

H U G O B O S S

HUGO BOSS Nine Months Results 2012

Mark Langer (CFO)

October 30, 2012

AGENDA

OPERATIONAL HIGHLIGHTS

NINE MONTHS RESULTS

OUTLOOK

AGENDA

OPERATIONAL HIGHLIGHTS

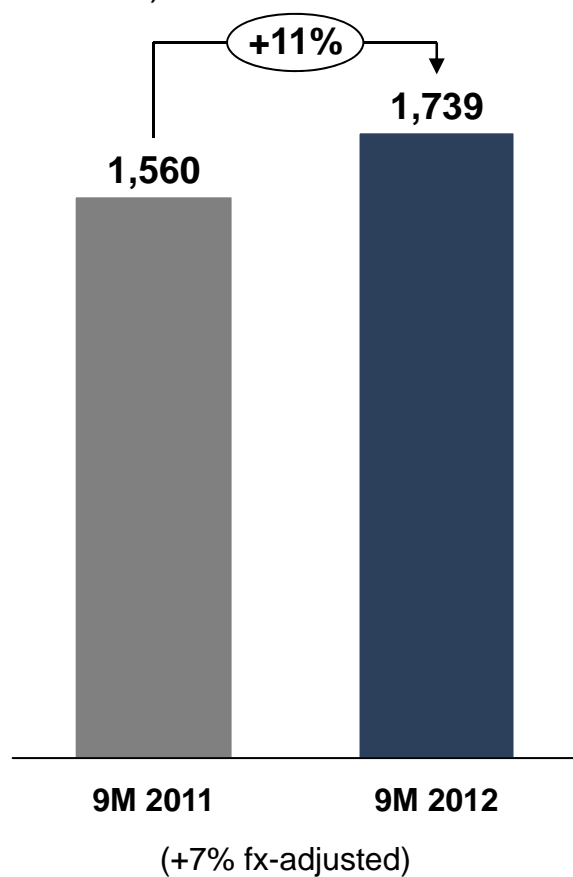
NINE MONTHS RESULTS

OUTLOOK

Solid top and bottom line improvements in the first nine months

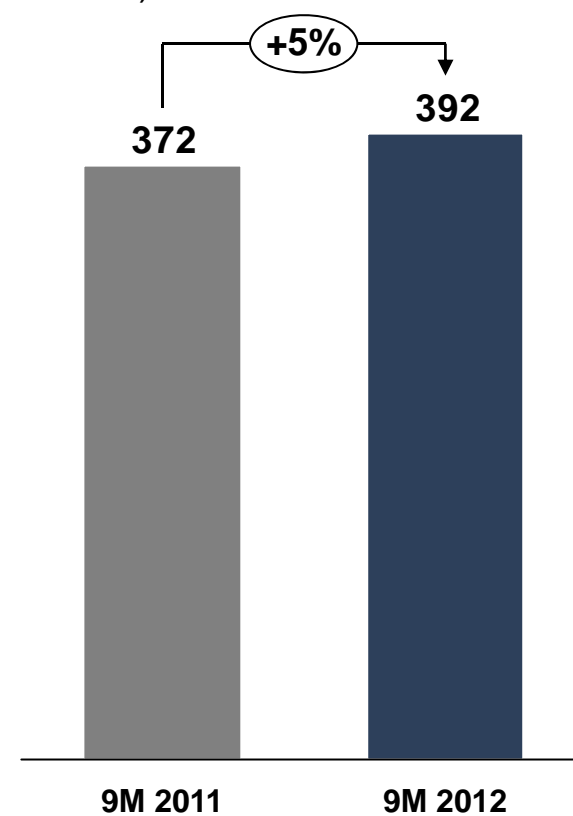
Sales

(in EUR million)



EBITDA before special items

(in EUR million)



Wholesale – Collection cycle changes affect quarterly growth

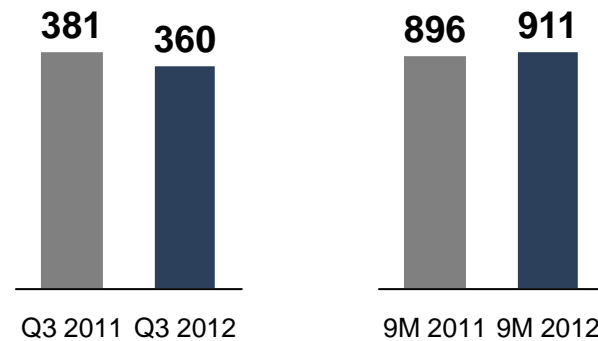


- Introduction of four season cycle
- Early shipments of Fall collection in Q2
- Franchise takeovers

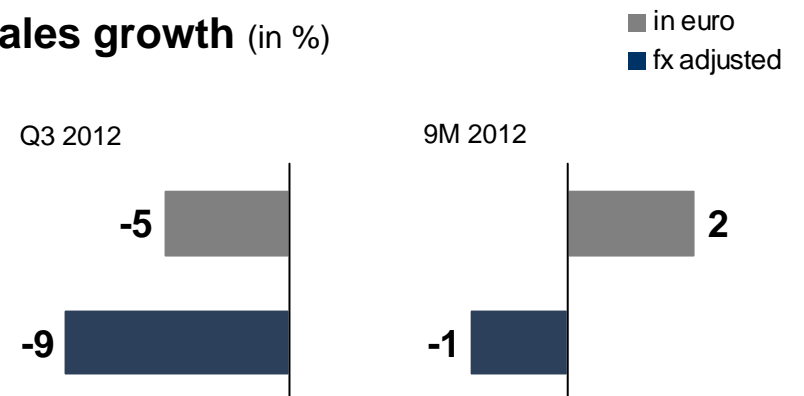


- Clear outperformance of top key account business
- Strong growth of short-term replenishment business

Sales (in EUR million)



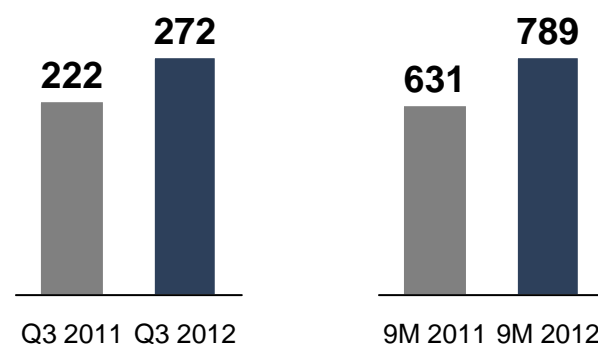
Sales growth (in %)



