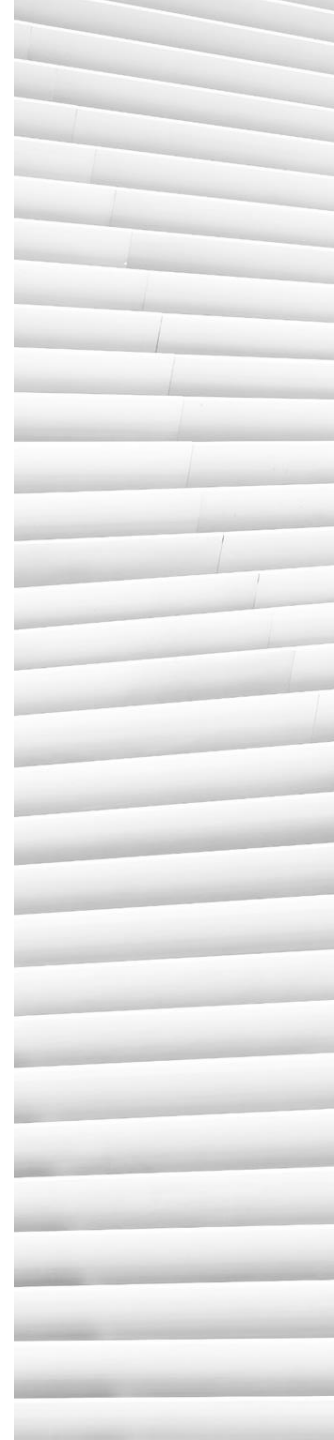


**HUGO BOSS**





# **FINANCIAL** **AMBITION**

YVES MÜLLER  
CHIEF FINANCIAL OFFICER

**HUGO BOSS**

**EXECUTION  
OF CLAIM 5  
TO IMPACT  
FINANCIAL  
AMBITION**

<b>ACCELERATION IN TOP-LINE GROWTH</b>	<b>PRODUCT INVESTMENTS TO FUEL PRICE-VALUE PROPOSITION</b>
<b>INVESTMENTS IN BRAND AND DIGITAL CAPABILITIES</b>	<b>REFRESH OF STORE PORTFOLIO</b>

