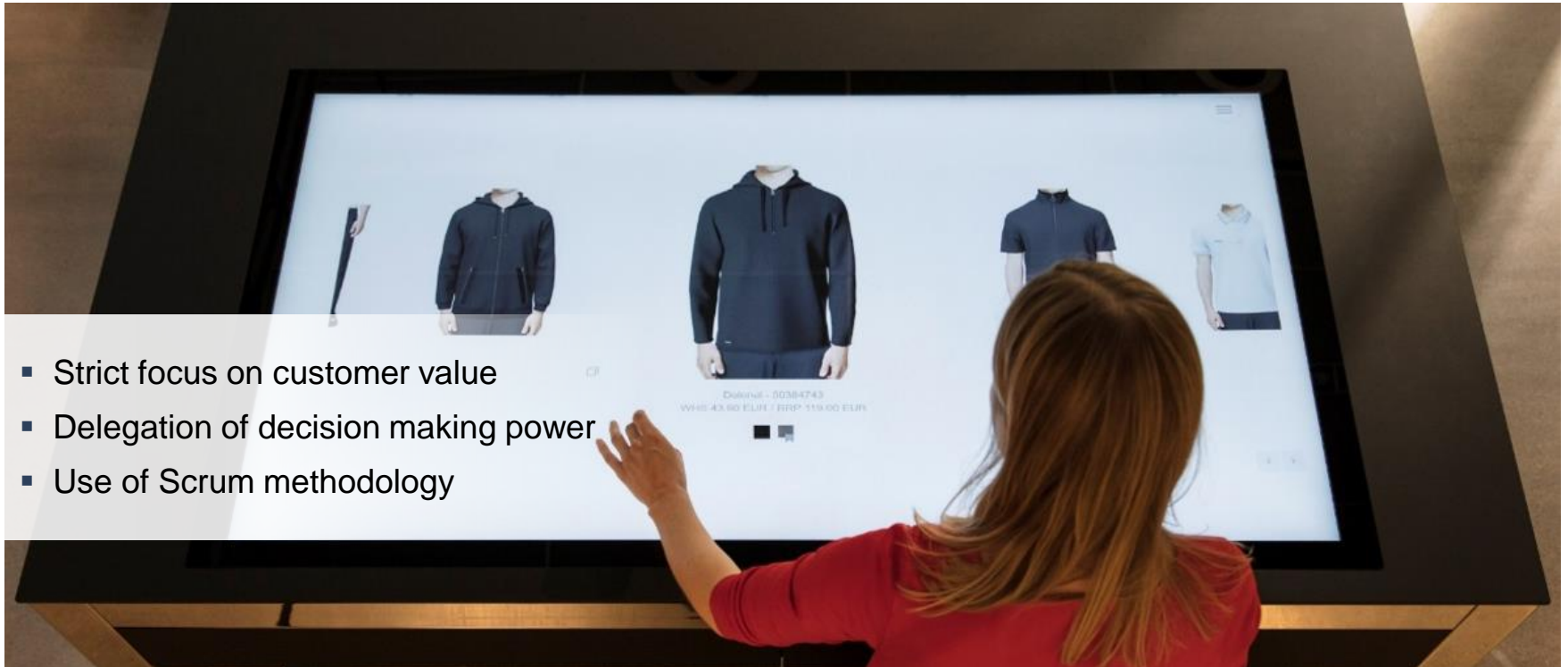
HUGO digital showroom with full order functionality starting October 2017



Strategic Fields of Action



Digital showroom development demonstrates adoption of new ways of working

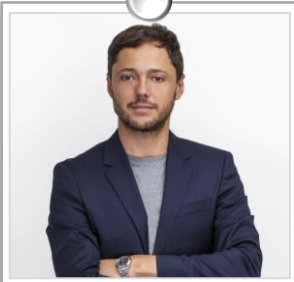


- Strict focus on customer value
- Delegation of decision making power
- Use of Scrum methodology

