

**H U G O   B O S S**

HUGO BOSS

## HSBC Roadshow

---

LONDON, MARCH 13 & 14, 2018



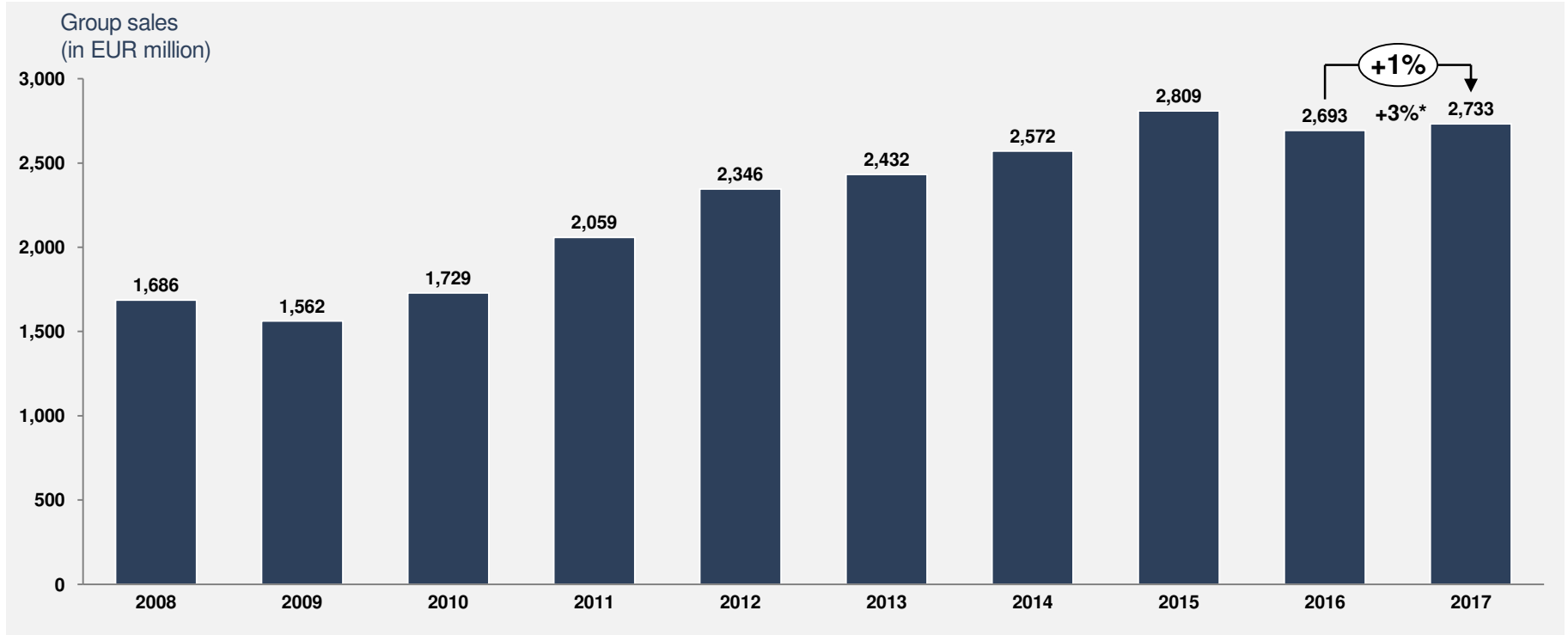


FINANCIAL PERFORMANCE 2017

## HUGO BOSS achieves its goals in 2017



## HUGO BOSS returns to growth in 2017

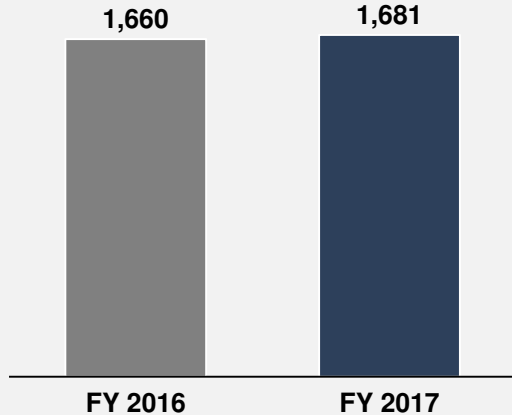


\*fx-adjusted

## All regions contribute to currency-adjusted Group sales growth

### Europe Sales\*

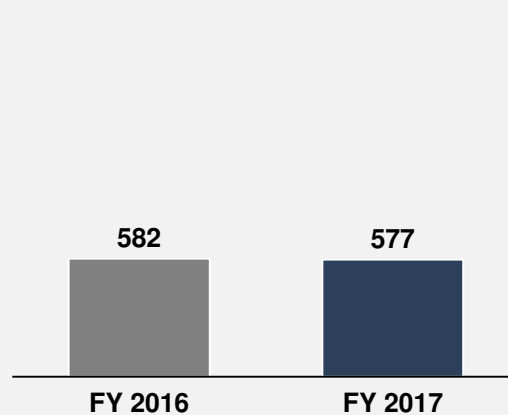
+1%  
+2% fx-adjusted



■ Sales increase primarily driven by UK

### Americas Sales\*

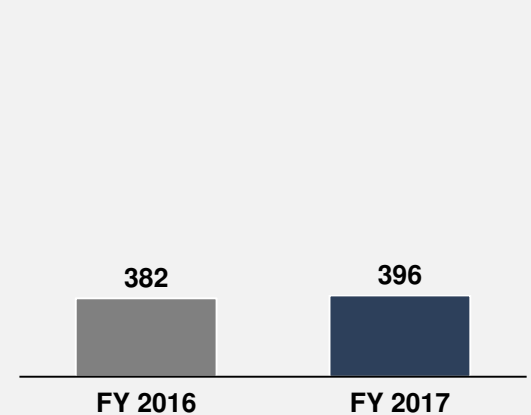
(1)%  
+1% fx-adjusted



■ 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

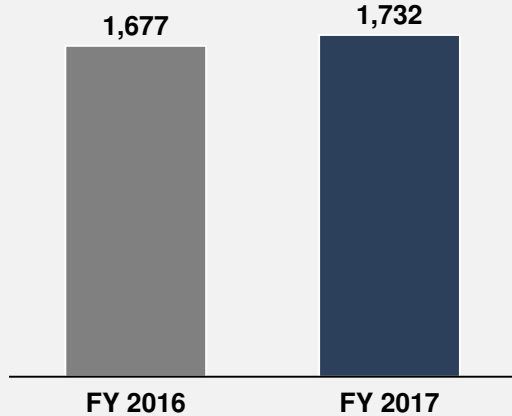
## Position in core markets improves

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

## Comp store sales improvements drive solid growth in own retail

### Retail Sales\*

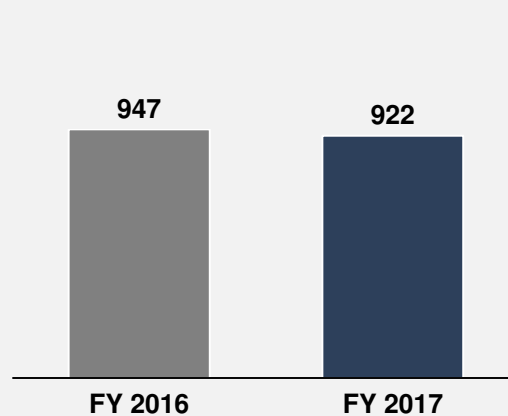
+3%  
+5% fx-adjusted



■ Comp store sales grow 3%

### Wholesale Sales\*

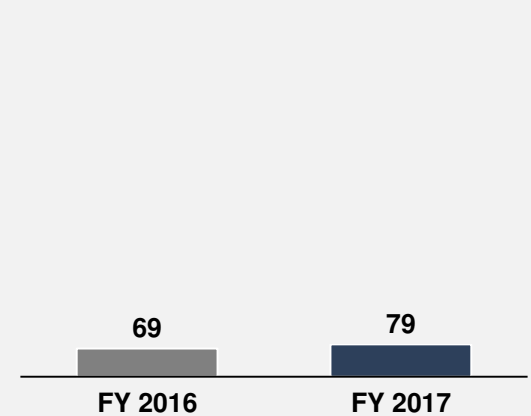
(3)%  
(2)% fx-adjusted



■ Discontinuation of off price business in US market

### License Sales\*

+14%  
+14% fx-adjusted



■ Double-digit growth in fragrance business

\*in EUR million



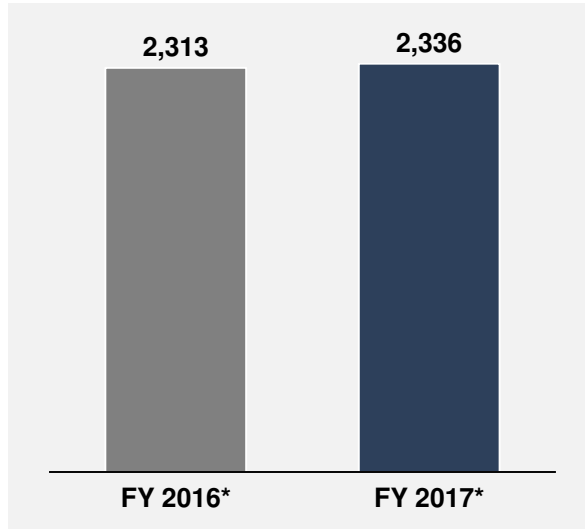
## Sales grow across both brands

- 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%**

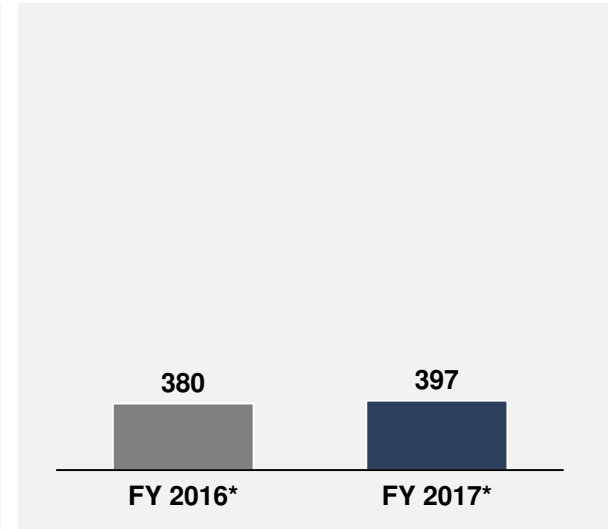
+3% fx-adjusted



**HUGO**  
HUGO BOSS

**+4%**

+5% fx-adjusted



\*in EUR million

Investor Meeting Presentation

HUGO BOSS ©

