


H U G O B O S S

**Kepler Cheuvreux
German Corporate Conference**

FRANKFURT, JANUARY 16/17, 2018



HUGO BOSS

A man in a dark grey checkered suit, white shirt, and black tie is walking towards the camera in a bright, minimalist hallway. He is carrying a black bag in his right hand. The hallway has white walls and a light-colored floor. The lighting is soft and even.

Third Quarter Results 2017

HUGO BOSS

HUGO BOSS records solid sales increase in the third quarter

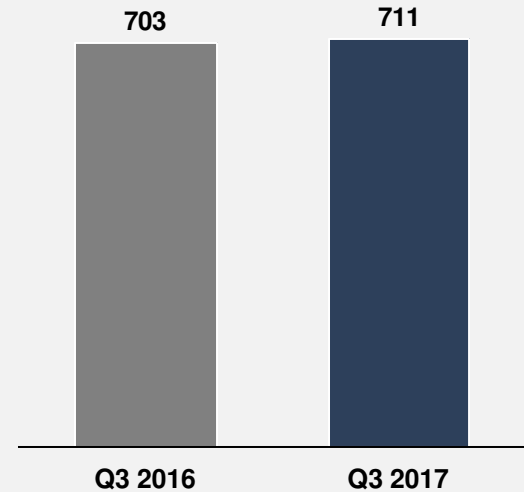
- Improved sales momentum in own retail
- Healthy increases in Europe and China
- US retail business returns to comp store sales growth

Group Sales

(in EUR million)

+1 %

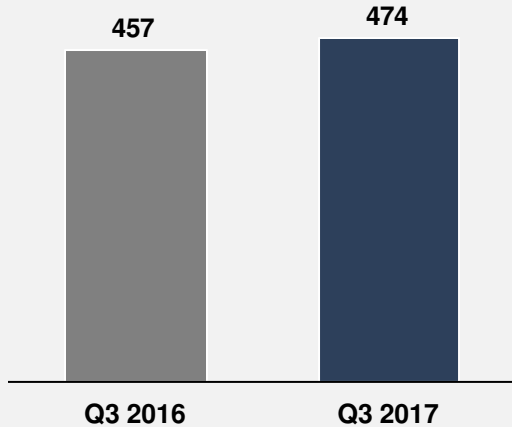
+3 % fx-adjusted



Europe and Asia/Pacific contribute to sales growth

HUGO BOSS Europe Sales*

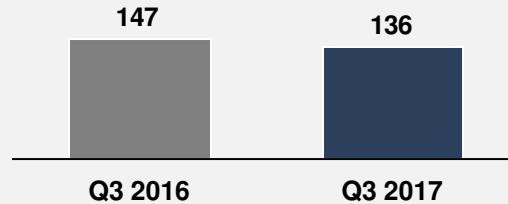
+4 %
+5 % fx-adjusted



■ Sales increase in all major markets

HUGO BOSS Americas Sales*

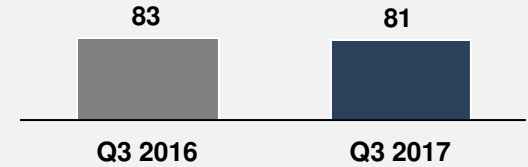
-8 %
-4 % fx-adjusted



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

HUGO BOSS APAC Sales*

(2) %
+4 % fx-adjusted



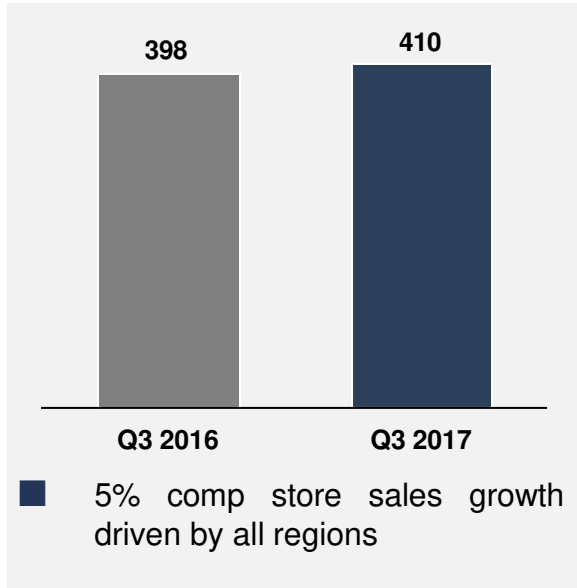
■ China remains growth engine in Asia

*in EUR million

Pace of growth in own retail accelerates

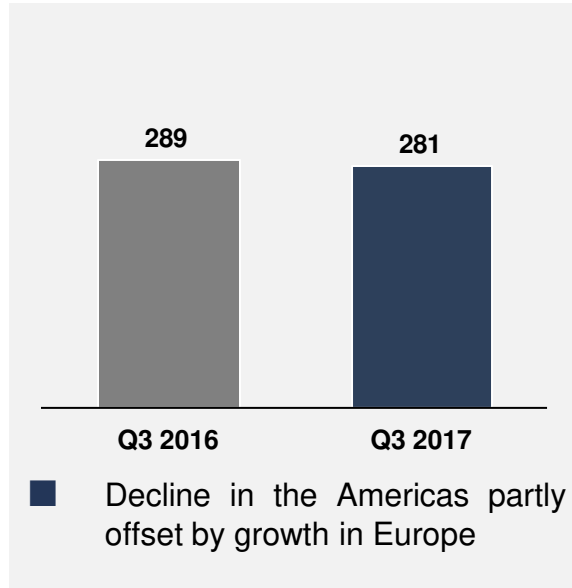
Retail Sales*

+3 %
+6 % fx-adjusted



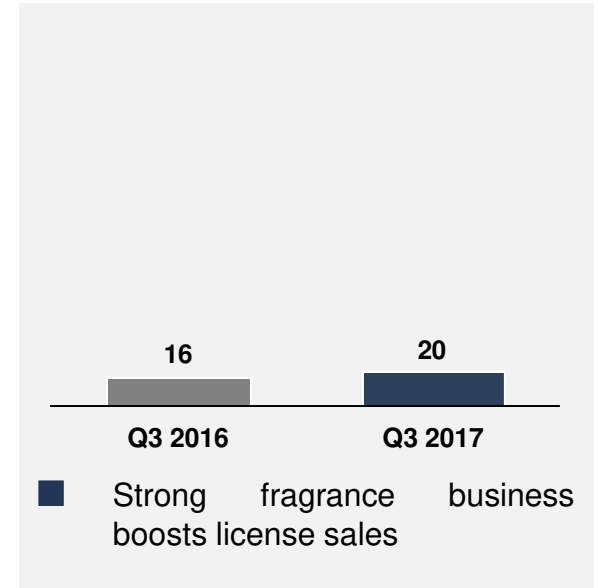
Wholesale Sales*

(3) %
(1) % fx-adjusted



License Sales*

+24 %
+24 % fx-adjusted



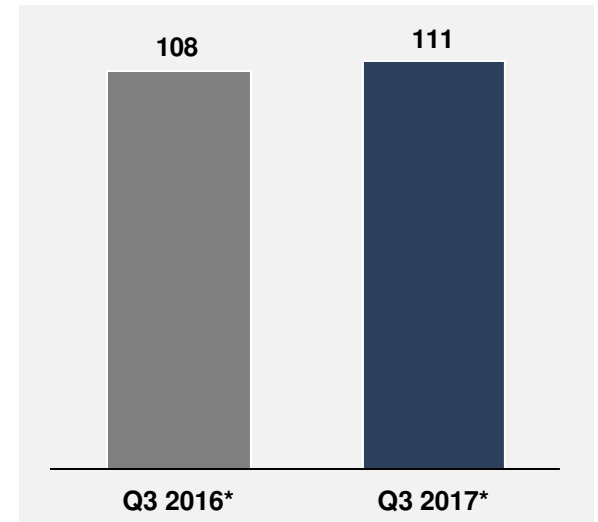
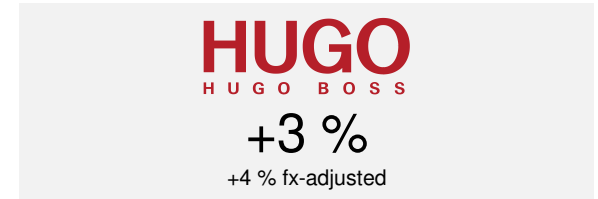
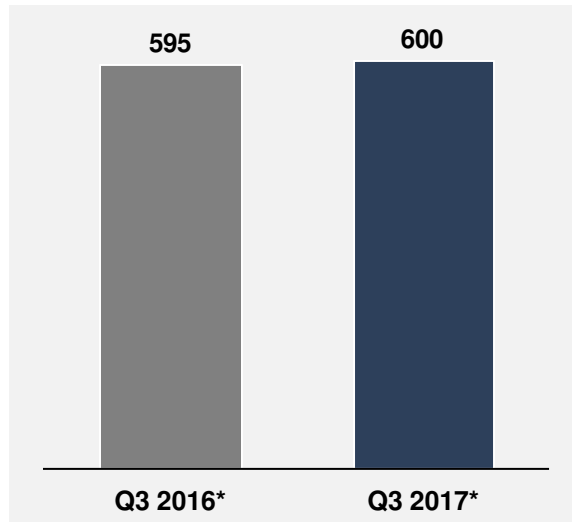
*in EUR million

