

Investor Day

Drive the digital transformation
& innovate the way we operate

Mark Langer

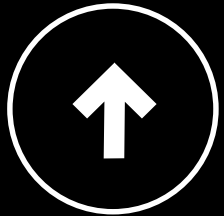
Chief Executive Officer

November 15, 2018

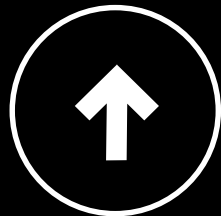
Speed:

Winning customers
with industry-leading
responsiveness

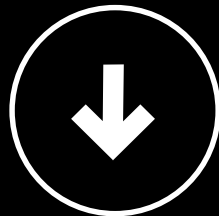
Speed reduces risks and contributes to sales and margin improvements



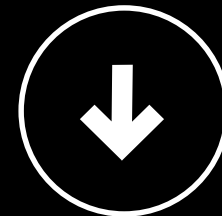
**React faster
to in-season
trends**



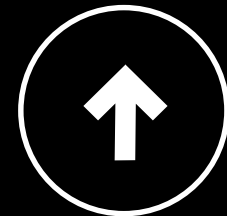
**Higher
inventory turn**



**Avoid excess
inventory**



**Reduce average
markdowns**



**Increase
full-price sell
through**

Two different initiatives drive Speed

ADVANCED ANALYTICS

Operations-related dimensions

1

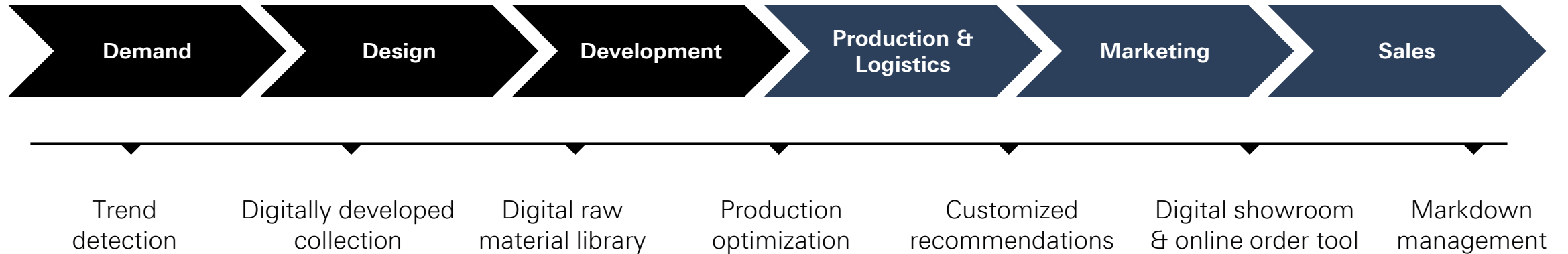


2



HUGO TRANSFORMATION

Product-related dimensions
& cultural transformation







Multiple measures
along the value chain

Demand

Collection of signals

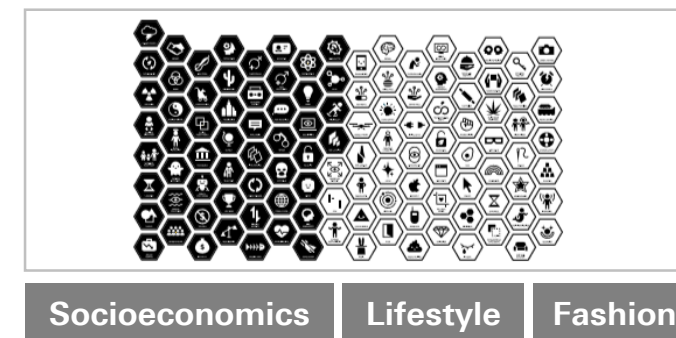
Machine

-  Search, Filter & Signal Analysis
-  Fringe Collection
-  Automated Bots
-  Subject-Specific Intelligence