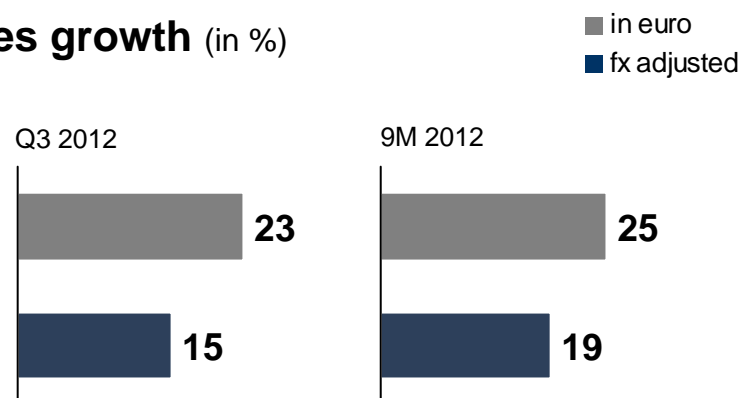
Retail – Own retail continues to grow at a double-digit rate

- Space expansion and comp store sales growth drive double-digit increases
- Currency-adjusted retail comp store sales increase 2% in Q3 and 5% in the first nine months
- Only moderate deceleration across all three regions

Sales (in EUR million)



Sales growth (in %)



Retail – Network grows by 169 to 791 stores

Number of own retail stores as of September 30, 2012
(December 31, 2011: 622):

TOTAL	791 (+169)
Openings:	184
thereof takeovers:	94
Closings:	15

EUROPE*	428 (+118)
Openings:	122
thereof takeovers:	66
Closings:	4

AMERICAS	142 (+18)
Openings:	22
thereof takeovers:	9
Closings:	4

ASIA/PACIFIC	221 (+33)
Openings:	40
thereof takeovers:	19
Closings:	7

* incl. Middle East / Africa

Retail – Renovation upgrades Shenzhen Mix City store

BOSS Store // Mix City
Shenzhen, China
Re-Opening: September 2012
Net size: 234 sqm



Retail – Sydney flagship store renovated and extended

BOSS Store // King Street
Sydney, Australia
Re-Opening: October 2012
Net size: 673 sqm



Retail – New Manhasset store key opening in the Americas



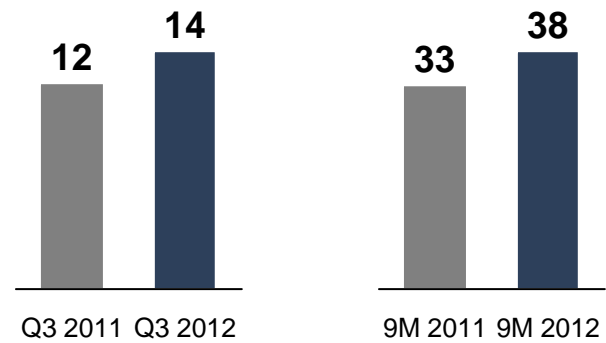
Royalties – Successful fragrance launch drives double-digit growth



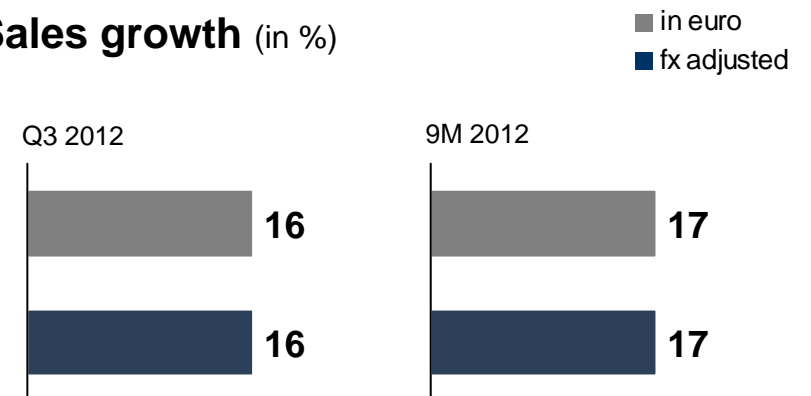
BOSS
HUGO BOSS

hugoboss.com

Sales (in EUR million)



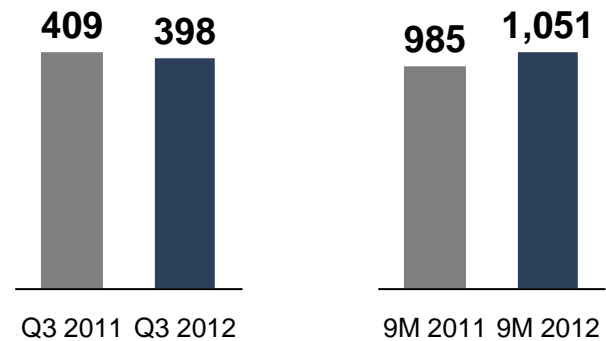
Sales growth (in %)



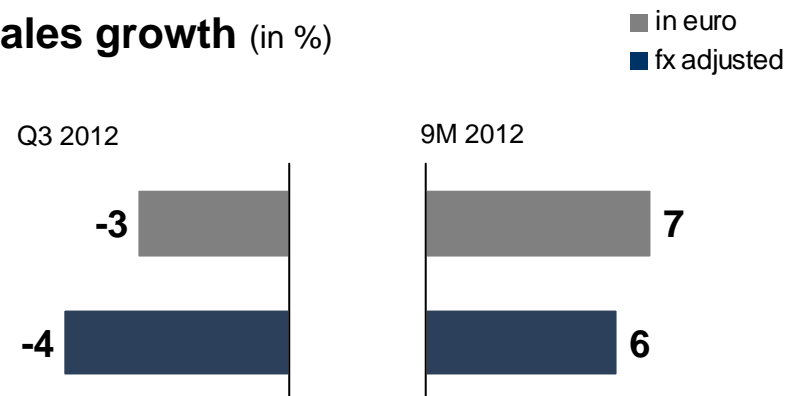
Europe – Wholesale decline masks positive underlying performance

- High wholesale exposure affects quarterly sales development
- Positive underlying retail performance
- UK and Germany remain stronghold markets

Sales (in EUR million)



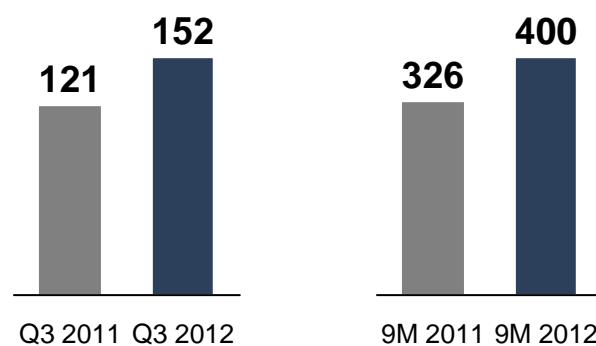
Sales growth (in %)



