

Investor Meeting Presentation

March 2020



AGENDA

1 FY 2019 Results & Outlook 2020

2 Strategic Ambition

3 Backup

Adjusted full year 2019 **targets achieved**

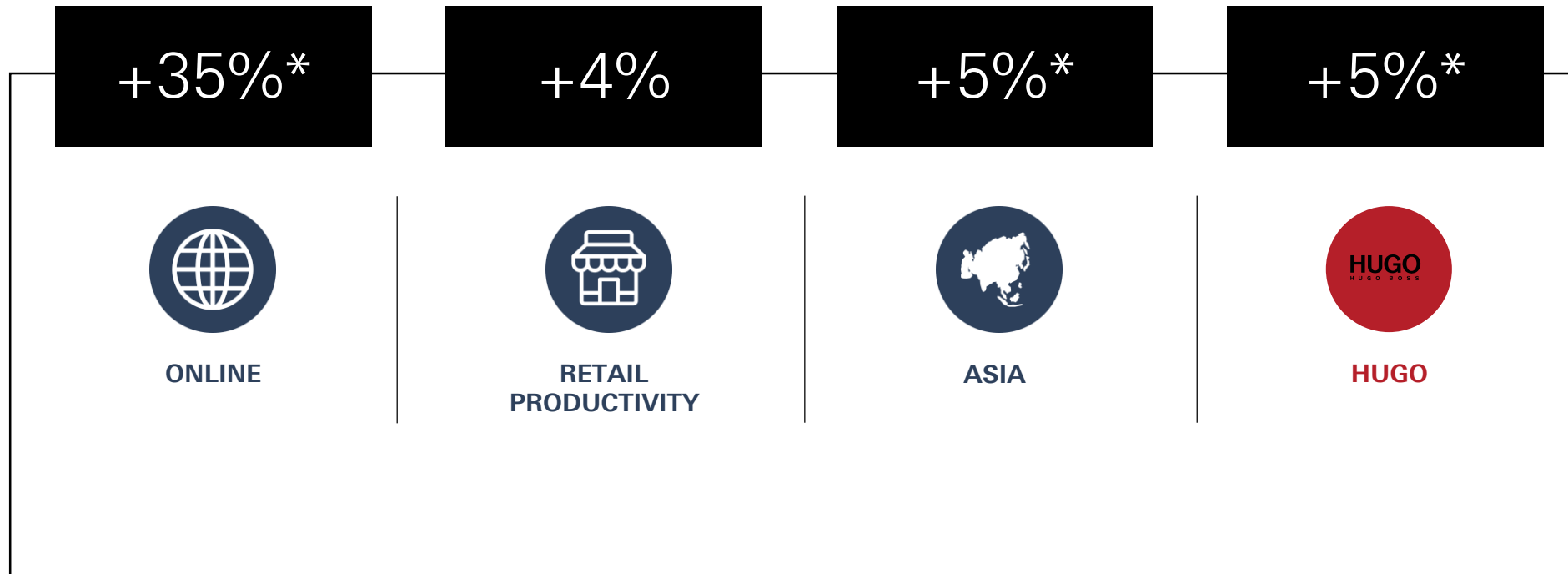
GROUP SALES 2019

EUR **2.9** BILLION

+2%

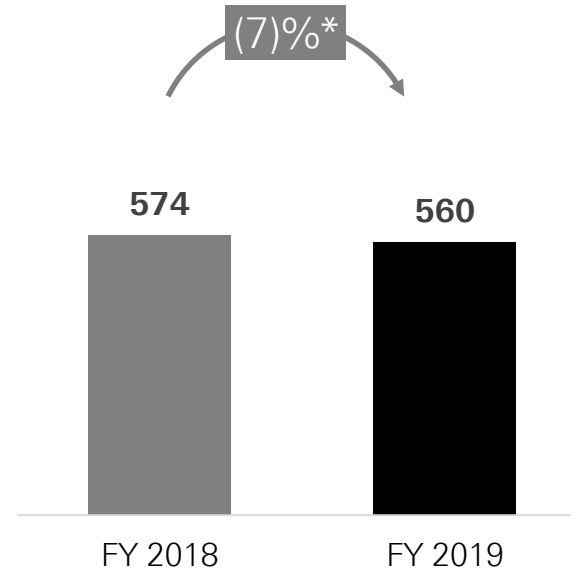
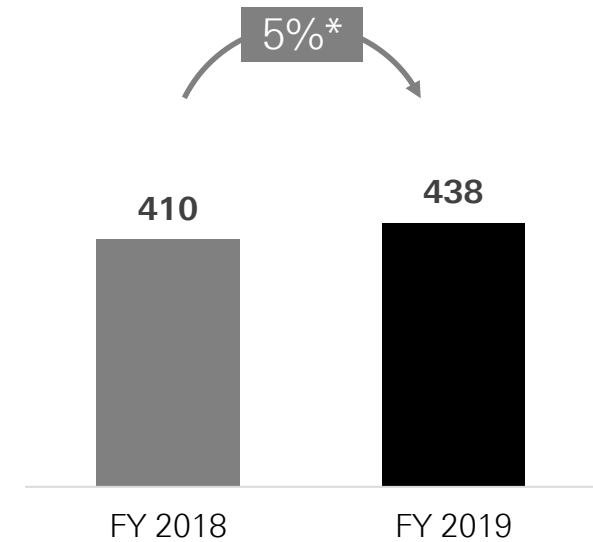
CURRENCY-ADJUSTED





All strategic growth drivers with
above-average contribution to sales

*Currency-adjusted

Europe
(in EUR million)**Americas**
(in EUR million)**Asia/Pacific**
(in EUR million)

Robust sales momentum
in Europe and Asia/Pacific continues

*Currency-adjusted

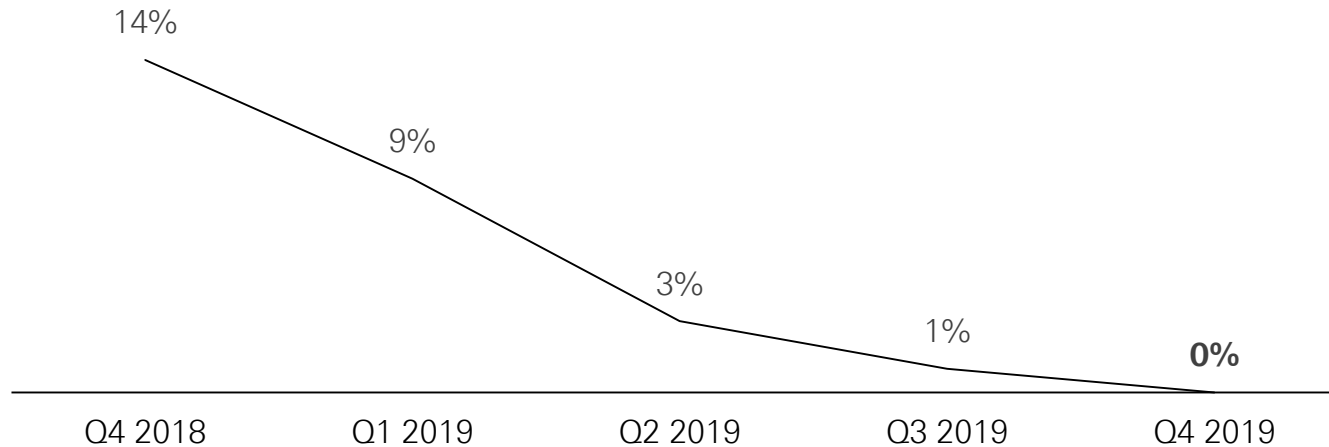
EBIT development impacted by lower gross margin and increase in operating expenses



* Excluding IFRS 16 impact

Inventory growth YOY

(in % currency-adjusted)



Ongoing strict focus on **inventory management** leads to normalization of inventory growth

Trade net working capital declines by 3%

Normalization of inventory growth
over the course of 2019

Capital expenditure

Jan.–Dec.

+24%

YOY

EUR **192** MILLION**Free cash flow***

Jan.–Dec.

+22%

YOY

EUR **207** MILLION

Higher **capital expenditure** mainly driven by further investments in own retail

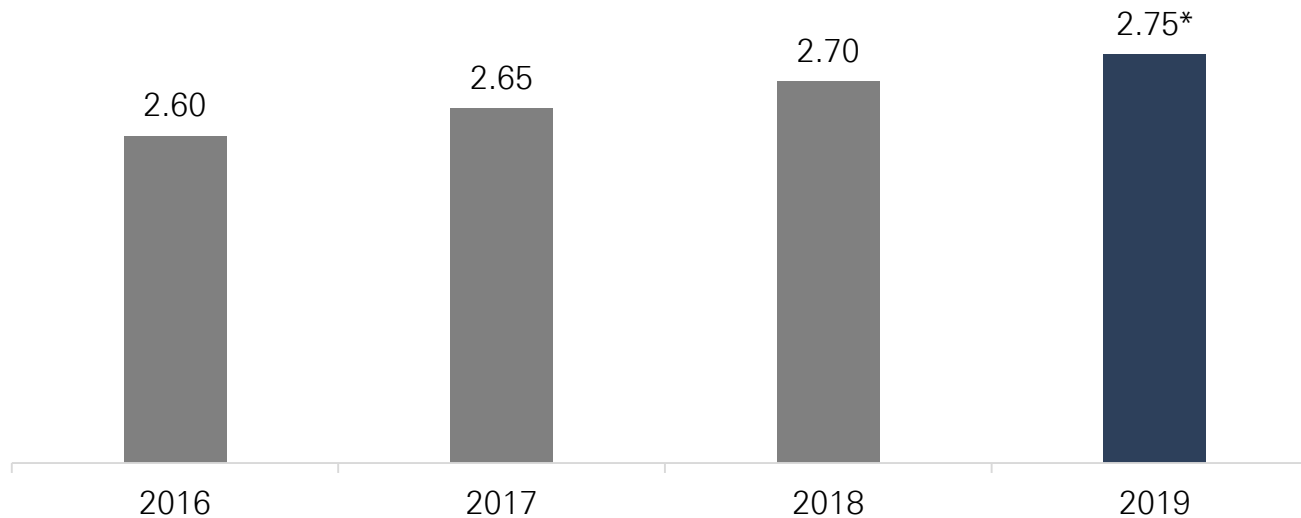
Free cash flow up 22% due to improvements in trade net working capital

