

H U G O B O S S

HUGO BOSS

Analysts' Conference 2018

Metzingen – March 8, 2018

Mark Langer, Chief Executive Officer
Yves Müller, Chief Financial Officer



Agenda



Review 2017

Financial Performance 2017 and Outlook 2018

Strategic Outlook 2018

Agenda



Review 2017 – CEO Mark Langer





Financial Performance 2017 and Outlook 2018

Strategic Outlook 2018

HUGO BOSS achieves its goals in 2017



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%

Menswear fashion show in July showcases new creative direction at BOSS



BOSS dresses the drive – For men on their way to greatness

First Gallery Collection presentation highlights ambitions of BOSS Womenswear



BOSS dresses the drive – For women making bold moves

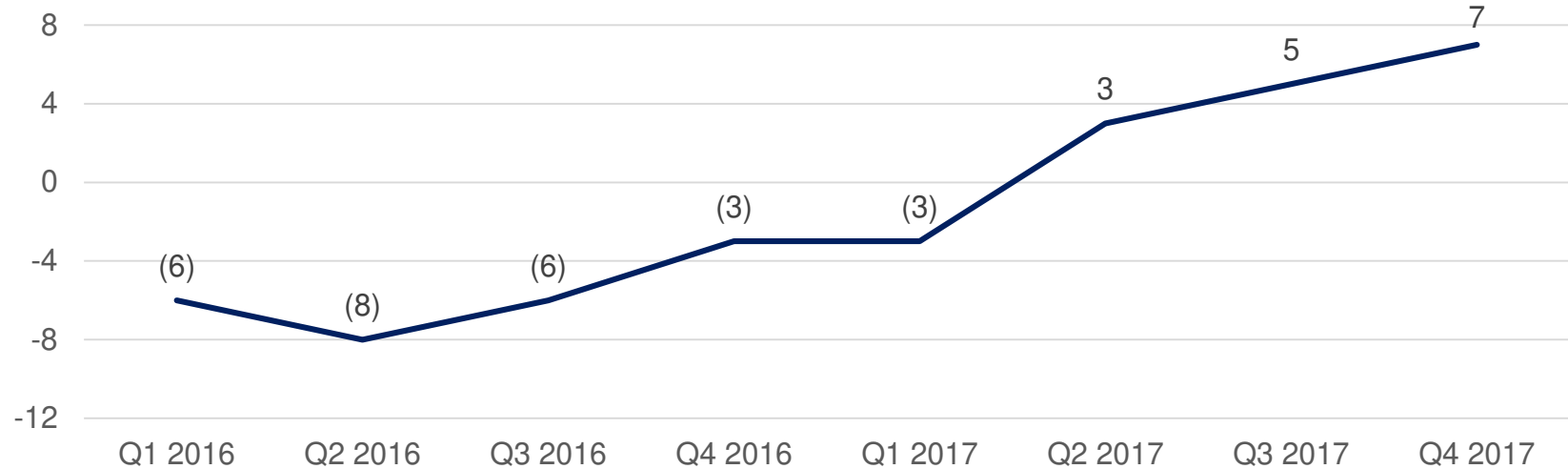
Florence fashion show marks the start of a new era for HUGO



HUGO is the platform of self-expression

Retail sales gain strong momentum over the course of 2017

Retail LFL sales development, in % (fx-adjusted)