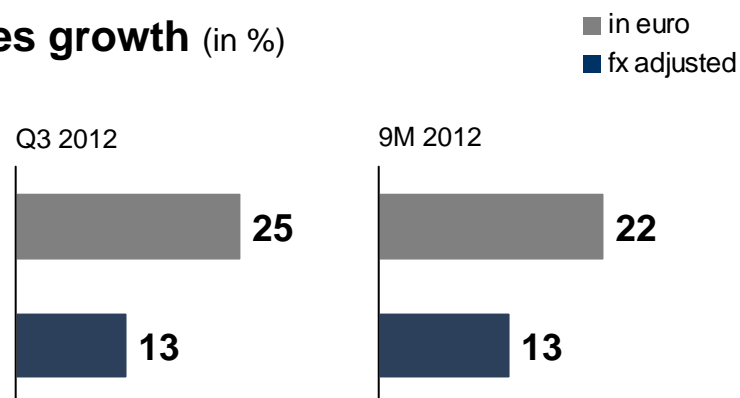
Americas – Region Americas going from strength to strength

- No signs of weakness
- Double-digit growth in both wholesale and retail supports continued market share gains in the US
- Brazil drives growth in Latin America

Sales (in EUR million)



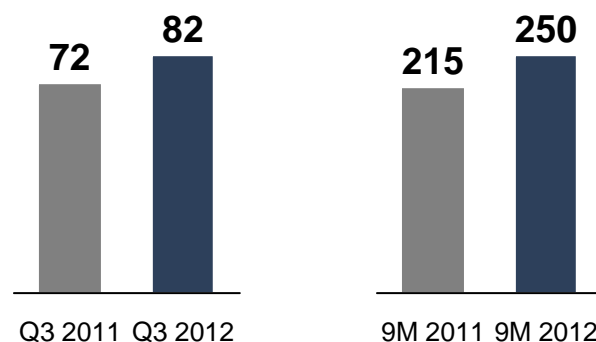
Sales growth (in %)



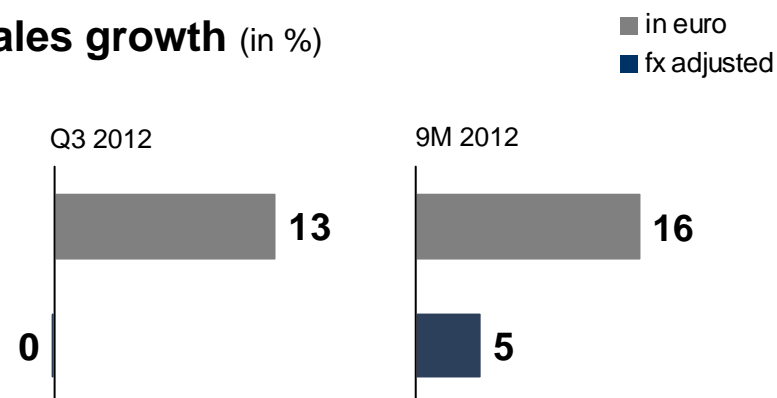
Asia Pacific – Growth moderates despite stabilising trends in China

- Weaker performance in Japan and Australia slows down regional growth compared to first half year
- Quarterly sales growth in China accelerates to 5%, up 7% year-to-date currency-adjusted
- Continued traffic declines affect performance in mainland China whereas momentum in Hong Kong improves

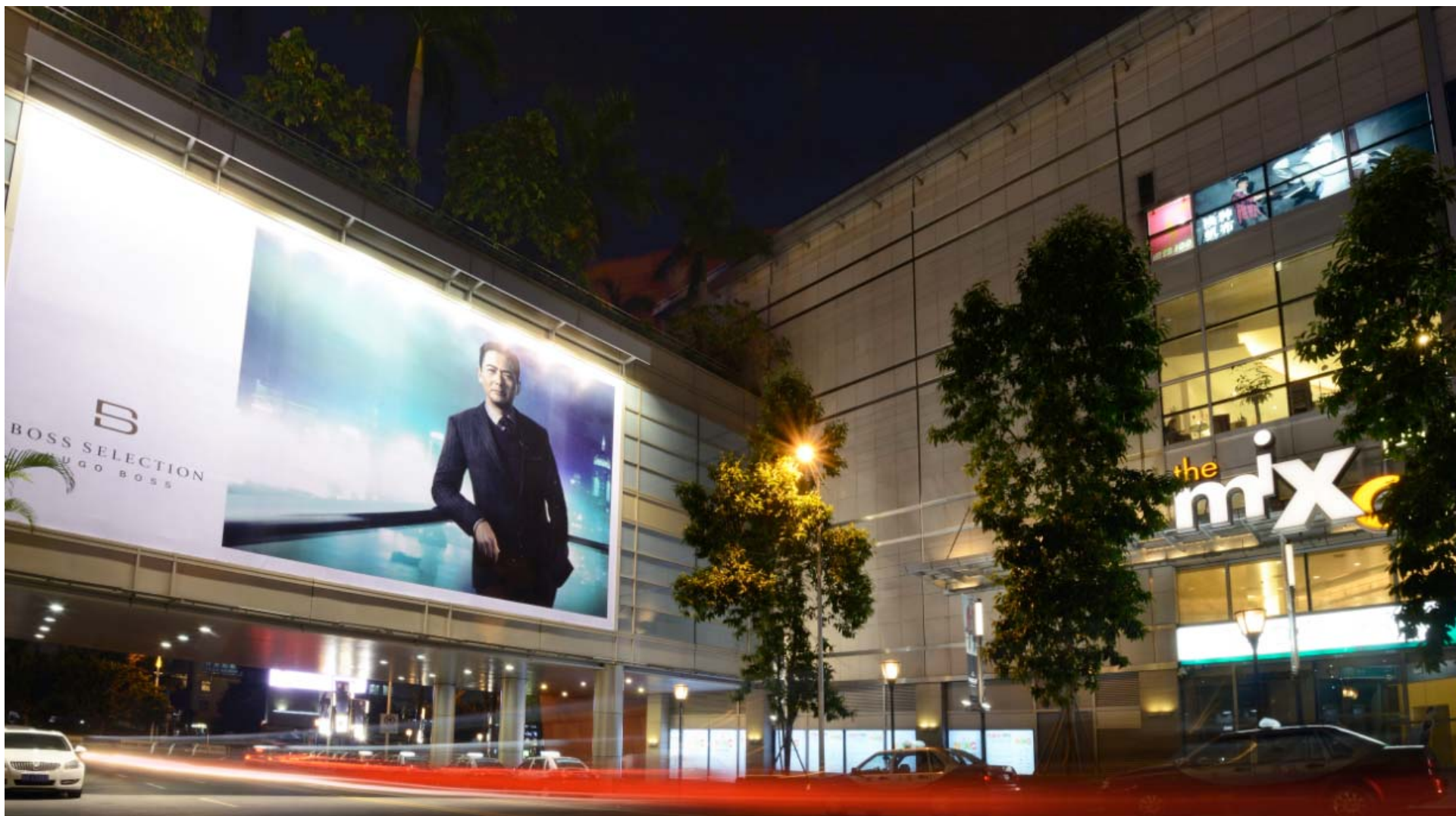
Sales (in EUR million)



Sales growth (in %)