Monitoring and tracking of behavioral patterns



Development of trends



Trend detection to be
closer to customer demand

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

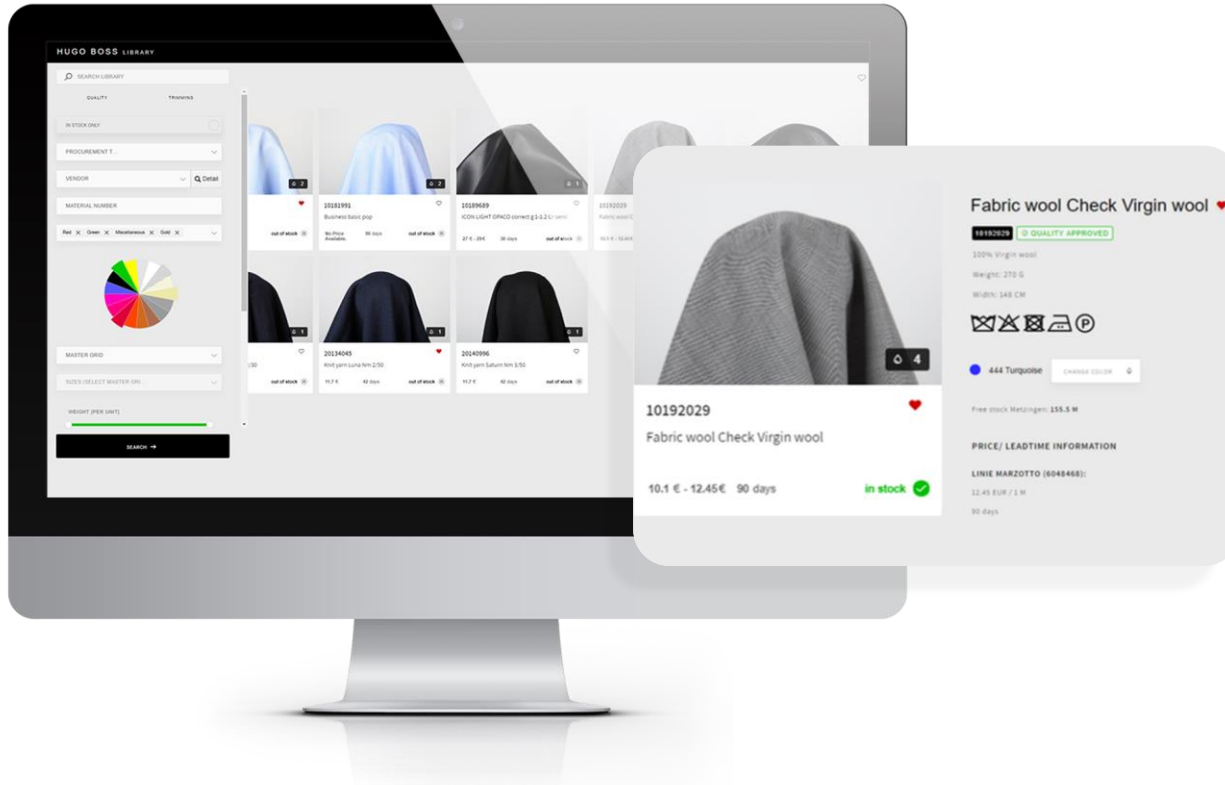
From
known
materials

Made from fabrics
applied in latest
collections

By digitally
enabled
vendors

Made by fast and
digitally enabled
vendors

Development

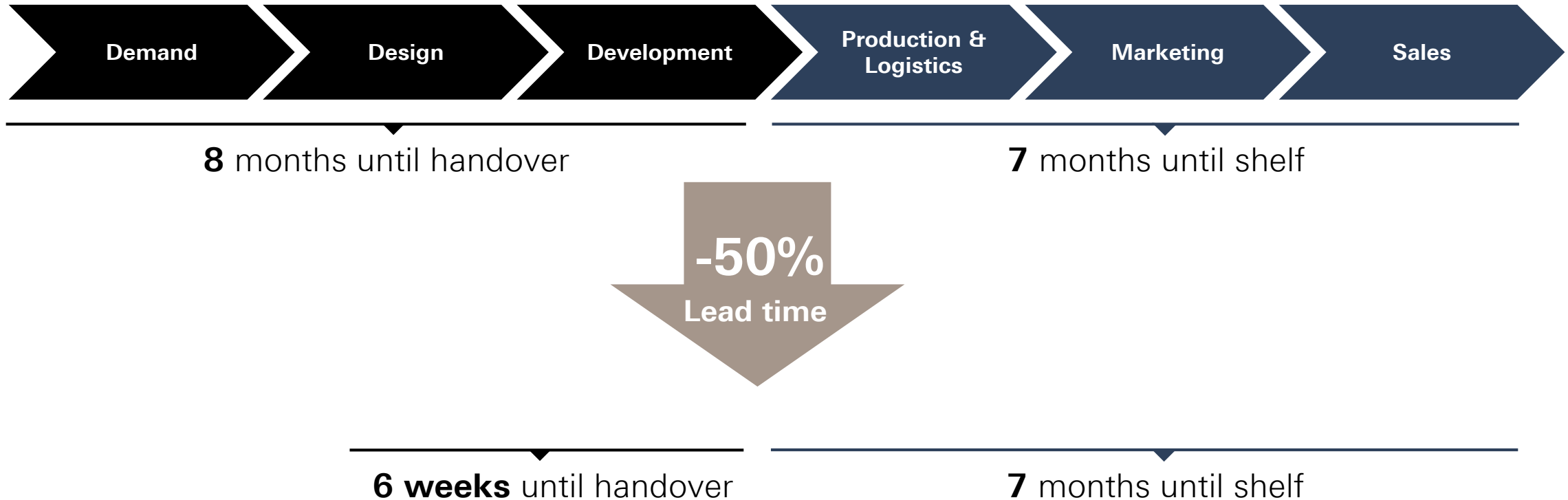


Go-live
June 2018

40 fabrics &
