

Investor Meeting Presentation

Investor Day 2018 - Summary

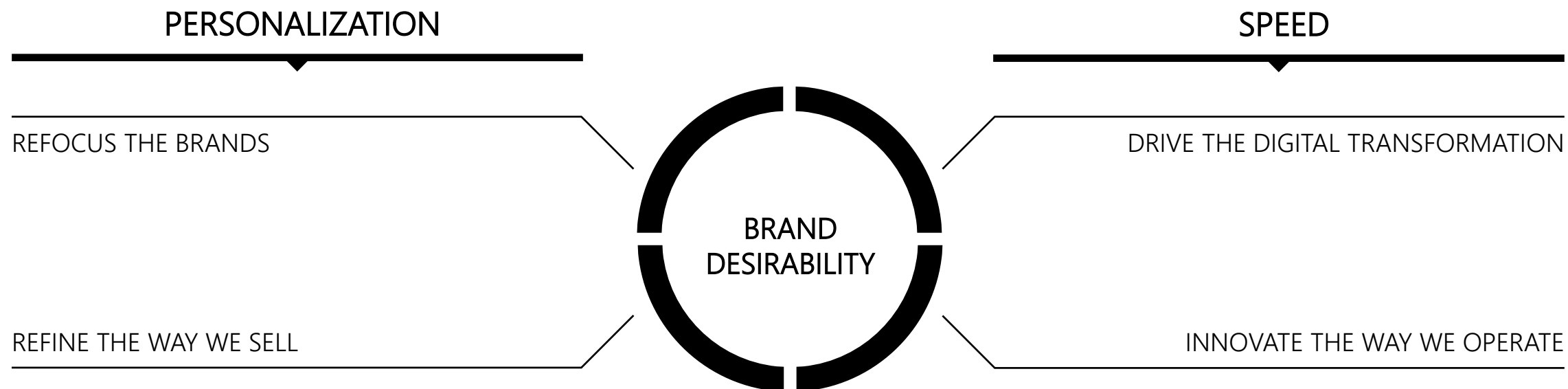




OUR VISION

BE THE MOST
DESIRABLE PREMIUM
FASHION AND LIFESTYLE
BRAND

Personalization and Speed are our 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

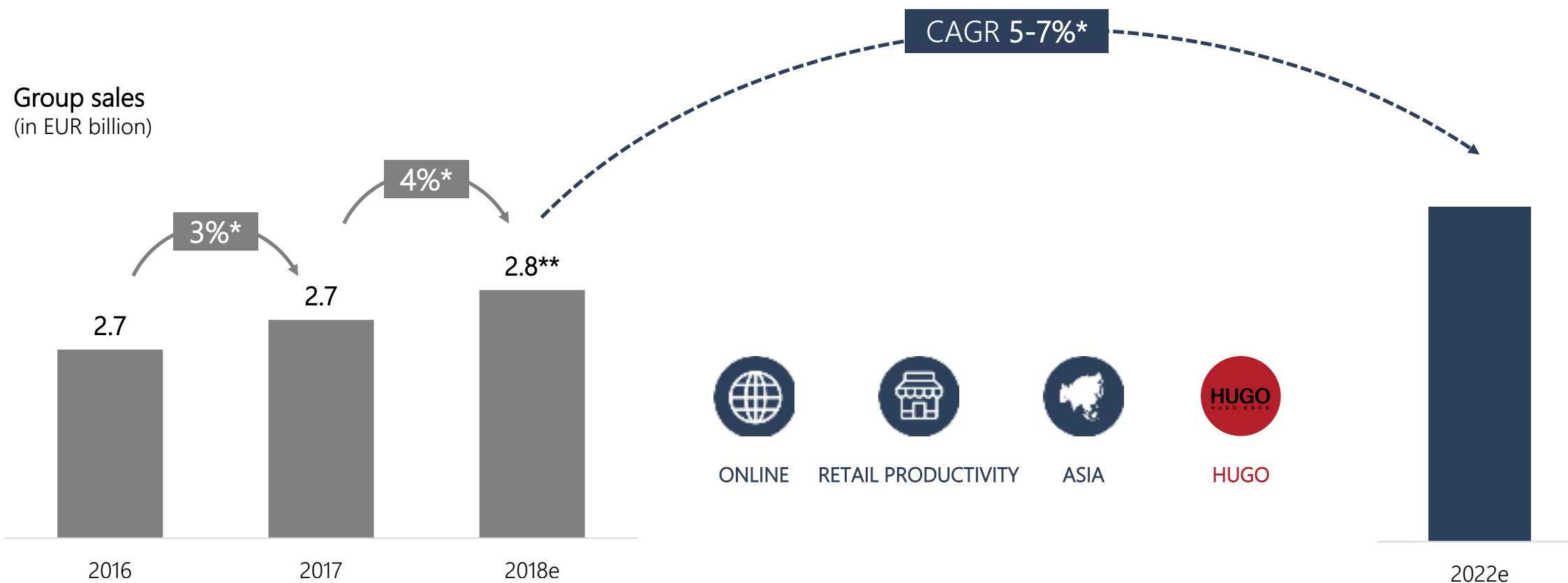
Building on our strengths

Excellence in product design and development

Industry-leading IT and logistic systems

Robust supply chain

Speed: Winning customers with industry-leading responsiveness



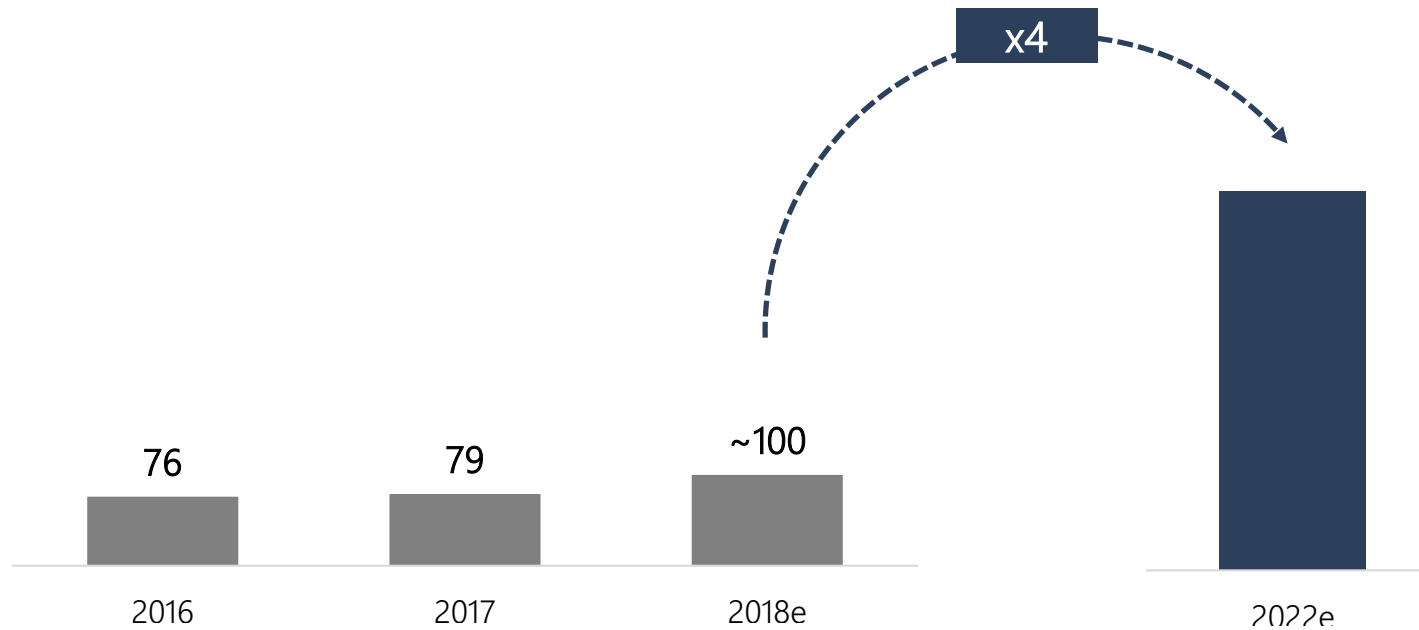
Key sales growth drivers identified
across channels, regions, and brands

* = currency-adjusted

** = based on consensus



Online sales (in EUR million)

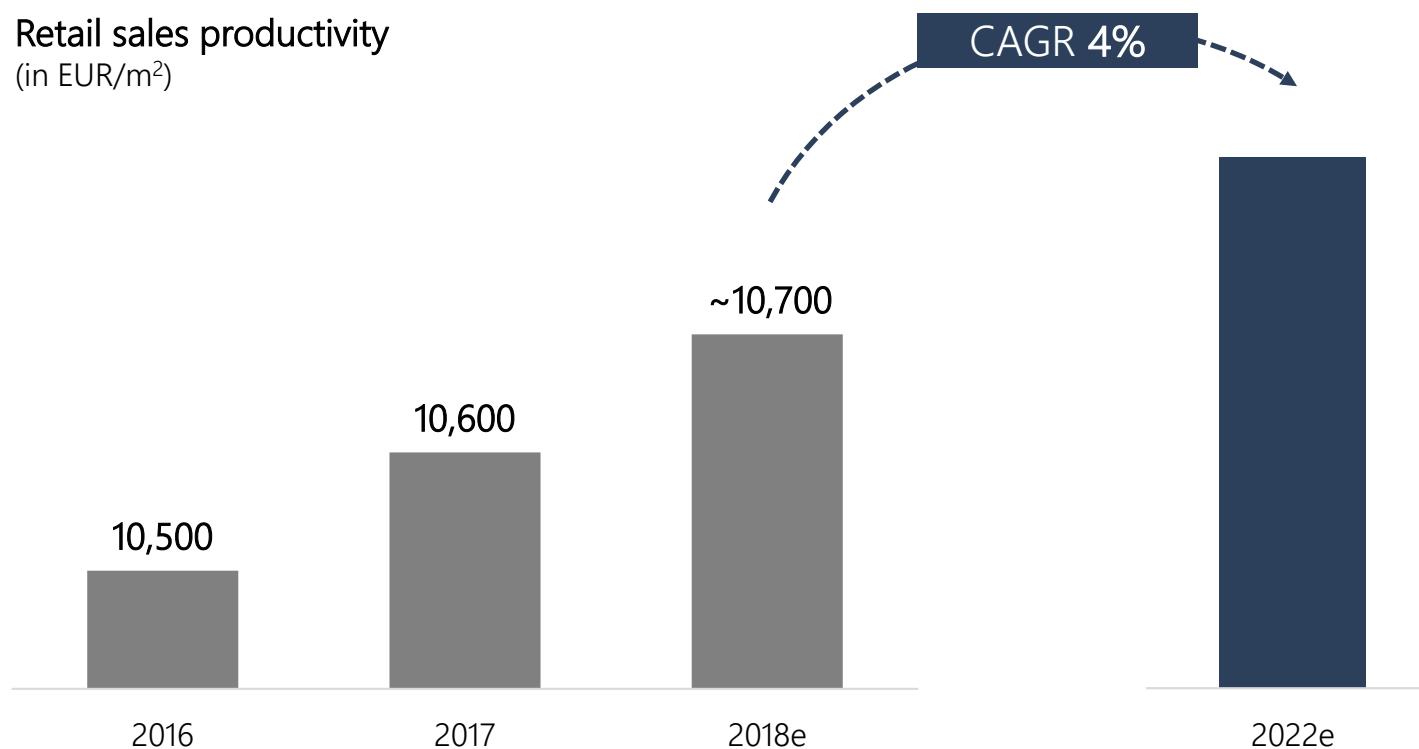


- 1 Accelerate online concession business
- 2 Exploit full potential of hugoboss.com
- 3 Enlarge omnichannel services
- 4 Expand social commerce