New advertising campaign with Chow Yun-Fat catches consumer attention



AGENDA

OPERATIONAL HIGHLIGHTS

NINE MONTHS RESULTS

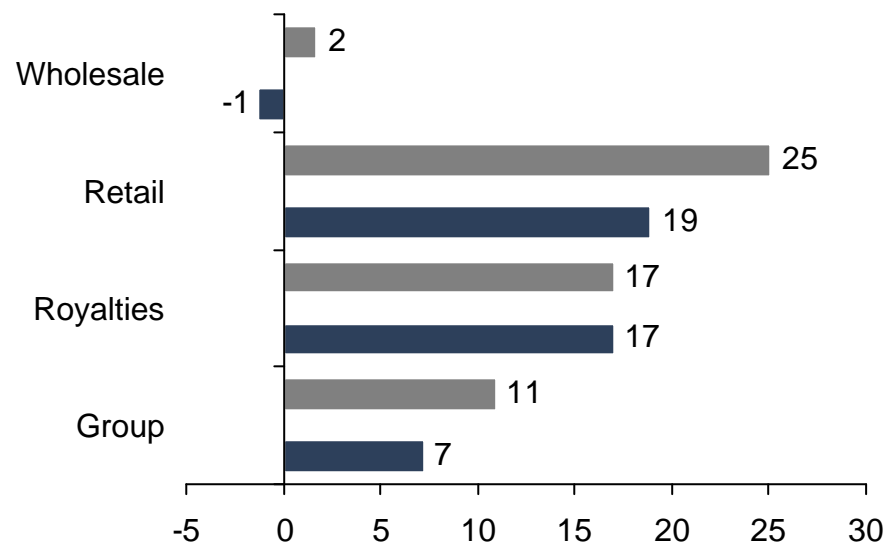
OUTLOOK

HUGO BOSS sales up 7% currency-adjusted in the first nine months

Sales growth by channel, y-o-y

9M 2012
(in %)

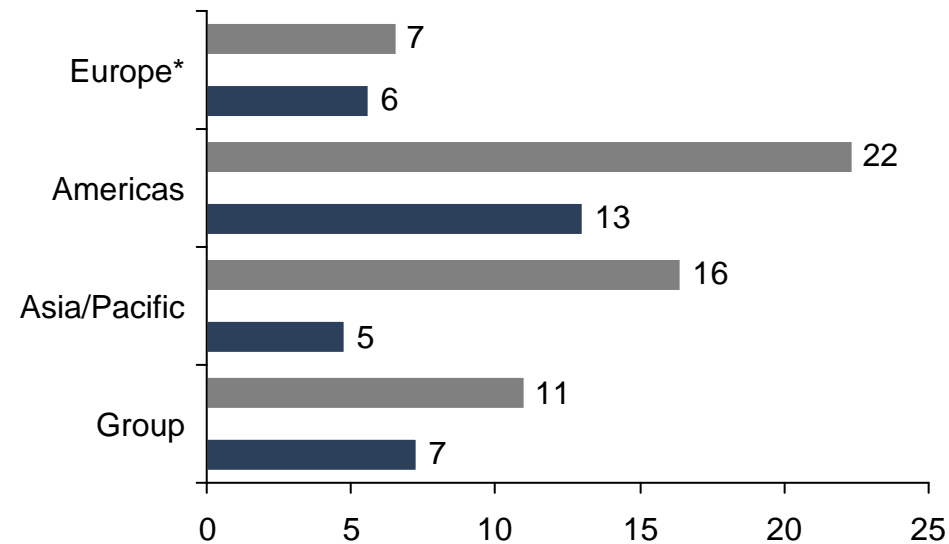
■ in euro
■ fx adjusted



Sales growth by region, y-o-y

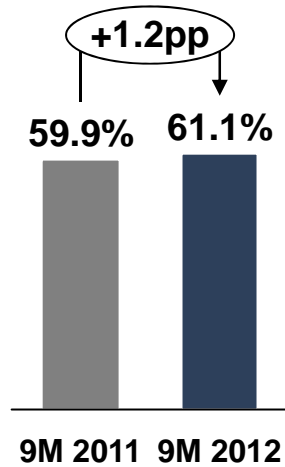
9M 2012
(in %)

■ in euro
■ fx adjusted



* incl. Middle East / Africa

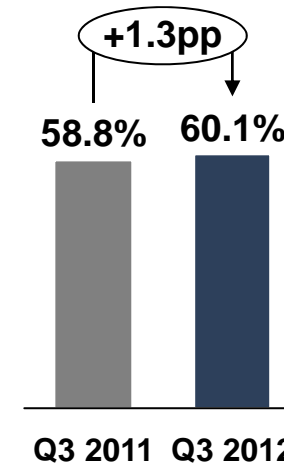
Group gross margin increases



- Higher retail share
- Efficiency improvements in production and sourcing



- Higher discounts
- Inventory devaluations



- Higher retail share



- Higher discounts

Ongoing retail and brand investments affect operating profit growth

in EUR million	9M 2012	9M 2011	Change in %
Net sales	1,738.5	1,559.6	11
Gross profit	1,061.7	934.2	14
in % of sales	61.1	59.9	1.2 pp
Selling and distribution expenses	(573.3)	(473.2)	(21)
Administration costs and other operating income and expenses	(156.8)	(139.6)	(12)
Operating result (EBIT)	331.6	321.4	3
in % of sales	19.1	20.6	(1.5 pp)
Financial result	(15.0)	(10.6)	(42)
Earnings before taxes	316.6	310.8	2
Income taxes	(76.0)	(74.6)	(2)
Net income	240.6	236.2	2
Attributable to:			
Equity holders of the parent company	237.7	231.1	3
Earnings per share (EUR)*			
Ordinary share	3.44	3.34	3
EBITDA before special items	391.7	372.1	5
in % of sales	22.5	23.9	(1.4 pp)

* Basic and diluted shares

- Higher **selling & distribution expenses** driven by own retail expansion and increased marketing expenditures
- **Administration costs** grow broadly in line with sales
- **EBITDA before special items** up 5% to EUR 392 million