Free cash flow
with strong improvement in 2019

* Excluding IFRS 16 impact

Increase in dividend reflects **strong improvement in free cash flow**

Dividend per share
(in EUR)



Dividend proposal of EUR 2.75 per share (+2% versus prior year)

Total **dividend payment** of EUR 190 million (2018: EUR 186 million)

Payout ratio of 93% (2018: 79%)

* Proposal for the 2019 fiscal year

Outlook

for the full year 2020

GROUP SALES

Development within a range of 0% to +2%

EUR 320 million to EUR 350 million

EBIT*

* Including the effects of IFRS 16

AGENDA

1 FY 2019 Results & Outlook 2020

2 **Strategic Ambition**

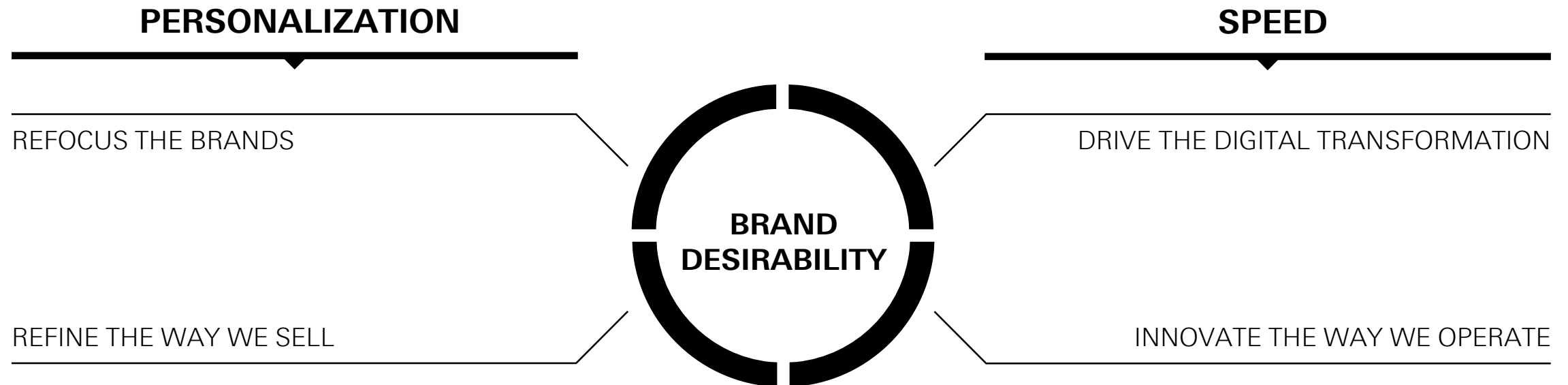
3 Backup



OUR VISION

**BE THE MOST
DESIRABLE PREMIUM
FASHION AND
LIFESTYLE BRAND**

Personalization and Speed are priorities along the four strategic fields of action





Customer expectations

More personalization

Emotional connection

Fulfilling experiences

Building on our strengths

Broad network of own retail stores

Strong reputation for style advice and fitting

Growing in-house CRM database

Personalized product offering

Personalization:
Driving customer engagement



Customer expectations

Instant gratification

Return on time spent

Fulfilling experiences

Building on our strengths

Excellence in product design and development

Industry-leading IT and logistic systems

Robust supply chain

Speed: Winning customers with industry-leading responsiveness

Focus on four strategic initiatives

to drive sustainable and profitable growth



ONLINE



RETAIL
PRODUCTIVITY



ASIA

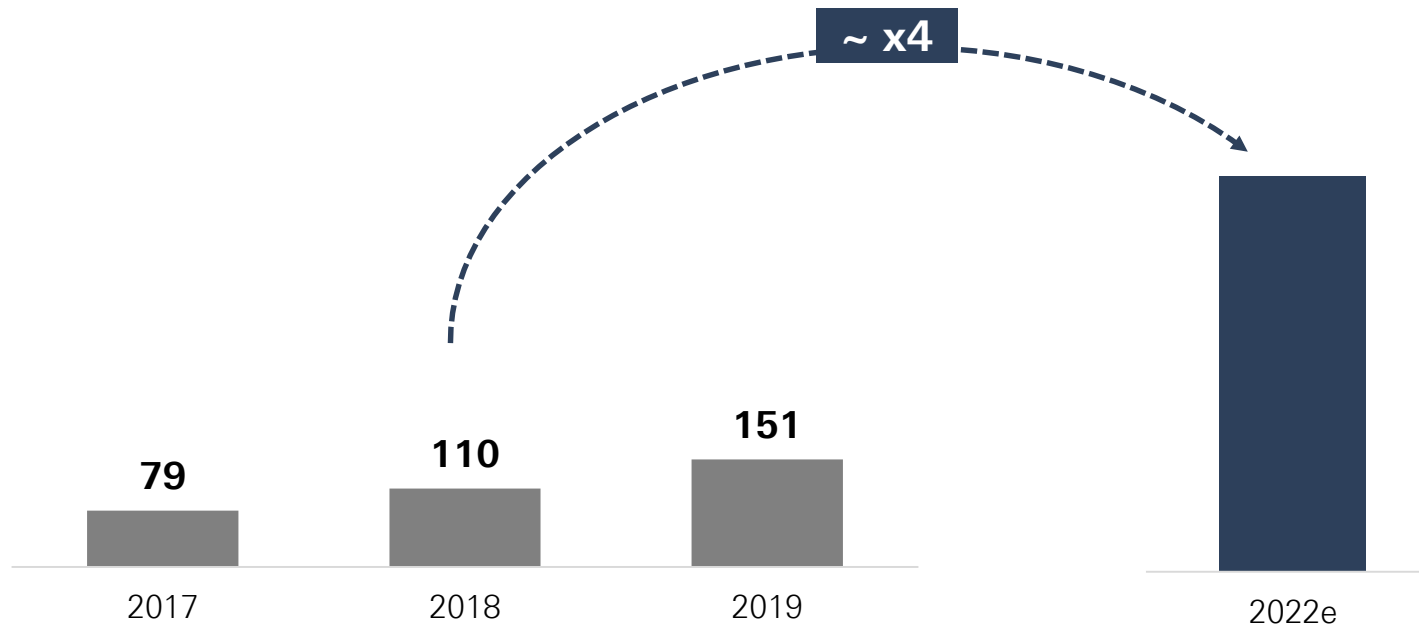


HUGO



Online sales

(in EUR million)



- 1 Accelerate online concession** business
- 2 Exploit full potential** of hugoboss.com
- 3 Enlarge omnichannel** services
- 4 Expand social** commerce

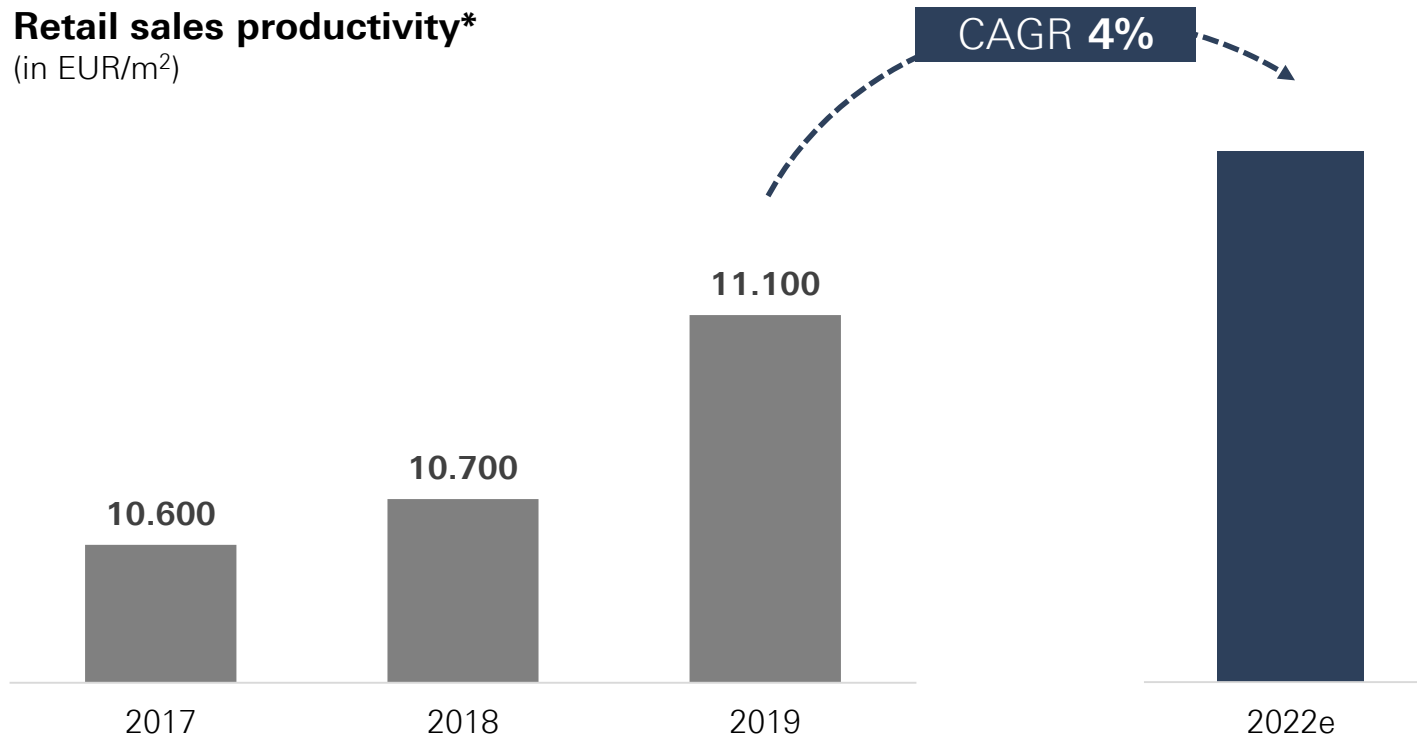
Online: Own online business to quadruple until 2022*

