

**H U G O B O S S**

## **ANNUAL SHAREHOLDERS' MEETING 2015**

Claus-Dietrich Lahrs (CEO and Chairman of the Managing Board)  
Stuttgart, May 12, 2015

## Agenda

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**Review 2014**

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**Growth strategy 2020**

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**Outlook 2015**

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**Review 2014**

**Growth strategy 2020**

**Outlook 2015**

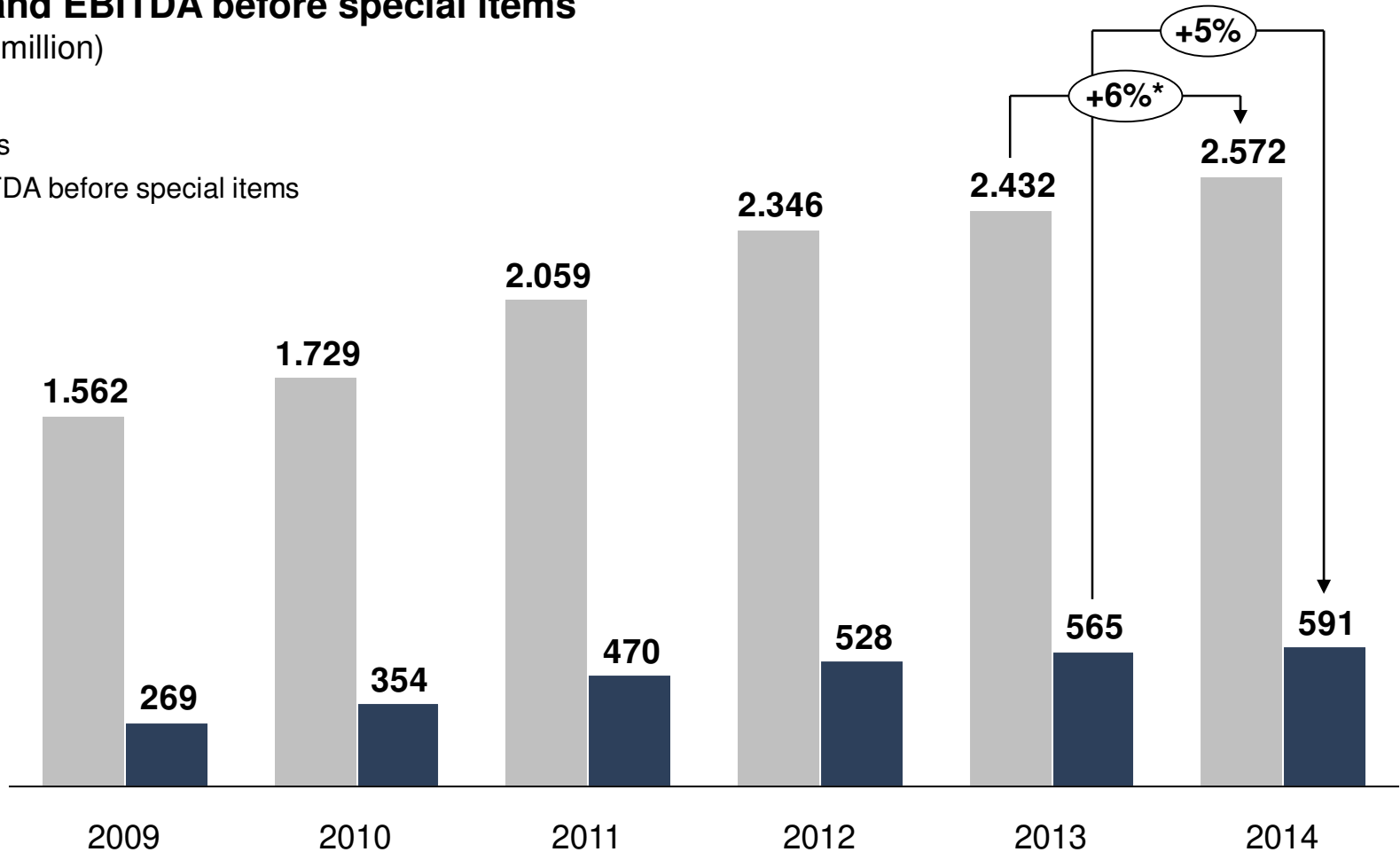
## HUGO BOSS generates solid sales and earnings growth in 2014

### Sales and EBITDA before special items

(in EUR million)