Speed drives commercial success



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

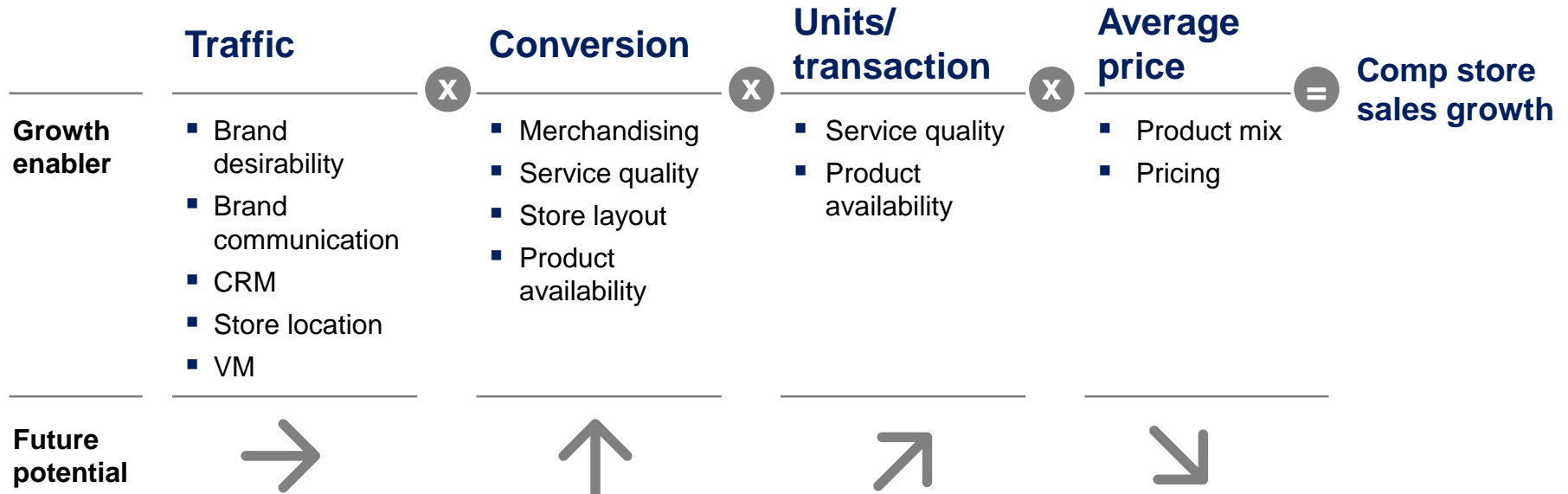
Key influencing factors on gross margin and major cost items, medium-term trend as a % sales

| | | OPEX | | |
|---|---|--|--|---|
| Gross profit margin | | Retail costs | Marketing & CX ¹ | G&A |
|  | <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 |  |  |  |  |

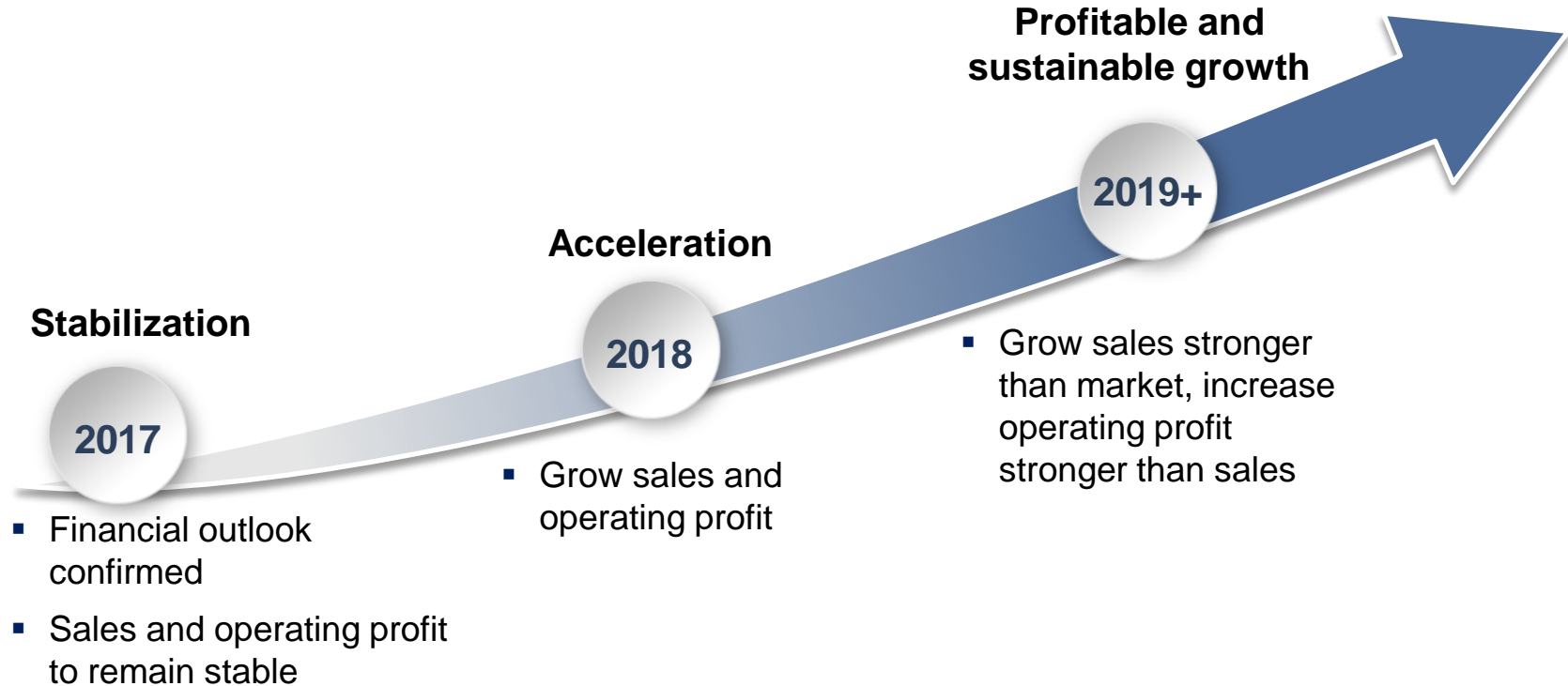
▶ **Group confident to maintain current gross margin level and limit future cost inflation**