* = Base year 2018



Retail sales productivity*

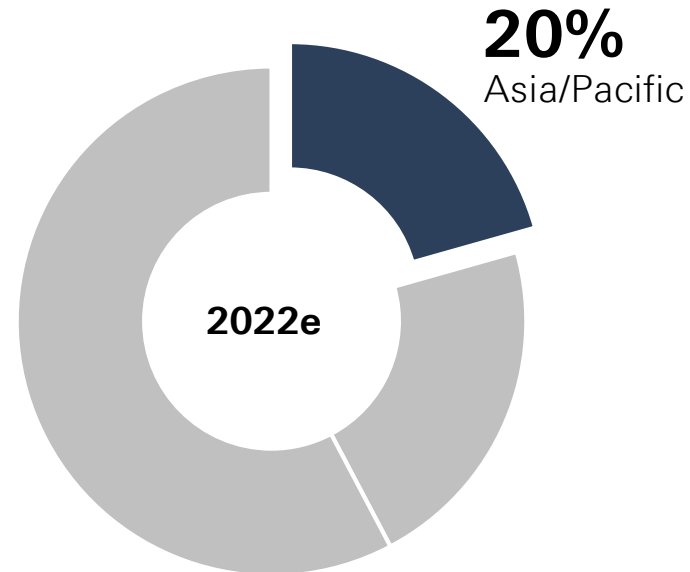
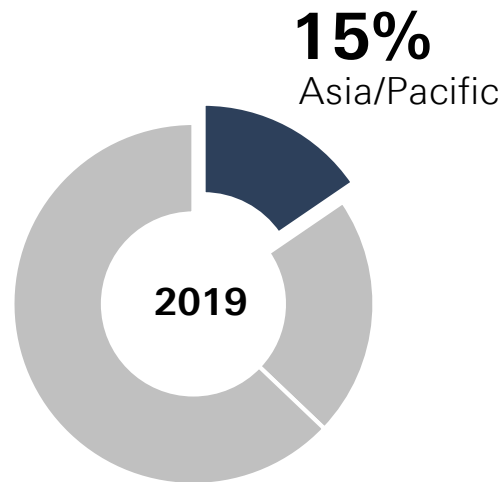
(in EUR/m²)



- 1 Accelerate** rollout of **new store** concept
- 2 Optimize store** network
- 3 Enlarge omnichannel** services
- 4 Enhance product** range
- 5 Drive retail** excellence

Retail: Further improving retail sales productivity

* = retail sales (excl. online) / net selling space

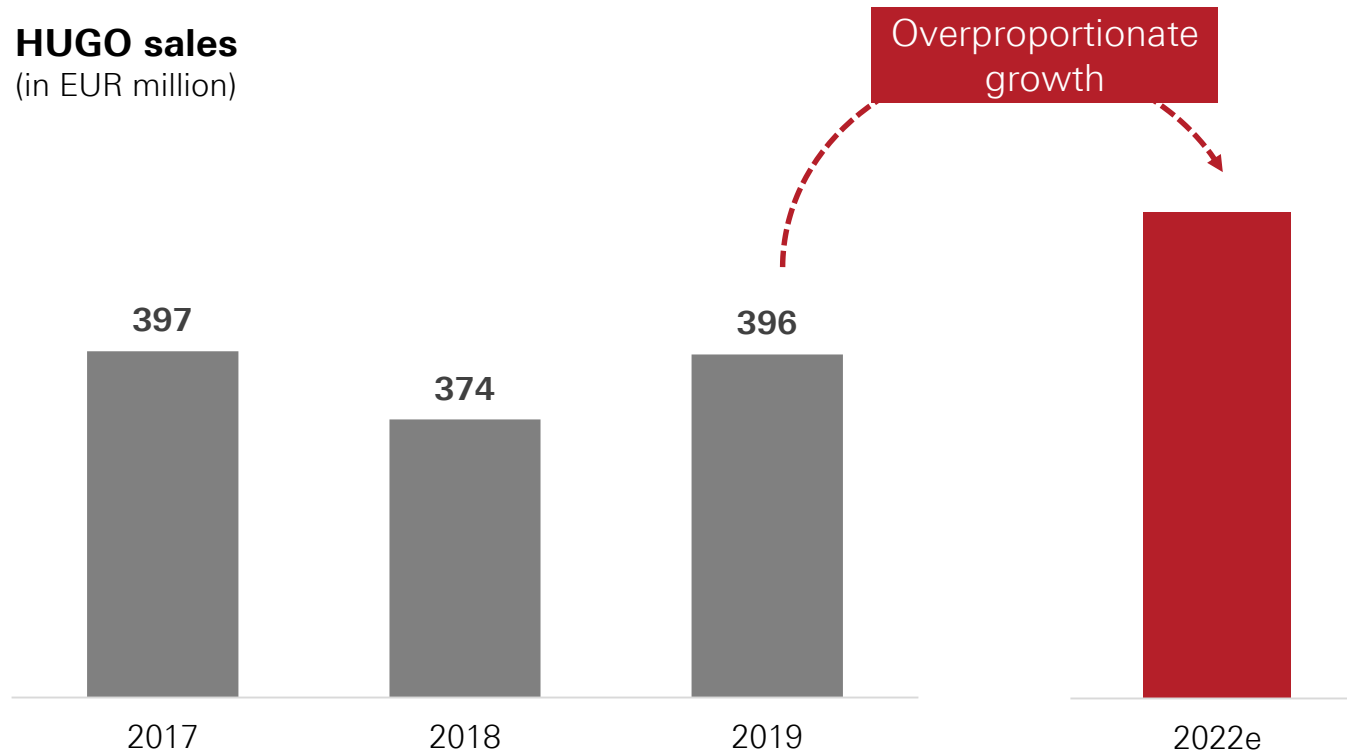


- 1 Leverage Chinese demand** across the region
- 2 Expand retail footprint** in Mainland China
- 3 Grow travel retail** business
- 4 Leverage digital opportunities** via leading online platforms

Asia/Pacific: Sales to increase at a double-digit rate



HUGO sales (in EUR million)

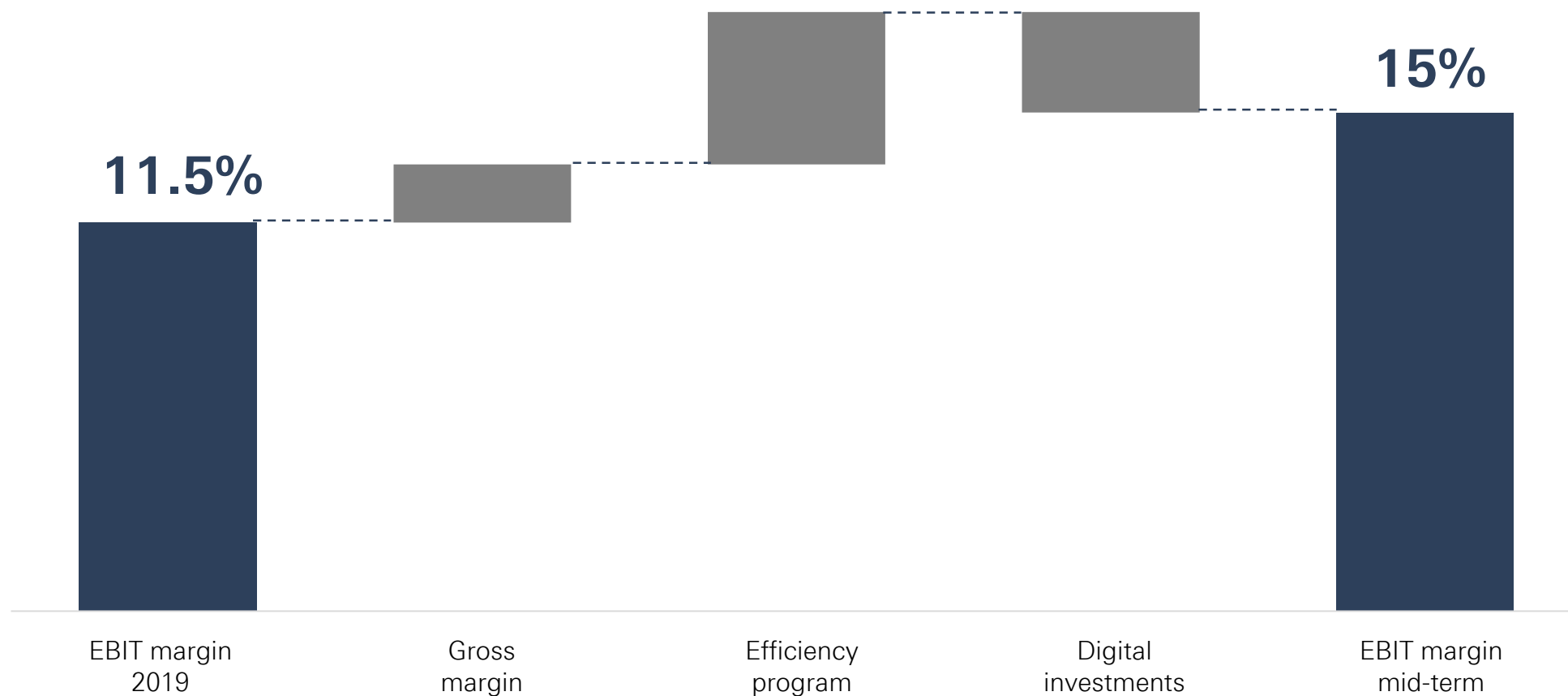


- 1 Strengthen positioning** in contemporary fashion segment
- 2 Focus on casualwear** to benefit from casualization trend
- 3 Expand store network** across key metropolitan cities
- 4 Leverage social media** presence