■ Sales

■ EBITDA before special items



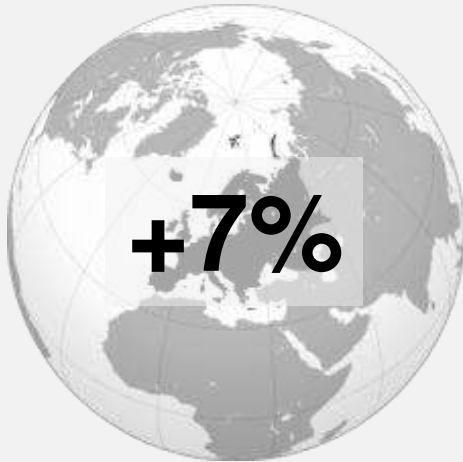
\*+6% currency-adjusted

## Globally balanced market presence secures solid growth

### Sales growth (currency-adjusted)

2014  
(in %)

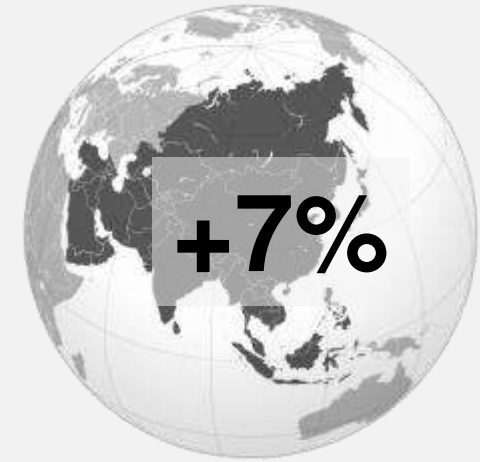
Europe\*



Americas



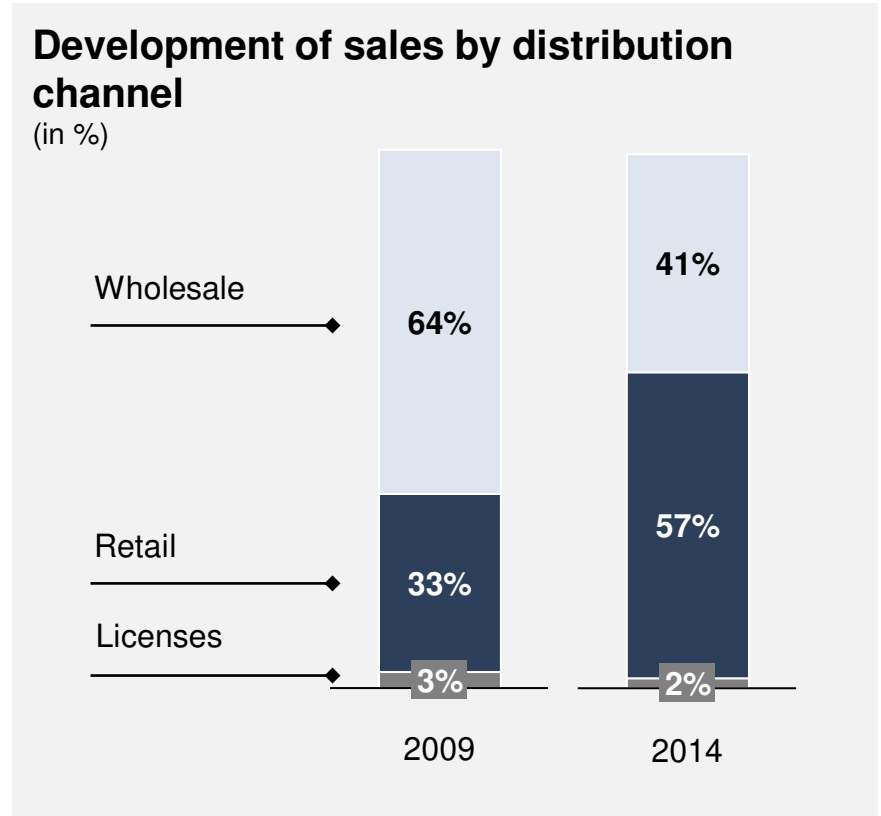
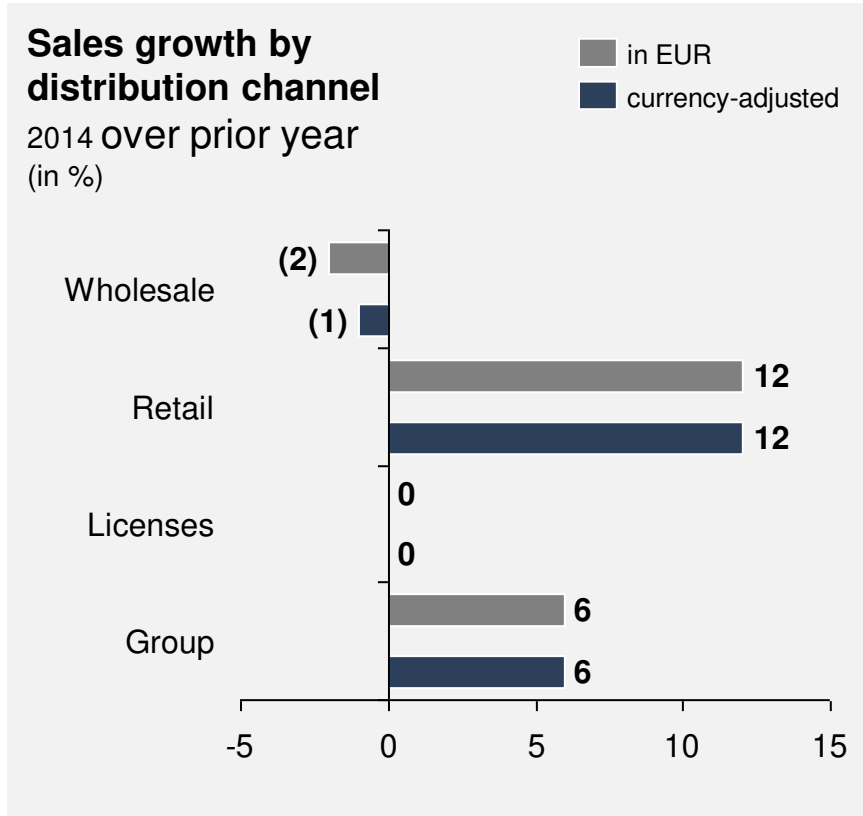
Asia/Pacific



