HUGO BOSS

HUGO BOSS

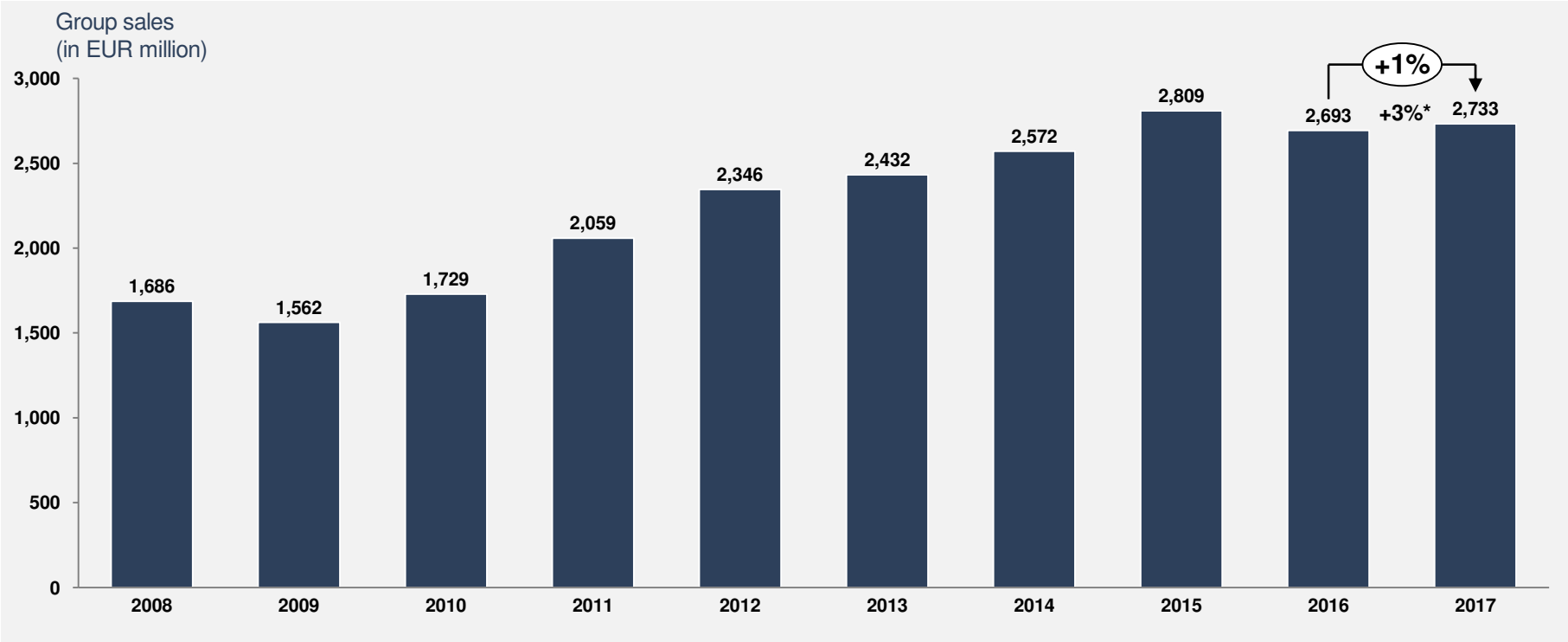
JP Morgan Roadshow

STOCKHOLM	MARCH 15, 2018
COPENHAGEN	MARCH 16, 2018

FINANCIAL PERFORMANCE 2017

HUGO BOSS achieves its goals in 2017

HUGO BOSS returns to growth in 2017



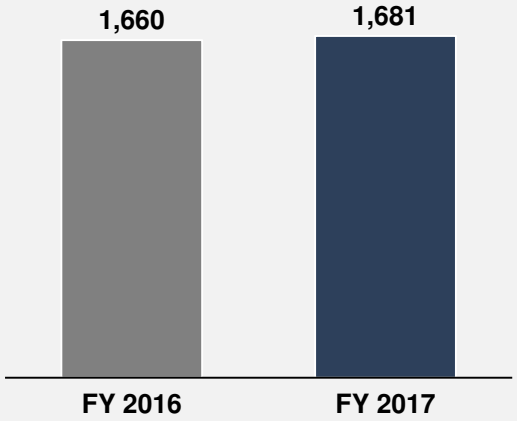
*fx-adjusted

All regions contribute to currency-adjusted Group sales growth

Europe Sales*

+1%

+2% fx-adjusted

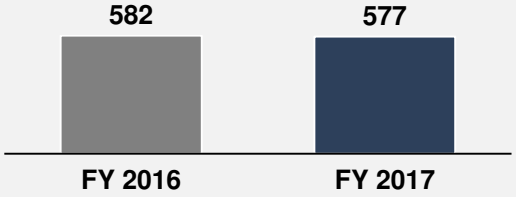


- Sales increase primarily driven by UK

Americas Sales*

(1)%

+1% fx-adjusted

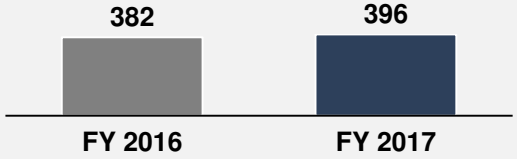


- Growth in Canada more than offsets 1% fx-adj. decline in the US

Asia/Pacific Sales*

+4%

+6% fx-adjusted



- China remains growth engine in Asia

*in EUR million

Position in core markets improves

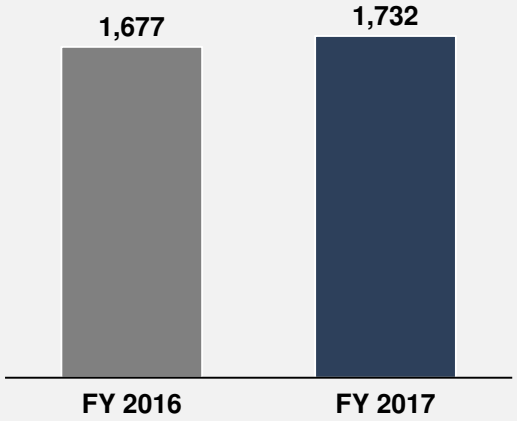
Germany	Great Britain	United States	China
• Leading market position defended • Stable sales performance across own retail and wholesale	• Continued robust sales growth • Solid local demand adds to strong business with tourists	• Sales momentum improves significantly during the year • Brand is regaining strength	• 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