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

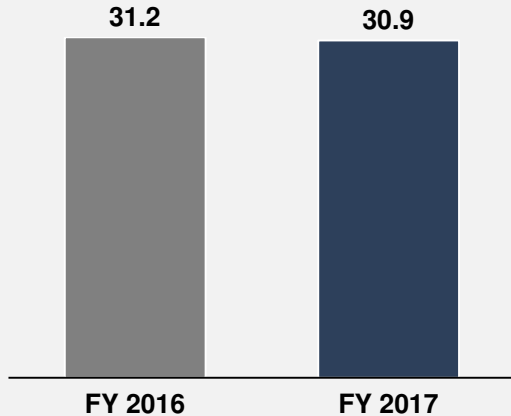
231 EUR million

19%



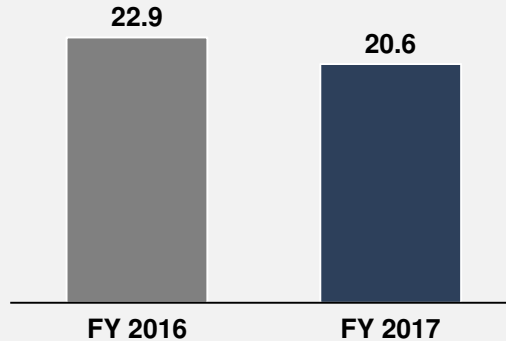
## Strong margin improvement in Asia/Pacific

**Europe**  
(in %)  
(30) bp



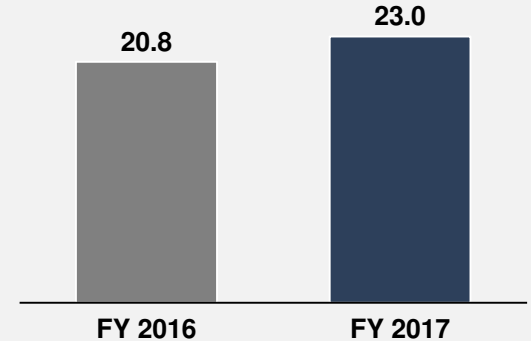
■ Higher expenses in marketing and own retail weigh on margin

**Americas**  
(in %)  
(230) bp



■ Currency effects and higher investments impact profitability

**Asia/Pacific**  
(in %)  
+220 bp



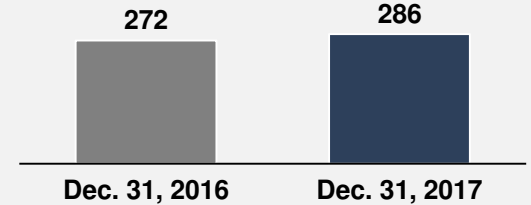
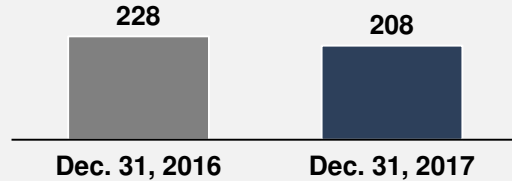
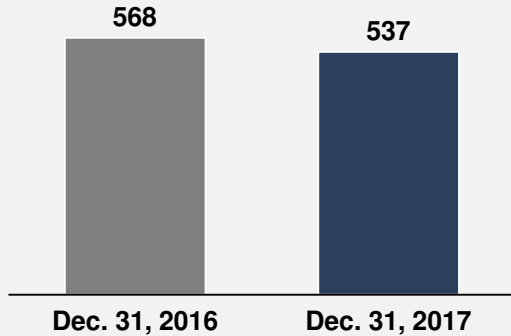
■ Strong sales momentum and fewer discounts drive margin

## Positive net working capital development

**Inventories**  
(in EUR million)  
**(5)%**

**Trade receivables**  
(in EUR million)  
**(9)%**

**Trade payables**  
(in EUR million)  
**+5%**



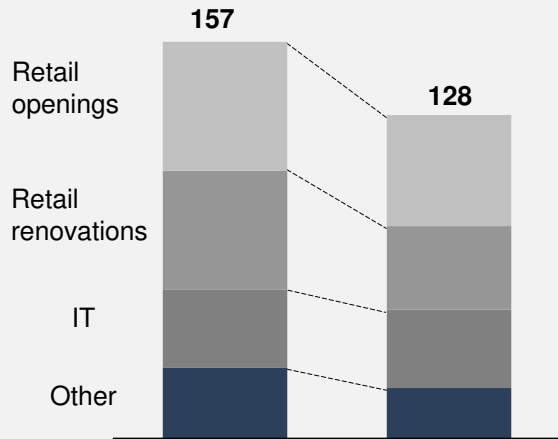
■ Reductions in the Americas and Asia/Pacific

■ Sales decline in the wholesale channel and strict collection

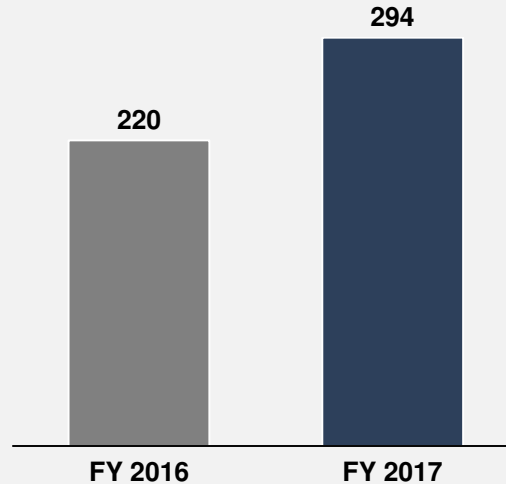
■ Higher days' payables outstanding

## Free cash flow close to record levels

**Capital expenditure**  
(in EUR million)  
**(18)%**

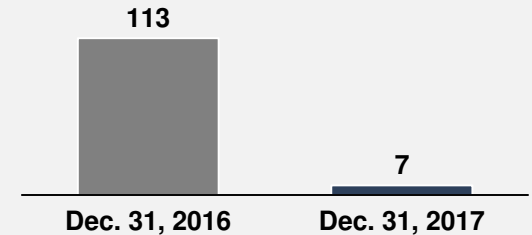


**Free cash flow**  
(in EUR million)  
**+33%**



**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

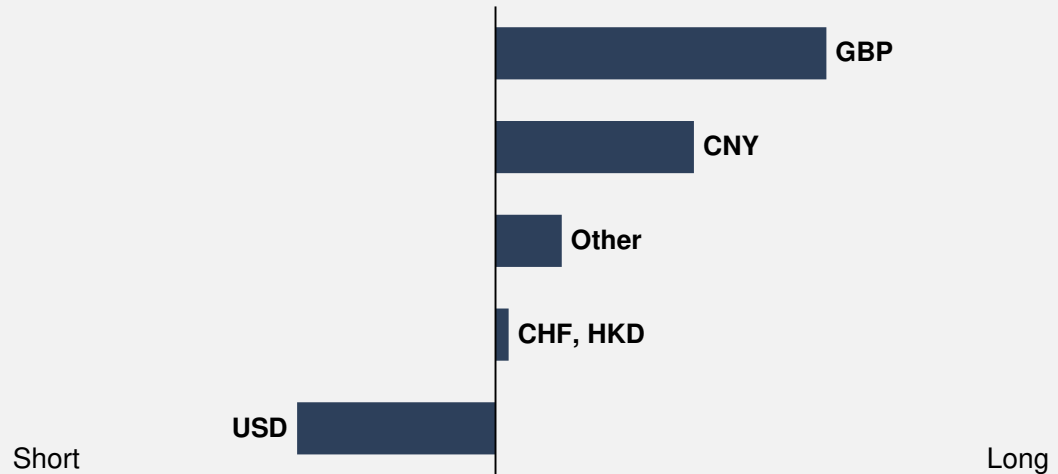


## Exchange rate effects are impacting the Group's results in 2017 and 2018

- 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)





