

**H U G O   B O S S**



## Second Quarter Results 2017

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Metzingen – August 2, 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

## Timing effects in wholesale mask underlying improvements in Europe

- Different timing of wholesale orders and deliveries
- 11% currency-adjusted sales growth in the UK
- Heterogeneous trends in other core markets

### Europe Sales

(in EUR million)

**(2) %**

0 % fx-adjusted

378

372

Q2 2016

Q2 2017

## Business in the Americas returns to growth in the second quarter

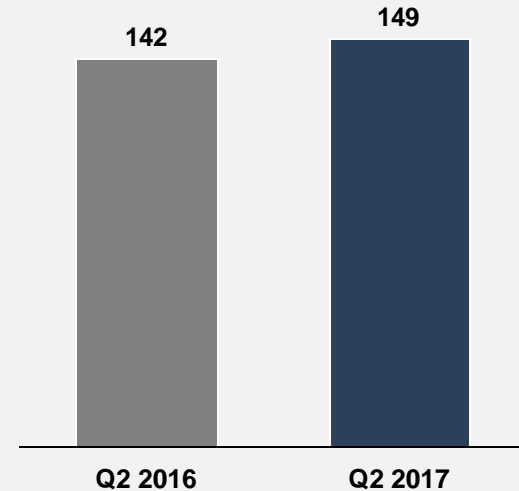
- Sales in the U.S. up 2%
- Retail comp store sales stable
- Growth in U.S. wholesale supported by weak comparative

### Americas Sales

(in EUR million)

**+5 %**

+3 % fx-adjusted



## Improving trends in other Asian markets add to strength in China

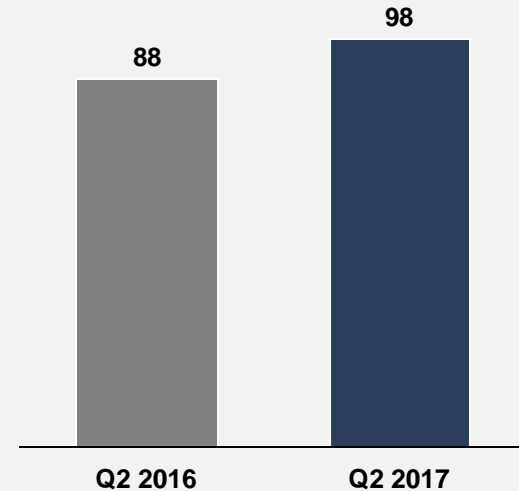
- Ongoing strength in Mainland China
- Hong Kong and Macau stabilize
- Momentum in Japan and Australia improves

### Asia/Pacific Sales

(in EUR million)

**+11 %**

+10 % fx-adjusted



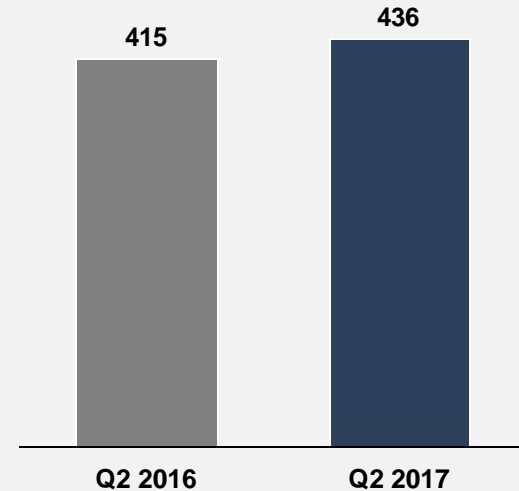
## Like-for-like sales performance in own retail turns positive

- Own retail sales up 3% on a comp store basis
- Conversion rates and volumes increase
- Online business returns to growth

### Retail Sales (in EUR million)

**+5 %**

+6 % fx-adjusted



## Timing effects impact wholesale business in the second quarter

- Shift in timing of orders and deliveries in Europe
- Underlying demand in the Americas continues to be weak
- Wholesale sales in the U.S. will decline in second half year

### Wholesale Sales

(in EUR million)

**(6) %**

(6) % fx-adjusted

193

182

Q2 2016

Q2 2017



## Fragrances drive double-digit growth in license business



License Sales  
(in EUR million)