**VALUE CREATION SHIFTS TO ABSOLUTE  
PROFITABILITY IMPROVEMENTS AND  
FREE CASH FLOW GENERATION**

# TOP-LINE AMBITION 2025

**GROUP  
SALES**

**€4B**  
BY 2025

**GROUP  
SALES  
GROWTH**

**6%**

CAGR  
2019 - 2025

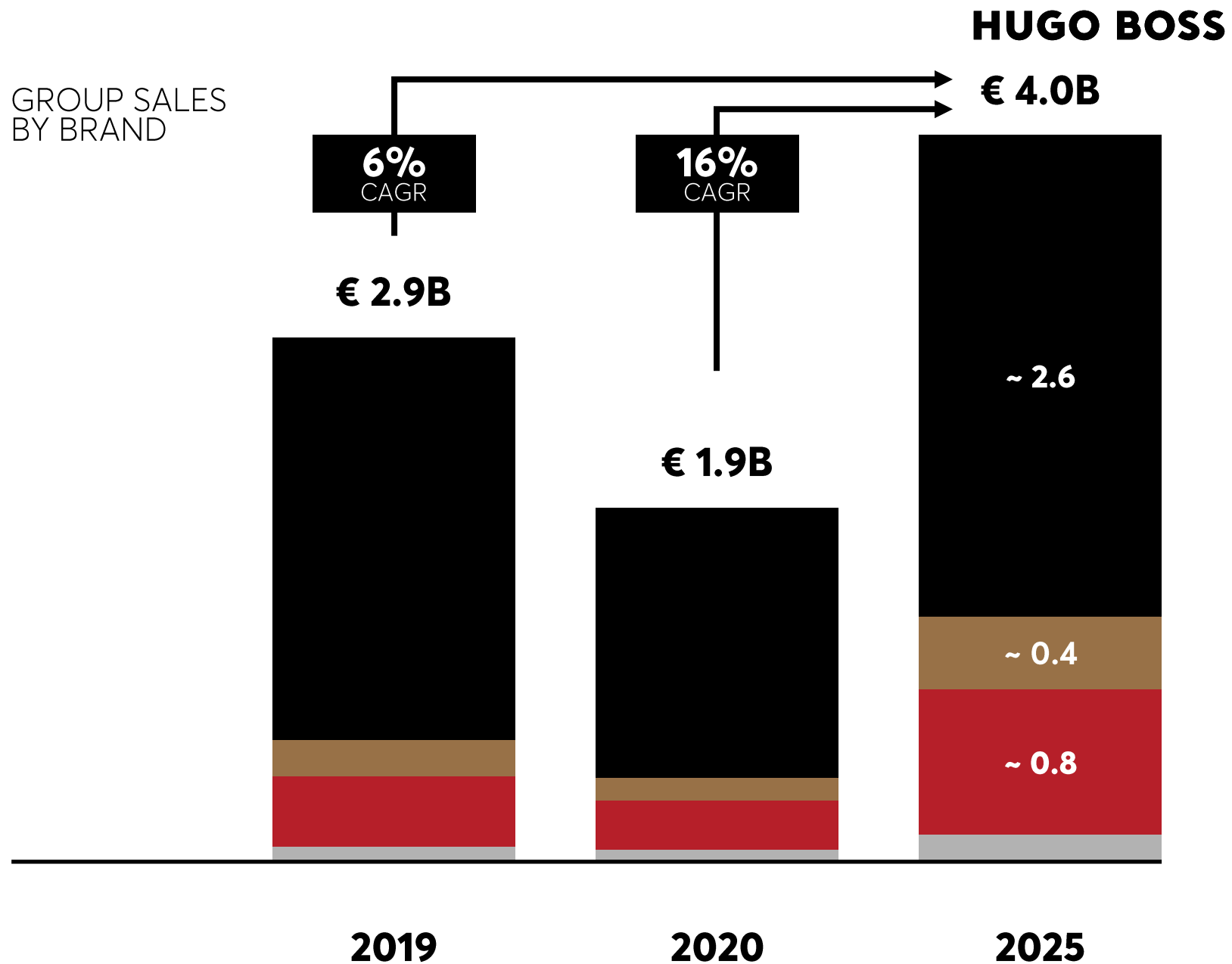
**16%**

CAGR  
2020 - 2025

# GROWTH AMBITION BY BRAND

- BOSS Menswear