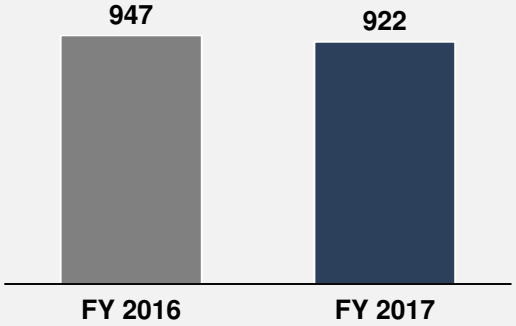


- Comp store sales grow 3%

Wholesale Sales*

(3)%

(2)% fx-adjusted

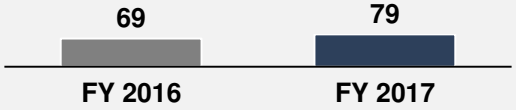


- Discontinuation of off price business in US market

License Sales*

+14%

+14% fx-adjusted



- Double-digit growth in fragrance business

*in EUR million

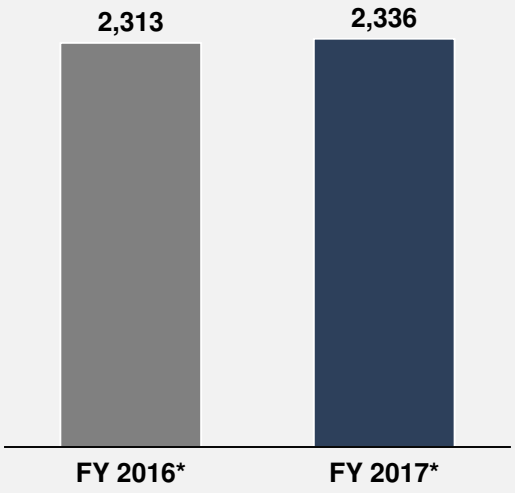
Sales grow across both brands

- 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%

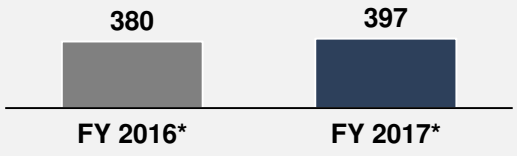
+3% fx-adjusted



HUGO
HUGO BOSS

+4%

+5% fx-adjusted

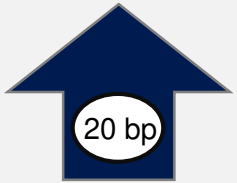


*in EUR million

Substantial net income growth despite higher tax rate

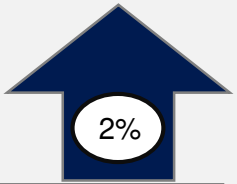
Gross margin

66.2 %



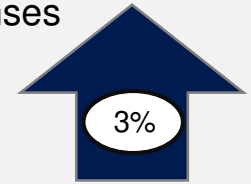
Selling & distribution expenses

1,195 EUR million



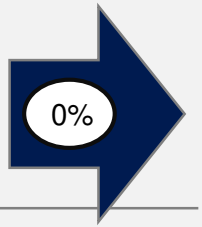
Administration expenses

280 EUR million



EBITDA (before special items)

491 EUR million

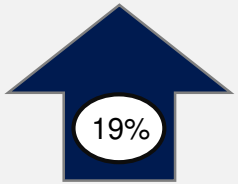


Tax rate

30 %

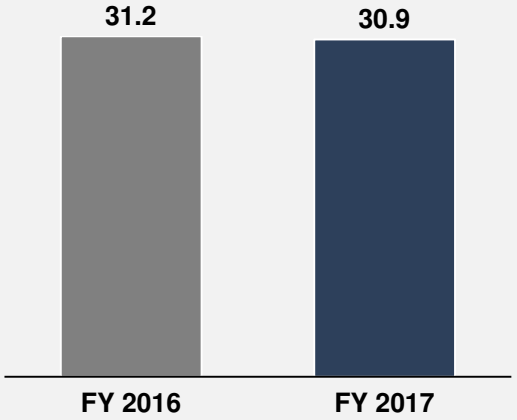
Net income

231 EUR million



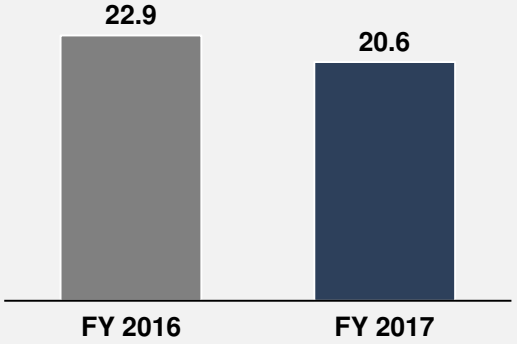
Strong margin improvement in Asia/Pacific

Europe
(in %)
(30) bp



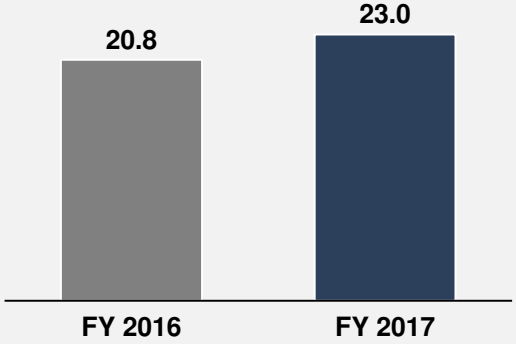
- Higher expenses in marketing and own retail weigh on margin

Americas
(in %)
(230) bp



- Currency effects and higher investments impact profitability

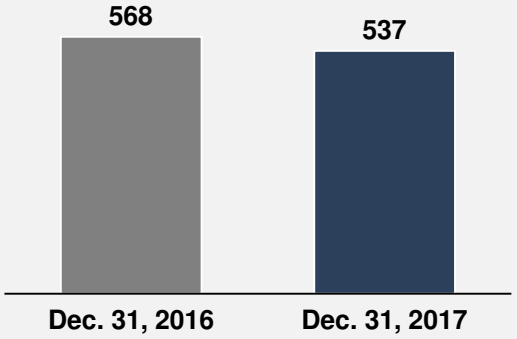
Asia/Pacific
(in %)
+220 bp



- Strong sales momentum and fewer discounts drive margin

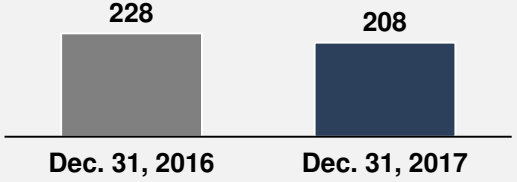
Positive net working capital development

