

**H U G O   B O S S**



# UBS Roadshow


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DUBLIN, NOVEMBER 23

**DENNIS WEBER –**  
HEAD OF INVESTOR RELATIONS

HUGO BOSS





## Third Quarter Results 2017

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HUGO BOSS



## HUGO BOSS records solid sales increase in the third quarter

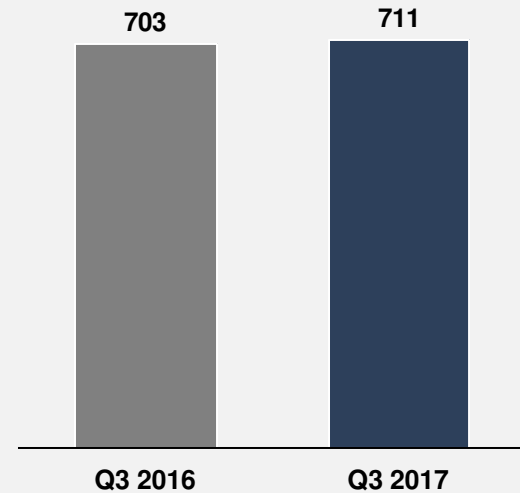
- Improved sales momentum in own retail
- Healthy increases in Europe and China
- US retail business returns to comp store sales growth

### Group Sales

(in EUR million)