- BOSS Womenswear
- HUGO
- Licenses

GROUP SALES  
BY BRAND

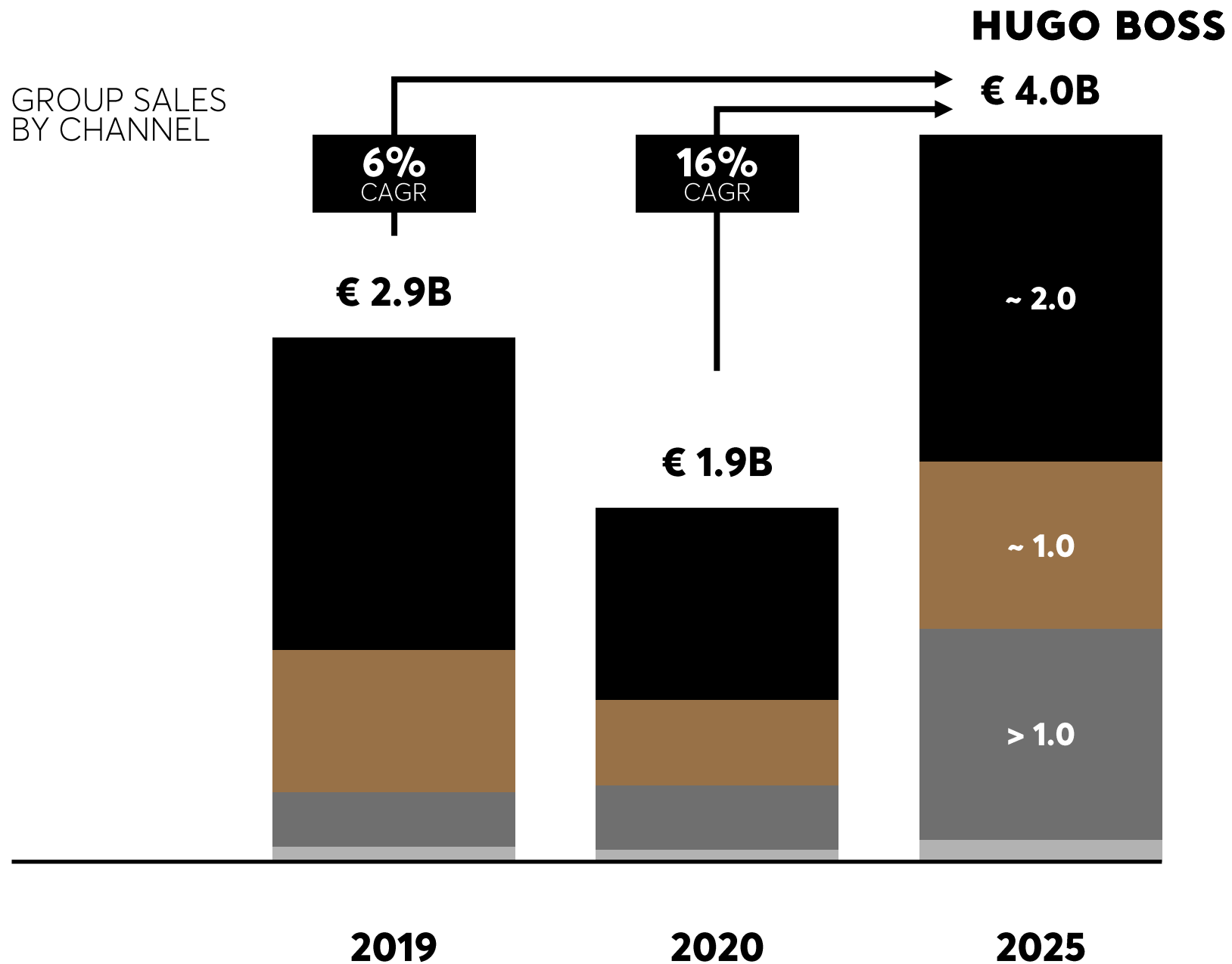




# GROWTH AMBITION BY CHANNEL

- Retail B&M
- Wholesale B&M
- Digital
- Licenses

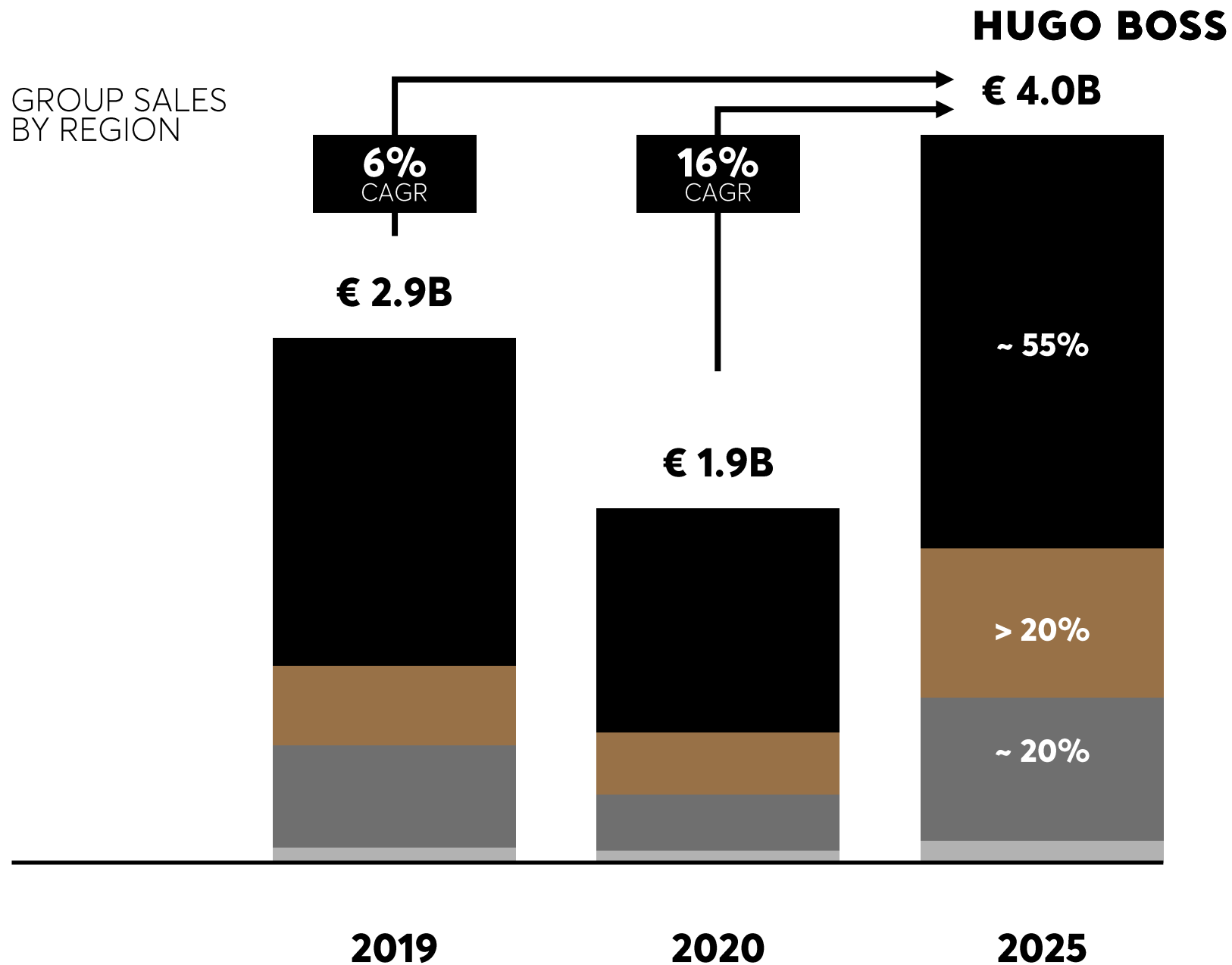
GROUP SALES  
BY CHANNEL



# GROWTH AMBITION BY REGION

- Europe
- Asia/Pacific
- Americas