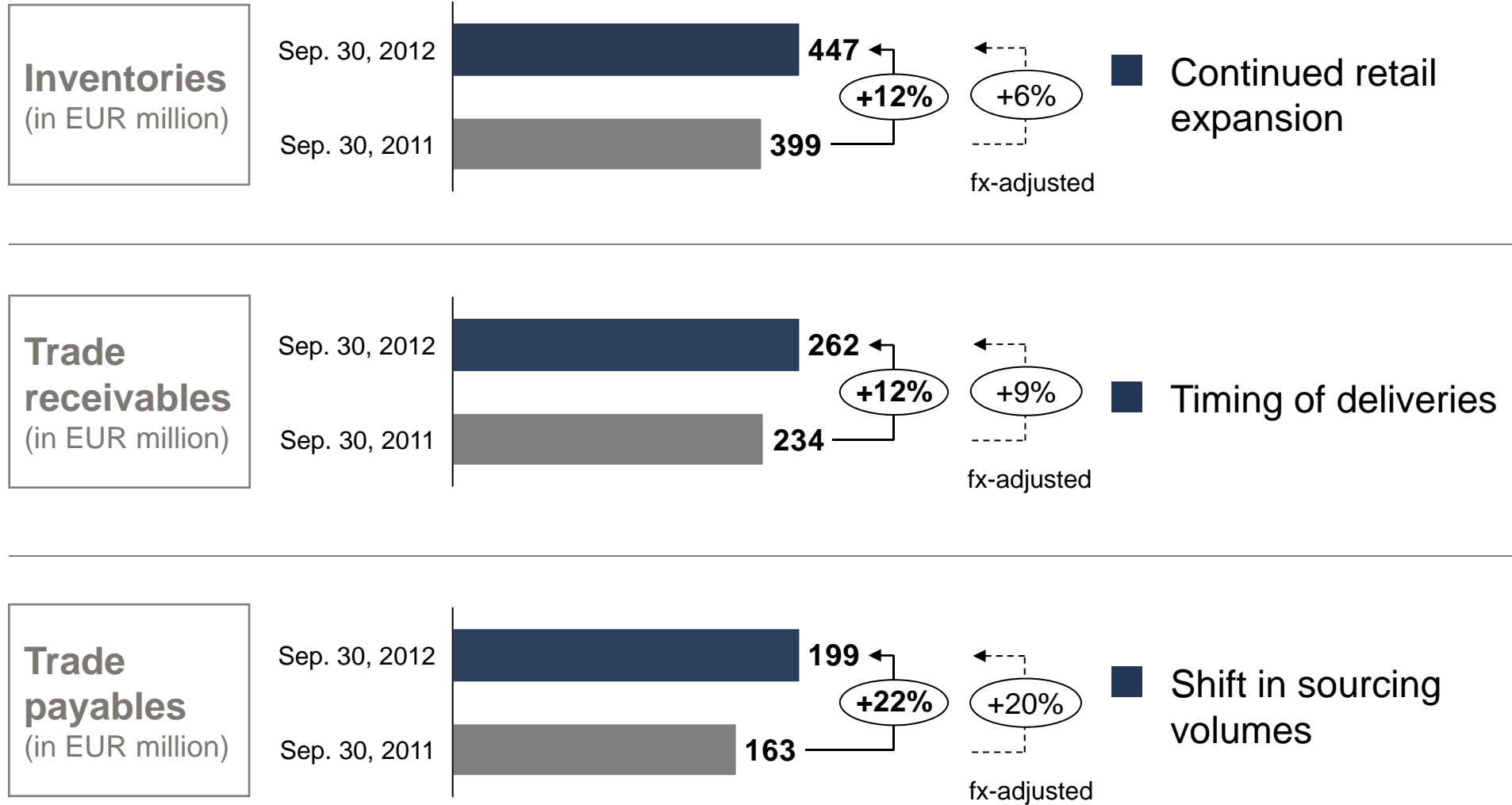
Strong operating profit improvements in the Americas

Segment profit in EUR million	9M 2012	in % of sales	9M 2011	in % of sales	Change in %
Europe*	392.0	37.3	397.9	40.4	(2)
Americas	106.3	26.6	83.7	25.6	27
Asia/Pacific	87.0	34.8	75.0	34.9	16
Royalties	34.3	90.0	27.7	85.0	24
Segment profit operating segments	619.6	35.6	584.3	37.5	6
Corporate units / consolidation	227.9		212.2		7
EBITDA before special items	391.7		372.1		5

- Higher own retail expenses result in profit decline in Europe
- Growth across all channels supports margin expansion in the Americas
- Profit margin in Asia broadly unchanged

*incl. Middle East and Africa

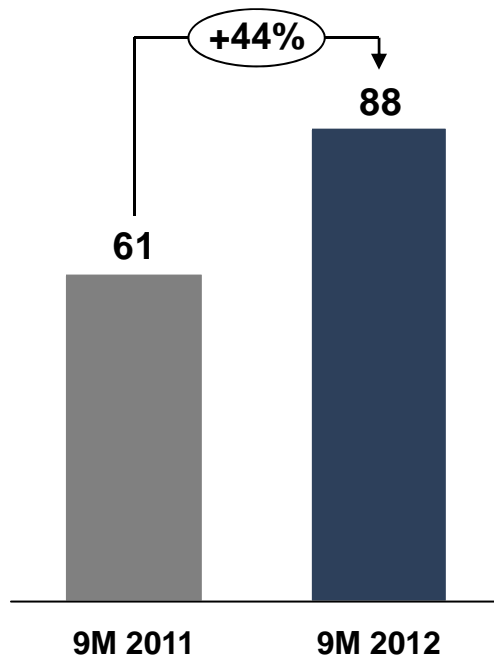
Trade net working capital growth moderates sequentially



Free cashflow increases despite higher investments

Investments

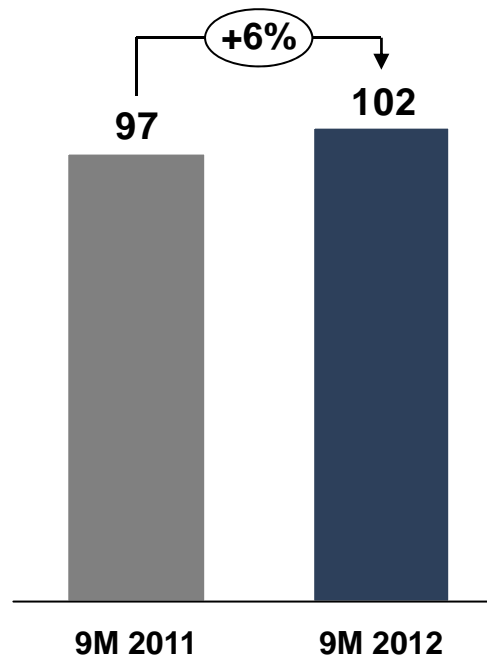
(in EUR million)



■ Focus on own retail and infrastructure projects

Free cash flow

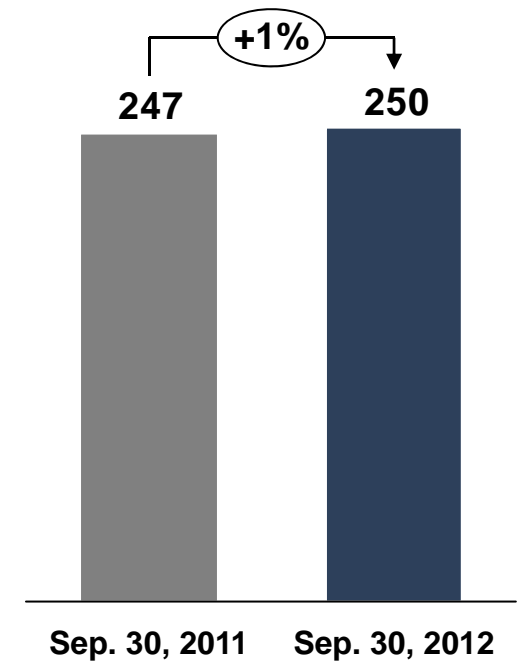
(in EUR million)



■ Reduction of working capital outflows

Net debt

(in EUR million)



