

H U G O B O S S

HUGO BOSS

Credit Suisse
Asian Investment Conference

HONG KONG

MARCH 20 & 21, 2018

Yves Müller, Chief Financial Officer

Dennis Weber, Head of Investor Relations



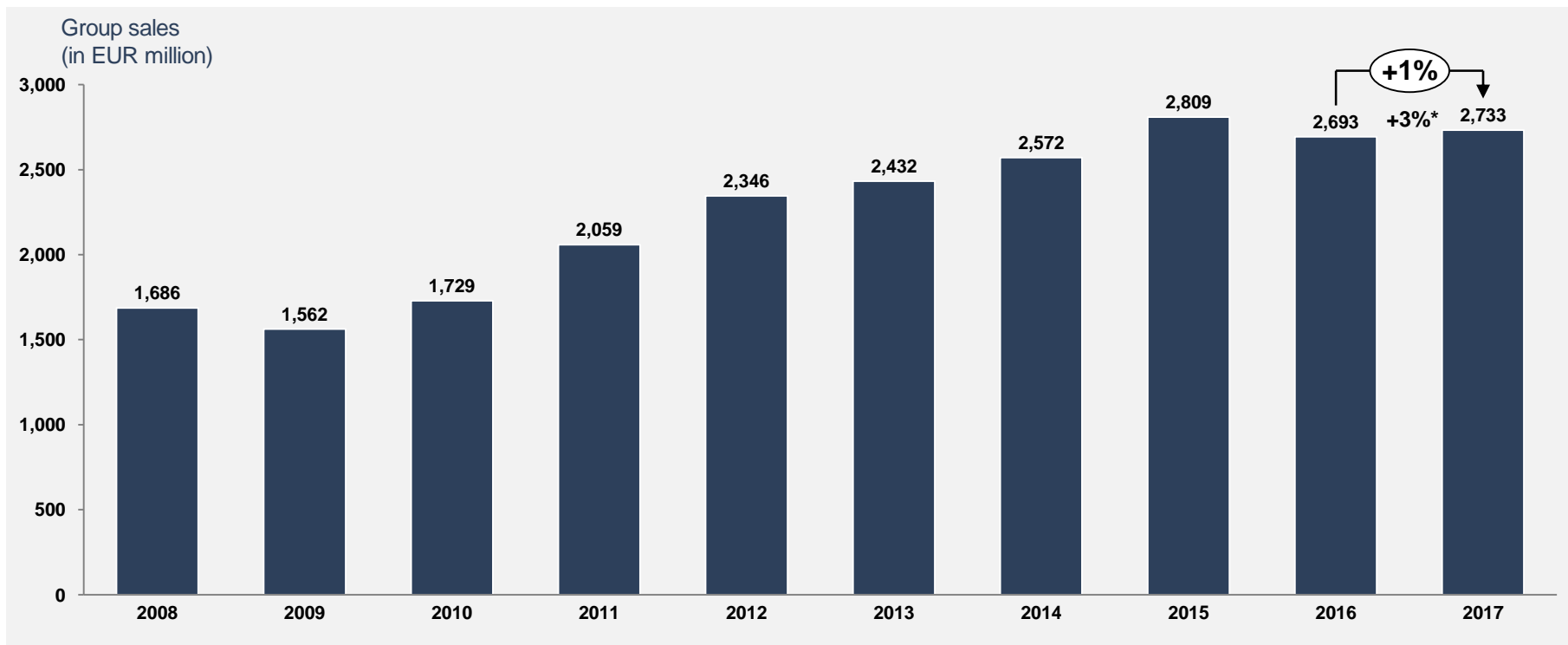


FINANCIAL PERFORMANCE 2017

HUGO BOSS achieves its goals in 2017



HUGO BOSS returns to growth in 2017



*fx-adjusted

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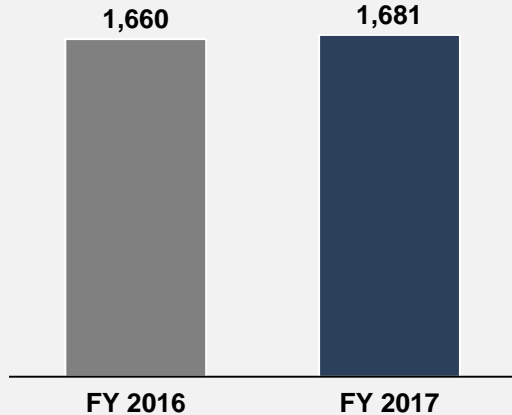
March 2018

5

All regions contribute to currency-adjusted Group sales growth

Europe Sales*

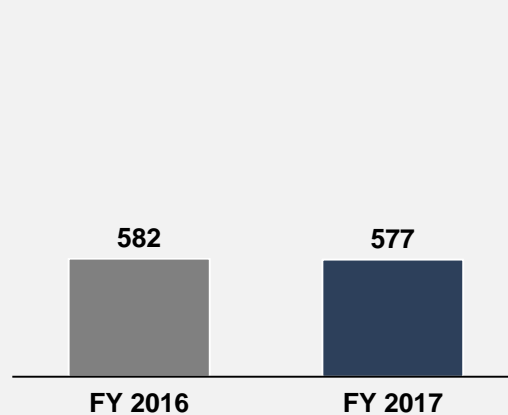
+1%
+2% fx-adjusted



■ Sales increase primarily driven by UK

Americas Sales*

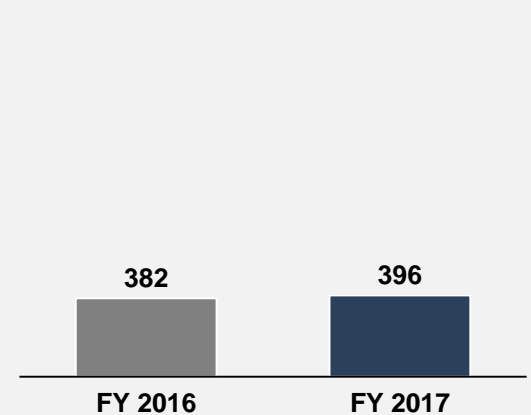
(1)%
+1% fx-adjusted



■ Growth in Canada more than offsets 1% fx-adj. decline in the US

Asia/Pacific Sales*

+4%
+6% fx-adjusted



■ China remains growth engine in Asia

*in EUR million



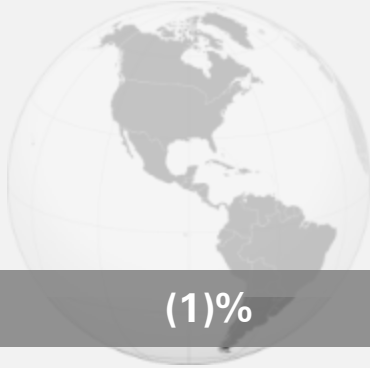

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6

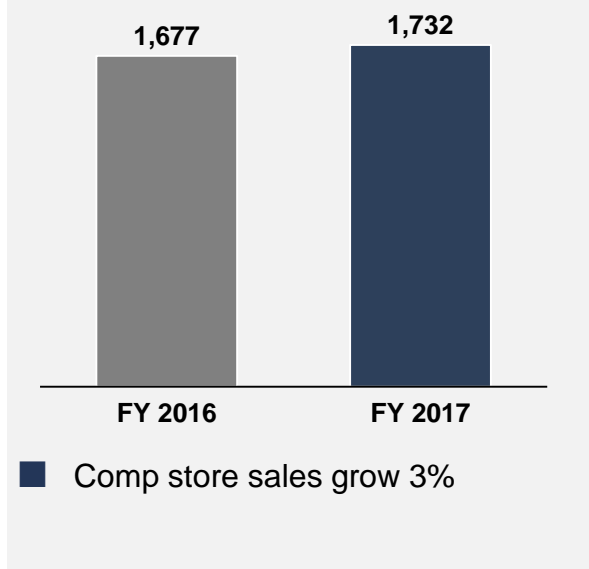
Position in core markets improves

Germany	Great Britain	United States	China
<ul style="list-style-type: none">• Leading market position defended• Stable sales performance across own retail and wholesale	<ul style="list-style-type: none">• Continued robust sales growth• Solid local demand adds to strong business with tourists	<ul style="list-style-type: none">• Sales momentum improves significantly during the year• Brand is regaining strength	<ul style="list-style-type: none">• Market-leading value proposition• Digital focus is paying off
 0%	 +9%	 (1)%	 +8%