First BOSS stores refurbished with new store concept



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%

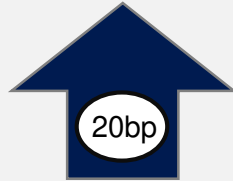


*in EUR million

Investments in future growth and currency effects weigh on operating profit

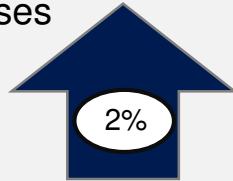
Gross margin

64.9 %



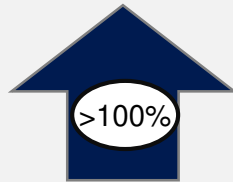
Administration expenses

67 EUR million



Special items

5 EUR million



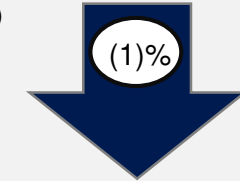
Selling & Distribution expenses

284 EUR million



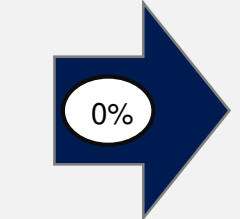
EBITDA (before special items)

143 EUR million



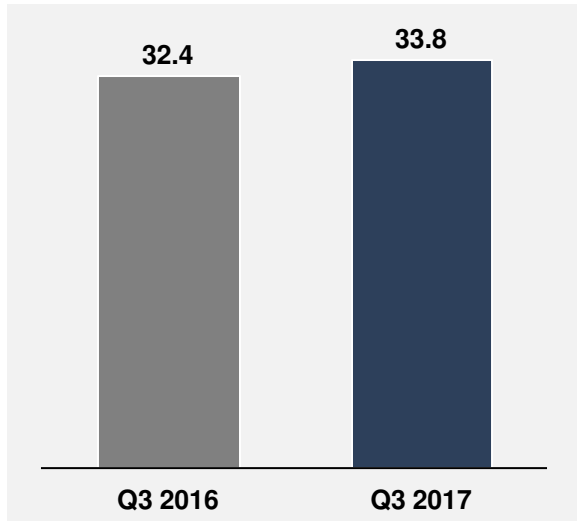
Net income

80 EUR million

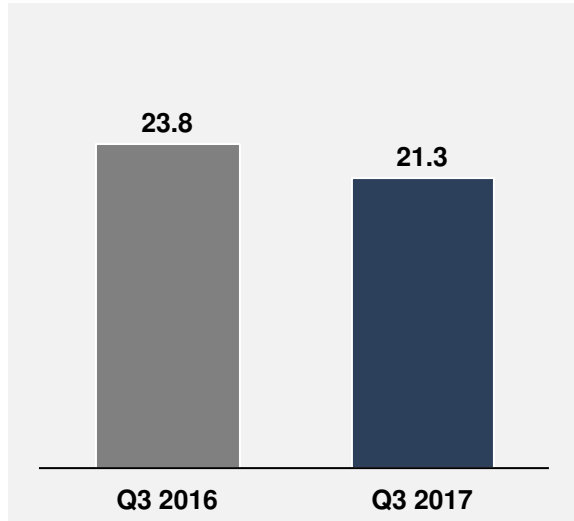


Margin performance differs by region

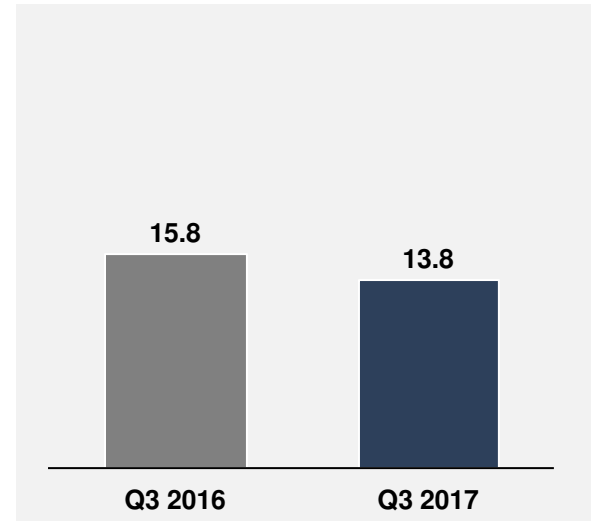
Europe
(in %)
+140 bp



Americas
(in %)
(250) bp



Asia/Pacific
(in %)
(200) bp



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

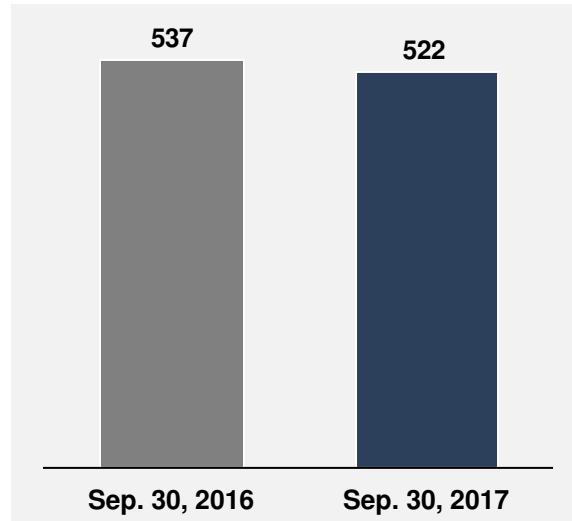
Americas   **(2)%**
(3)% fx-adjusted

Asia/Pacific   **+4%**
+5% fx-adjusted

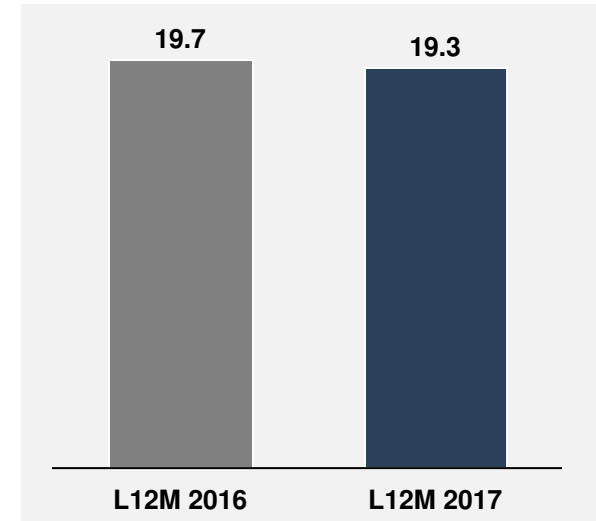
Working capital to sales ratio continues to improve

- 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

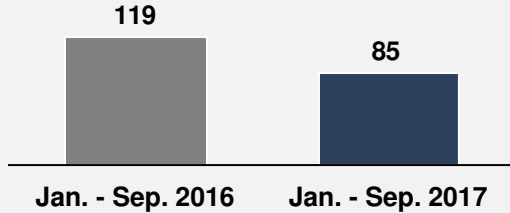


Earnings increase and lower investments drive cash flow growth

Capital expenditure

(in EUR million)