+1 %

+3 % fx-adjusted

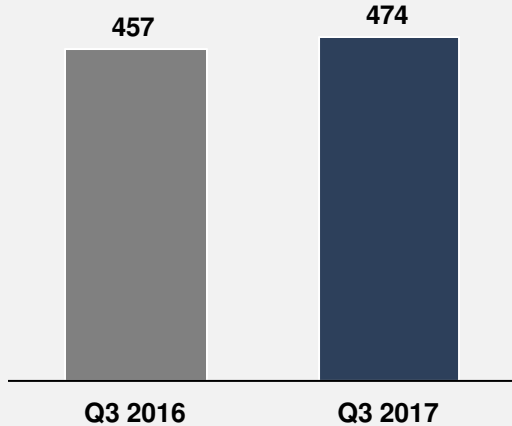




## Europe and Asia/Pacific contribute to sales growth

### HUGO BOSS Europe Sales\*

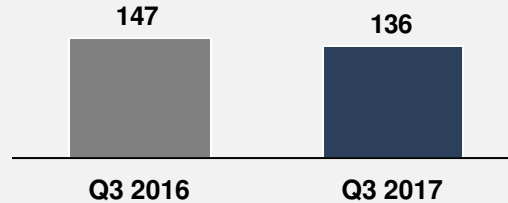
+4 %  
+5 % fx-adjusted



■ Sales increase in all major markets

### HUGO BOSS Americas Sales\*

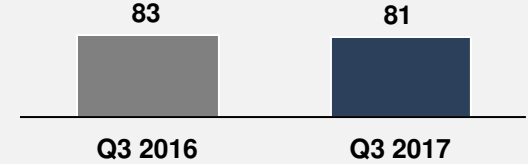
(8) %  
(4) % fx-adjusted



■ Good growth in Latin America and Canada offset by 9% sales decline in the US

### HUGO BOSS APAC Sales\*

(2) %  
+4 % fx-adjusted



■ China remains growth engine in Asia

\*in EUR million

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November 2017

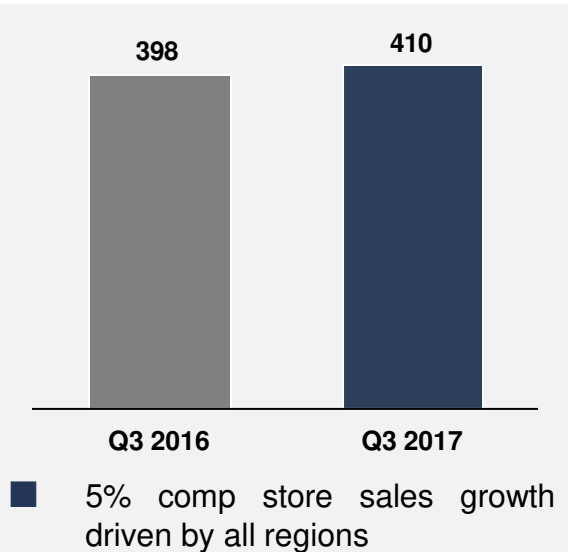
5



## Pace of growth in own retail accelerates

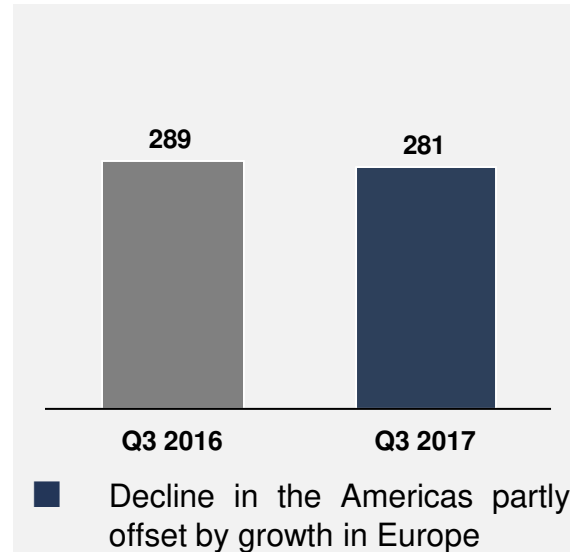
### Retail Sales\*

+3 %  
+6 % fx-adjusted



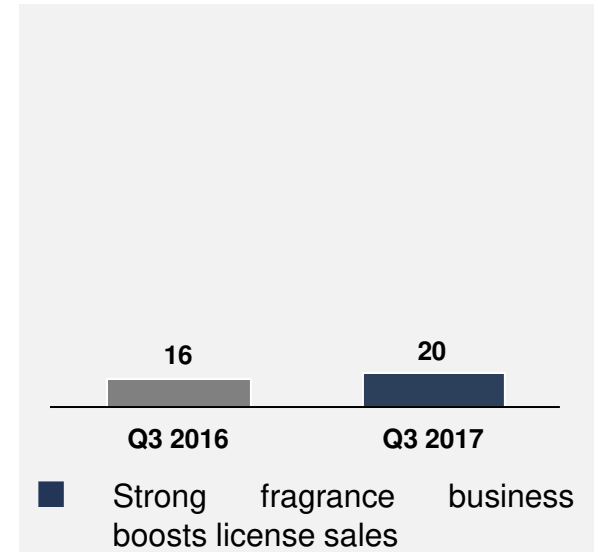
### Wholesale Sales\*

(3) %  
(1) % fx-adjusted



### License Sales\*

+24 %  
+24 % fx-adjusted



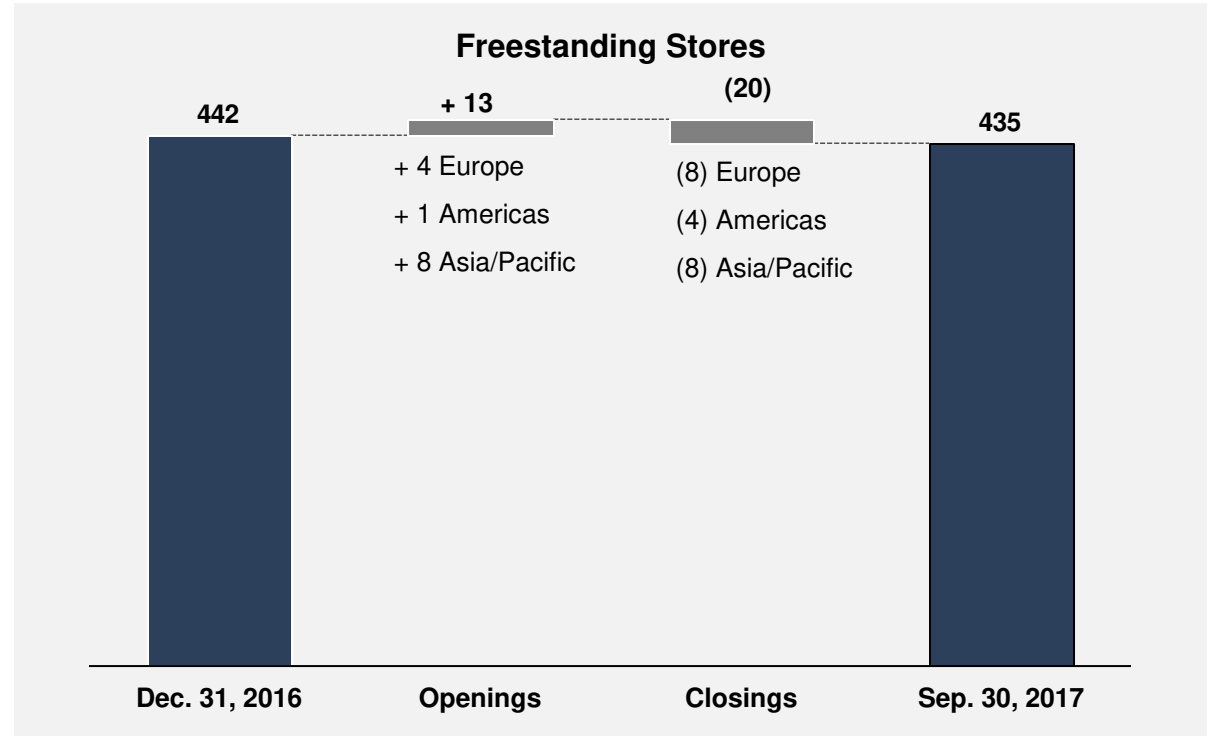
\*in EUR million



## First BOSS stores refurbished with new store concept

### BOSS Store Geneva

• Re-opening October 2017 •





## Sales up across both brands

- BOSS sales increase across all wearing occasions
- Solid growth of HUGO driven by region Europe
- Menswear up 4%, womenswear down 1%

**BOSS**  
HUGO BOSS

**+1 %**

+3 % fx-adjusted

595

600

Q3 2016\*

Q3 2017\*

**HUGO**  
HUGO BOSS

**+3 %**

+4 % fx-adjusted

108

111

Q3 2016\*

Q3 2017\*

\*in EUR million

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November 2017

