



# INVESTOR MEETING PRESENTATION

March – May

# Company Overview



## THE COMPANY

One of the leading companies in  
**the premium apparel segment**

Two iconic brands  
**BOSS & HUGO**

Group sales of  
**EUR 2 billion in 2020**



## KEY PRIORITIES

Create  
**brand heat & product desire**

Exploit  
**global sales opportunities**

Drive  
**operational excellence**



## SUSTAINABILITY

Sustainability  
**as integral part of operations**

Clearly defined  
**goals & KPI's**

Top ranked  
**in DJSI World / Europe**

# AGENDA

## 1 About HUGO BOSS

---

## 2 FY/2020 Results

---

## 3 Strategic Priorities

---

## 4 Sustainability

---





# HUGO BOSS

A GLOBAL FASHION & LIFESTYLE COMPANY



OUR BRANDS

**BOSS**  
HUGO BOSS



HUGO BOSS

**HUGO**  
HUGO BOSS



**BOSS**  
HUGO BOSS

## BOSS DRESSES THE DRIVE

Status-oriented customer in the upper premium segment who wants to dress in a modern, sophisticated way.

From classic business outfits to a wide range of modern and stylish leisure looks.

## BRAND VALUES

MASCULINITY/FEMININITY

SEXINESS

SUCCESS

STYLE

PRECISION



**85%**

of Group sales

# HUGO

HUGO BOSS

## HUGO IS THE PLATFORM OF SELF-EXPRESSION

Expressive customer in the premium segment. Casual- and businesswear collections in the contemporary fashion segment characterized by progressive designs.