Inventories
(in EUR million)
(5)%



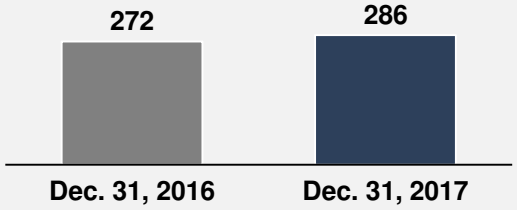
- Reductions in the Americas and Asia/Pacific

Trade receivables
(in EUR million)
(9)%



- Sales decline in the wholesale channel and strict collection

Trade payables
(in EUR million)
+5%

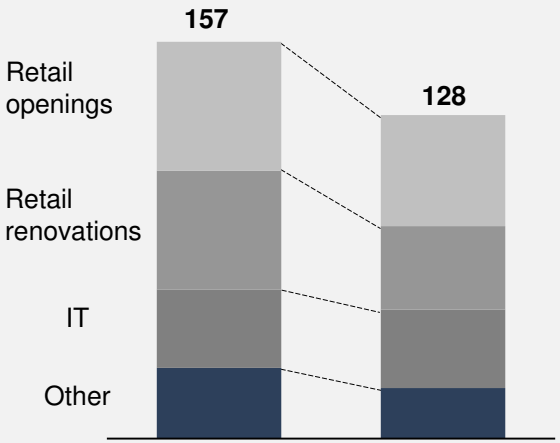


- Higher days' payables outstanding

Free cash flow close to record levels

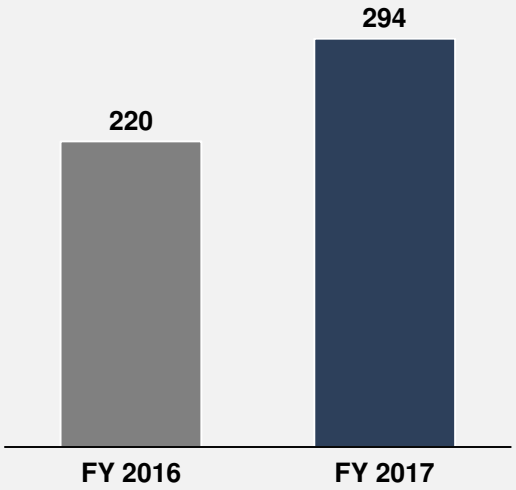
Capital expenditure
(in EUR million)

(18)%



Free cash flow
(in EUR million)

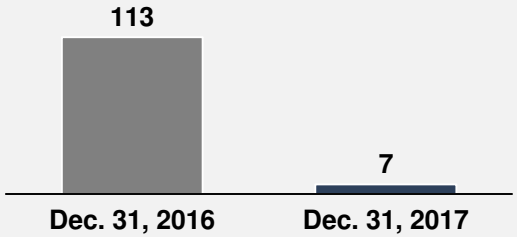
+33%



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

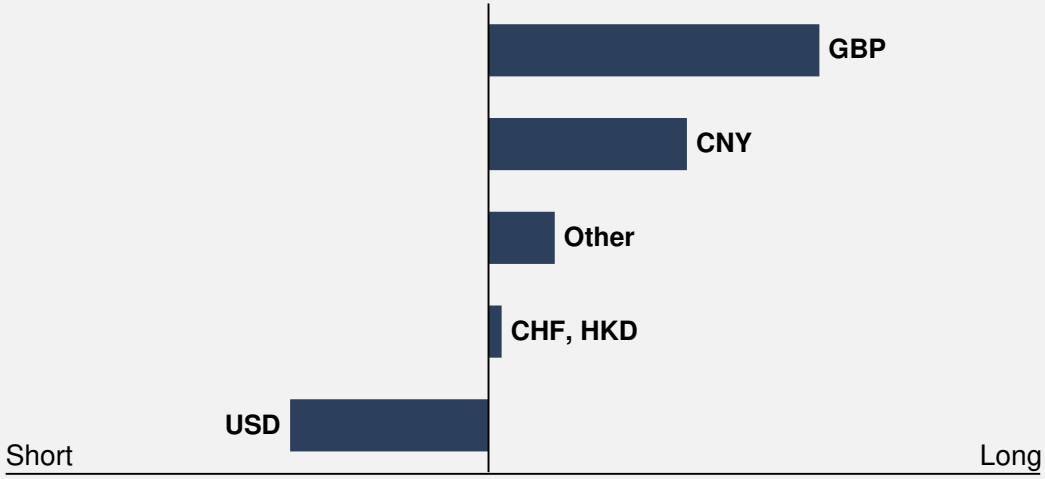


Exchange rate effects are impacting the Group's results in 2017 and 2018

- 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

I. REFOCUS THE BRAND

II. REFINE THE WAY WE SELL

DIGITAL

GLOBAL

AGILE

SUSTAINABLE

III. DRIVE THE DIGITAL TRANS-FORMATION

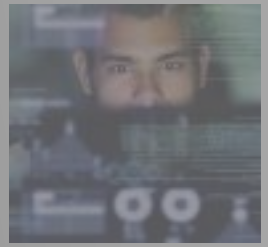
IV. INNOVATE THE WAY WE OPERATE

Strategic Fields of Action

I. REFOCUS THE BRAND

DIGITAL

III. DRIVE THE DIGITAL TRANS-FORMATION



GLOBAL

AGILE

II. REFINE THE WAY WE SELL

IV. INNOVATE THE WAY WE OPERATE

SUSTAINABLE

Two brands: BOSS and HUGO

#THISISBOSS

#IAMHUGO

TWO BRANDS

TWO TARGET CUSTOMERS

TWO BRAND IDENTITIES

BOSS and HUGO customers have different attitudes towards fashion

BOSS		HUGO
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:

