

**H U G O   B O S S**

# Annual Shareholders' Meeting 2017

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Mark Langer – Chief Executive Officer

Stuttgart – May 23, 2017



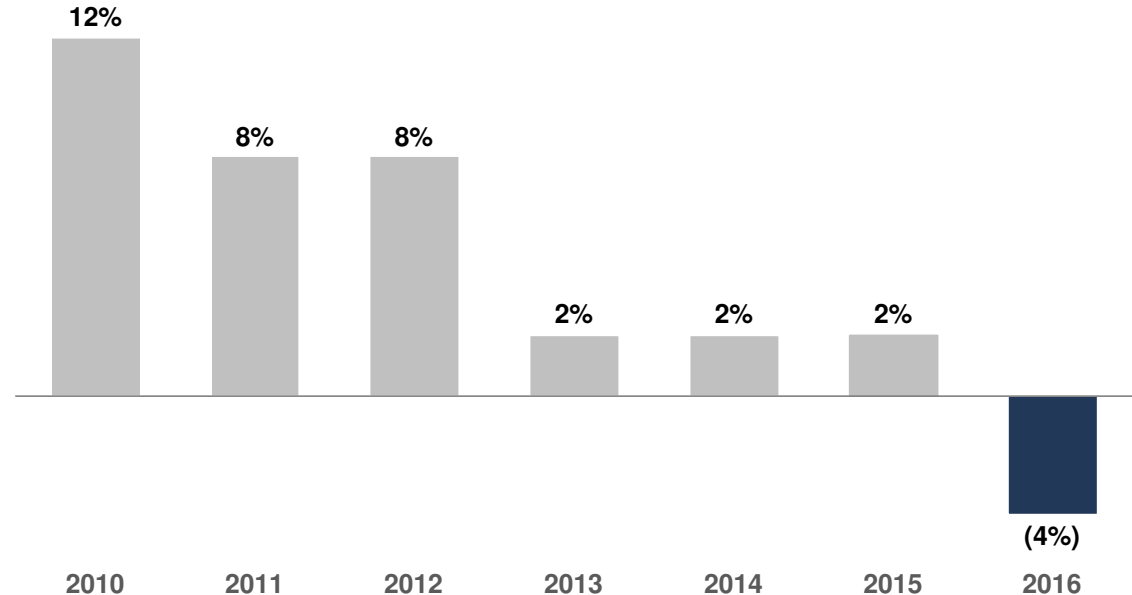
## 2016 – A year of change



## Luxury apparel market declines in 2016

- Overall positive consumption climate does not support industry sales
- Apparel is losing share of consumers' wallet
- High level of promotions

Luxury apparel market growth\*  
(FX-adjusted)



\* Source: Bain & Altagamma

## HUGO BOSS responded swiftly to challenges



1 Comprehensive **cost savings** achieved

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2 **Optimization of store network** initiated

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3 **Distribution upgraded** in the U.S.

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4 **Global prices harmonized** further

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5 Foundation built for future growth in **digital**

## Sales decline weighs on earnings in 2016

Group sales FY 2016

**2,693** EUR million

↘ (4)%  
FX-adjusted: (2)%

EBITDA (before special items)

**493** EUR million

↘ (17)%

Net income attributable to equity holders of the parent company

**194** EUR million

↘ (39)%

\*incl. Middle East and Africa.

Sales FY 2016 (by region)

