

H U G O B O S S



Baader Investment Conference 2017

MUNICH, SEPTEMBER 19, 2017

DENNIS WEBER, HEAD OF INVESTOR RELATIONS
FRANK BÖHME, INVESTOR RELATIONS MANAGER



Second Quarter Results 2017

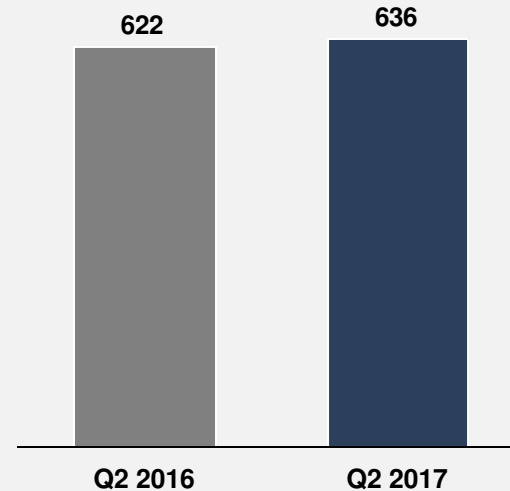
HUGO BOSS records sales increase in the second quarter

- 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 %

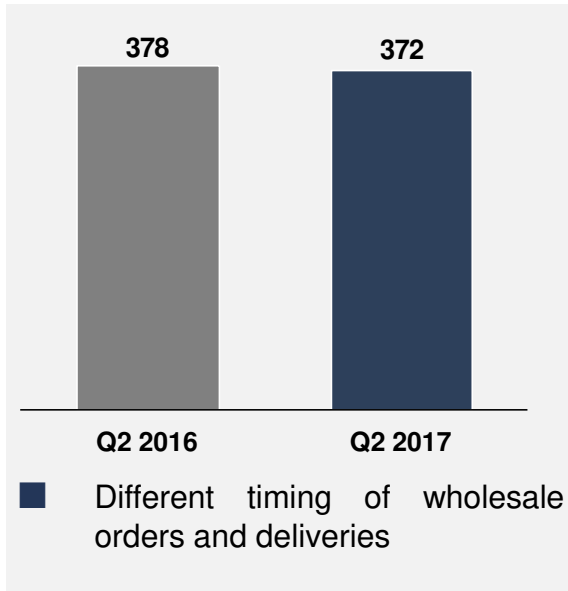
+3 % fx-adjusted



The Americas and Asia/Pacific drive Group sales growth

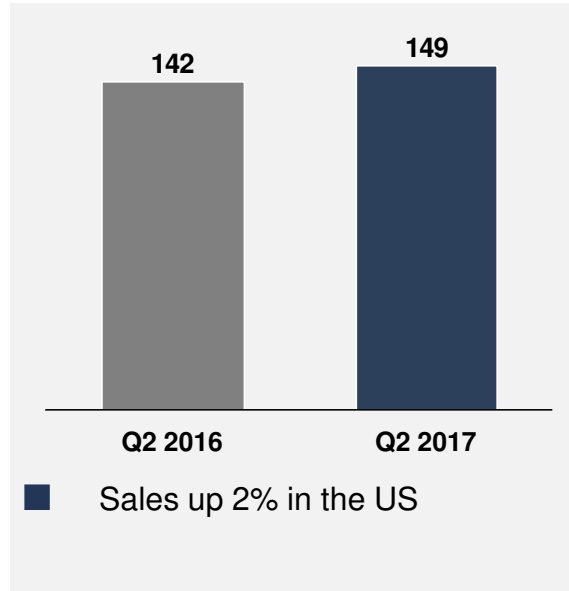
HUGO BOSS Europe Sales*

(2) %
0 % fx-adjusted



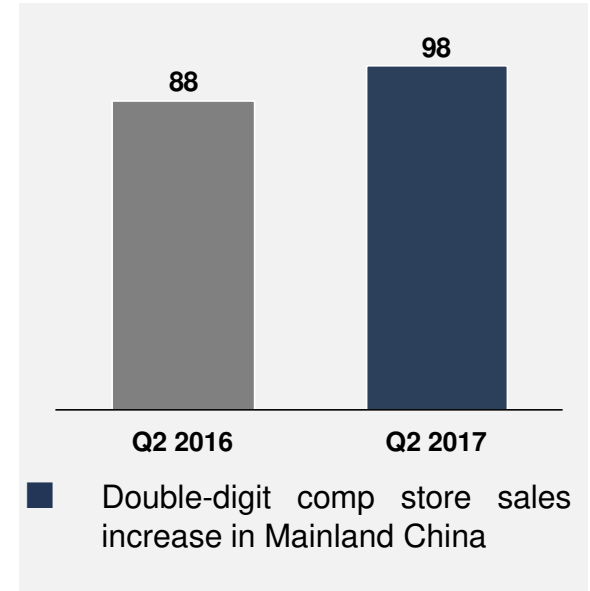
HUGO BOSS Americas Sales*

+5 %
+3 % fx-adjusted



HUGO BOSS APAC Sales*

+11 %
+10 % fx-adjusted

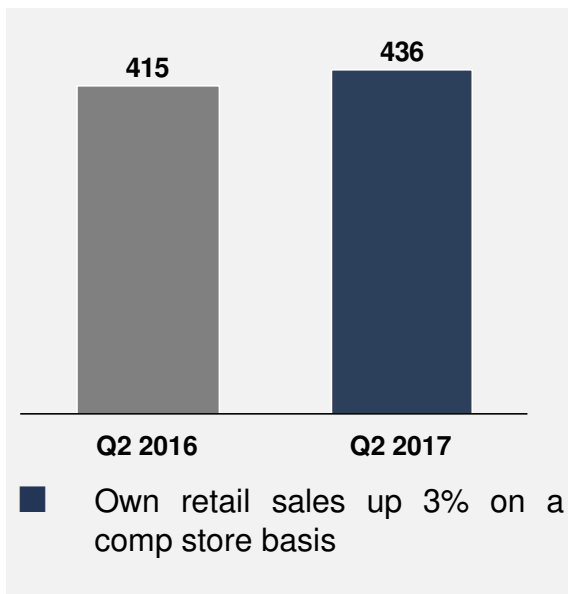


*in EUR million
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Like-for-like sales performance in own retail turns positive