Online: Own online business
to quadruple until 2022

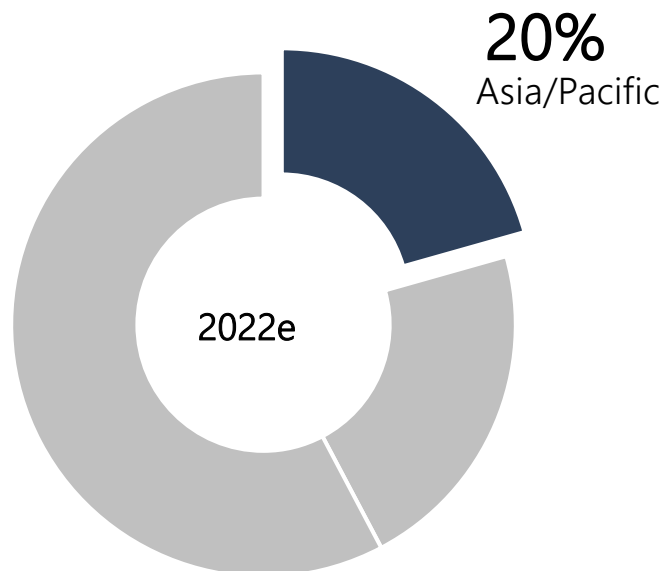
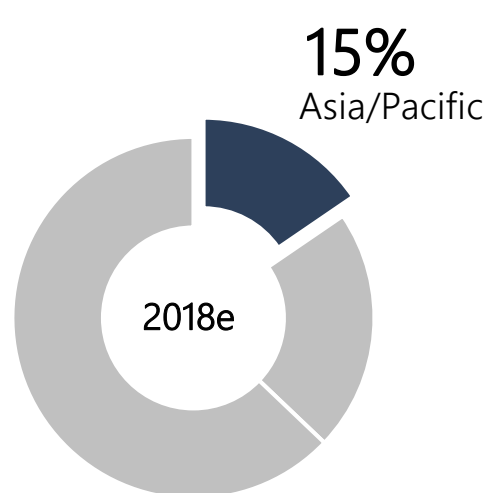


Retail sales productivity (in EUR/m²)



- 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

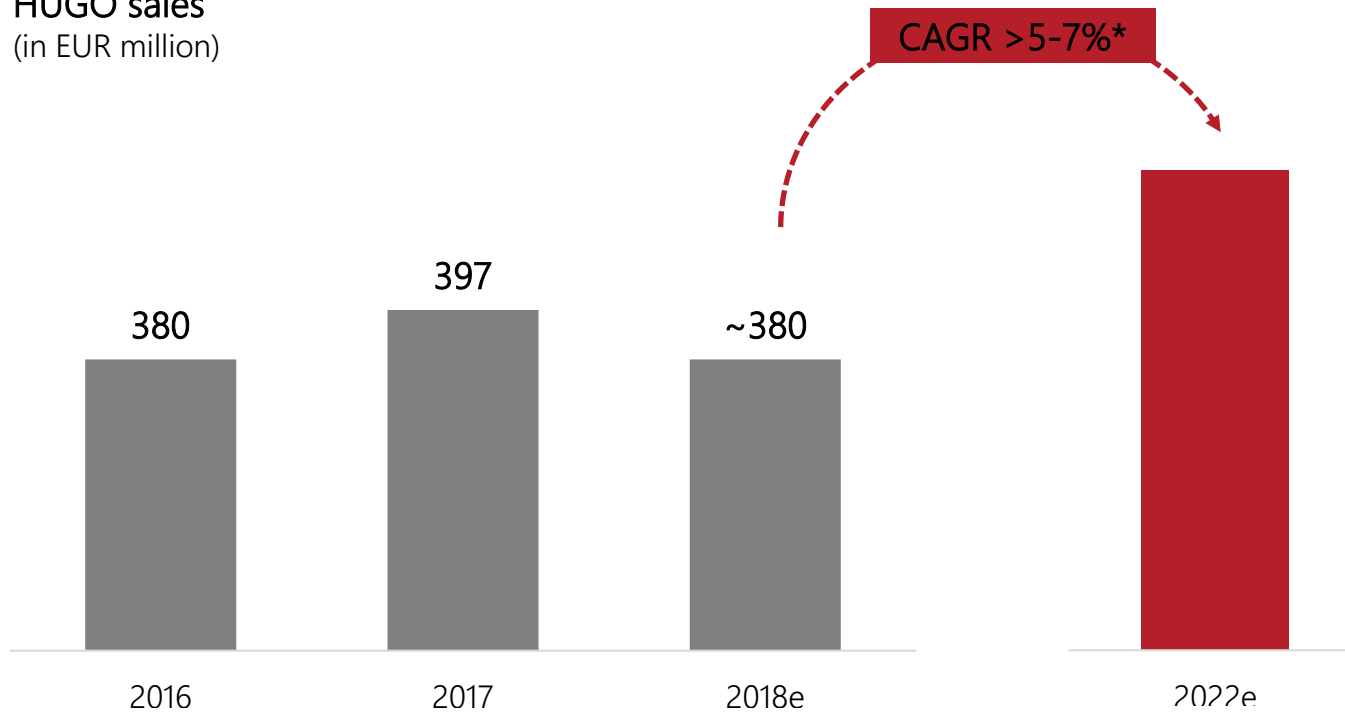


- 1 Leverage Chinese demand across the region
- 2 Expand retail footprint in Mainland China
- 3 Grow travel retail business
- 4 Leverage digital opportunities via leading online platforms

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



HUGO sales (in EUR million)

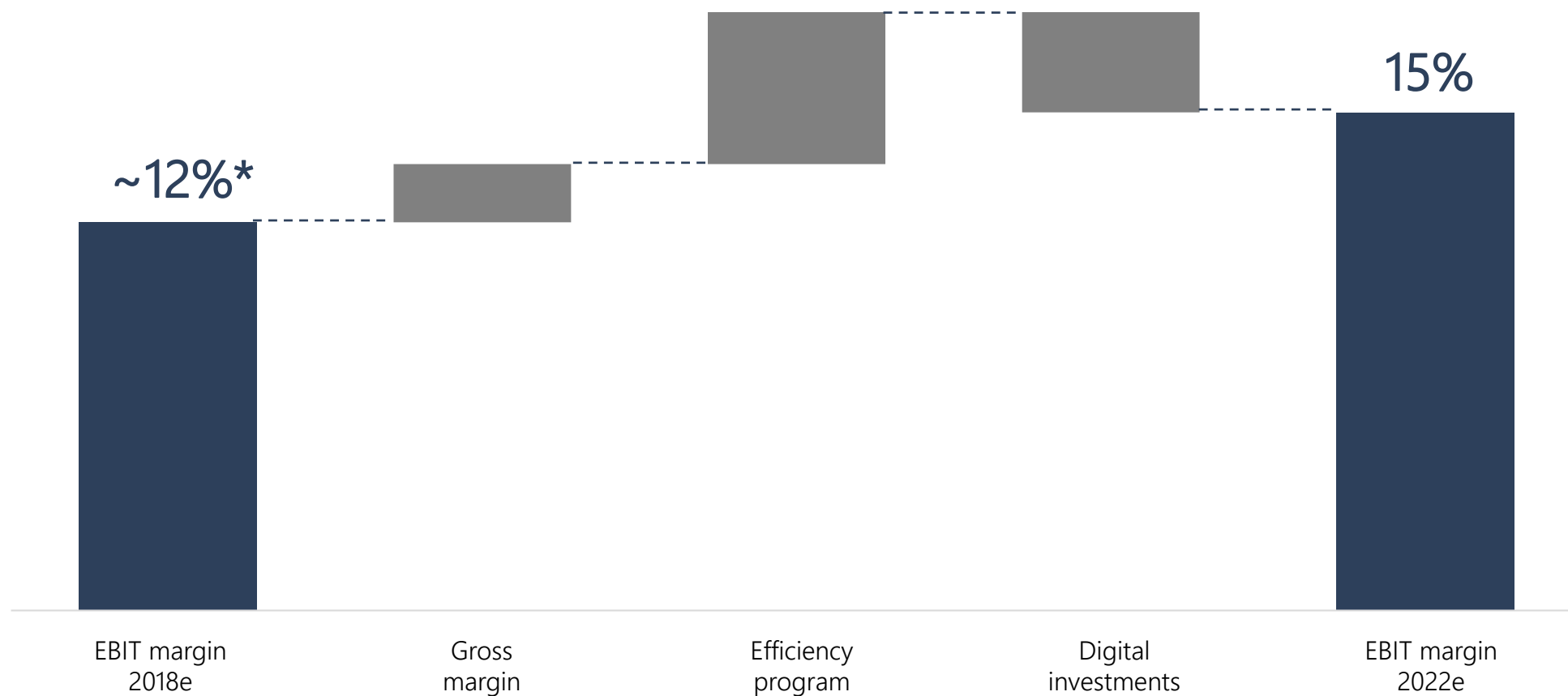


- 1 Strengthen positioning in contemporary fashion segment
- 2 Focus on casualwear to benefit from casualization trend
- 3 Expand store network across key metropolitan cities
- 4 Leverage social media presence