## BRAND VALUES

GLOBALLY ENGAGED

ALWAYS CURIOUS

AUTHENTICALLY EXPRESSIVE

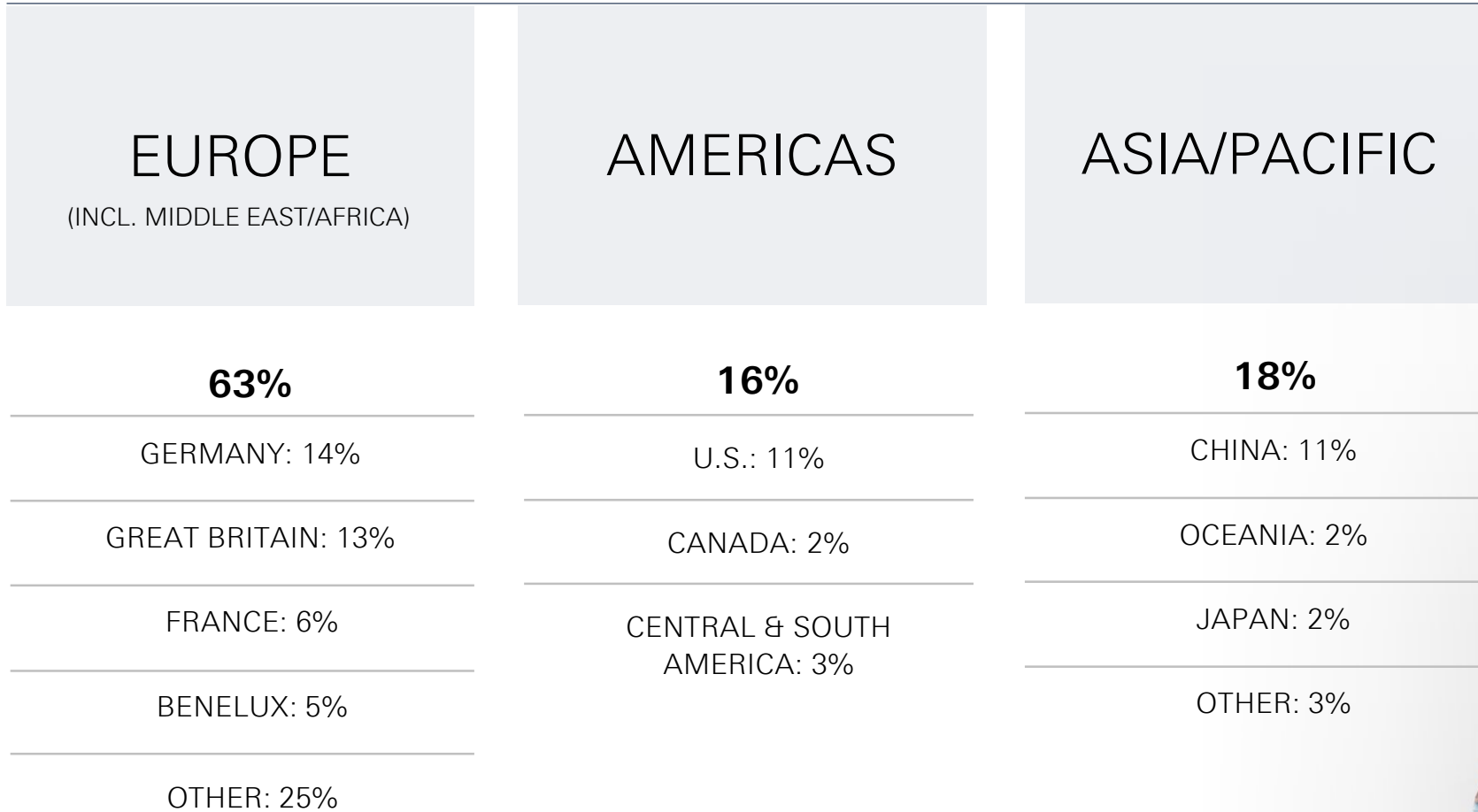
15%

of Group sales



# Global sales distribution across 127 countries

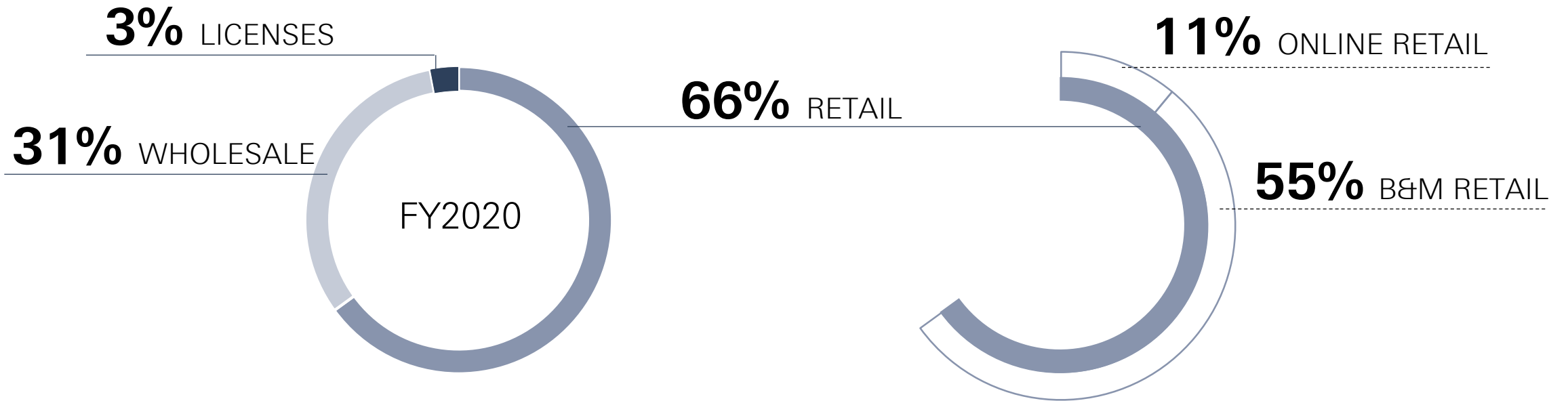
SHARE OF GROUP SALES\*



\* AS OF 2020; 3% LICENSES

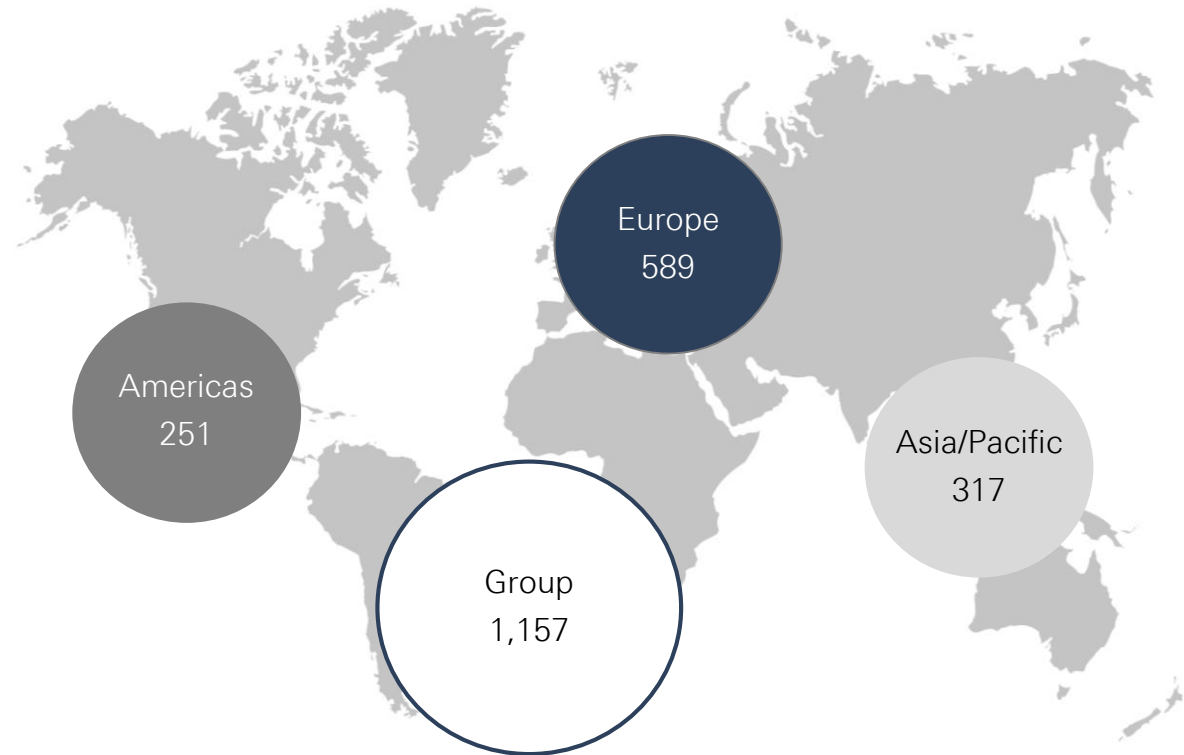


# Distribution via own retail and wholesale channel



**Own online sales** account for 11% of Group sales, up from 5% in 2019

# Well diversified store portfolio across regions\*



GROUP

**445**

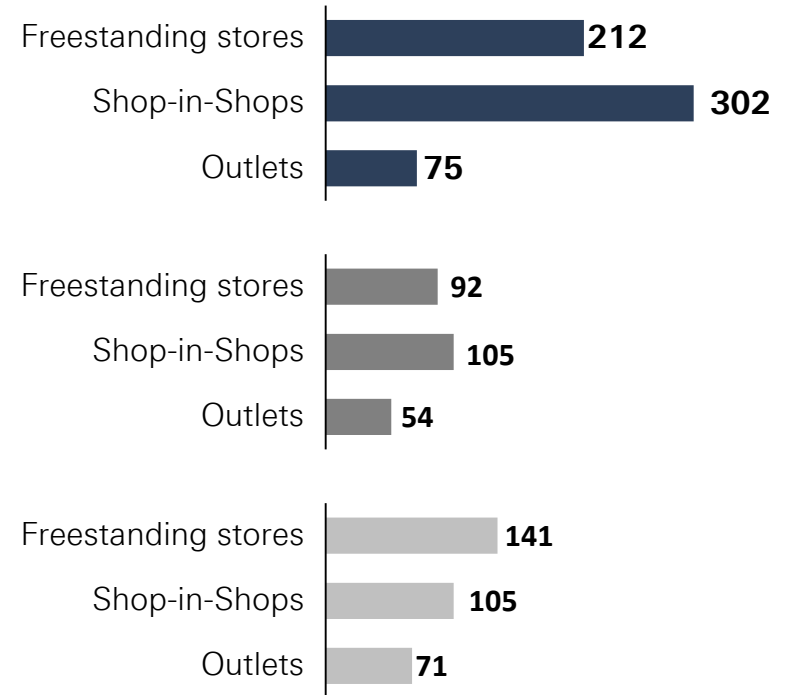
Freestanding stores

**512**

Shop-in-Shops

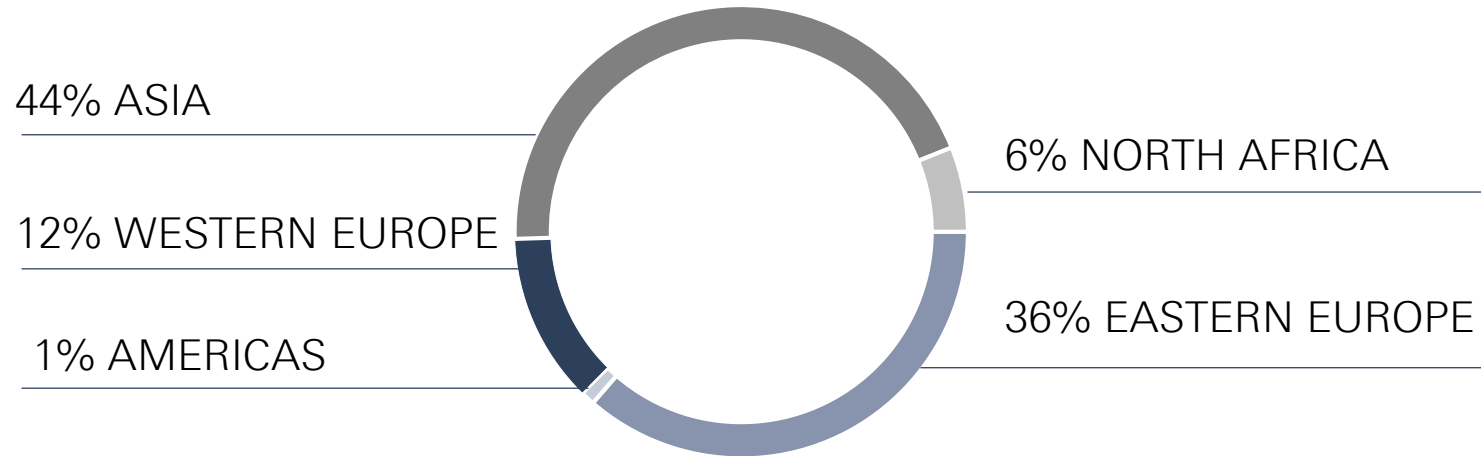
**200**

Outlets



\*AS OF 30/12/2020

## Sourcing and production focused on Europe and Asia\*

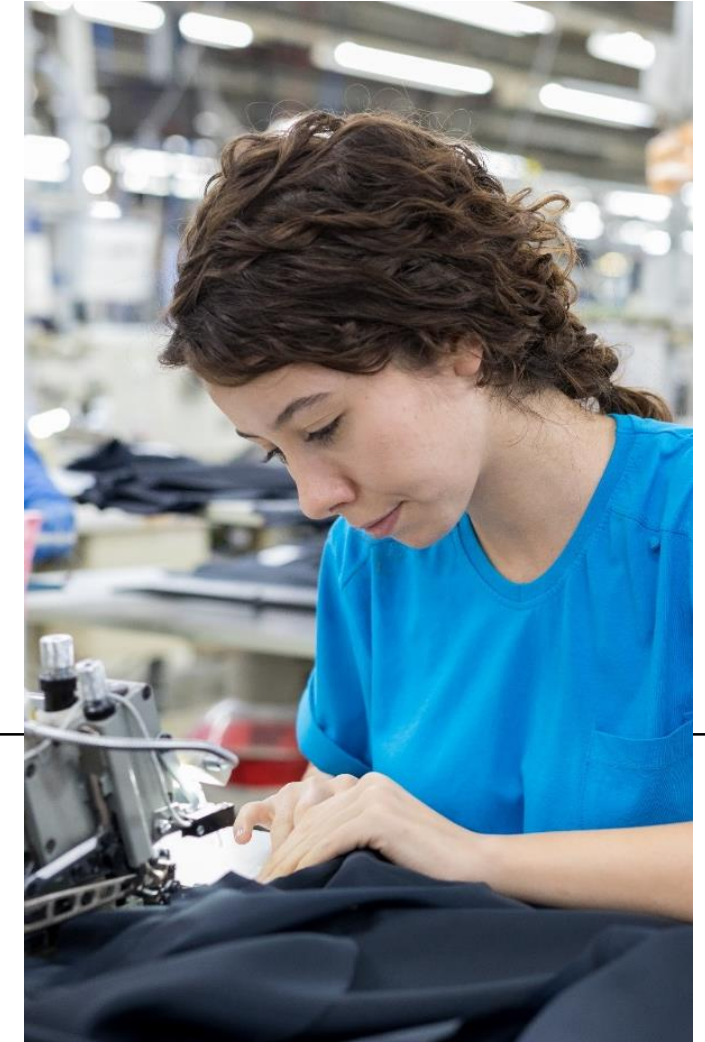


**17%**

OWN PRODUCTION

**83%**

THIRD PARTY PRODUCTION



\* NUMBERS AS OF 2020, IN VALUE TERMS

# AGENDA

1 About HUGO BOSS

---

2 **FY/2020 Results**

---

3 Strategic Priorities

---

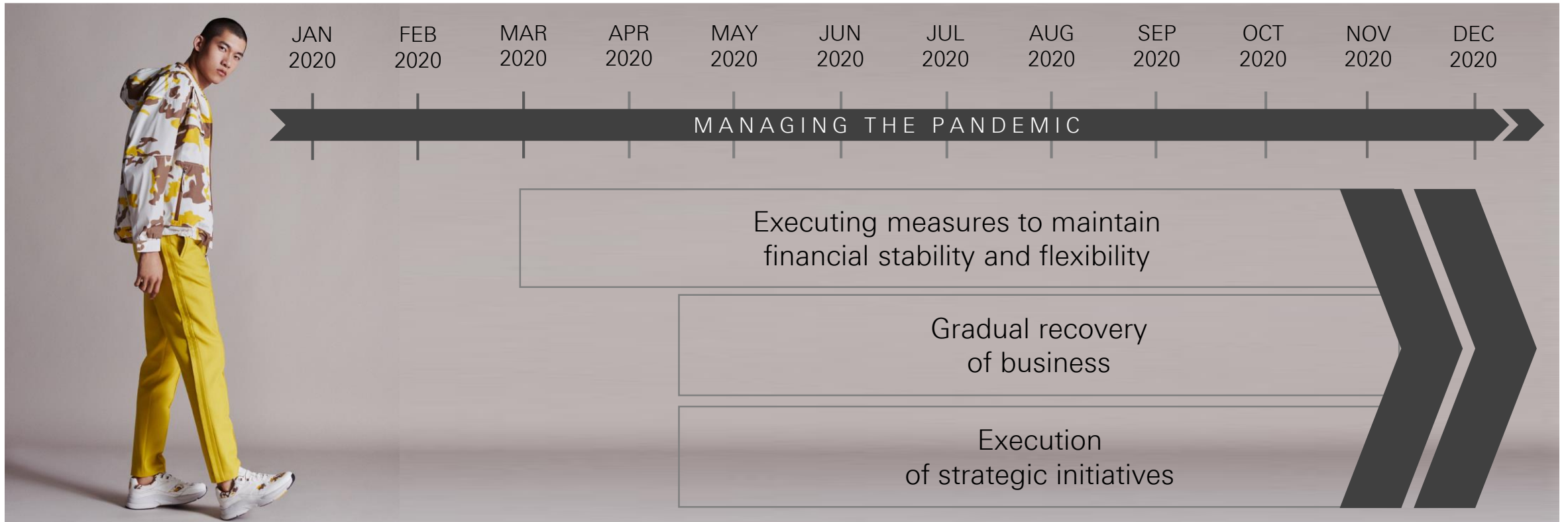
4 Sustainability

---



# Key priorities

## while managing the pandemic



# Successful execution of comprehensive measures to protect financial stability

## Strict cost management

~ EUR **200** million\*

- Significant payroll as well as rental savings achieved
- Lower marketing spend due to postponement of events
- Elimination of non-business-critical operating expenses

## Postponement of investments

~ EUR **70** million

- Postponement of store openings and renovations
- Non-essential IT investments halted

## Protection of inventory position

~ EUR **300** million

- Significant cutback in merchandise inflow
- Cautious approach with regard to never-out-of-stock business
- Own production adjusted to lower demand

## Retention of net profit

~ EUR **190** million

- Suspension of the dividend payment except for the legal minimum dividend
- Retention of net profit strengthens financial flexibility



## Strong **free cash flow** generation in 2020



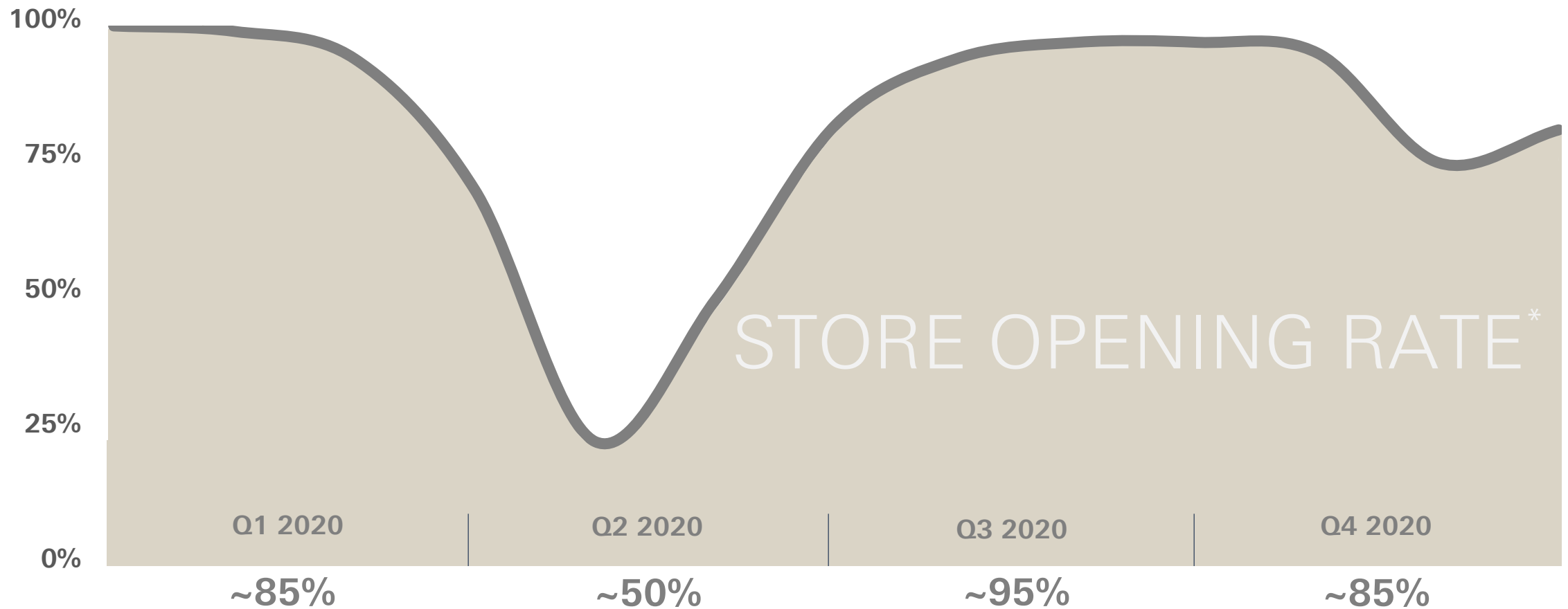
Successful execution of **comprehensive measures** safeguards free cash flow