**Europe\***



↘ (1)%  
FX-adjusted: +1%

**Americas**



↘ (13)%  
FX-adjusted: (12)%

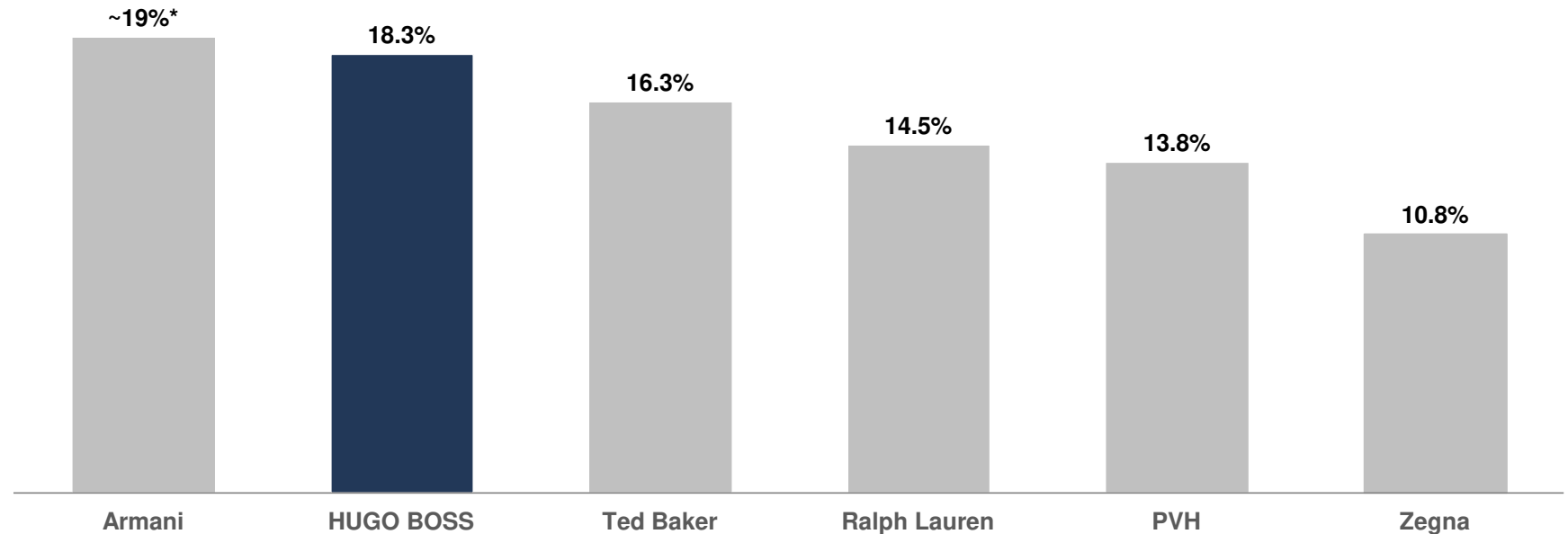
**Asia/Pacific**



↘ (3)%  
FX-adjusted: (2)%

## HUGO BOSS is more profitable than many competitors

EBITDA margin 2016 before special items

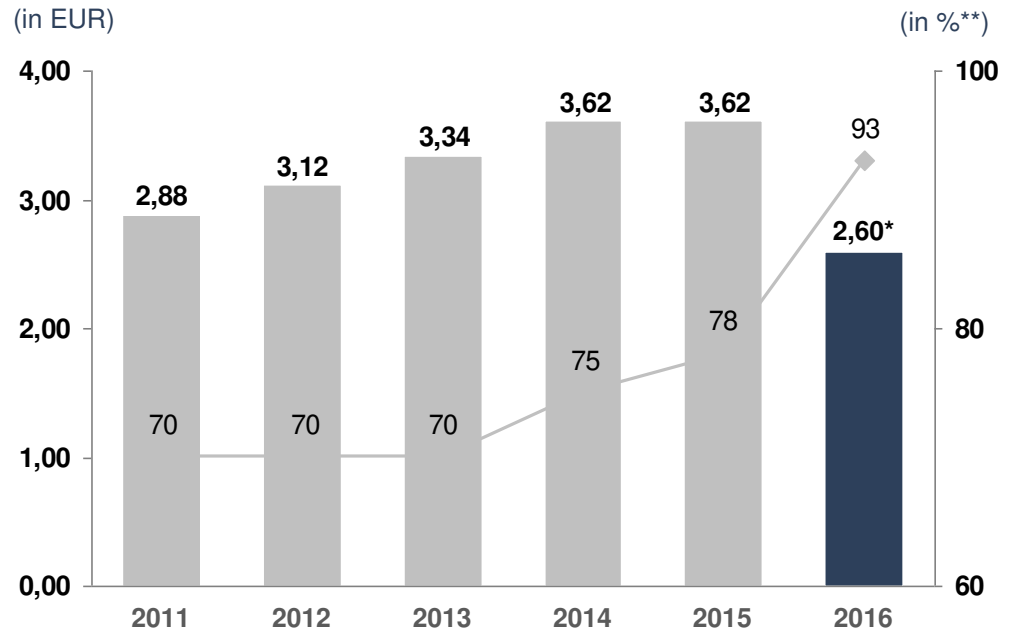


\* 2015. 2016 financials not yet available.