(29) %

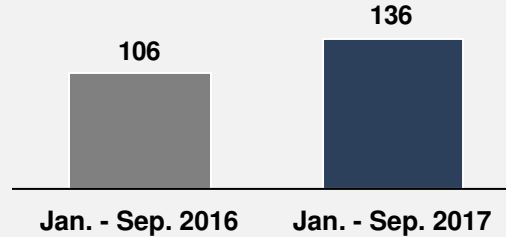


■ Own retail investments decline

Free cash flow

(in EUR million)

+29 %

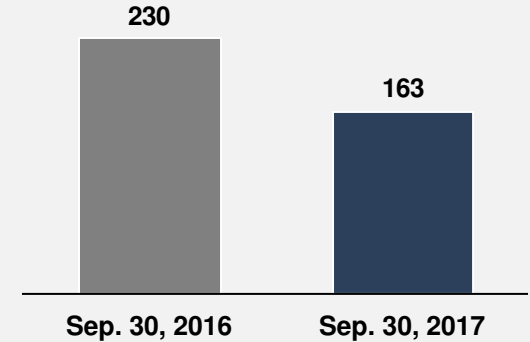


■ Higher net profit and lower investments


Net financial liabilities

(in EUR million)

(29) %



■ Free cash flow improvement



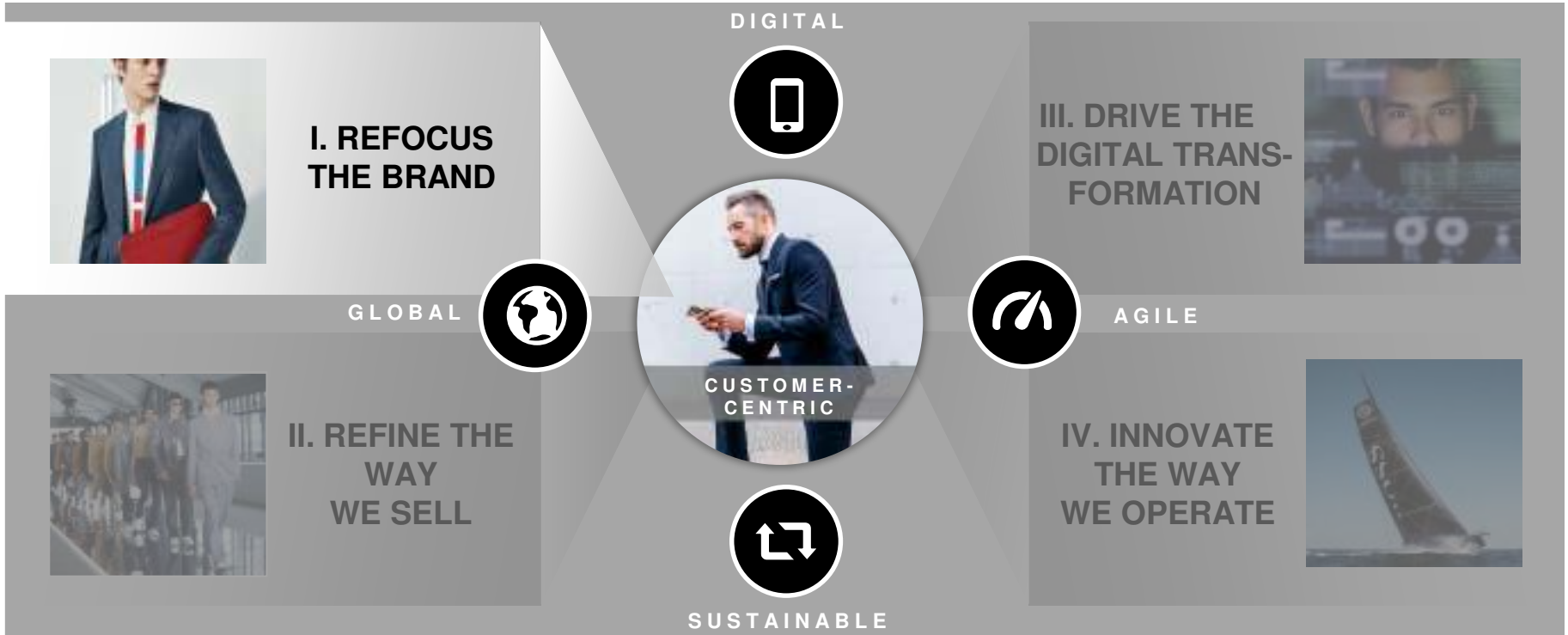
Group Strategy Update

HUGO BOSS

Group strategy focuses on four fields of action



Strategic Fields of Action



Two brands: BOSS and HUGO

#THISISBOSS



TWO BRANDS





#IAMHUGO



TWO TARGET CUSTOMERS

TWO BRAND IDENTITIES

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>	

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

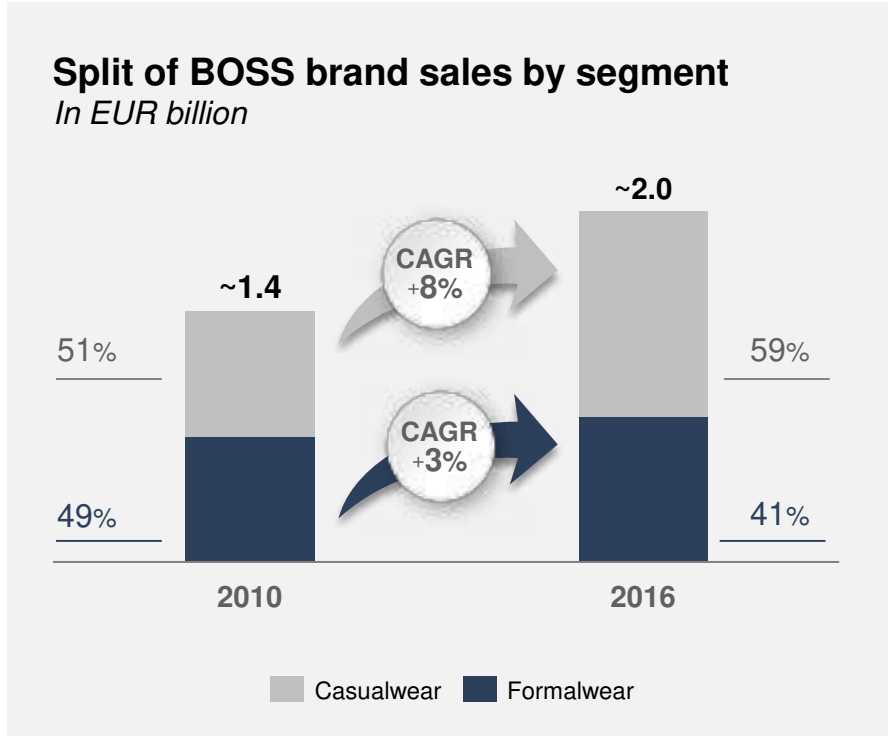
PROGRESSIVE LOOKS

FASHION - FORWARD

DESIGNER CLOTHES FOR AN
AFFORDABLE PRICE

**TO BE DRESSED INDIVIDUALLY
FOR EVERY OCCASION**

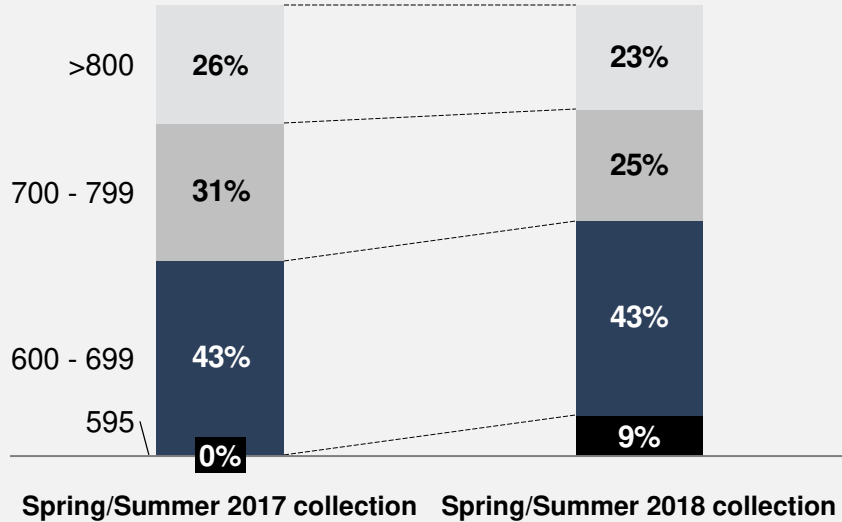
BOSS: Upgrade of casualwear and new interpretation of formalwear



