



HUGO BOSS



# INVESTOR MEETING PRESENTATION

May – August 2021

# 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**

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## 2 Q1/2021 Results

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## 3 Strategic Priorities

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## 4 Sustainability

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A fashion advertisement for HUGO BOSS featuring five models. On the left, a Black woman stands in a long white trench coat over a white top and skirt, wearing white and black strappy sandals. Behind her, a woman with short dark hair wears a tan trench coat over a light-colored shirt. In the center, a woman with long brown hair wears a tan trench coat over a yellow top. To her right, a Black man wears a white blazer over a yellow and brown patterned shirt. On the far right, an Asian man wears a white jacket with a brown and yellow camouflage pattern over a brown tie and yellow trousers. The background is a plain, light gray.

# 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\*

## EUROPE

(INCL. MIDDLE EAST/AFRICA)

**63%**

GERMANY: 14%

GREAT BRITAIN: 13%

FRANCE: 6%

BENELUX: 5%

OTHER: 25%

## AMERICAS

**16%**

U.S.: 11%

CANADA: 2%

CENTRAL & SOUTH  
AMERICA: 3%

## ASIA/PACIFIC

**18%**

CHINA: 11%

OCEANIA: 2%

JAPAN: 2%

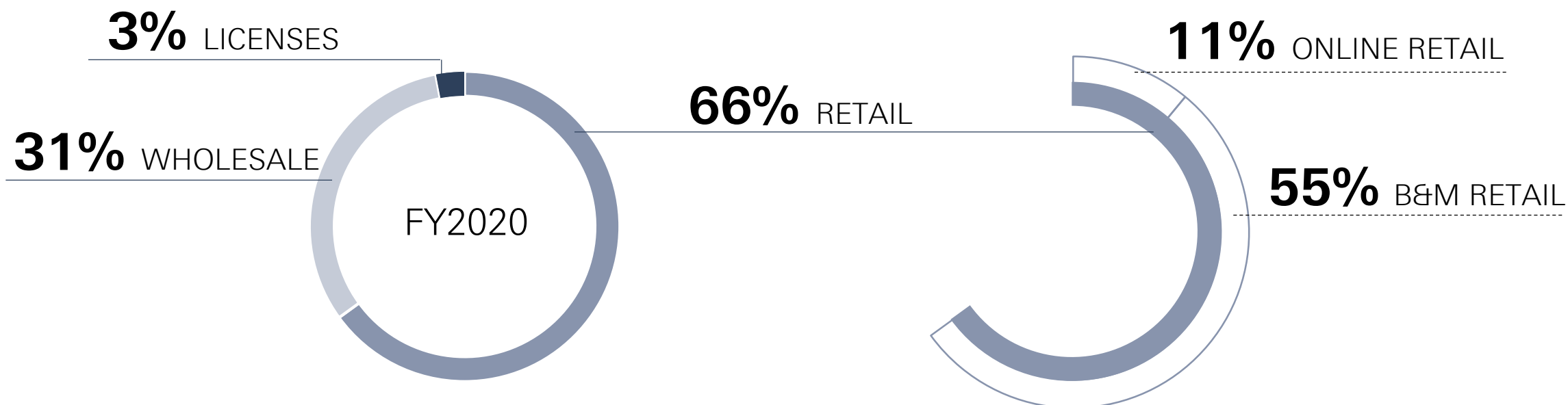
OTHER: 3%



\* AS OF 2020; 3% LICENSES

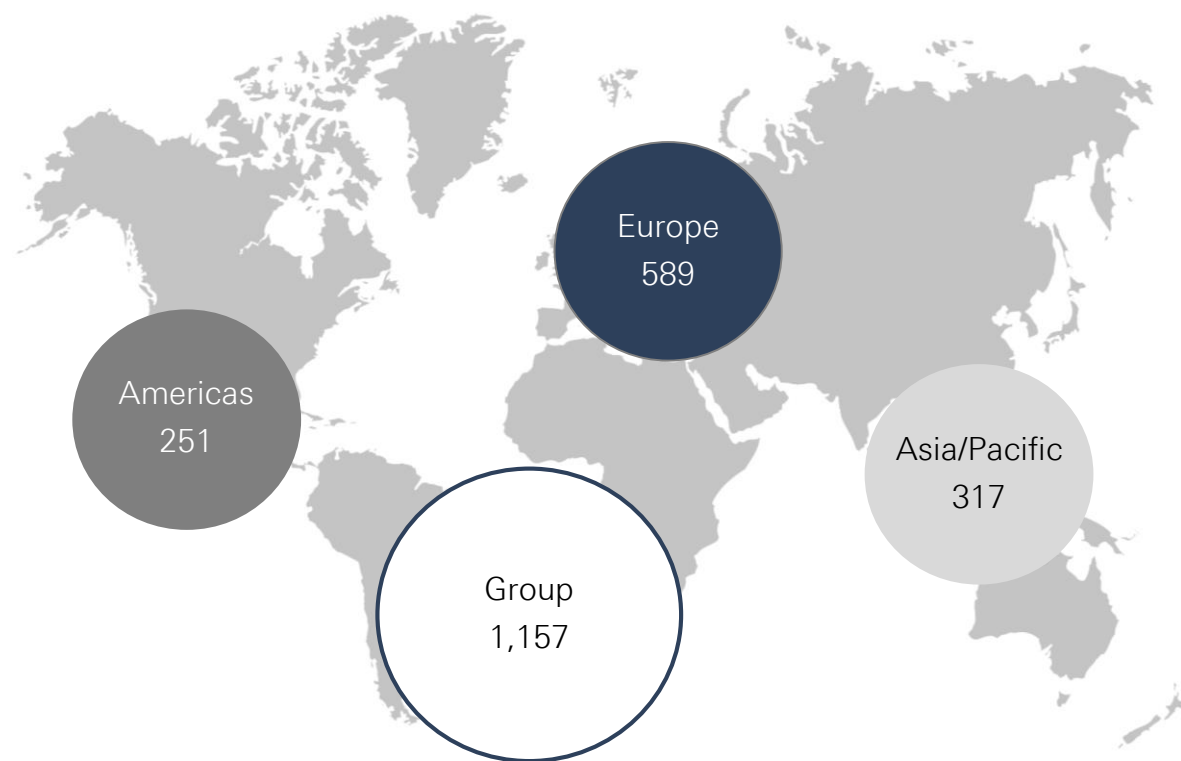