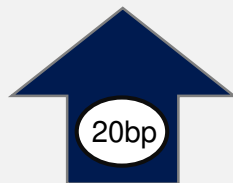
8



## Investments in future growth and currency effects weigh on operating profit

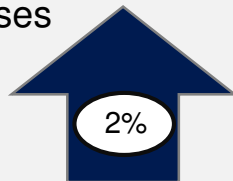
Gross margin

64.9 %



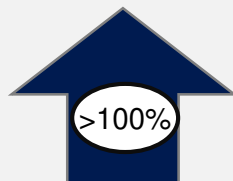
Administration expenses

67 EUR million



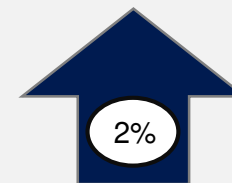
Special items

5 EUR million



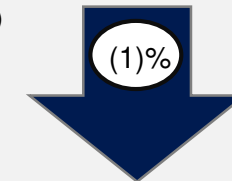
Selling & Distribution expenses

284 EUR million



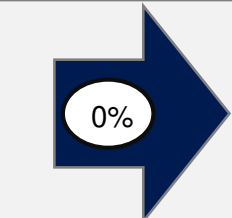
EBITDA (before special items)

143 EUR million



Net income

80 EUR million





## Margin performance differs by region

**Europe**  
(in %)  
**+140 bp**

**Americas**  
(in %)  
**(250) bp**

**Asia/Pacific**  
(in %)  
**(200) bp**

**32.4**  
**33.8**

**Q3 2016**

**Q3 2017**

**23.8**  
**21.3**

**Q3 2016**

**Q3 2017**

**15.8**  
**13.8**

**Q3 2016**

**Q3 2017**



## Sales and earnings increase in the first nine months

### Group Sales (Jan. - Sep. 2017)

**1.998** Mio. EUR  **+2%**  
+2% fx-adjusted

### EBITDA (before special items)

**348** Mio. EUR  **+1%**

### Net income

**186** Mio. EUR  **+43%**

### Sales by Region (Jan. - Sep. 2017)

#### Europe



**+2%**  
+3% fx-adjusted

#### Americas



**(2)%**  
(3)% fx-adjusted

#### Asia/Pacific



**+4%**  
+5% fx-adjusted

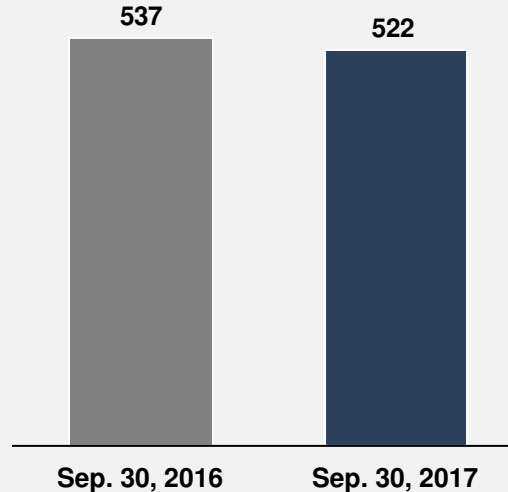


## Working capital to sales ratio continues to improve

- Inventory position well controlled
- Trade net working capital up 5%
- Timing effects impact trade receivables

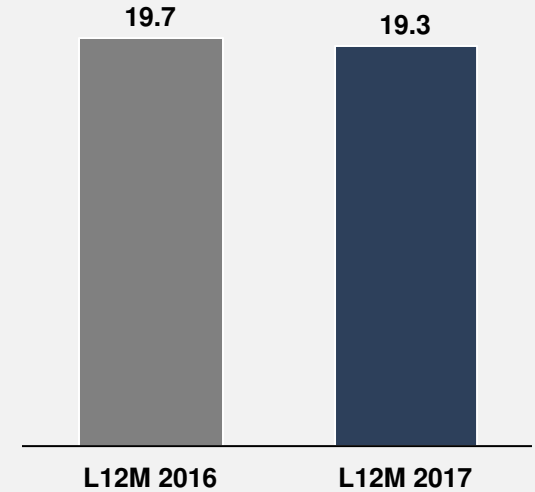
**Inventories**  
(in EUR million)