- Licenses

GROUP SALES  
BY REGION



# BOTTOM-LINE AMBITION 2025

EBIT  
MARGIN

~ **12%**

BY 2025

EBIT  
GROWTH

**6%**

CAGR  
2019 - 2025

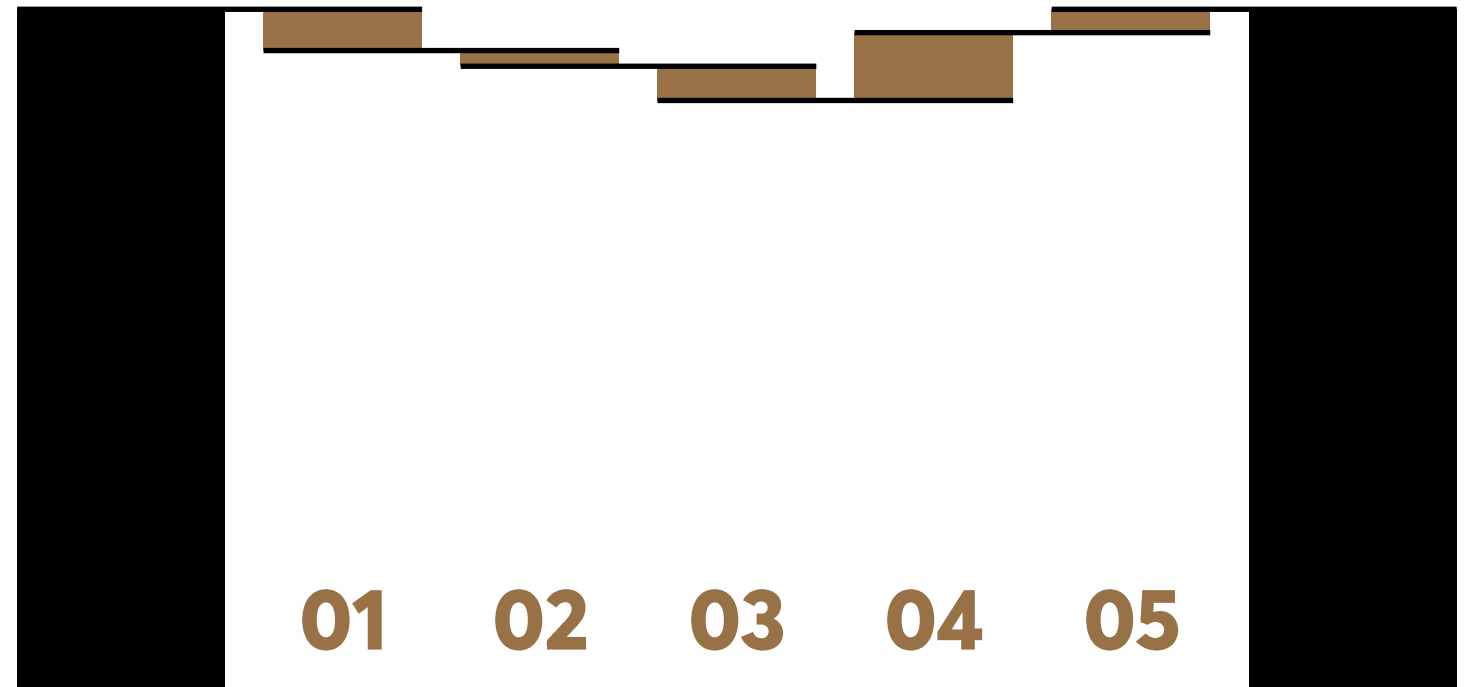


# BOTTOM-LINE DEVELOPMENT

## EFFICIENCY GAINS TO COMPENSATE FOR INVESTMENTS

12%

~ 12%



OPERATING MARGIN (IN % OF GROUP SALES)