100 trimmings available today

Agile development &
continuous learning

Digital raw material library is the
foundation for digital designs



Digital development reduces lead times by 50%

Production facility in Izmir makes further progress to become a “smart factory”



40% reduction of set-up time
for a new production line

Rewarded virtual training
reduces training time by 40%

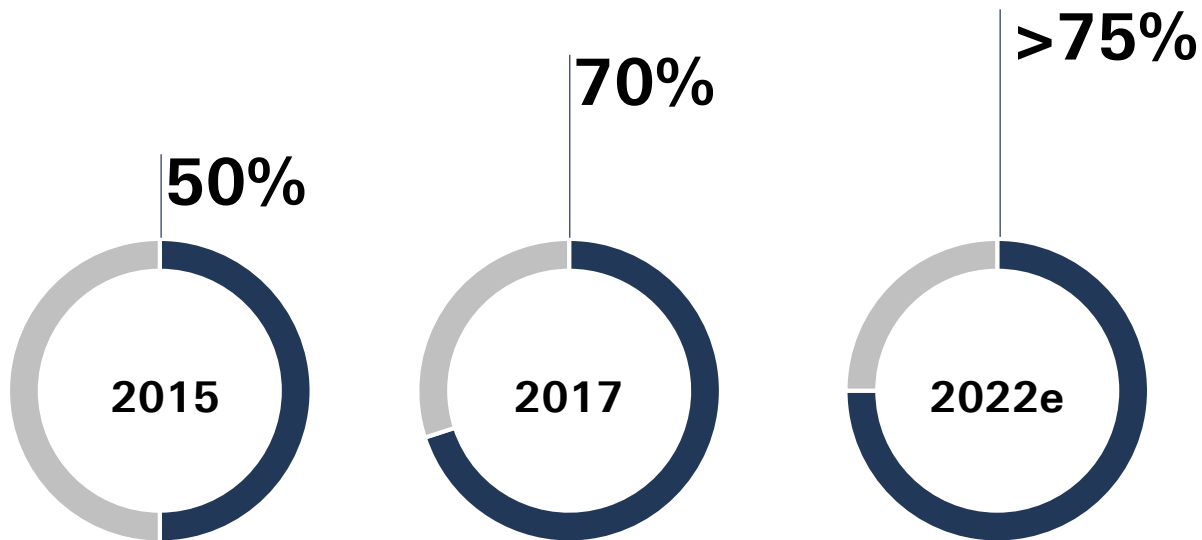
95% accuracy
to predict operational defects