**(3) %**  
0 % fx-adjusted



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

**(40) bp**



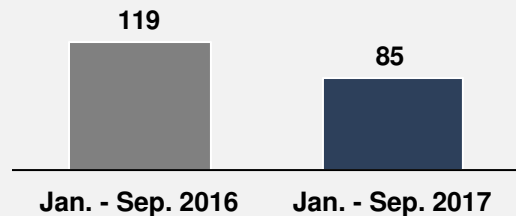


## Earnings increase and lower investments drive cash flow growth

### Capital expenditure

(in EUR million)

(29) %

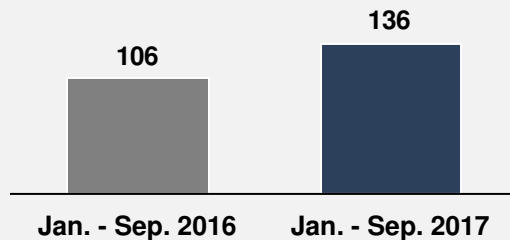


■ Own retail investments decline

### Free cash flow

(in EUR million)

+29 %

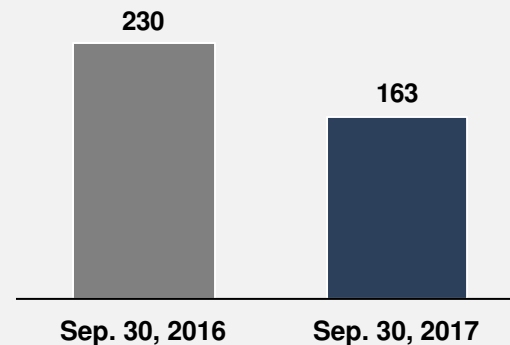


■ Higher net profit and lower investments

### Net financial liabilities


(in EUR million)

(29) %



■ Free cash flow improvement





## Group Strategy Update

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HUGO BOSS

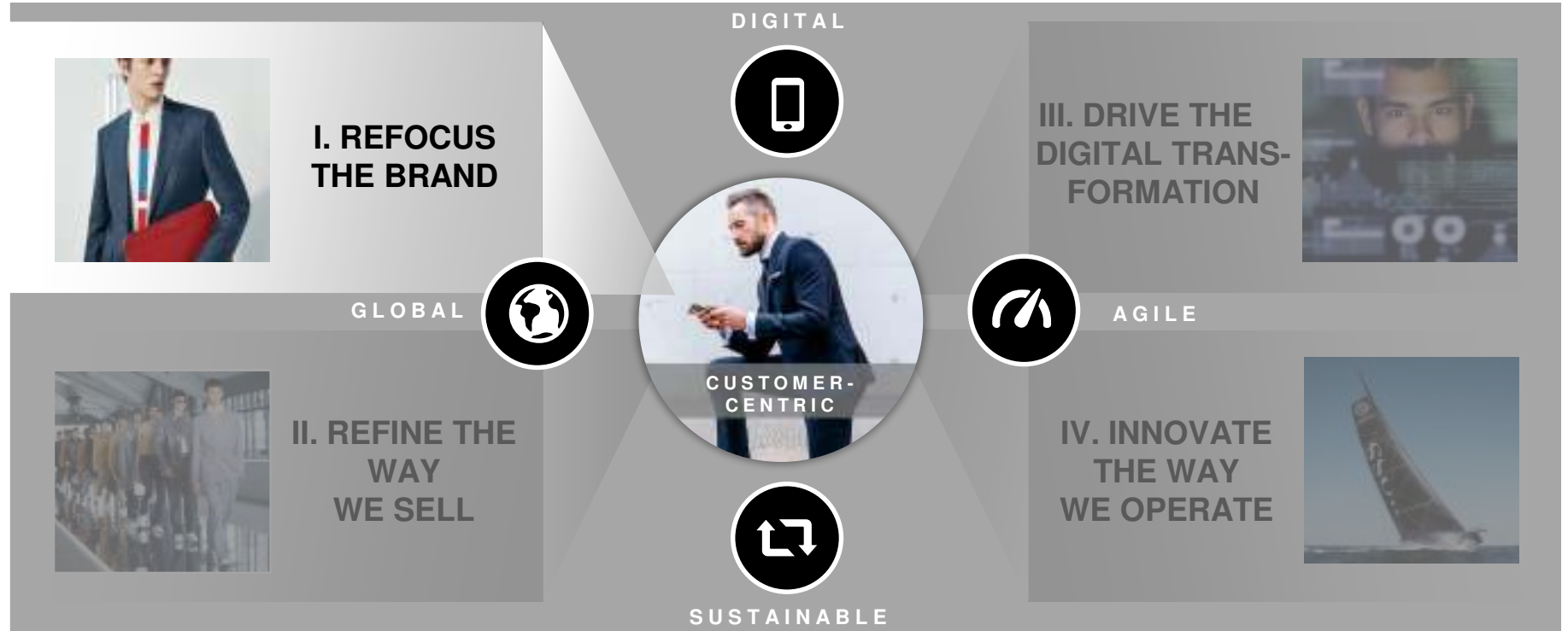


## Group strategy focuses on four fields of action





## 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

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



## 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

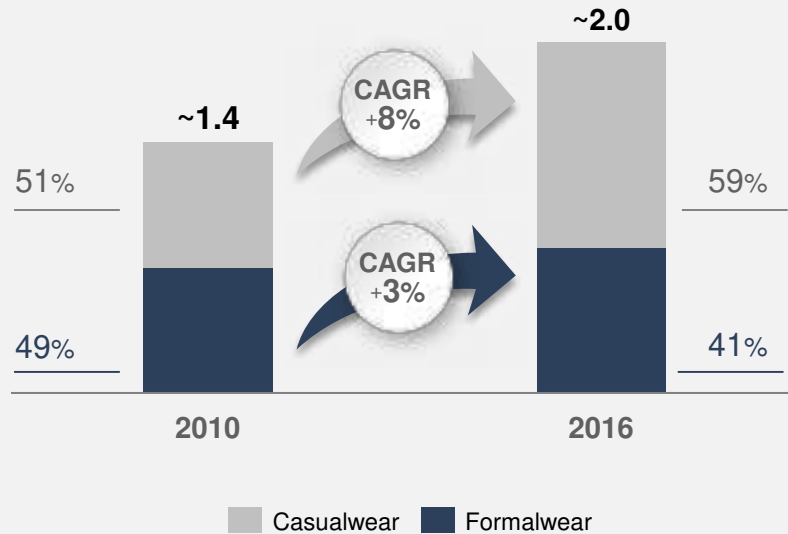
**TO BE DRESSED INDIVIDUALLY  
FOR EVERY OCCASION**