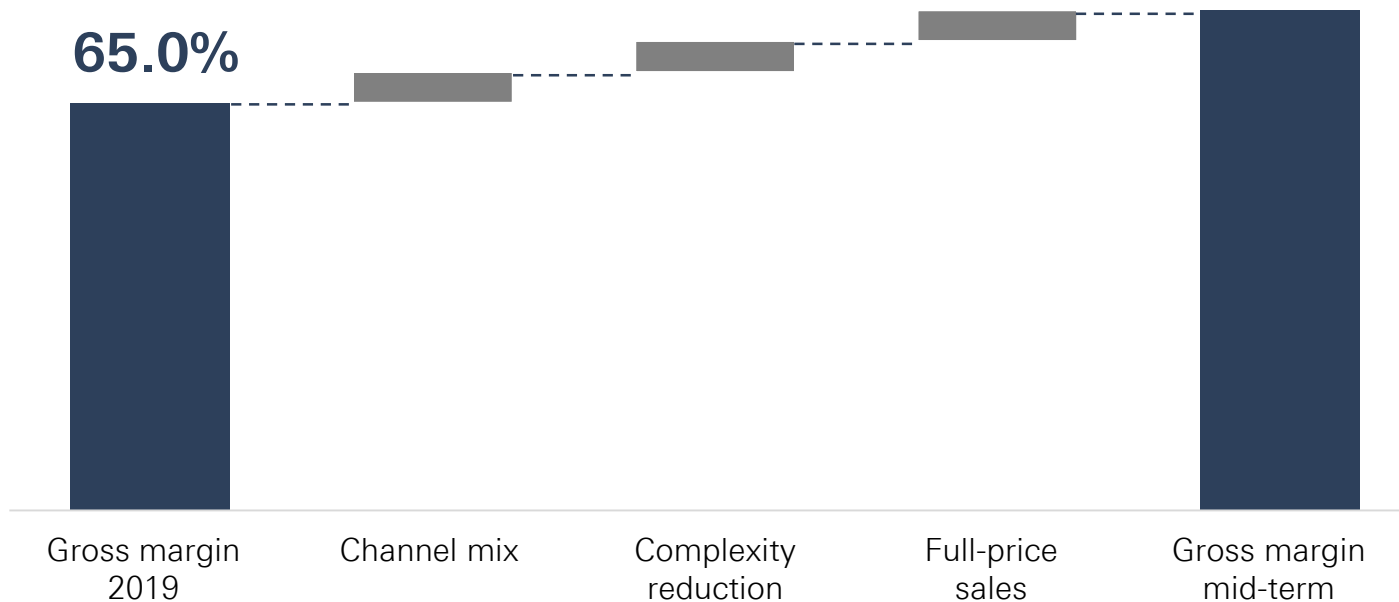
HUGO: Overproportionate growth in contemporary fashion segment

* = currency-adjusted

EBIT margin targeted at 15% in the mid-term



Gross margin expansion supported by multiple levers



Channel mix

- Increase share of controlled distribution

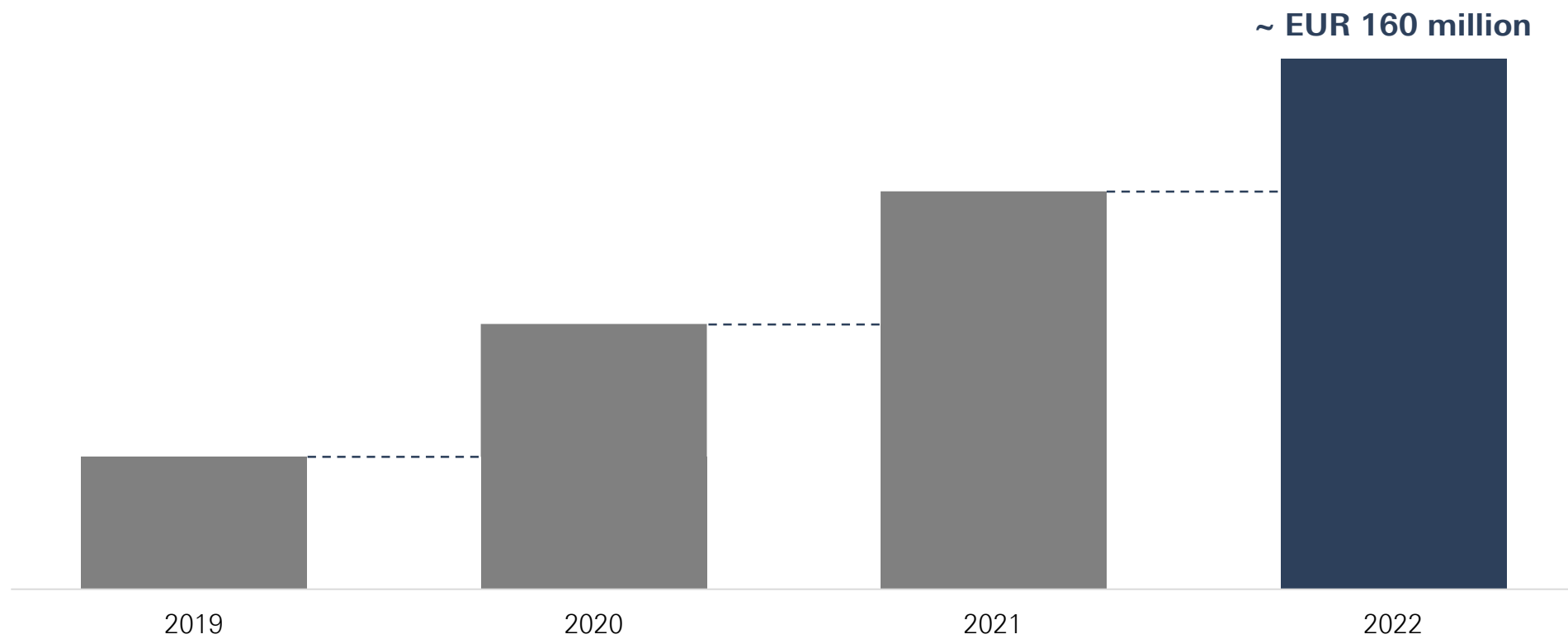
Complexity reduction

- Simplified brand portfolio leads to complexity reduction

Full-price sales

- Reduce share of outlet business
- Advanced markdown management

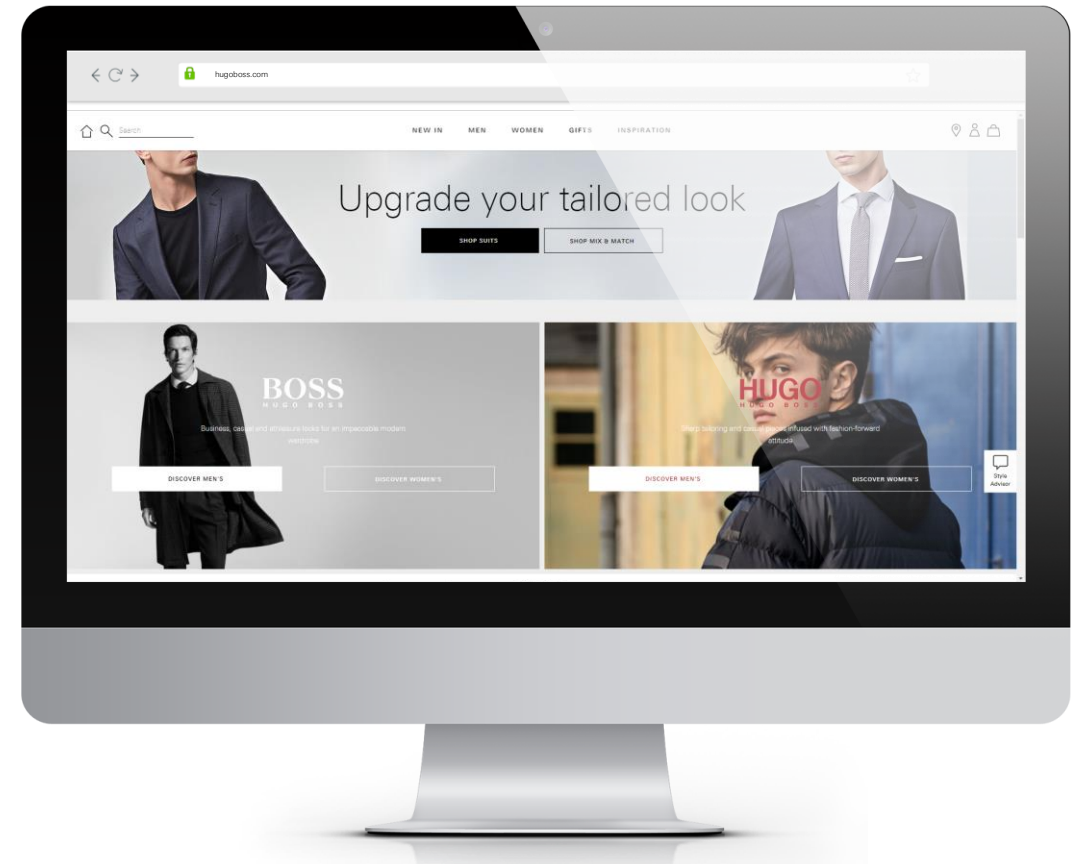
Efficiency Program to generate
total cost savings of ~ EUR 160 million