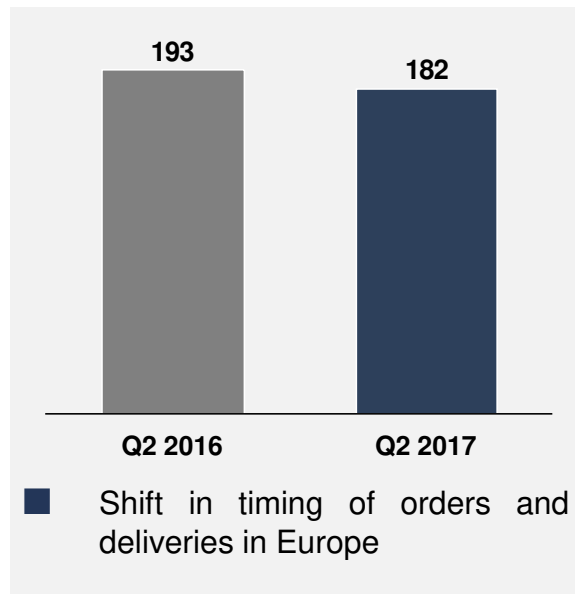
Retail Sales*

+5 %
+6 % fx-adjusted



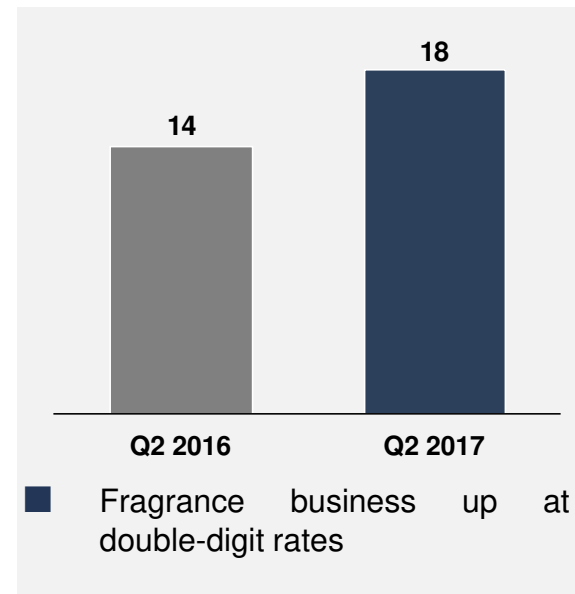
Wholesale Sales*

(6) %
(6) % fx-adjusted



License Sales*

+27 %
+27 % fx-adjusted



*in EUR million

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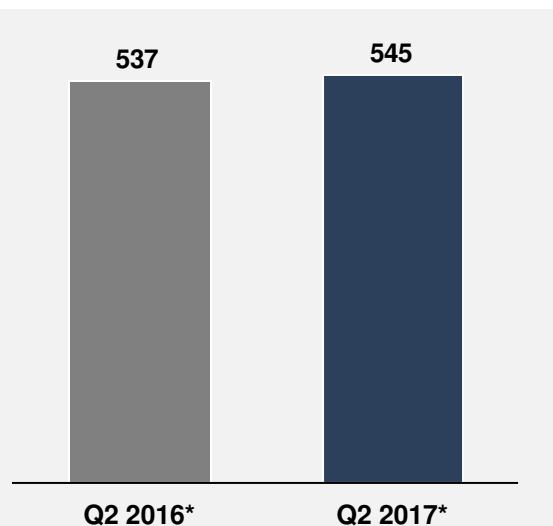
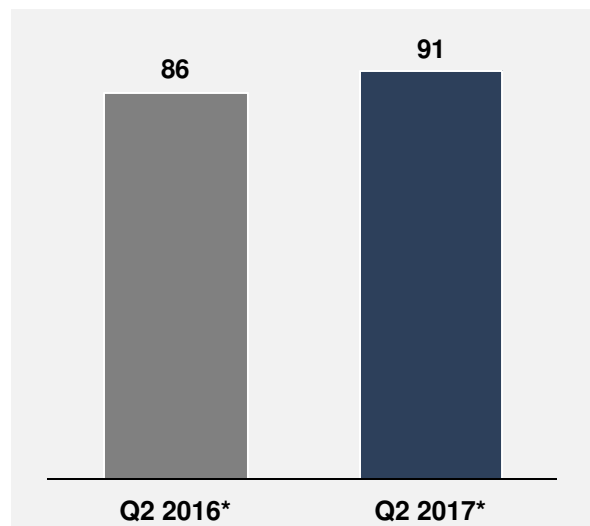
HUGO BOSS ©

September 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

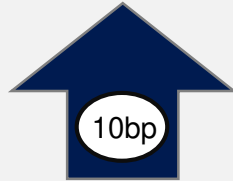
BOSS
HUGO BOSS**+2 %**
+2 % fx-adjusted**HUGO**
HUGO BOSS**+6 %**
+6 % fx-adjusted

*in EUR million.

Operating profit stable despite higher marketing expenses and investments in digital

Gross margin

67.7 %



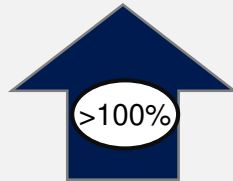
Administration expenses

69 EUR million



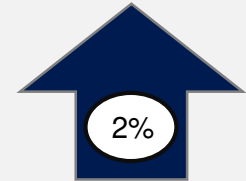
Special items

6 EUR million



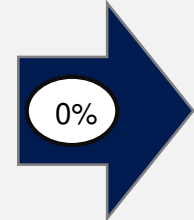
Selling & Distribution expenses

287 EUR million



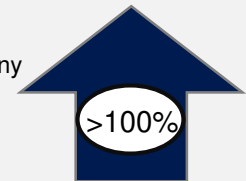
EBITDA (before special items)

108 EUR million



Net income attributable to equity holders of the parent company

58 EUR million

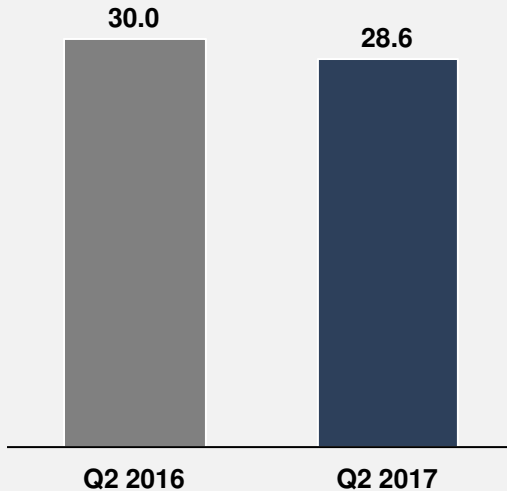


Profitability in Asia/Pacific improves significantly

Europe

(in %)

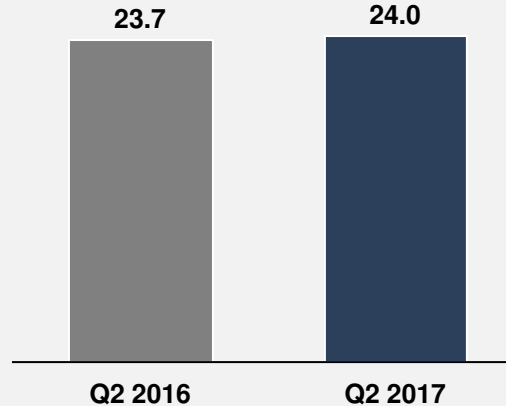
(140) bp



Americas

(in %)

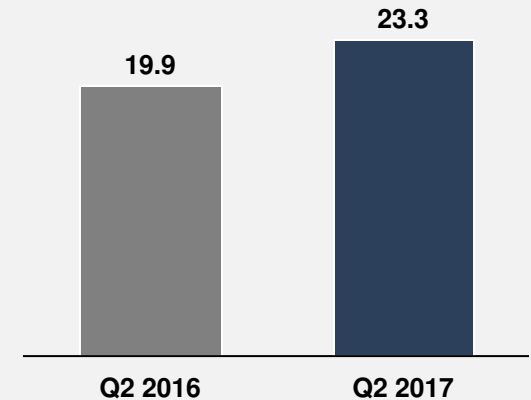
+30 bp



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

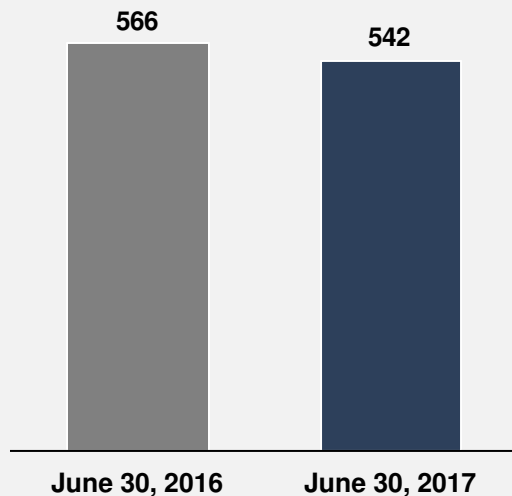
- Double-digit inventory declines in the Americas and Asia/Pacific
- Trade net working capital down 8% in currency-adjusted terms
- Working capital to sales ratio reaches lowest level since 2014

Inventories

(in EUR million)