## Distribution via own retail and wholesale channel



**Own online sales** account for 11% of Group sales in 2020, up from 5% in 2019

# Well diversified store portfolio across regions\*



GROUP

**445**

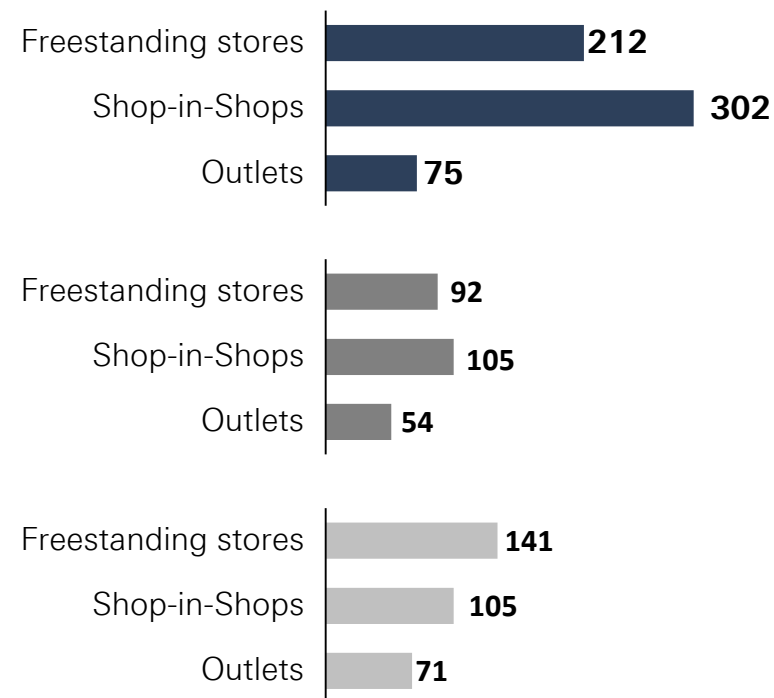
Freestanding stores

**512**

Shop-in-Shops

**200**

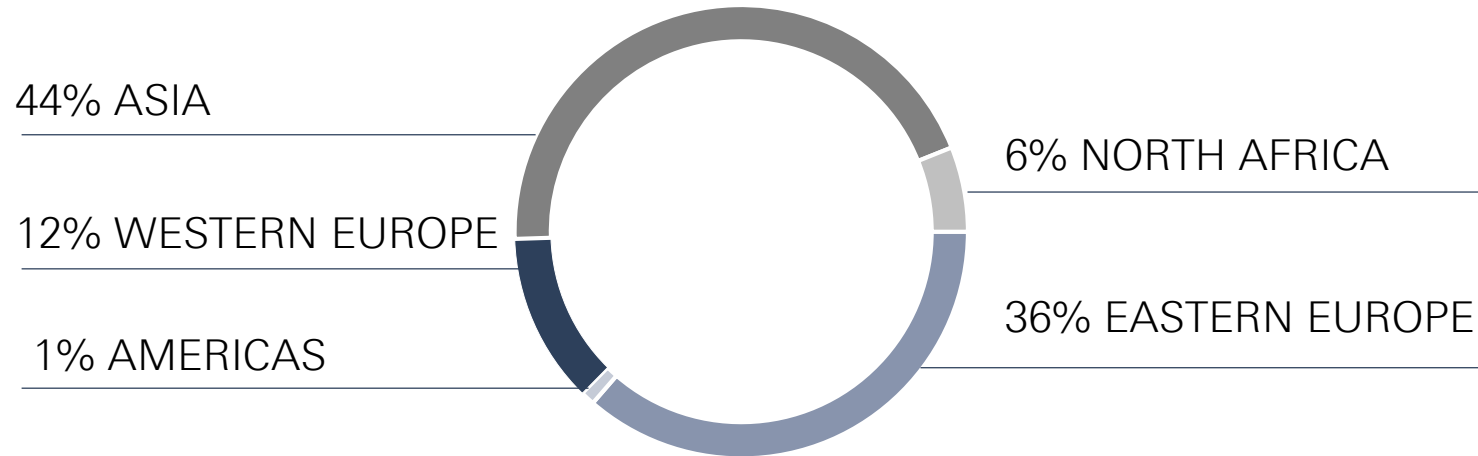
Outlets



\*AS OF 30/12/2020



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

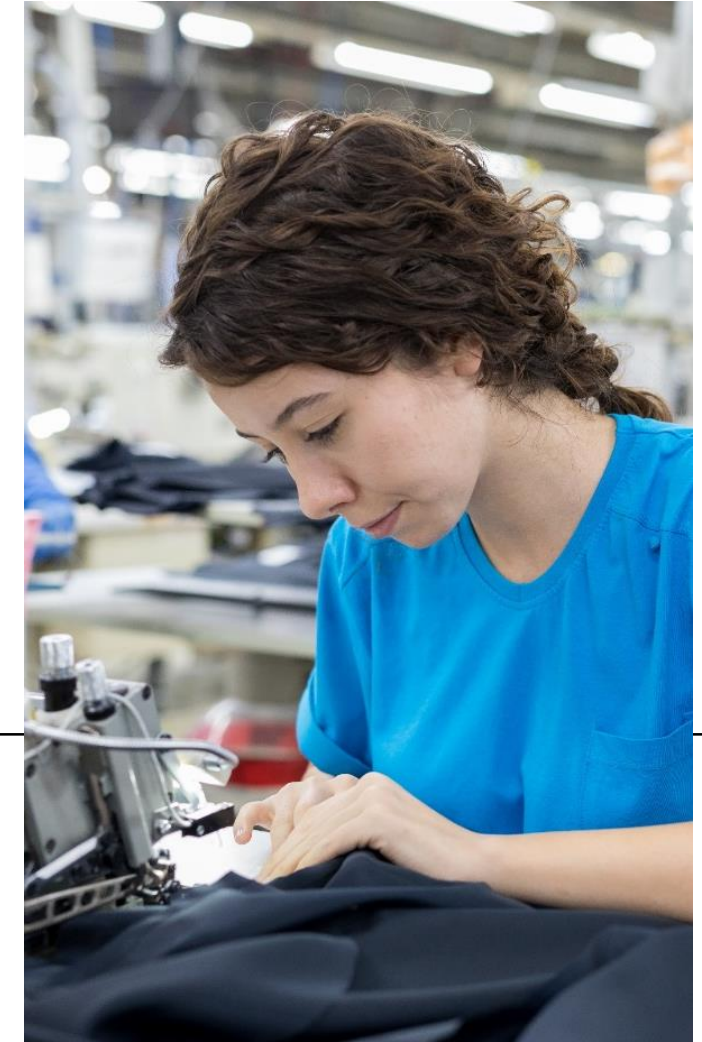


**17%**

OWN PRODUCTION

**83%**

THIRD PARTY PRODUCTION



\* NUMBERS AS OF 2020, IN VALUE TERMS

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---

3 Strategic Priorities

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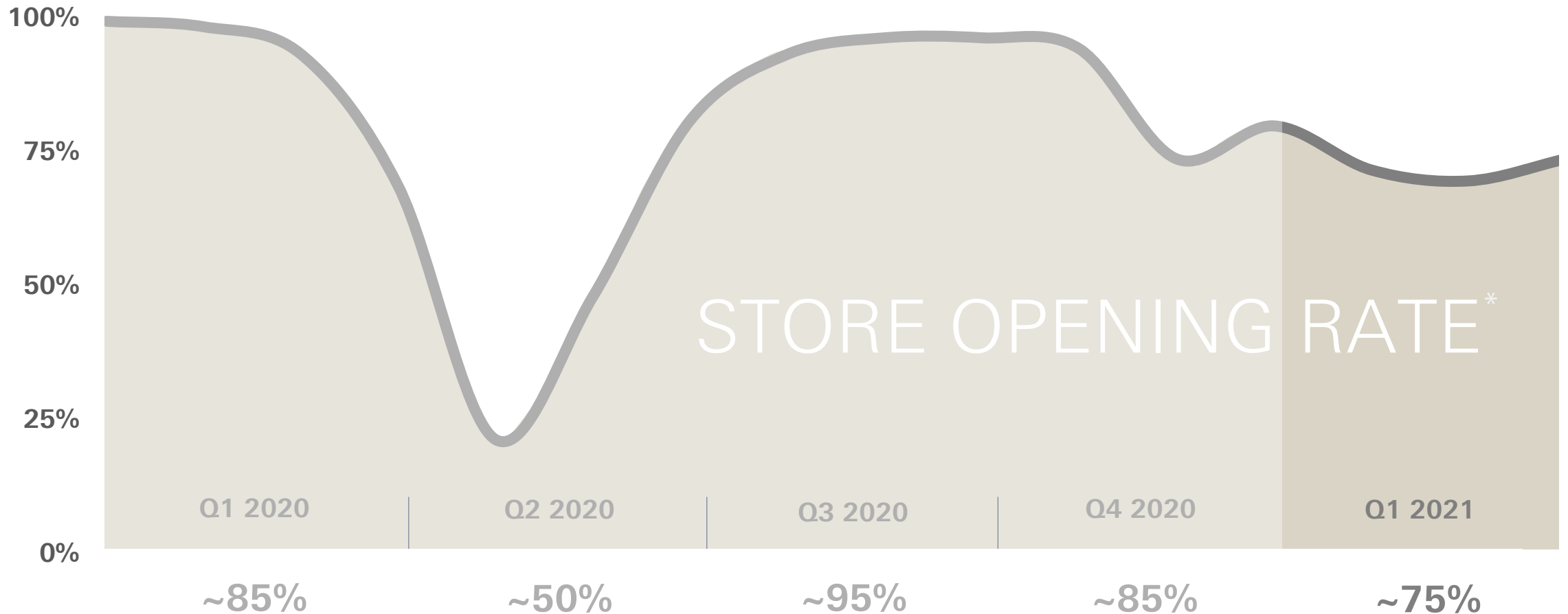
4 Sustainability