¹ CX = Customer Experience

Adjustment of brand and merchandising strategy expected to increase sales volumes



Strategy execution will drive profitable and sustainable growth



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

BOSS and HUGO will outgrow their respective market segments

Refined strategy will elevate brand desirability and customer experience

Agility will become key feature of the operating model



HUGO BOSS



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% |



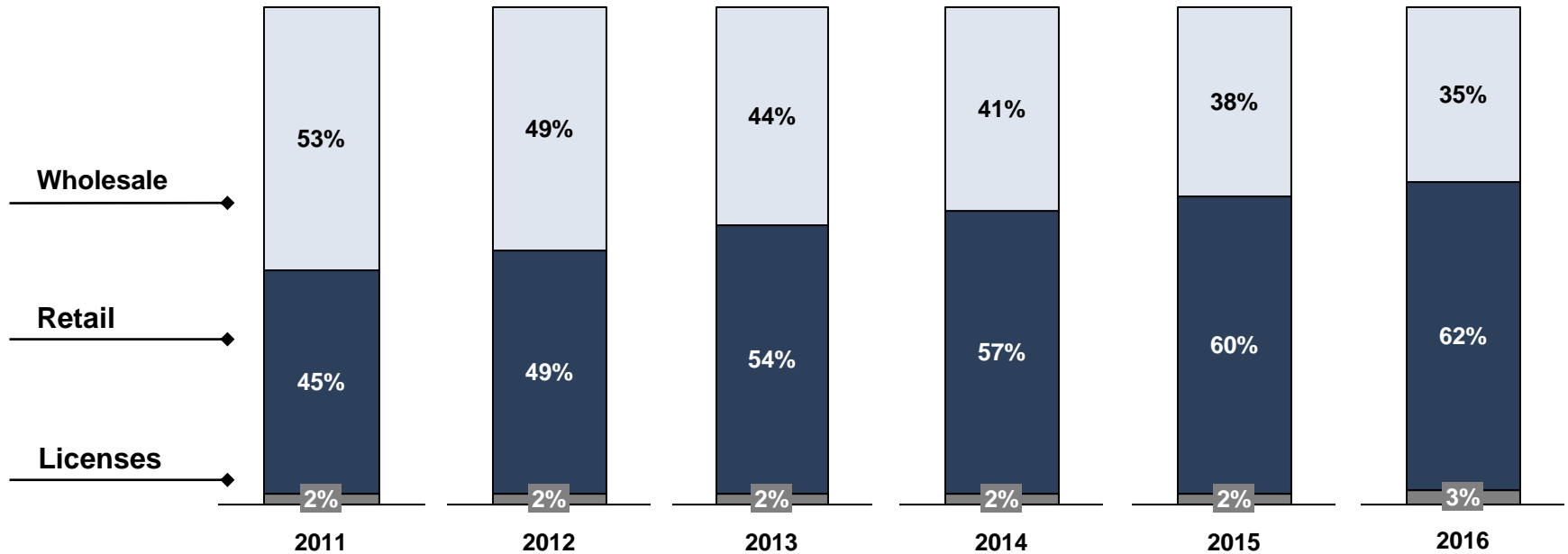
Asia/Pacific

14%

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

* As of 2016, +3% Licenses

Sales by distribution channel

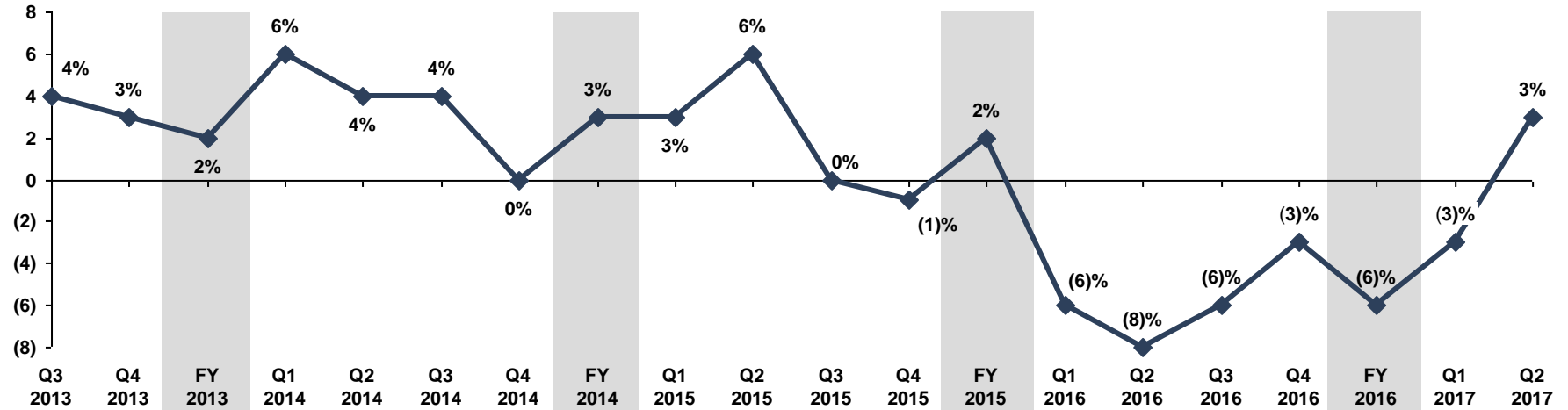


Number of Group's own retail stores by region

| 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

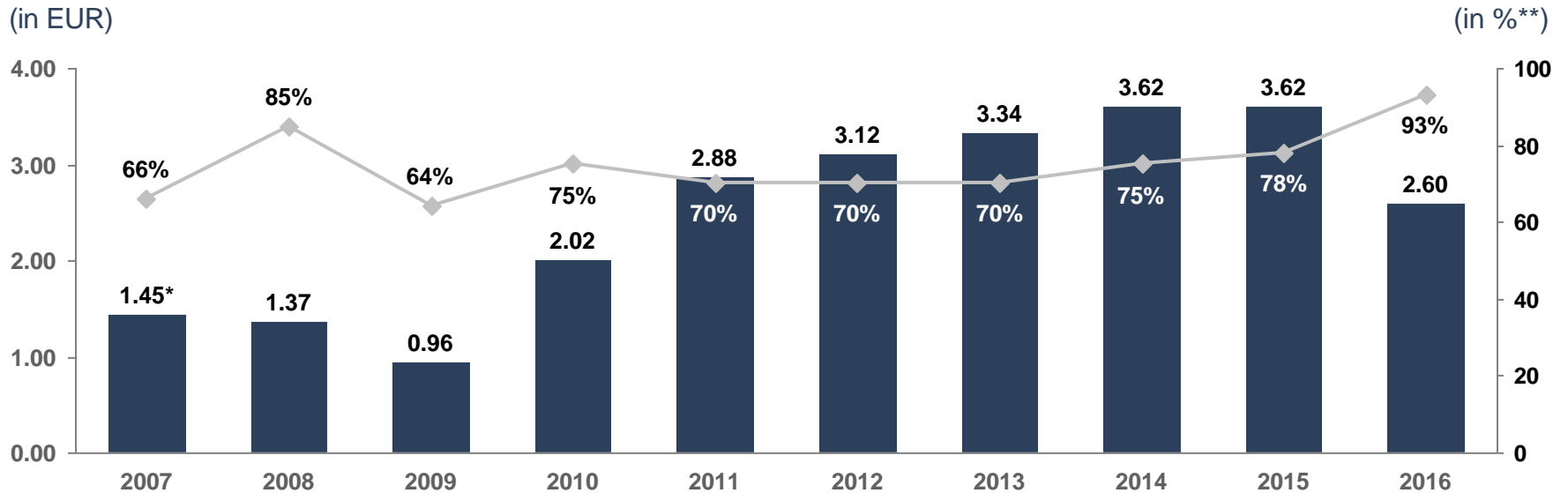
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