Revolving **syndicated loan** of EUR 633 million only utilized in the amount of EUR 105 million

Additional **credit commitments** totaling EUR 275 million not drawn yet

**Net financial debt** only slightly above the prior-year level

## ~20% of global store network closed on average in fiscal year 2020



\* NUMBER OF OWN RETAIL POINTS OF SALE NOT AFFECTED BY TEMPORARY CLOSINGS DIVIDED BY TOTAL NUMBER OF OWN RETAIL POINTS OF SALE





RETAIL

**(30)**%\***(34)**%\*

WHOLESALE

Temporary store closures due to lockdowns weigh on **own retail** sales, in particular in the second and fourth quarter

Lower deliveries to **wholesales** partners reflect cautious order behavior in light of the pandemic

Negative implications of the pandemic weigh on **brick-and-mortar business**



Own online sales of **EUR 221 million** achieved in 2020

Share of own online business more than doubles to **11% of Group sales**

Successful expansion of **hugoboss.com** to 32 additional markets

Third consecutive year with strong **double-digit online sales** growth

## EUROPE SALES \*\*

Major markets, including **the UK, Germany, and France** with low to mid-double-digit sales declines

Markets in **southern Europe** particularly hit by lower tourist flows in light of international travel restrictions

On average, around 25% of own **stores temporarily closed** in 2020



(**31**)%\*

Renewed lockdowns in **Europe**  
weigh on sales towards year end

## AMERICAS SALES

Business in **the U.S.** and **Canada** severely impacted by lockdown-related store closures and lower tourist flows

**Sequential business recovery** in the U.S. continues in Q4, supported by robust local demand

**Latin America** returns to growth in the fourth quarter

(42)%\*



Gradual business recovery in the  
**Americas** continues

## ASIA/PACIFIC SALES

**Mainland China** continues its double-digit growth trajectory in Q4 with sales up 24%

Markets such as **Australia** and **Japan** record sequential improvements in the fourth quarter

Lower tourist flows continue to negatively impact business in **Hong Kong** and **Macao**