HUGO: Overproportionate growth in contemporary fashion segment

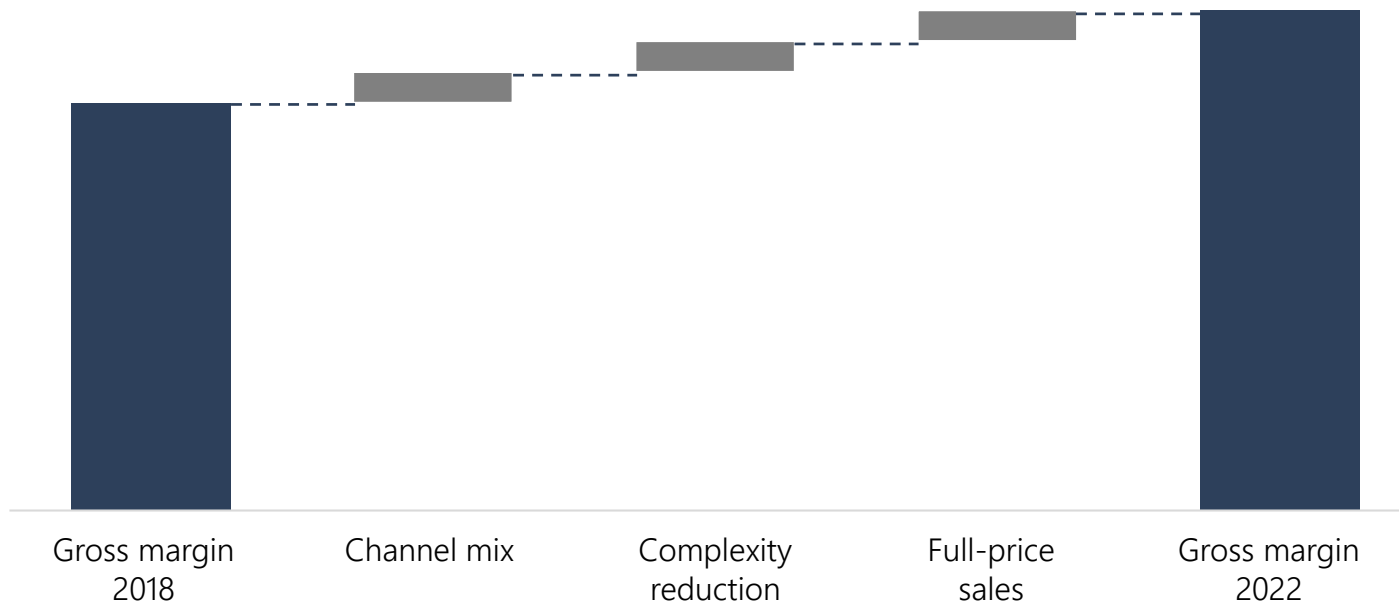
* = currency-adjusted

EBIT margin targeted at 15% in 2022



* = based on consensus

Gross margin expansion supported by multiple levers



Channel mix

- ➔ Increase share of controlled distribution

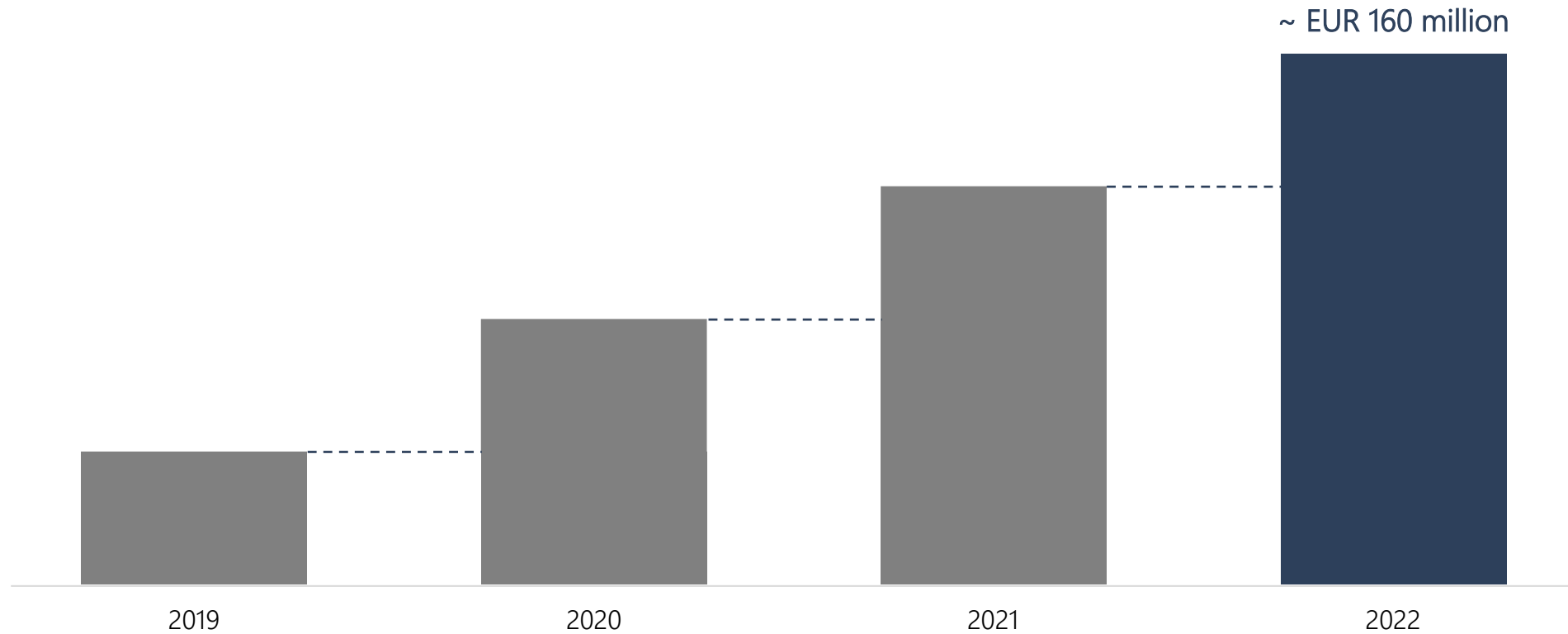
Complexity reduction

- ➔ 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



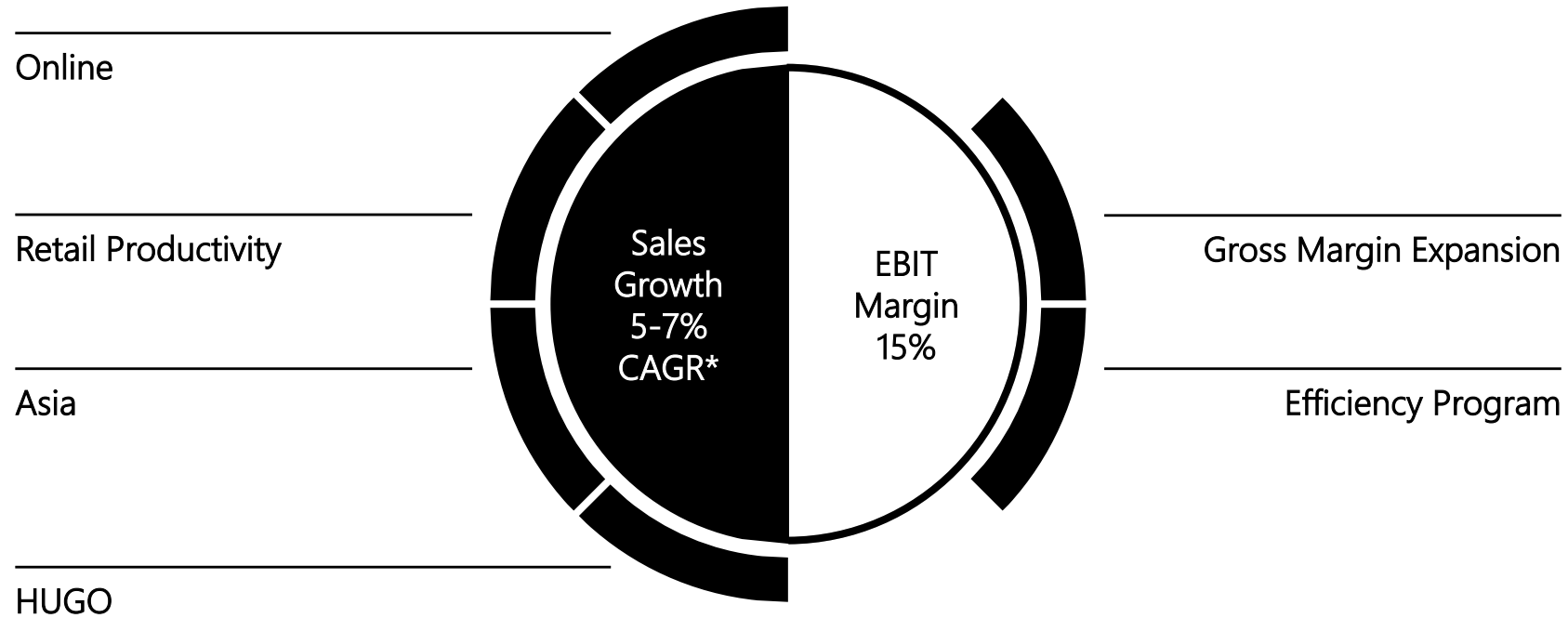


Efficiency program to drive
operating leverage

- 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

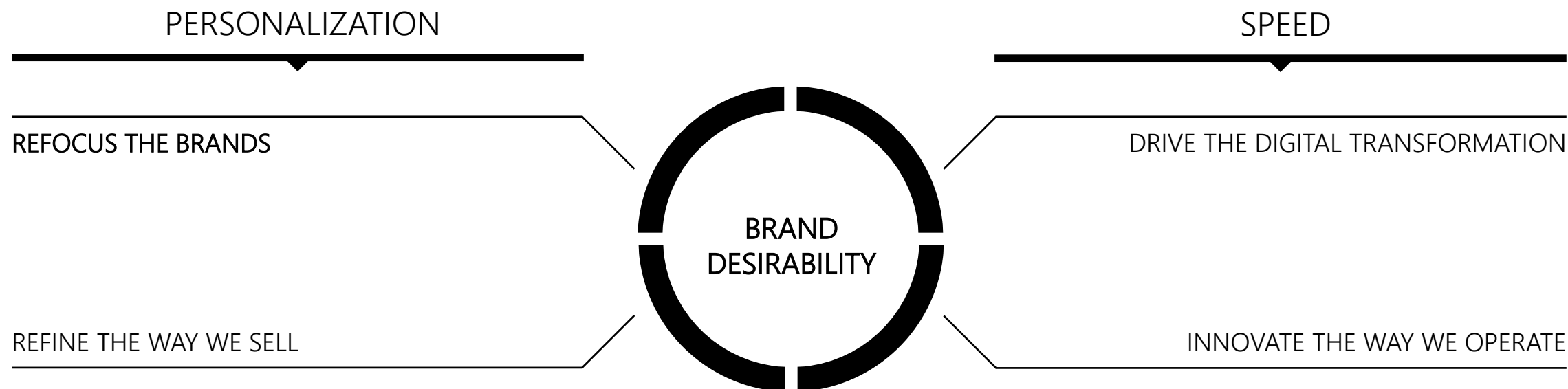


Continued investments
in driving the digitization



Key drivers of sales growth and
EBIT margin expansion until 2022

* = currency-adjusted



Successful launch of two-brand strategy

BOSS
HUGO BOSS

HUGO
HUGO BOSS

Addressing two distinct and unique customers



BRAND STRATEGY

BOSS

Product

Pursuing three key ambitions

Priority	Observation	Ambition
1 Tailoring heritage	Formalwear market remains challenging	Strengthen the strength
2 Casual- and Athleisurewear	Casualization trend continues	Make the big bigger
3 Innovation	Innovation shapes brand desirability	Challenge the status quo

#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**

#1

Upper premium
wear-to-work brand for
female professionals

Strengthen
Businesswear



Focus on
key categories



Intensify brand
collaborations and
capsule development



Leverage tailoring heritage
by realigning Womenswear
collection set-up



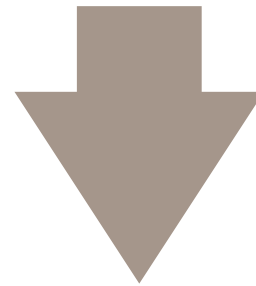
CAGR 2018-2022
double-digit



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

Functionality



Fabric



Personalization



Sustainability



Driving innovation
to excite customers

360° marketing

360° marketing approach to consistently engage with the BOSS customer



BRAND STRATEGY

HUGO

Product

Pursuing three key ambitions

Priority