Efficiency program to **drive operating leverage**

- 1 **Exploit** full potential of **omnichannel**
- 2 **Rollout hugoboss.com** website
- 3 **Strengthen IT** capabilities
- 4 **Expand digital** content teams
- 5 **Enable** best-in-class **supply chain** capabilities



Continued investments
in **driving the digitization**

Personalization and Speed are our priorities
along the four strategic fields of action



Successful realignment of BOSS and HUGO

#iamHUGO

2 brands
customers
lifestyles

BOSS
HUGO BOSS

#ThisIsBOSS

HUGO
HUGO BOSS

BRAND STRATEGY

BOSS

#1

reason for customers
to buy **BOSS** is the
QUALITY

+15%

Sales growth YOY
Mix & Match

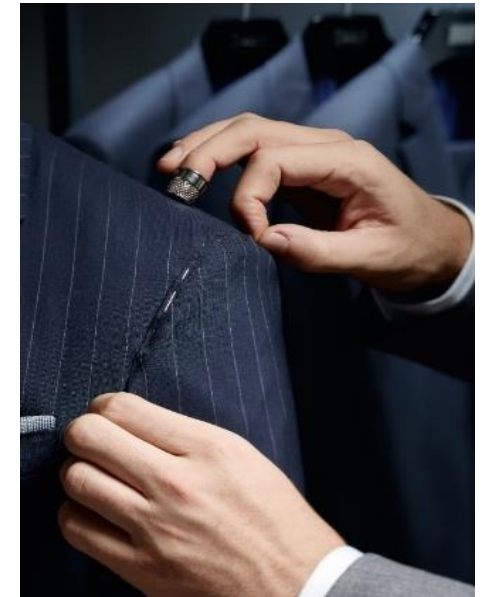


Every **3rd**
BOSS suit sold with
Stretch Tailoring



+50%

Sales growth YOY
Made-to-Measure



Strengthen tailoring heritage to drive
customer value and brand desirability

Product | Casual- and Athleisurewear



CAGR 2018-2022
double-digit



Exploit potential with
BOSS Casual- and Athleisurewear

Product | Casual- and Athleisurewear



-30%

2020 vs 2018

1

Analyze product groups and customer needs

2

Reorganize collection structure to minimize overlaps

3

Reallocate resources for product innovation

4

Free up resources for capsule collections

Complexity reduction for
BOSS Casual- and Athleisurewear

Driving brand desirability with Fall/Winter 2020 Fashion Show

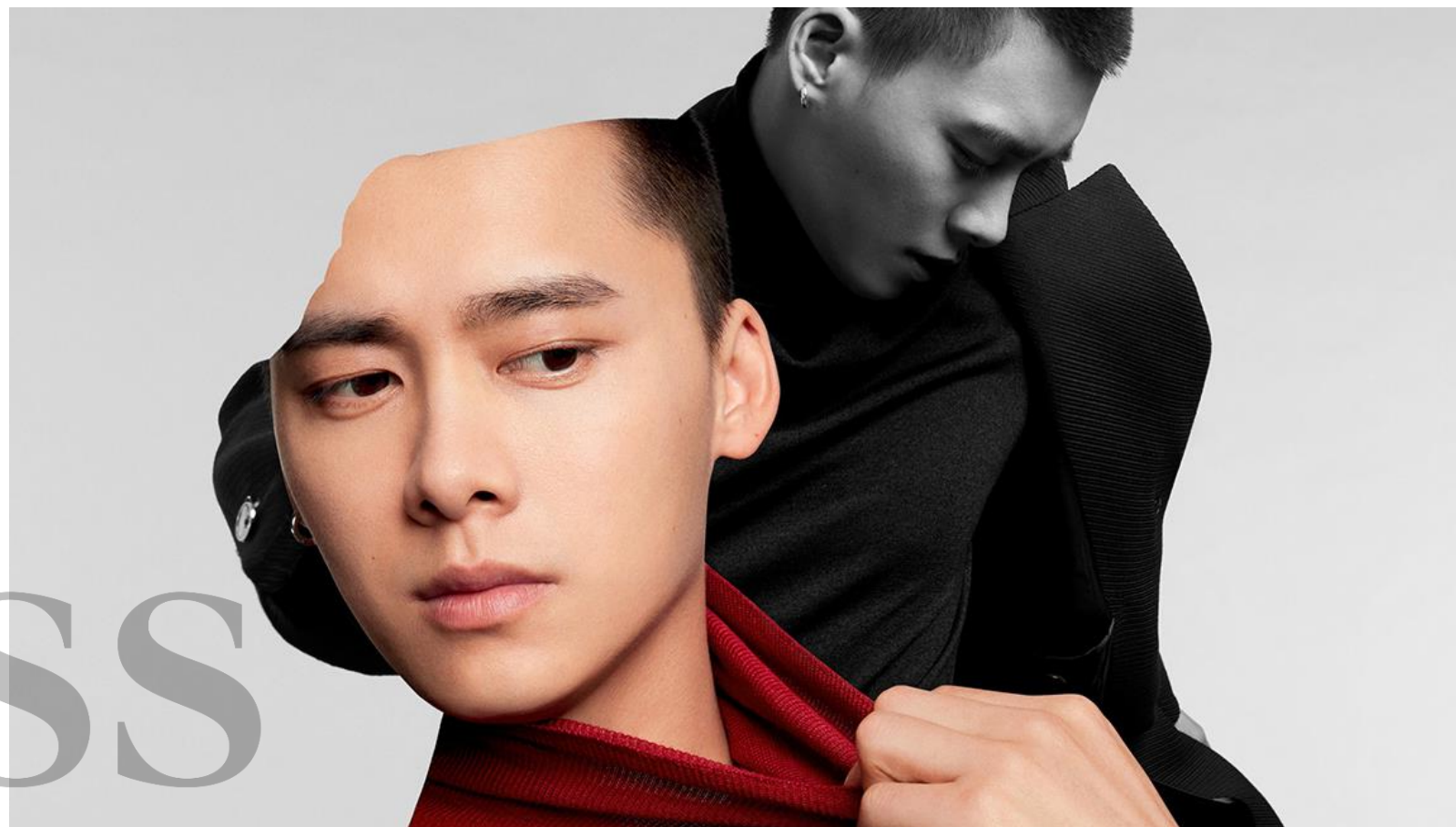


FALL/WINTER 2020 FASHION SHOW
MILAN, ITALY

BOSS
HUGO BOSS



BOSS



Li Yifeng named new
BOSS Brand Ambassador

BRAND STRATEGY

HUGO

Product | Unconventional authenticity

Businesswear



Authentic

Unconventional

Casualwear



Innovative

Offering progressive collections
for the "mix-masters"

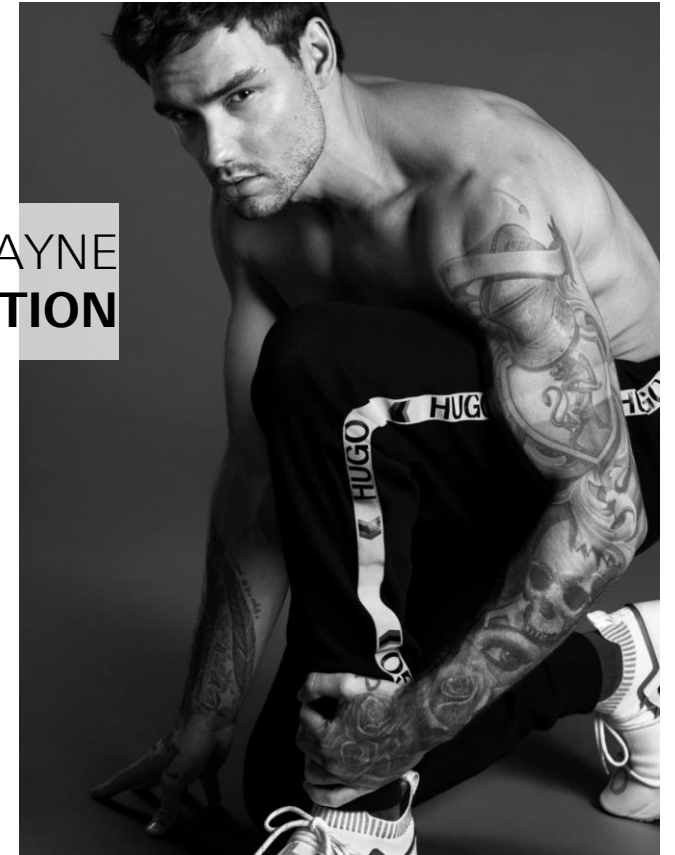
Collaboration with Liam Payne successfully initiated in 2019