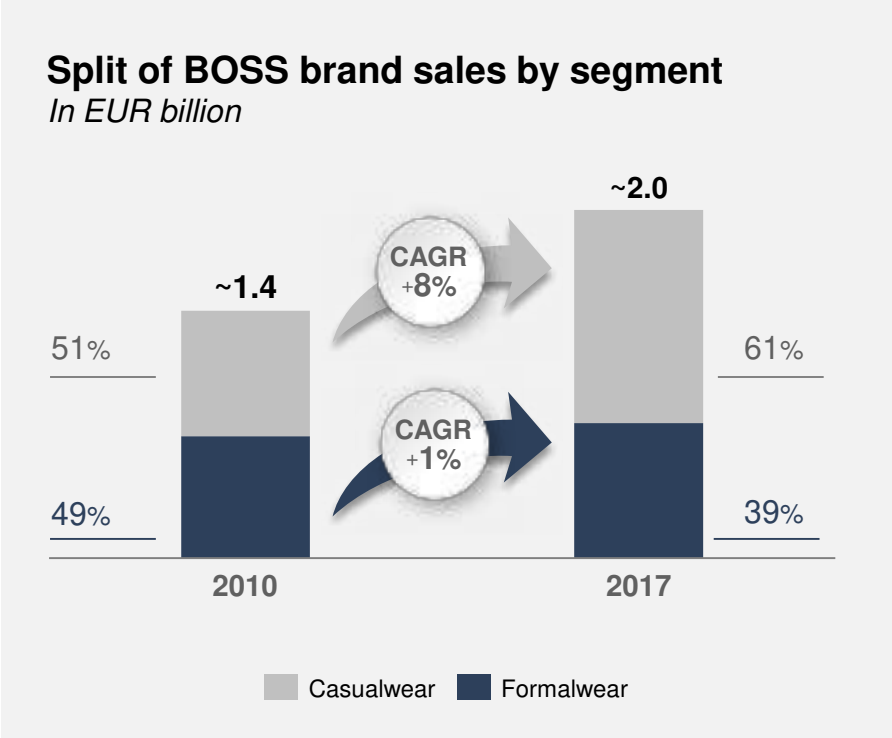
CONTEMPORARY DESIGN

PROGRESSIVE LOOKS

FASHION - FORWARD

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

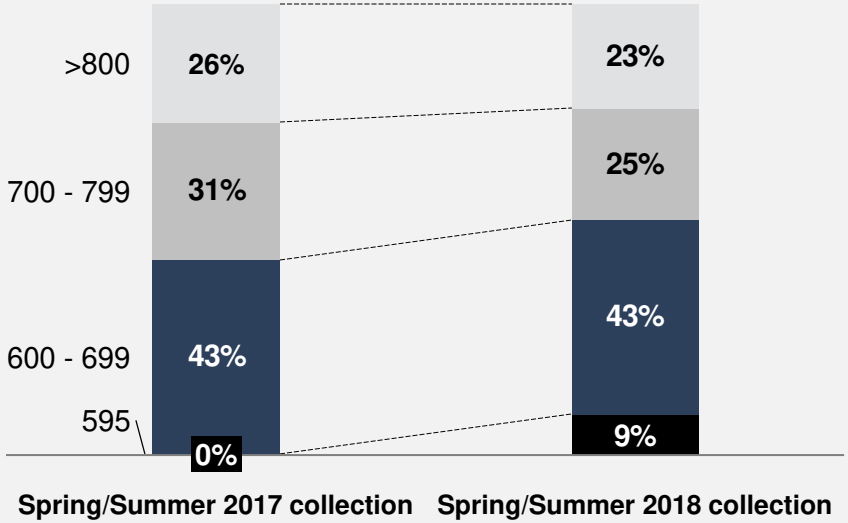
BOSS: Upgrade of casualwear and new interpretation of formalwear



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 IS THE PLATFORM OF SELF-EXPRESSION – FOR EVERY OCCASION

…and HUGO Womenswear collections

BUSINESS CASUAL

HUGO

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

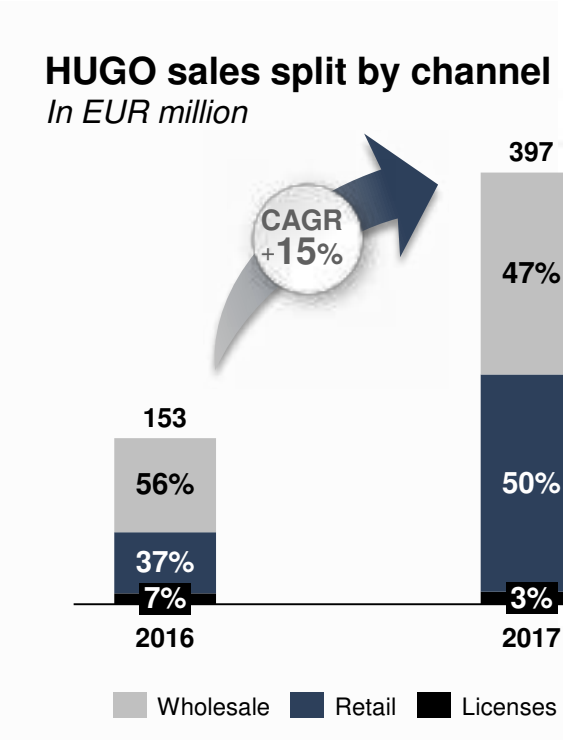
BOSS Menswear showcases the fusion of tailoring and athleisure

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

BOSS Womenswear makes a strong statement with Gallery Collection presentation

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

HUGO has grown significantly above industry average in recent past



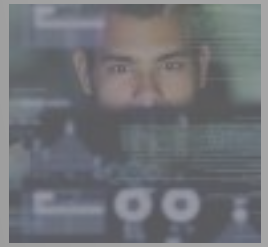
- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