(20)%\*

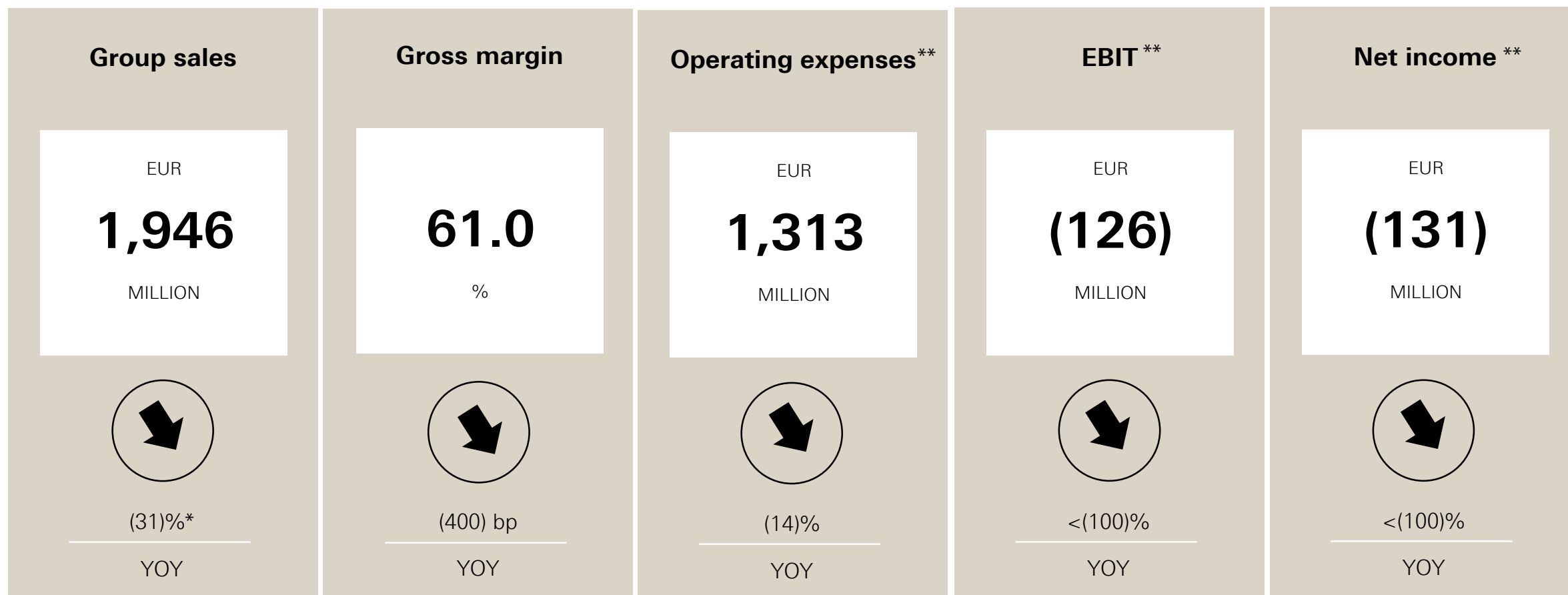


Recovery in **Asia/Pacific** driven by double-digit sales growth in mainland China

**Casualwear** benefits from ongoing trend towards casualization



# Execution of **comprehensive cost-saving measures** limit EBIT decline in 2020



\* CURRENCY-ADJUSTED  
 \*\* EXCLUDING NON-CASH IMPAIRMENT CHARGES  
 IN THE AMOUNT OF EUR 110 MILLION

# AGENDA

1 About HUGO BOSS

---

2 FY/2020 Results

---

3 **Strategic Priorities**

---

4 Sustainability

---







VISION

BE THE MOST DESIRABLE PREMIUM  
FASHION & LIFESTYLE BRAND

# Our strategic priorities for future growth



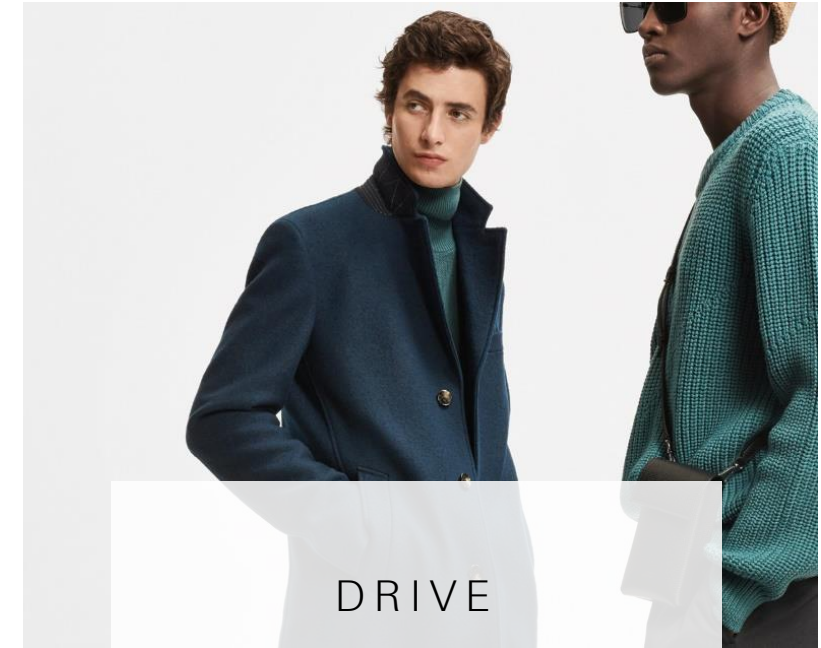
CREATE

**BRAND HEAT &  
PRODUCT DESIRE**



EXPLOIT

**GLOBAL SALES  
OPPORTUNITIES**



DRIVE

**OPERATIONAL  
EXCELLENCE**



CREATE

**BRAND HEAT &  
PRODUCT DESIRE**

## EMOTIONALIZE **THE BRANDS**

---

Emotionalize the brands and deliver inspiring storytelling

## DOMINATE **CLOTHING**

---

Leverage strengths in clothing segment to increase market share

## PUSH **CASUALIZATION**

---

Leverage trend towards casualization and exploit opportunities

# Marketing initiatives to **drive brand desirability**



**EVENTS**

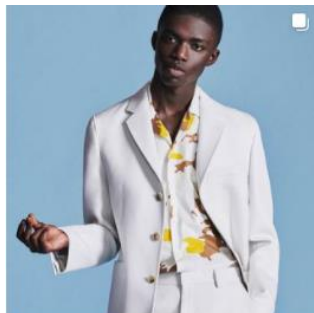
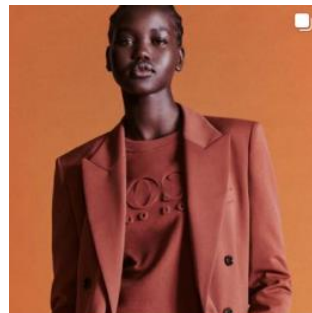
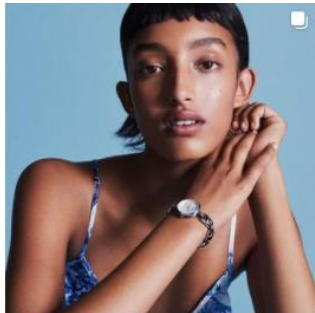