Comp store sales improvements drive solid growth in own retail

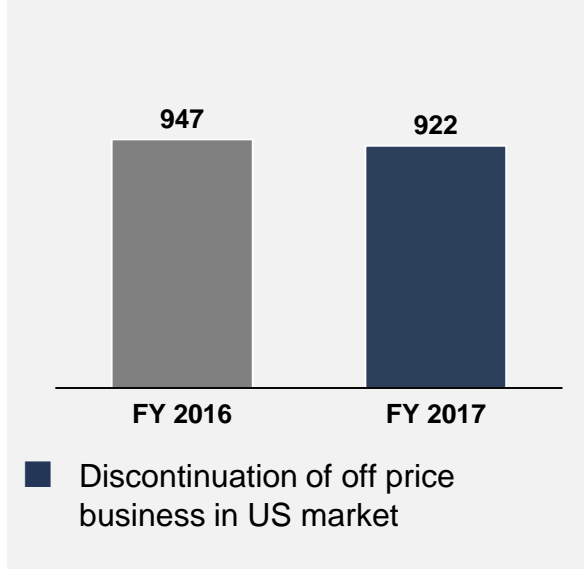
Retail Sales*

+3%
+5% fx-adjusted



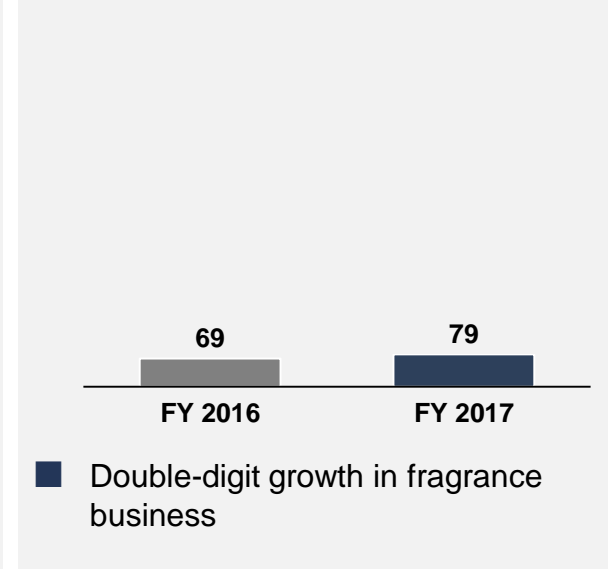
Wholesale Sales*

(3)%
(2)% fx-adjusted



License Sales*

+14%
+14% fx-adjusted



*in EUR million

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March 2018

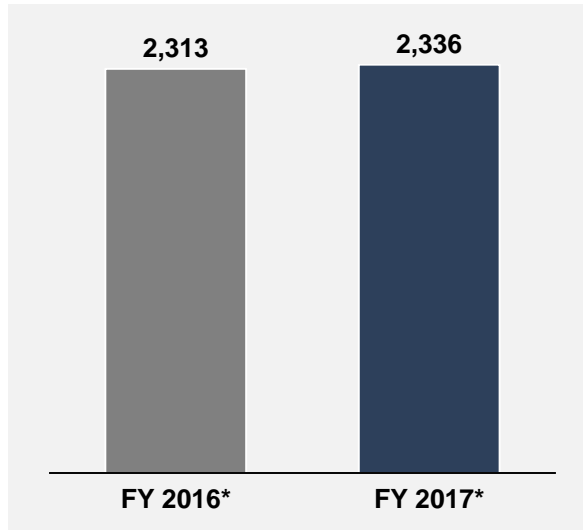
8

Sales grow across both brands

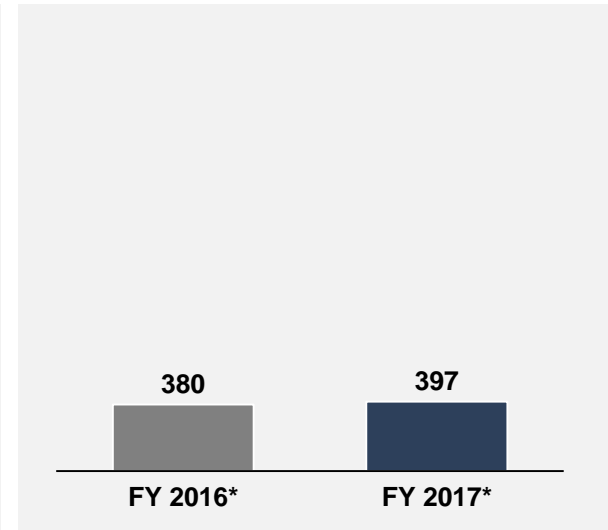
- BOSS sales increase mainly due to double-digit growth in athleisure
- Growth of HUGO driven by double-digit growth in casualwear
- Menswear up 4%, womenswear down 2%

BOSS
HUGO BOSS**+1%**

+3% fx-adjusted

**HUGO**
HUGO BOSS**+4%**

+5% fx-adjusted



*in EUR million

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March 2018

9

Substantial net income growth despite higher tax rate

Gross margin

66.2 %

20 bp

Administration expenses

280 EUR million

3%

Tax rate

30 %

600 bp

Selling & distribution expenses

1,195 EUR million

2%

EBITDA (before special items)

491 EUR million

0%

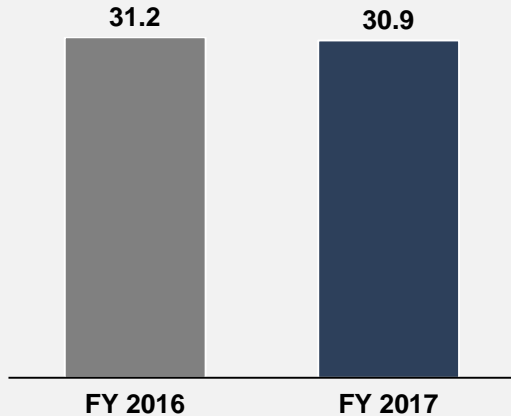
Net income

231 EUR million

19%

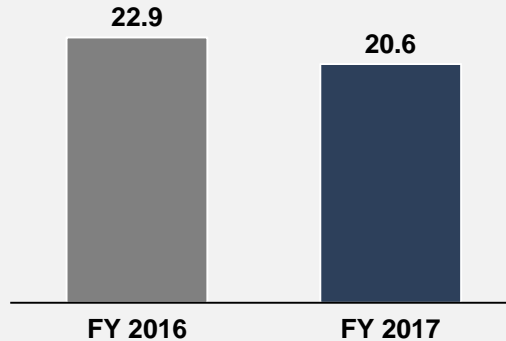
Strong margin improvement in Asia/Pacific

Europe
(in %)
(30) bp



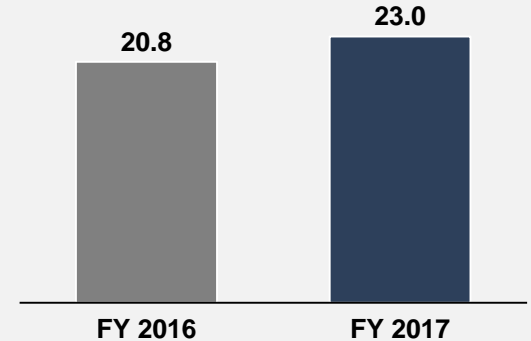
■ Higher expenses in marketing and own retail weigh on margin

Americas
(in %)
(230) bp



■ Currency effects and higher investments impact profitability

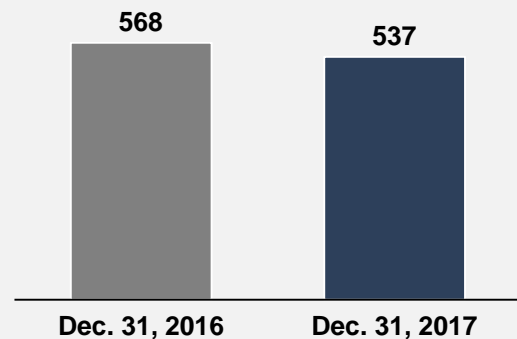
Asia/Pacific
(in %)
+220 bp



■ Strong sales momentum and fewer discounts drive margin

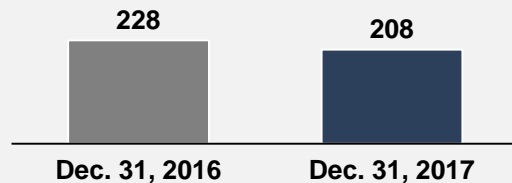
Positive net working capital development

Inventories
(in EUR million)
(5)%



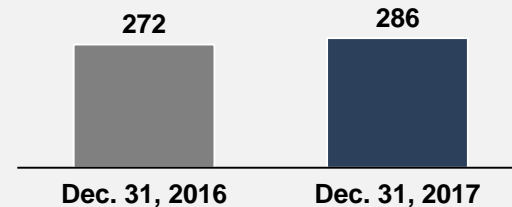
■ Reductions in the Americas and Asia/Pacific

Trade receivables
(in EUR million)
(9)%



■ Sales decline in the wholesale channel and strict collection

Trade payables
(in EUR million)
+5%



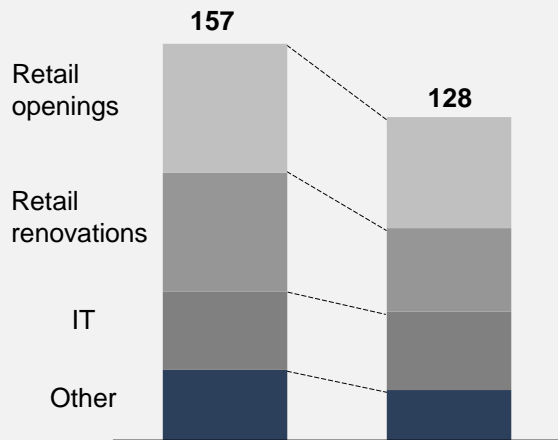
■ Higher days' payables outstanding

Free cash flow close to record levels

Capital expenditure

(in EUR million)

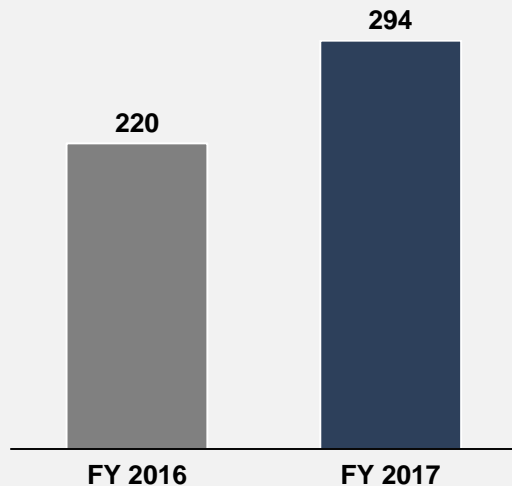
(18)%



Free cash flow

(in EUR million)

+33%

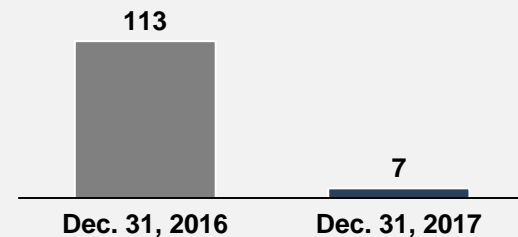


Net financial liabilities

(in EUR million)

(94)%

- Declines in working capital and capex boost free cash flow
- Net debt reaches lowest level in more than fifteen years