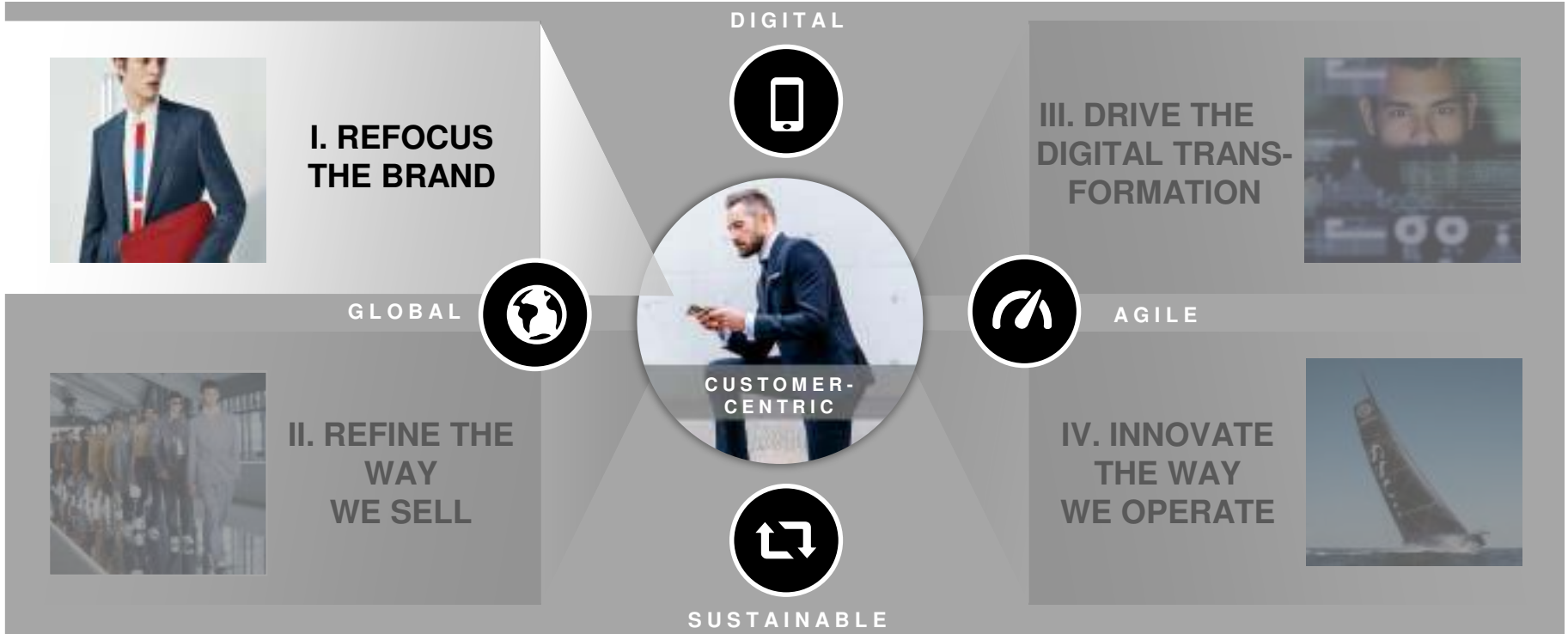
GROUP STRATEGY UPDATE

## Group strategy focuses on four fields of action





## Strategic Fields of Action



## Two brands: BOSS and HUGO

#THISISBOSS



TWO BRANDS





#IAMHUGO



TWO TARGET CUSTOMERS

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><b>DEMANDING QUALITY SEEKER</b></p>		<p><b>OPEN-MINDED LIFE ENTHUSIAST</b></p>		

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

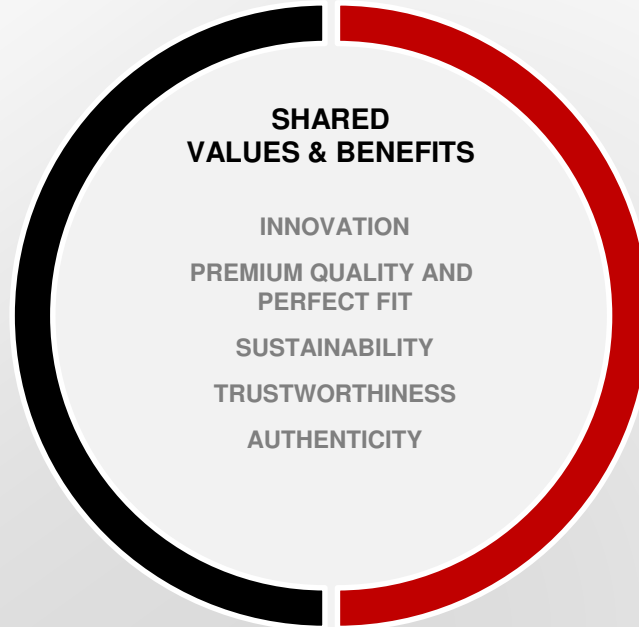
**BOSS**  
HUGO BOSS

**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.**

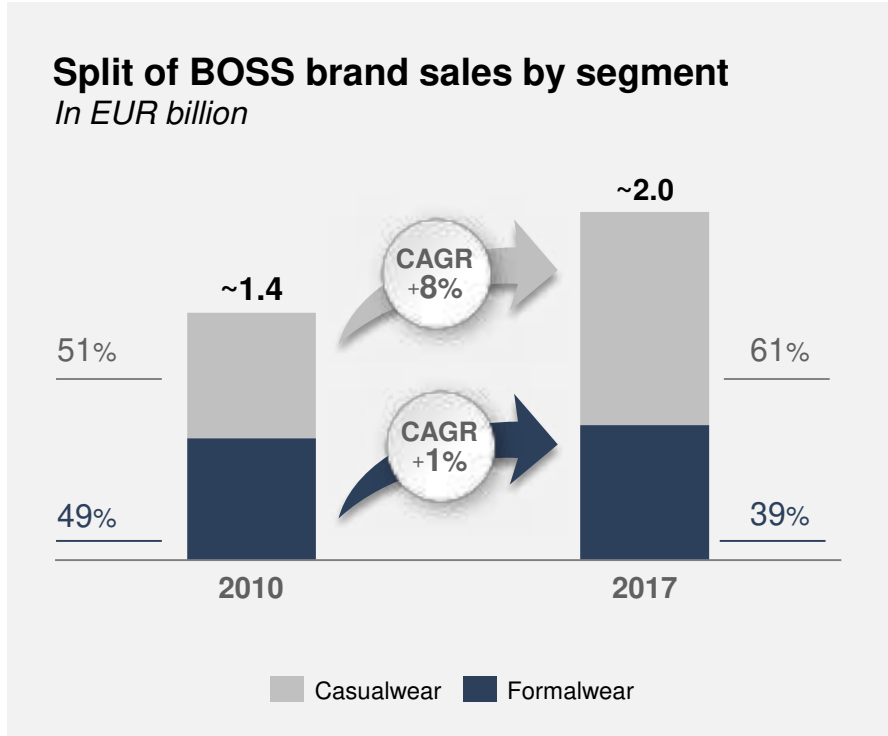


### HUGO STANDS FOR:

CONTEMPORARY DESIGN  
PROGRESSIVE LOOKS  
FASHION - FORWARD

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

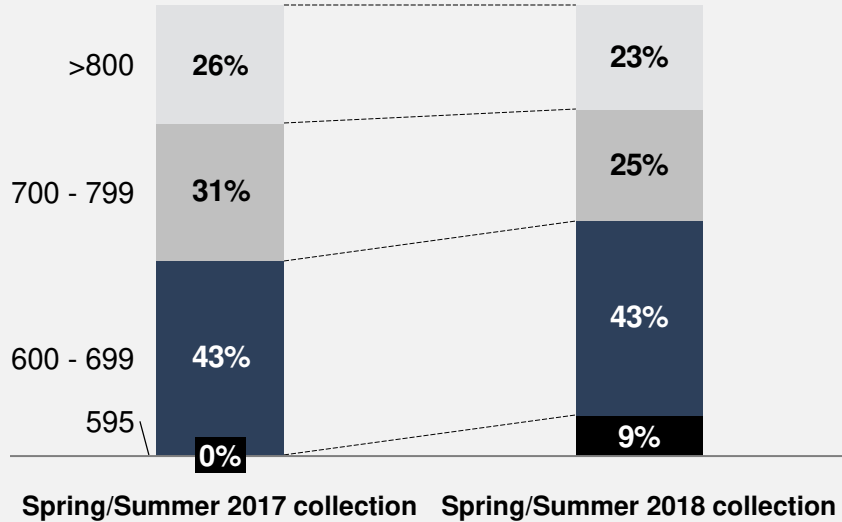
## BOSS: Upgrade of casualwear and new interpretation of formalwear