**PERSONALITIES**



**COLLABORATIONS**

# Community engagement on social media further accelerates



AVERAGE NUMBER OF  
LIKES PER POST

MORE THAN

**2x**

2020 VS. 2019

INSTAGRAM  
FOLLOWERS

GROW

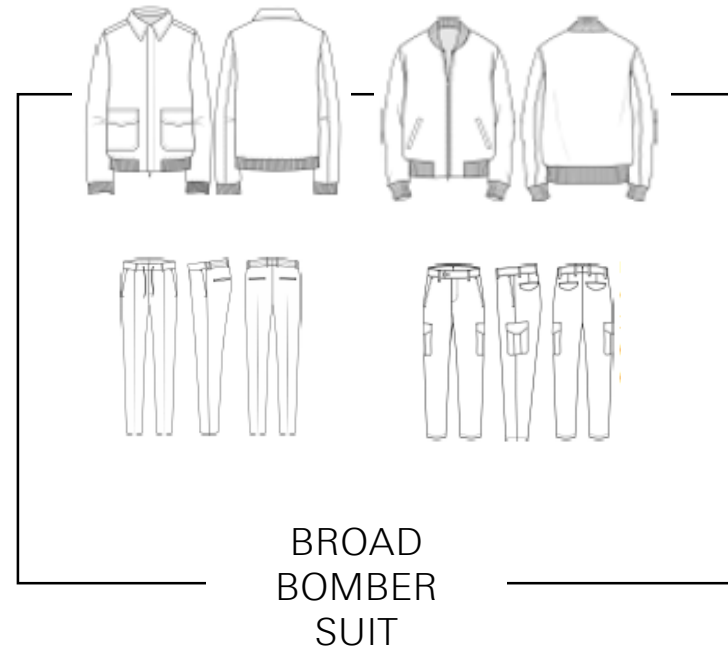
**double-digit**

2020 VS. 2019

# Serving our customers across all wearing occasions

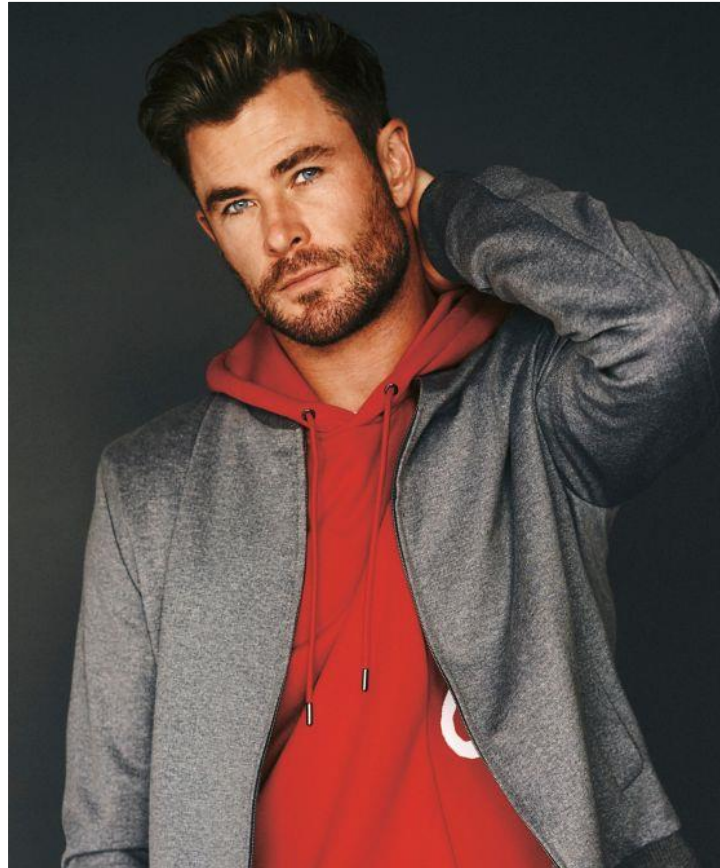


# New interpretation of formalwear with **strong focus on casual tailoring**



# Chris Hemsworth

is the global face of BOSS





# BOSS x AJBXNG

gains further momentum



FATHER'S DAY  
CAMPAIGN





Successful launch of exclusive  
**BOSS x NBA capsule**

**CREATING  
A BUZZ  
WITH THE  
LAUNCH OF**



HUGO BOSS





**HUGO x Liam Payne**  
supports "Cotton made in Africa"



EXPLOIT

**GLOBAL SALES  
OPPORTUNITIES**

LEVERAGE

**ONLINE & OC EXPERIENCE**

---

**#onlinefirst:** Aggressively invest in online growth and omnichannel services

EXPLOIT

**GROWTH POTENTIAL IN CHINA**

---

**China first:** Elevate product offering, increase brand hype, push retail productivity, increase space and grow online

# Exploiting the full potential of mainland China



GROUP SALES	CAGR 2016-2020	CONTROLLED DISTRIBUTION	"TAILORED" SHARE
<b>10%</b>	<b>+8%</b>	<b>&gt;95%</b>	<b>&gt;30%</b>
BASED on FY 2020	SALES ML CHINA	OWN RETAIL SHARE	OF PRODUCT MIX

Momentum continues into 2021, supported by strong activation around **Chinese New Year**

**Local brand ambassadors** drive awareness among younger customers

**Leveraging full potential** through moderate space expansion and strong focus on online

# Leveraging sales opportunities in mainland China



1

**Robust retail footprint**  
across tier 1 and tier 2 cities

2

**White spot opportunities,**  
especially in tier 2 and tier 3 cities

3

**Upsizing opportunities**  
in prime locations



1

**Concession business on Tmall and JD**  
with strong double-digit growth

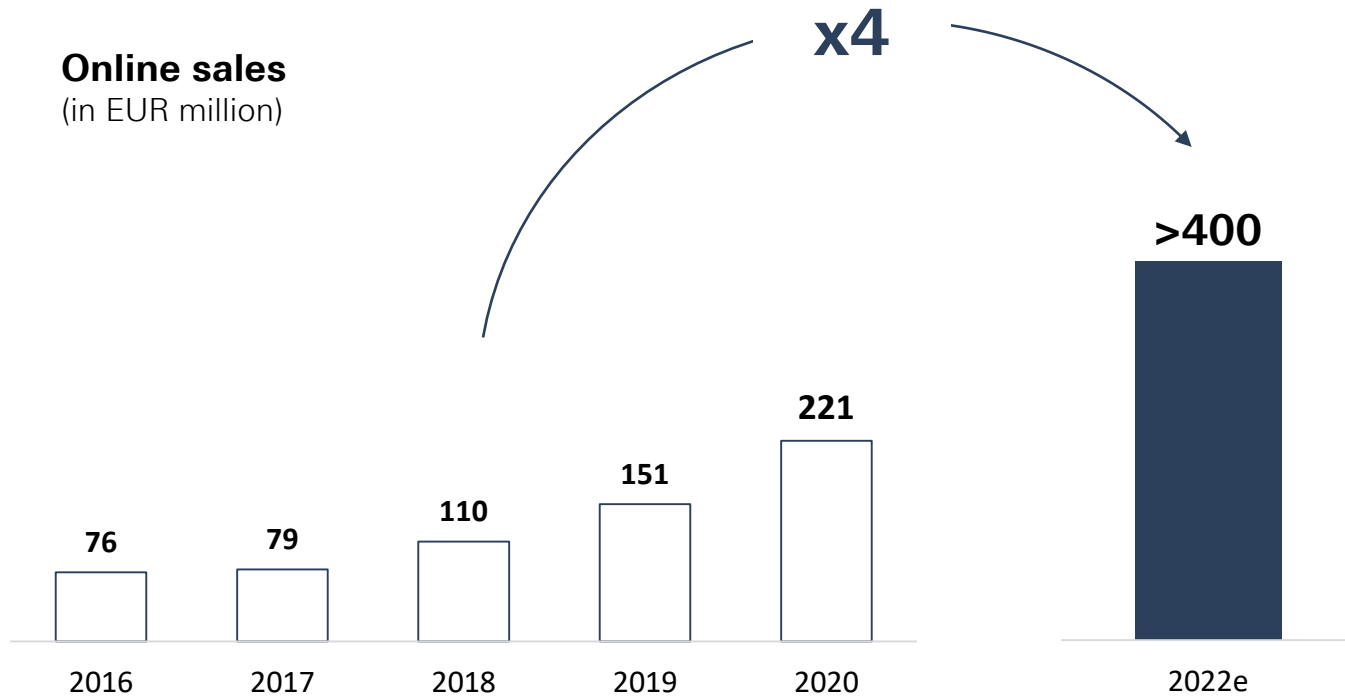
2

**Tapping in to additional e-com opportunities**  
to support momentum

3

**Implementation of WeChat Work**  
to exploit social commerce

# Well on track to achieve **2022 online sales target**



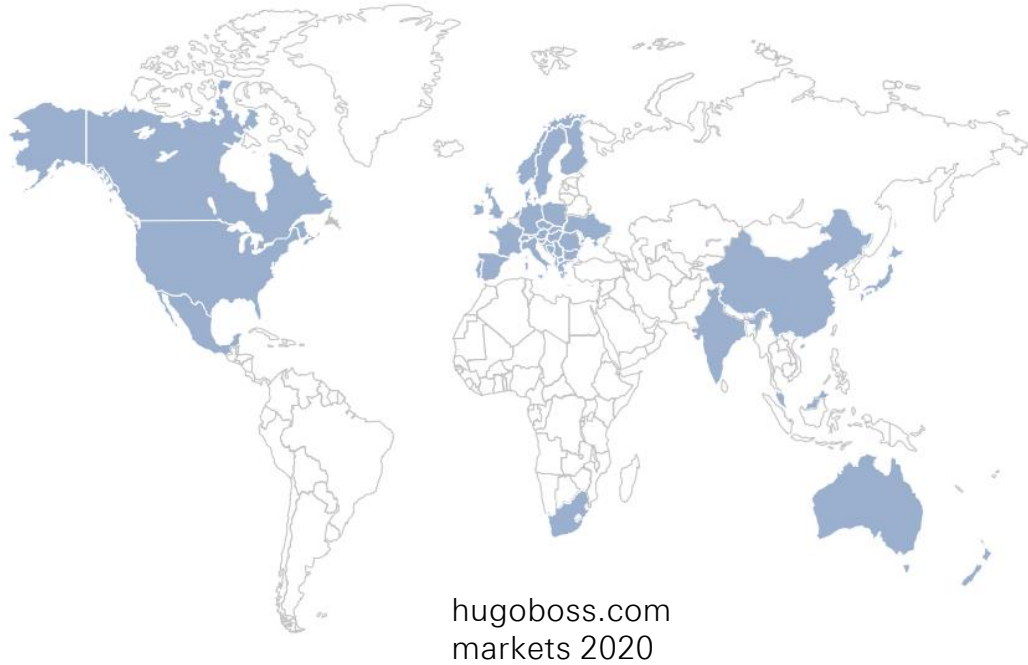
✓  
Online sales to grow to more than EUR 400 million by 2022