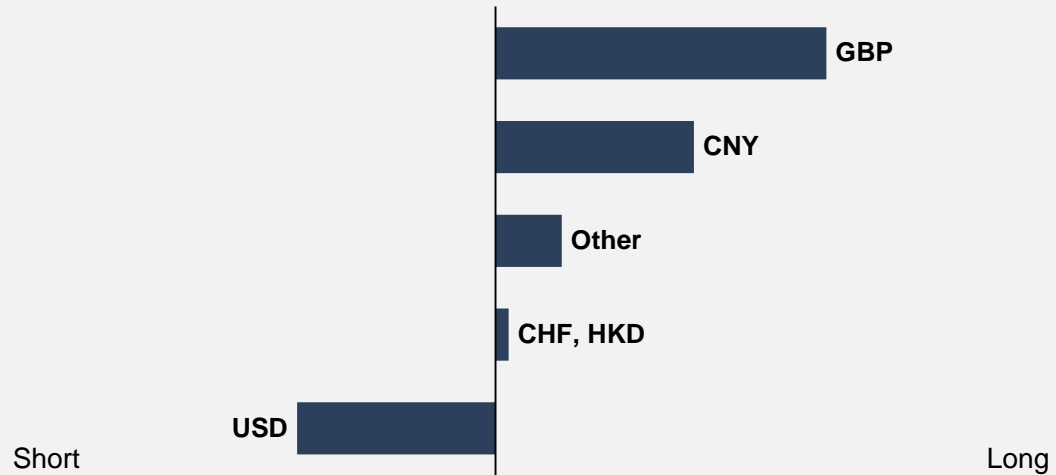


Exchange rate effects are impacting the Group's results in 2017 and 2018

- Translation of foreign subsidiary results and split of sourcing operations create currency risks
- Impact from euro appreciation versus British pound and Chinese yuan
- Impact on EBITDA before special items amounts to around EUR 20 million in 2017, around EUR 10 million in 2018e

Net exposure by currency, EBITDA before special items

(indicative)



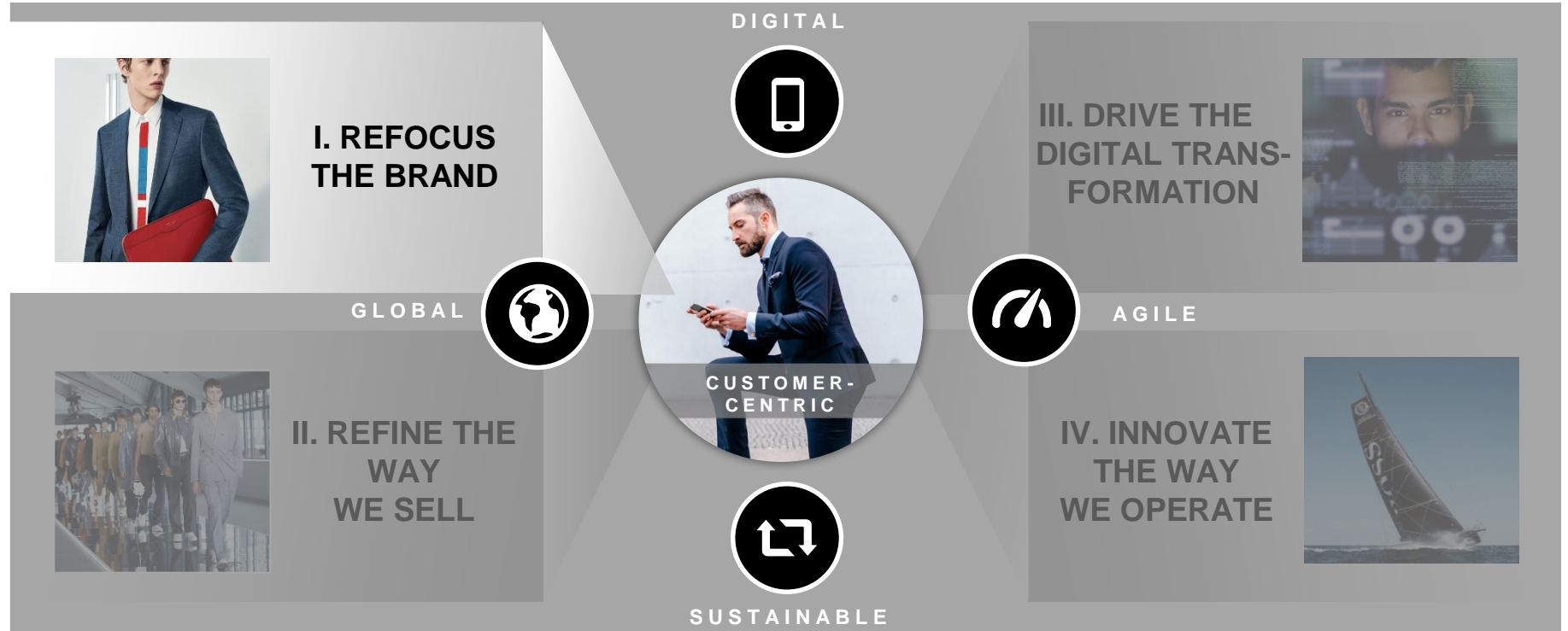


GROUP STRATEGY UPDATE

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

				
	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

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

BOSS
HUGO BOSS**HUGO**
HUGO BOSS

BOSS STANDS FOR:

MASCULINITY/FEMININITY

SEXINESS & SUCCESS

STYLE & PRECISION

**BOSS dresses the drive.
For men on their way to greatness.
For women making bold moves.**

SHARED VALUES & BENEFITS

INNOVATION

PREMIUM QUALITY AND
PERFECT FIT

SUSTAINABILITY

TRUSTWORTHINESS

AUTHENTICITY

HUGO STANDS FOR:

CONTEMPORARY DESIGN

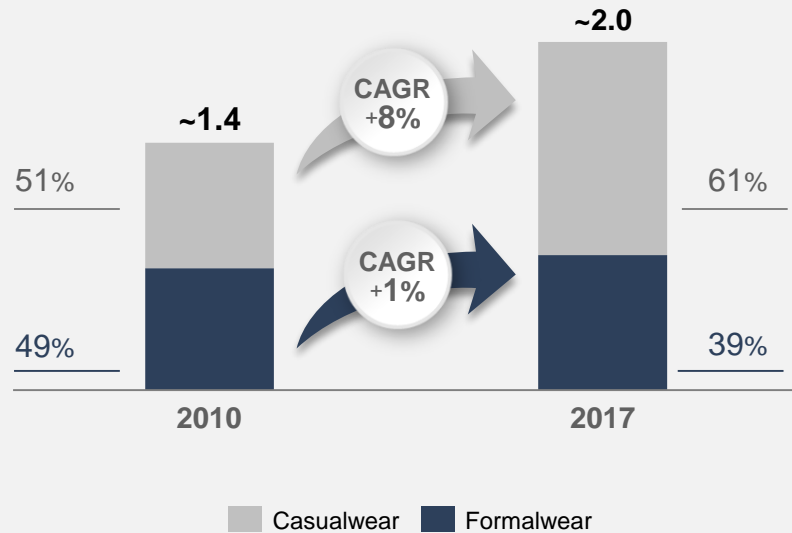
PROGRESSIVE LOOKS

FASHION - FORWARD

**HUGO is the platform of self-expression.
Prepare to embrace the possible.**

BOSS: Upgrade of casualwear and new interpretation of formalwear

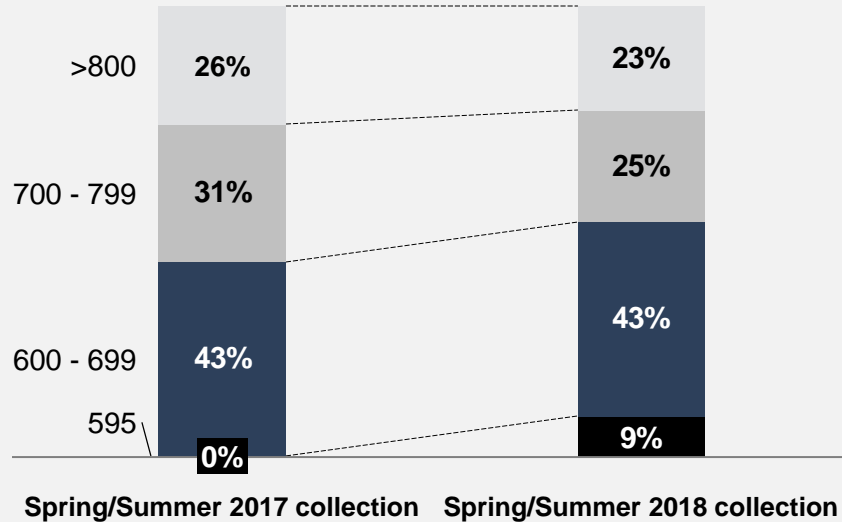
Split of BOSS brand sales by segment
In EUR billion