Operating margin 2019

Gross margin

Brand investments

Digital investments

Store network optimization

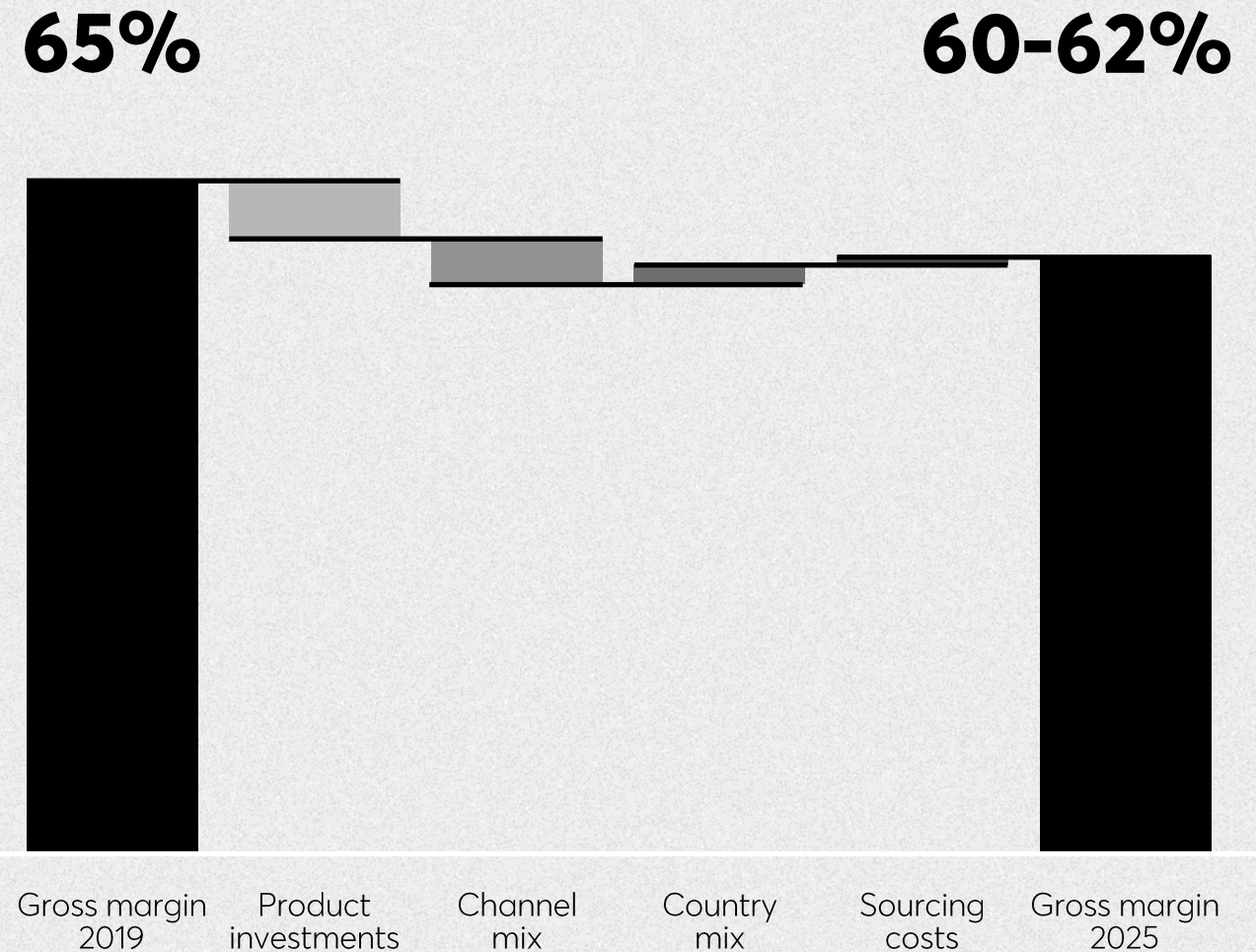
Operating overhead leverage

Operating margin 2025

# GROSS MARGIN DEVELOPMENT

**PRODUCT INVESTMENTS TO FURTHER OPTIMIZE THE PRICE-VALUE PROPOSITION**

GROSS MARGIN (IN % OF GROUP SALES)