✓  
EUR 300 million mark to be crossed before year-end 2021

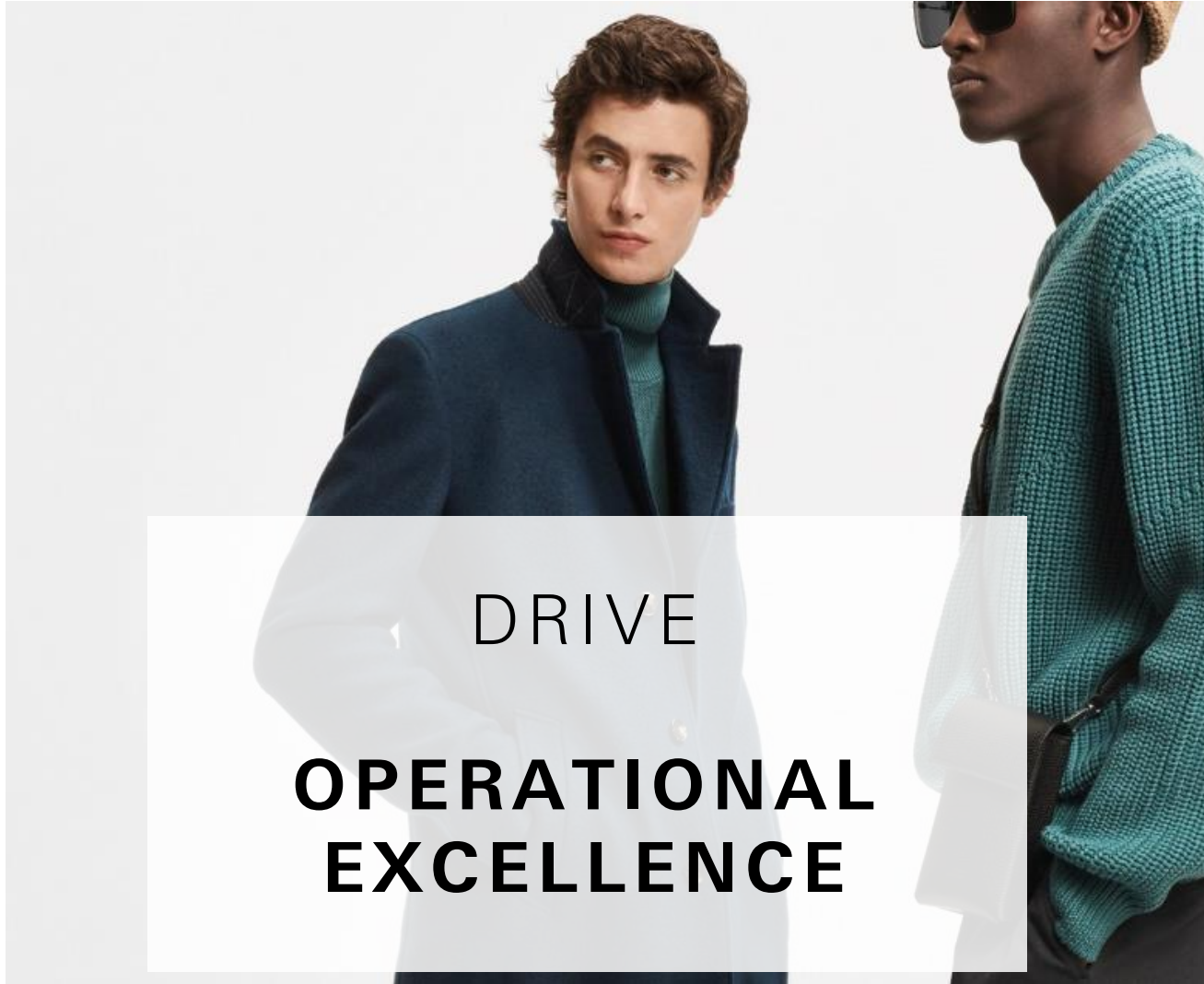
✓  
CAGR of >40% achieved between 2018 and 2020



# Geographical rollout of **hugoboss.com** in full swing



At the end of 2020, hugoboss.com is available in ~ **50 markets**



DRIVE

**OPERATIONAL  
EXCELLENCE**

## LEVERAGE **SCALE AT OPERATIONS**

---

Implement a lean & flexible supply chain

Drive digitalization across all Operations activities

Continue simplification journey

Realize COGS savings through sourcing optimization without compromising quality

# AGENDA

1 About HUGO BOSS

---

2 FY/2020 Results

---

3 Strategic Priorities

---

4 **Sustainability**

---





# SUSTAINABILITY

is an integral part of  
business operations  
at HUGO BOSS

## RESPONSIBILITY

---

The aim of the Company's sustainability activities is to **ensure its long-term success** through continuous improvement and anticipatory management of environmental, social as well as economic opportunities and risks.

# Clearly defined KPI's to **measure progress in sustainability**

## ORGANIZATIONAL STRUCTURE

- **Global sustainability department** steering the topic
- **Responsible managers** for sustainability in different departments
- Continuous meetings with the **Management Board** to discuss targets and progress

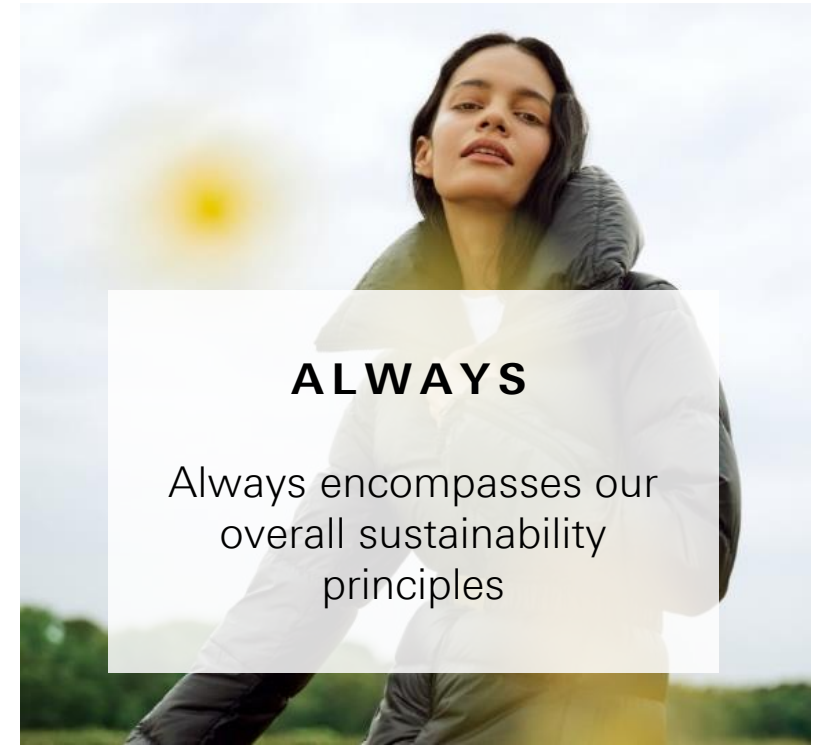
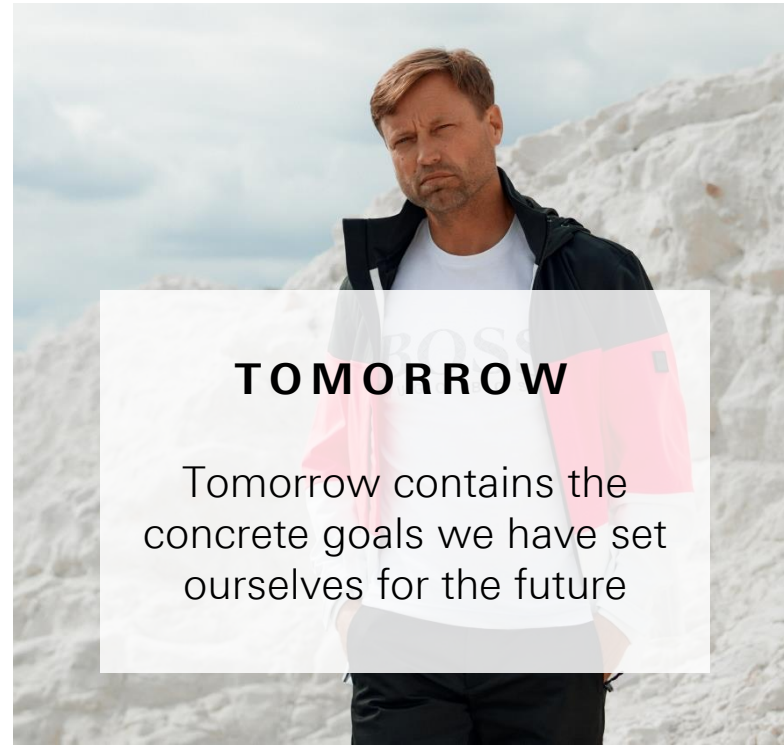
## PROCESSES AND TOOLS