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



BOSS DRESSES THE DRIVE – FOR EVERY OCCASION

BOSS Womenswear collection consists of Business and Casual

BOSS
HUGO BOSS



BOSS DRESSES THE DRIVE – FOR EVERY OCCASION

Business and Casual form HUGO Menswear

BUSINESS

CASUAL

HUGO
HUGO BOSS



HUGO IS THE PLATFORM OF SELF-EXPRESSION – FOR EVERY OCCASION

...and HUGO Womenswear collections

BUSINESS

CASUAL

HUGO
HUGO BOSS



HUGO IS THE PLATFORM OF SELF-EXPRESSION – FOR EVERY OCCASION

BOSS Menswear showcases the fusion of tailoring and athleisure



BOSS DRESSES THE DRIVE – FOR MEN ON THEIR WAY TO GREATNESS

BOSS Womenswear makes a strong statement with Gallery Collection presentation



BOSS DRESSES THE DRIVE— FOR WOMEN MAKING BOLD MOVES

Florence fashion show marks the start of a new era for HUGO

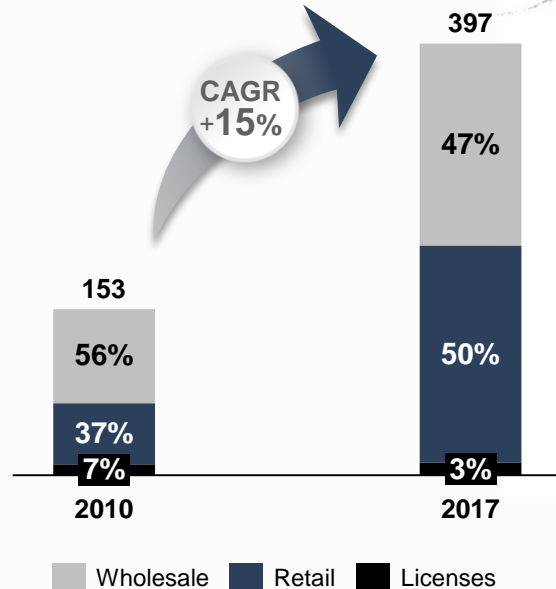


HUGO IS THE PLATFORM OF SELF-EXPRESSION

HUGO has grown significantly above industry average in recent past

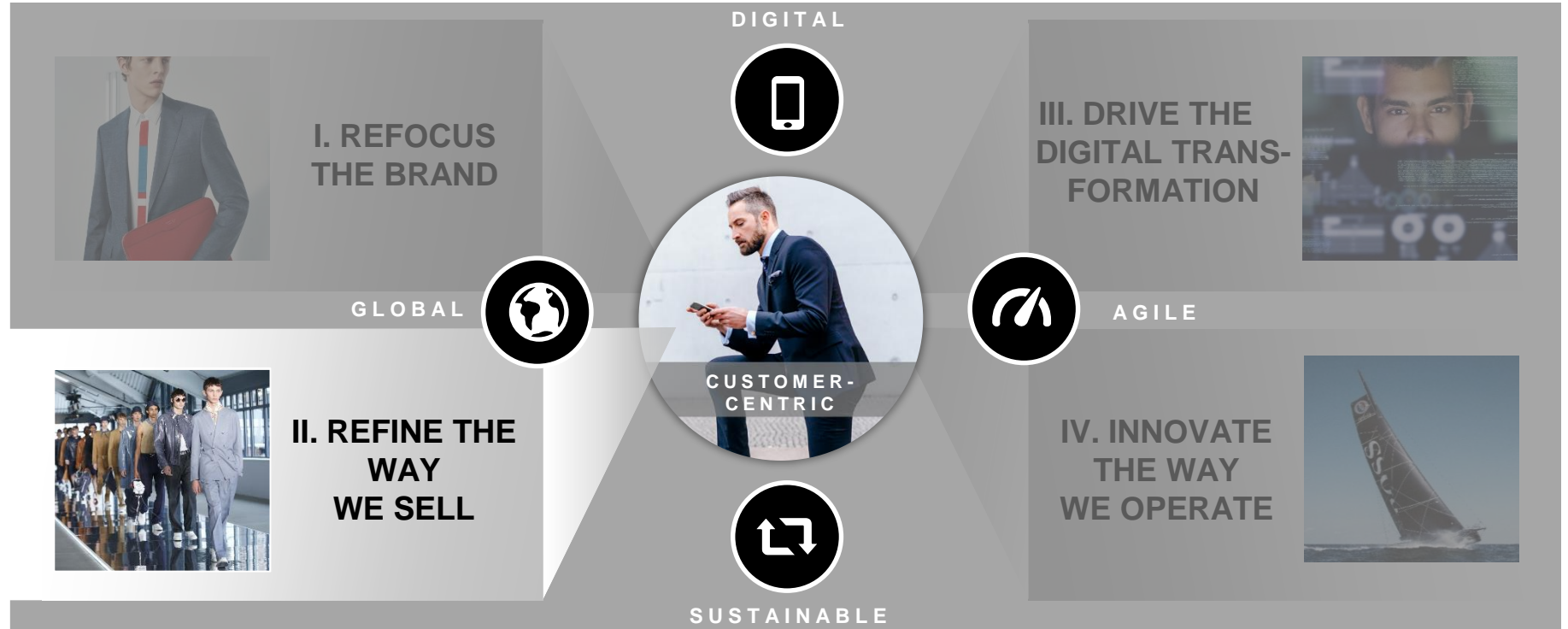
HUGO sales split by channel

In EUR million

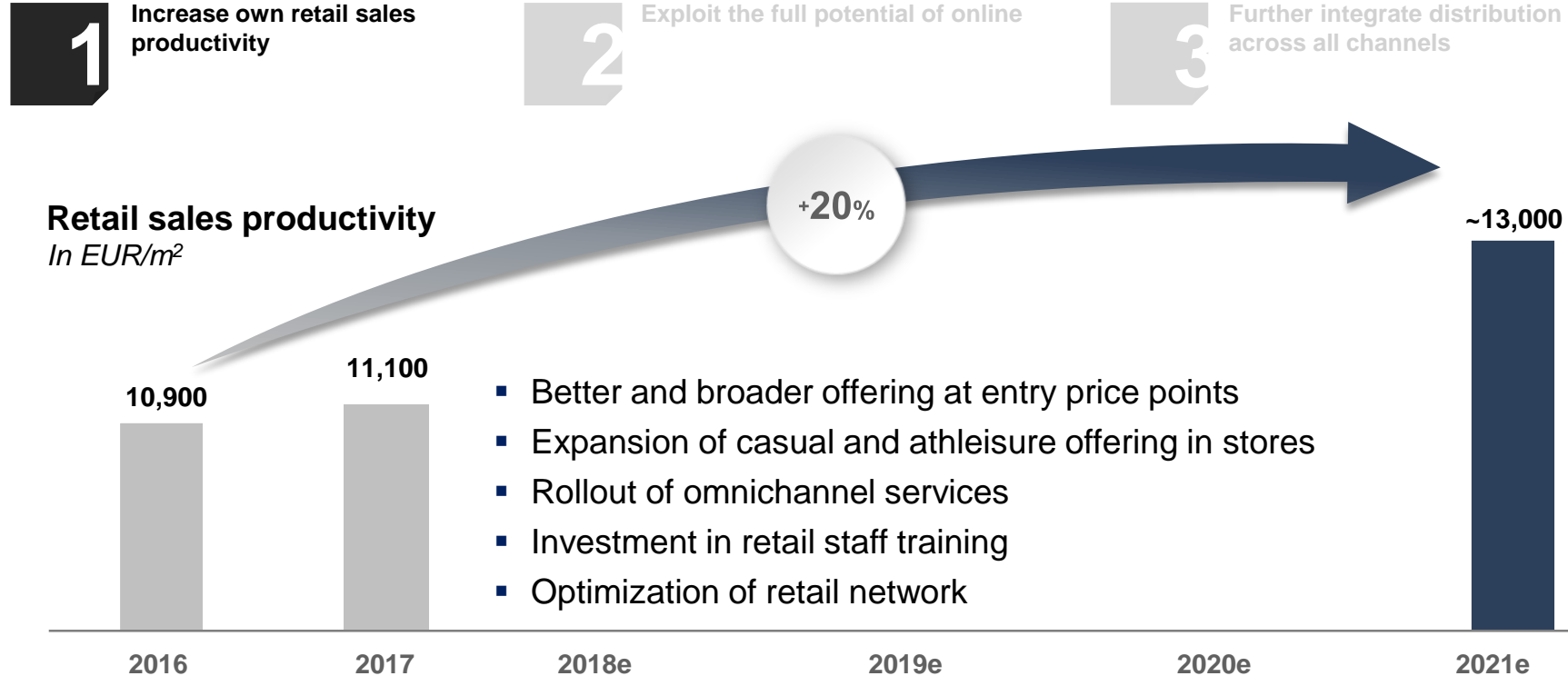


- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Strategic Fields of Action



Three key distribution priorities



Three key distribution priorities

1

Increase own retail sales
productivity

2

Exploit the full potential of online

3

Further integrate distribution
across all channels



Improvements to hugoboss.com site will propel growth of online business

1

Increase own retail sales productivity

2

Exploit the full potential of online

3

Further integrate distribution across all channels



Search

NEW IN

MEN

WOMEN

GIFTS

INSPIRATION



Omnichannel services link online and physical retailing

1

Increase own retail sales
productivity

2

Exploit the full potential of online

3

Further integrate distribution
across all channels



Store renovations will upgrade own retail network



Openings

- 15-20 freestanding store openings will strengthen the network
- This includes the opening of around 10 HUGO stores



Closures

- Store closures based on expiration of rental contract

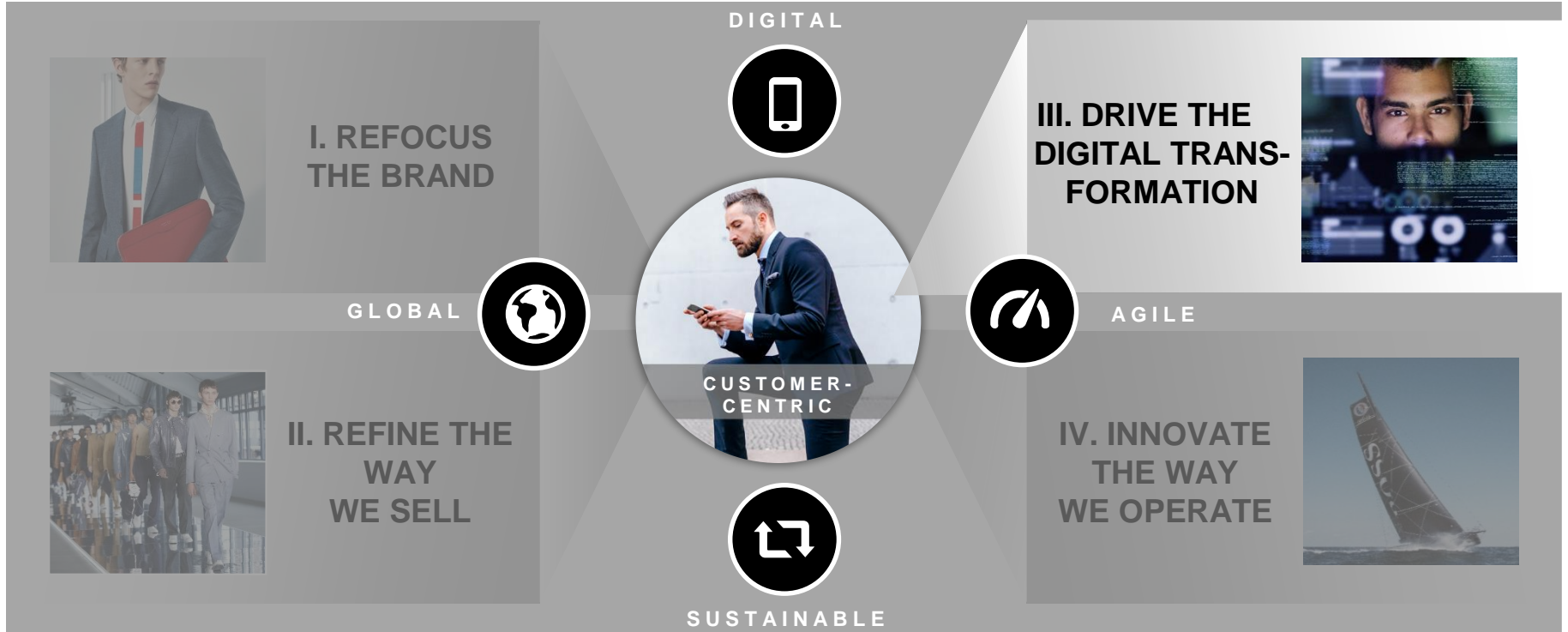


Renovations

- Renovations to account for the bulk of retail investments
- Around 150 POS renovations planned in 2018