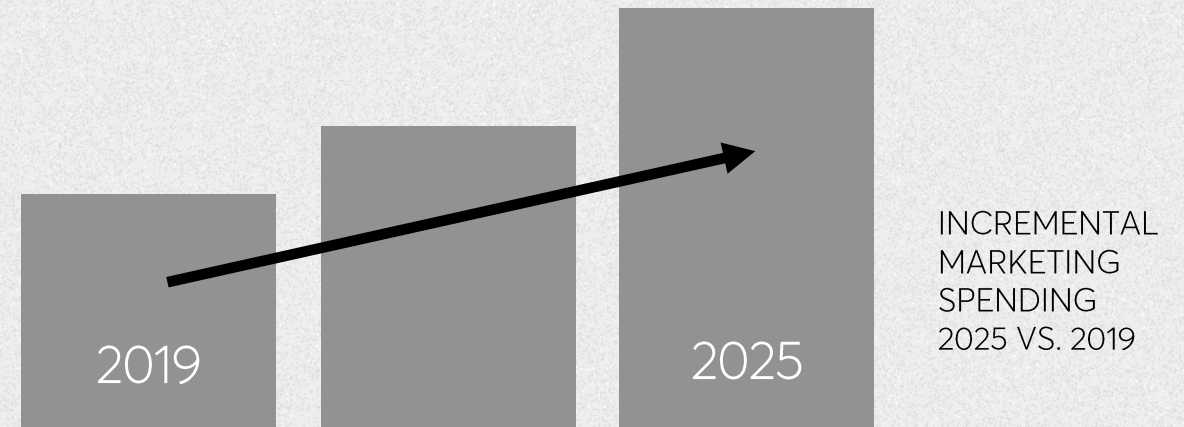


# STEP-UP IN BRAND INVESTMENTS



AREAS OF INCREMENTAL MARKETING SPENDING

# > €100M



2019 ~ 6% OF GROUP SALES

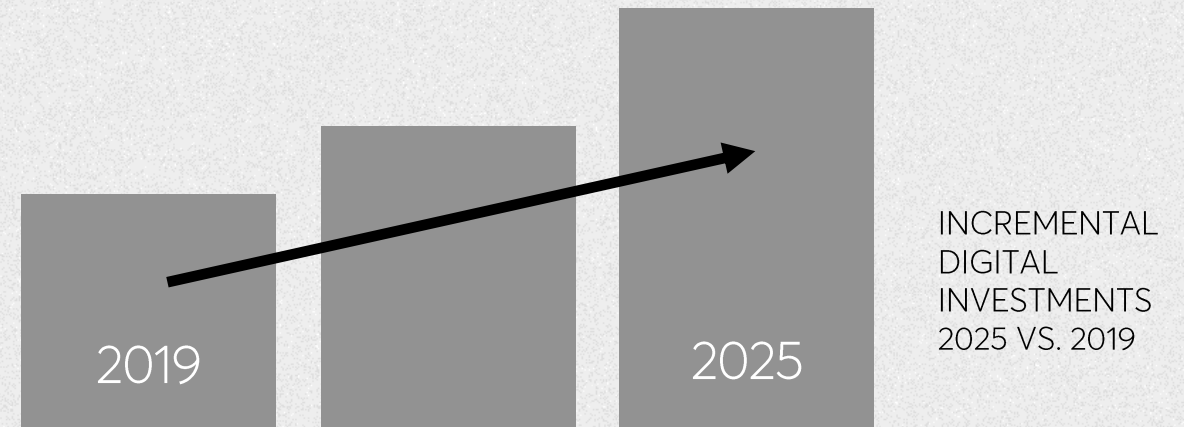
2025 ~ 7-8% OF GROUP SALES

▶ > 100 BPS VS 2019

# STEP-UP IN DIGITAL INVESTMENTS

- ▶ Online business
- ▶ Digital campus
- ▶ IT capabilities

> € **150**M



2019

~ **4%** OF GROUP SALES

2025

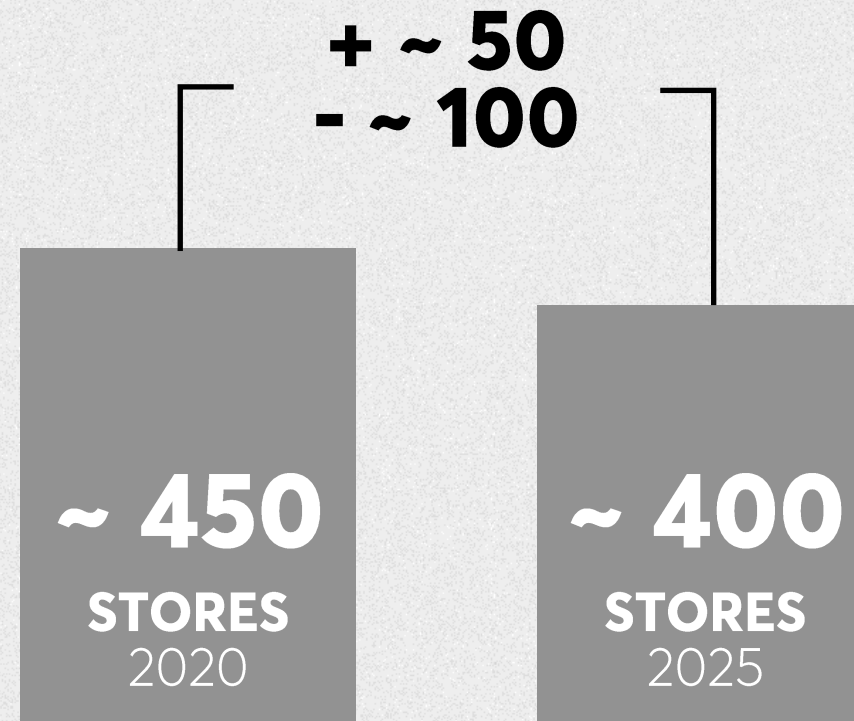
~ **8%** OF GROUP SALES

▶ ~ 400 BPS VS 2019



# STORE NETWORK OPTIMIZATION

- ▶ Store closings/relocations
- ▶ Rightsizing of stores
- ▶ Renegotiation of contracts



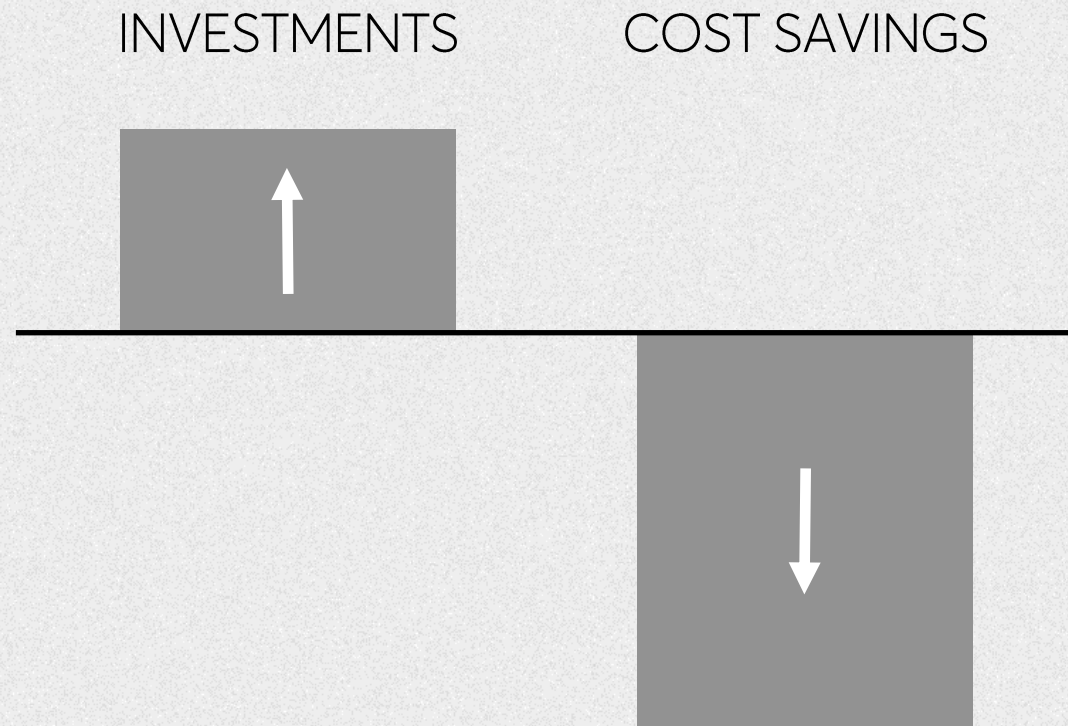
DEVELOPMENT OF FREESTANDING RETAIL STORES UNTIL 2025