Marketing

Focusing on **online marketing** to meet customer expectations

Marketing split online/print

■ Online ■ Print

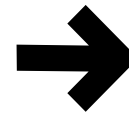
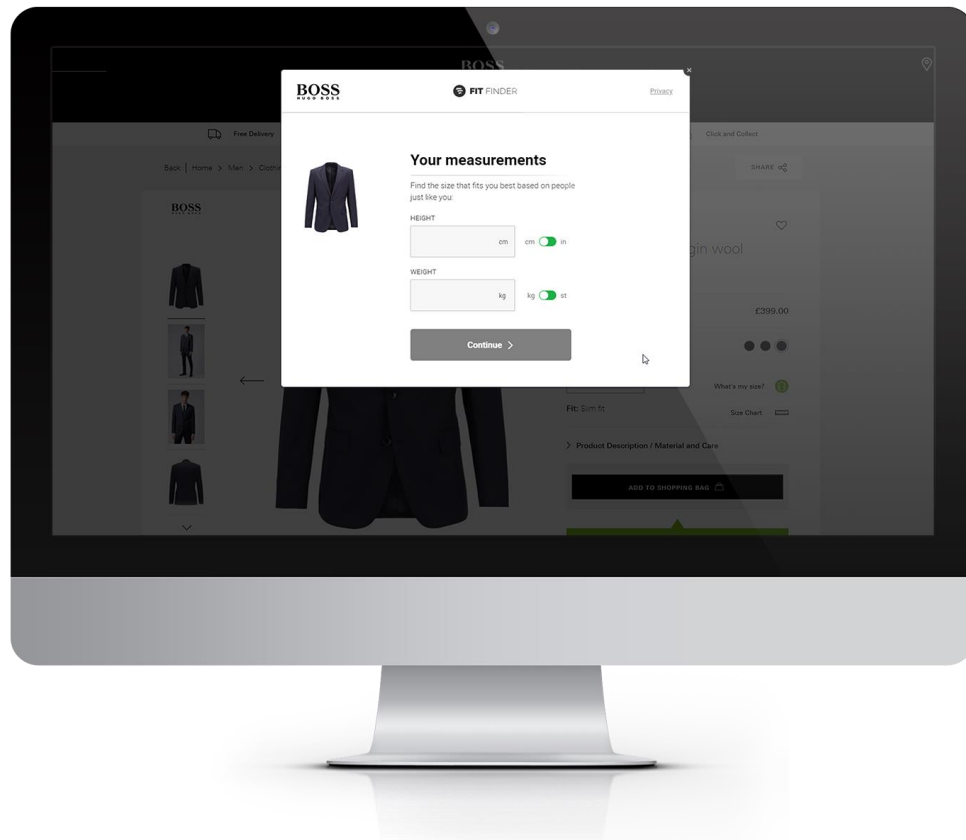


#7

HUGO BOSS

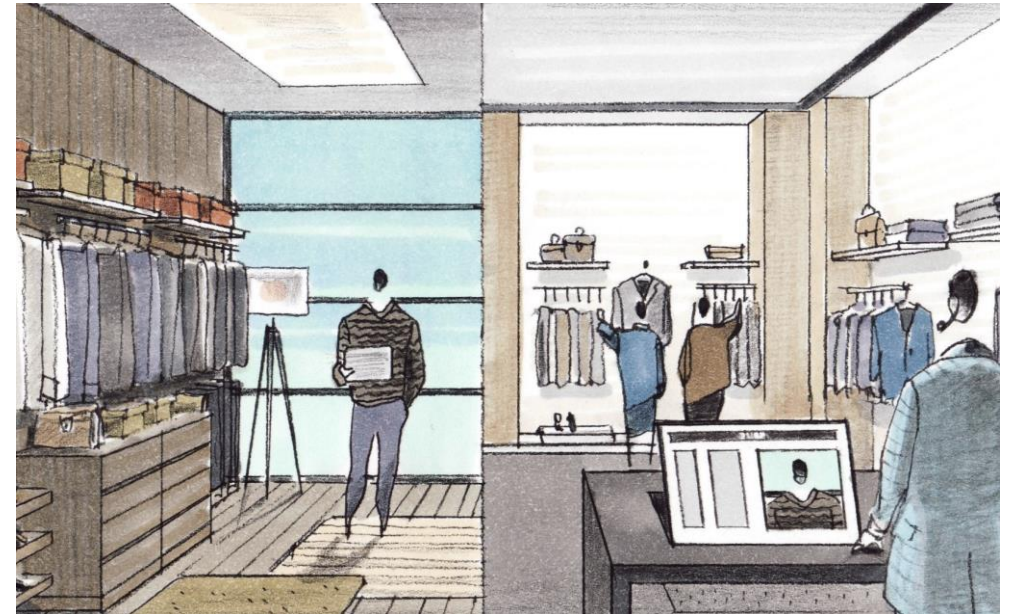
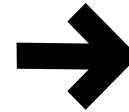