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## On average ~25% of global store network closed in the first quarter



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

Solid start to the year as  
**business recovery continues**

**Q1 2021**

EUR **497** MILLION

**(8)%**

CURRENCY-ADJUSTED





EUROPE SALES<sup>\*\*</sup>**(17)%<sup>\*</sup>**

Almost 50% of own retail **stores temporarily closed** in the first quarter

**Germany** and the **UK** record mid-double-digit sales declines in own retail, reflecting persistent lockdowns

Strong momentum in **Russia** and **Middle East** with low to mid-double-digit sales growth

Extended lockdowns weigh on  
**business recovery in Europe**

# AMERICAS SALES



(11)%\*

Business in the **U.S.** with noticeable recovery reflecting a robust rebound in consumer sentiment

Persistent store closures continue to weigh on business in **Canada**

**Latin America** returns to pre-COVID-19 levels in the first quarter

**Recovery in the Americas** continues as momentum in the U.S. further improves

# ASIA/PACIFIC SALES

+39%\*



Sales in **mainland China** almost double supported by robust local demand in Q1

While business in **Japan** continues its gradual recovery, **Australia** and **South Korea** return to growth in Q1

Absence of international tourism continues to weigh on **Hong Kong** and **Singapore**

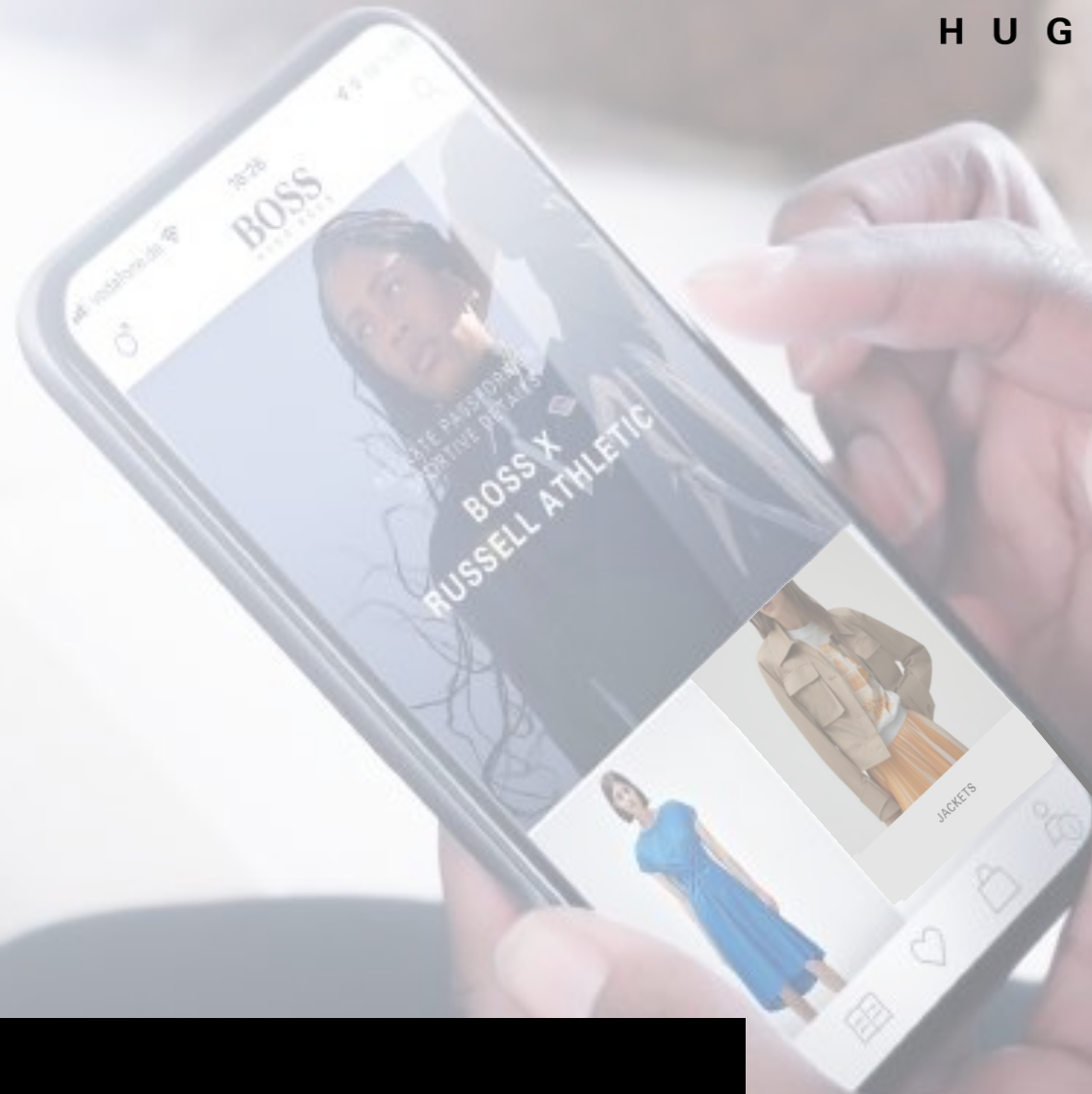
**Asia/Pacific returns to growth** driven by ongoing strong momentum in mainland China