Strength of European core markets shields Group from economic turmoil outside Europe

\*Including The Middle East and Africa

## Retail remains main driver of sales growth



- Negative **wholesale** trend due to takeovers and industry consolidation
- Growth in **own retail business** underpinned by retail comp store sales growth and expansion

## Continued expansion of own retail activities

### Number of own retail stores as of December 31, 2014

(December 31, 2013: 1,010)

<b>TOTAL</b>	<b>1,041 (+31)</b>
Total selling space	140,000 sqm (+4%)
New openings	86
of which takeovers	20
Closures	55

<b>Europe*</b>	<b>595 (+19)</b>
New openings	43
of which takeovers	5
Closures	24

<b>Americas</b>	<b>204 (+4)</b>
New openings	10
of which takeovers	-
Closures	6

<b>Asia/Pacific</b>	<b>242 (+8)</b>
New openings	33
of which takeovers	15
Closures	25

\*Including The Middle East and Africa



## Global brand awareness increased by impressive new openings



BOSS store Osaka, Shinsaibashi



BOSS store Hong Kong, Canton Road

## HUGO BOSS has reached a new level in womenswear



▶ Sales of BOSS Womenswear grow by 18%, total womenswear business up 11%

## HUGO BOSS wins important brand rankings in Germany and China

### Germany



- HUGO BOSS wins "Best fashion brand" award
- Independent study conducted by market research agency GfK
- Based on commercial success and emotional impact of the brand
- Sample: 1,000 consumers resident in Germany

### China



- HUGO BOSS receives "Best fashion label for men" award
- Independent study carried out by Hurun Research Institute
- Most important brand ranking in the Chinese luxury goods market
- Sample: 376 Chinese citizens with assets of more than RMB 10 million (equivalent to about EUR 1.5 million)

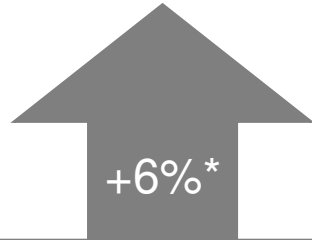
## New flat-packed goods distribution center in Filderstadt boosts efficiency



## Slight decline in operating margin despite increased gross profit margin

### Sales

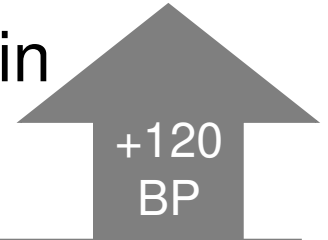
EUR 2,572 million



\*+6% currency-adjusted.