► Fourth-quarter performance represents strongest growth in more than five years

Performance of online business improves significantly



Agenda

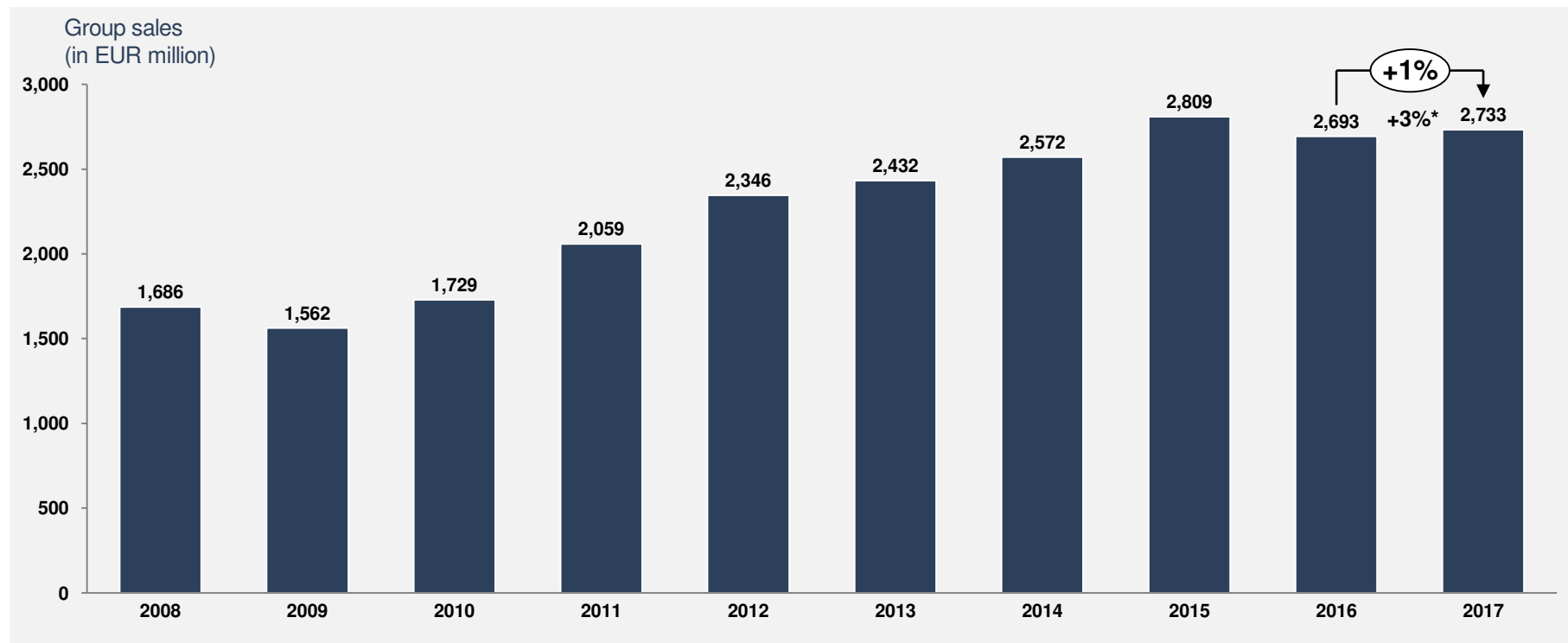


Review 2017

Financial Performance 2017 and Outlook 2018 – CFO Yves Müller

Strategic Outlook 2018

HUGO BOSS returns to growth in 2017

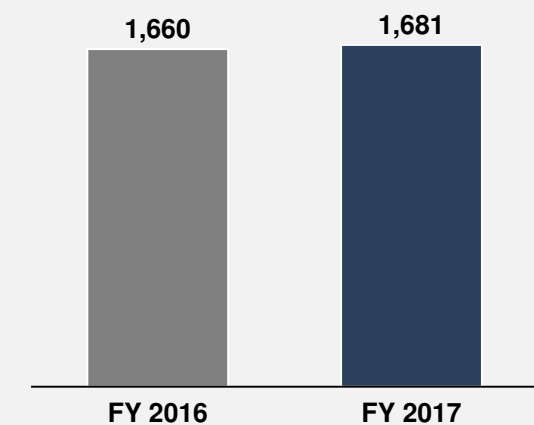


*fx-adjusted

All regions contribute to currency-adjusted Group sales growth

Europe Sales*

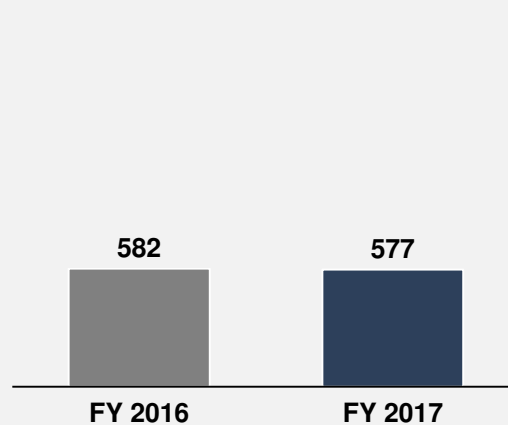
+1%
+2% fx-adjusted



■ Sales increase primarily driven by UK

Americas Sales*