## HUGO BOSS pursues an attractive dividend policy

- One-time effects and strong free cash flow warrant exception from dividend policy
- Dividend policy of paying out between 60% and 80% of consolidated net income reconfirmed

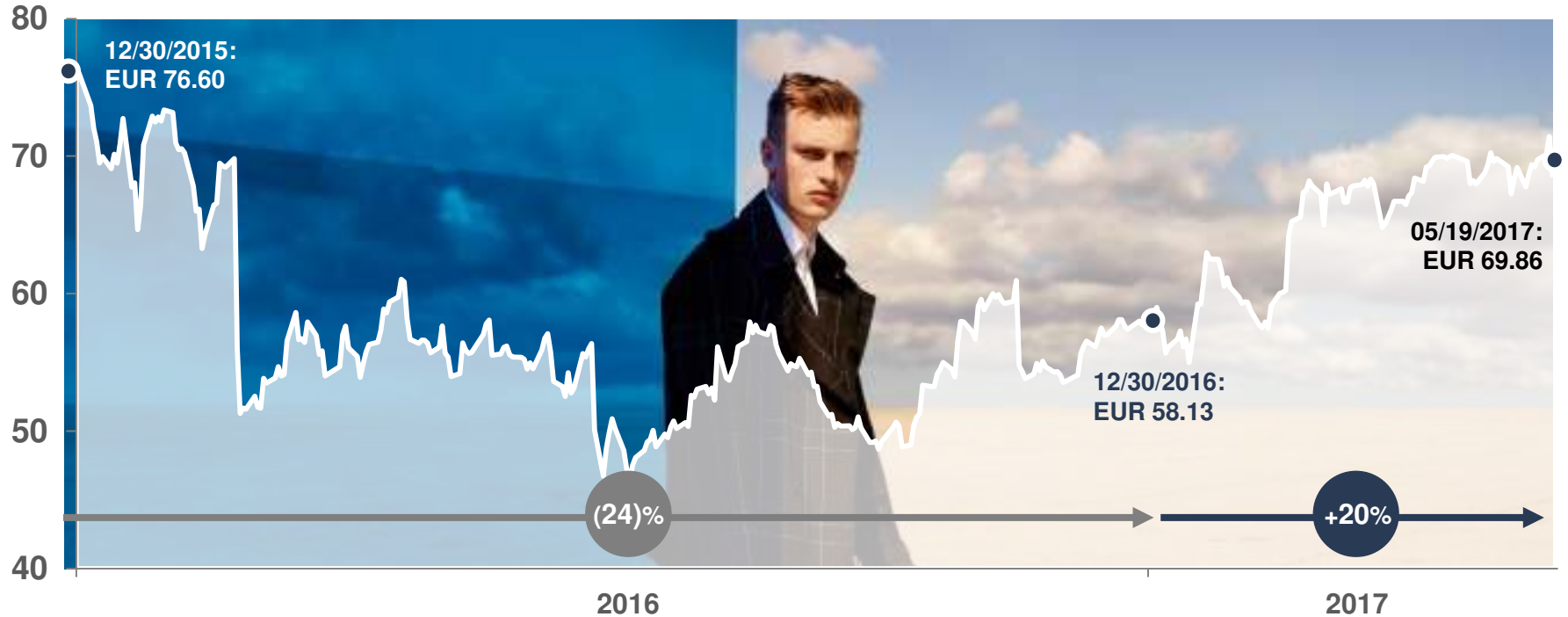
Dividend per share and payout ratio



\* Proposal for fiscal year 2016. \*\* As a percentage of net income attributable to equity holders of the parent company.