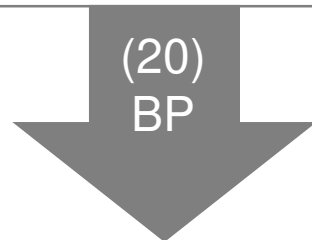
### Gross profit margin

66.1%



### Operating margin

(adjusted)  
23.0%



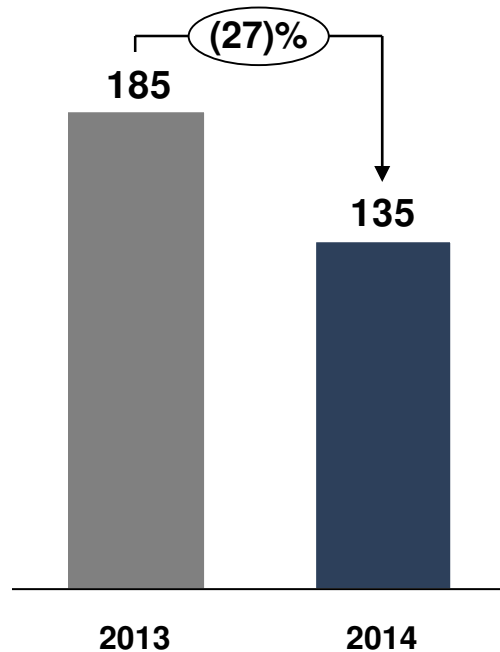
### Net income

EUR 334 million



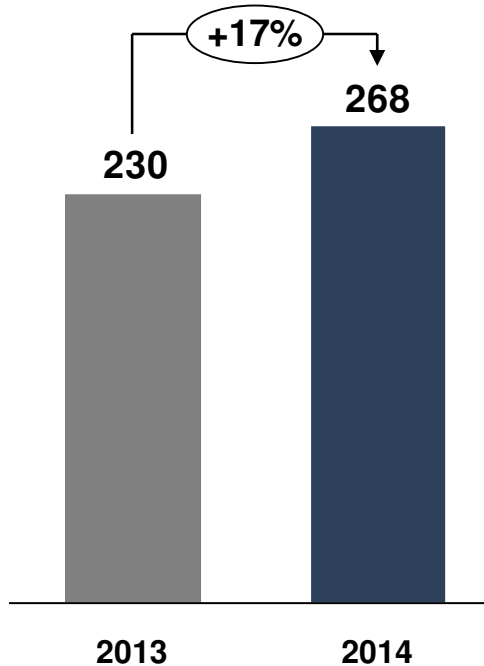
## Further significant improvement in key balance sheet metrics

### Capital expenditures (in EUR million)



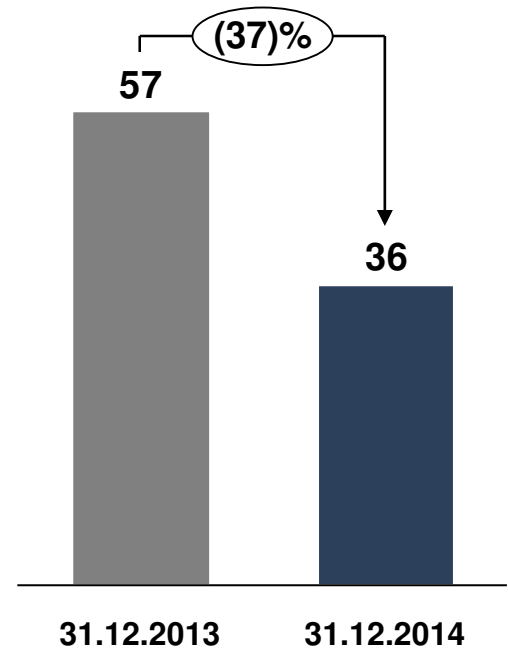
■ Non-recurrence of prior-year capital spending on logistics center