# Q1 2021

## +72%

CURRENCY-ADJUSTED



**Momentum in online business**  
strongly accelerates in the first quarter

**Wholesale** business benefits from robust order intake and delivery shift effects

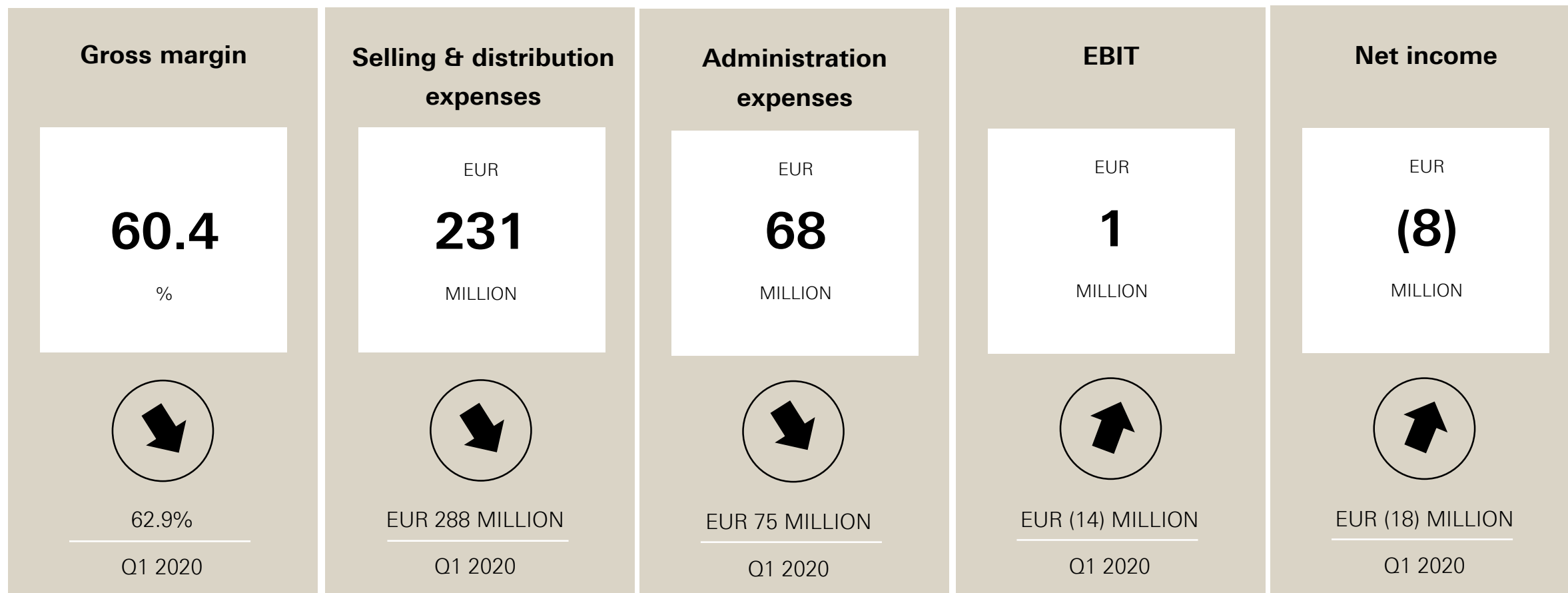




**Casualwear** returns to  
mid-single-digit growth in Q1



# HUGO BOSS records **positive EBIT** in the first quarter



# Trade net working capital improvement supports **free cash flow development**



**Inventories** remain stable reflecting ongoing tight management

Lower **capital expenditure** reflecting continued prudent approach in light of persistent uncertainties

**Net financial liabilities** decline 5% to EUR 221 million\*

# Outlook

GLOBAL BUSINESS EXPECTED  
TO **RECOVER NOTICEABLY**  
IN 2021





# AGENDA

1 About HUGO BOSS

---

2 Q1/2021 Results

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3 **Strategic Priorities**

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4 Sustainability

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# VISION

BE THE MOST DESIRABLE PREMIUM  
FASHION & LIFESTYLE BRAND



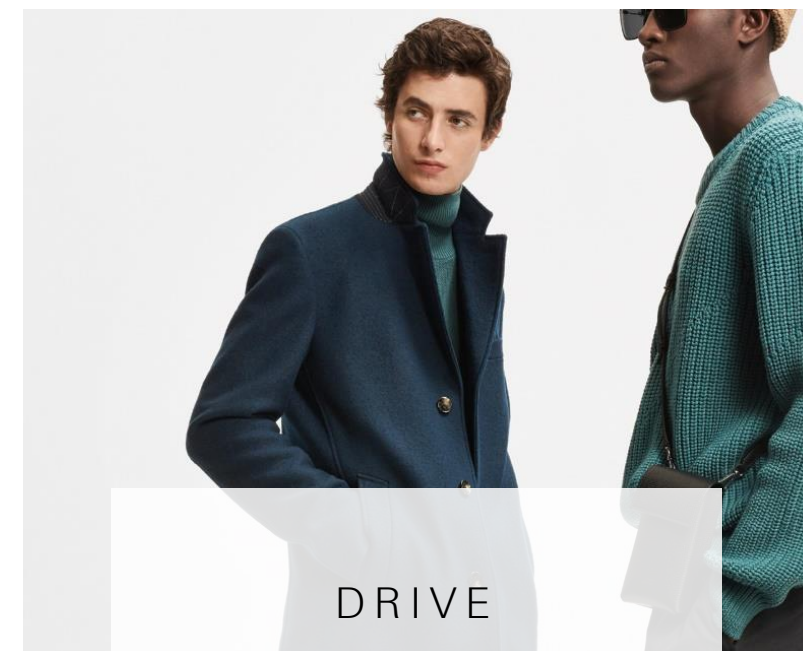
# Our strategic priorities for future growth