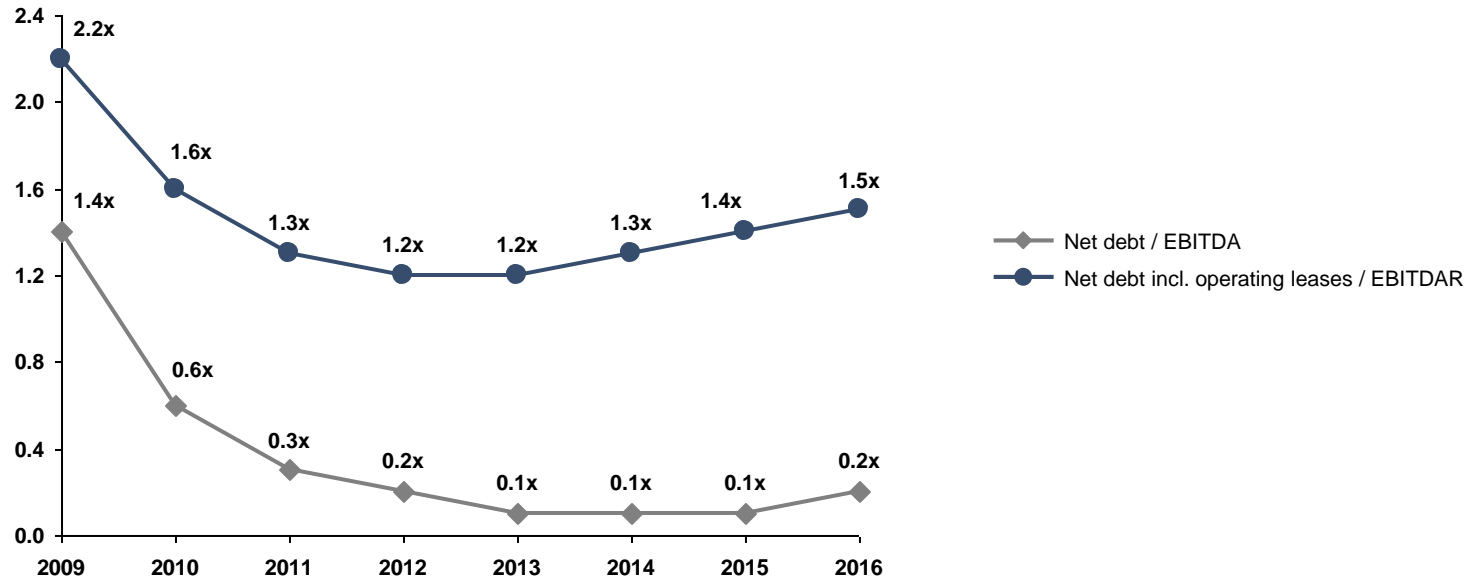
Dividend per share and payout ratio
(in EUR)