## BOSS: Upgrade of casualwear and new interpretation of formalwear

### Split of BOSS brand sales by segment

*In EUR billion*

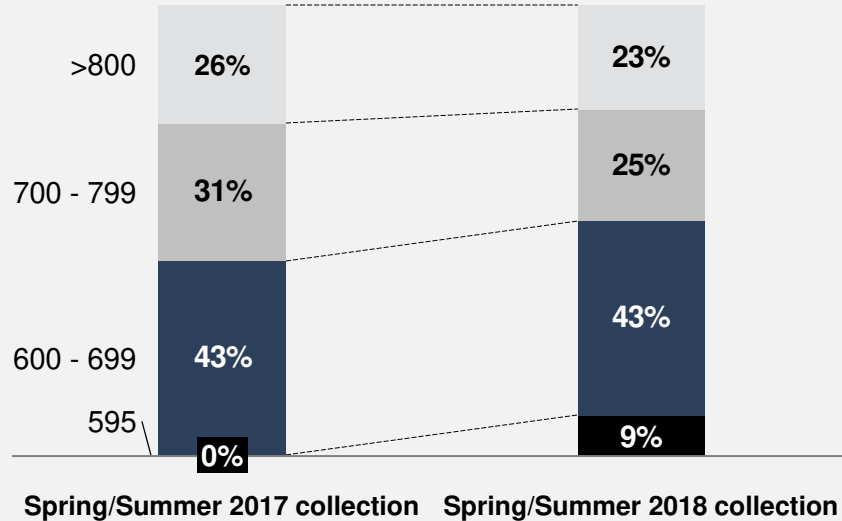




## BOSS: Rebalanced offer takes advantage of BOSS core strength in upper premium

### 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

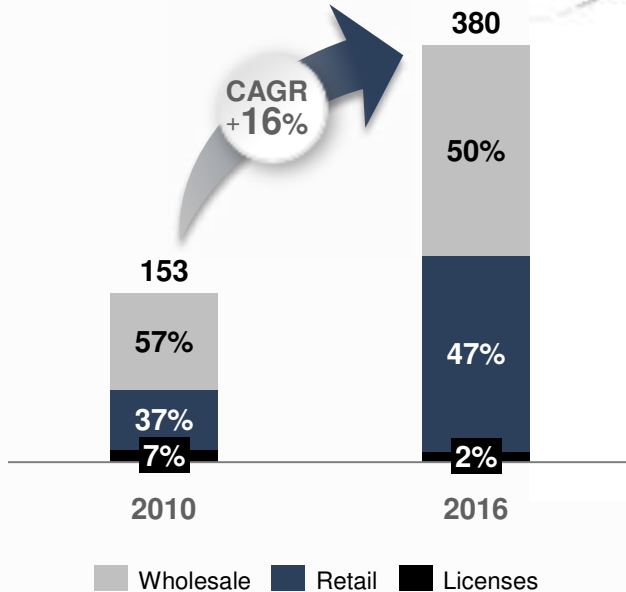




## HUGO has grown significantly above industry average in recent past

### 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



## High profile events and campaigns drive brand awareness

**BOSS**  
HUGO BOSS



"Own Your Journey"  
Social media campaign



"Gallery Collection"  
BOSS Womenswear

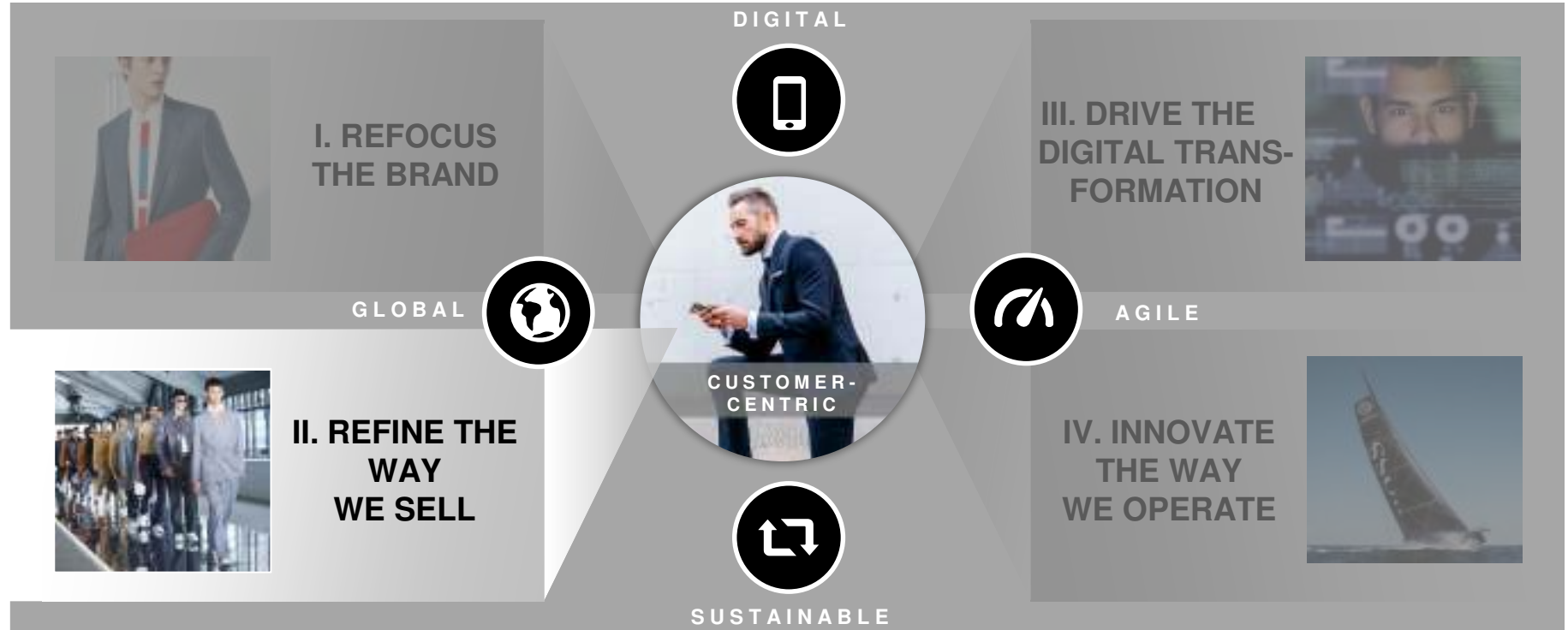
**HUGO**  
HUGO BOSS



Bread & Butter  
by Zalando



## Strategic Fields of Action





## Three key distribution priorities

**1**

Increase own retail sales productivity

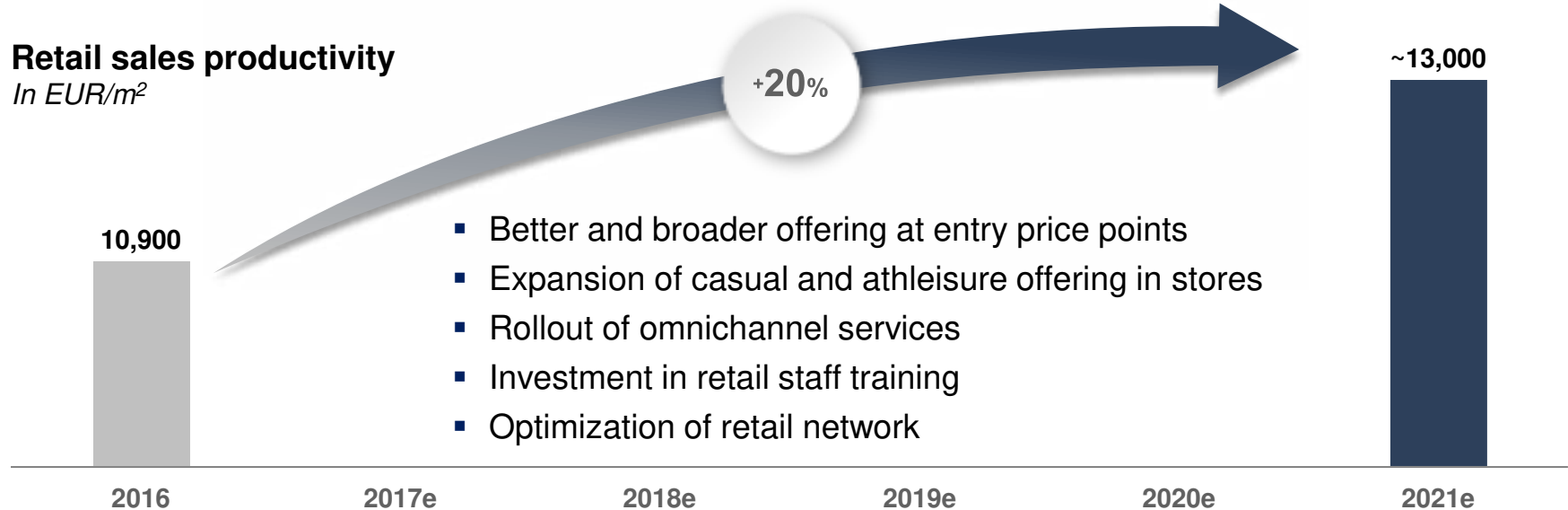
**2**

Exploit the full potential of online

**3**

Further integrate distribution across all channels

### Retail sales productivity *In EUR/m<sup>2</sup>*





## 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 stores will open in key European cities from 2018 onwards



### Closures

- 15 of 20 stores designated for closure will be closed by year-end
- Profitability of remaining five stores has improved significantly
- Additional store closures based on expiration of rental contract