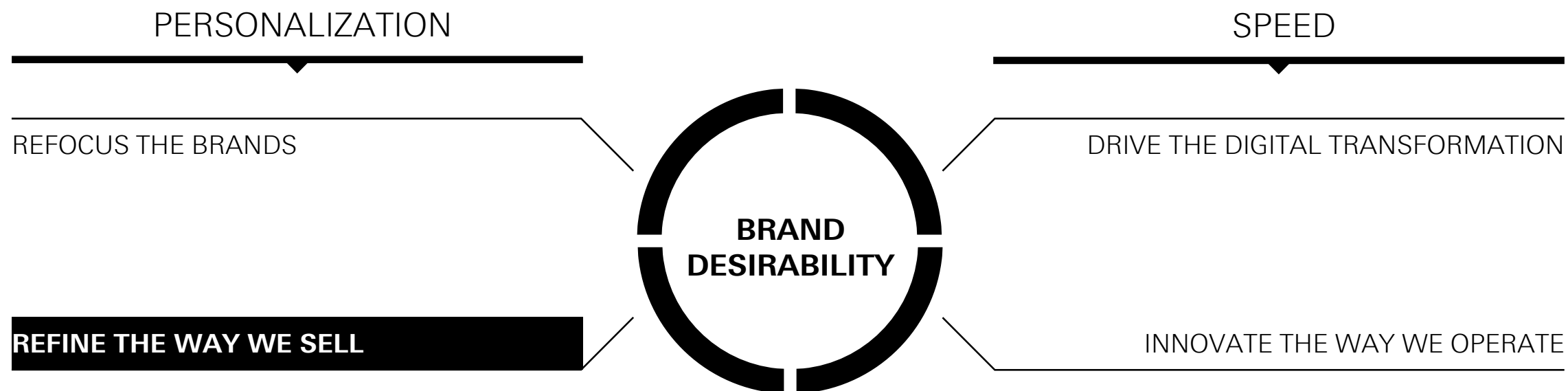
HUGO X LIAM PAYNE
BERLIN EVENT

HUGO

HUGO X LIAM PAYNE
CAPSULE COLLECTION



Personalization and Speed are our priorities along the four strategic fields of action



HUGO BOSS

RETAIL

BOSS Store, Tokyo



BOSS STORE
MEXICO CITY



BOSS STORE
AMSTERDAM



NEW **BOSS**
STORE CONCEPT

~100

BOSS STORES
WITH NEW CONCEPT

Accelerate rollout
of new BOSS store concept

BOSS celebrates reopening of its flagship store on the Champs-Élysées

BOSS
HUGO BOSS



HUGO STORE
TOKYO



HUGO STORE
MOSCOW



HUGO STORE
CONCEPT

24

HUGO STORES
IN TOTAL

HUGO Store concept targets
fashion-forward customer

Maintain retail selling space

01

Openings

Expand BOSS footprint
in Asia/Pacific

Open HUGO stores
in key metropolitan cities

Focus on
“new role of stores”

02

Relocations & closures

Right-size stores

Relocate within the
same city or mall

Close selective stores

03

Renovations

Accelerate global rollout
of new BOSS store concept

Focus on key
metropolitan cities

Renovate shops and outlets



BOSS Store, Paris

HUGO BOSS

WHOLESALE



Further strengthening strategic wholesale partnerships

01

|

02

|

03

|

04

|

05

Enhance brand
presentation

Simplify selling
process

Increase marketing
support

Expand online
cooperation

Grow demand-
driven supply

Personalization and Speed are our priorities
along the four strategic fields of action



Two different initiatives to drive Speed

ADVANCED ANALYTICS

Operations-related dimensions

1

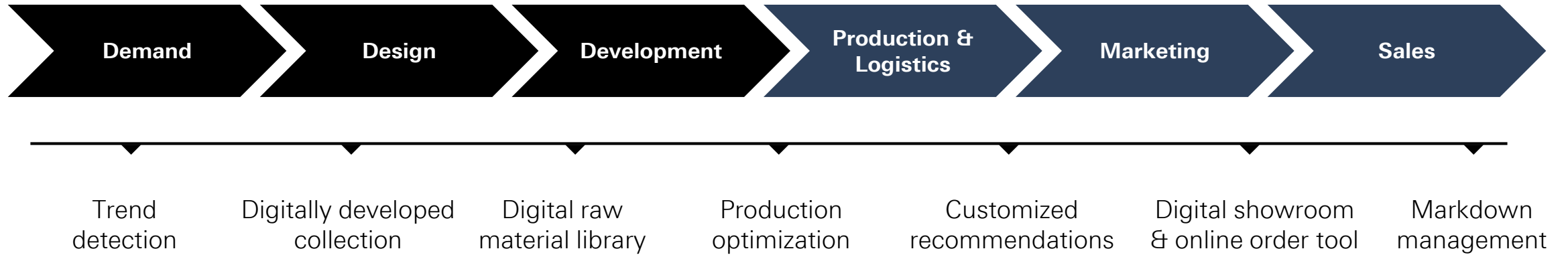


2



HUGO TRANSFORMATION

Product-related dimensions
& cultural transformation



Multiple measures
along the value chain

Design

Digitally developed collection

as a measure for speeding up

100%
non-
physical

No prototypes,
no samples

75 : 25

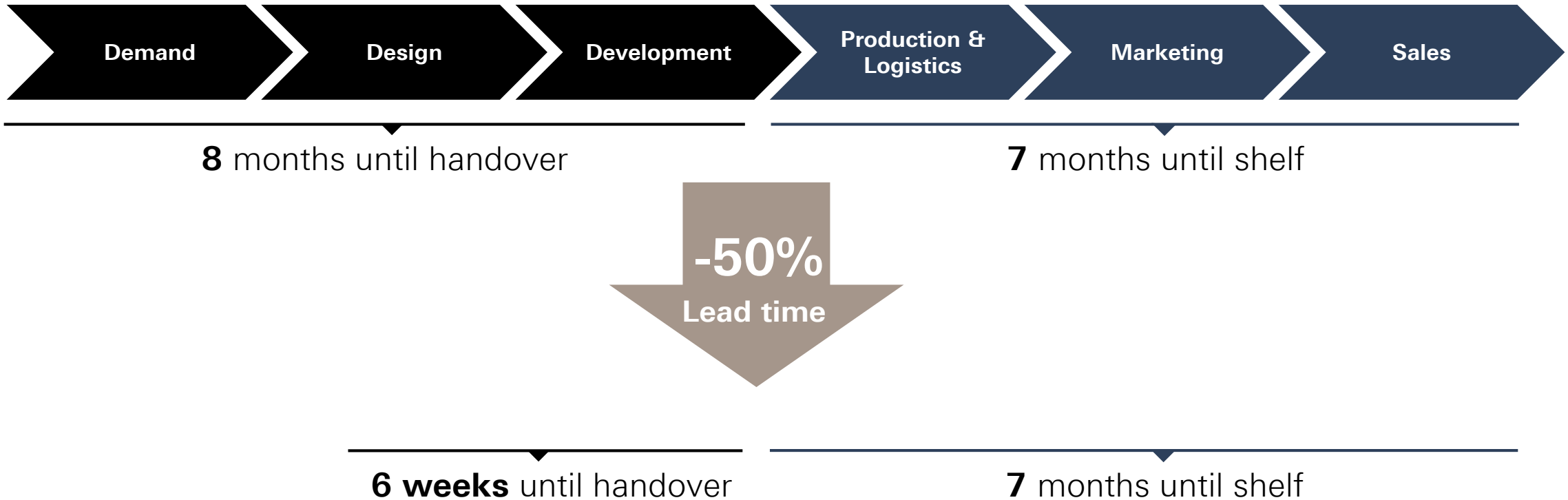
75% of styles from
current patterns,
25% from new

From
known
materials

Made from fabrics
applied in latest
collections

By digitally
enabled
vendors

Made by fast and
digitally enabled
vendors

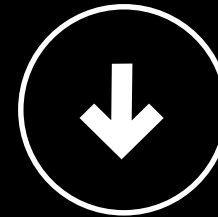


Digital development reduces
lead times by 50%

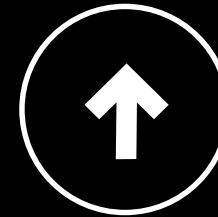
Markdown management optimization via advanced analytics



ADVANCED ANALYTICS



**Optimize
end-of-season
markdowns**



**Increase
full-price sell
through**

AGENDA

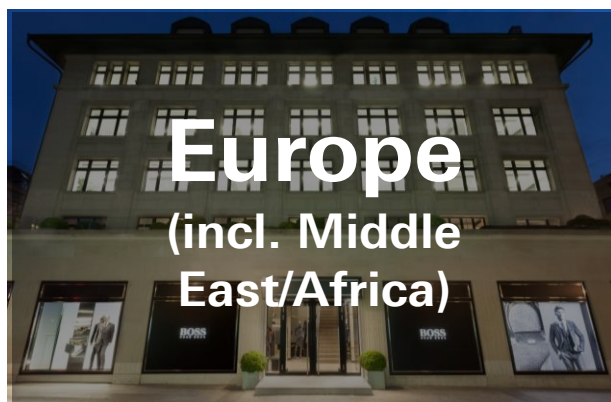
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Sales by region and major markets

Share of Group sales*



Europe
(incl. Middle
East/Africa)