► 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**

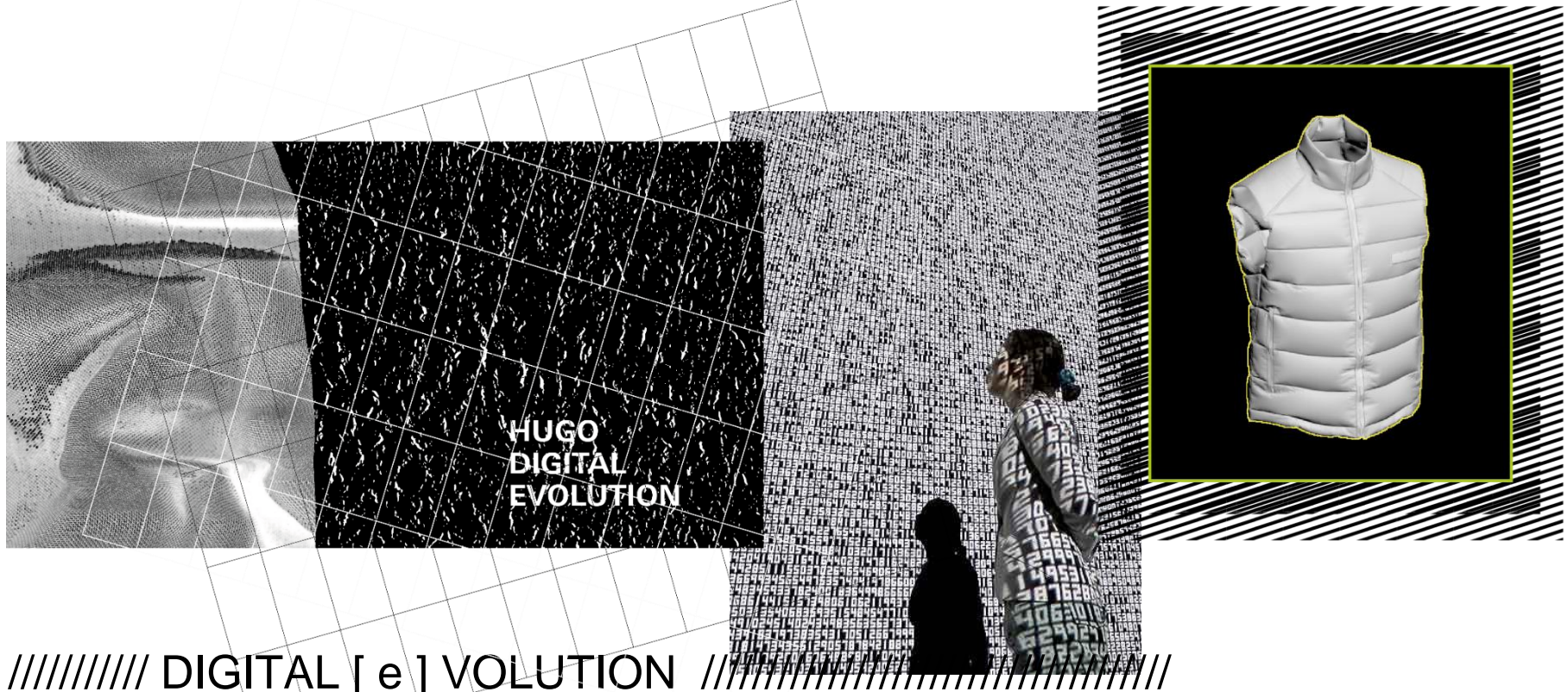


**Distribution
and logistics**



**Own retail and
wholesale distribution**

HUGO will launch first fully digitally designed capsule



////////// DIGITAL [e] VOLUTION //////////////////////////////////

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**

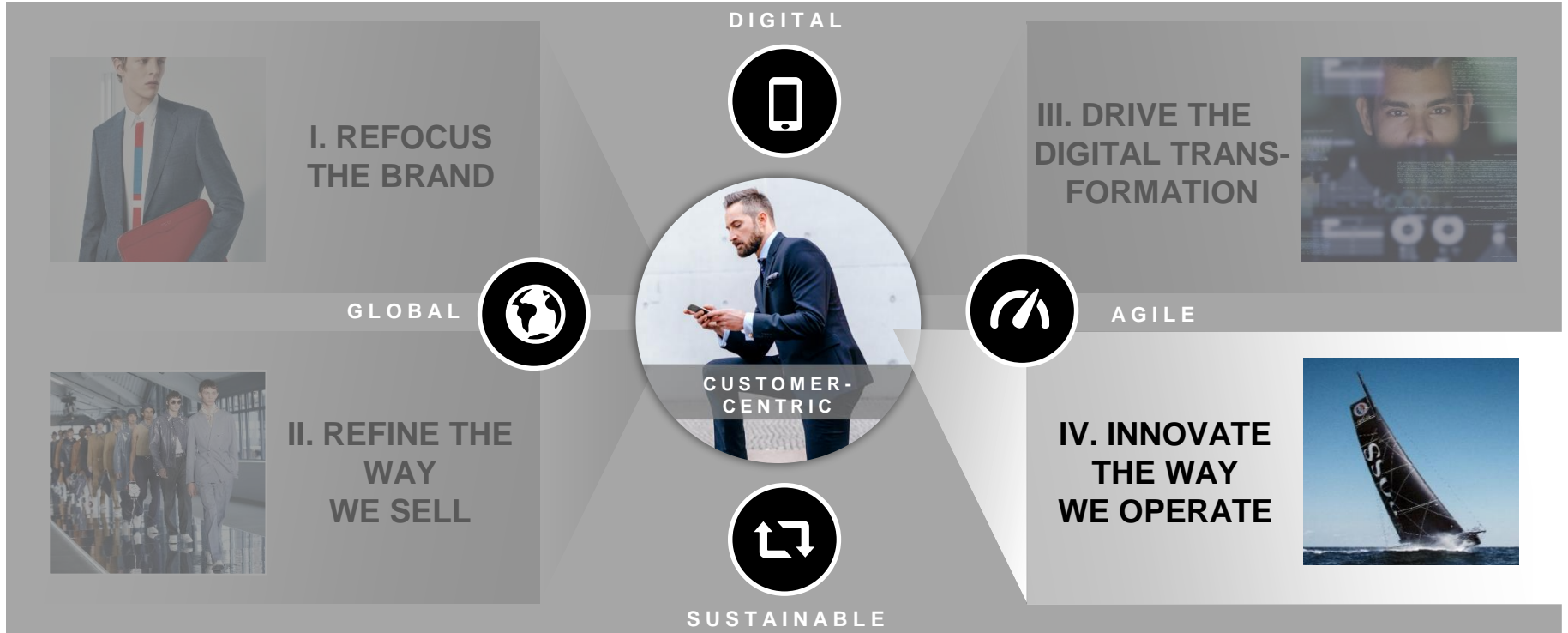
Refurbishment
completed in 2016



New store concepts create strong link between physical and digital retailing



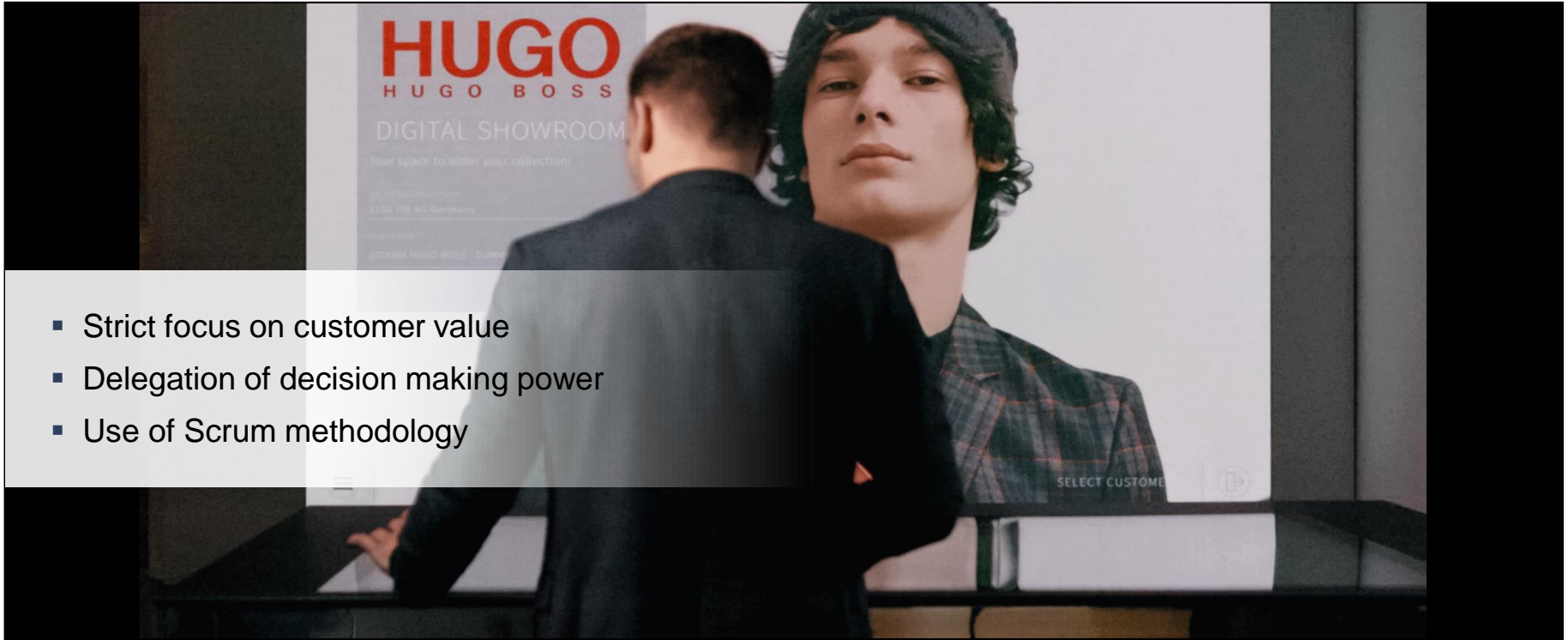
Strategic Fields of Action



HUGO contributes to the transformation of the Group's culture



HUGO digital showroom rolled out in more European markets



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

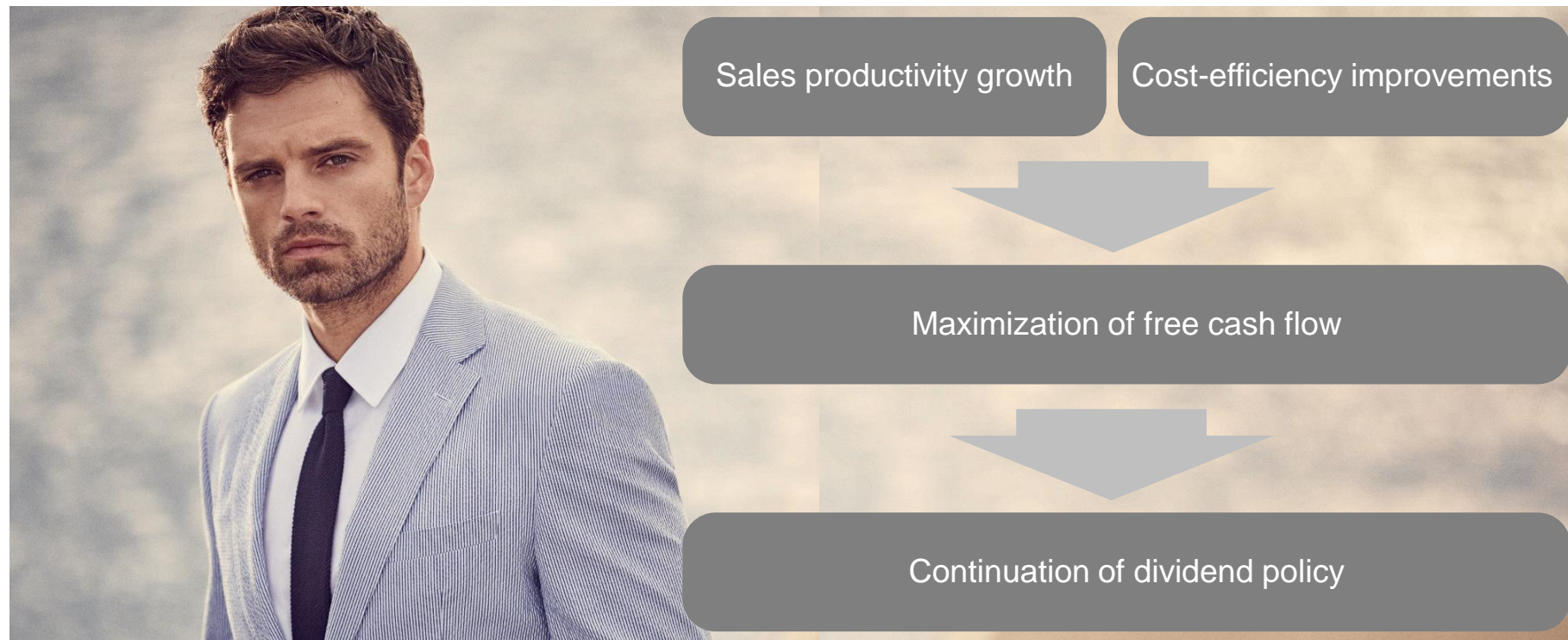
Speed drives commercial success



A man with dark hair and a beard, wearing a bright yellow raincoat over a black shirt and dark trousers, leans against a light-colored concrete wall. The background shows a body of water and a cloudy sky. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing the text.

FINANCIAL AND OPERATIONAL OUTLOOK