**BRAND HEAT &  
PRODUCT DESIRE**



**GLOBAL SALES  
OPPORTUNITIES**



**OPERATIONAL  
EXCELLENCE**





CREATE

**BRAND HEAT &  
PRODUCT DESIRE**

## EMOTIONALIZE **THE BRANDS**

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Emotionalize the brands and deliver inspiring storytelling

## DOMINATE **CLOTHING**

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Leverage strengths in clothing segment to increase market share

## PUSH **CASUALIZATION**

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Leverage trend towards casualization and exploit opportunities

# Marketing initiatives to **drive brand desirability**



EVENTS

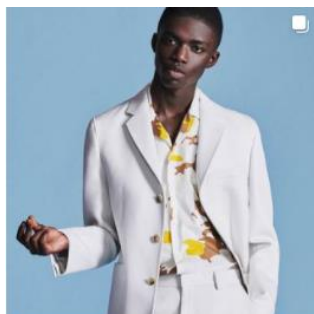
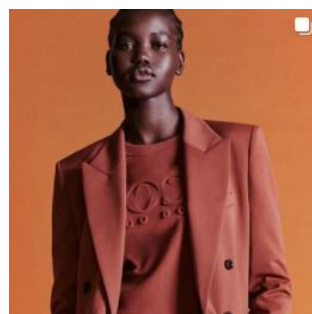
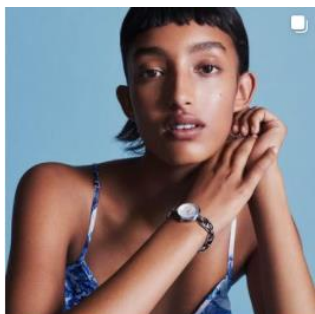
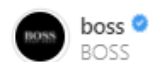


PERSONALITIES



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**

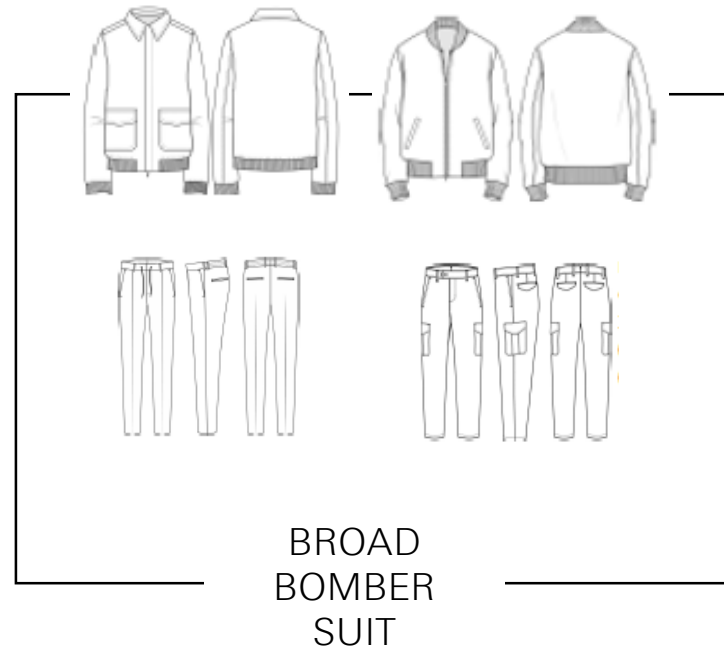
2020 VS. 2019



# 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**





HUGO BOSS

BOSS  
R  
ATHLETIC

Successful launch of  
**BOSS x RUSSELL ATHLETIC**





**HUGO x Liam Payne**  
supports “Cotton made in Africa”



EXPLOIT

**GLOBAL SALES  
OPPORTUNITIES**

LEVERAGE

**ONLINE & OC EXPERIENCE**

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

EXPLOIT

**GROWTH POTENTIAL IN CHINA**

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**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