## 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 BOSS



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

...and HUGO Womenswear collections

BUSINESS

CASUAL



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



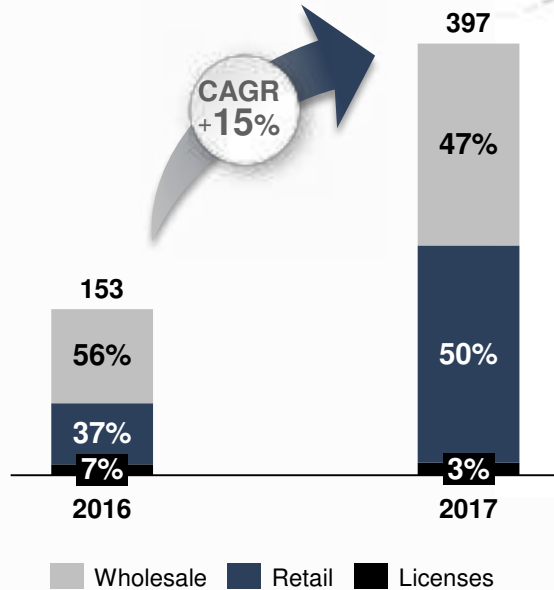
HUGO IS THE PLATFORM OF SELF-EXPRESSION



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

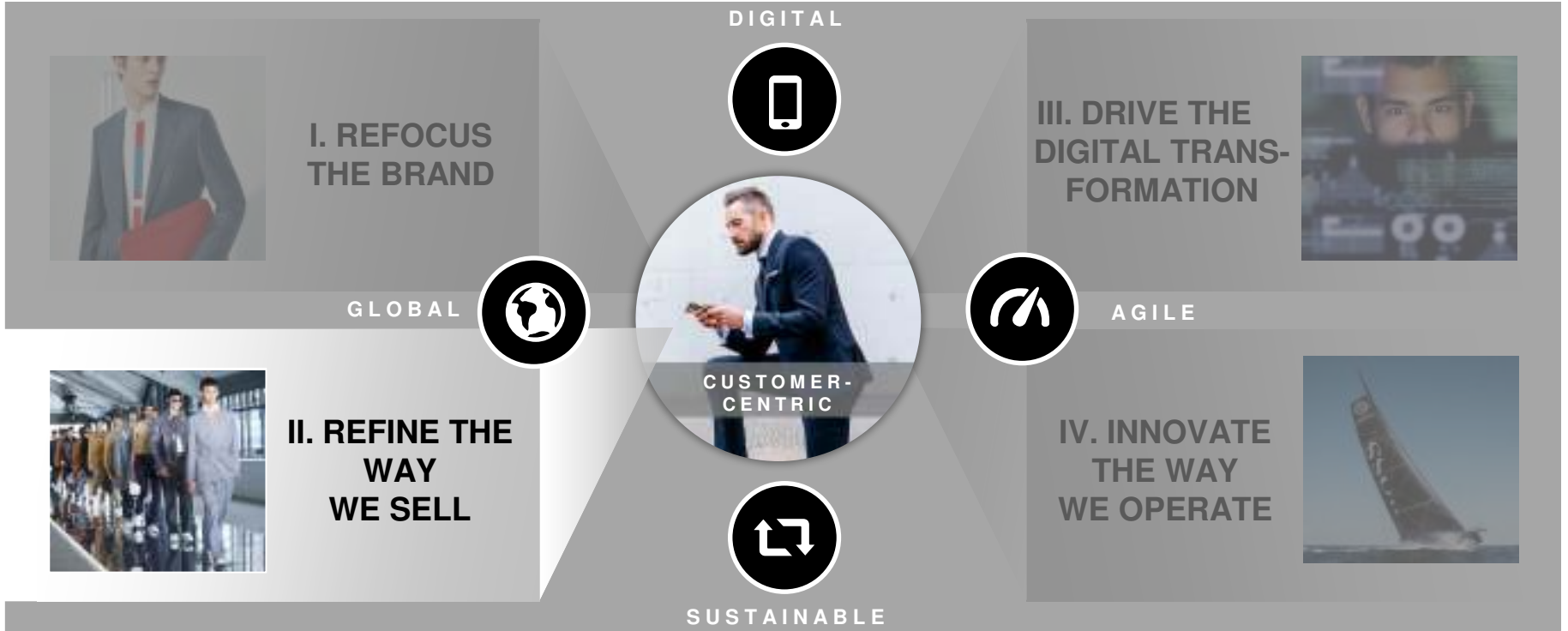
### HUGO sales split by channel

In EUR million

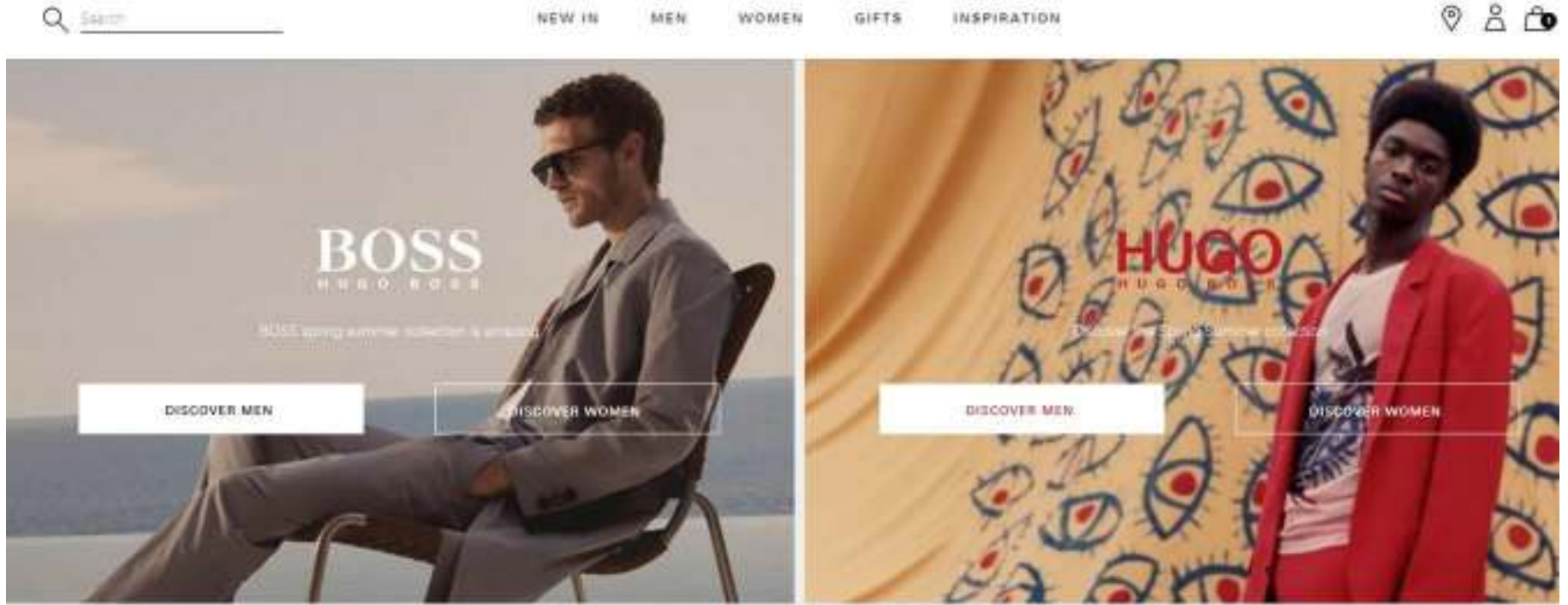


- Strong position in central European markets
- Short-term growth focus on other European markets
- Ambition to grow in the US and key Asian markets