Strategic Fields of Action

I. REFOCUS THE BRAND

DIGITAL

III. DRIVE THE DIGITAL TRANS-FORMATION



GLOBAL

CUSTOMER-CENTRIC

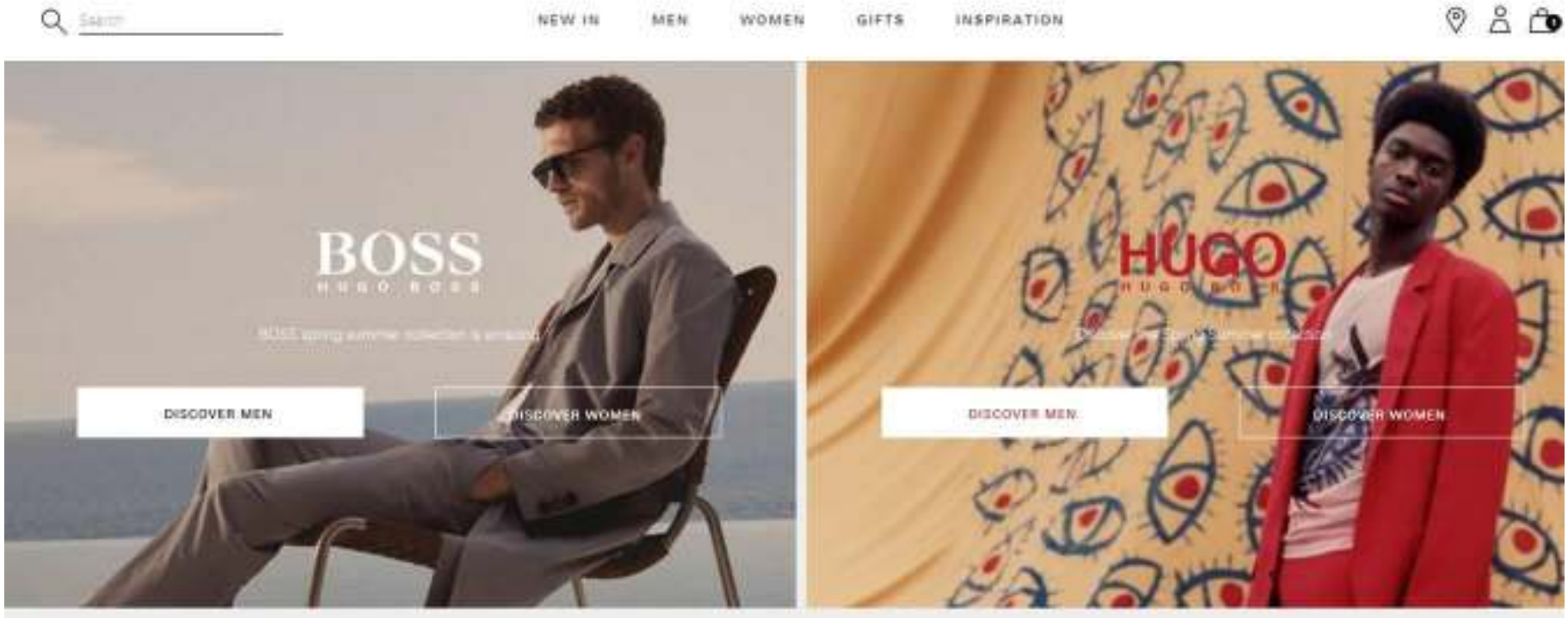
AGILE

II. REFINE THE WAY WE SELL

IV. INNOVATE THE WAY WE OPERATE

SUSTAINABLE

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



Three key distribution priorities

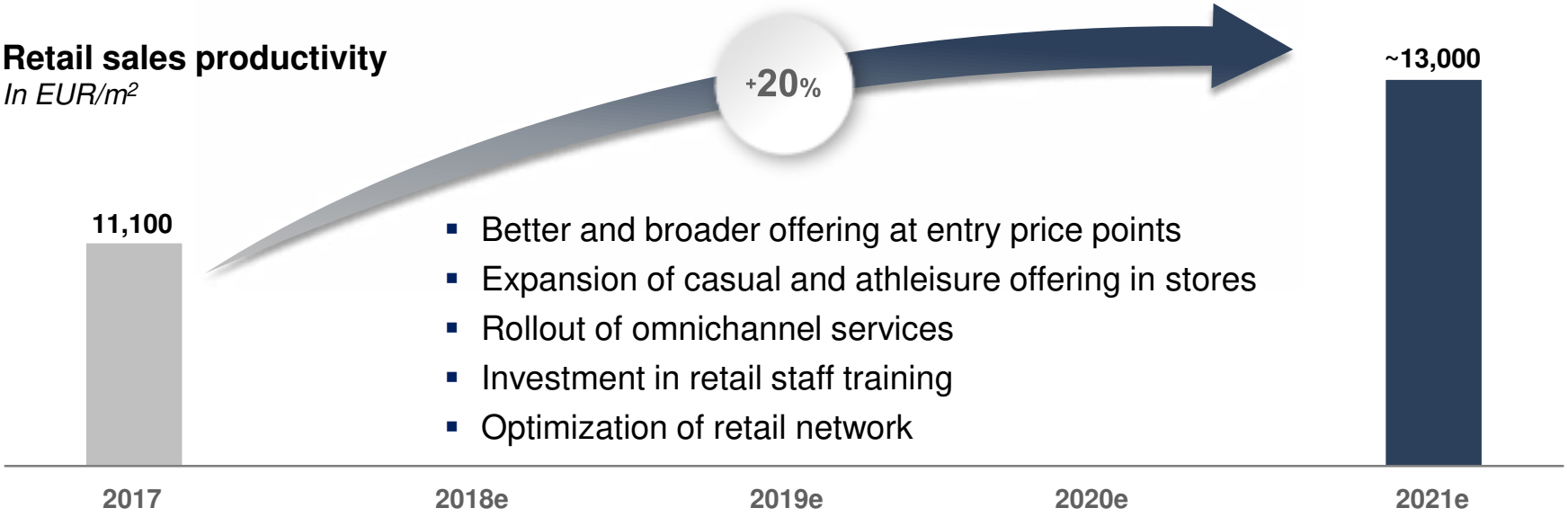
1 **Increase own retail sales productivity**

2 Exploit the full potential of online

3 Further integrate distribution across all channels

Retail sales productivity

In EUR/m²



- Better and broader offering at entry price points
- Expansion of casual and athleisure offering in stores
- Rollout of omnichannel services
- Investment in retail staff training
- Optimization of retail network

Three key distribution priorities

1 Increase own retail sales productivity

2 **Exploit the full potential of online**

3 Further integrate distribution across all channels

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

I. REFOCUS THE BRAND

DIGITAL

III. DRIVE THE DIGITAL TRANS-FORMATION

GLOBAL

CUSTOMER-CENTRIC

AGILE

II. REFINE THE WAY WE SELL

IV. INNOVATE THE WAY WE OPERATE

SUSTAINABLE

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

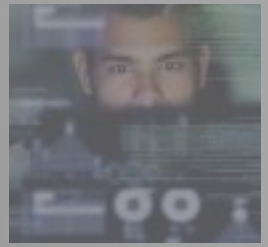
New store concepts create strong link between physical and digital retailing