▶ ~ (700) BPS VS 2019

# OPERATING OVERHEAD LEVERAGE

- ▶ Push digitalization
- ▶ Roll out shared services
- ▶ Lean organizational setup



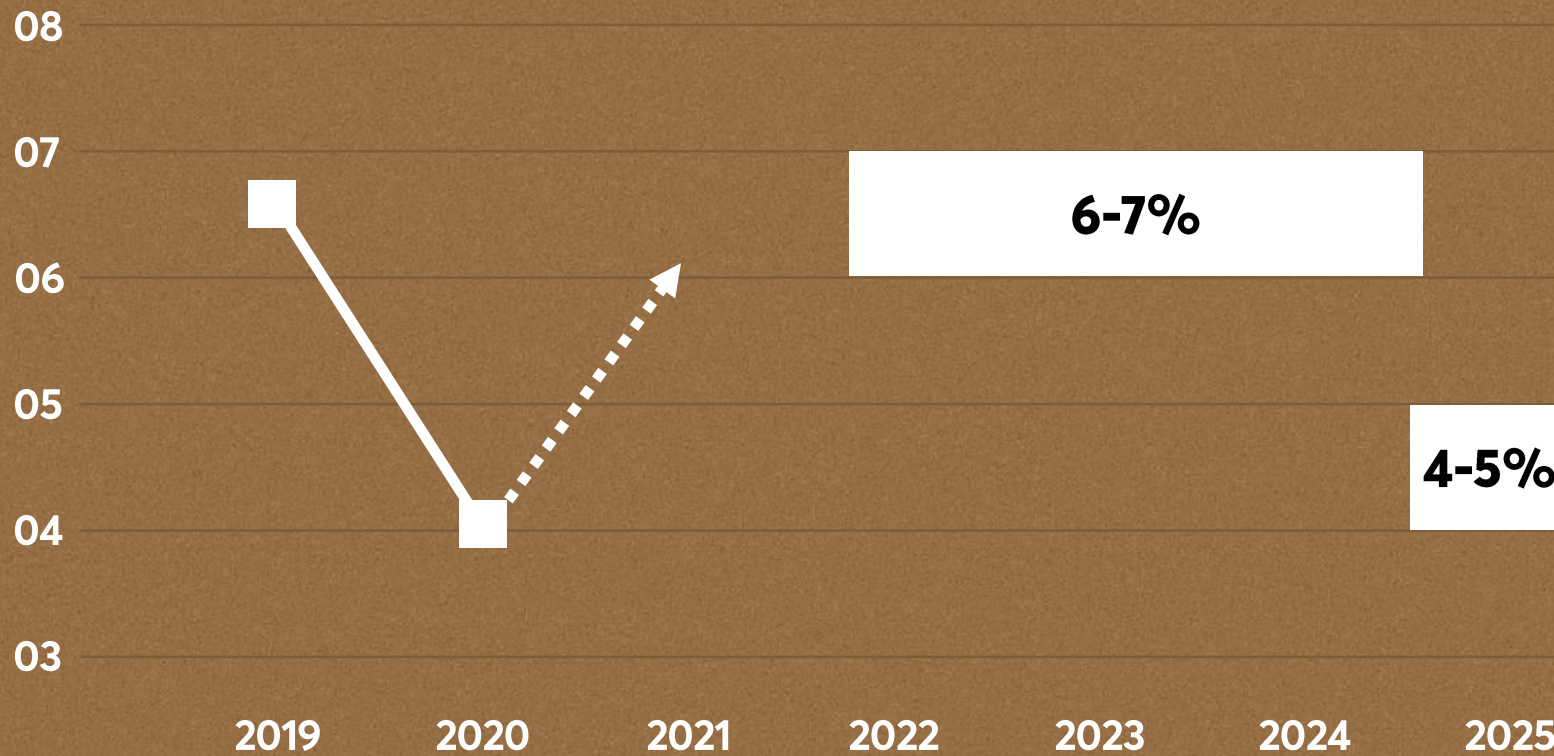
2019      ~ **16%**      OF GROUP SALES

2025      ~ **14%**      OF GROUP SALES

▶ ~ (200) BPS VS 2019



# CAPITAL EXPENDITURE

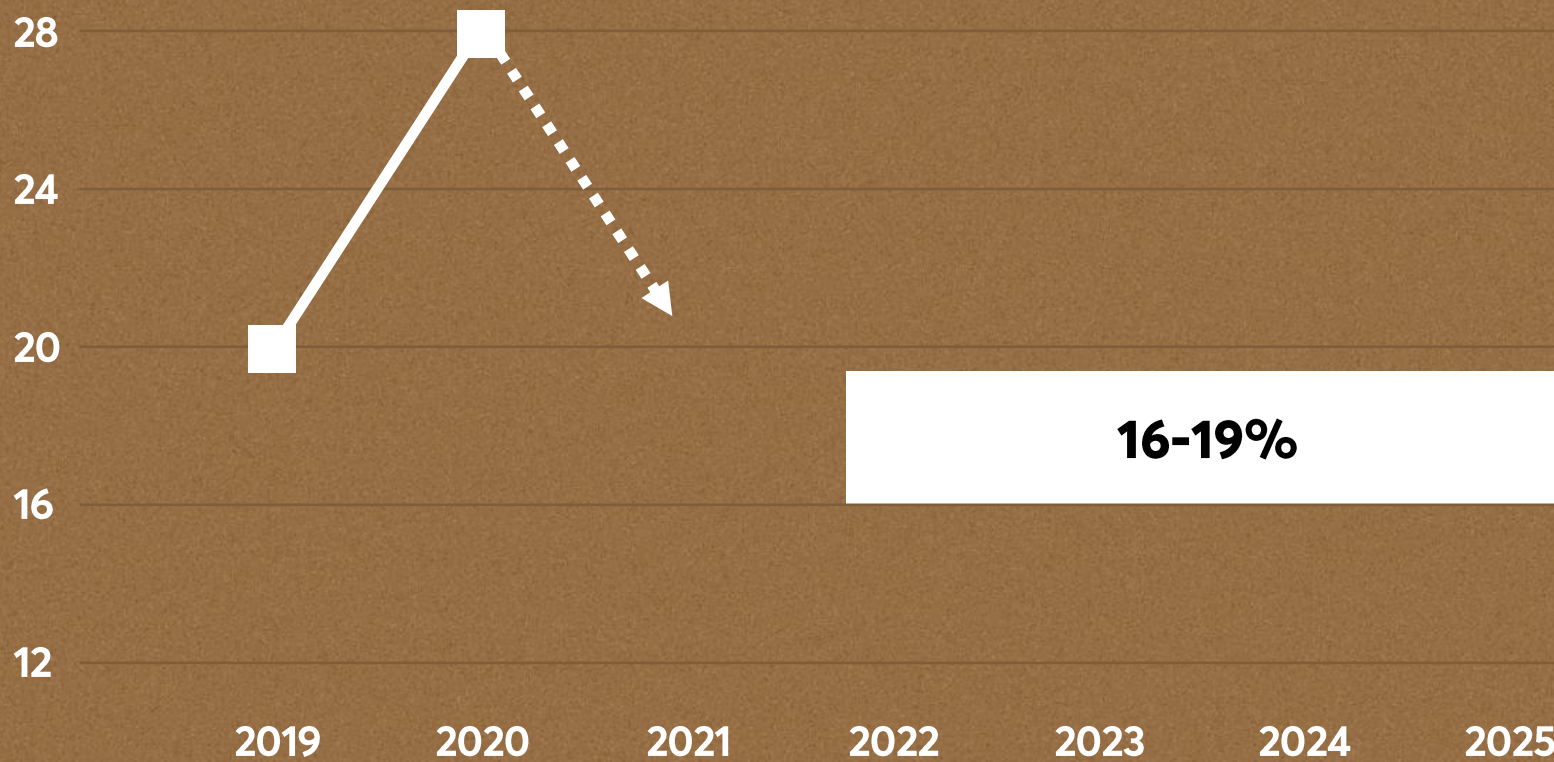


CAPITAL EXPENDITURE (IN % OF GROUP SALES)

**4 OUT OF 5  
STORES  
TO BE  
REFRESHED  
BETWEEN  
2022-24**



# OPTIMIZATION OF TNWC



TNWC (IN % OF GROUP SALES)

**IMPROVING  
AVERAGE  
INVENTORY  
TURN  
TO 2.0X**

2019: 1.6x



# CASH-GENERATIVE BUSINESS MODEL



FREE CASH FLOW DEVELOPMENT  
(INCL. IFRS 16)

**CLAIM 5  
LEADING TO  
STRONG FREE  
CASH FLOW  
GENERATION**

# CLEAR PRIORITIZATION OF CASH USAGE

## CAPITAL ALLOCATION FRAMEWORK

**01** Reinvest for organic growth

**INVESTMENTS**

**02** Progressive dividend

**PAYOUT RATIO  
30-50%**

**03** Strategic investments

**M&A**

**04** Return excess liquidity to shareholders

**SPECIAL DIVIDEND  
SHARE BUYBACK**

▶ **BALANCED  
APPROACH  
TO GROWTH  
INVESTMENTS  
AND SHARE-  
HOLDER  
RETURNS**



# FINANCIAL AMBITION 2025

GROUP  
SALES

€ 4B  
in 2025

SALES  
GROWTH

~ 6%  
CAGR 2019 - 2025

EBIT  
MARGIN

~ 12%  
OF GROUP SALES

EBIT  
GROWTH

~ 6%  
CAGR 2019 - 2025

FCF  
GENERATION

~ € 2B  
2021 - 2025



# CLAIM 5 IS A GROWTH PLAN

- ▶ Accelerating top-line growth
- ▶ Winning consumers' minds & market share
- ▶ Strong free cash flow generation
- ▶ Creating long-term shareholder value



**HUGO BOSS**