## Strategic Fields of Action



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





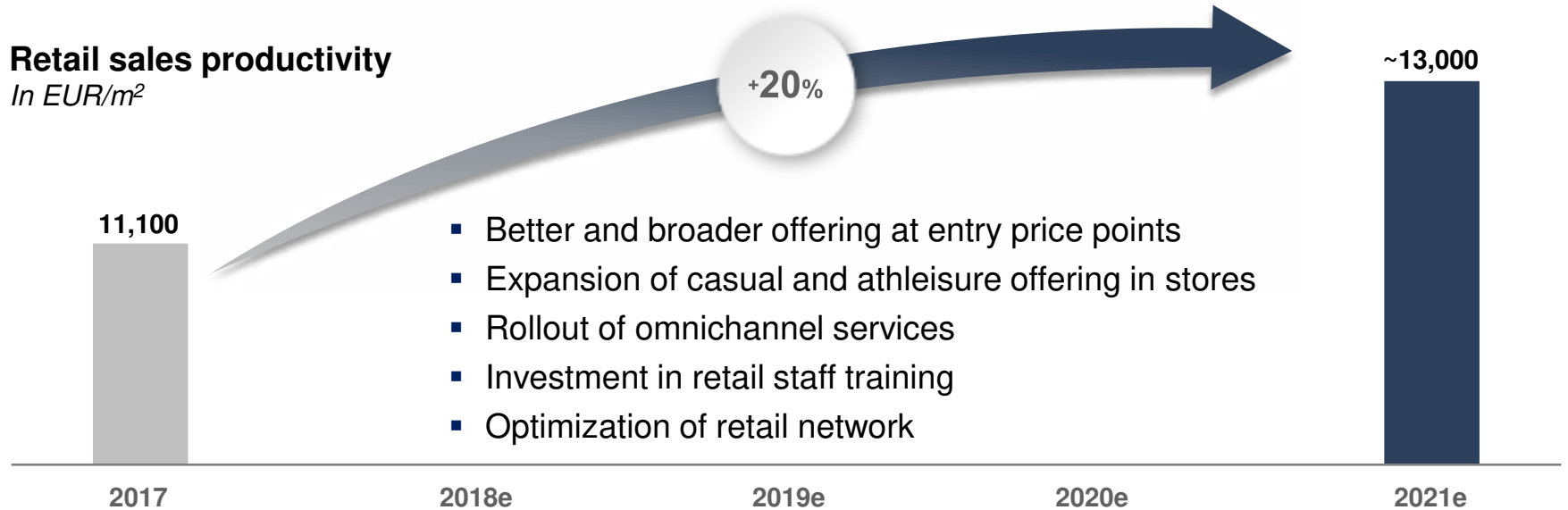
## Three key distribution priorities

**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/m<sup>2</sup>

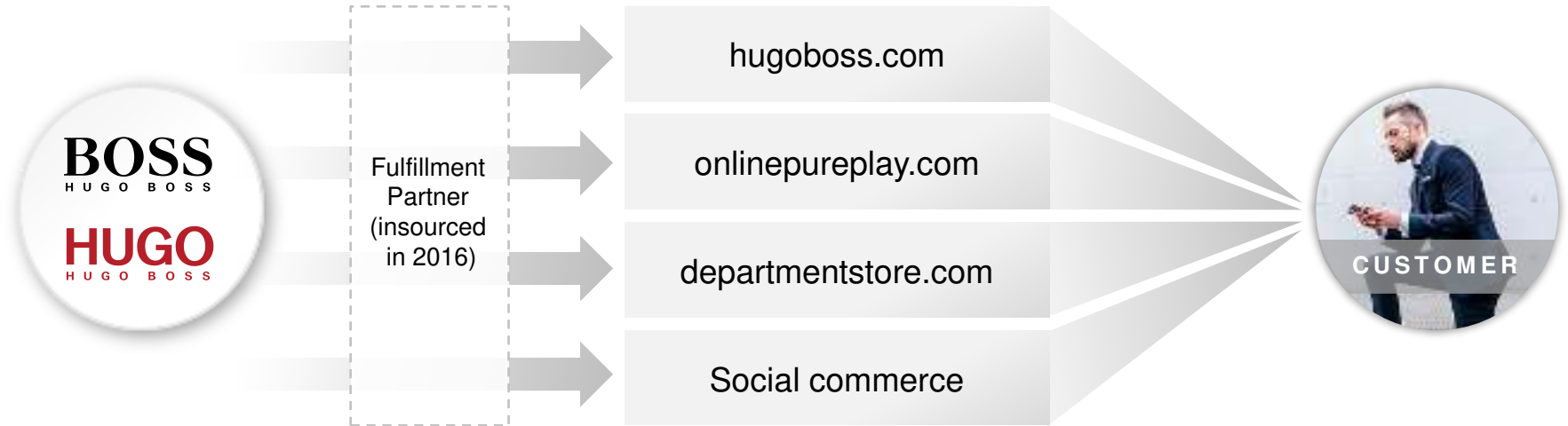


## Three key distribution priorities

**1** Increase own retail sales productivity

**2** Exploit the full potential of online

**3** Further integrate distribution across all channels



## 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

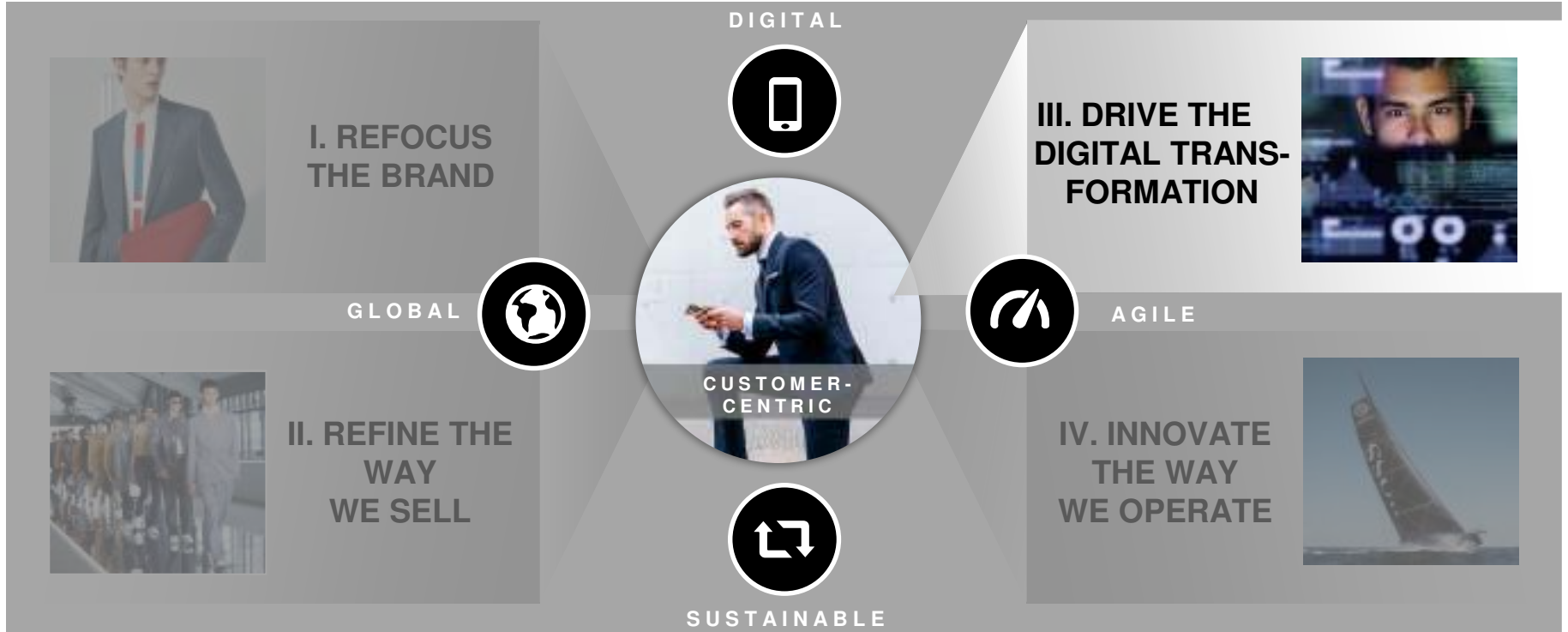