Key principles of financial management reconfirmed



FY 2018 Sales Outlook*



Europe

Increase at a low to mid single-digit percentage rate

Retail

Increase at a mid single-digit percentage rate

Americas

Increase at a low single-digit percentage rate

Wholesale

Increase at a low single-digit percentage rate

Asia/Pacific

Increase at a mid to high single-digit percentage rate

Licenses

Increase at a mid single-digit percentage rate

*fx-adjusted

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49

Outlook 2018: Growth set to accelerate



Group sales

Increase at a low to mid single-digit percentage rate (fx-adjusted)

Consolidated net income

Increase at a low to mid single-digit percentage rate

Gross profit margin

Largely stable

Capital expenditure

EUR 170 million to EUR 190 million

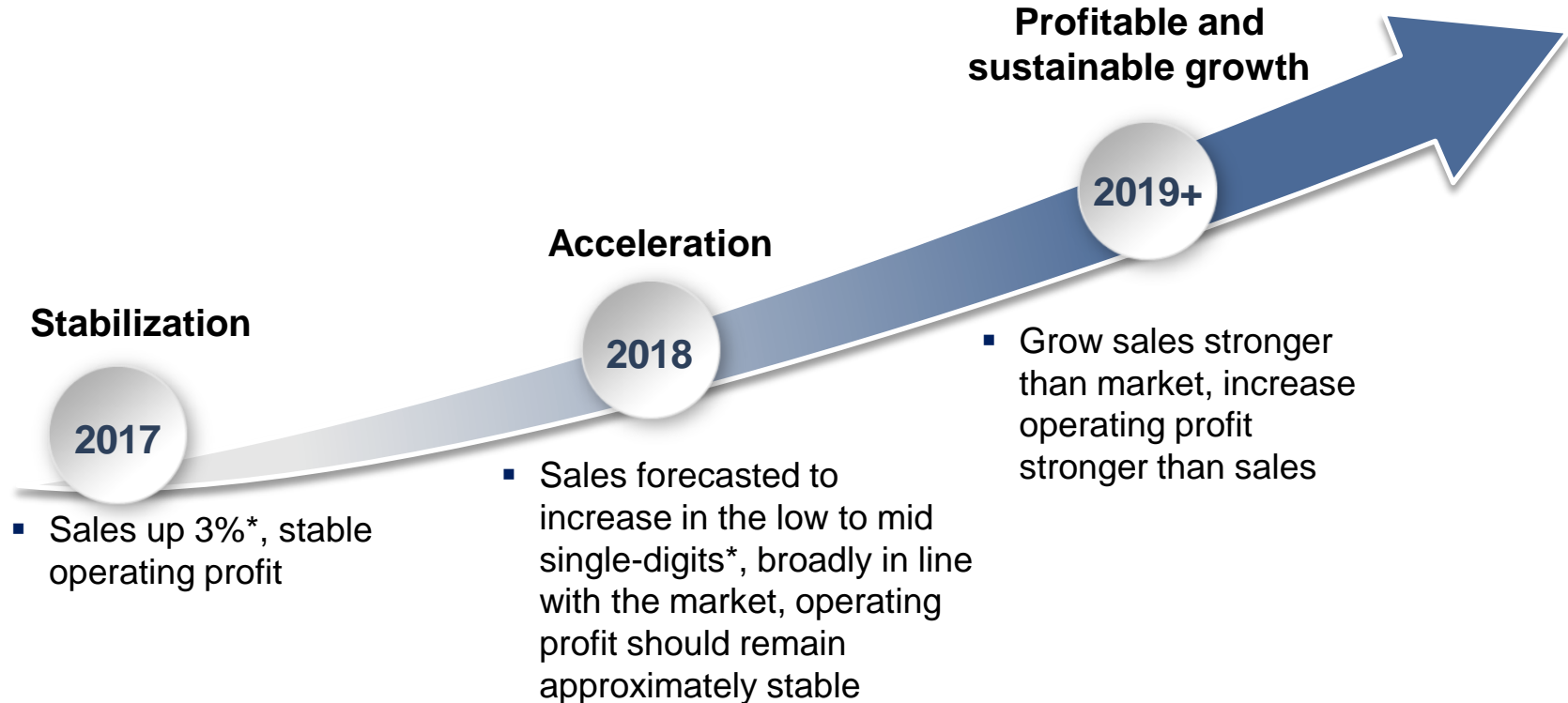
EBITDA (before special items)

Development within a range of –2% to +2%

Free cash flow

EUR 150 million to EUR 200 million

Strategy execution will drive profitable and sustainable growth



*fx-adjusted

HUGO BOSS

Backup



Sales by region and major markets

Share of Group sales*



Europe

(incl. Middle East/Africa)