1

Unconventional authenticity

2

Casualwear

3

Innovation

Observation

Customer strives
for personalization

Casualization
trend continues

Innovation shapes
brand desirability

Ambition

Strengthen the strength

Make the big bigger

Challenge the status quo

Product | Unconventional authenticity

Businesswear



Authentic

Unconventional

Casualwear



Innovative

Offering progressive collections
for the "mix-masters"

HUGO REVERSED
represents

~10%

of HUGO
Casualwear sales



HUGO REVERSED offers
personalized premium fashion

DIGITAL

HUGO Bits and Bytes collection

increases brand desirability

excites customers

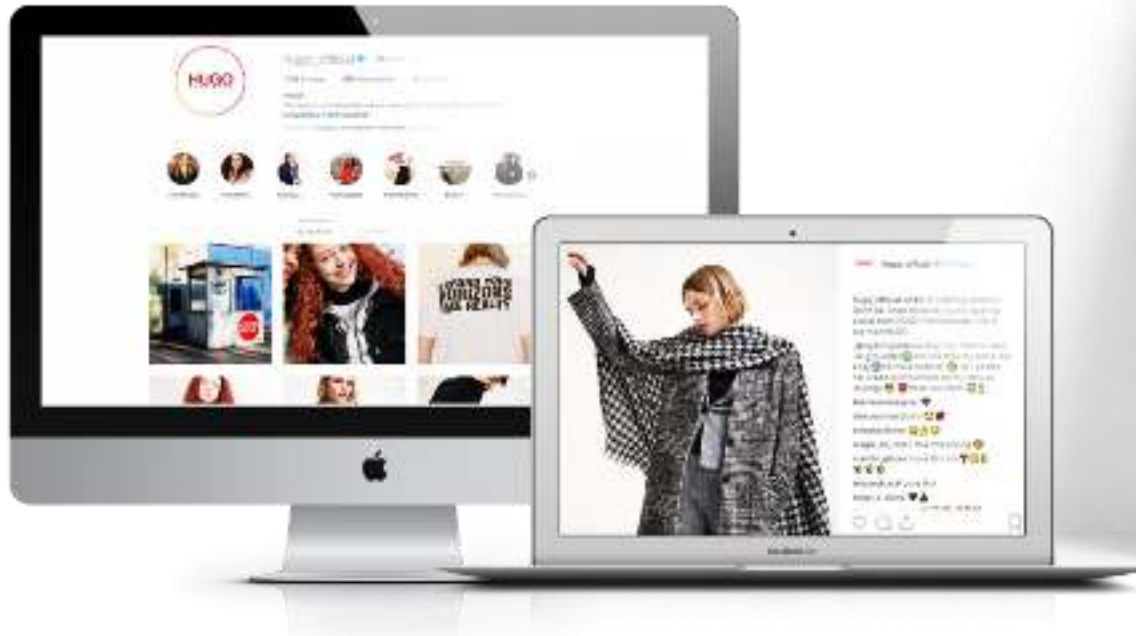
offers new possibilities



Successful launch of
digitally developed HUGO collection

Marketing

Marketing initiatives aim at connecting with the HUGO customer



Social

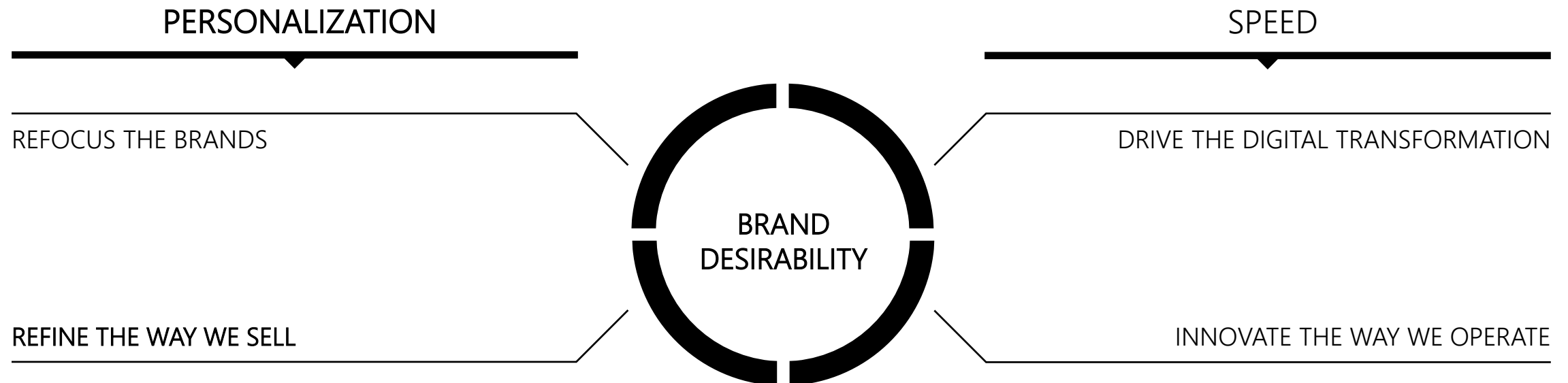


Pop-up stores



Fashion show

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



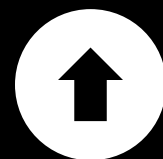
HUGO BOSS

RETAIL

BOSS Store, Tokyo



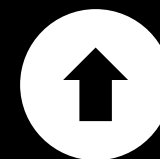
New BOSS store concept improves performance across KPIs



+14%

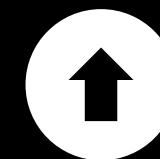
Sales

(fx-adjusted)



+28%

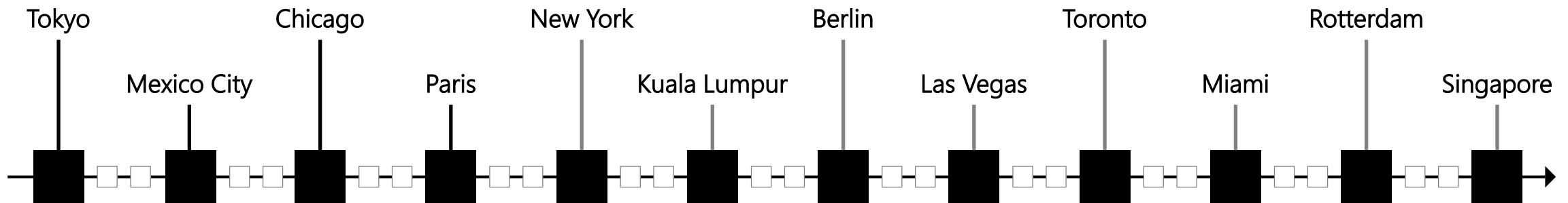
Sales productivity



+12%

Units per transaction

Accelerate rollout of new BOSS store concept



HUGO: expansion of store network ongoing

Los Angeles
Costa Mesa
San Diego
Guadalajara
Mexico City
New York
Miami

Birmingham
London
Amsterdam
Paris
Porto
Stockholm
Copenhagen
Berlin
Düsseldorf
Dubai
Zhengzhou
Shenzhen
Singapore, Ion Orchard
Singapore, Marina Bay
Tokyo
Osaka

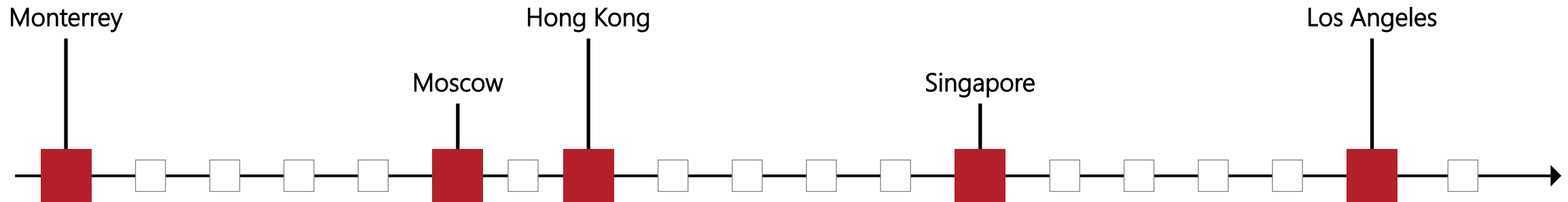
23 HUGO Stores
by the end of 2018



- ✓ Increasing **traffic** and awareness
- ✓ Enhancing **interaction** with customers
- ✓ Engaging strongly via **social media**
- ✓ Creating **excitement** through pop-up stores