- Clear **guidelines, policies and tools** to ensure sustainable business practices
- Established **data collection**, and **reporting processes**
- **Data management tools** to track progress on targets

## KPIS AND INCENTIVES

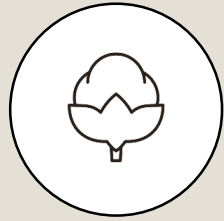
- Clearly **defined KPIs** to measure improvement in sustainability
- Sustainability criteria as part of the **long-term performance related compensation** of the Managing Board
- **Progress awarded** by DJSI World and DJSI Europe inclusion

# Sustainability commitment ingrained in the concept **TODAY. TOMORROW. ALWAYS.**



# TODAY. TOMORROW. ALWAYS.

embedded in our three focus areas



## PRODUCT

In addition to design, quality, and durability, our products meet high standards with regards to health, environmental, and animal welfare.



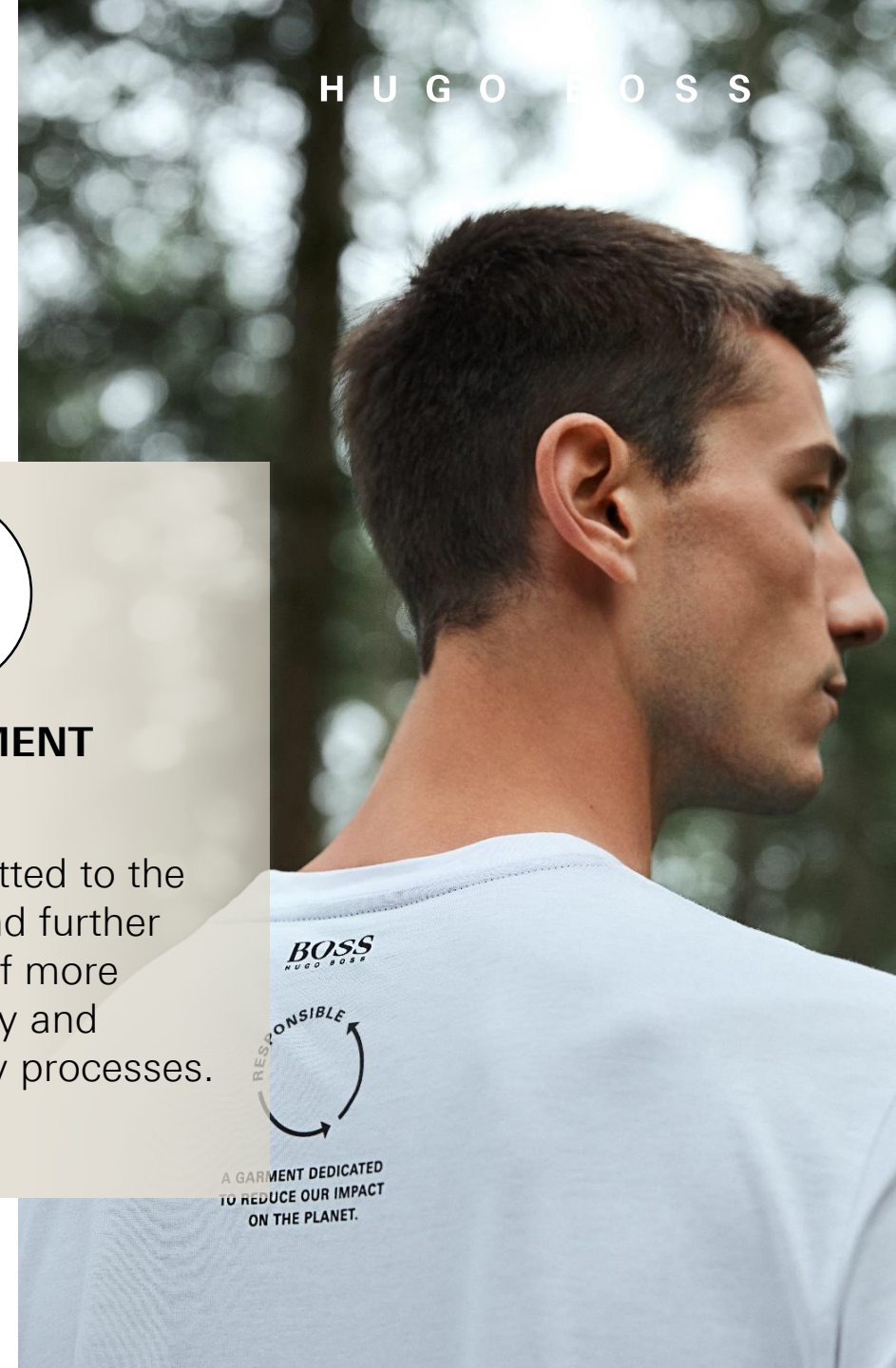
## PEOPLE & SOCIETY

Adherence to high social standards forms the basis for our relationships. A commitment to social welfare is an integral part of our corporate responsibility.



## ENVIRONMENT

We are committed to the introduction and further development of more environmentally and climate-friendly processes.



# Product

## Strive for highest quality and longevity

**ALWAYS.** Our ongoing commitment to serve conscious customer segment:

Offering more sustainable products through the use of more sustainable materials while at the same time respecting animal welfare and ensuring product safety.



### PRODUCT

### TODAY.

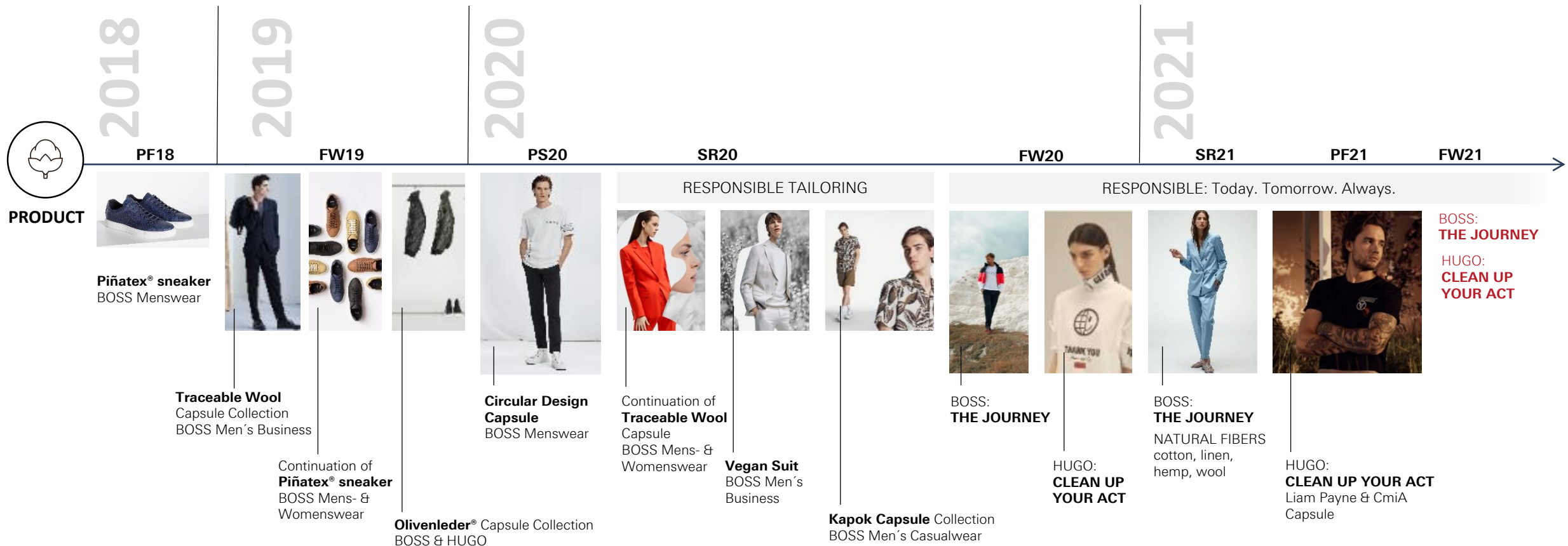
RESPONSIBLE styles\* outperform in the collection with a higher sell-through

\*All products that contain at least 60% more sustainable raw materials will show the RESPONSIBLE label. RESPONSIBLE Styles also meet other environmental and social criteria regarding processing, transport and packaging.