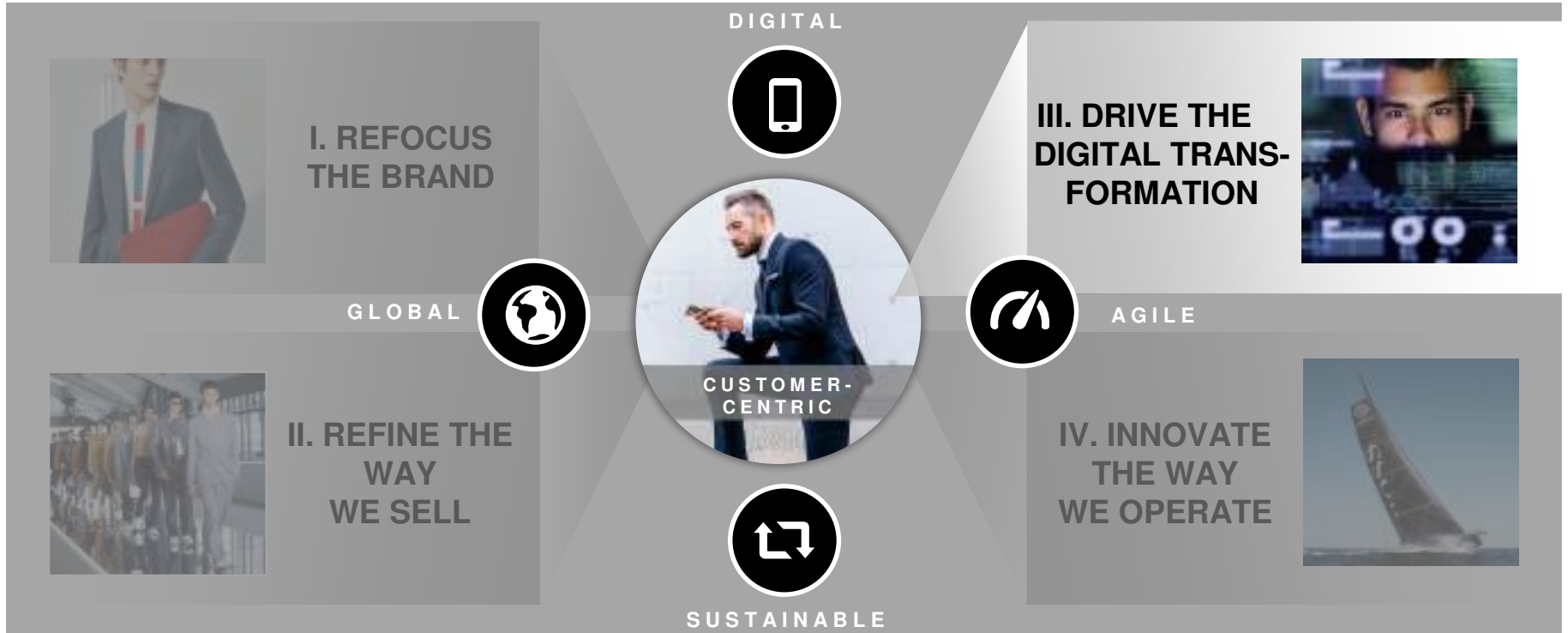
### Renovations

- Renovations to account for the bulk of retail investments

► Own retail selling space will remain largely stable going forward



## 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



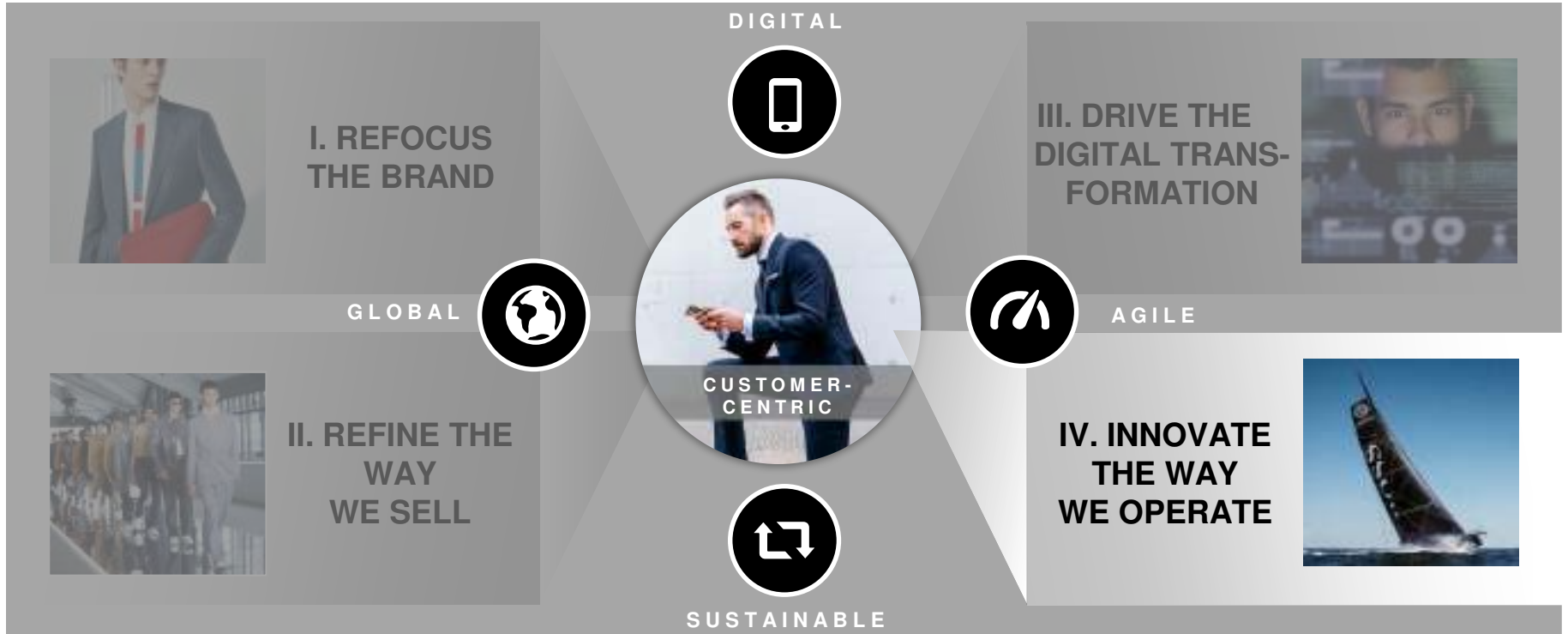


## HUGO digital showroom with full order functionality went live in October





## 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 brought 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)





## New Chief Financial Officer Yves Müller will take office in December

**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 & Operational Outlook

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HUGO BOSS



## Sales outlook upgraded for all three regions

### Sales by region\*

#### Europe

Increase at a  
low single-digit  
percentage rate

#### Americas

Largely stable

#### Asia/Pacific

Increase at a low to  
mid single-digit  
percentage rate

\*on a currency-adjusted basis

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## Increased retail sales outlook reflects better than expected year-to-date performance

### Sales by channel\*

#### Retail

Mid single-digit increase,  
low single-digit comp  
store sales growth

#### Wholesale

Decline at a low to mid  
single-digit  
percentage rate

#### Licenses






Double-digit growth



\*on a currency-adjusted basis



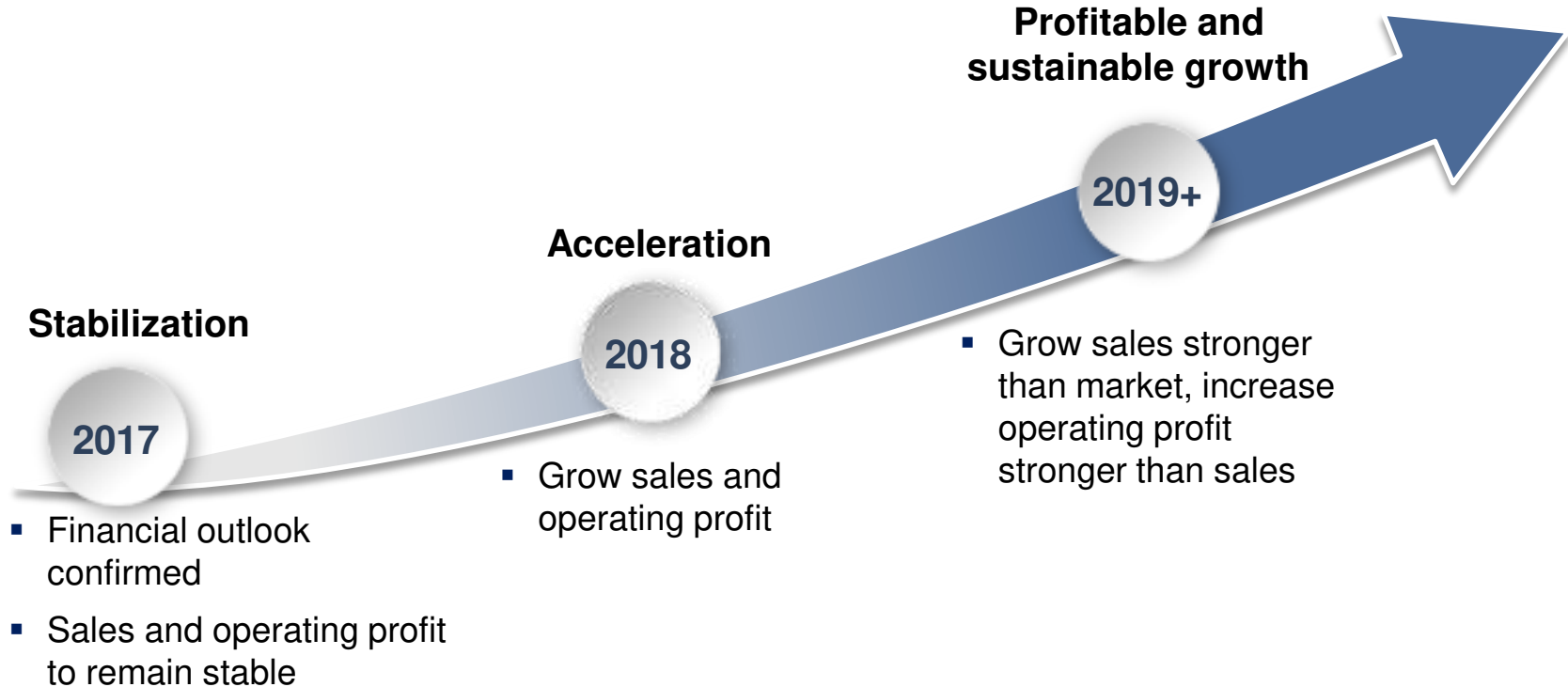
## Operating profit to remain on prior year level in 2017

<b>Sales*</b>	Low single-digit percentage rate increase	
<b>Gross profit margin</b>	Slight increase	
<b>EBITDA before special items</b>	Largely stable	Specification
<b>Consolidated net income</b>	Low double-digit percentage rate increase	
<b>Capital expenditure</b>	EUR 130 million to EUR 150 million	
<b>Free cash flow</b>	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



A man with dark hair, wearing a dark grey checkered suit, white shirt, and dark tie, is walking towards the camera in a minimalist white hallway. He is carrying a black leather bag in his right hand. The hallway has a curved wall on the left and a straight wall on the right with vertical light fixtures. The floor is light grey.