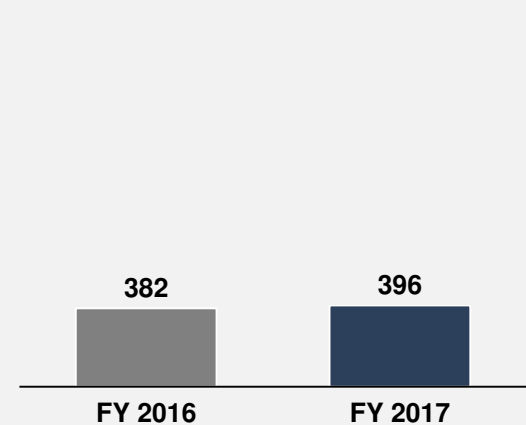
(1)%
+1% fx-adjusted



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

Asia/Pacific Sales*

+4%
+6% fx-adjusted



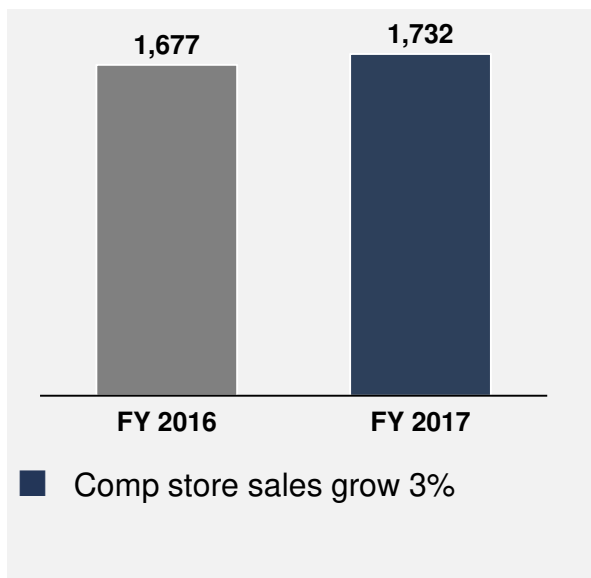
■ China remains growth engine in Asia

*in EUR million

Comp store sales improvements drive solid growth in own retail

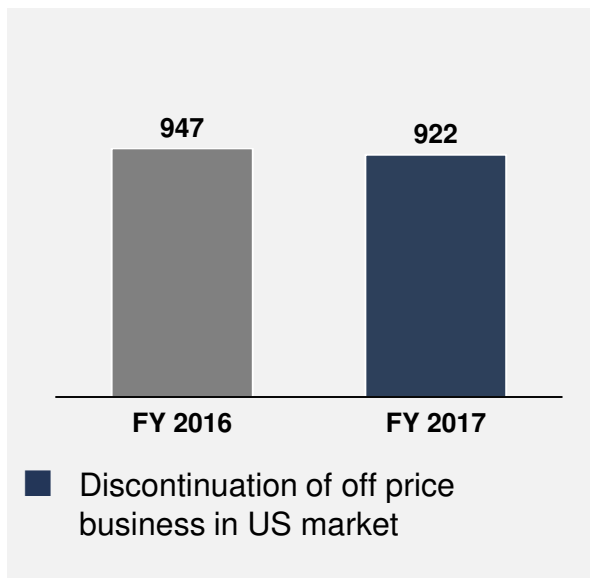
Retail Sales*

+3%
+5% fx-adjusted



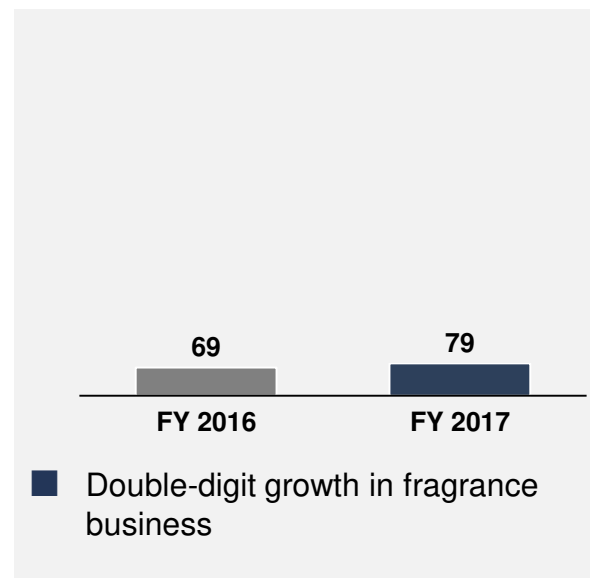
Wholesale Sales*

(3)%
(2)% fx-adjusted



License Sales*

+14%
+14% fx-adjusted



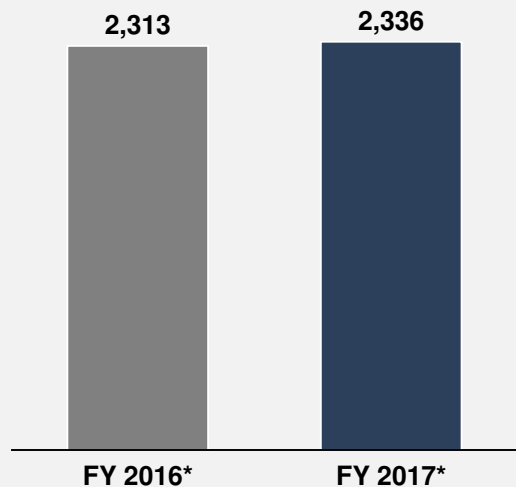
*in EUR million

Sales grow across both brands