**+27 %**

+27 % fx-adjusted

14

18

Q2 2016

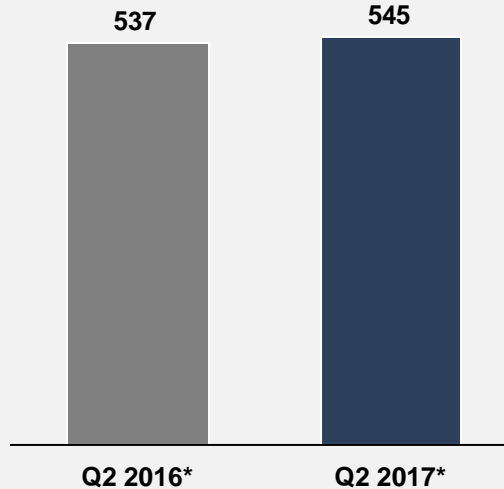
Q2 2017

## Sales up at BOSS and HUGO

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

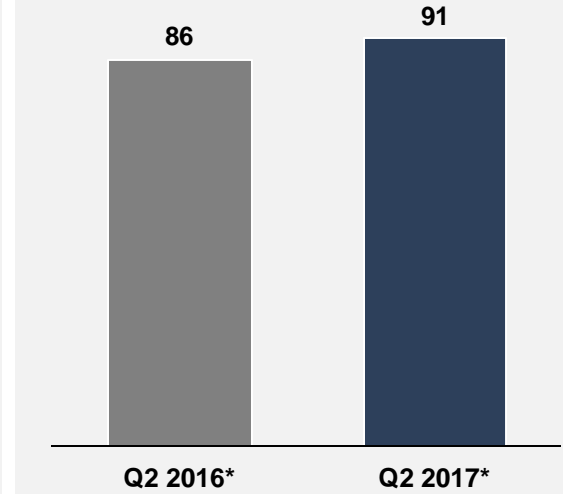
**BOSS**  
HUGO BOSS

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



**HUGO**  
HUGO BOSS

**+6 %**  
+6 % fx-adjusted

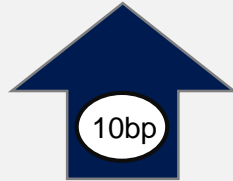


\*in EUR million.

## Operating profit stable despite higher marketing expenses and investments in digital

Gross margin

67.7 %



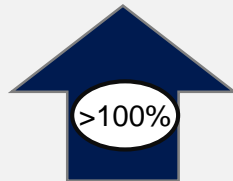
Administration expenses

69 EUR million



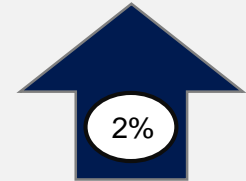
Special items

6 EUR million



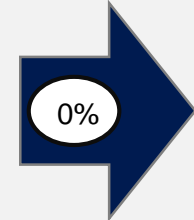
Selling & Distribution expenses

287 EUR million



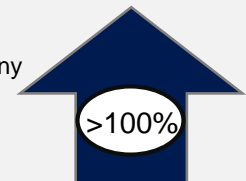
EBITDA (before special items)

108 EUR million



Net income attributable to equity holders of the parent company

58 EUR million

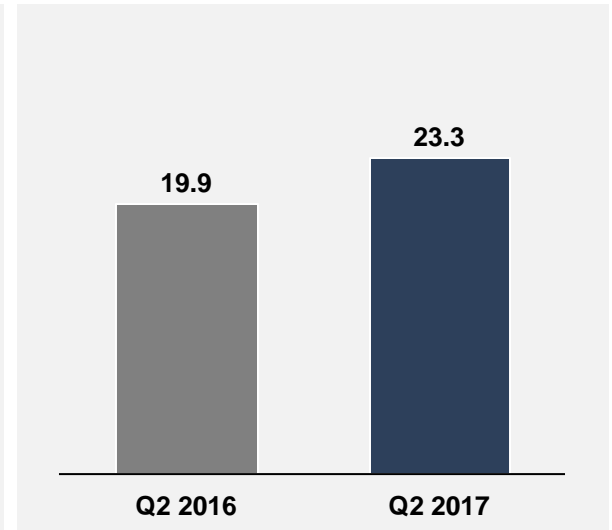
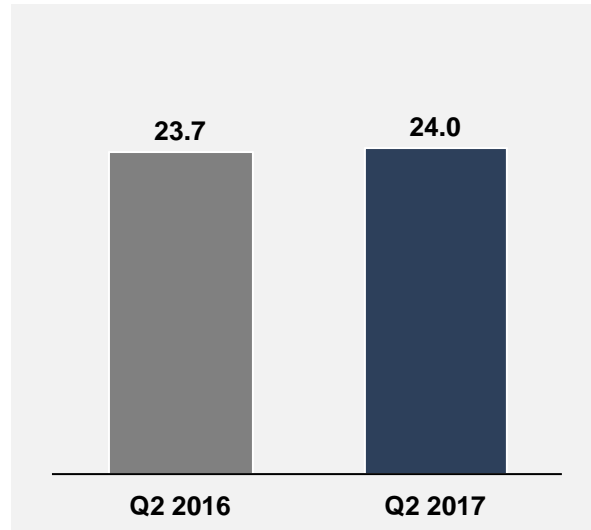
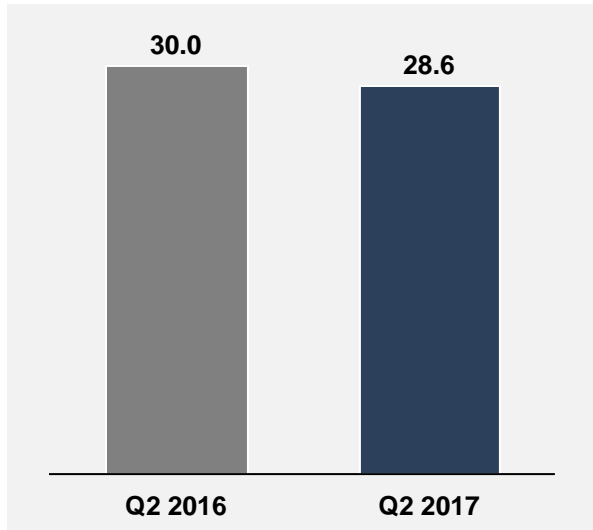