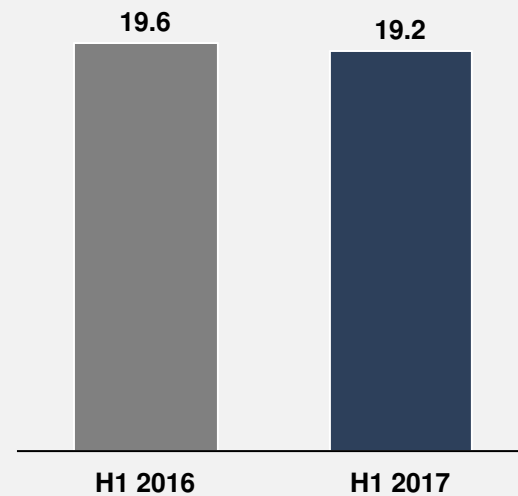
(4) %

(3) % fx-adjusted



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

(40) bp

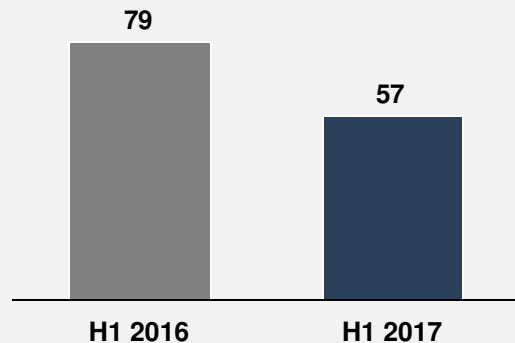


Investment activity moderates compared to the prior year

Capital expenditure

(in EUR million)

(28) %

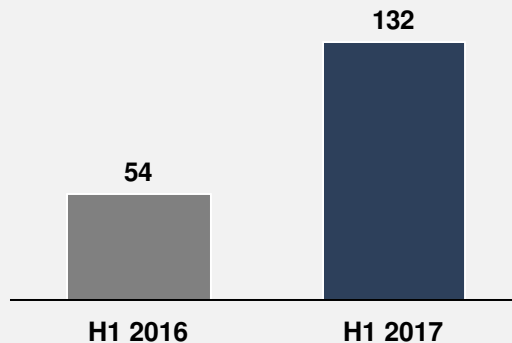


■ Own retail investments decline

Free cash flow

(in EUR million)

>100 %

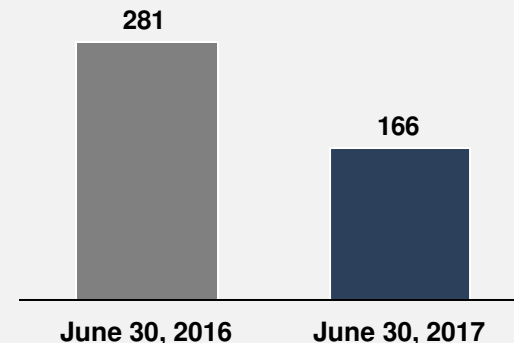


■ Higher net profit, lower working capital and investments

Net financial liabilities

(in EUR million)