62%

Germany:	18%
Great Britain:	12%
France:	6%
Benelux:	5%
Other:	21%



Americas

21%

U.S.:	15%
Canada:	3%
Central & South America:	3%



Asia/Pacific

14%

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

*as of 2017, +3% Licenses

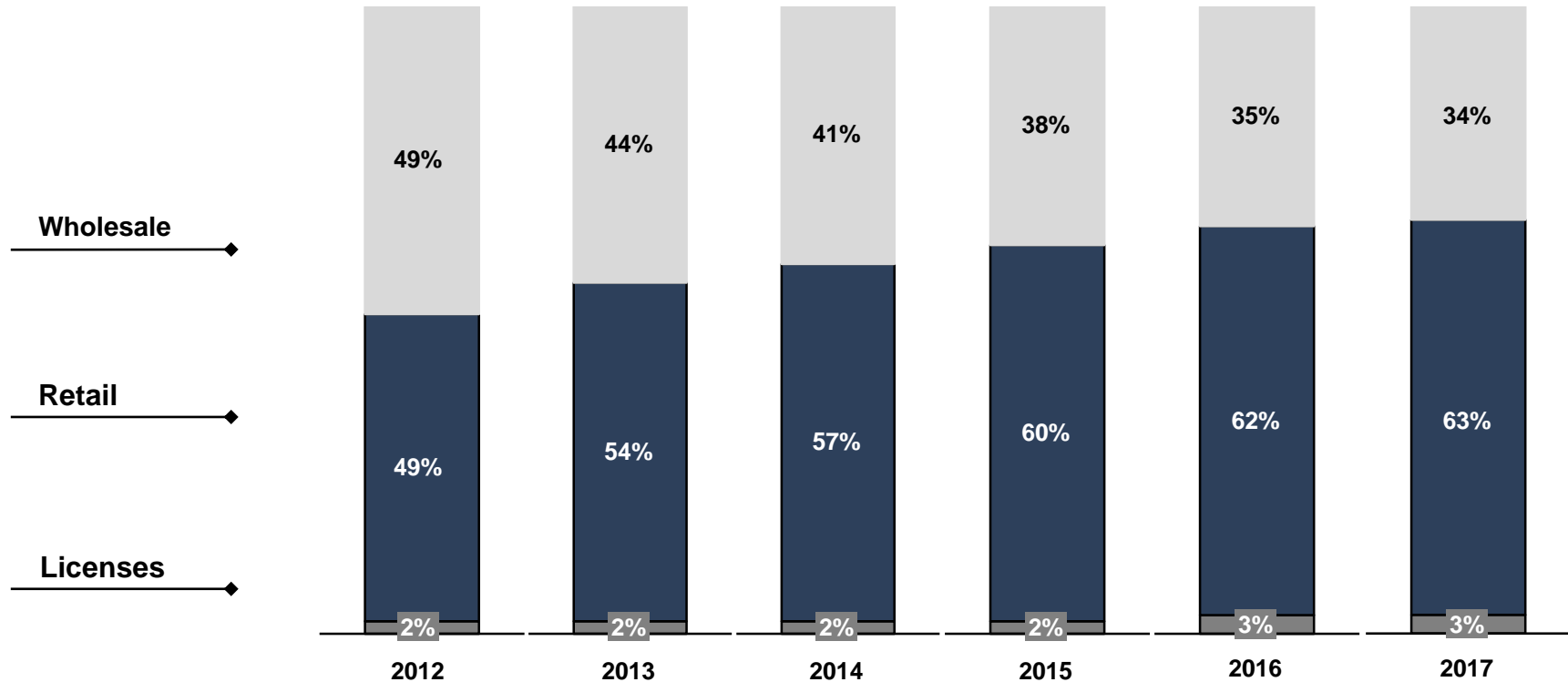
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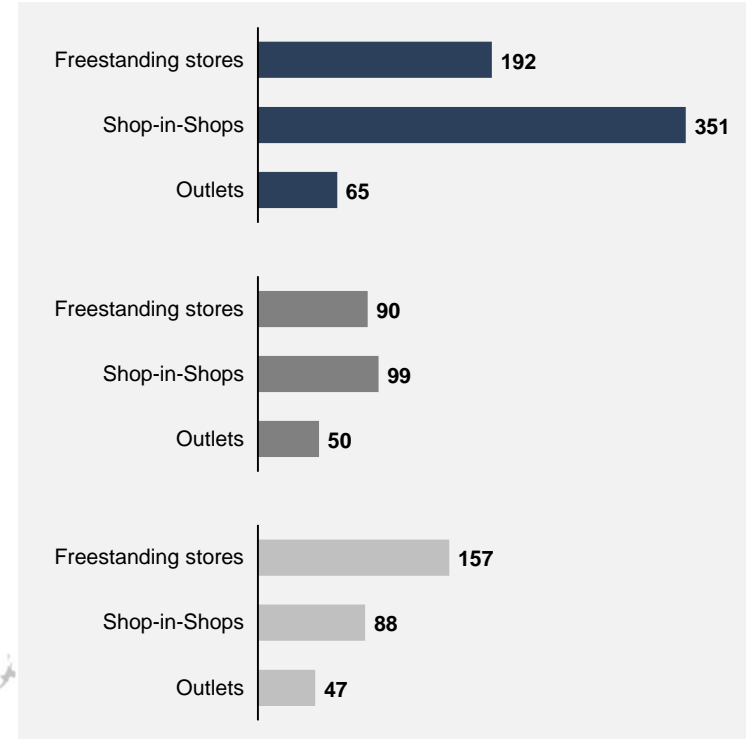
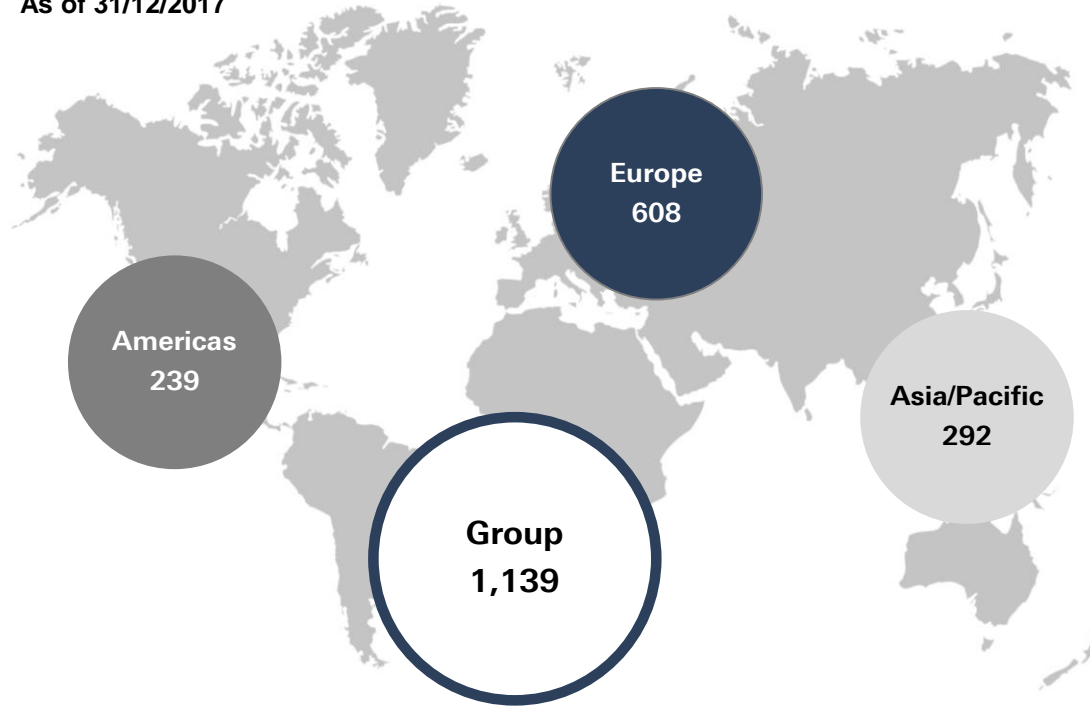
53

Sales by distribution channel



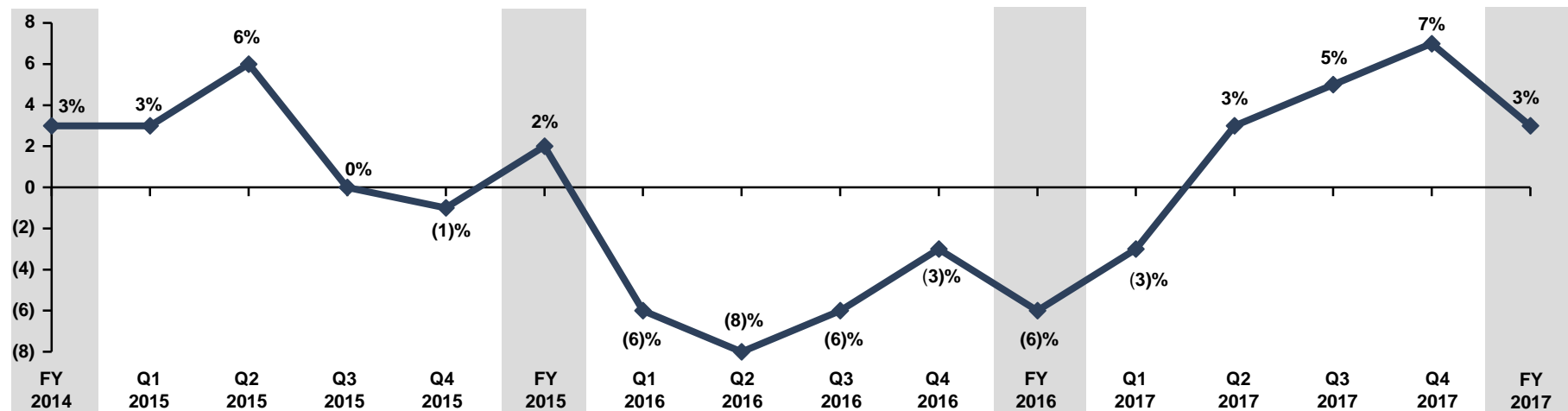
Number of Group's own retail stores by region