Strategic Fields of Action

I. REFOCUS THE BRAND

DIGITAL

III. DRIVE THE DIGITAL TRANS-FORMATION



GLOBAL

CUSTOMER-CENTRIC

AGILE

II. REFINE THE WAY WE SELL

IV. INNOVATE THE WAY WE OPERATE

SUSTAINABLE

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

Replenish sold-out bestsellers in-season

Adjust collection content based on short-term trends

Become more flexible in our approach towards seasons

Demand-driven supply

Supplement the regular collection development process with a fast track concept which reduces the time to market to weeks rather than months

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

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

Stabilization

2017

- Sales up 3%*, stable operating profit

Acceleration

2018

- Sales forecasted to increase in the low to mid single-digits*, broadly in line with the market, operating profit should remain approximately stable

Profitable and sustainable growth

2019+

- Grow sales stronger than market, increase operating profit stronger than sales

*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%

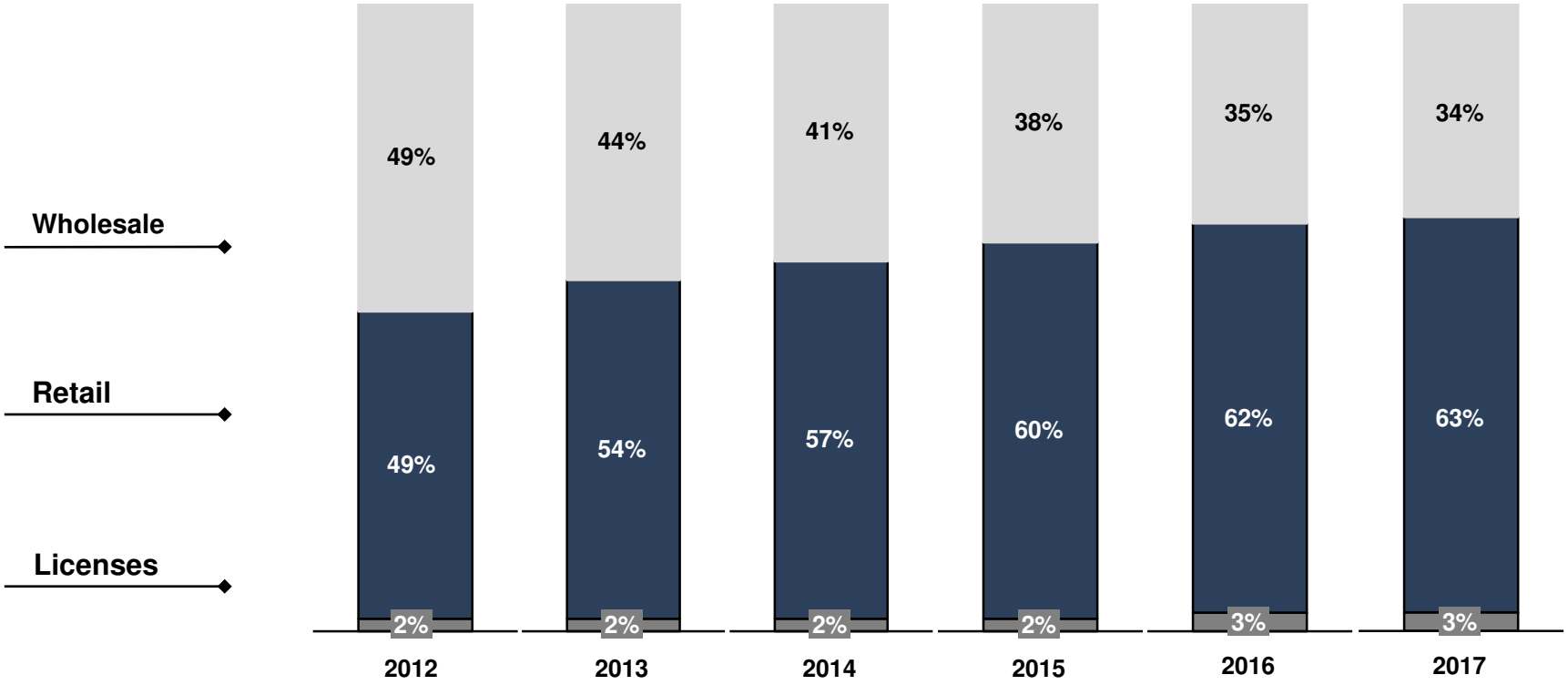
Asia/Pacific

14%

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

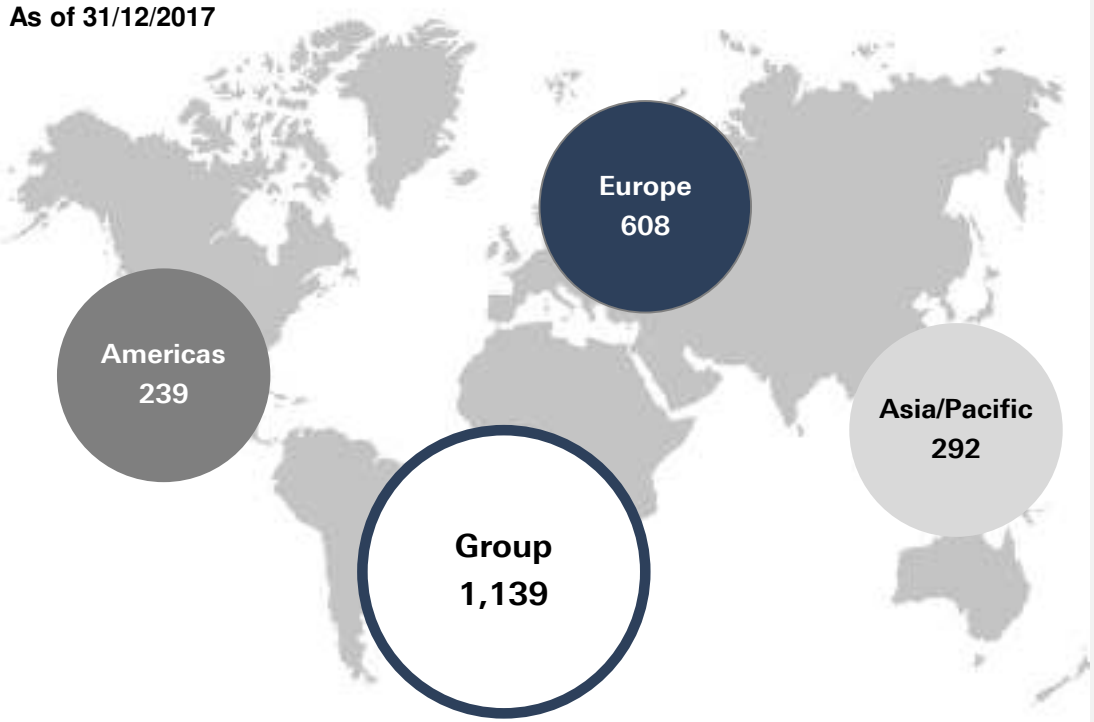
*as of 2017, +3% Licenses

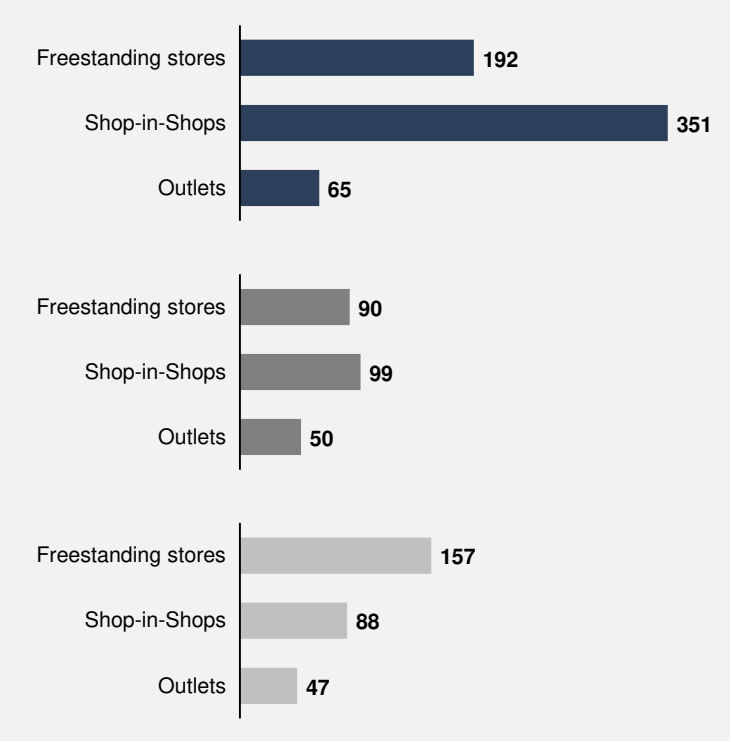
Sales by distribution channel



Number of Group's own retail stores by region

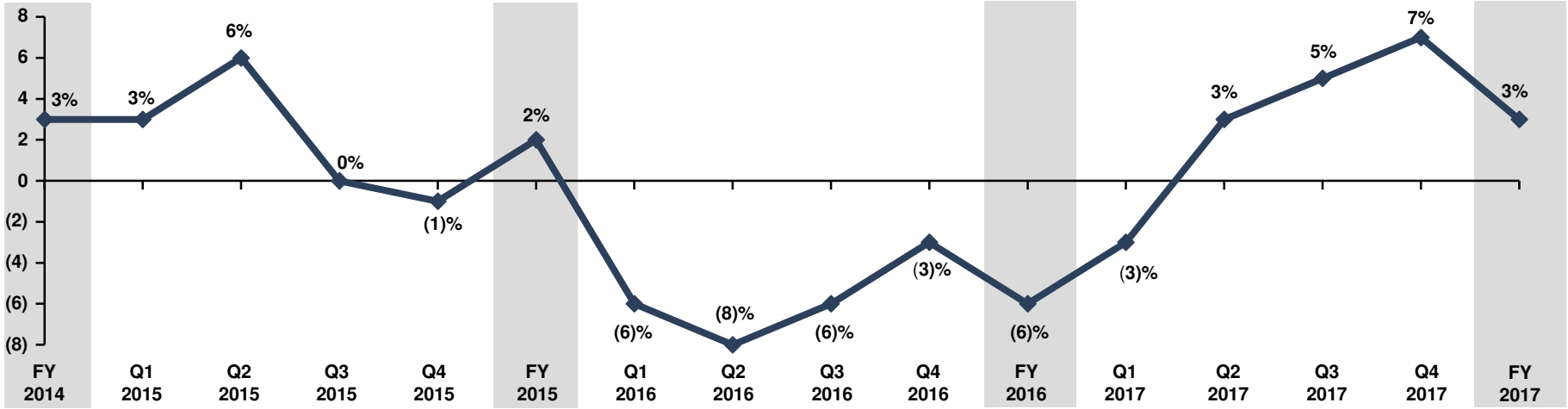
As of 31/12/2017





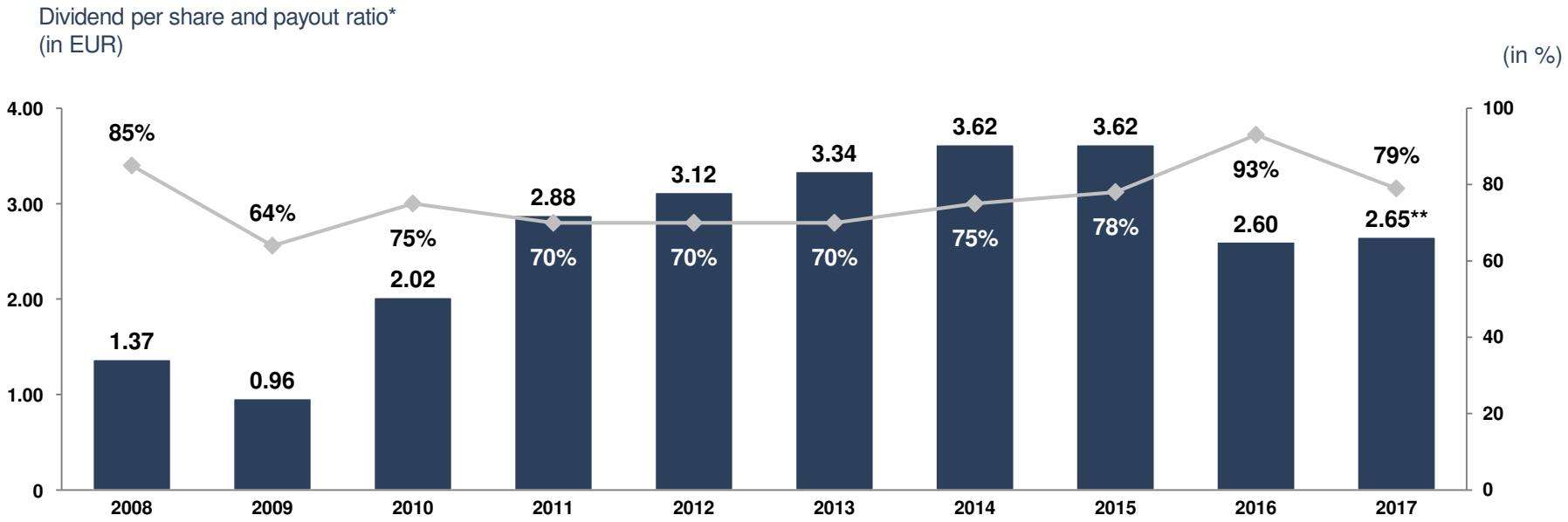
Retail comp stores sales

Retail l-f-l sales development*