63%

Germany: 14%

Great Britain: 13%

France: 6%

Benelux: 5%

Other: 25%



Americas

19%

U.S.: 14%

Canada: 3%

Central & South America: 2%



Asia/Pacific

15%

China: 8%

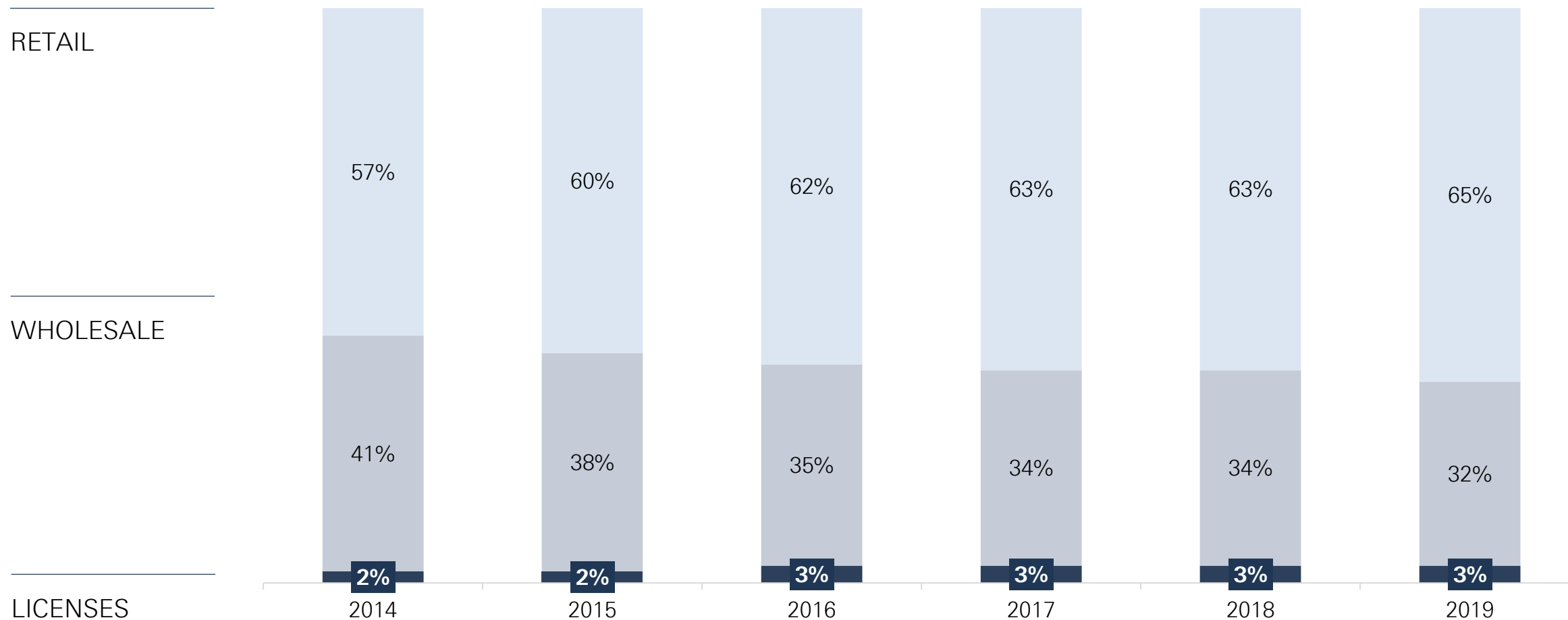
Oceania: 2%

Japan: 2%

Other: 3%

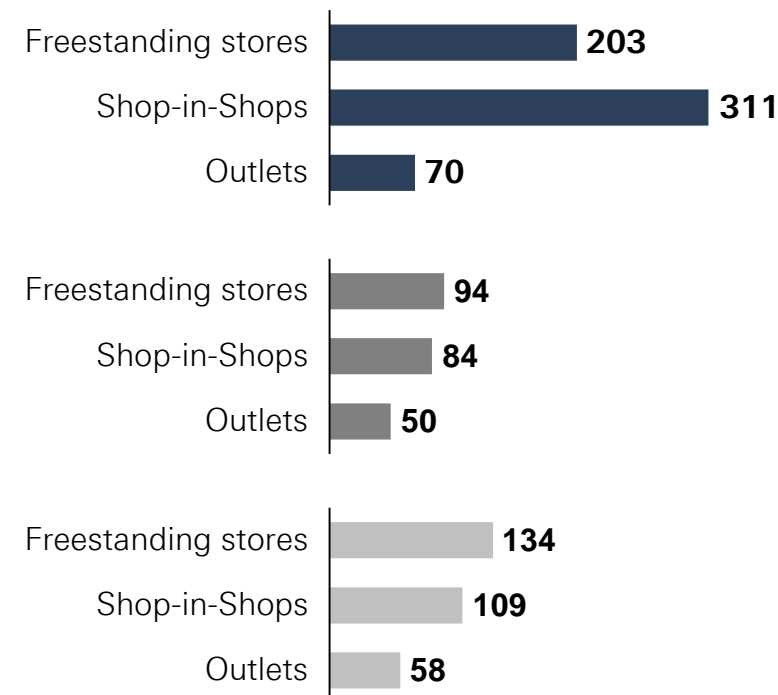
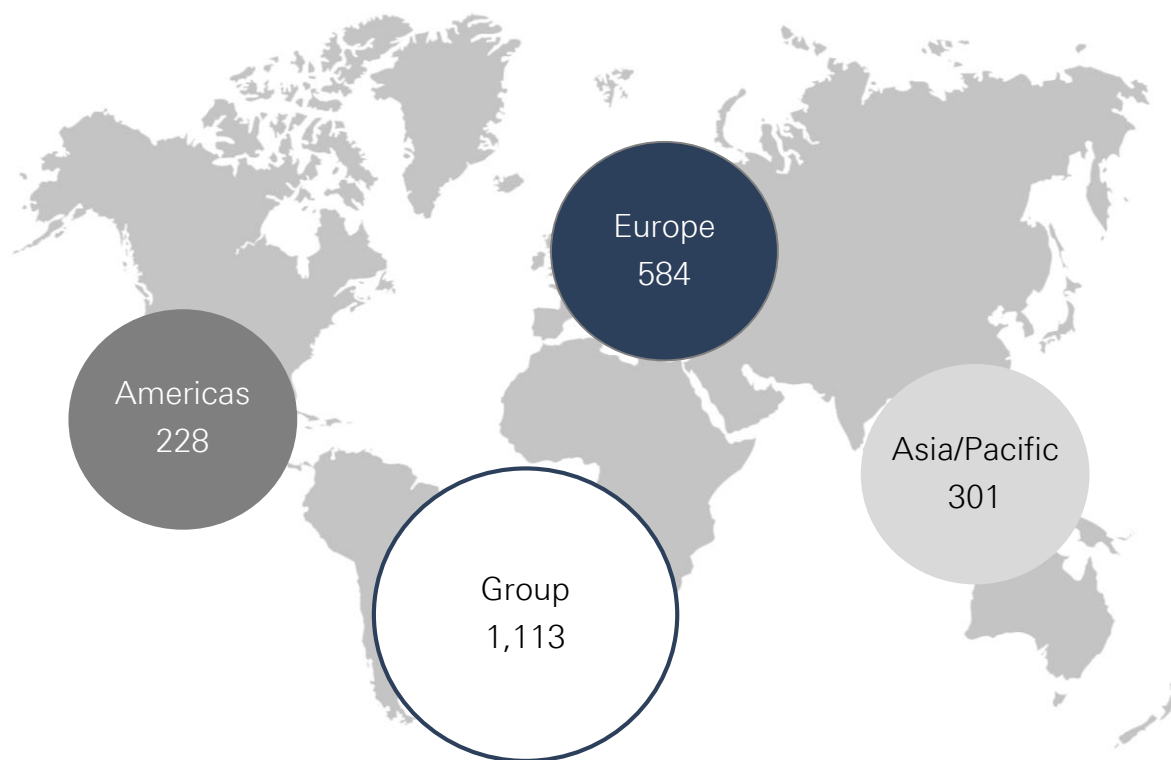
* = as of 2019; 3% licenses

Sales by distribution channel



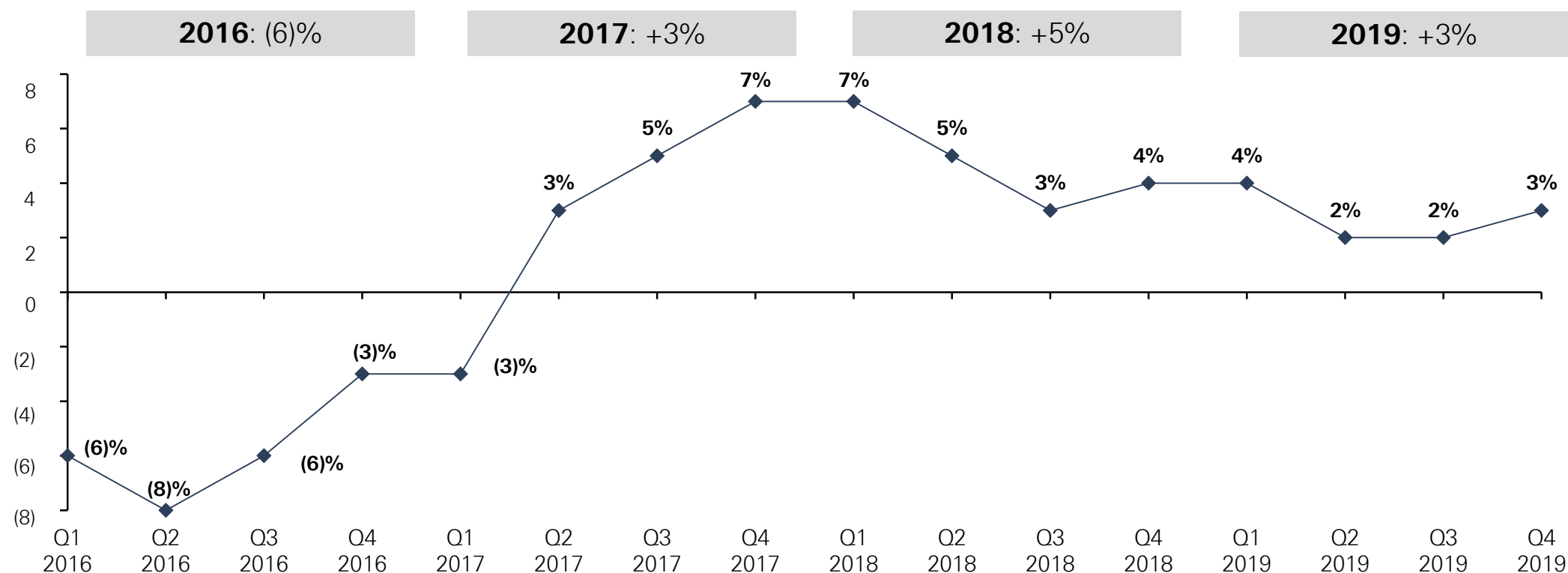
Number of Group's own retail stores by region