(41) %



■ Free cash flow improvement

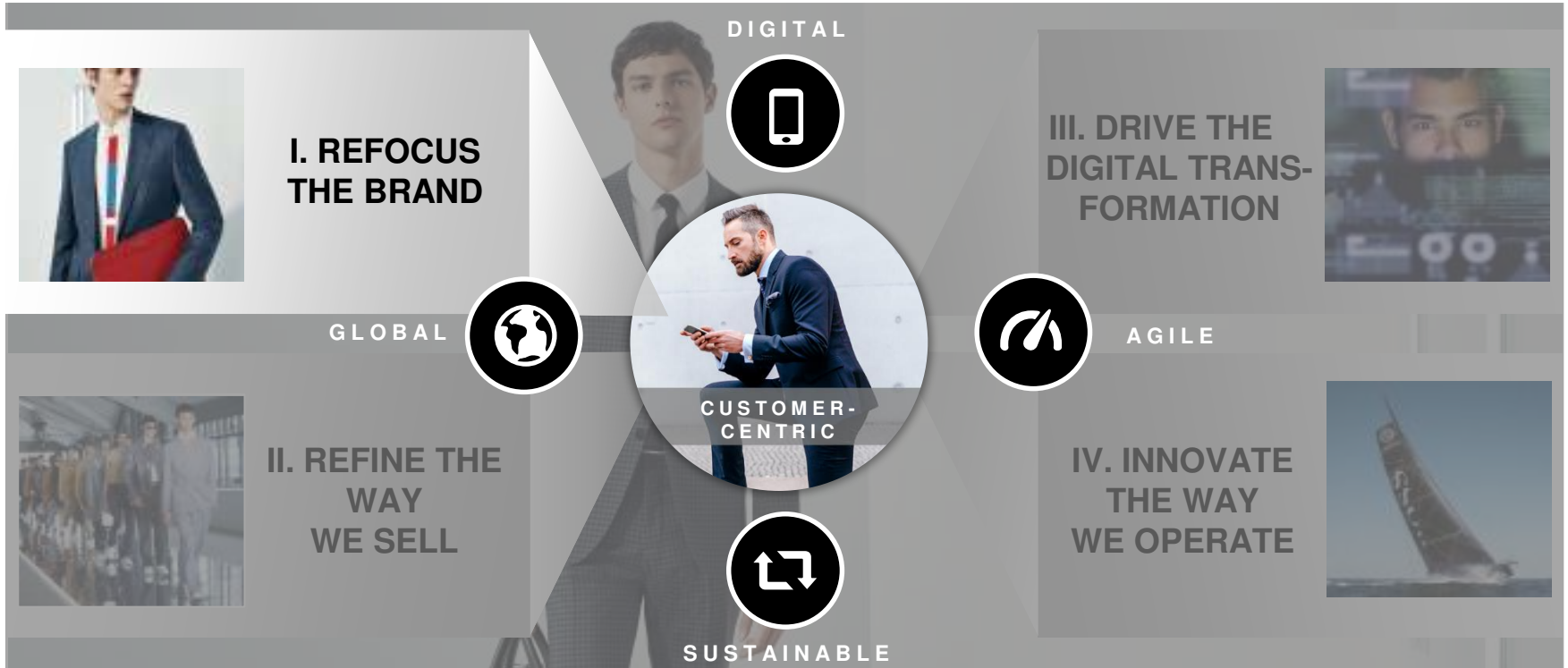
Group Strategy Update



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

BOSS and HUGO customers have different attitudes towards fashion

BOSS

HUGO BOSS




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

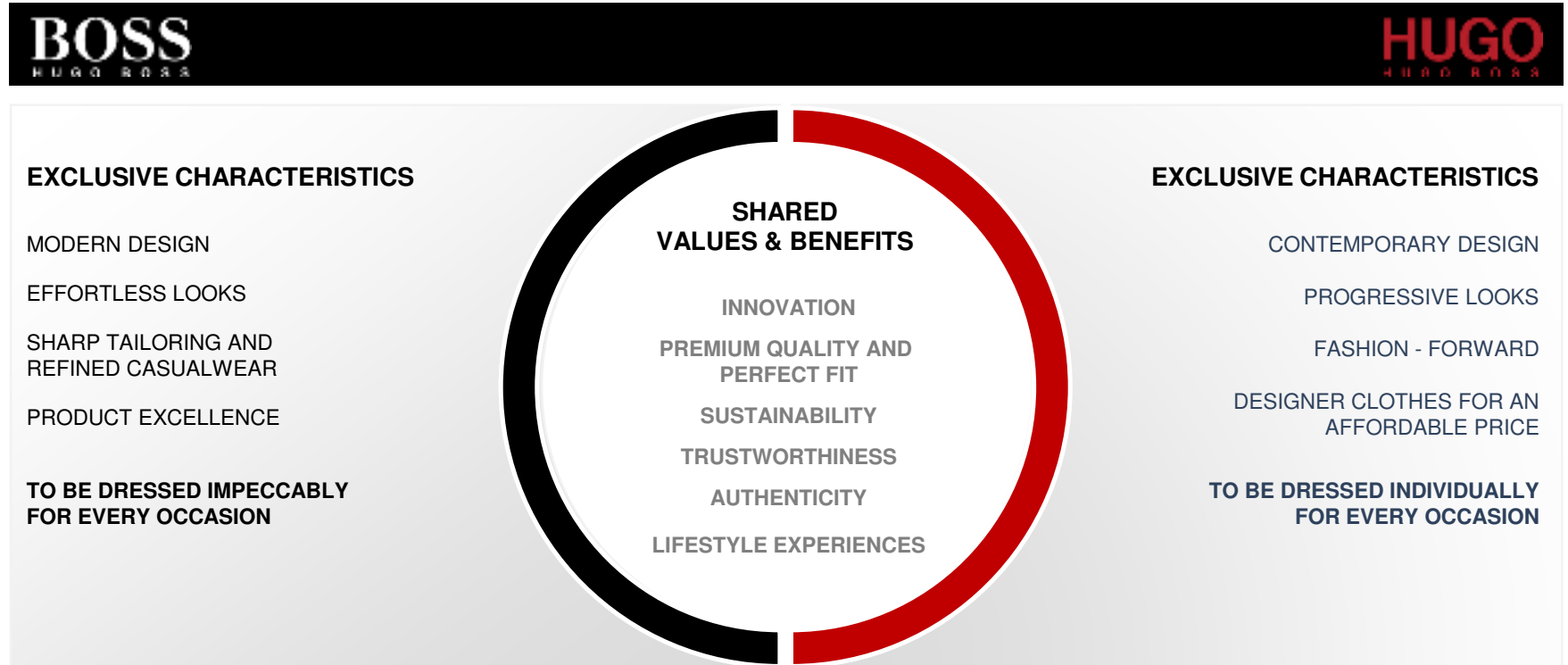
OPEN-MINDED LIFE ENTHUSIAST

HUGO

HUGO BOSS



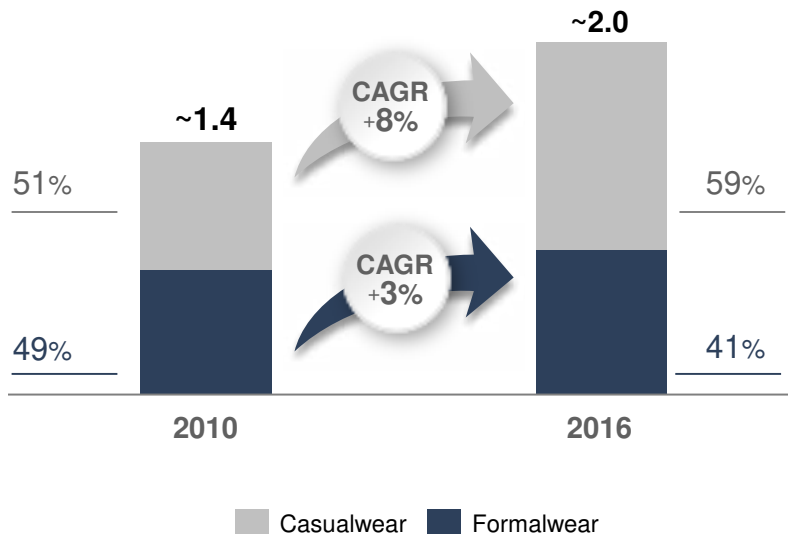
BOSS and HUGO are distinct brands based on a common set of values



BOSS: Upgrade of casualwear and new interpretation of formalwear

Split of BOSS brand sales by segment

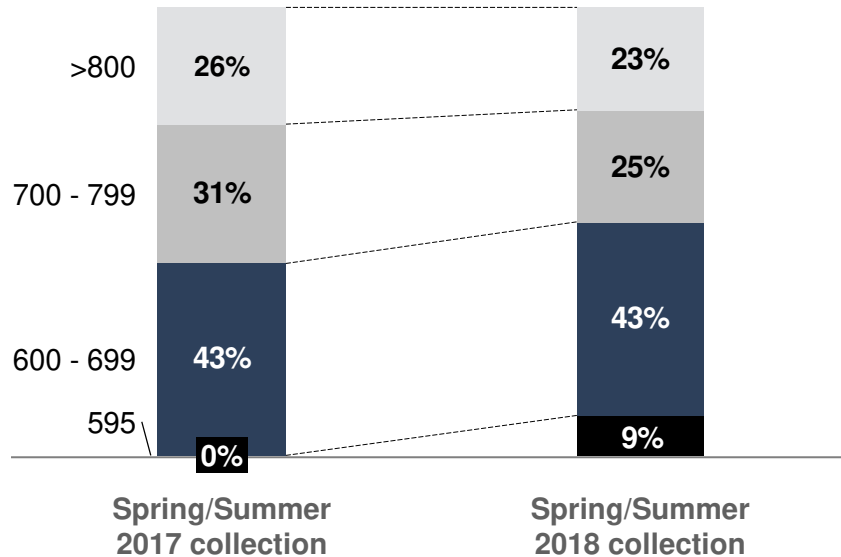