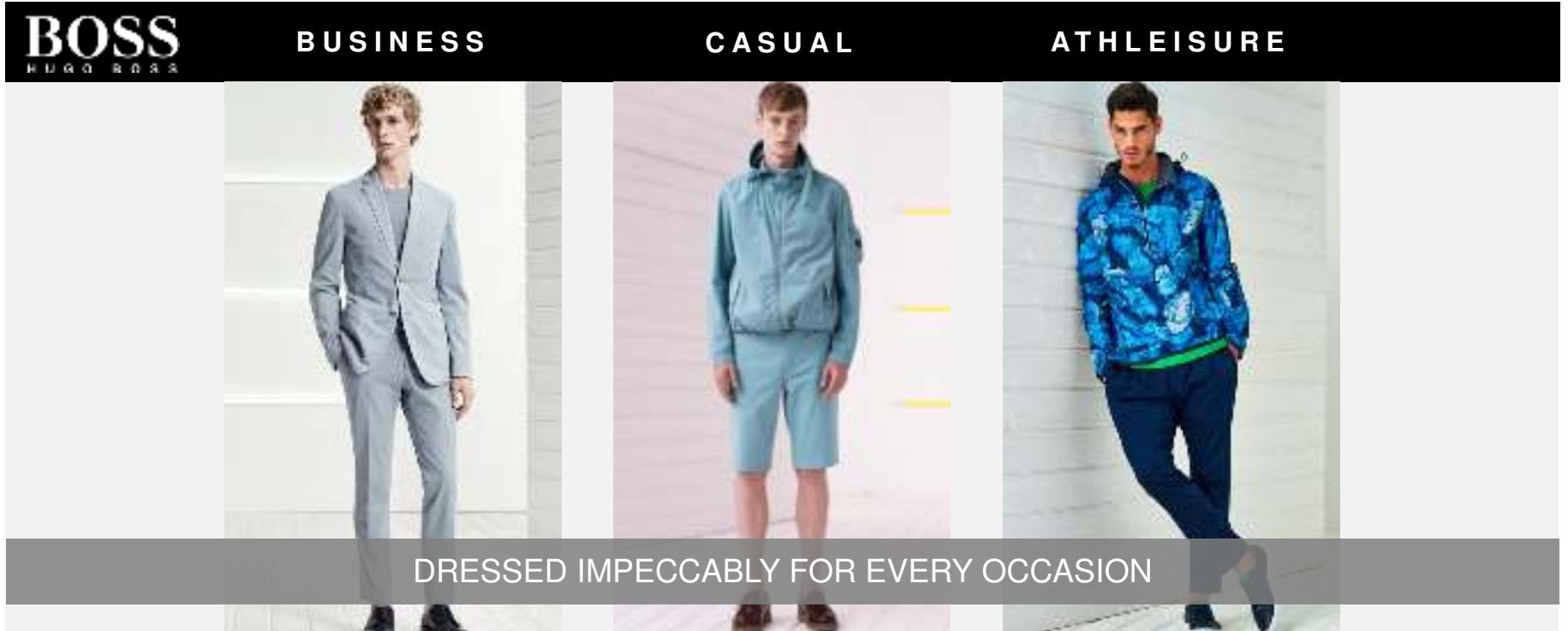
BOSS: Rebalanced offer takes advantage of BOSS core strength in upper premium