### Free cash flow (in EUR million)



■ Increase mainly due to lower capital expenditures

### Net debt (in EUR million)

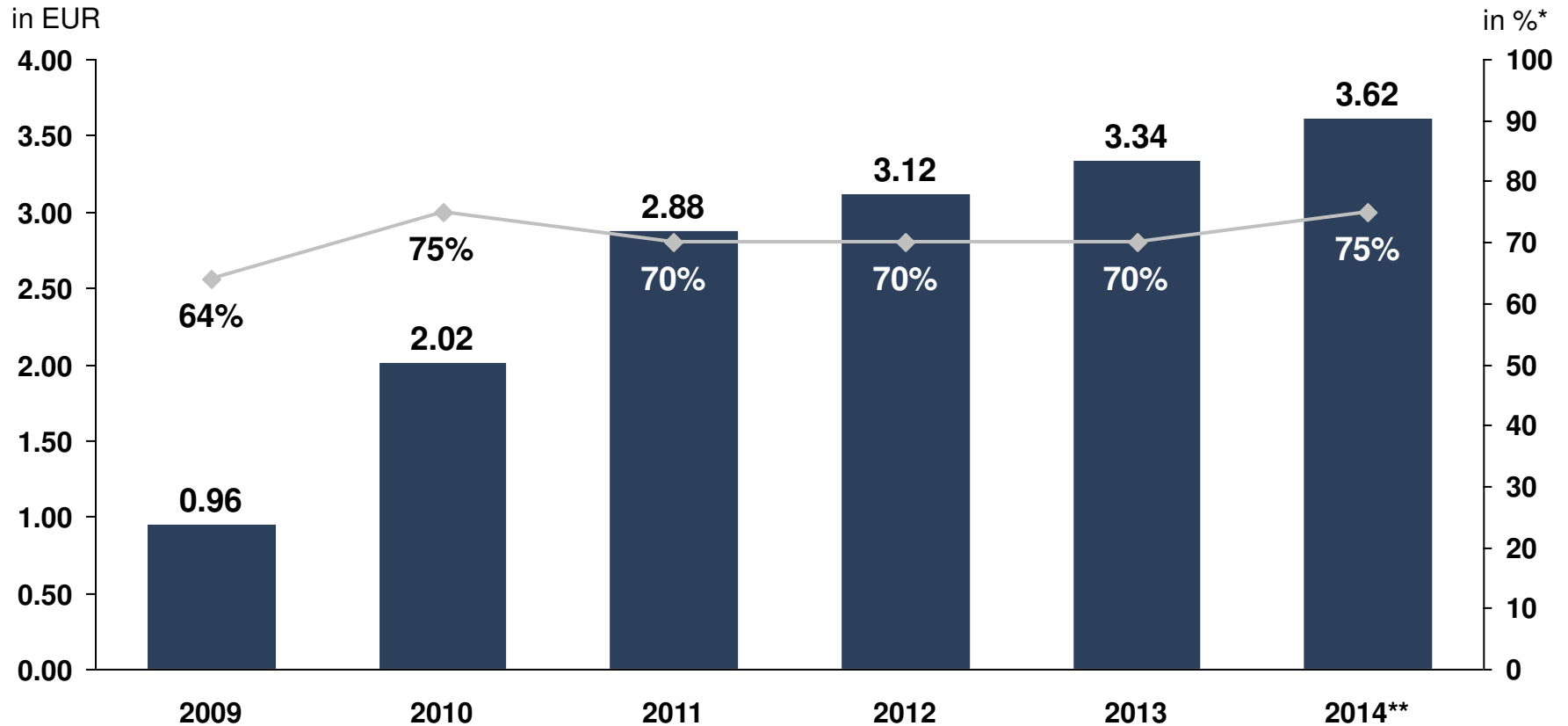


■ Increase in FCF supports decrease in net debt



## Proposed dividend raises payout ratio to 75%

### Dividend and payout ratio



Proposal reflects strategy to distribute 60% to 80% of consolidated net income

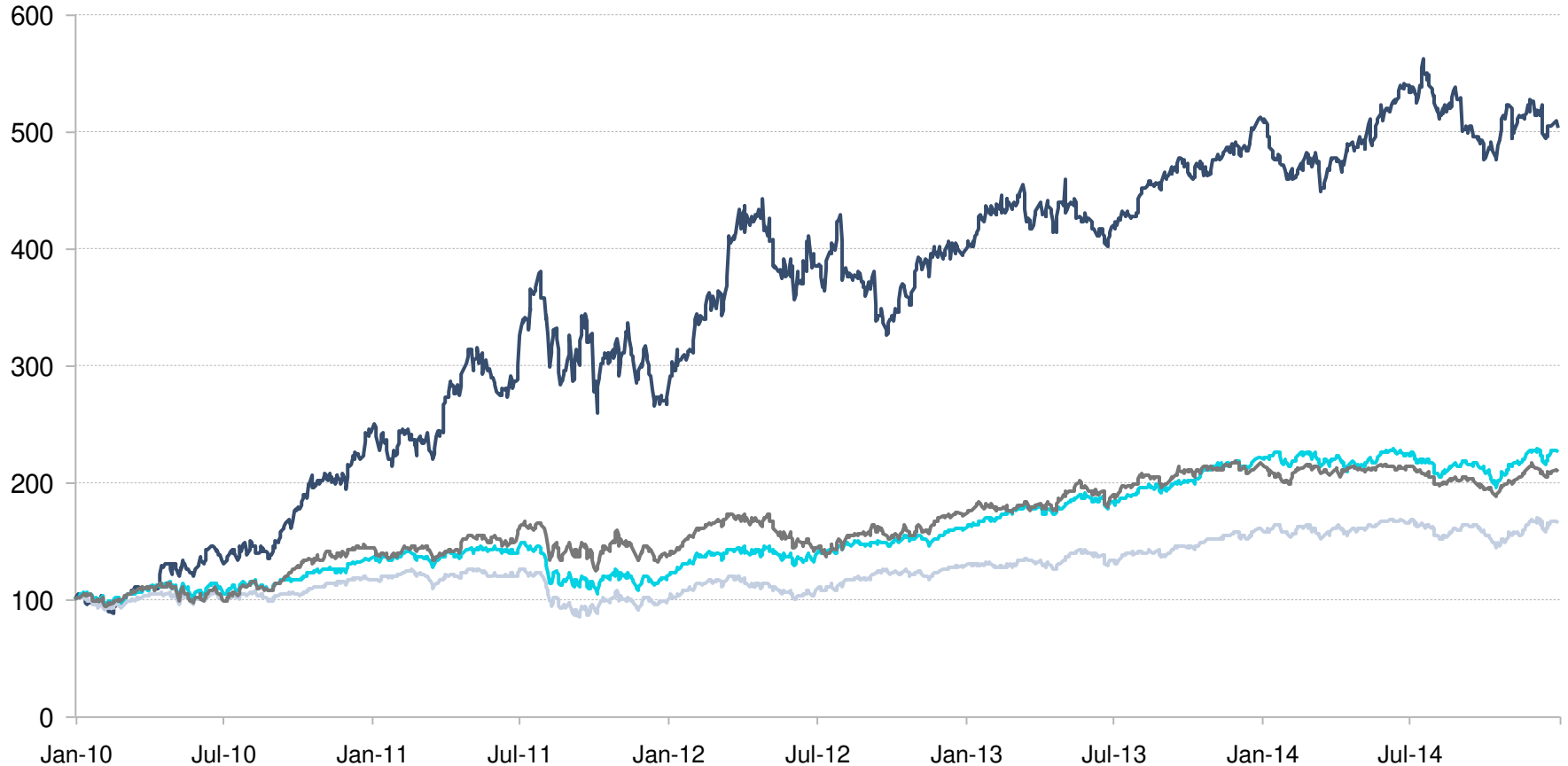
\*As a percentage of net profit attributable to the shareholders of the parent company // \*\*2014: Dividend proposal

# HUGO BOSS share significantly outperforms overall market

## Share price performance: December 31, 2009 – December 31, 2014

(Index: December 31, 2009 = 100)

— HUGO BOSS	+ 403%
— DAX	+ 65%
— MDAX	+ 126%
— MSCI Textiles & Apparel	+ 108%





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## Growth strategy 2020 promotes further profitable growth