### Renovations

- 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**

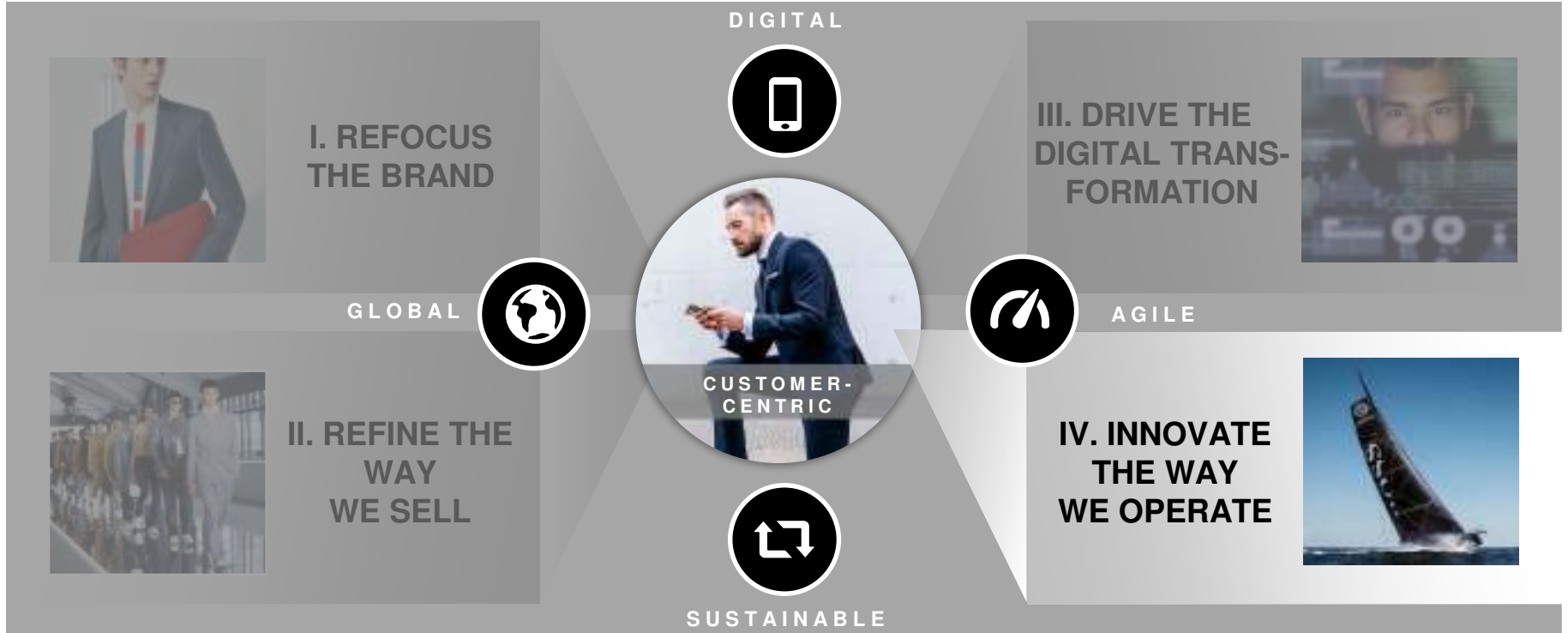
Refurbishment  
completed in 2016



## 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



Agile management



## HUGO digital showroom rolled out in more European markets



## Speed drives commercial success







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

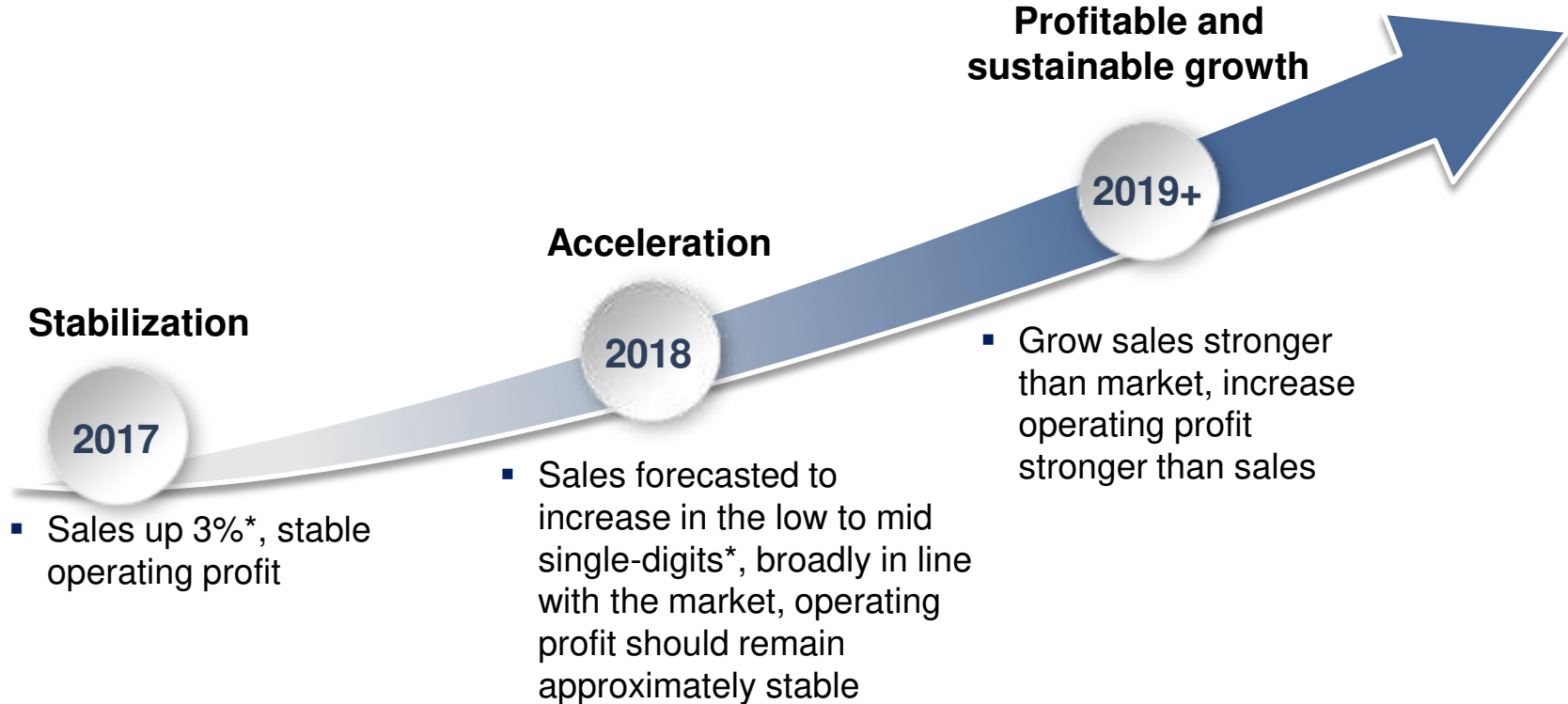
### EBITDA (before special items)