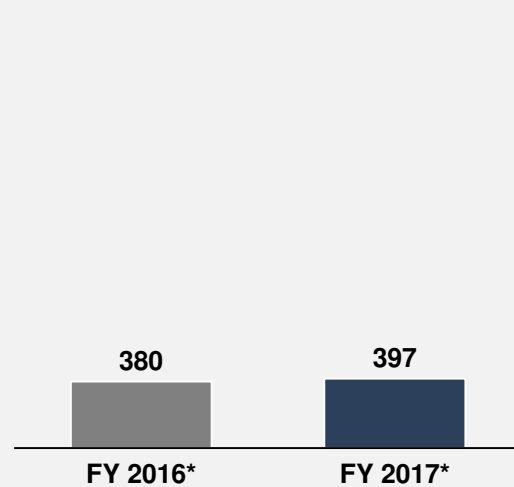
- BOSS sales increase mainly due to double-digit growth in athleisure
- Growth of HUGO driven by double-digit growth in casualwear
- Menswear up 4%, womenswear down 2%

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 %

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%

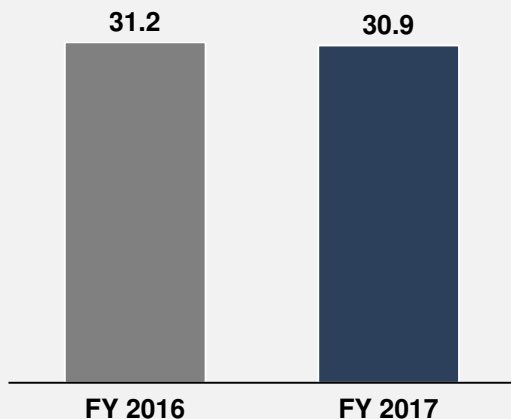
Net income

231 EUR million

19%

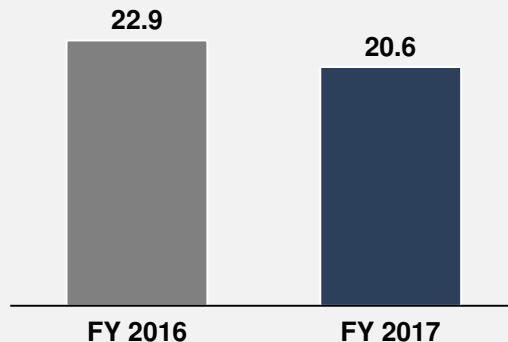
Strong margin improvement in Asia/Pacific

Europe
(in %)
(30) bp



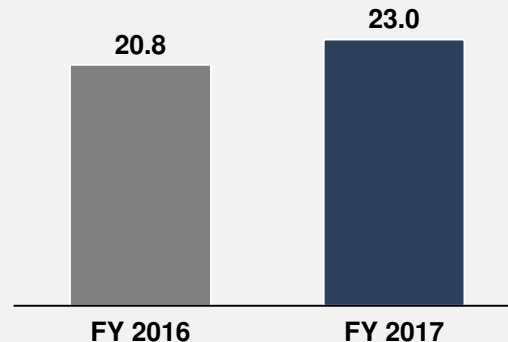
■ Higher expenses in marketing and own retail weigh on margin