In EUR billion



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
BOSS



GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

...and HUGO Womenswear collections

BUSINESS

CASUAL

HUGO
BOSS



GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

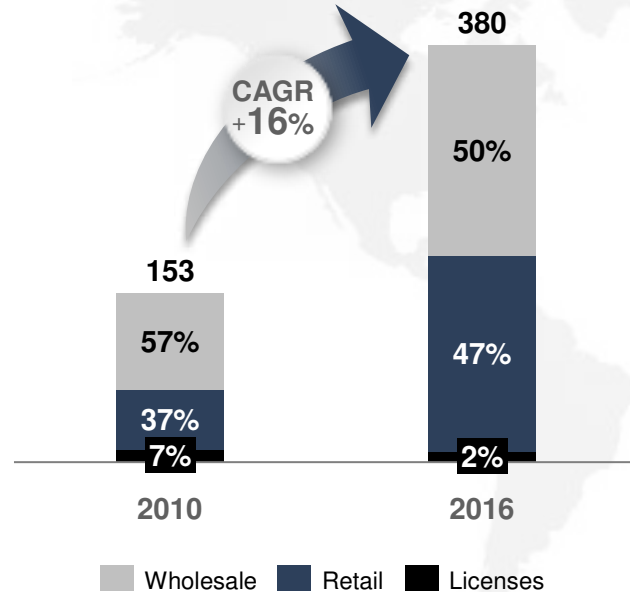
HUGO: Refined brand positioning receives strong feedback



HUGO has grown significantly above industry average in recent past

HUGO sales split by channel

In EUR million

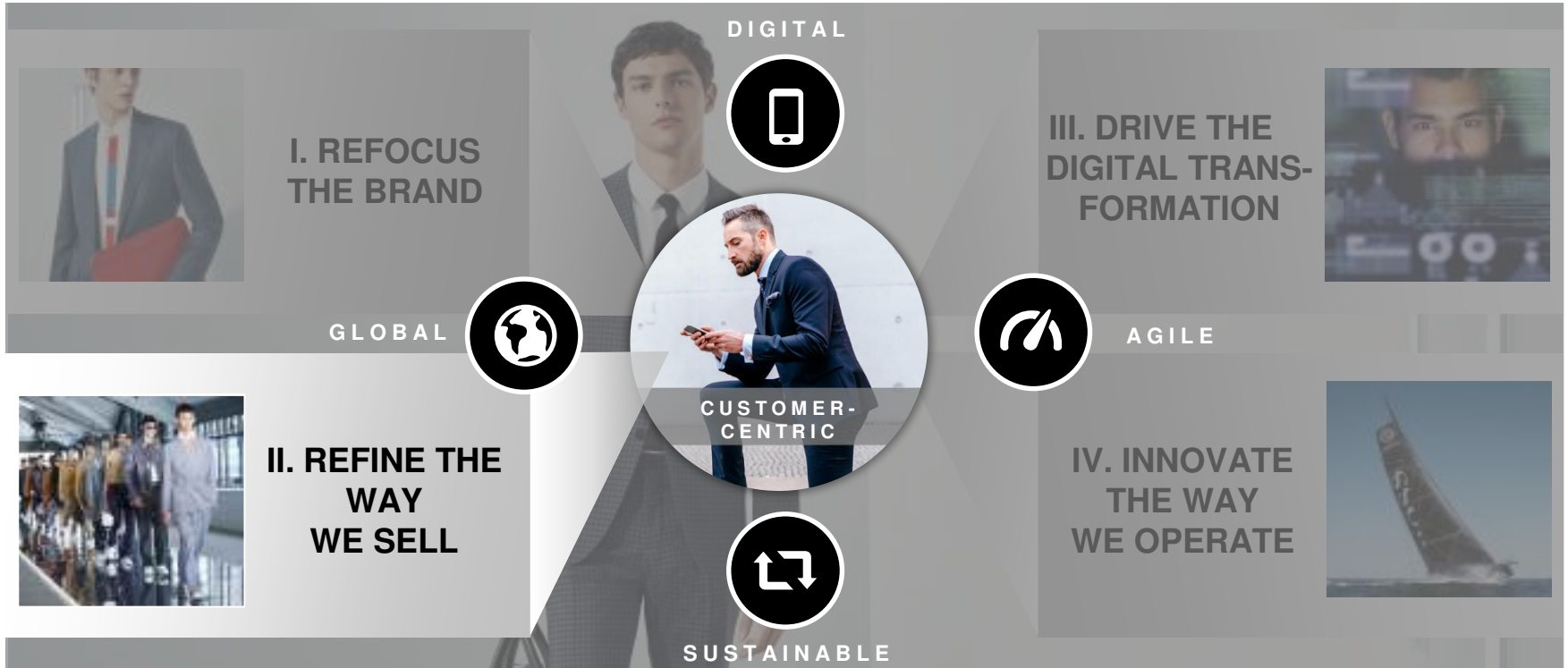


- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Full calendar of events to drive excitement around HUGO