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



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%



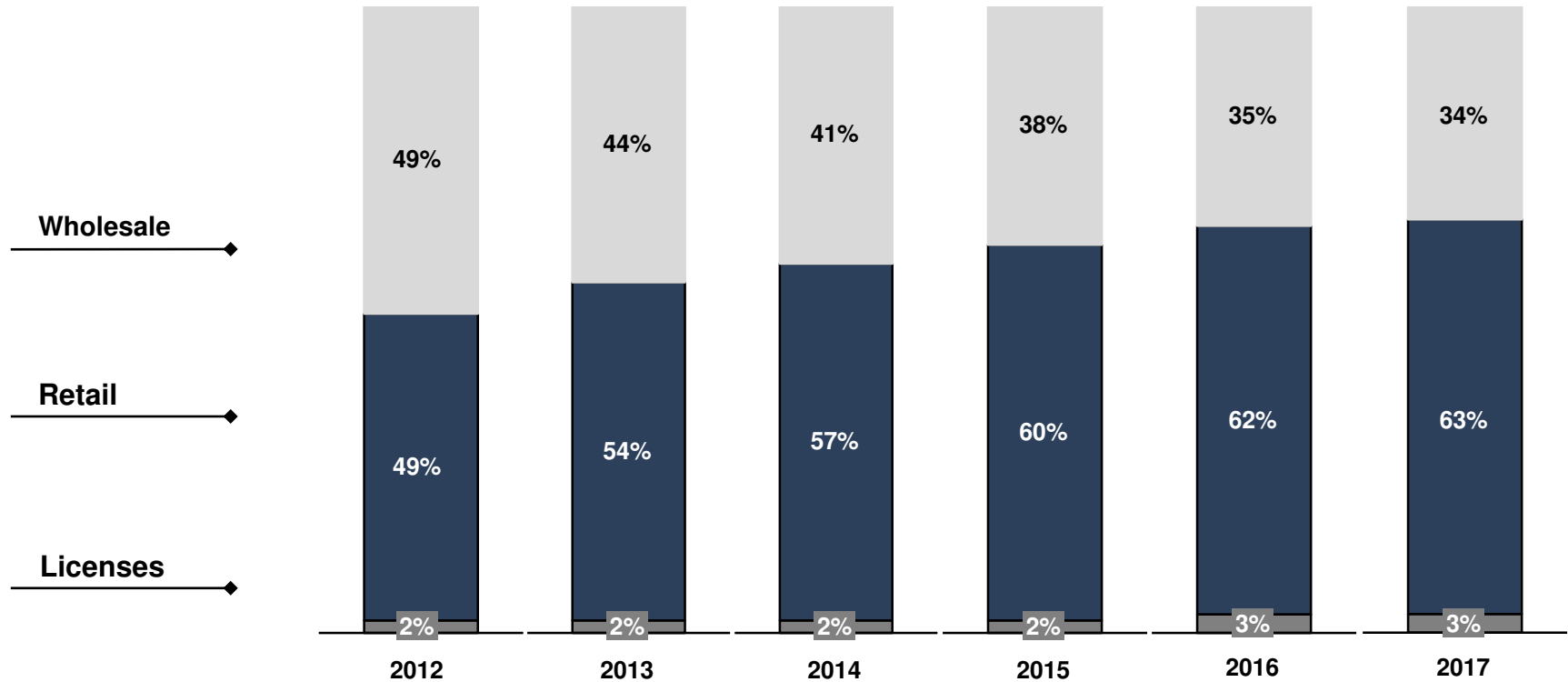
### Asia/Pacific

**14%**

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

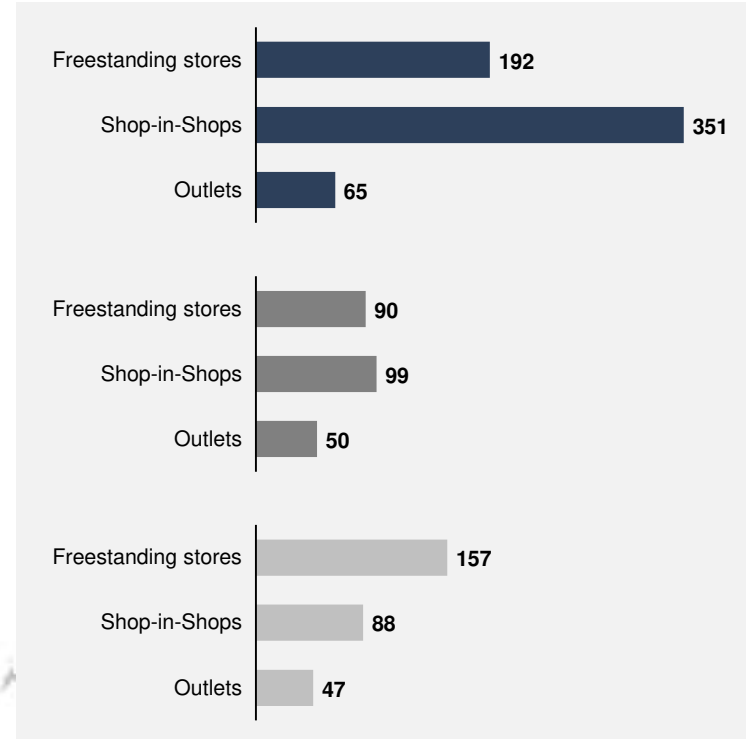
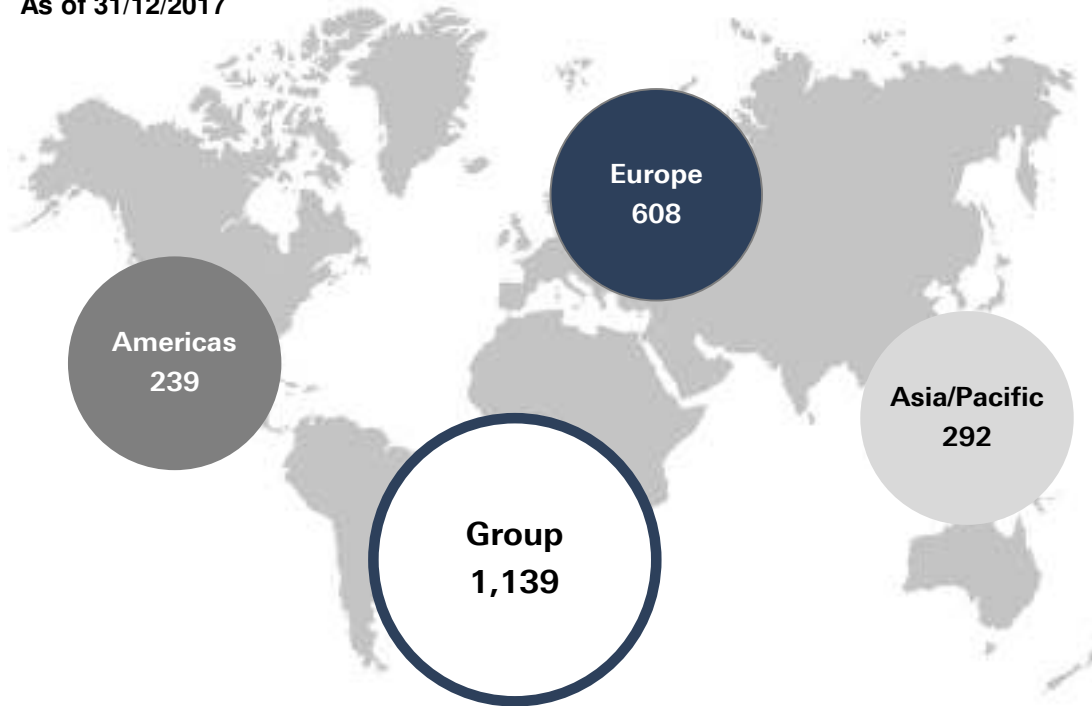
\*as of 2017, +3% Licenses

## Sales by distribution channel



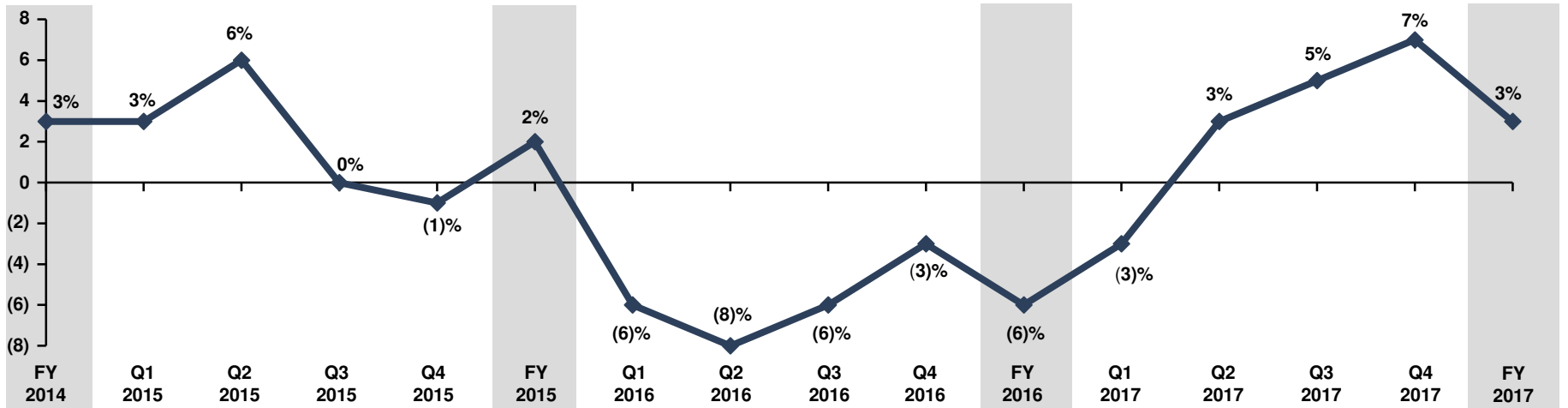
## Number of Group's own retail stores by region