Elevation of the  
Boss core brand



Leverage of  
potential in  
womenswear as  
well as in shoes  
and accessories



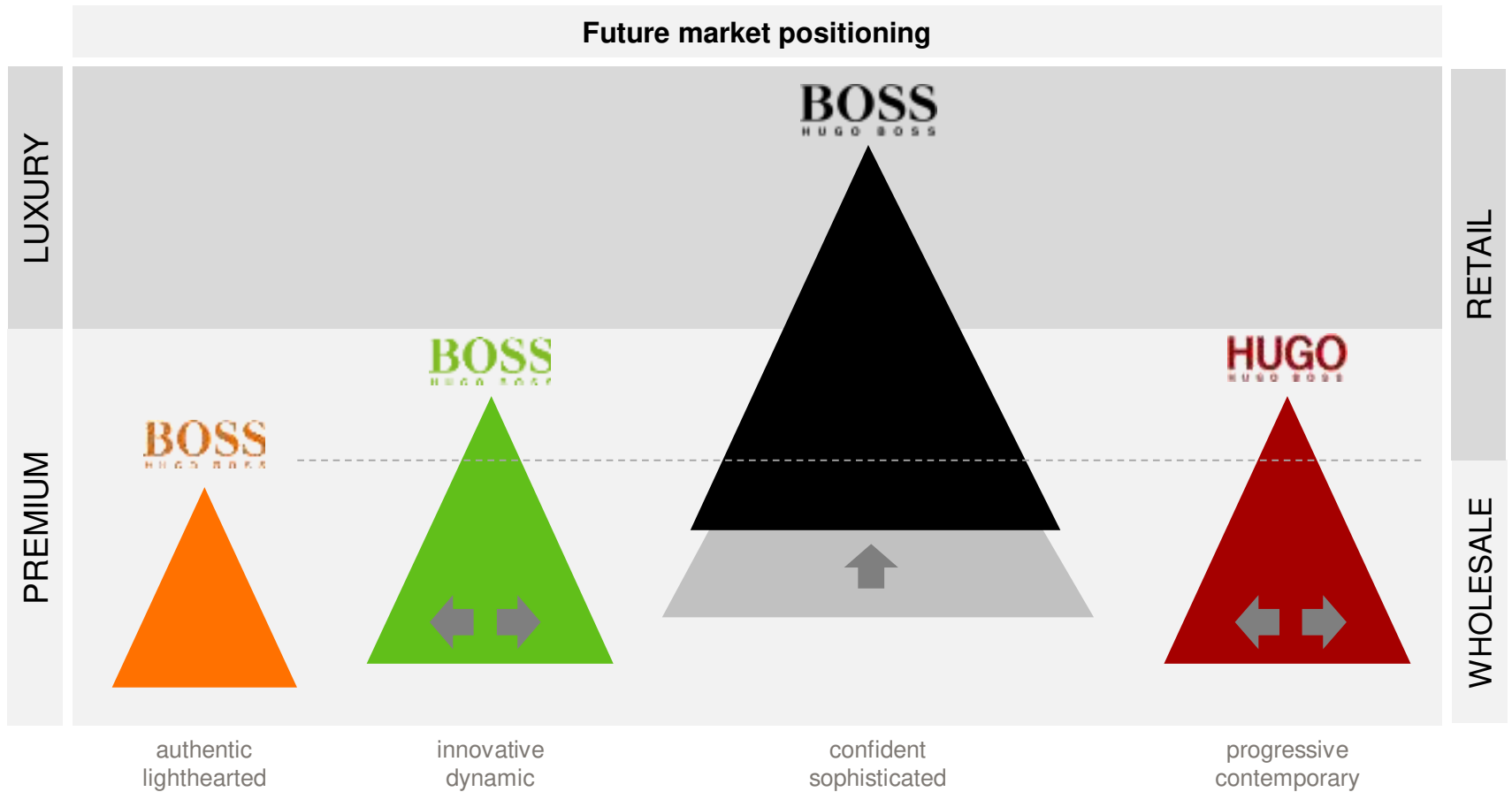
Expansion of  
omnichannel skills  
to spur growth in  
Group's own retail  
business in both  
online and offline  
segment



Exploitation of  
growth  
opportunities in  
underrepresented  
markets

Building further on operational strengths for optimal strategy implementation

## Increasing brand differentiation supports elevation of BOSS



# HUGO and BOSS Green replace BOSS core brand in category business

## RETAIL

Own stores focus increasingly on BOSS core brand



## WHOLESALE

Distribution of BOSS core brand only in shop-in-shops



HUGO and BOSS Green take over category business

**HUGO**

**BOSS**  
HUGO BOSS



## New collections underpin elevation of BOSS Womenswear



## Campaign boosts credibility of BOSS as fashion brand





## Consumers distinguish less and less between online and offline



### Inspiration

- Importance of online increases
- Sources of inspiration: in-store, ads, media and social contacts

### Research

- +90% research before purchasing
- Use online and other media

### Purchase

- Prefer to buy offline
- 55-72% of offline purchases are prepared by online research