Strategic Fields of Action



Three key distribution priorities

1

Increase own retail sales productivity

2

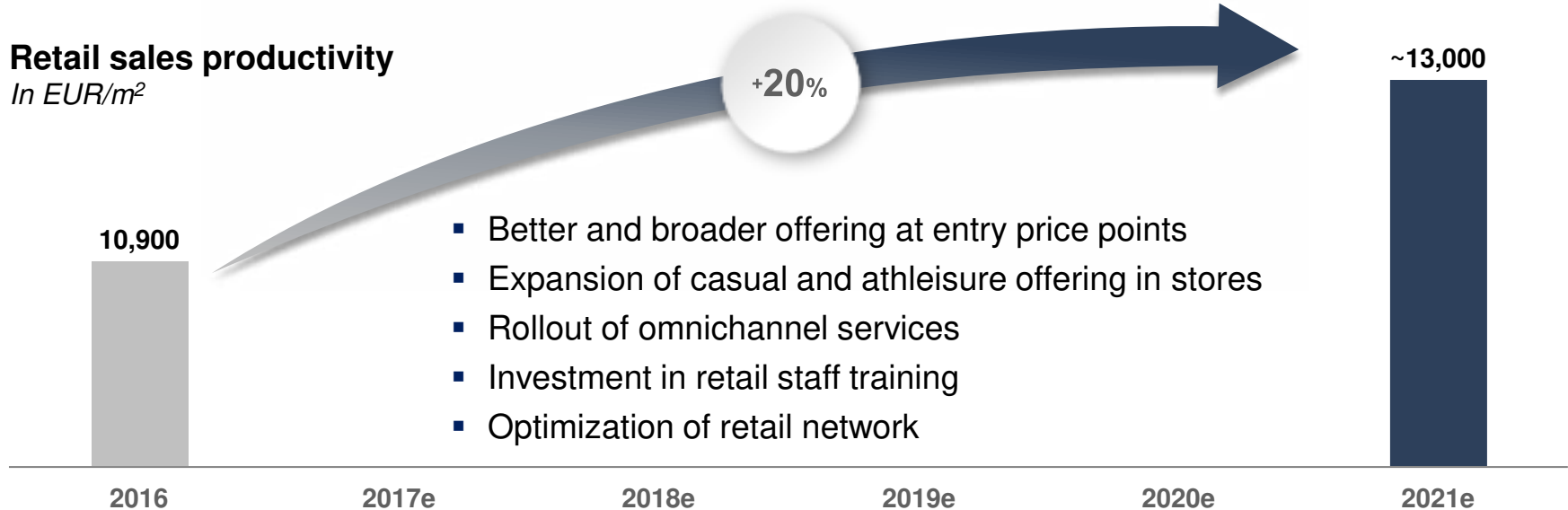
Exploit the full potential of online

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

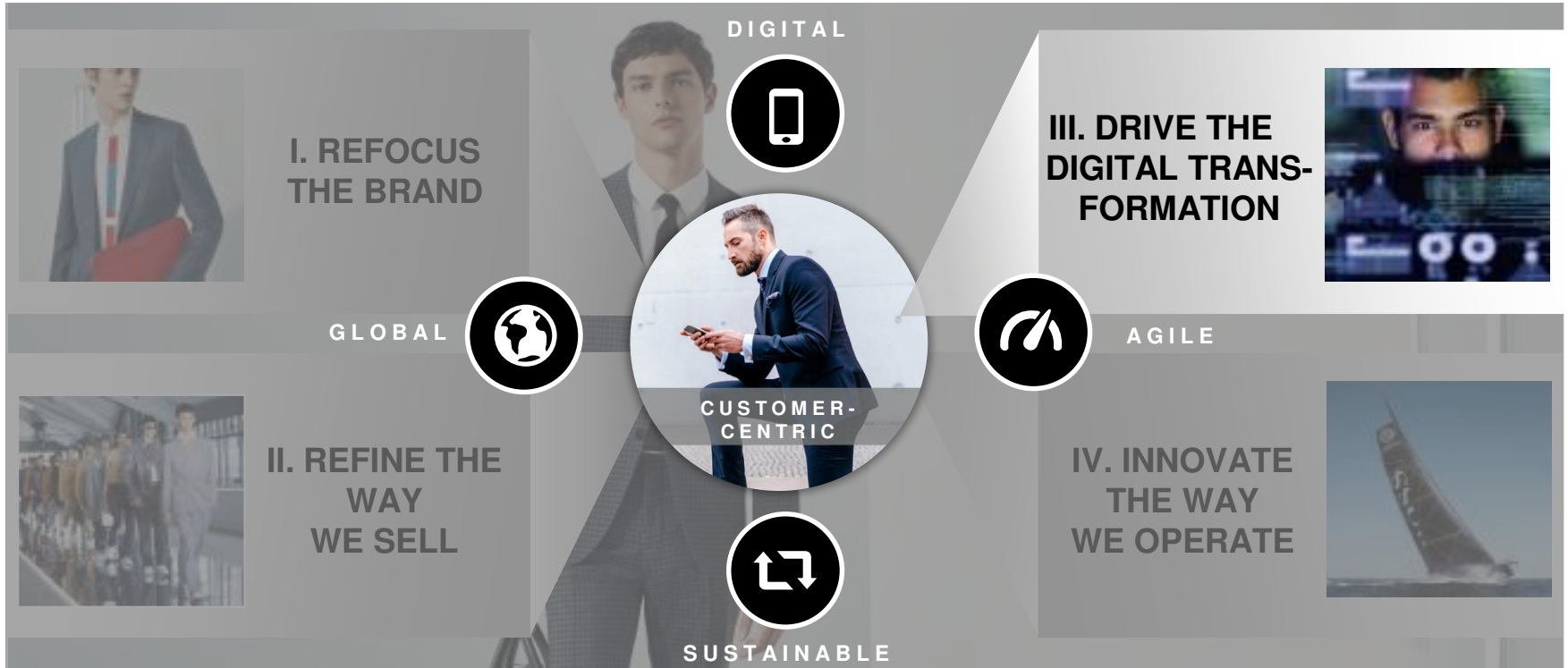


Renovations

- 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

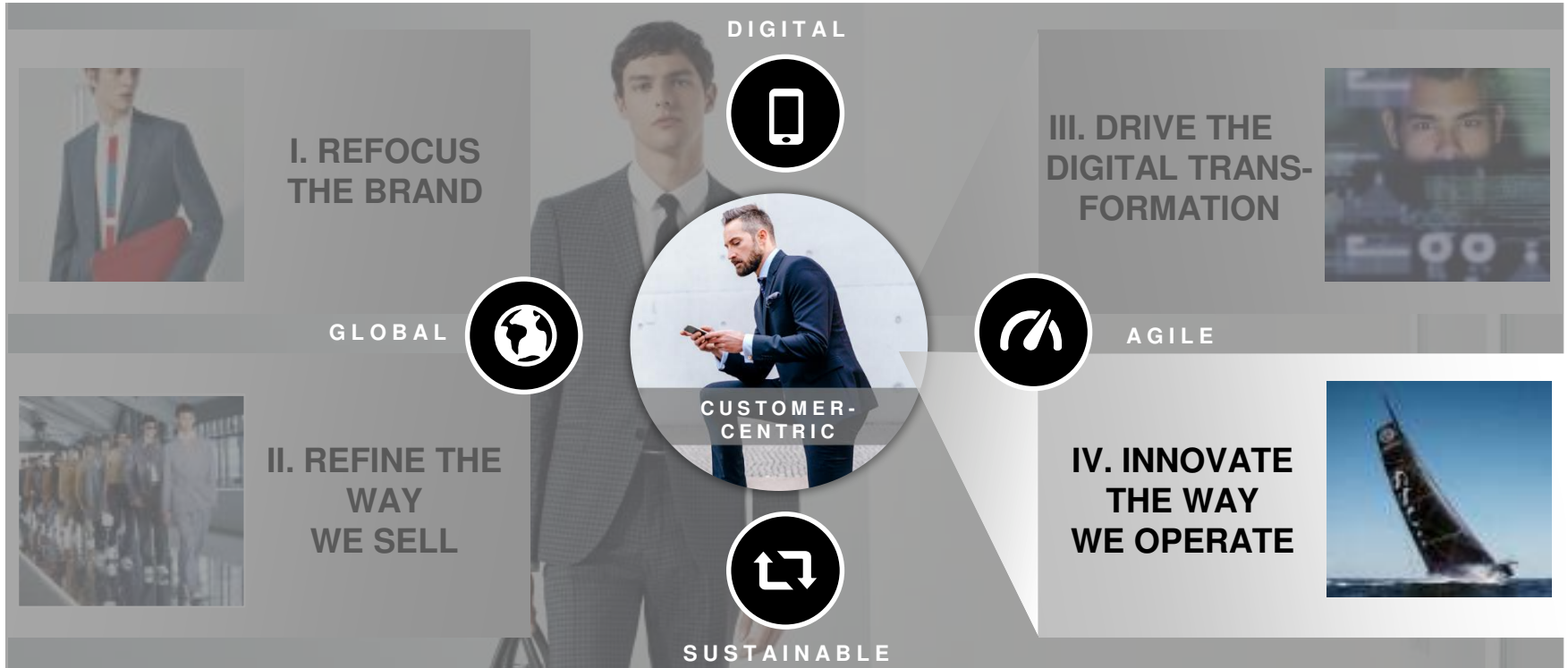


Product and collection development | Sourcing and production | Distribution and logistics | Sales

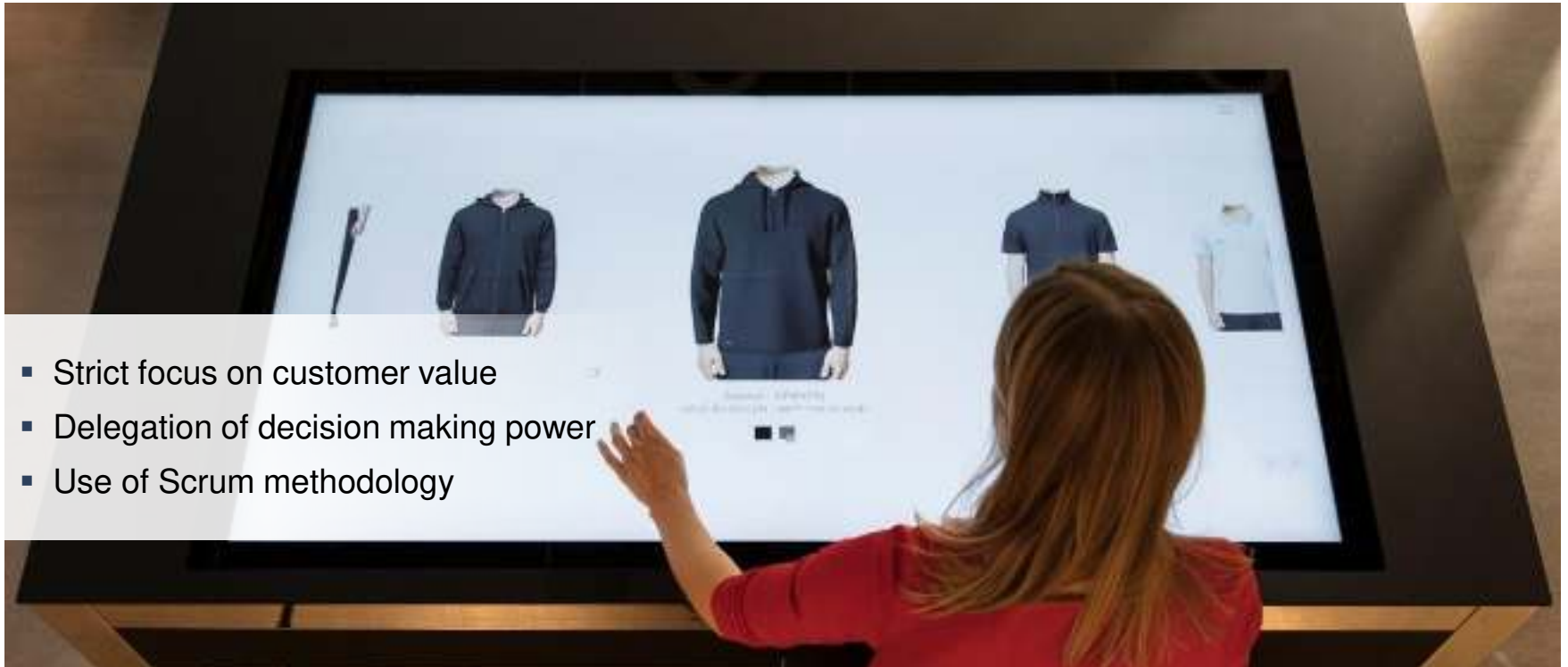
HUGO digital showroom with full order functionality starting October 2017