As of 31/12/2017



Retail comp stores sales

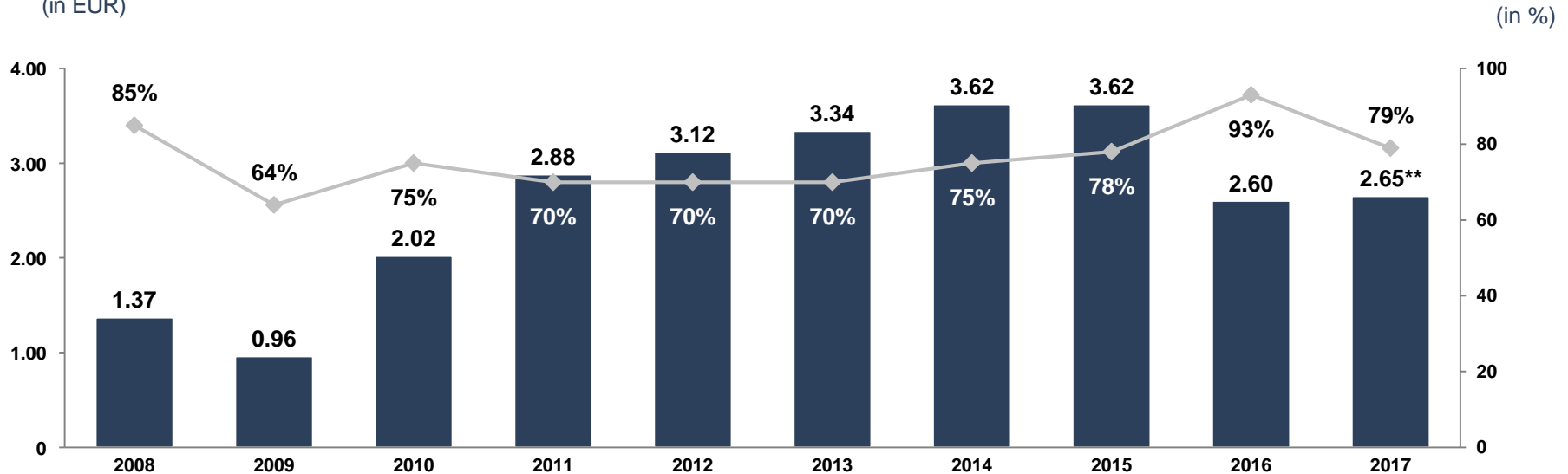
Retail I-f-I sales development*



*FX-adjusted

Dividend policy

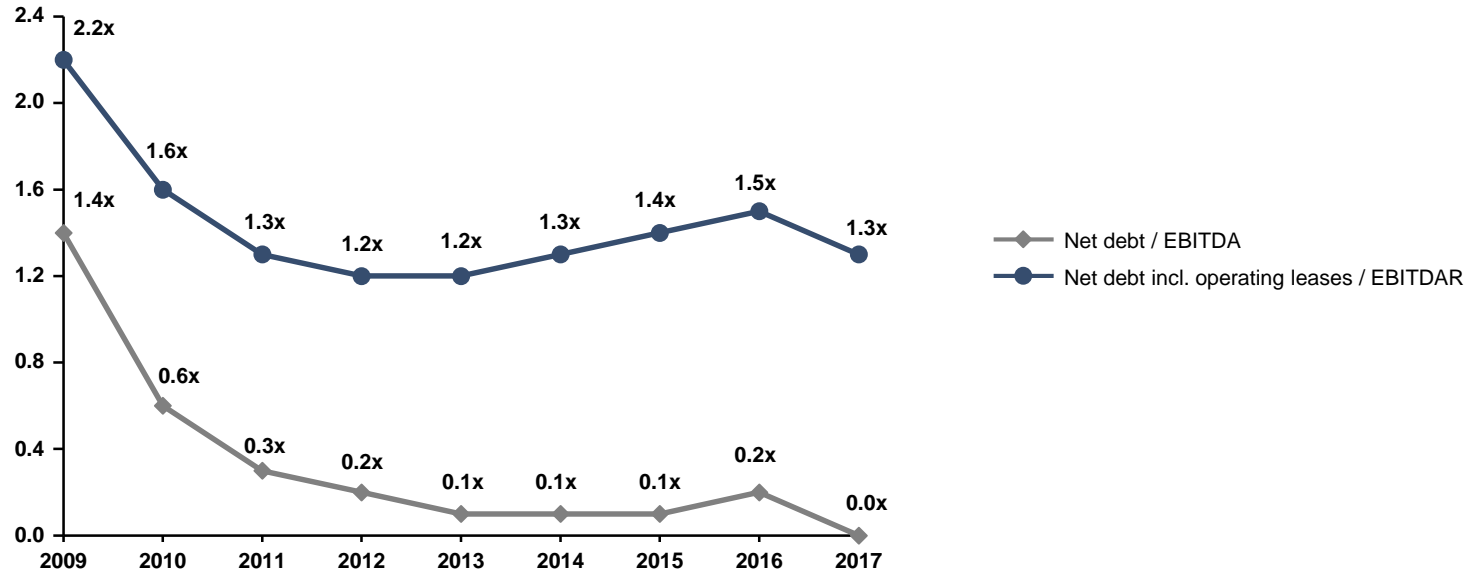
Dividend per share and payout ratio*
(in EUR)



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

* As a percentage of net income attributable to shareholders ** Proposal for fiscal year 2017

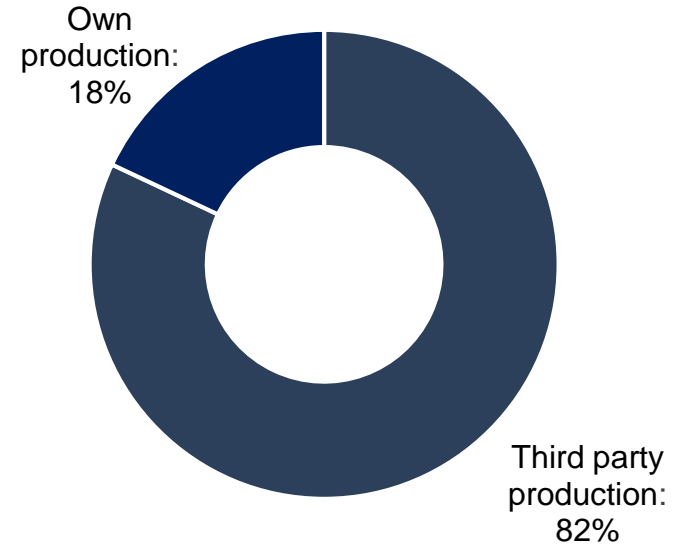
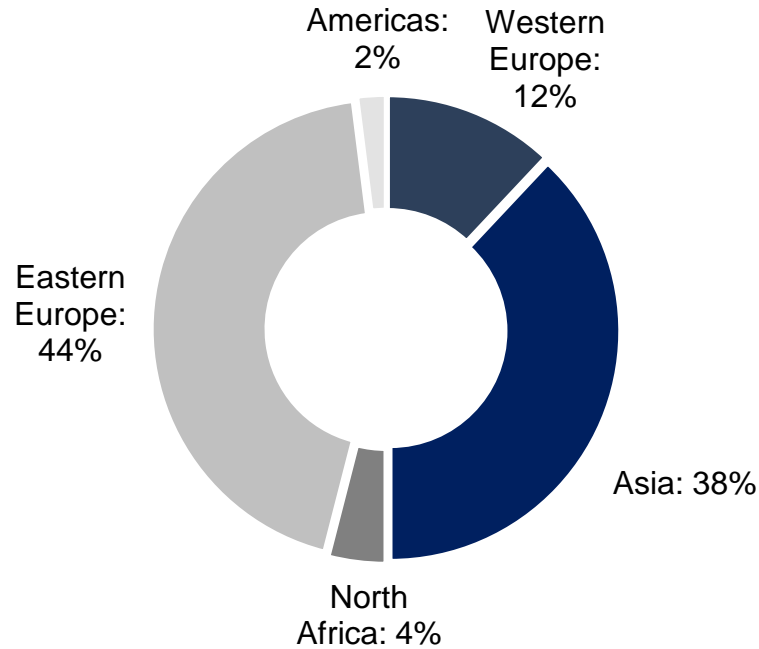
(Adjusted) financial leverage



**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 2017, in value terms

Multi-Year overview

	2017	2016	2015	2014	2013
Sales	2.733	2.693	2.809	2.572	2.432
Gross profit	1.808	1.777	1.853	1.699	1.580
Gross profit margin in %	66,2	66,0	66,0	66,1	64,9
EBITDA	499	433	590	572	561
EBITDA before special items	491	493	594	591	565
Adjusted EBITDA margin in % ¹	18,0	18,3	21,2	23,0	23,2
EBIT	341	263	448	449	456
Net income	231	194	319	333	329
Trade net working capital	459	524	528	503	432
Non-current assets	662	752	765	660	612
Shareholders equity	915	888	956	844	740
Equity ratio in %	53	49	53	51	49
Total assets	1.720	1.799	1.800	1.662	1.501
Free cash flow	294	220	208	268	230
Net debt	7	113	82	36	57
Capex	128	157	220	135	185
Depreciation/amortization	158	170	142	123	105
Total leverage ²	0,0	0,2	0,1	0,1	0,1
Dividend	183 ³	179	250	250	231

1 EBITDA before special items/Sales.

2 Net financial liabilities/EBITDA before special items.

3 Dividend proposal.

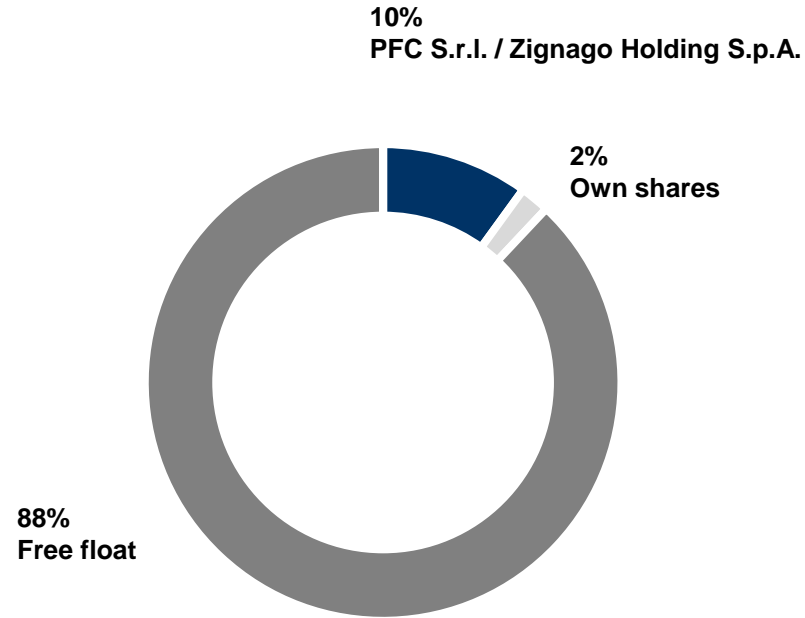
Analyst coverage

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

Institution	Analyst
Baader Bank	Volker Bosse
Bankhaus Lampe	Peter Steiner
Bank of America Merrill Lynch	Ashley Wallace
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
equinet	Mark Josefson
Equita	Fabio Fazzari
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
Oddo BHF	Nicolas Kieffer
RBC	Piral Dadhania
Société Générale	Thierry Cota
UBS	Fred Speirs

Shareholder structure*



*Source: Share register, voting rights notifications (as of March 2018)

Financial Calendar 2018 and Investor Relations contact

Date	Event
May 2, 2018	First Quarter Results 2018
May 3, 2018	Annual Shareholders' Meeting 2018
August 2, 2018	Second Quarter Results 2018 & First Half Year Report 2018

Investor Relations Contact

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Forward looking statements contain risks

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