Source: Google

## Successful relaunch of hugoboss.com

Previously

Two different gateways  
for e-commerce and  
brand world



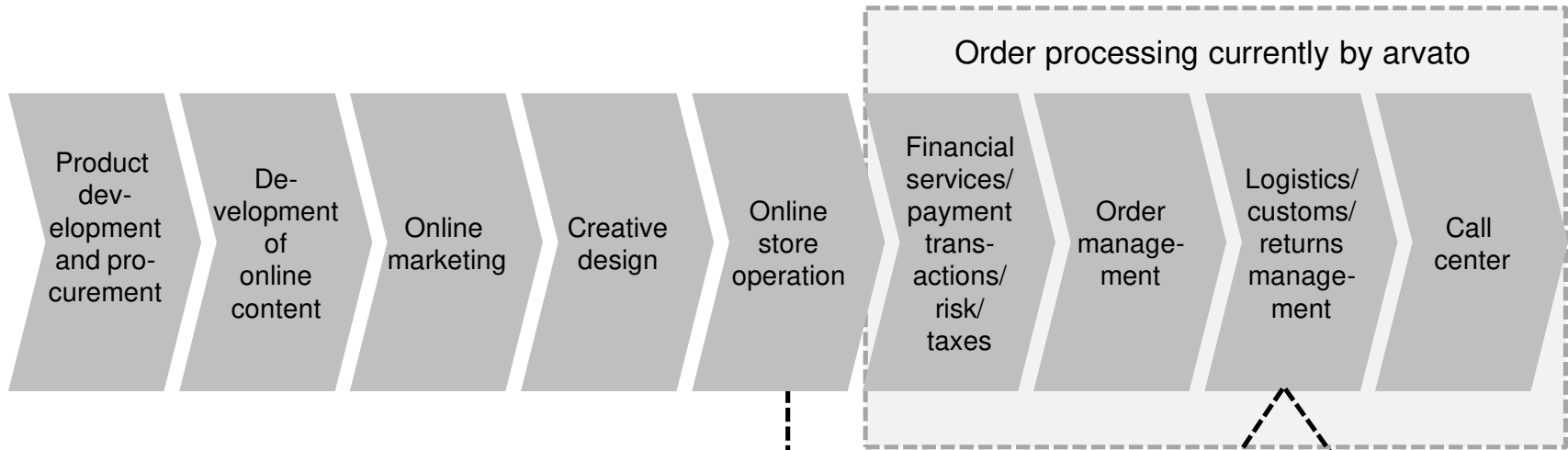
Today

Seamless integration of  
editorial content and  
e-commerce offerings

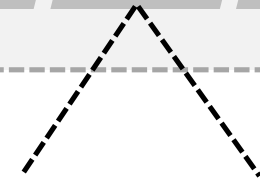




## B2C distribution center creates basis for omnichannel approach



Taken over by HUGO BOSS in spring 2014



End consumer



- Conversion of the former flat-packed goods distribution center into B2C logistics center already under way
- Main tasks are storage, packaging, returns processing and product processing
- Processing of returns from all European markets and distribution channels

## Improved retail competences support solid growth outlook in Europe

- Difficult industry conditions and decreasing customer footfall in many markets
- Focus on improving the in-store experience, customer service and customer relationship management
- Underpenetrated product groups and markets offer attractive growth opportunities



BOSS store Zurich, Bahnhofstrasse

## Brand control key to success in the Americas

- Discount-driven market environment will persist
- Key retail-related process enhancements initiated
- Focus on improving brand presence in US wholesale business



BOSS store Washington DC, city center



## Progress in China adds to strength in other Asian markets

- Strengthening the brand's core in formalwear will underpin further market share gains in China despite continued market weakness
- Confident outlook for Australia and Japan
- Direct control of trend-setting South Korean market will improve market position



BOSS store Osaka, Shinsaibashi

## Consolidation of own production network completed



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## Solid growth in sales and operating profit expected in 2015

### Outlook 2015

Sales growth (currency-adjusted)

Mid single-digit percentage rate

Growth in EBITDA before special items

5% - 7%

Capital expenditures

EUR 200 million – EUR 220 million

Own retail network

About 50 openings  
(excluding takeovers)

## HUGO BOSS weathers difficult market conditions in first quarter of 2015

### Sales

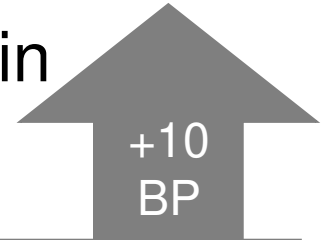
EUR 668 million



\*+3% currency-adjusted.

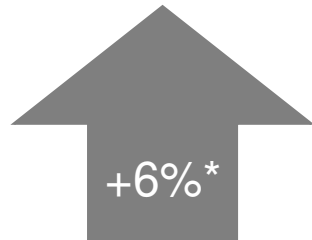
### Gross profit margin

65.5%



### Retail

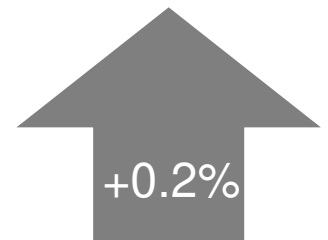
EUR 370 million



\*Retail comp store growth +3%,  
both currency-adjusted.

### EBITDA

(before special items)  
EUR 132 million





## Clear strategy to meet external challenges

- HUGO BOSS coped well with a weak market in 2014
- Diverse opportunities offer numerous levers for long-term growth
- 2015 another year of solid financial performance and key strategic progress



BOSS store Tokyo, Omotesando

**Thank you for your attention.**

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