## HUGO BOSS share has gained significantly since the beginning of 2017



## Group strategy focuses on four fields of action



## Focus on two clearly positioned brands



## BOSS dresses the demanding customer for all wearing occasions



BUSINESS



CASUAL



ATHLEISURE

(Early) summer 2017:

Sell in of Spring/Summer 2018 collection to wholesale partners

End of 2017:

Spring/Summer 2018 collection in stores

## Womenswear continues to be an important part of HUGO BOSS



## HUGO represents an exciting long-term growth opportunity



## Uncompromising focus on superior quality



- Expansion of suit offering Made in Germany
- Better fabrics and trimmings upgrade offering at entry price points
- Strict quality controls throughout the entire product life cycle



## Wholesale partners welcome clarity and consistency of brand positioning



- Positive feedback from wholesale partners on refined brand strategy
- Order intake for Fall/Winter 2017 in line with expectations, increasing demand in casualwear
- Group confirms plans to further align global selling prices





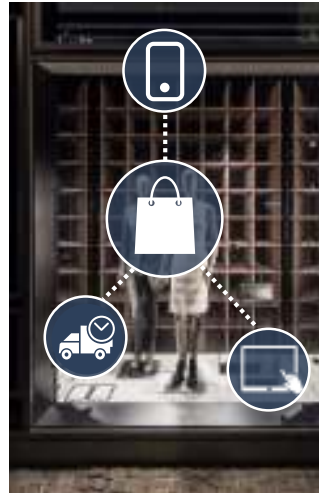
## Target to increase own retail sales productivity by 20% in the next five years



Better and broader offering at entry price points



Expansion of casual and athleisure offering in stores



Rollout of omnichannel services



Investment in retail staff training



Optimization of retail network

## The digitization of the business model continues

### Enable the cultural transformation

#### Set the foundation

- Takeover of online fulfillment in Europe
- hugoboss.com and iOS app (re)launches
- Omnichannel pilots

#### Improve performance

- Rollout of omnichannel services
- Commercial optimization of hugoboss.com and app

#### Develop the model

- Digitization of existing business model
- Addition of new business models

May 2017

## Cultural change enables organizational agility



## HUGO BOSS strengthens sustainability

Intensify stakeholder dialogue

Create transparency

Engage in alliances

Expand product sustainability



## Stable operating performance expected in 2017



**Sales\***

Largely stable



**EBITDA  
before special items**

-3% to +3%



**Consolidated net income**

Increase at low double-digit  
percentage rate



\* FX-adjusted

## First quarter results 2017 in line with full year outlook

Group sales Q1 2017

**651** EUR million



**+1%**

FX-adjusted: +1%

EBITDA (before special items)

**97** EUR million



**+4%**

Net income attributable to equity holders of the parent company

**48** EUR million



**+25%**

Sales Q1 2017 (by region)

**Europe\***



**+2%**

FX-adjusted: +3%

**Americas**



**(4)%**

FX-adjusted: (7)%

**Asia/Pacific**



**+3%**

FX-adjusted: +1%

\*Incl. Middle East and Africa.

## Important milestones on the return to profitable growth ahead



**HUGO  
Fashion  
Show**



**BOSS  
Fashion  
Show**

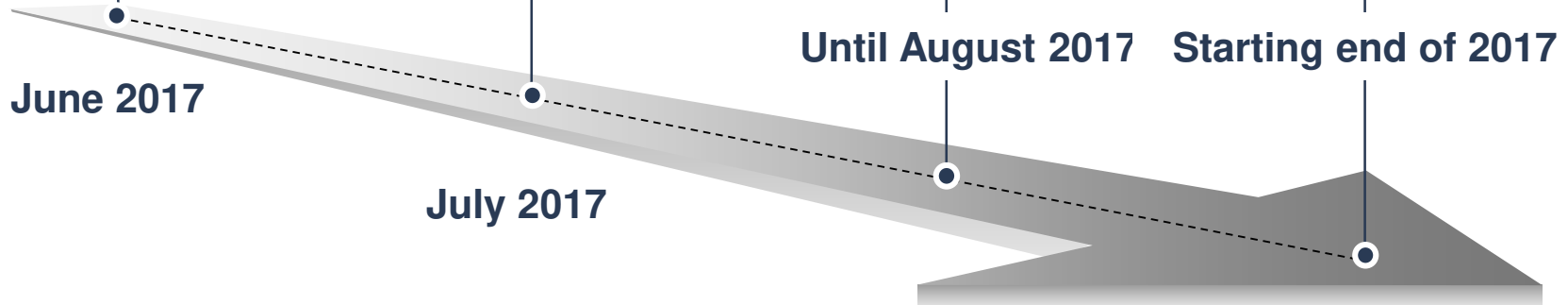


**Wholesale**



**Sell in of  
Spring/Summer  
2018 collection**

**Stores**



## 2017 – A year of stabilization and strategy implementation





# Questions & Answers



## **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.

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