■ Almost stable level despite higher dividend

AGENDA

OPERATIONAL HIGHLIGHTS

NINE MONTHS RESULTS

OUTLOOK

2012 guidance confirmed

2012 Outlook

Sales growth (currency-adjusted)

Up to 10%

Growth of EBITDA before special items

10% to 12%

Capex

Above prior year level

Own retail network

Around 80 net organic openings

Execution of medium-term strategy key to sustainable growth

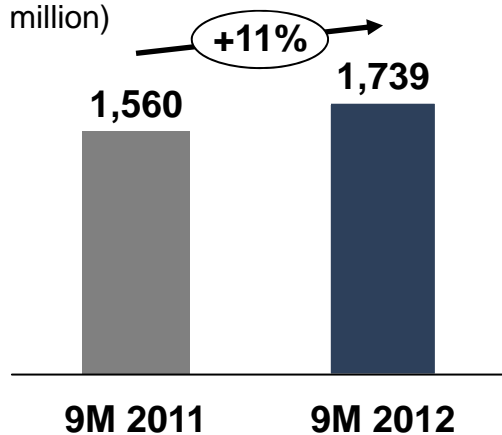
- Quarterly performance primarily reflects changing business model
- Visible acceleration of top and bottom line growth expected in the fourth quarter
- Strict focus on medium-term strategy to ensure long-term growth



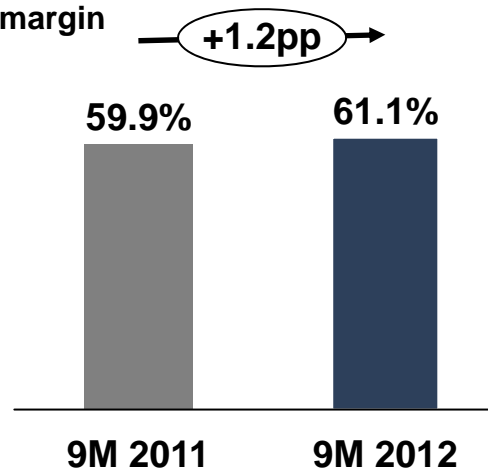
BACKUP

NINE MONTHS RESULTS AT A GLANCE

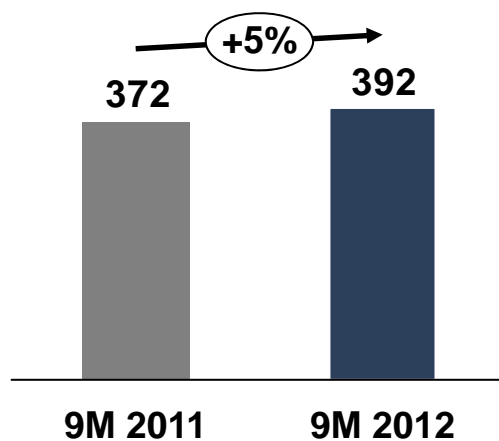
Sales
(in EUR million)



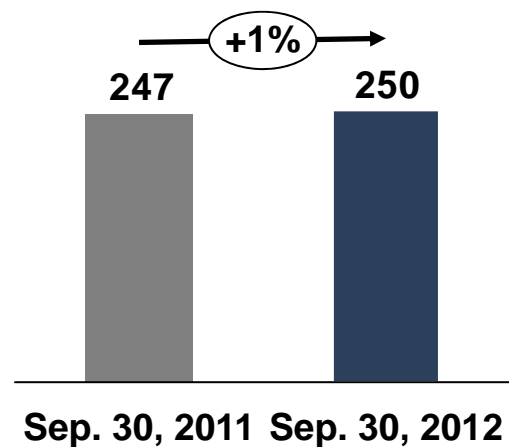
Gross margin
(in %)



EBITDA before special items
(in EUR million)



Net debt
(in EUR million)



PROFIT & LOSS STATEMENT

in EUR million	Q3 2012	Q3 2011	Change in %	Jan.-Sep. 2012	Jan.-Sep. 2011	Change in %
Net sales	646.3	615.0	5	1,738.5	1,559.6	11
Cost of sales	(245.0)	(241.1)	(2)	(642.8)	(596.4)	(8)
Direct selling expenses	(12.6)	(12.0)	(5)	(34.0)	(29.0)	(17)
Gross profit	388.7	361.9	7	1,061.7	934.2	14
in % of sales	60.1	58.8	1.3 pp	61.1	59.9	1.2 pp
Selling and distribution expenses	(193.2)	(159.1)	(21)	(573.3)	(473.2)	(21)
Administration costs and other operating income and expenses	(52.7)	(43.1)	(22)	(156.8)	(139.6)	(12)
Operating result (EBIT)	142.8	159.7	(11)	331.6	321.4	3
in % of sales	22.1	26.0	(3.9 pp)	19.1	20.6	(1.5 pp)
Net interest income/expense	(4.2)	(4.1)	(2)	(11.6)	(11.8)	2
Other financial items	(2.6)	2.0	<(100)	(3.4)	1.2	<(100)
Financial result	(6.8)	(2.1)	<(100)	(15.0)	(10.6)	(42)
Earnings before taxes	136.0	157.6	(14)	316.6	310.8	2
Income taxes	(32.6)	(37.9)	14	(76.0)	(74.6)	(2)
Net income	103.4	119.7	(14)	240.6	236.2	2
Attributable to:						
Equity holders of the parent company	103.6	118.0	(12)	237.7	231.1	3
Minority interests	(0.2)	1.7	<(100)	2.9	5.1	(43)
Net income	103.4	119.7	(14)	240.6	236.2	2
Earnings per share (EUR)*						
Ordinary share	1.50	1.71	(12)	3.44	3.34	3
Preferred share**		1.71			3.35	
EBITDA before special items	165.4	177.1	(7)	391.7	372.1	5
in % of sales	25.6	28.8	(3.2 pp)	22.5	23.9	(1.4 pp)

* Basic and diluted shares

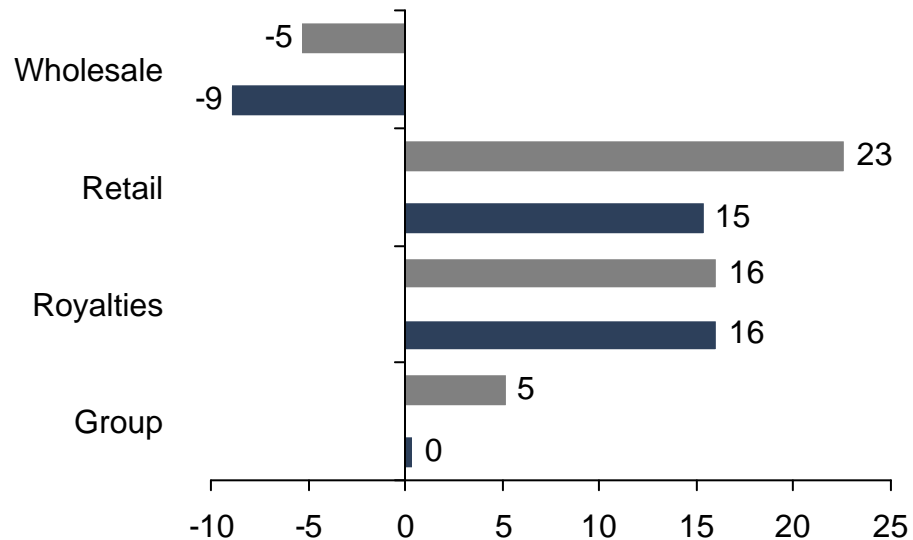
** Preferred shares were converted into ordinary shares on June 15, 2012