Americas
(in %)
(230) bp



■ Currency effects and higher investments impact profitability

Asia/Pacific
(in %)
+220 bp



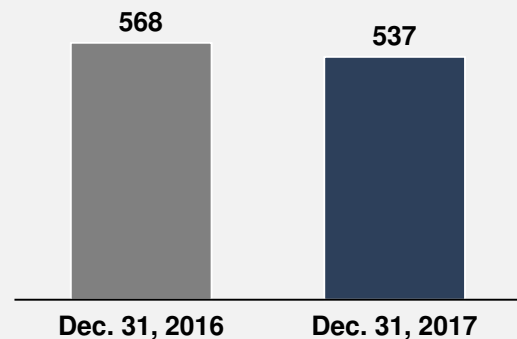
■ Strong sales momentum and fewer discounts drive margin

Positive net working capital development

Inventories

(in EUR million)

(5)%

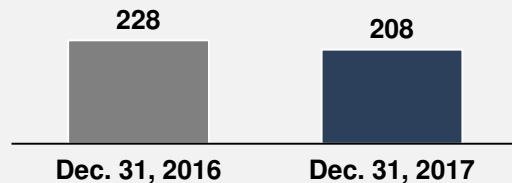


■ Reductions in the Americas and Asia/Pacific

Trade receivables

(in EUR million)

(9)%

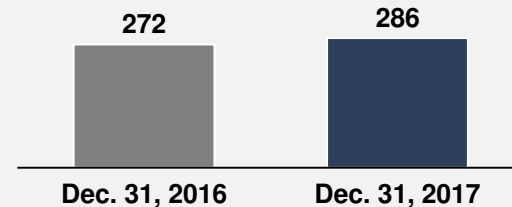


■ Sales decline in the wholesale channel and strict collection

Trade payables

(in EUR million)

+5%

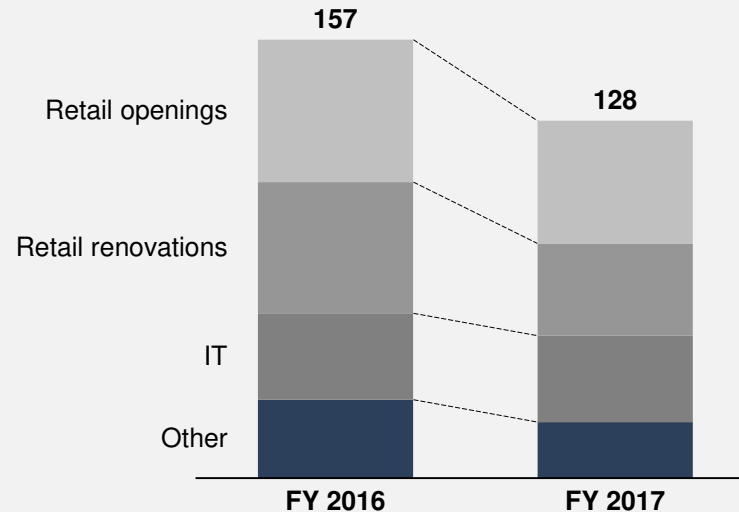


■ Higher days' payables outstanding

Lower capex spend due to fewer store openings and shift of renovations into 2018

- Group's own retail business remains focal point of investments
- New store openings account for slightly higher share than renovations
- High IT investment underlines Group's commitment to digital transformation

Capital expenditure
(in EUR million)
(18)%

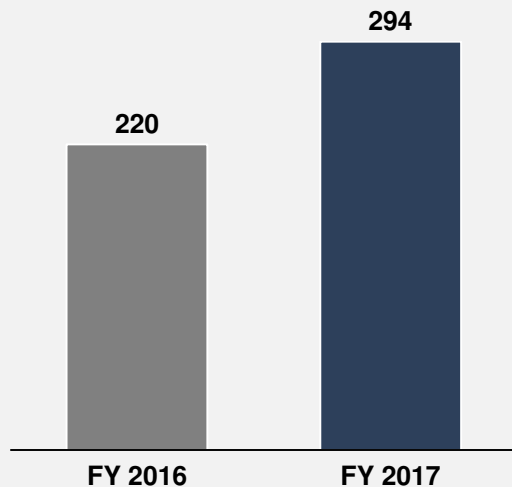


Free cash flow close to record levels

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

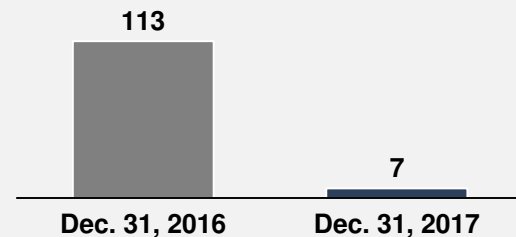
Free cash flow (in EUR million)