Backup

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HUGO BOSS



# 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

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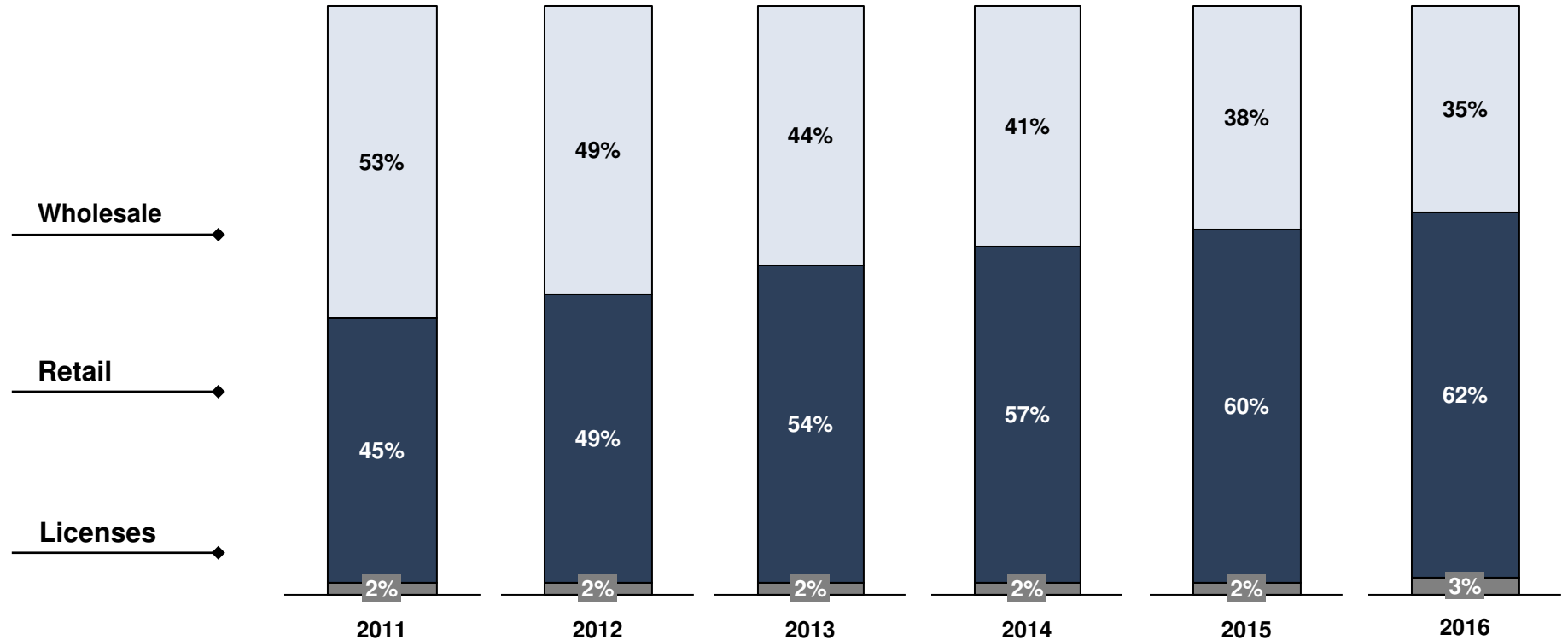
HUGO BOSS ©

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## Sales by distribution channel





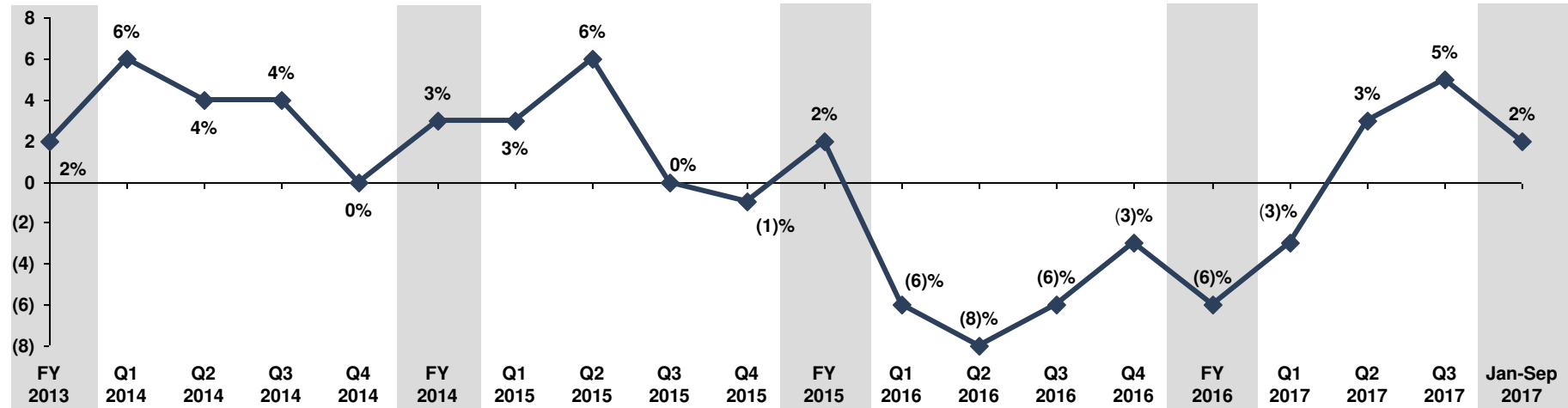
## Number of Group's own retail stores by region

As of 30/09/2017	Freestanding stores	Shop-in-Shops	Outlets	Total
Europe	187	342	62	<b>591</b>
Americas	91	99	49	<b>239</b>
Asia/Pacific	157	87	44	<b>288</b>
Total	<b>435</b>	<b>528</b>	<b>155</b>	<b>1,118</b>



## Retail comp stores sales

### Retail I-f-I sales development\*

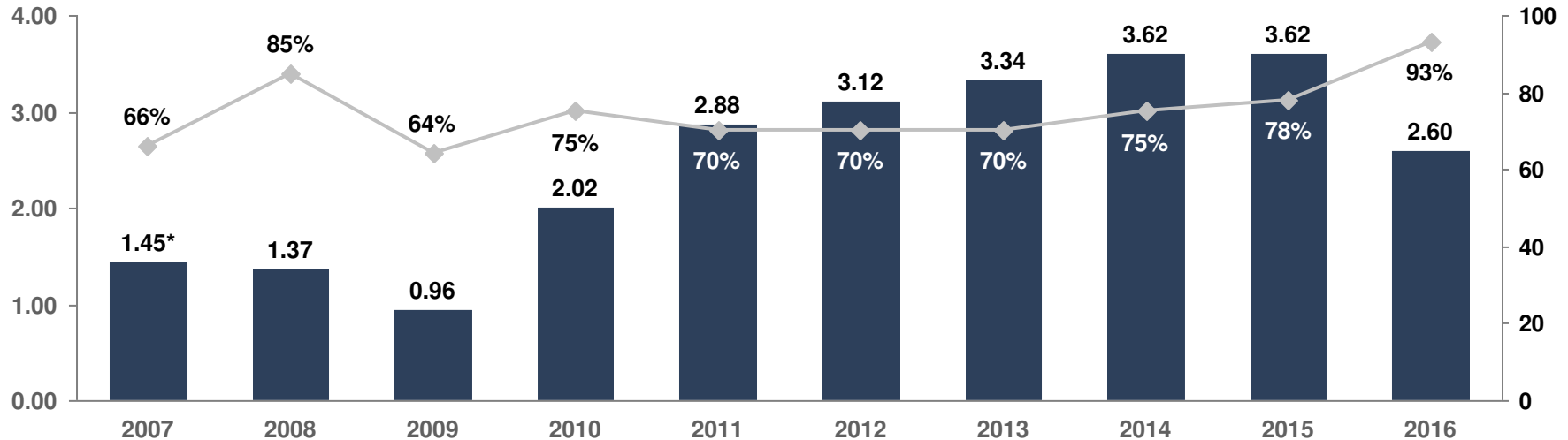


\*FX-adjusted



## Dividend policy

Dividend per share and payout ratio  
(in EUR)