Suit offer by price point

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



BOSS Menswear collection spans three wearing occasions



BOSS 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



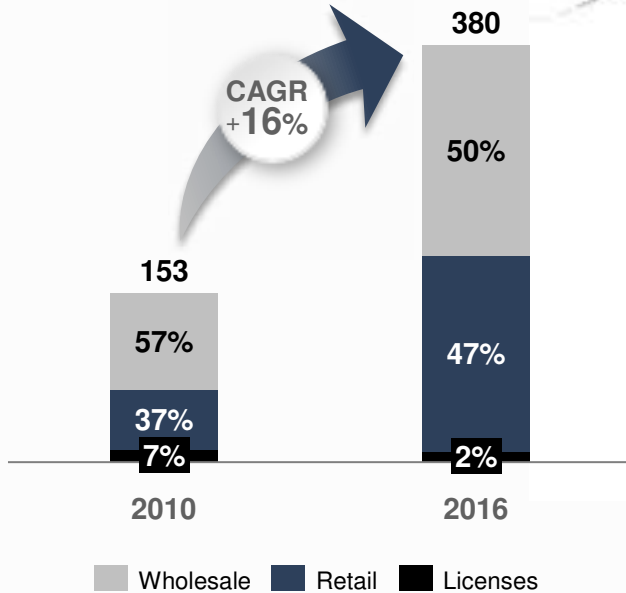
GLOBALLY ENGAGED – ALWAYS CURIOUS – AUTHENTICALLY EXPRESSIVE

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



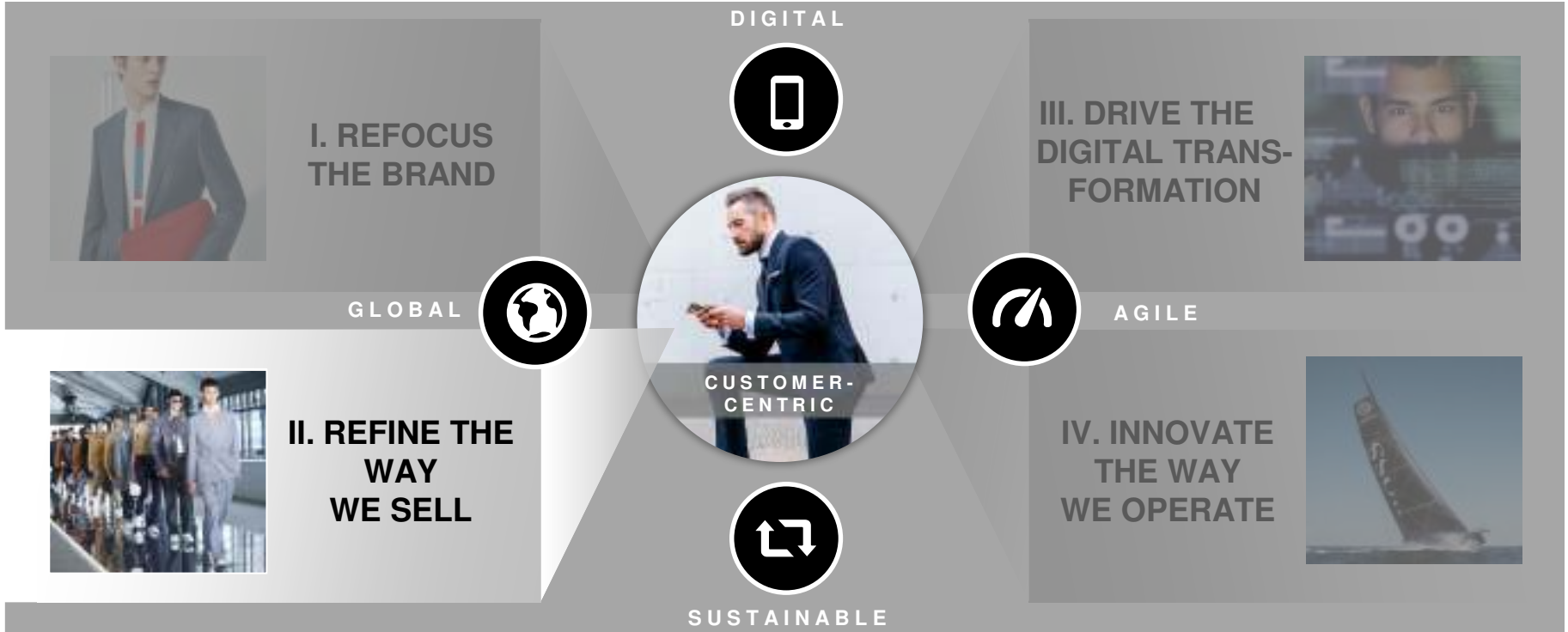
“Gallery Collection”
BOSS Womenswear

HUGO
HUGO BOSS



Bread & Butter
by Zalando

Strategic Fields of Action



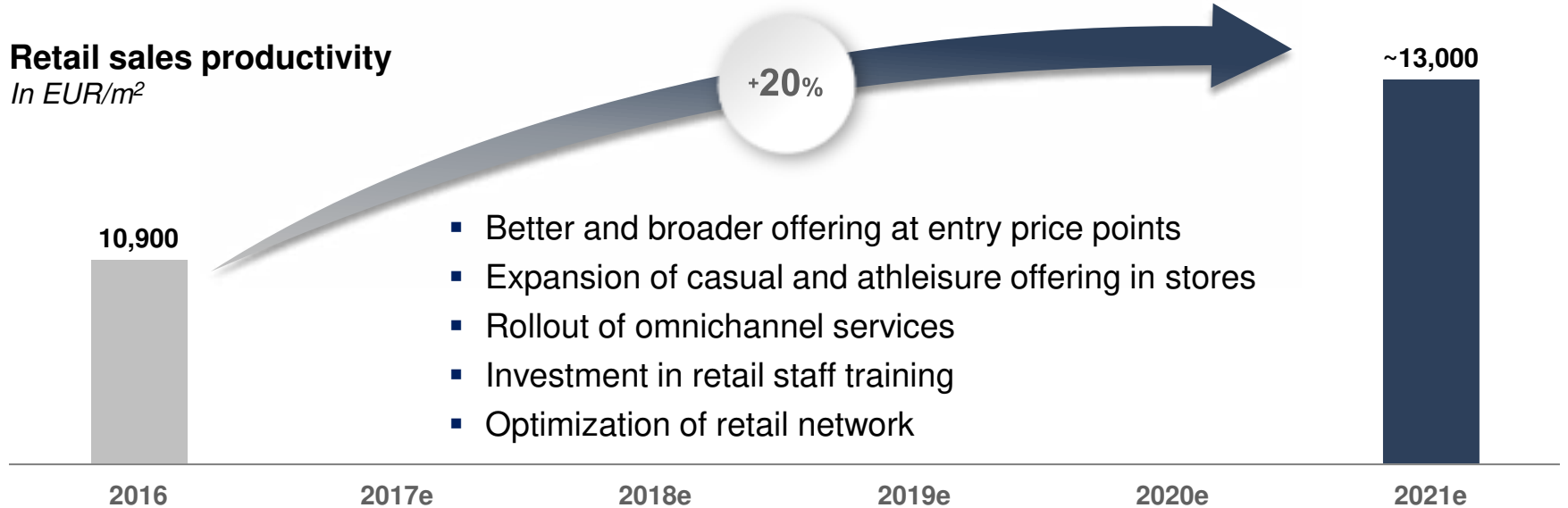
Three key distribution priorities

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/m²

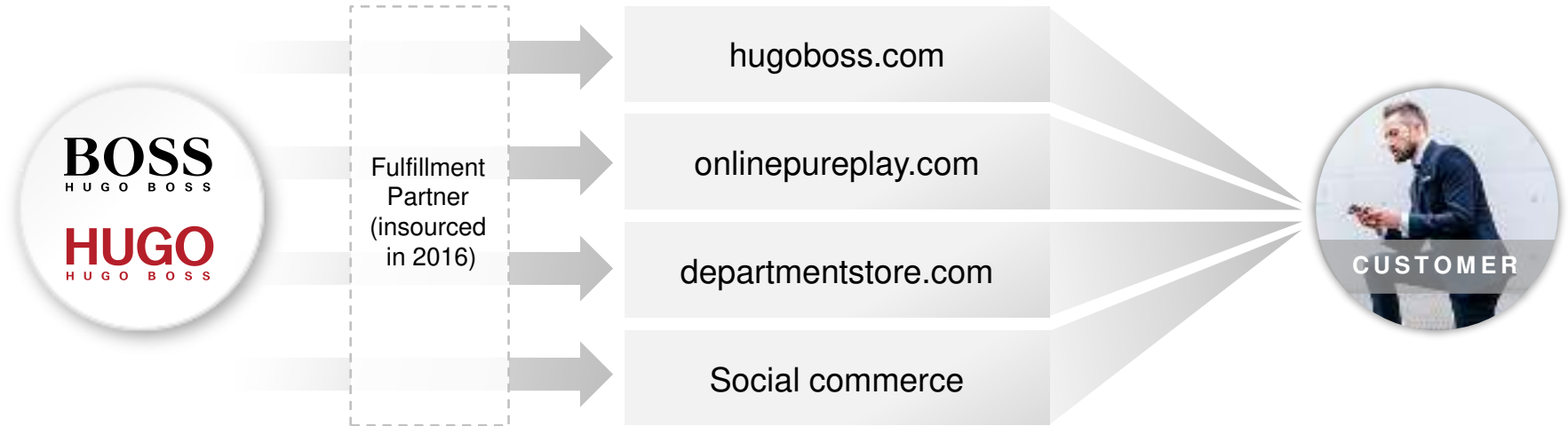


Three key distribution priorities

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 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