+33%



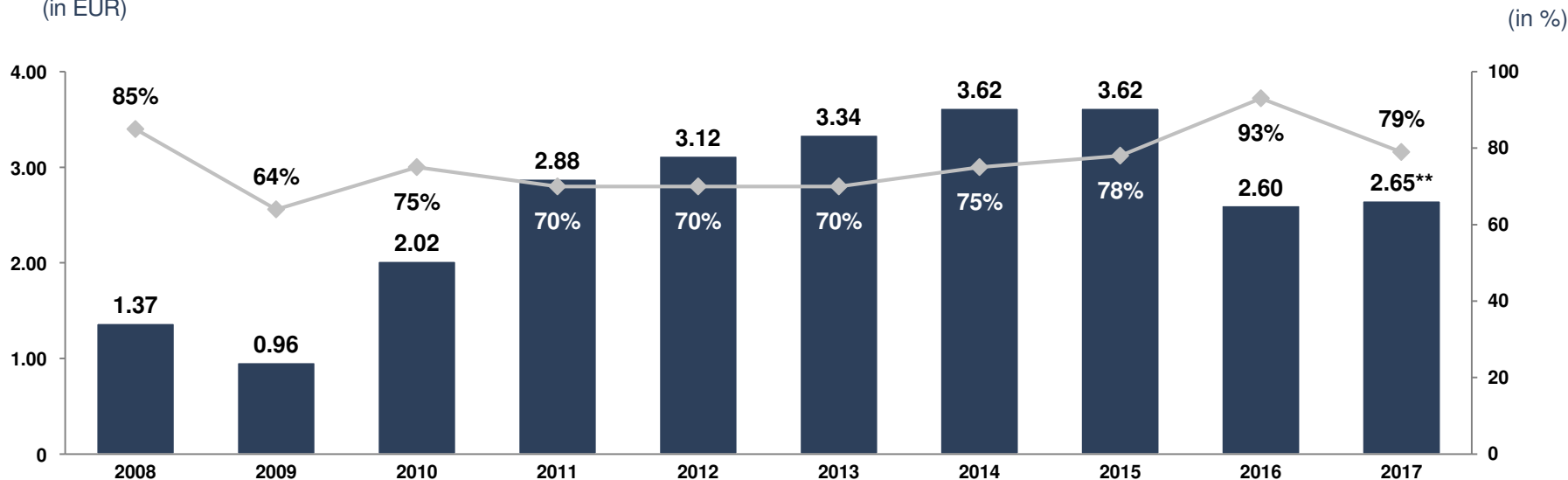
Net financial liabilities (in EUR million)

(94)%



Higher dividend reflects commitment to providing attractive shareholder returns

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

Key principles of financial management reconfirmed

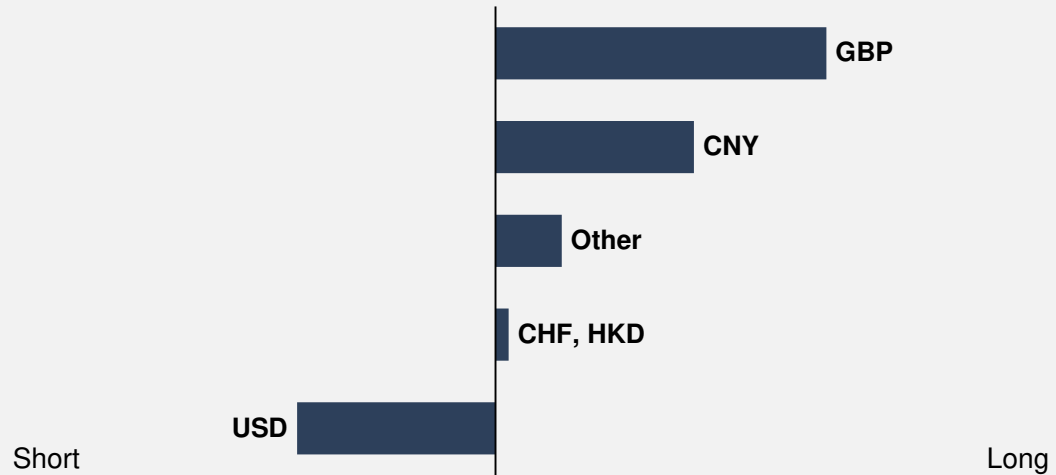


Exchange rate effects are impacting the Group's results in 2017 and 2018

- 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)