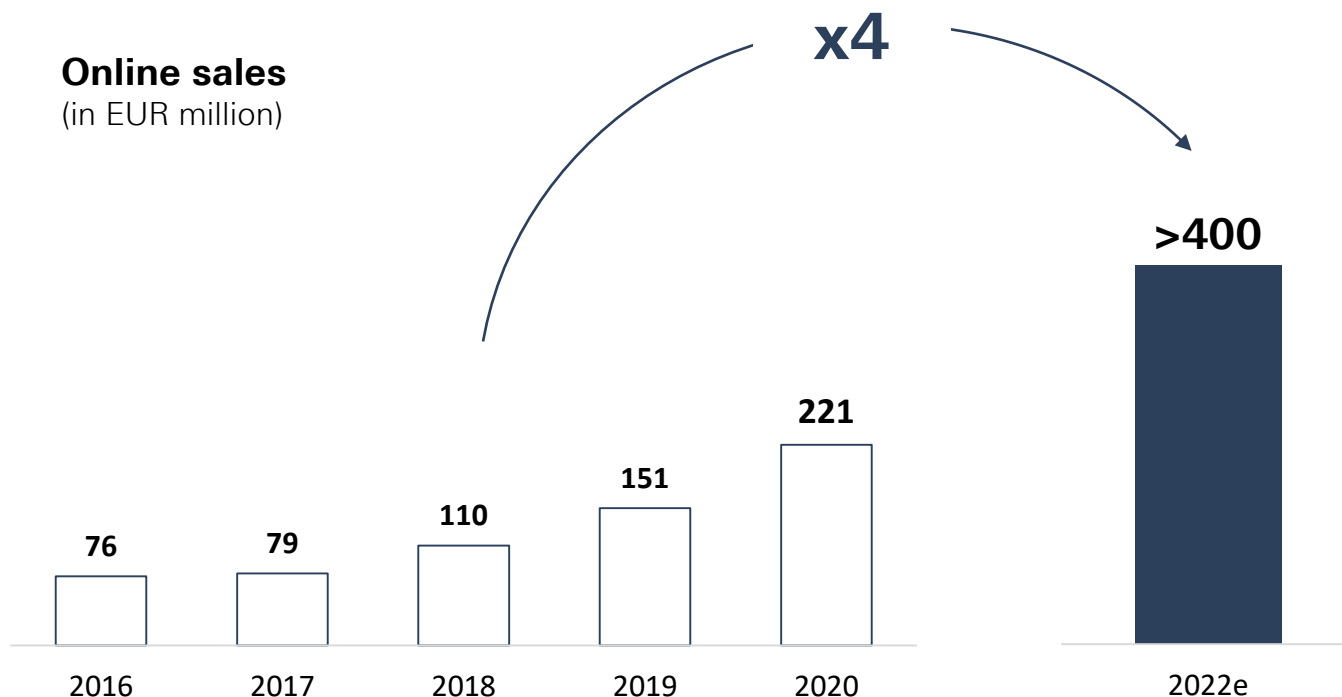
2

**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 Q1 2021, hugoboss.com is available in **59 markets**





DRIVE  
**OPERATIONAL  
EXCELLENCE**

## LEVERAGE **SCALE AT OPERATIONS**

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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 Q1/2021 Results

---

3 Strategic Priorities

---

4 **Sustainability**

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# SUSTAINABILITY

is an integral part of  
business operations  
at HUGO BOSS

## RESPONSIBILITY

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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

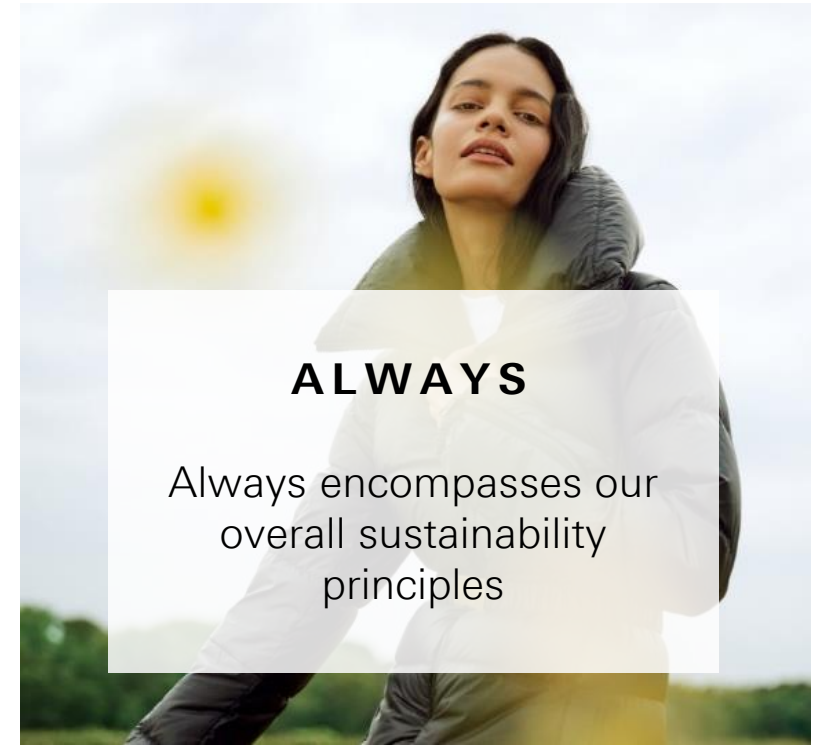
## PROCESSES AND TOOLS

- 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

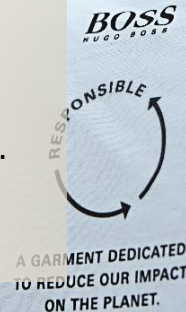
Adherence to high social standards forms the basis for our relationships. A commitment to social welfare is an integral part of our corporate responsibility.