*FX-adjusted

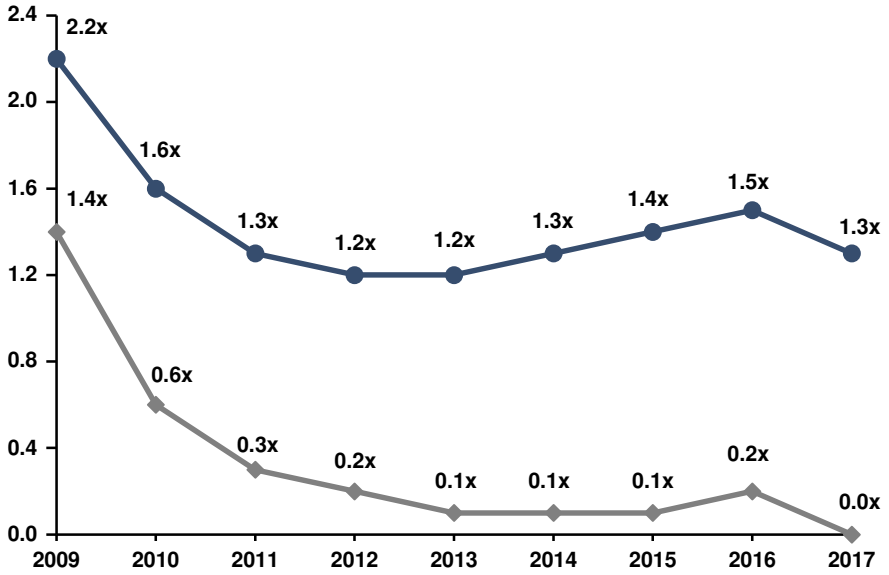
Dividend policy



▶ **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



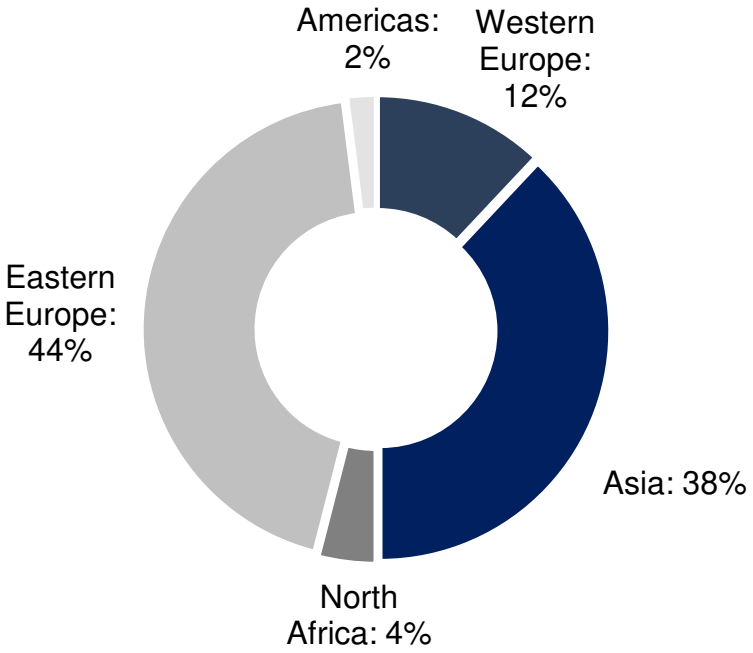
Net debt / EBITDA

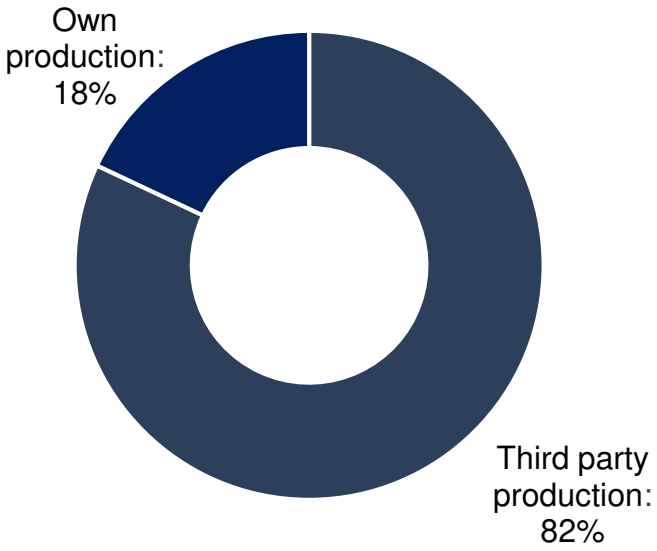
Net debt incl. operating leases / EBITDAR

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 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.

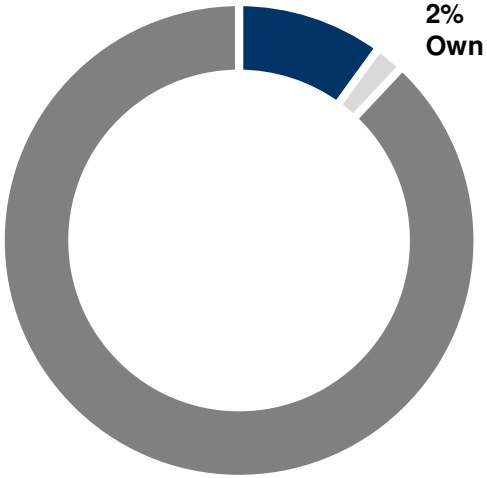
Analyst coverage

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

Dennis Weber, CFA
Head of Investor Relations

Phone: +49 (0) 7123 94 - 86267
E-Mail: Dennis_Weber@hugoboss.com

Frank Böhme
Senior Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581
E-Mail: Frank_Boehme@hugoboss.com

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.

HUGO BOSS