HUGO stores resonate well
with the customer

Further HUGO store openings planned for 2019 and beyond



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

HUGO BOSS

ONLINE





- ✓ Strong development of online concessions contributes to online growth
- ✓ Zalando concession partnership marks major milestone
- ✓ Online concession model to be extended in the coming years

Accelerate online concession business to control distribution



✓ Make hugoboss.com a digital flagship store

✓ Accelerate personalized customer experience

✓ Create value through CRM expertise

✓ Sustain strong momentum of mobile commerce

Enhance performance
of hugoboss.com

Coverage of >90% of global online apparel and footwear market



Rollout of hugoboss.com increases global online presence

Omnichannel services increase convenience and speed



Target 2022

Omnichannel services to grow to 5% of store sales

In-Store
Availability Check

Order
from Store

Click & Collect

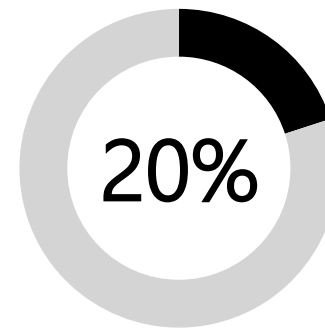
Store Locator

Click & Reserve

Return to Store

Demand-driven Delivery

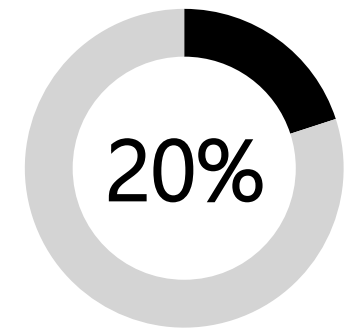
Drive quality growth in the Americas



Sales share
2018



CAGR



Sales share
2022e

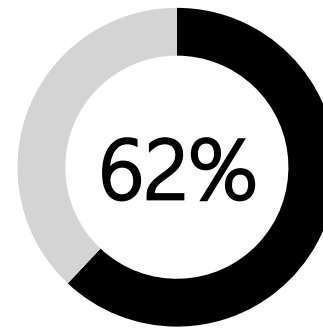
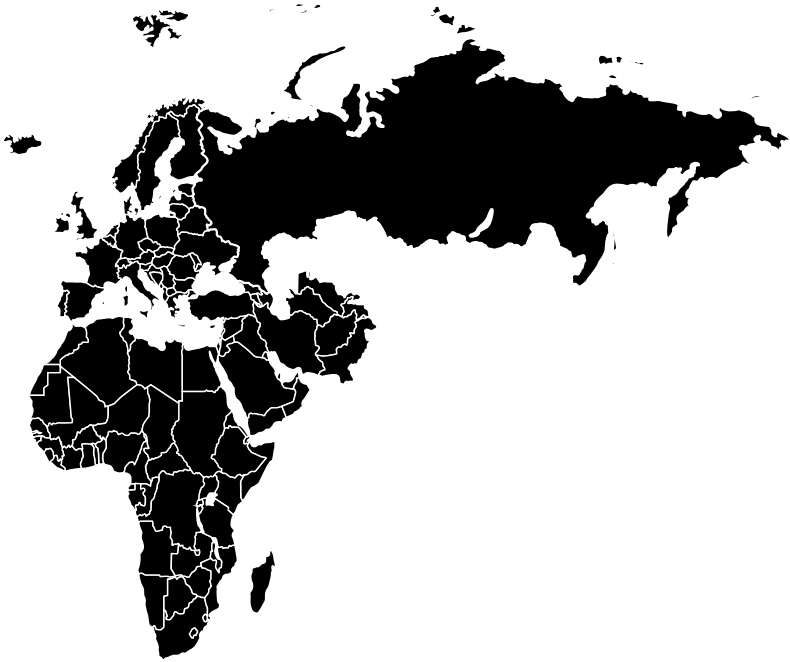
Leverage trend towards casual- and athleisurewear

Review and optimize existing store network

Reduce share of outlet business

Grow quality business through strategic wholesale partners

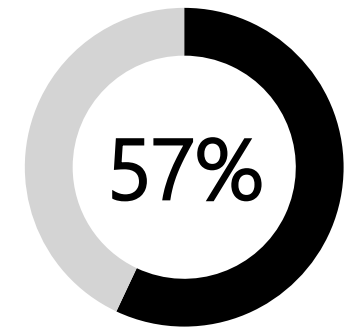
Maintain leading position in Europe*



Sales share
2018



CAGR



Sales share
2022e

Grow productivity of existing store base

Rollout HUGO stores across major European cities

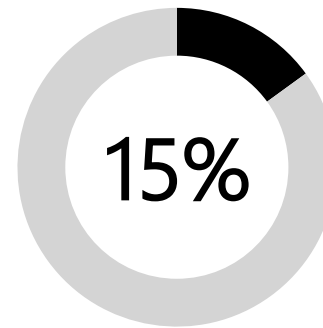
Expand concession business with large online platforms

Strengthen existing partnerships with key wholesale partners

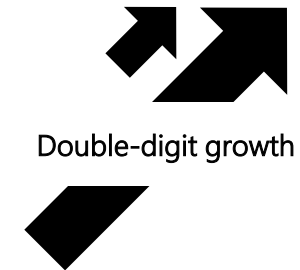
*incl. Middle East/Africa

License business represents 3% of Group sales

Leverage strong potential in Asia/Pacific

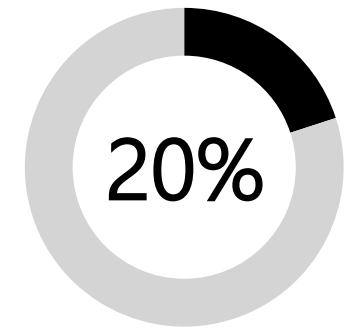


Sales share
2018



Double-digit growth

CAGR



Sales share
2022e

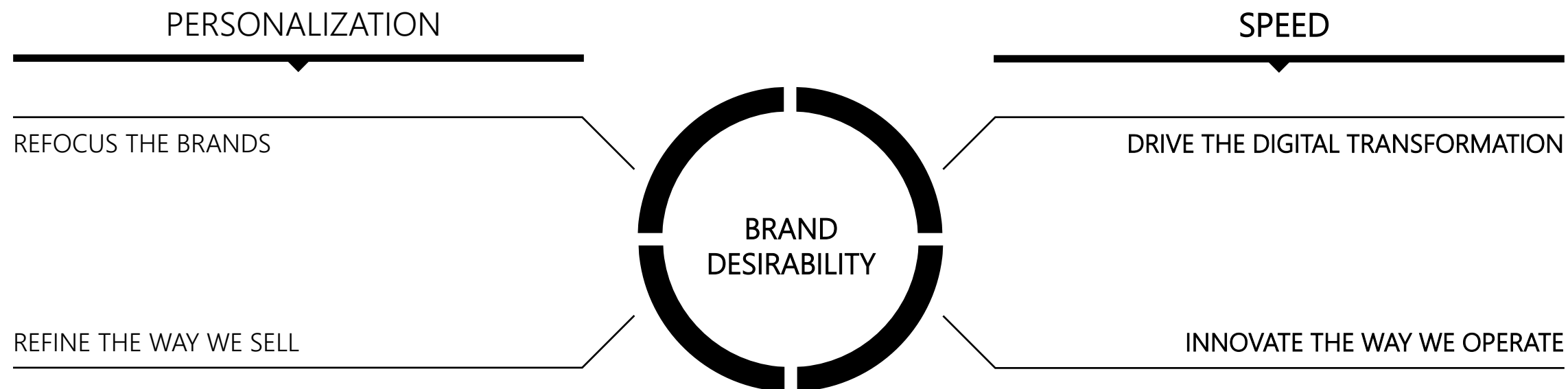
Leverage Chinese demand across the region