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

Agenda



Review 2017

Financial Performance 2017 and Outlook 2018

Strategic Outlook 2018 – CEO Mark Langer

Realignment of Group strategy enters into next phase



BOSS Menswear showcases the fusion of tailoring and athleisure



BOSS Womenswear makes a strong statement with Gallery Collection presentation



HUGO will bring customer engagement, speed, and responsiveness to new levels



Group targets to further improve retail sales productivity



Casualwear offer in own retail will expand



Rollout of new BOSS store concept in full swing



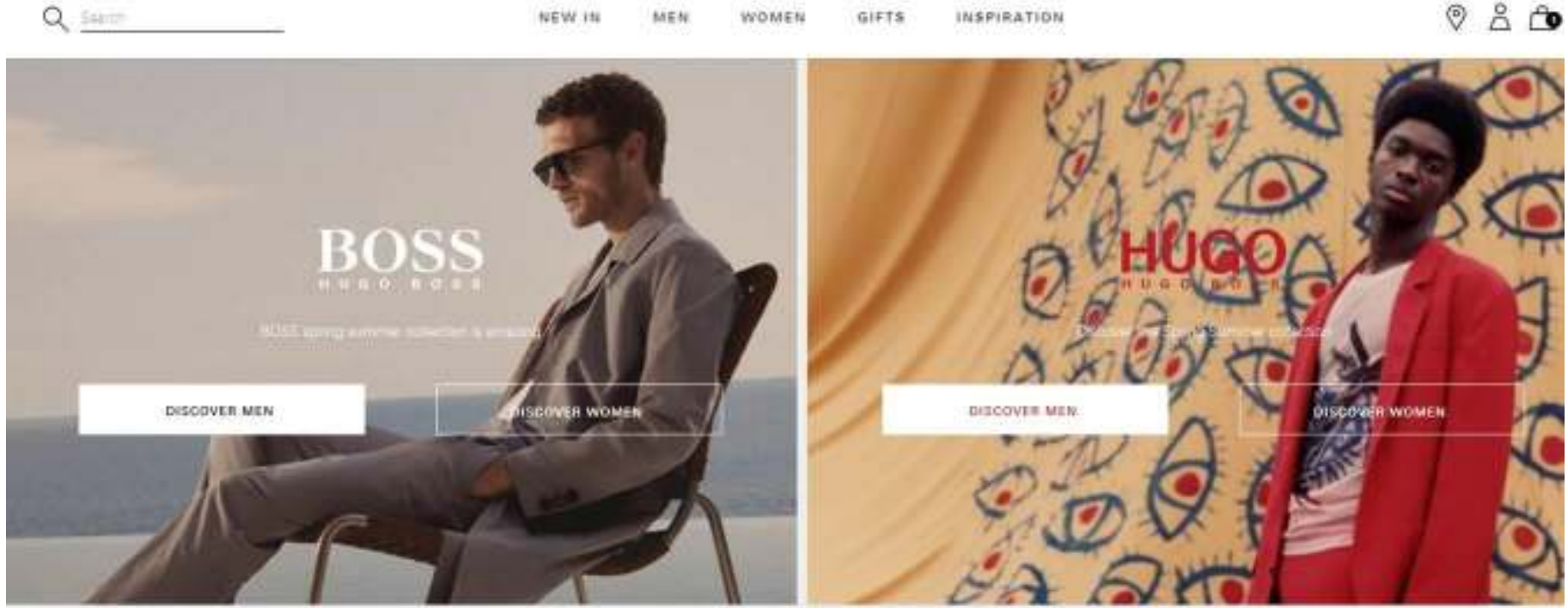
Personalized service will further elevate the shopping experience



Omnichannel services link online and physical retailing



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



HUGO will launch first fully digitally designed capsule



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

HUGO digital showroom rolled out in more European markets



HUGO contributes to the transformation of the Group's culture



The Group's strategic alignment is progressing well

The **refocusing** of **BOSS** and **HUGO**
has generated strong initial results

Multiple drivers in place to drive
further **sales acceleration**

Investments and **efficiency**
improvements will yield
profitable growth



HUGO BOSS

Q&A



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