Online Fit Finder to enhance customer journey

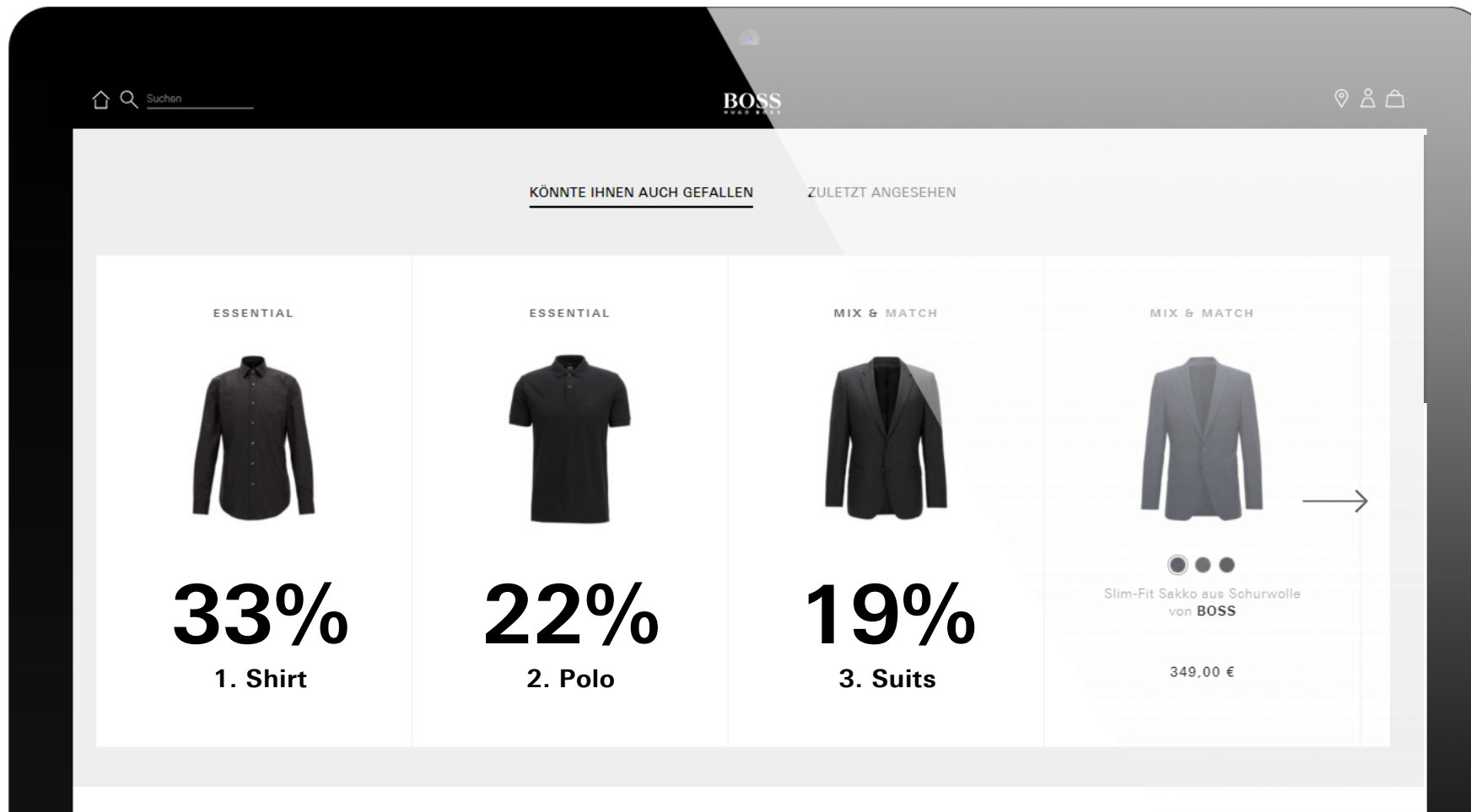


Marketing

Online stylist to offer personal recommendations



Personalized **product recommendations** drive sales growth



+25%
sales

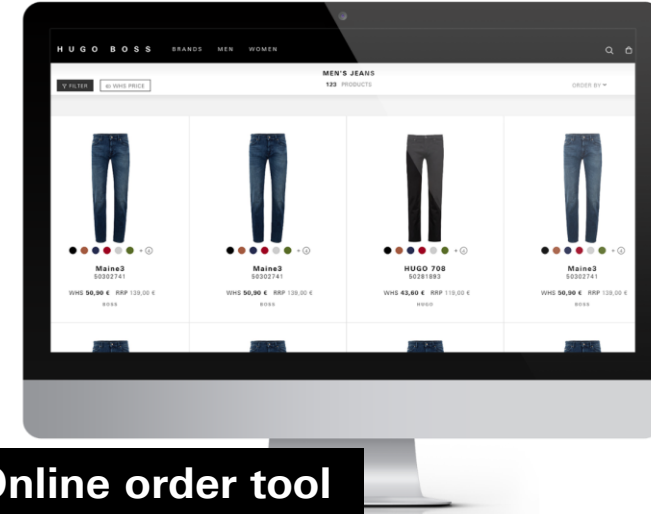
Sales



Digital Showroom

Functionally rolled out for HUGO

Rollout for BOSS planned for 2019



Online order tool

Expected to be completed in 2019

Further regional rollouts planned