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

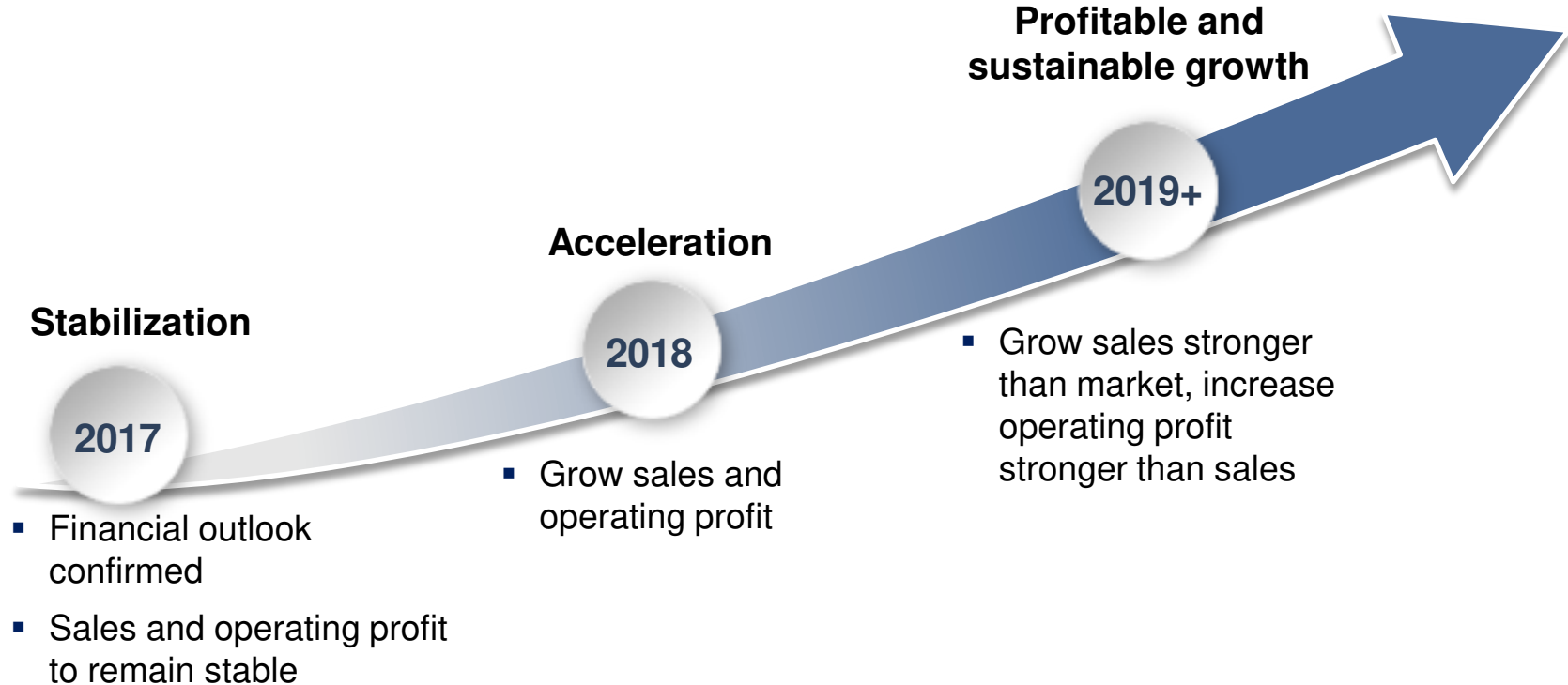
* On a currency-adjusted basis

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.

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%



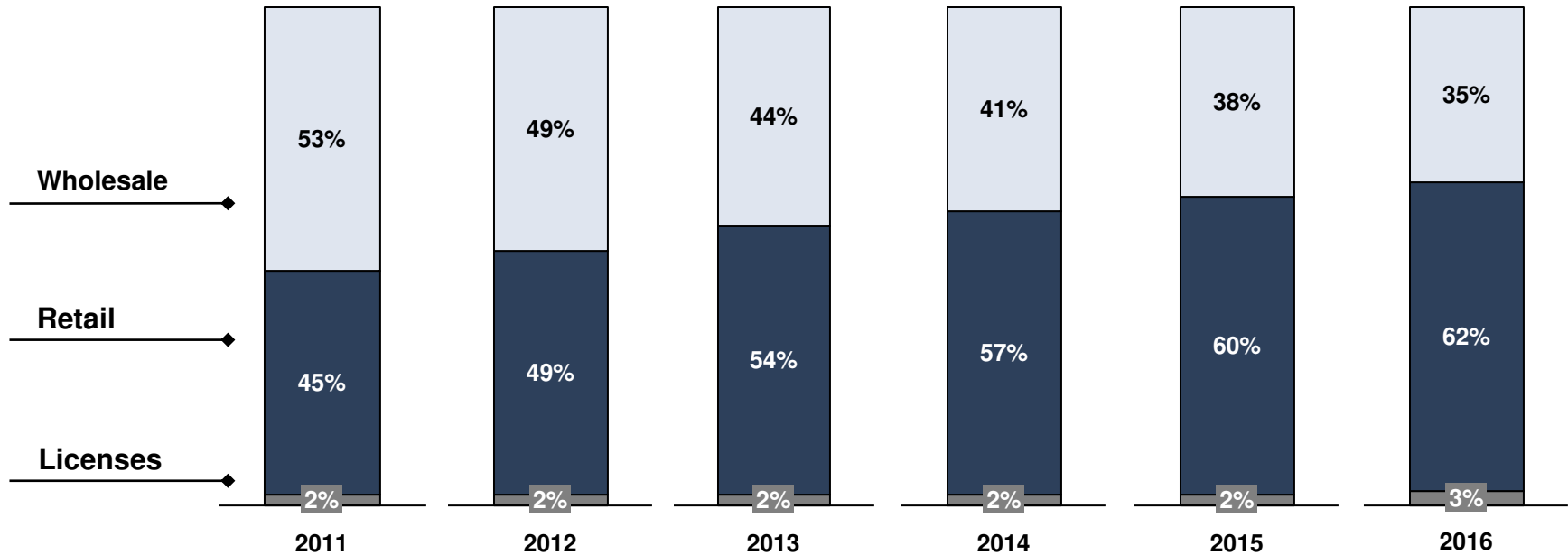
Asia/Pacific

14%

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

* As of 2016, +3% Licenses

Sales by distribution channel

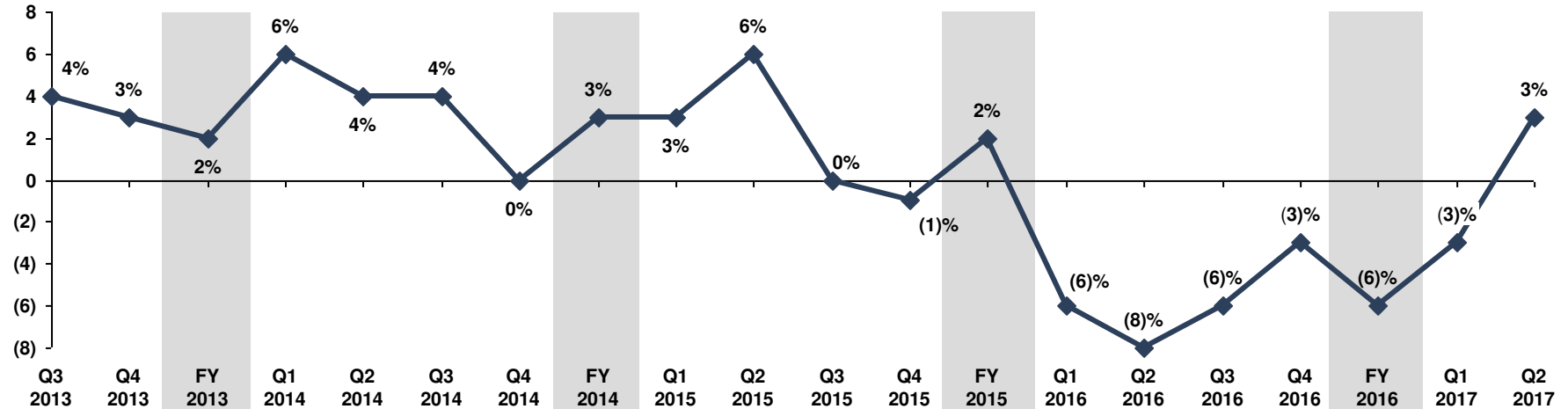


Number of Group's own retail stores by region

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

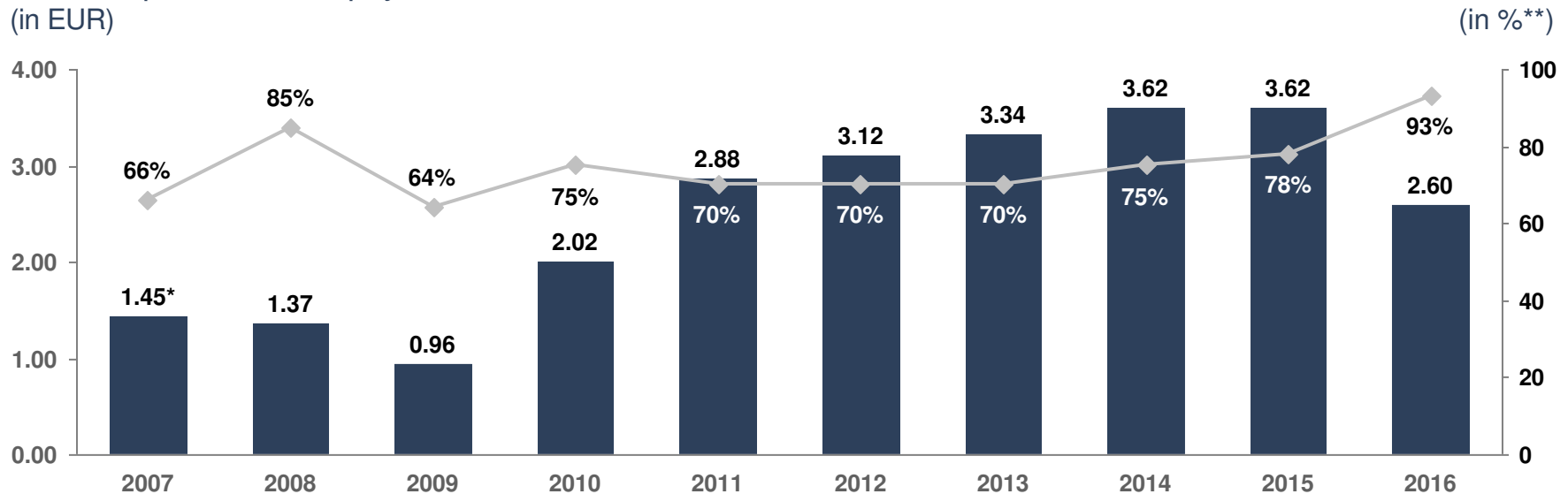
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