SALES BY CHANNEL

Sales growth by channel, y-o-y

Q3 2012
(in %)

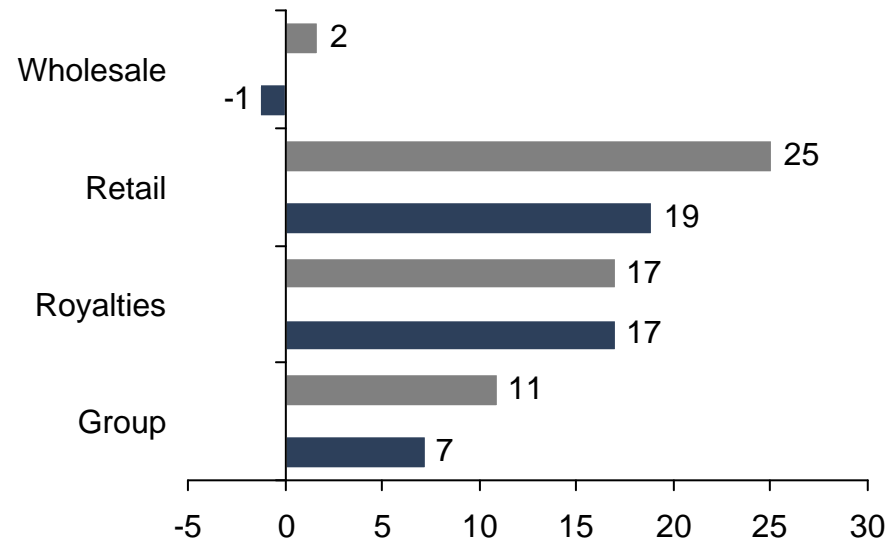
■ in euro
■ fx adjusted



Sales growth by channel, y-o-y

9M 2012
(in %)

■ in euro
■ fx adjusted

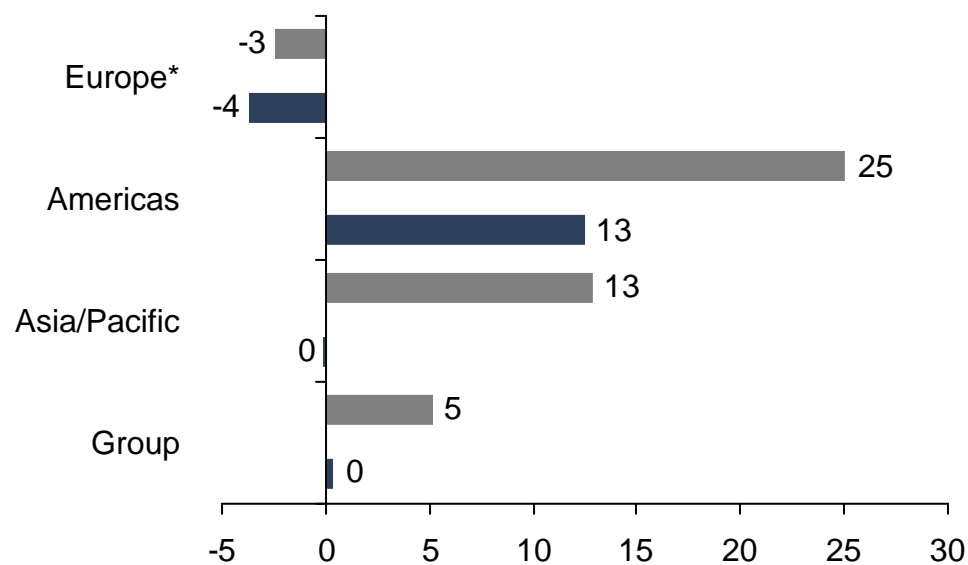


SALES BY REGION

Sales growth by region, y-o-y

Q3 2012
(in %)

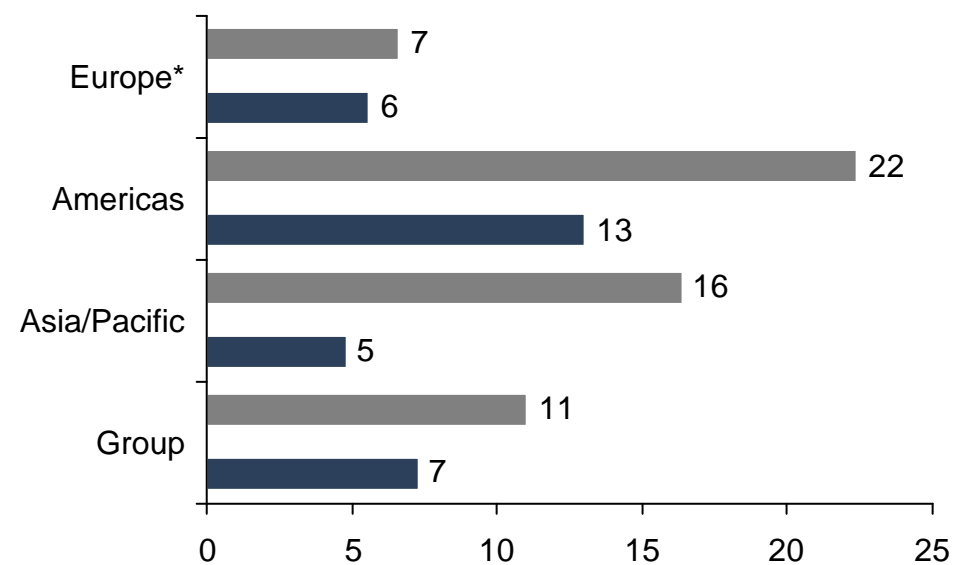
■ in euro
■ fx adjusted



Sales growth by region, y-o-y

9M 2012
(in %)