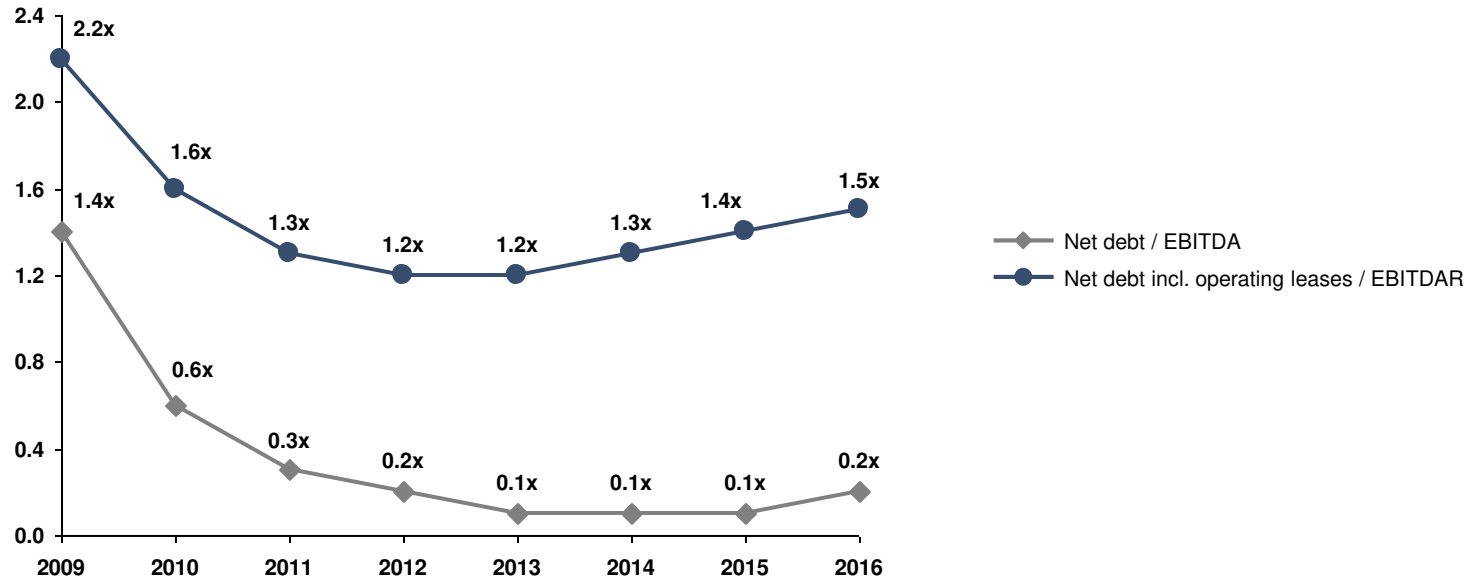


► Dividend policy of paying out between 60% and 80% of consolidated net income reconfirmed

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



## (Adjusted) financial leverage

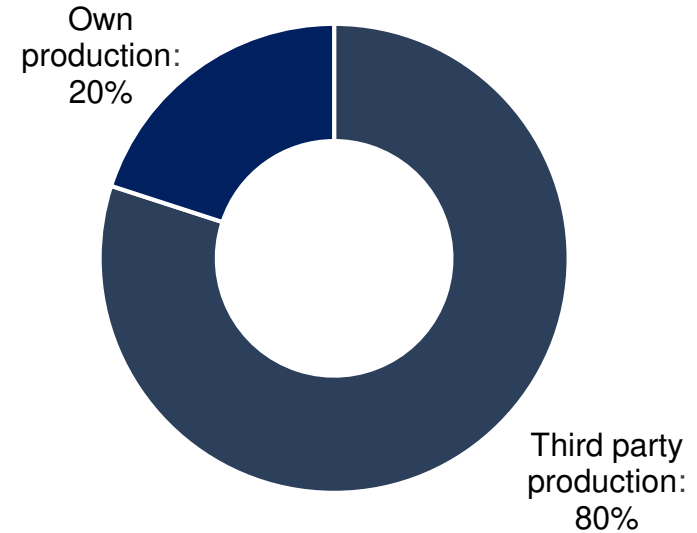
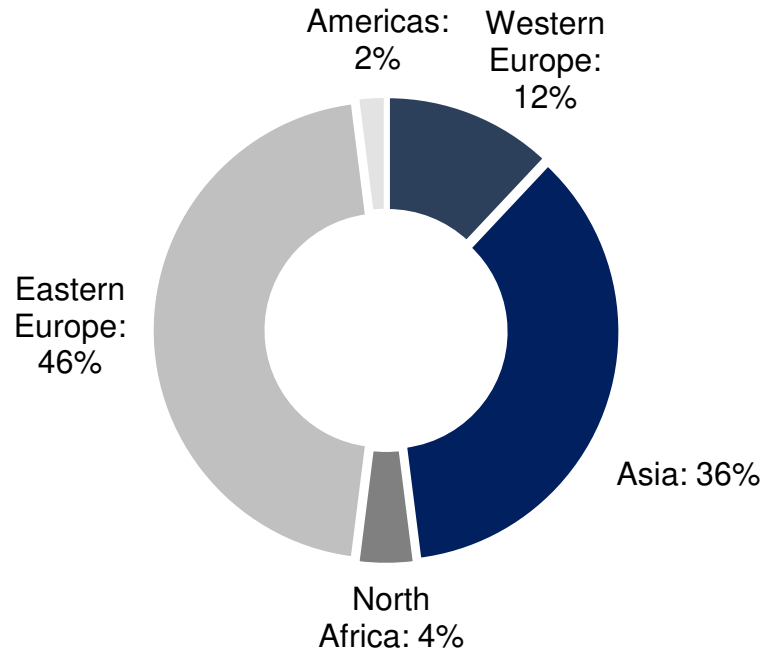


**Operating leases  
EBITDAR**

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



## Sourcing and production structure\*



\*as of 2016, in value terms

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## 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



## Analyst coverage

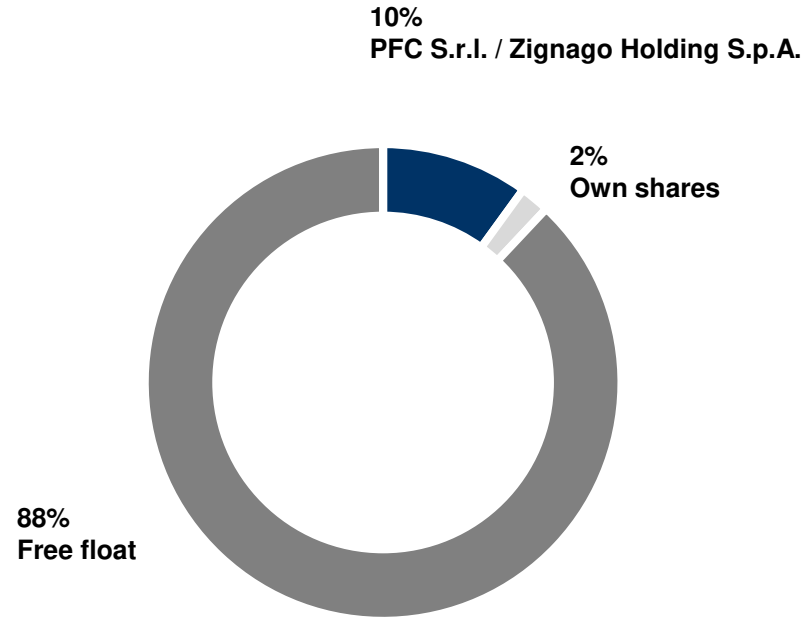
The HUGO BOSS AG share is covered by the following financial analysts:

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

Institution	Analyst
Hamburger Sparkasse	Christian Hamann
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 Miglioni
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 November 2017)



## Financial Calendar 2018 and Investor Relations contact

Date	Event
March 8, 2018	Full Year Results 2017 & Press and Analysts' Conference
May 2, 2018	First Quarter Results 2018
May 3, 2018	Annual Shareholders' Meeting 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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