## ENVIRONMENT

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

HUGO BOSS





# 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.

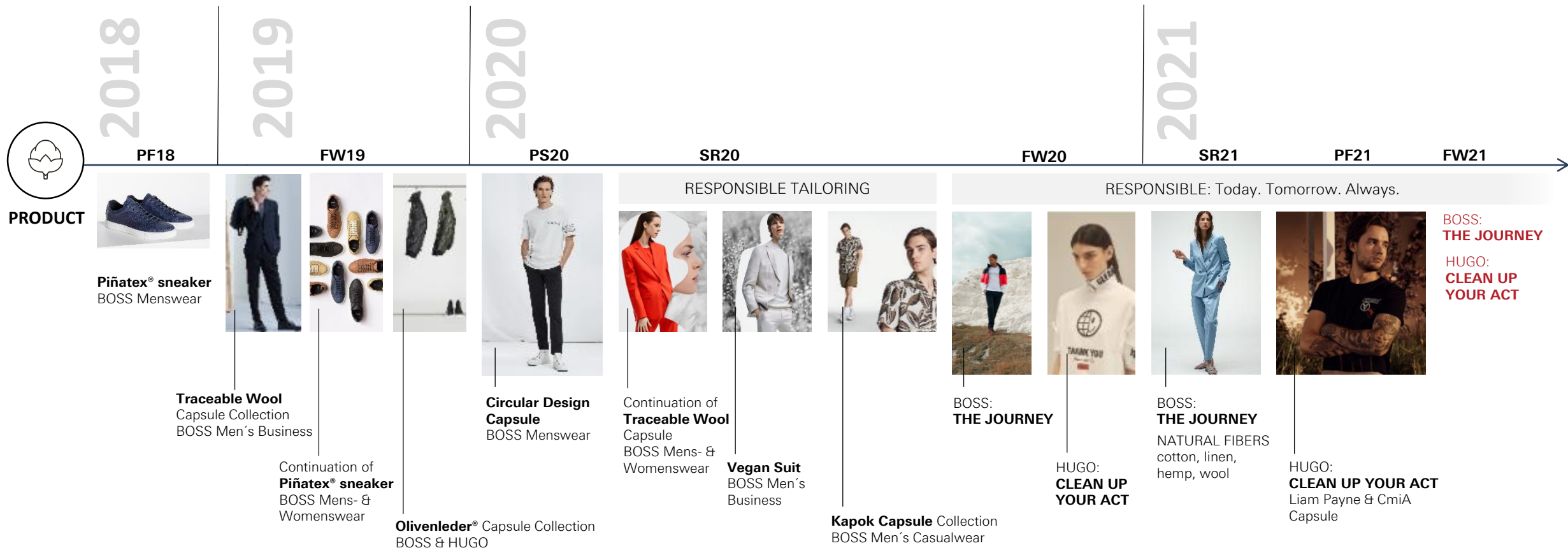
RESPONSIBLE styles\* outperform in the collection with a higher sell-through

\*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.



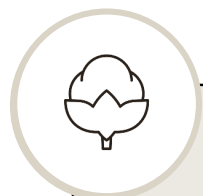
# Product

## TODAY. Increasing responsible product offering



# Product

## TOMORROW. Our main goals by 2025



SDGs (Sustainable Development Goals of the United Nations)	MAIN GOAL	STATUS 2020
12 ∞ 17 	100% sustainably sourced <b>cotton</b>	86%
12 ∞ 13 	≥ 50% recycled <b>synthetic fibers</b>	10%
12 ∞	≥ 30% of offered styles are <b>RESPONSIBLE*</b>	15%
12 ∞	100% of plastic <b>packaging</b> out of recycled or sustainable sources	42%

\*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



SDGs (Sustainable Development Goals of the United Nations)	MAIN GOAL	STATUS 2020
8	75 % <b>employee satisfaction</b> according to the Great Place to Work® survey	72%
5	Share of at least 40% of <b>women</b> in the first and 50% of women in the second management level below the Managing Board	25% 45%
8	All goods sourced from suppliers with <b>satisfying or better performance</b> in social audits	96%
8	All directly contracted fabrics and trimmings suppliers are integrated in <b>social compliance program</b>	10%

# 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.

In 2020, more than half of the electricity consumed within the Group came from **renewable energy sources**.












# Environment:

## TOMORROW. Our main goals



SDGs (Sustainable Development Goals of the United Nations)	MAIN GOAL	STATUS 2020
	<b>Climate neutrality</b> in the whole value chain until 2050	
	Reduction of CO2 emissions ( <b>Scope 1+2</b> ) by at least 51% Reduction of CO2 emissions ( <b>Scope 3</b> ) by 30% Reduction of <b>energy consumption</b> (direct & indirect) in relation to area (m²) by 20% (base year 2018) until 2030	Scope 1+2: Reduction of <b>36%</b> Scope 3: Reduction of <b>28%</b> Energy reduction of <b>22%</b>
	Reduction of own water consumption (externally sourced water) in relation to Group sales by 40% compared with the base year 2016 until 2025	<b>5%</b>
   	100% of suppliers with high environmental impact comply with the HUGO BOSS environmental requirements until 2025	<b>20%</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



DISCLOSURE INSIGHT ACTION

HUGO BOSS



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

# Financial Calendar & Investor Relations contact

AUGUST

4

2021

Second Quarter Results  
2021

**Christian  
Stöhr**

Vice President  
Investor Relations  
und Corporate  
Communications

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

Phone: +49 (0) 7123 94 - 80903

NOVEMBER

4

2021

Third Quarter Results  
2021

**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.