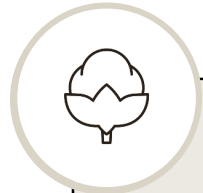
# Product

## TODAY. Increasing responsible product offering



# Product

## TOMORROW. Our main goals by 2025



SDGs (Sustainable Development Goals of the United Nations)	MAIN GOAL	STATUS 2019
 	100% sustainably sourced <b>cotton</b>	<b>61%</b>
 	≥ 50% recycled <b>synthetic fibers</b>	First update in May 2021
	≥ 30% of offered styles are <b>RESPONSIBLE*</b>	<b>~ 15%</b> As of 2020
	100% of plastic <b>packaging</b> out of recycled or sustainable sources	<b>31%</b>

\*ALL PRODUCTS THAT CONTAIN AT LEAST 60% MORE SUSTAINABLE RAW MATERIALS WILL SHOW THE RESPONSIBLE LABEL. RESPONSIBLE STYLES ALSO MEET FURTHER ENVIRONMENTAL AND SOCIAL CRITERIA REGARDING PROCESSING, TRANSPORT, AND PACKAGING.

# People & Society

## Taking responsibility for the people we work with

**ALWAYS.** Our ongoing commitment to motivate employees and take responsibility along the supply chain:

Assuming responsibility for employees and suppliers to ensure safe and healthy jobs. Developing together in long-term, trusting partnerships to ensure social compliance and reduce risks.



**PEOPLE & SOCIETY**

### **TODAY.**

Started with the “Living wages” initiative as part of the Partnership for Sustainable Textiles with the aim to achieve collective solutions for living wages in countries of production



# People & Society

TOMORROW. Our main goals by 2025



<b>SDGs</b> (Sustainable Development Goals of the United Nations)	<b>MAIN GOAL</b>	<b>STATUS 2019</b>
	75 % <b>employee satisfaction</b> according to the Great Place to Work® survey	<b>70%</b>
	All goods sourced from suppliers with <b>satisfying or better performance</b> in social audits	<b>93%</b>
	All directly contracted fabrics and trimmings suppliers are integrated in <b>social compliance program</b>	<b>10%</b>
	All finished goods suppliers have an <b>adequate governance model</b> for their own supply chains	<b>66%</b> of strategic suppliers

# Environment

## Reducing our environmental impact

**ALWAYS.** Our ongoing commitment to reduce our environmental impact while saving costs:

We continuously minimize our impacts on climate change, reduce the consumption of resources and use chemicals responsibly.



ENVIRONMENT

### TODAY.








We saved around **4,000** MWh annual electricity through energy efficiency measures such as e.g. LED lighting



HUGO BOSS

# Environment: TOMORROW. Our main goals



<b>SDGs</b> (Sustainable Development Goals of the United Nations)	<b>MAIN GOAL</b>	<b>STATUS 2019</b>
	Climate neutrality in the whole value chain until 2050	
	Reduction of CO2 emissions in the whole value chain by 30% (base year 2018) until 2030	Scope 1+2: Reduction of 24% Scope 3: Reduction of 12% in inbound logistics Energy reduction of 8% in own buildings (in relation to sqm)
	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016 until 2025	<b>17%</b>
   	100% of suppliers with high environmental impact comply with the HUGO BOSS environmental requirements until 2025	<b>24%</b>



**FTSE4Good**

Index member since 2016



Now a Part of **S&P Global**

**DJSI World**

**DJSI Europe**

Index member since  
2017 (World) & 2020 (Europe)



**SUSTAINALYTICS**

**STOXX Global  
ESG Leaders**

**DAX 50 ESG  
Leaders**

Index member since 2020



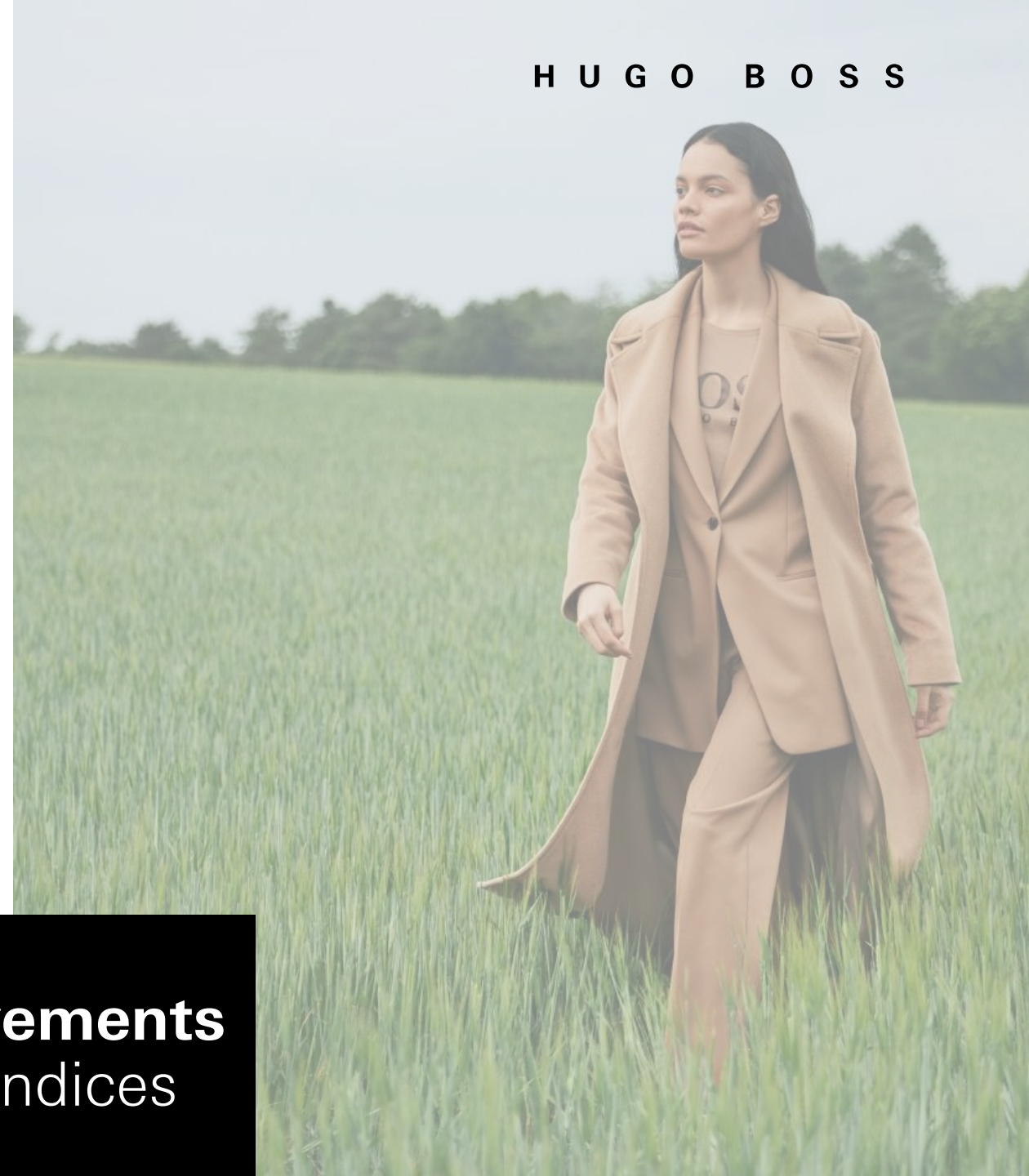
**Euronext Vigeo  
Europe 120**

**Eurozone 120**

Index member since 2019



HUGO BOSS sustainability **achievements**  
recognized in many sustainability indices



# Financial Calendar & Investor Relations contact

MAY

5

2021

First Quarter Results  
2021

**Christian  
Stöhr**

Senior Head of  
Investor Relations

E-Mail: [Christian\\_Stoehr@hugoboss.com](mailto:Christian_Stoehr@hugoboss.com)

Phone: +49 (0) 7123 94 - 80903

MAY

11

2021

Annual Shareholders'  
Meeting

**Frank Böhme**

Senior Investor  
Relations Manager

E-Mail: [Frank\\_Boehme@hugoboss.com](mailto:Frank_Boehme@hugoboss.com)

Phone: +49 (0) 7123 94 - 80903



## 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.