## Profitability in Asia/Pacific improves significantly

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

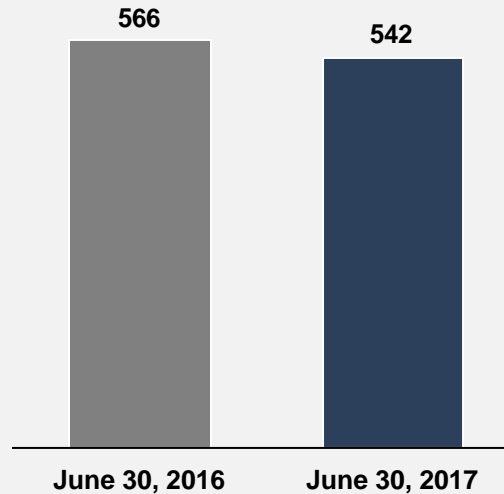
Asia/Pacific  +7%  
+5% fx-adjusted

## 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

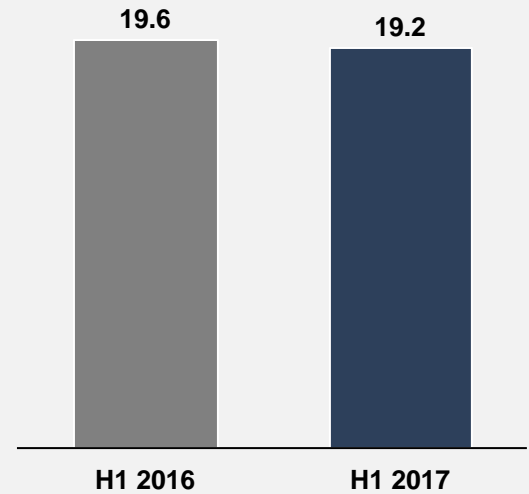
**Inventories**  
(in EUR million)

**(4) %**  
(3) % fx-adjusted



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

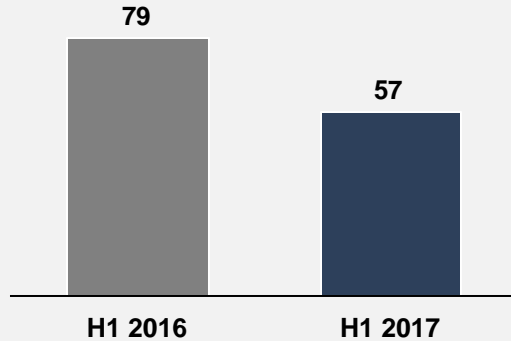
**(40) bp**



## Investment activity moderates compared to the prior year

### Capital expenditure (in EUR million)

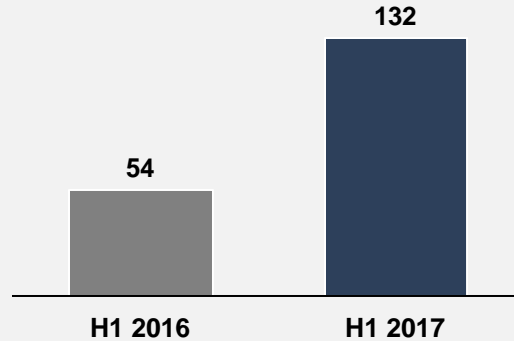
(28) %



■ Own retail investments decline

### Free cash flow (in EUR million)

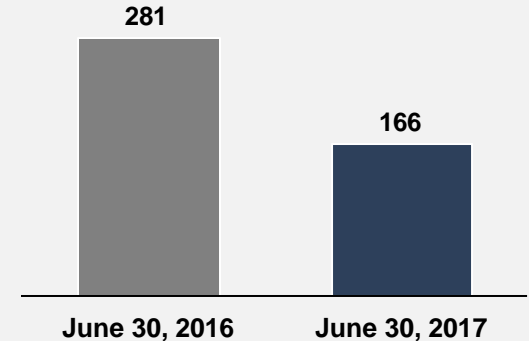
>100 %



■ Higher net profit, lower working capital and investments

### Net financial liabilities (in EUR million)

(41) %



■ Free cash flow improvement

## Group 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

<b>Sales*</b>	Largely stable	Unch.
<b>Gross profit margin</b>	Slight increase	Unch.
<b>EBITDA before special items</b>	-3% to +3%	Unch.
<b>Consolidated net income</b>	Low double-digit percentage rate increase	Unch.
<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.

## Second quarter results an important step towards the achievement of full year targets

A photograph of a person wearing a dark blue suit jacket and trousers, holding a blue briefcase with a silver buckle. The person is standing outdoors, with a blurred background of trees and a stone ledge.

**Retail sales performance improves in all regions**

**Operating profit remains stable despite investments in future growth**

**Outlook for sales and earnings confirmed**



## Q&A

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HUGO BOSS

## 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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