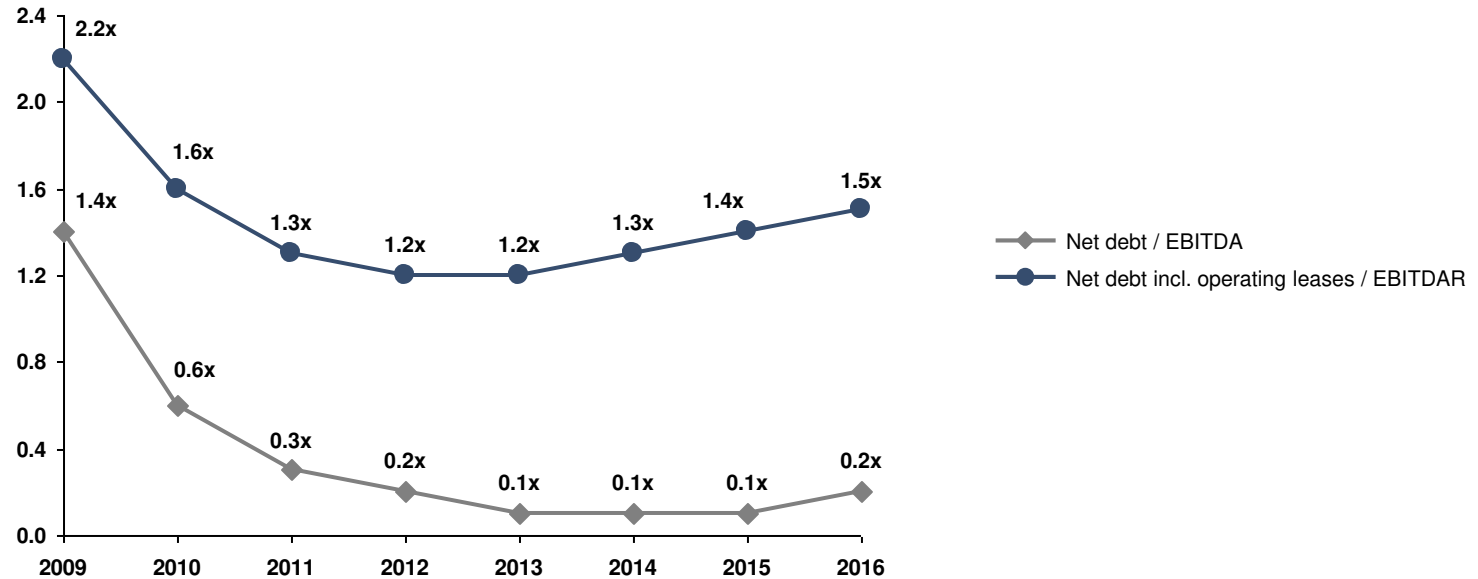
Dividend per share and payout ratio
(in EUR)



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

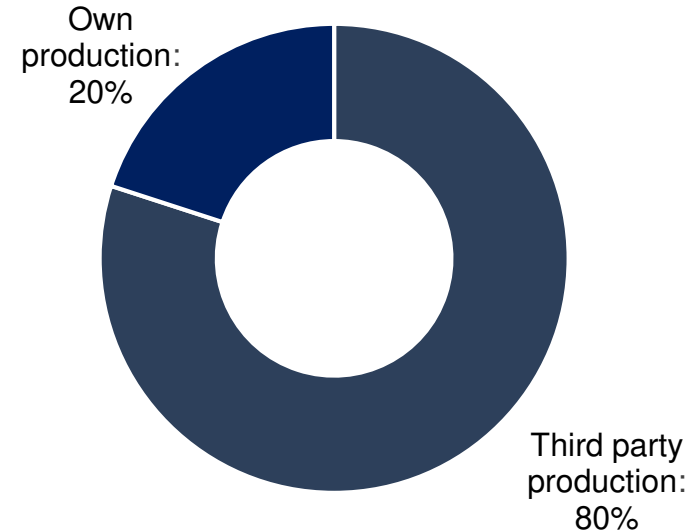
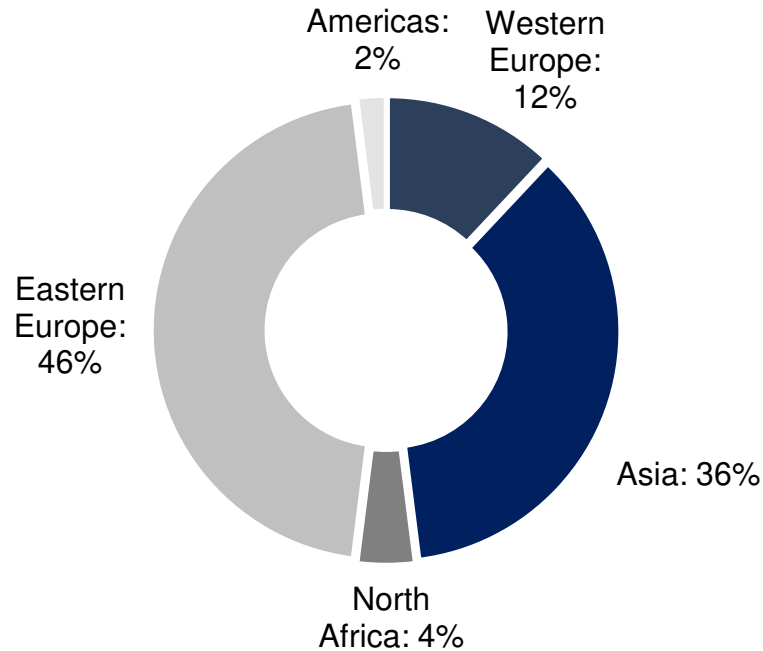
* Excluding special dividend of €5.00 per share ** As a percentage of net income attributable to shareholders

(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

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September 2017

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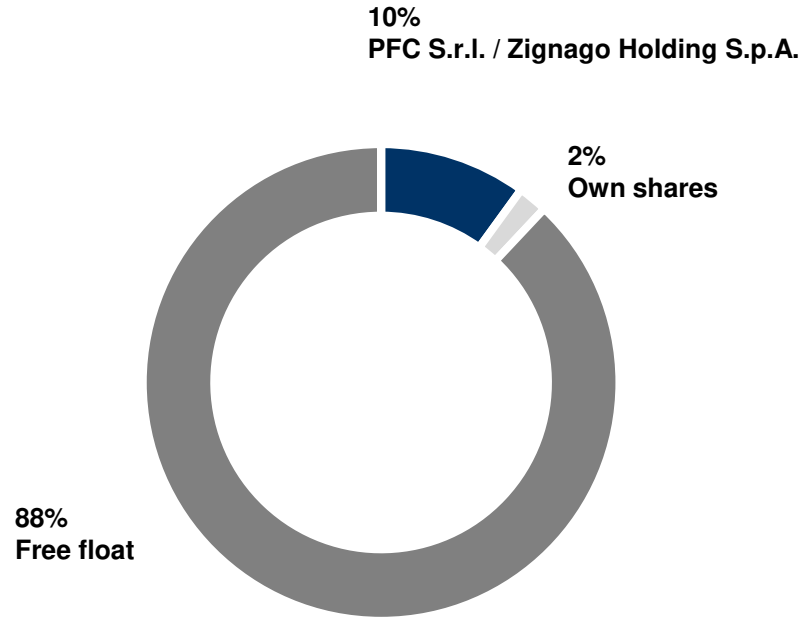
Analyst coverage

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
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	Louise Singlehurst
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 August 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

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