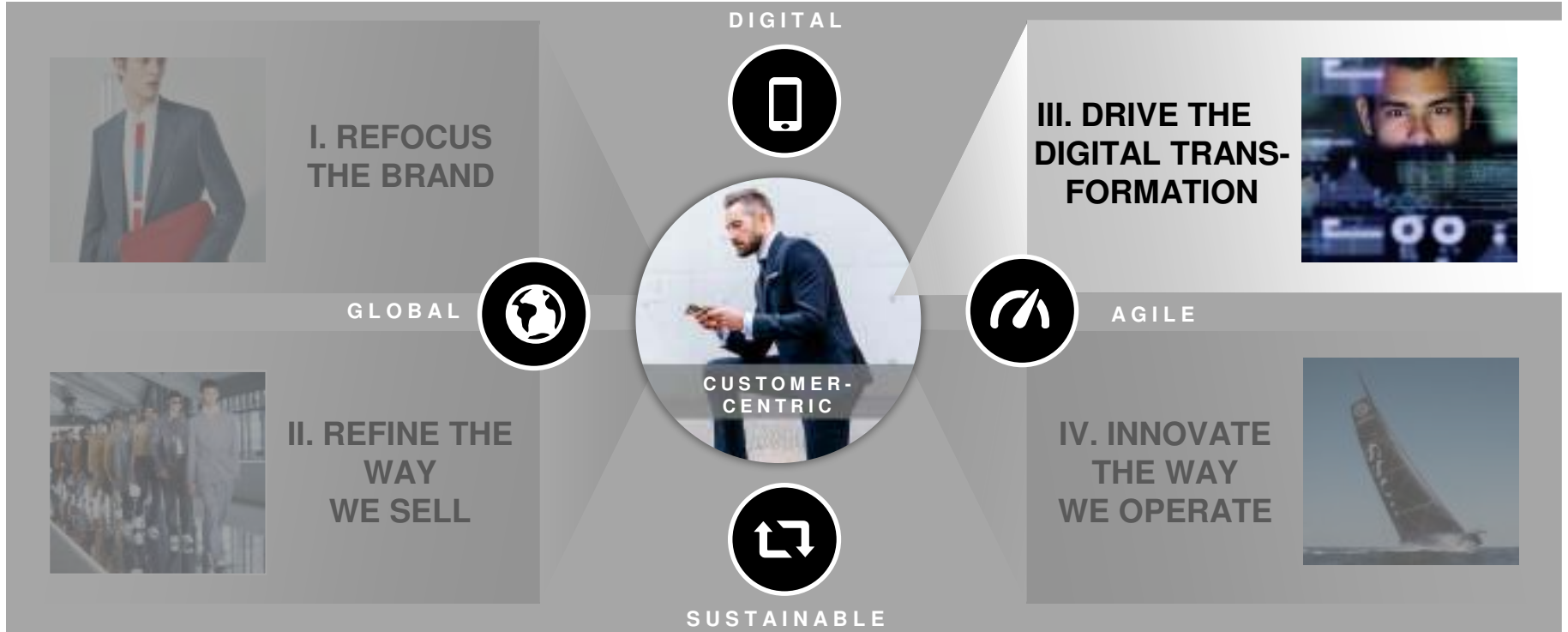


Renovations

- 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



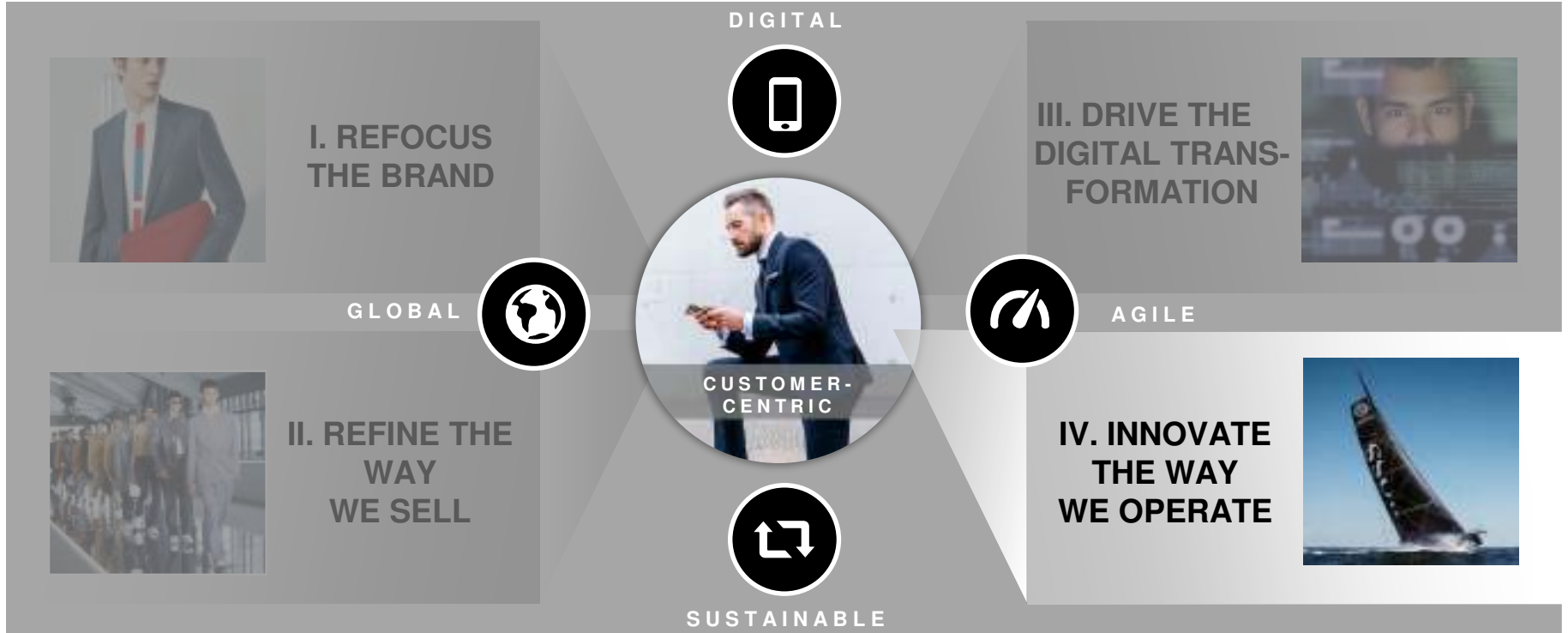
New store concepts create strong link between physical and digital retailing



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 took office in December 2017


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

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



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

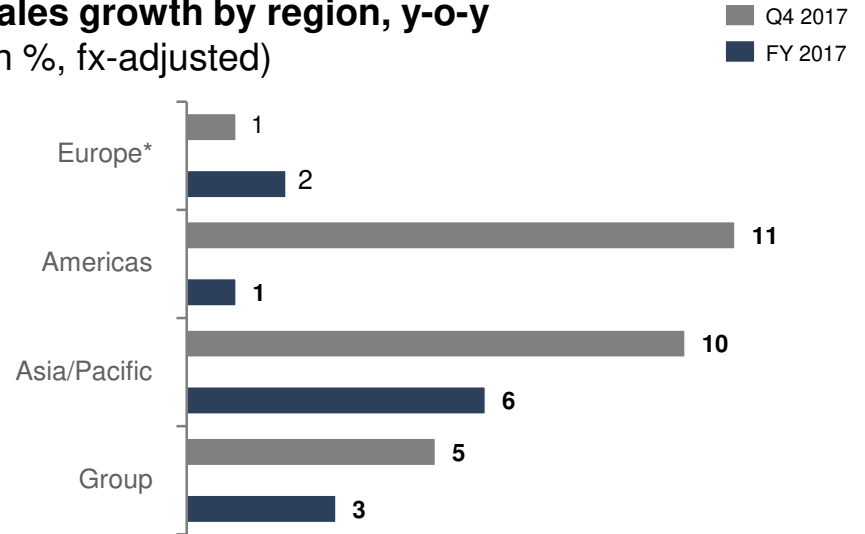
Sales*	Low single-digit percentage rate increase	
Gross profit margin	Slight increase	
EBITDA before special items	Largely stable	Specification
Consolidated net income	Low double-digit percentage rate increase	
Capital expenditure	EUR 130 million to EUR 150 million	
Free cash flow	Increase to around EUR 250 million	

*on a currency-adjusted basis

Preliminary results reported yesterday underpin strong sales momentum

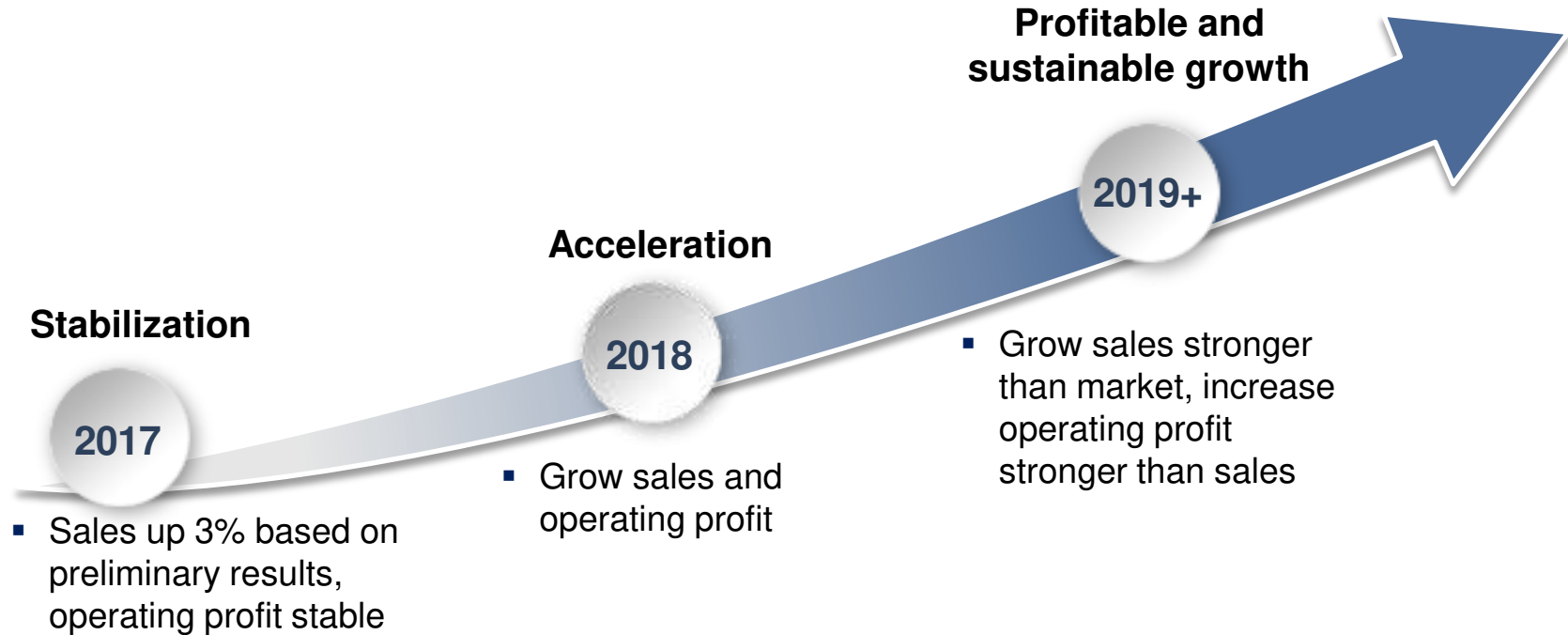
- Q4 retail comp store sales up 7% on prior year, online sales up 42%
- U.S. sales grow at double-digit rate in Q4, Great Britain and China also continue to grow strongly
- Full year 2017 operating profit (EBITDA before special items) expected to be on previous year's level (2016: EUR 493 million)