Expand retail footprint in Mainland China

Grow travel retail business

Leverage digital opportunities via leading online platforms

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



Two different initiatives to drive Speed

ADVANCED ANALYTICS

Operations-related dimensions

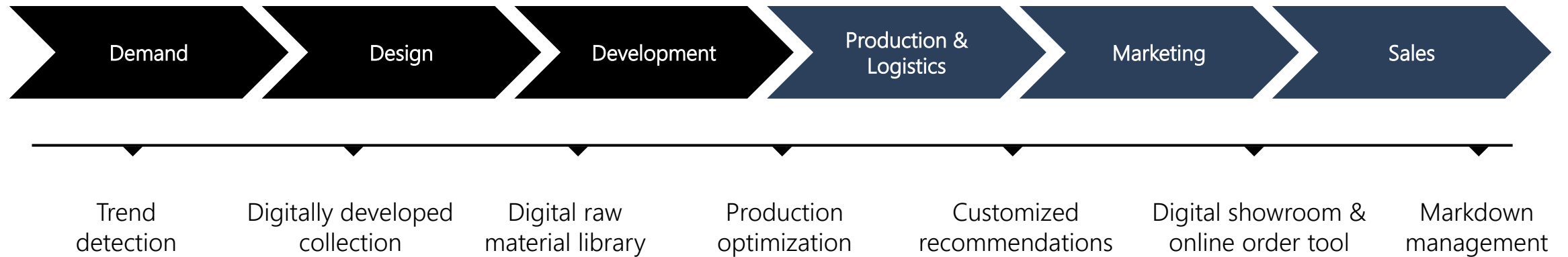
1



2



HUGO TRANSFORMATION
Product-related dimensions
& cultural transformation



Multiple measures
along the value chain

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

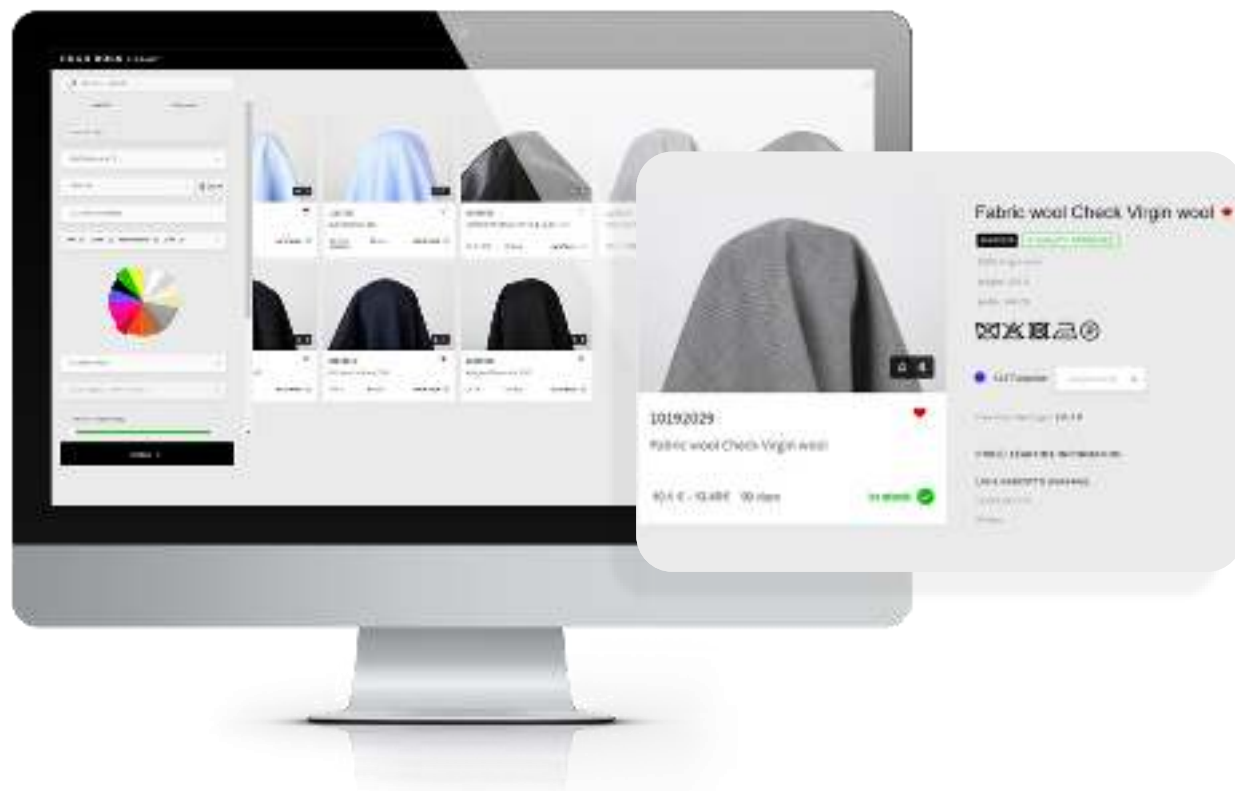
From
known
materials

Made from fabrics
applied in latest
collections

By digitally
enabled
vendors

Made by fast and
digitally enabled
vendors

Development

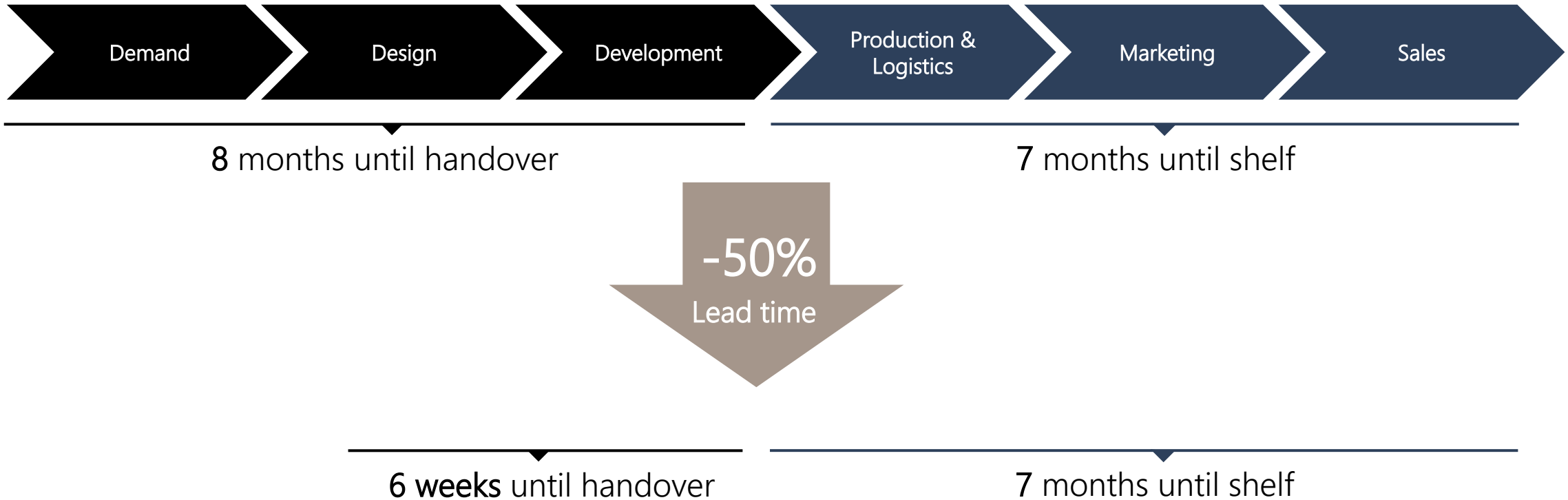


Go-live
June 2018

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

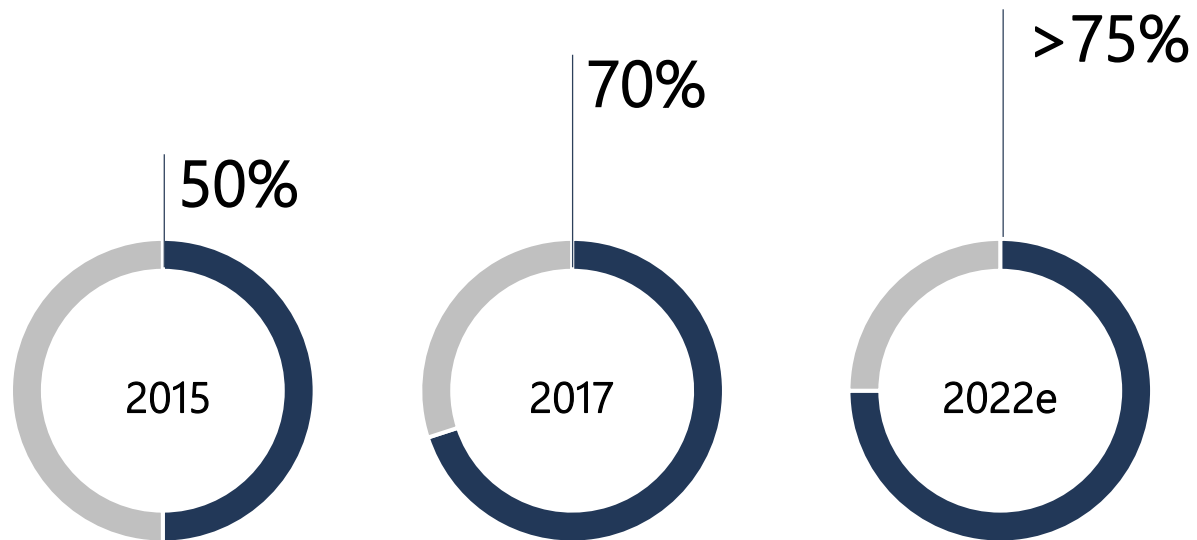
Rewarded virtual training reduces training time by 40%

95% accuracy to predict operational defects

Focusing on online marketing to meet customer expectations

Marketing split online/print

■ Online ■ Print



#7

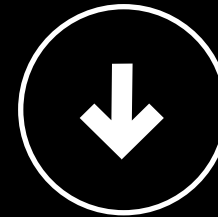
HUGO BOSS



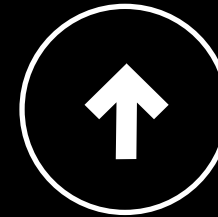
Markdown management optimization via advanced analytics



ADVANCED ANALYTICS



Optimize
end-of-season
markdowns



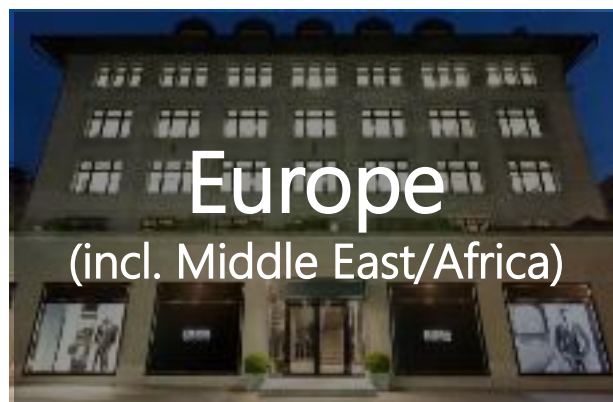
Increase
full-price sell
through

Backup



Sales by region and major markets

Share of Group sales*



Europe

(incl. Middle East/Africa)