As of 31/12/2019



Retail comp stores sales

Retail I-f-I sales development*

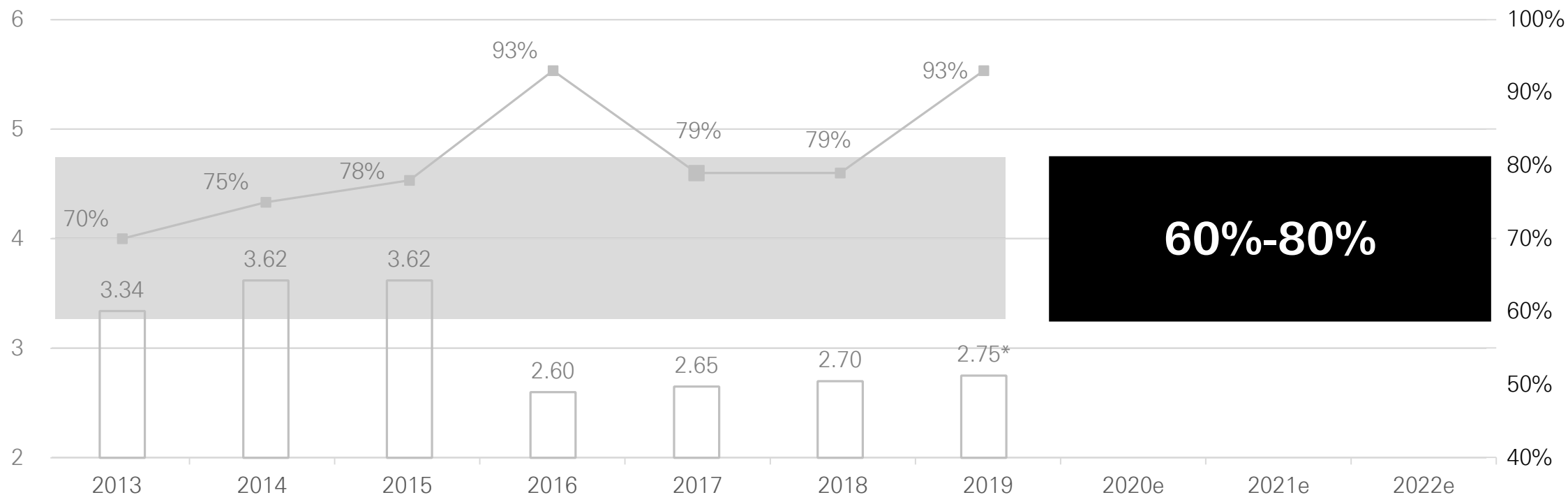


*currency-adjusted

Shareholder return

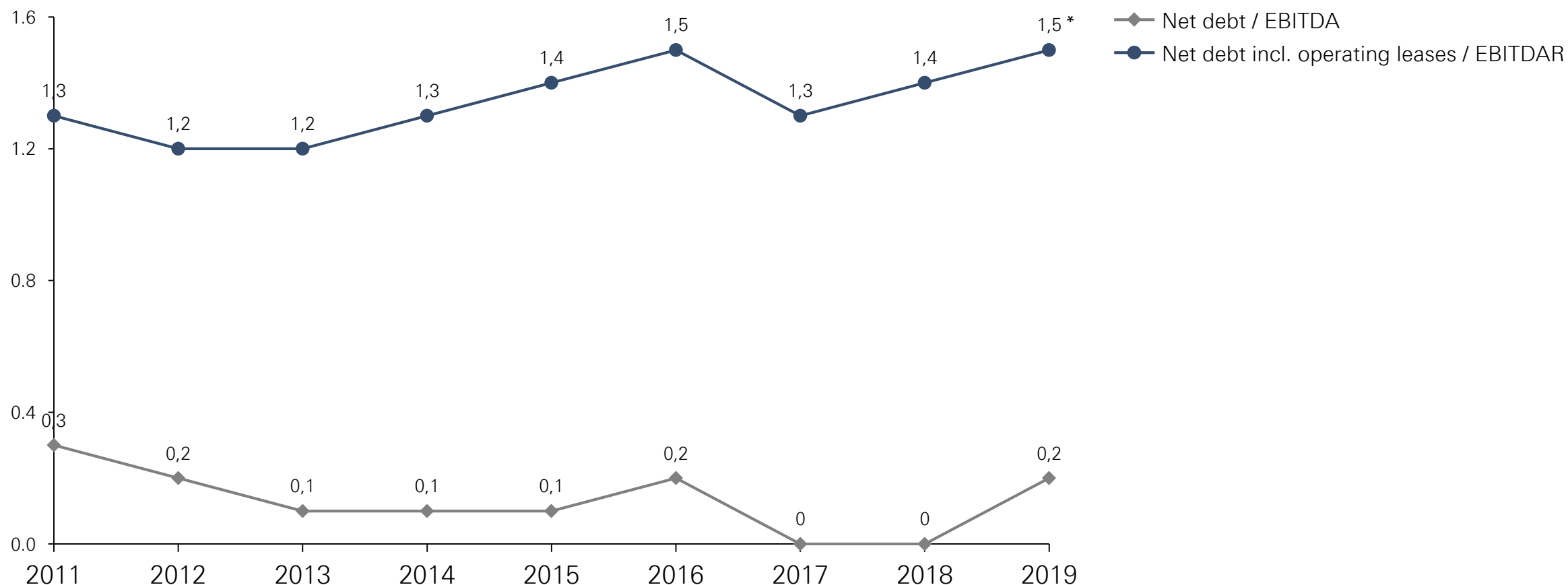
Strong commitment to profit-based dividend policy

Dividend payout ratio in % of net income, dividend in EUR



* Proposal

(Adjusted) financial leverage

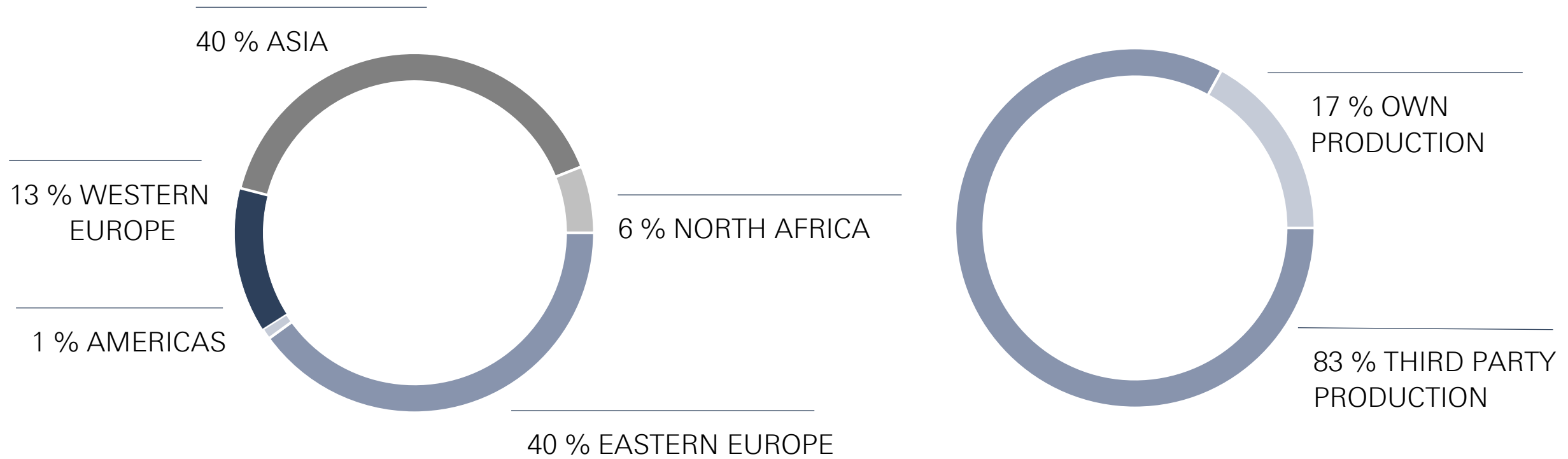


Operating leases
EBITDAR

*

= Future committed operating lease obligations capitalized according to S&P methodology
= EBITDA + minimum rents + contingent rents
= Net debt / EBITDA including the impact of IFRS 16

Sourcing and production structure*



* = as of 2019, in value terms

Multi-Year overview

	2019	2018	2017	2016	2015
Sales	2,884	2,796	2,733	2,693	2,809
Gross profit	1,875	1,824	1,808	1,777	1,853
Gross profit margin in %	65.0	65.2	66.2	66.0	66.0
EBITDA	467	476	499	433	590
EBIT	333	347	341	263	448
EBIT margin in %	11.5	12.4	12.5	9.8	15.9
Net income	212	236	231	194	319
Trade net working capital in % of sales	20.1	19.7	18.6	19.8	19.5
Non-current assets	831	686	662	752	765
Shareholders equity	1,009	981	915	888	956
Total assets	1,993	1,858	1,720	1,799	1,800
Free cash flow	207	170	294	220	208
Net debt	83	22	7	113	82
Capex	192	155	128	157	220
Depreciation/amortization	134	129	158	170	142
Total leverage ¹	0.2	0.0	0.0	0.2	0.1
Dividend per share	2.75 ²	2.70	2.65	2.60	3.62

1 Net financial liabilities/EBITDA before special items.

2 Proposal.

Financial Calendar & Investor Relations contact

MAY
5
2020

First Quarter Results 2020

**Christian
Stöhr**
Head of
Investor Relations

E-Mail: Christian_Stoehr@hugoboss.com

Phone: +49 (0) 7123 94 - 80903

MAY
7
2020

Annual Shareholders' Meeting

Frank Böhme
Senior Investor
Relations Manager

E-Mail: 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.