Sales growth by region, y-o-y (in %, fx-adjusted)



*Incl. Middle East and Africa

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



Backup

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%



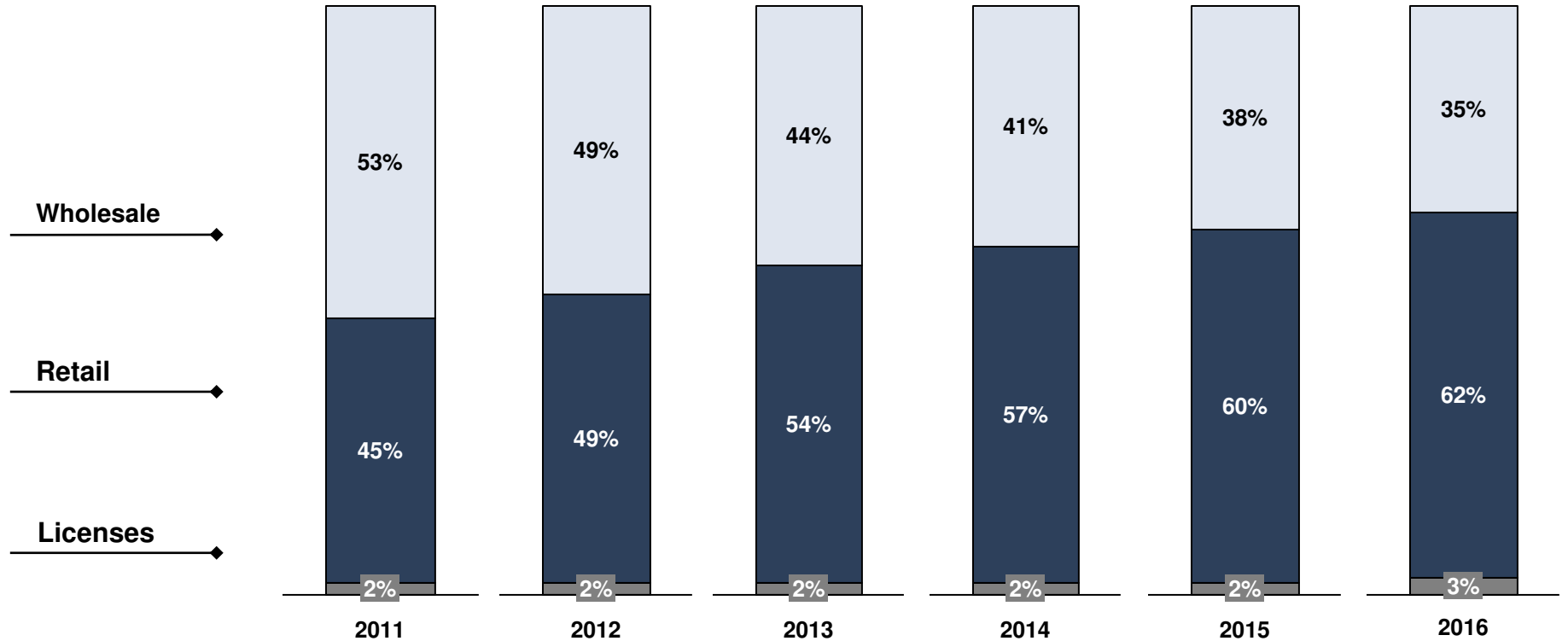
Asia/Pacific

14%

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

*as of 2016, +3% Licenses

Sales by distribution channel

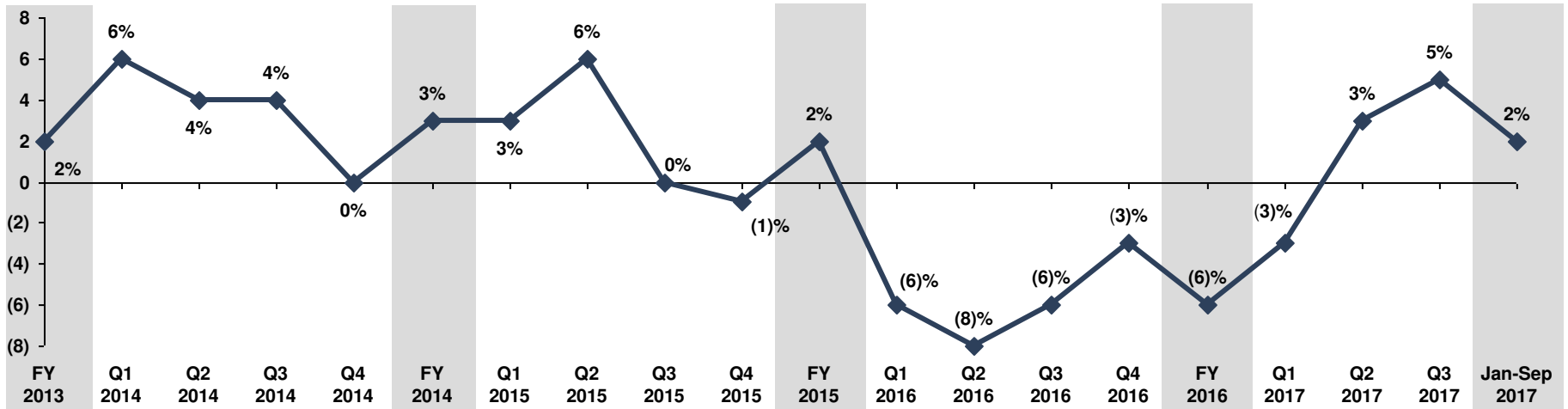


Number of Group's own retail stores by region

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

Retail comp stores sales

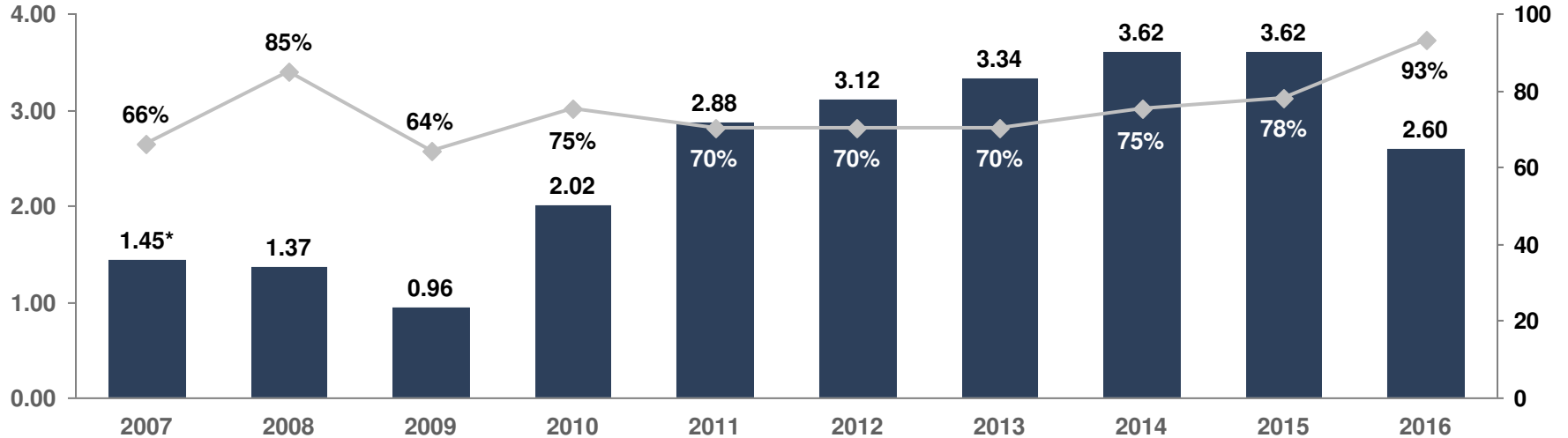
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