■ in euro
■ fx adjusted

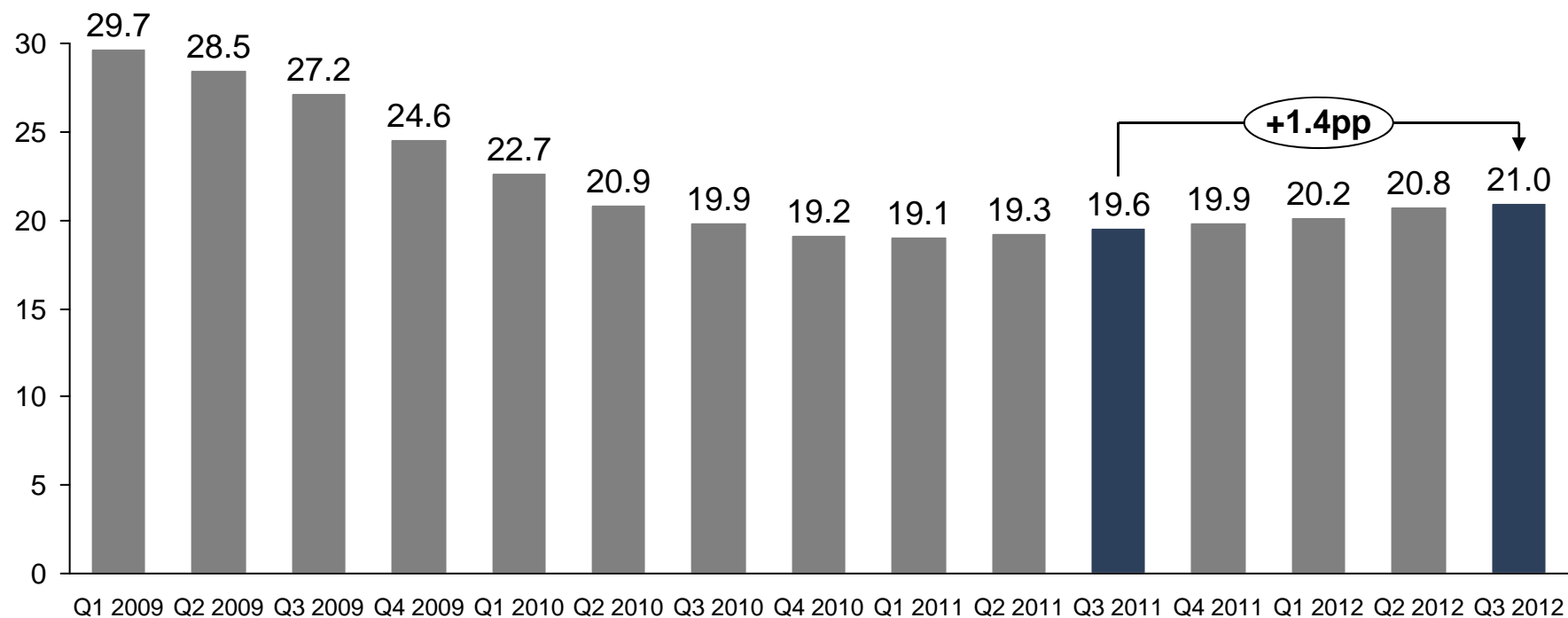


*incl. Middle East and Africa

TRADE NET WORKING CAPITAL

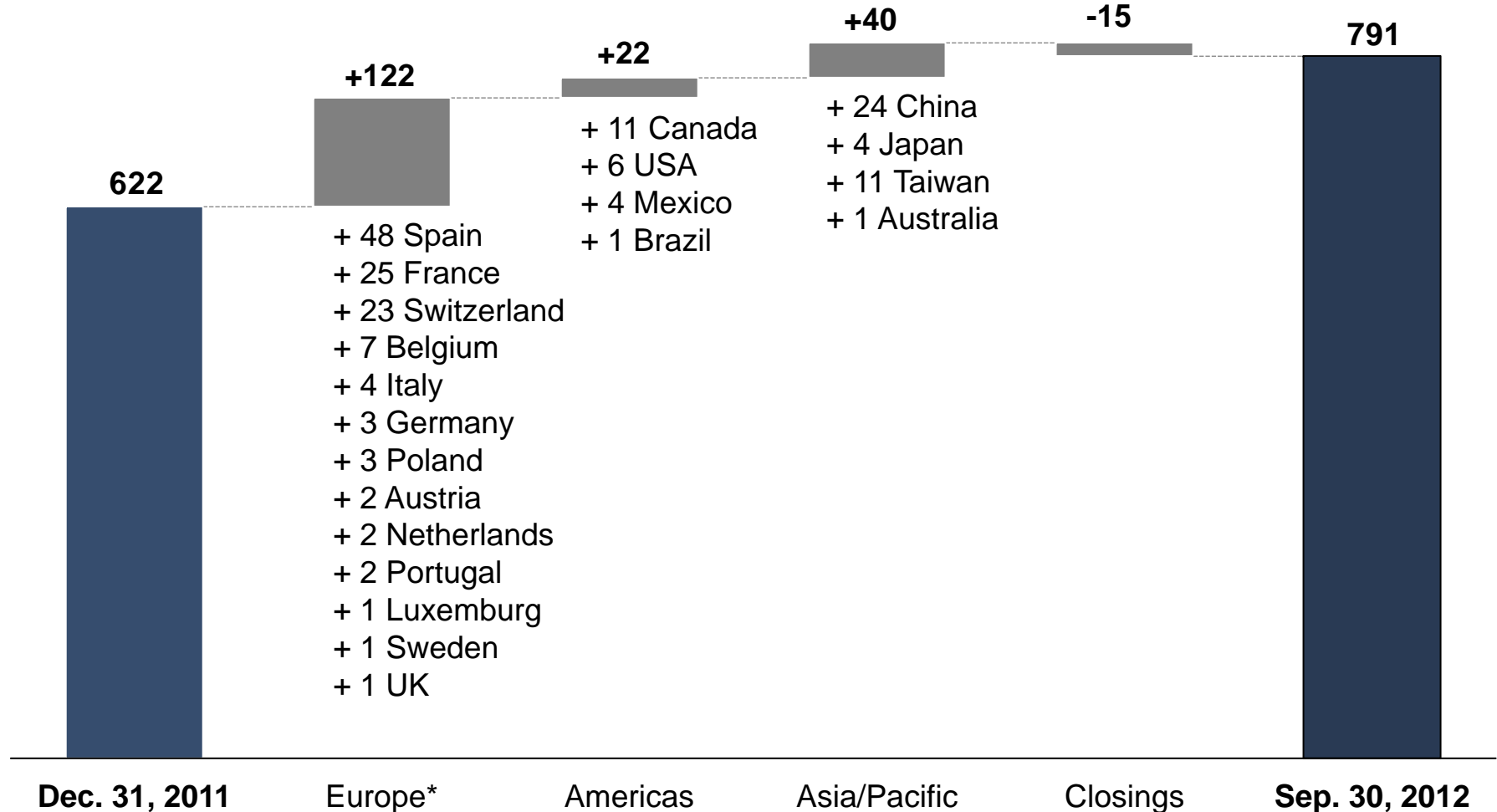
Trade net working capital as a percentage of sales by quarter

(in %)



RETAIL NETWORK

Number of own retail stores:



*Europe incl. Middle East / Africa

FINANCIAL CALENDAR 2012/2013

Date	Event
December 6, 2012	Investor Field Trip, New York City
March 14, 2013	Press and Analysts' Conference
May 2, 2013	First Quarter Results 2013
May 16, 2013	Annual Shareholders' Meeting

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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