62%

Germany: 18%

Great Britain: 12%

France: 6%

Benelux: 5%

Other: 21%



Americas

21%

U.S.: 15%

Canada: 3%

Central & South America: 3%



Asia/Pacific

14%

China: 8%

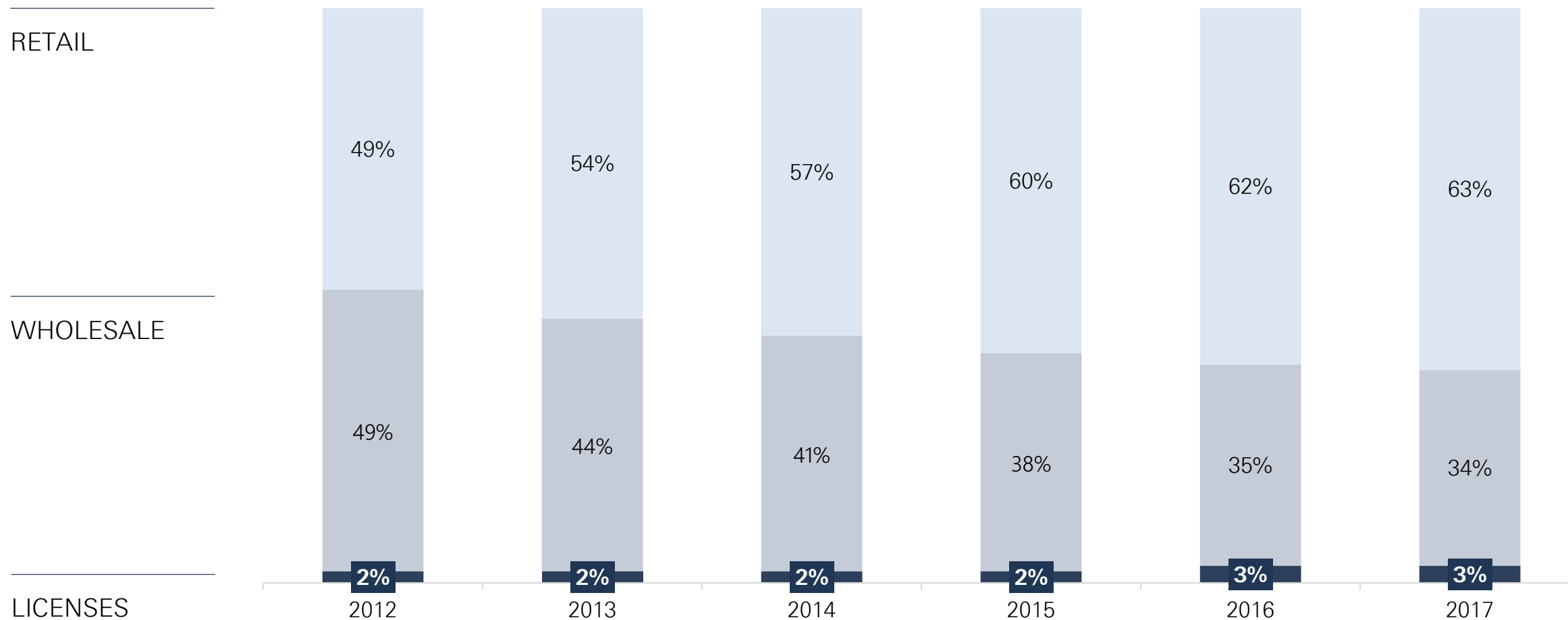
Oceania: 2%

Japan: 2%

Other: 2%

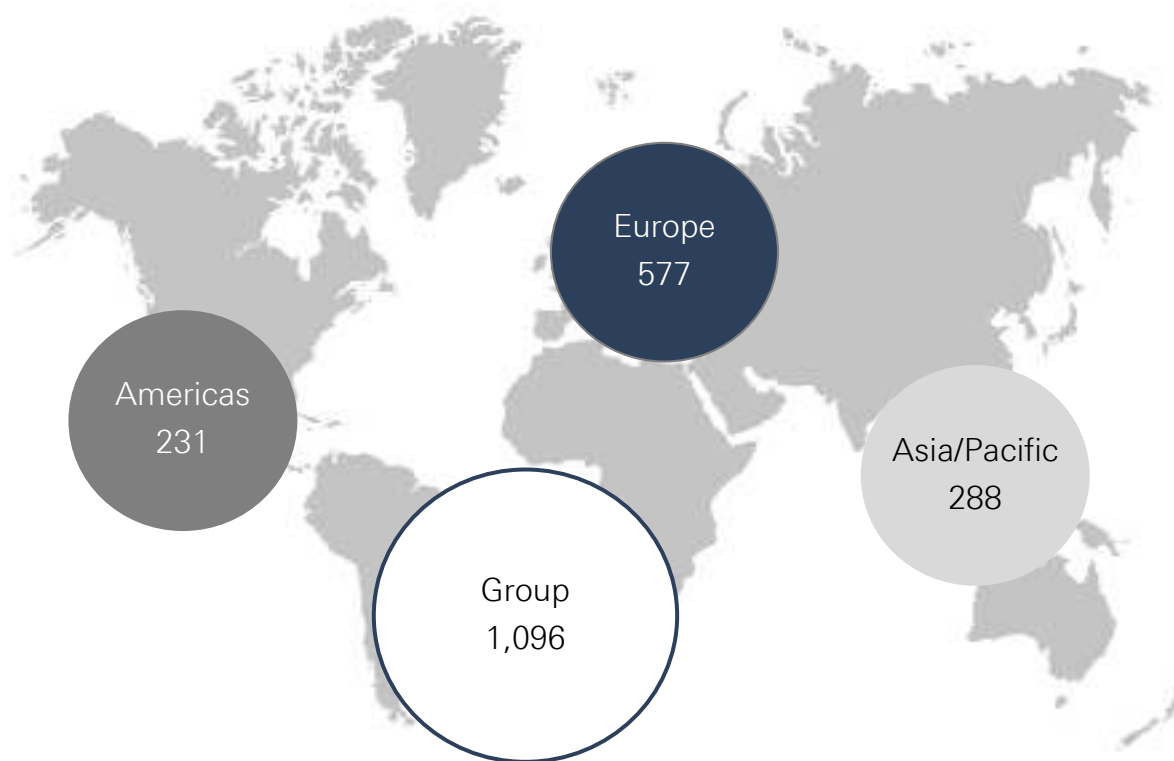
* as of 2017; 3% Licenses

Sales by distribution channel



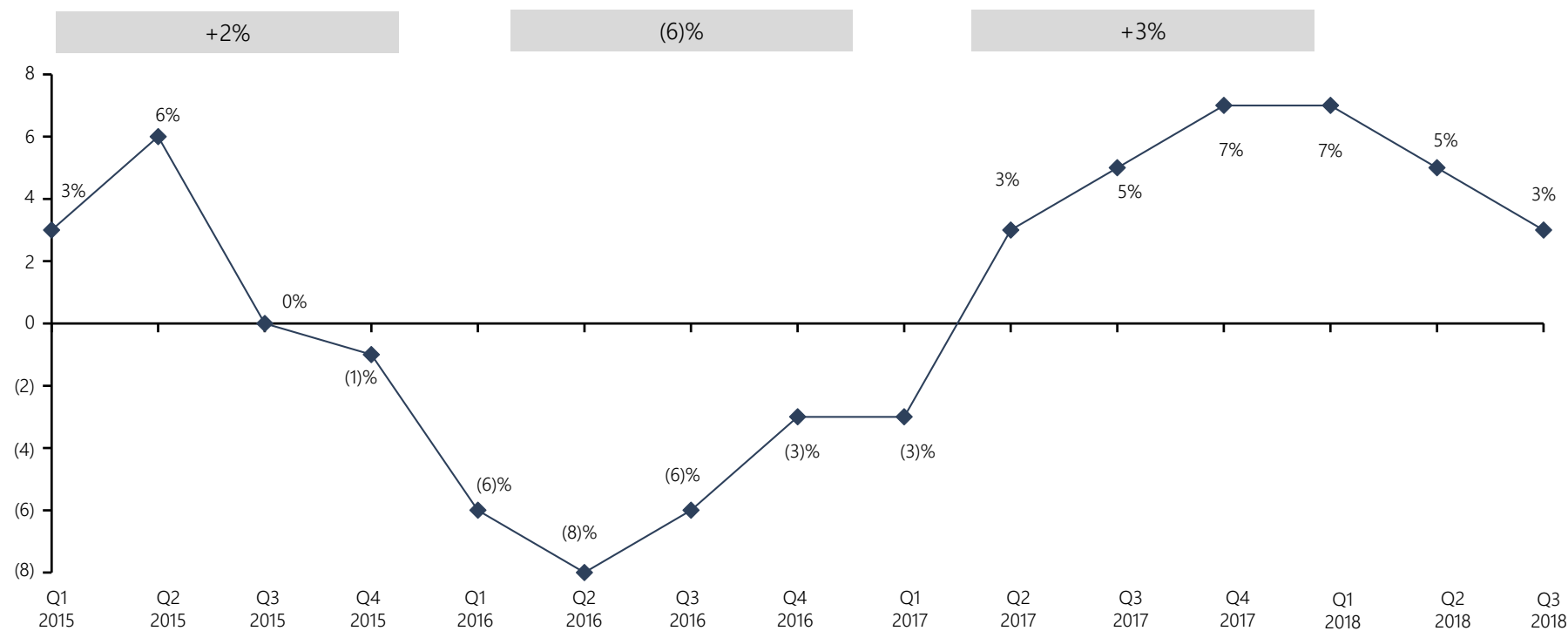
Number of Group's own retail stores by region