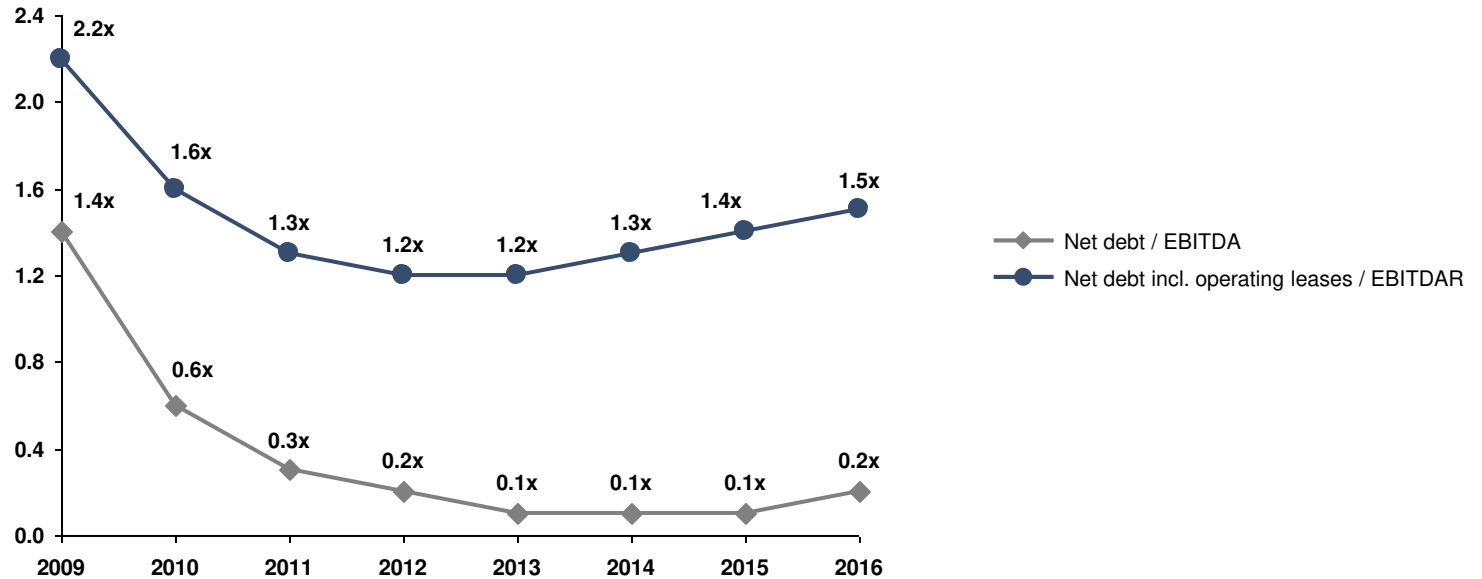
Dividend per share and payout ratio
(in EUR)



► 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

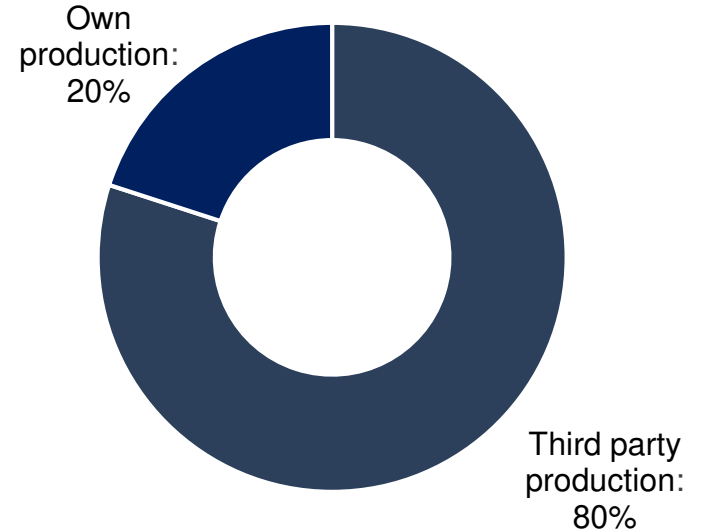
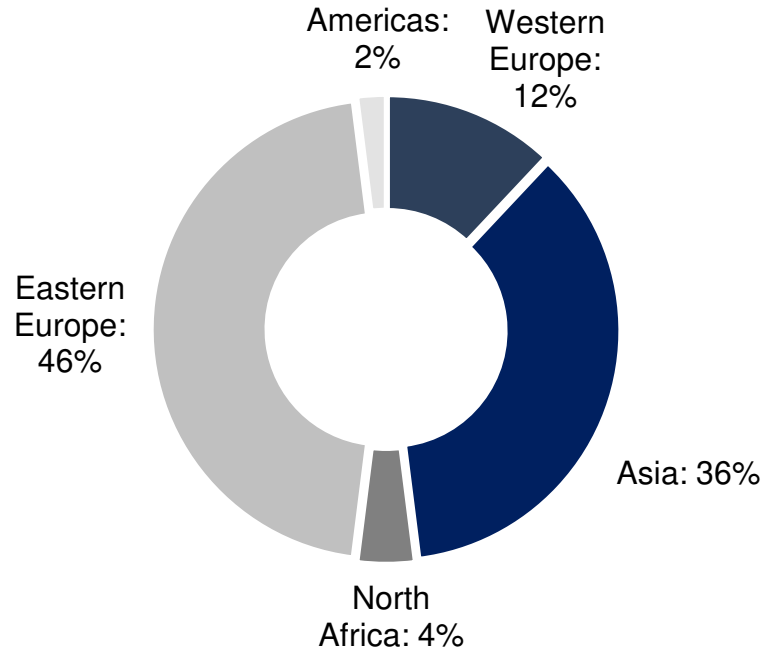
(Adjusted) financial leverage



**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

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

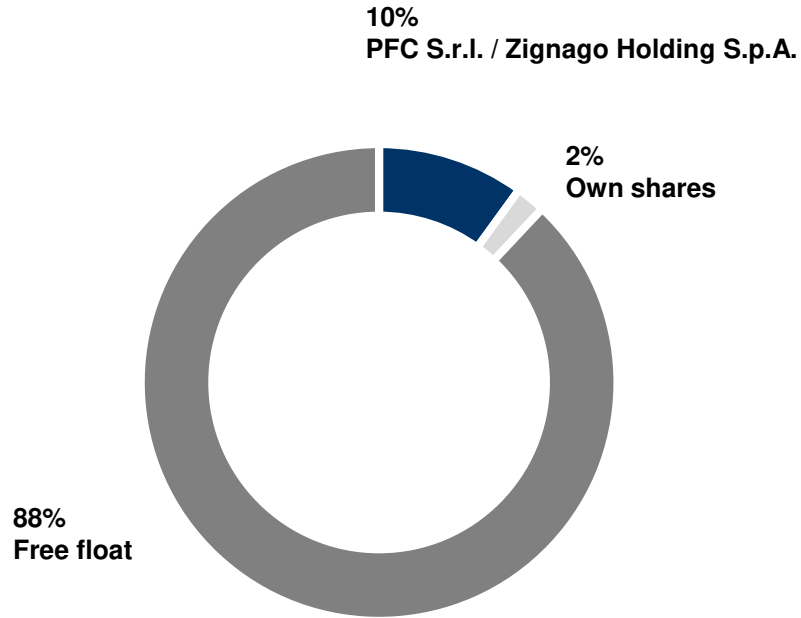
Analyst coverage

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 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 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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