As of 31/12/2017



## Retail comp stores sales

Retail I-f-I sales development\*

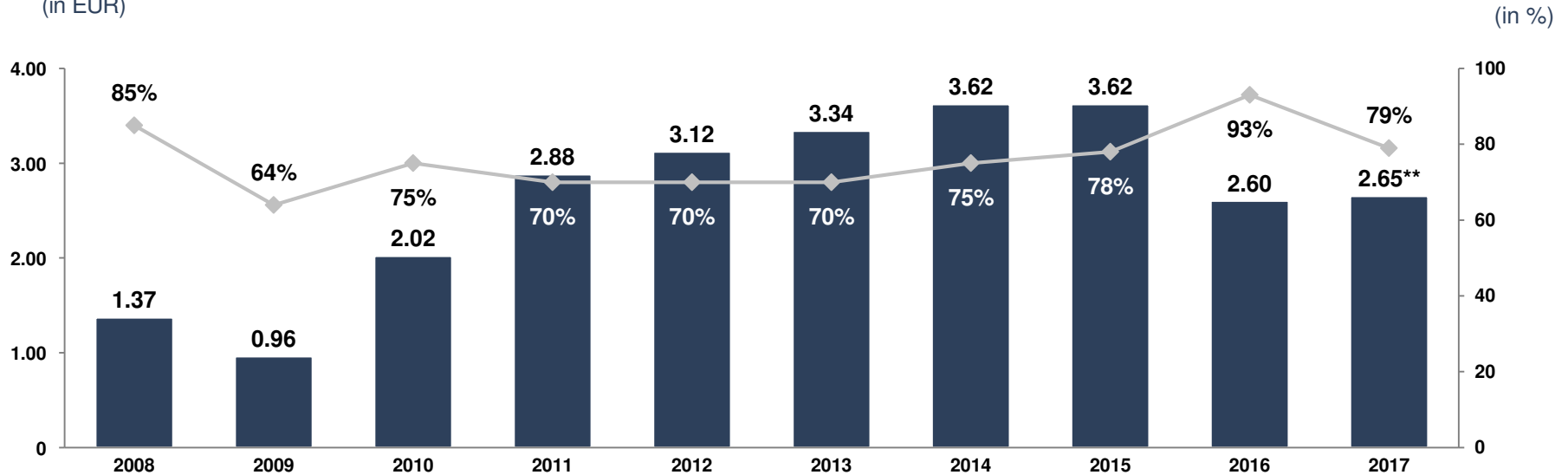


\*FX-adjusted



## Dividend policy

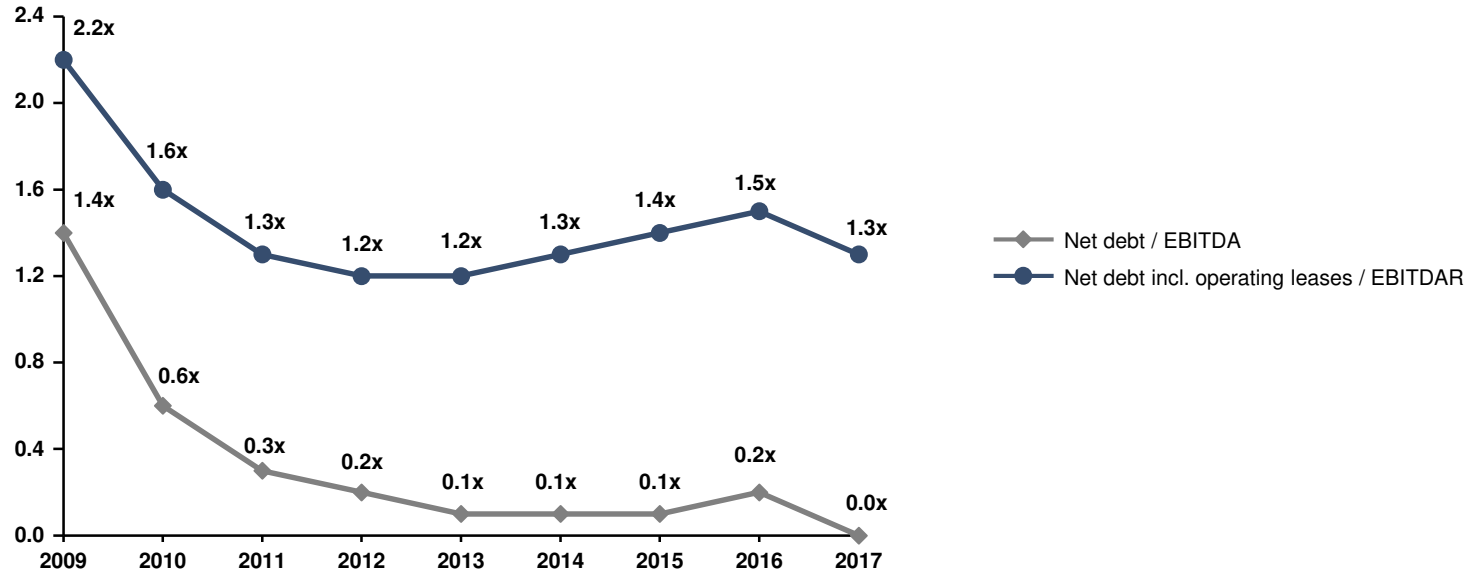
Dividend per share and payout ratio\*  
(in EUR)



► 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

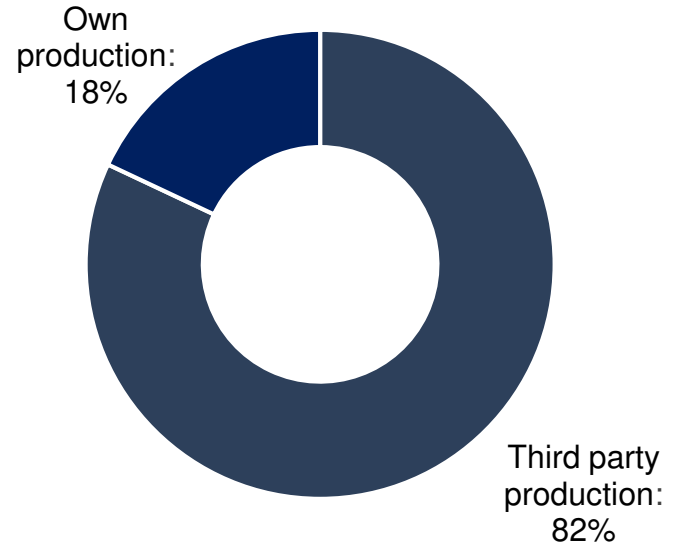
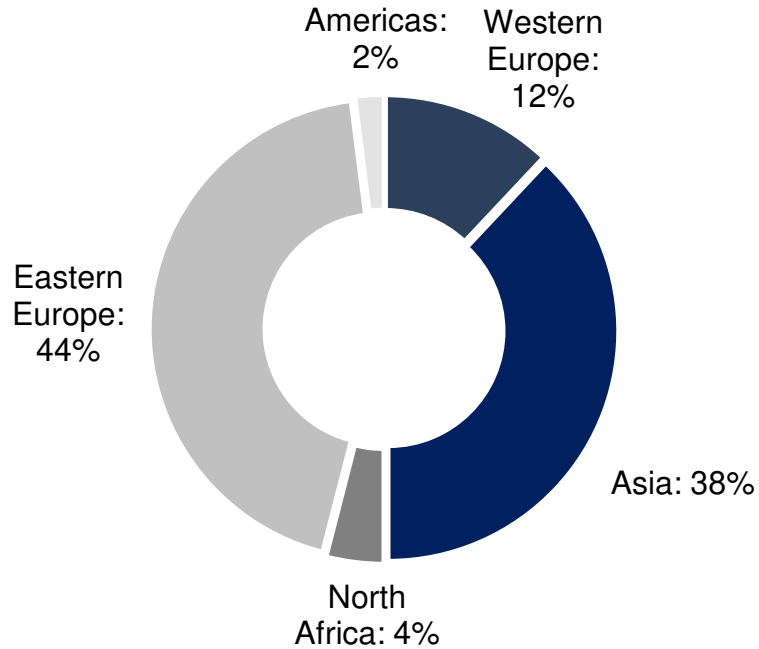
## (Adjusted) financial leverage



**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
<b>Sales</b>	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 % <sup>1</sup>	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 <sup>2</sup>	0,0	0,2	0,1	0,1	0,1
Dividend	183 <sup>3</sup>	179	250	250	231

1 EBITDA before special items/Sales.

2 Net financial liabilities/EBITDA before special items.

3 Dividend proposal.

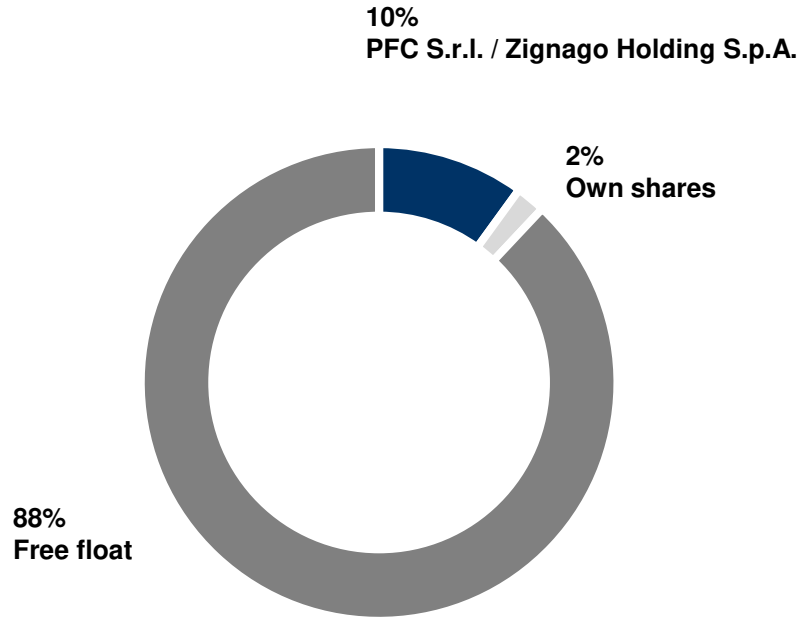
## Analyst coverage

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 Dadhanian
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](mailto:Dennis_Weber@hugoboss.com)

**Frank Böhme**  
Senior Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581  
E-Mail: [Frank\\_Boehme@hugoboss.com](mailto: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.





**H U G O   B O S S**