As of 30/09/2018



Retail comp stores sales

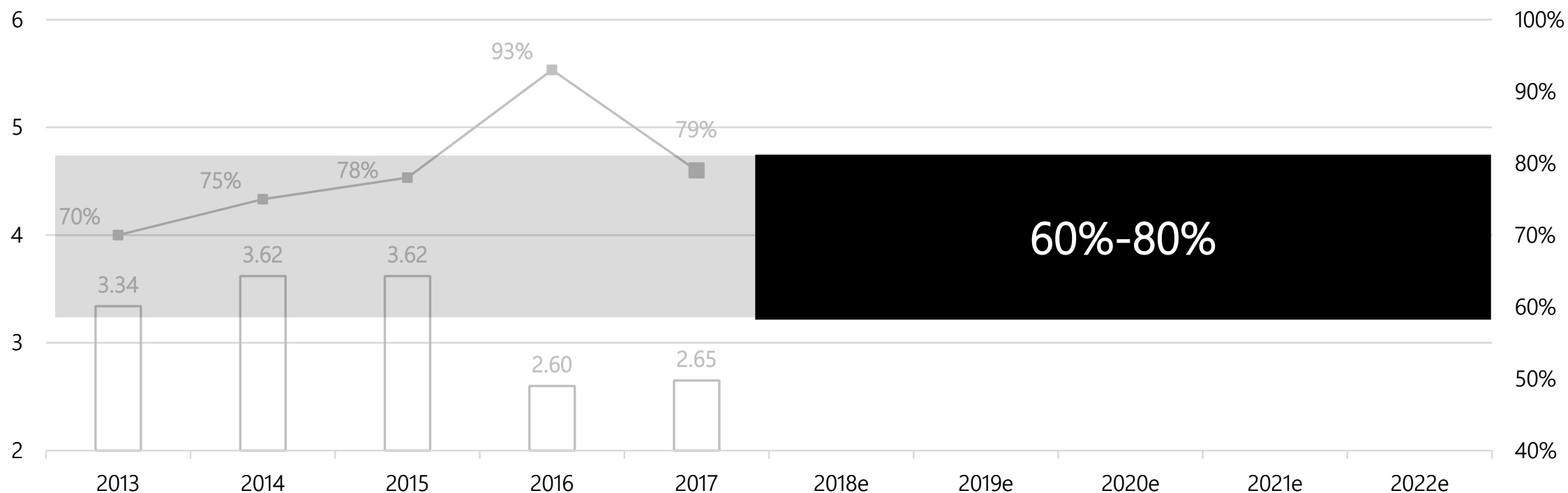
Retail I-f-I sales development*



* = FX-adjusted

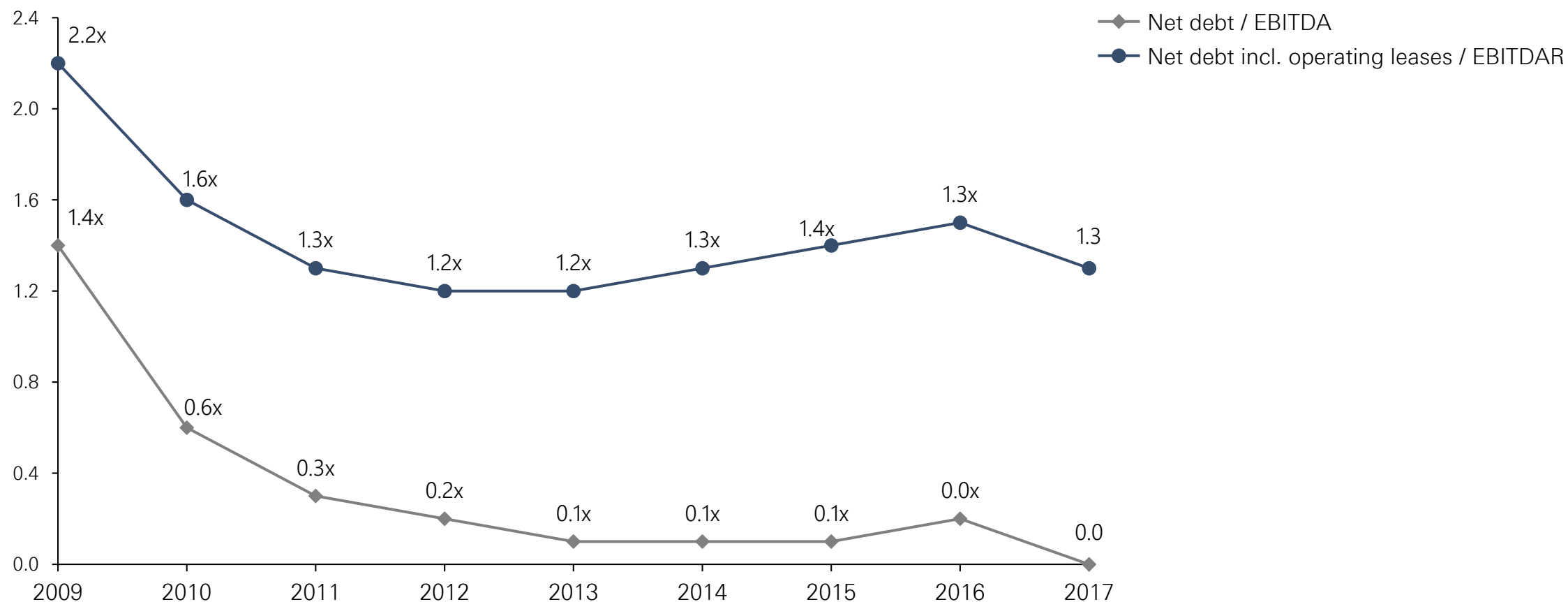
Shareholder return

Strong commitment to profit-based dividend policy



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

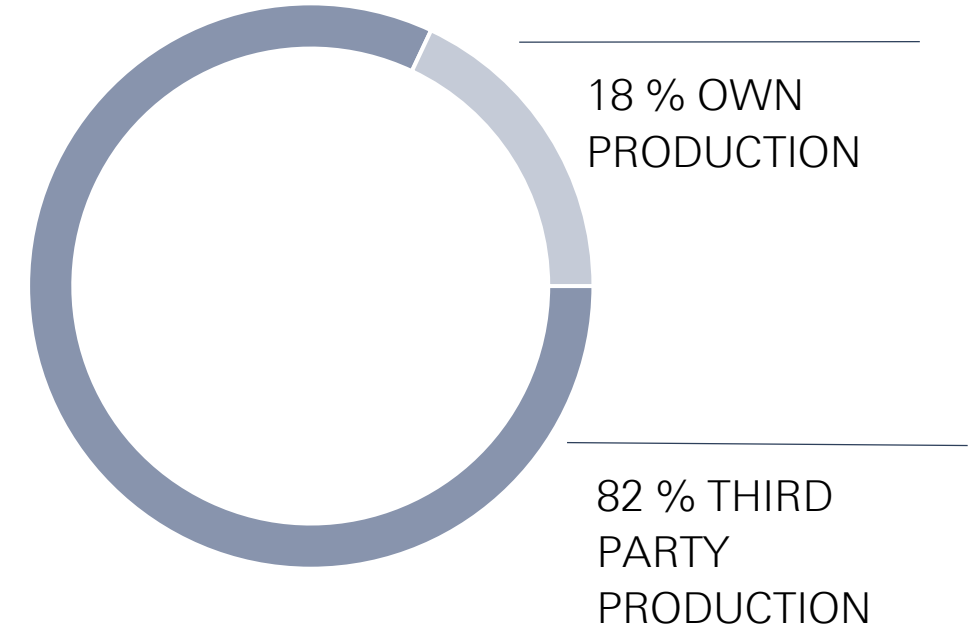
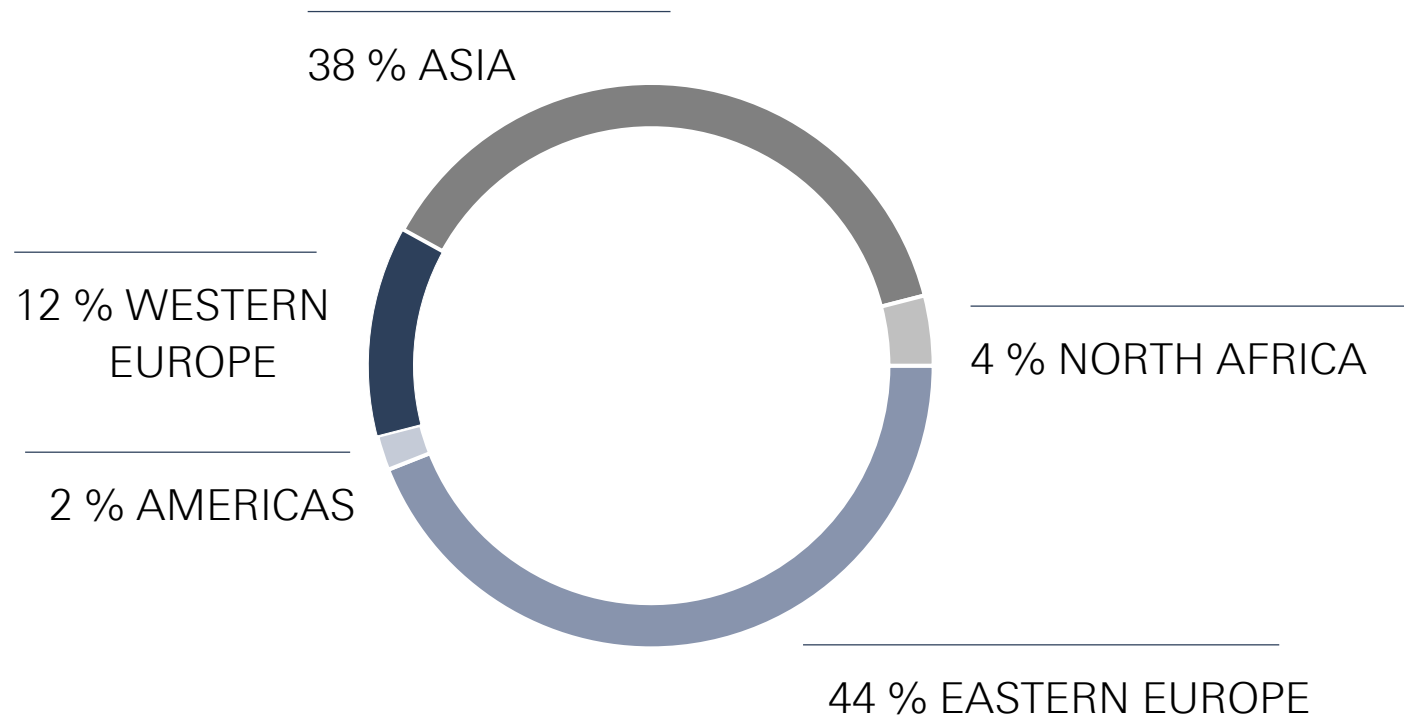
(Adjusted) financial leverage



Operating leases
EBITDAR

= Future committed operating lease obligations capitalized according to S&P methodology
= EBITDA + minimum rents + contingent rents

Sourcing and production structure*



*as of 2017, in value terms

Multi-Year overview

	2017	2016	2015	2014	2013
Sales	2.733	2.693	2.809	2.572	2.432
Gross profit	1.808	1.777	1.853	1.699	1.580
Gross profit margin in %	66,2	66,0	66,0	66,1	64,9
EBITDA	499	433	590	572	561
EBITDA before special items	491	493	594	591	565
Adjusted EBITDA margin in % ¹	18,0	18,3	21,2	23,0	23,2
EBIT	341	263	448	449	456
Net income	231	194	319	333	329
Trade net working capital	459	524	528	503	432
Non-current assets	662	752	765	660	612
Shareholders equity	915	888	956	844	740
Equity ratio in %	53	49	53	51	49
Total assets	1.720	1.799	1.800	1.662	1.501
Free cash flow	294	220	208	268	230
Net debt	7	113	82	36	57
Capex	128	157	220	135	185
Depreciation/amortization	158	170	142	123	105
Total leverage ²	0,0	0,2	0,1	0,1	0,1
Dividend	183	179	250	250	231

¹ EBITDA before special items/Sales.

² Net financial liabilities/EBITDA before special items.

Financial Calendar & Investor Relations contact

March 7, 2019	Full Year Results 2018
May 2, 2019	First Quarter Results 2019
May 16, 2019	Annual Shareholders' Meeting

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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.