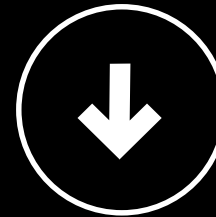
Sales: Digital showroom and online order tool for B2B business

Sales

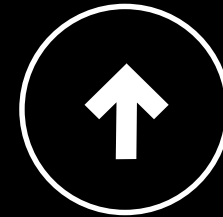
Markdown management optimization via advanced analytics



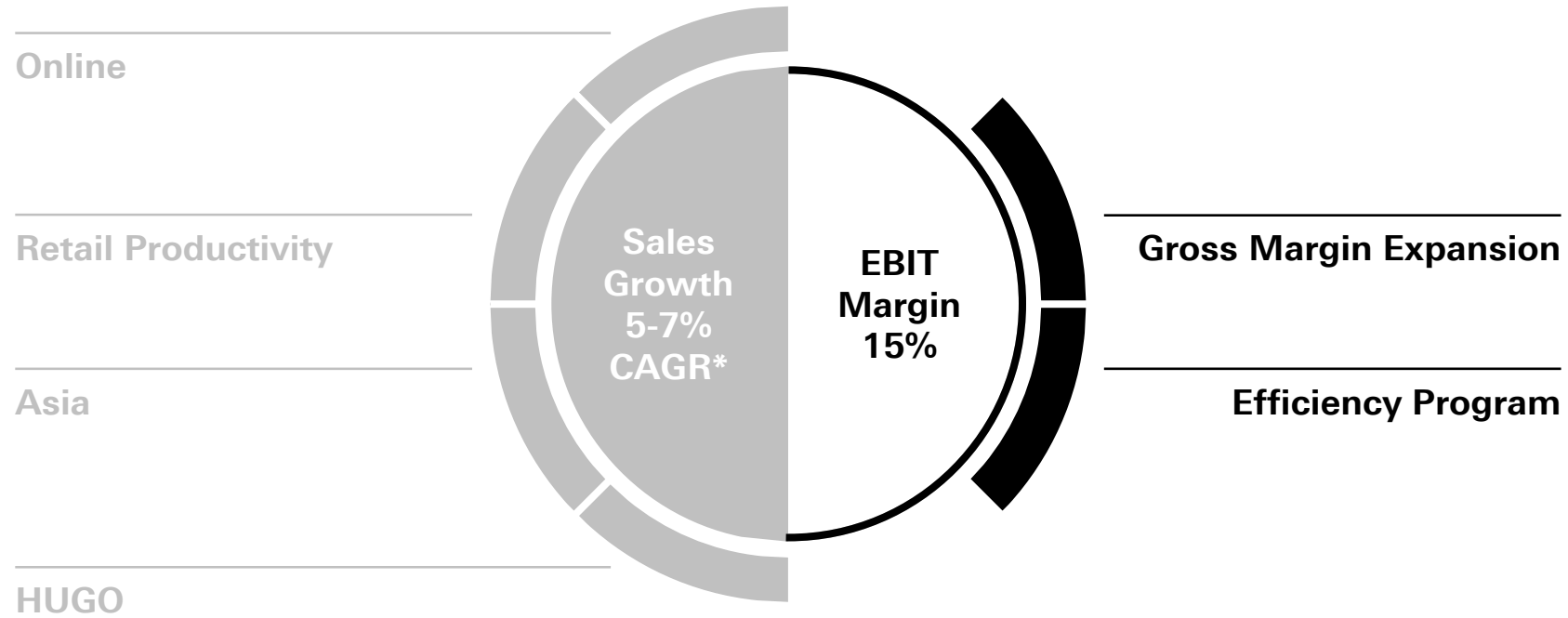
ADVANCED ANALYTICS



**Optimize
end-of-season
markdowns**



**Increase
full-price sell
through**



Key drivers of sales growth and EBIT margin expansion

* = currency-adjusted