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

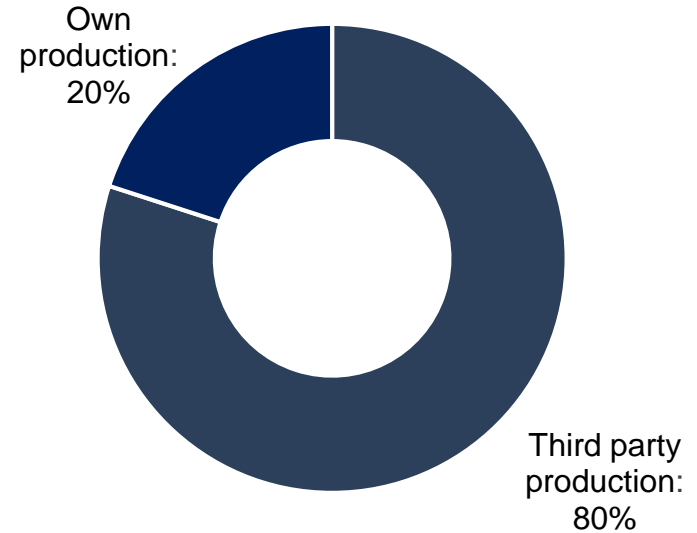
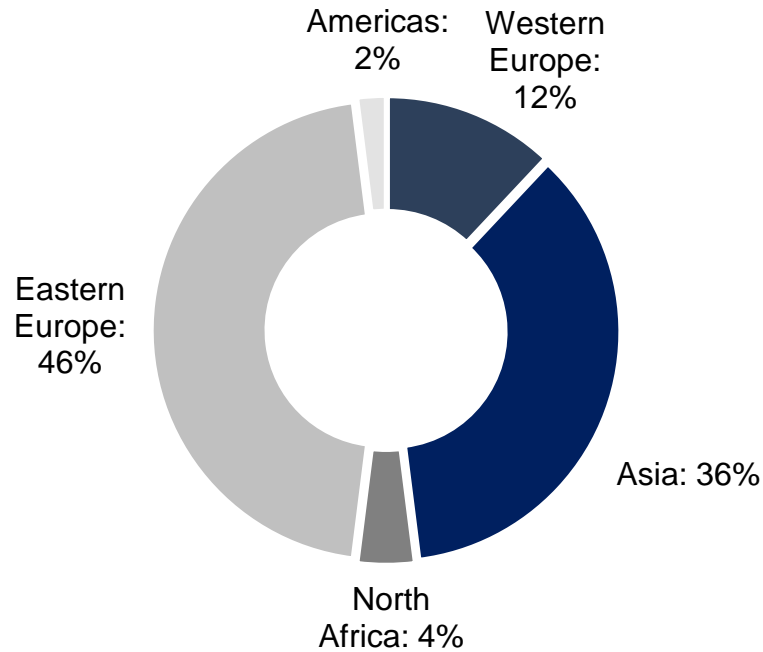
* Excluding special dividend of €5.00 per share ** As a percentage of net income attributable to shareholders

(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

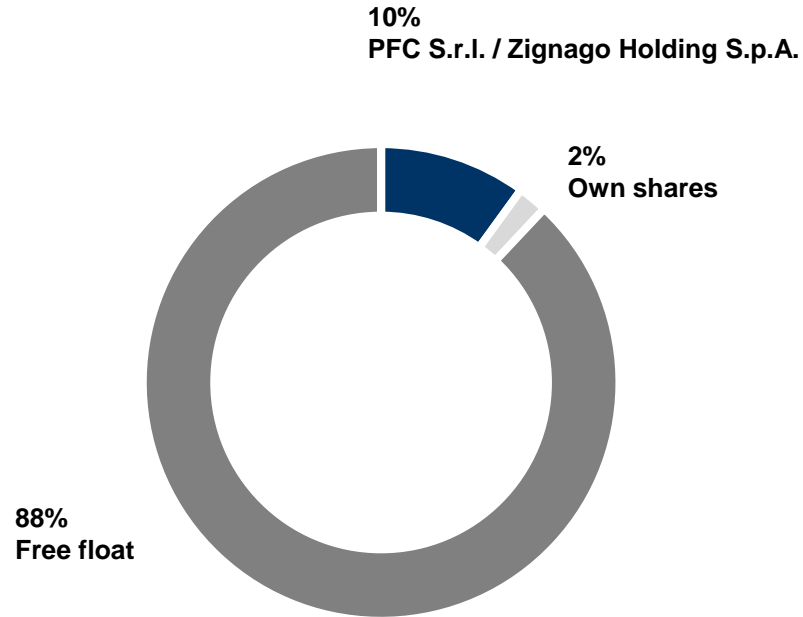
Analyst coverage

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.



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