

**H U G O B O S S**

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## **HUGO BOSS Nine Months Results 2013**

Mark Langer (CFO)  
Metzingen, October 31, 2013

## Agenda

**Operational Highlights**

**Nine Months Results**

**Outlook 2013**

## Agenda

**Operational Highlights**

**Nine Months Results**

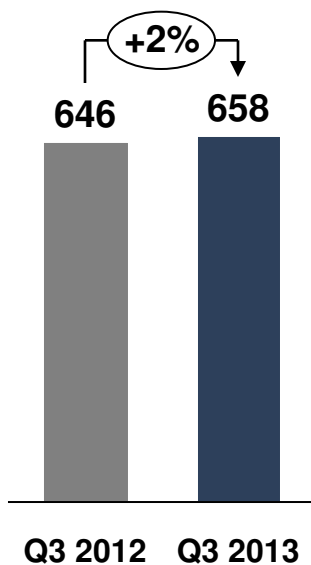
**Outlook 2013**

## Solid sales and operating profit increases in the first nine months

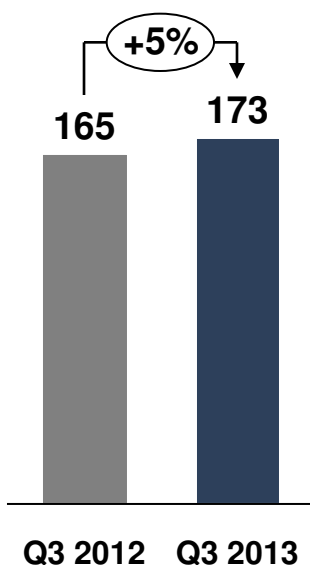
### Third quarter results

**Sales**  
(in EUR million)

(+5% fx-adjusted)



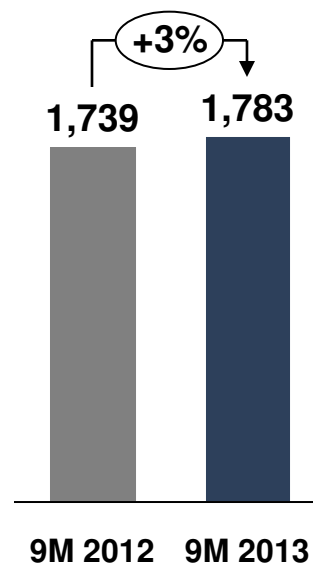
**EBITDA before special items**  
(in EUR million)



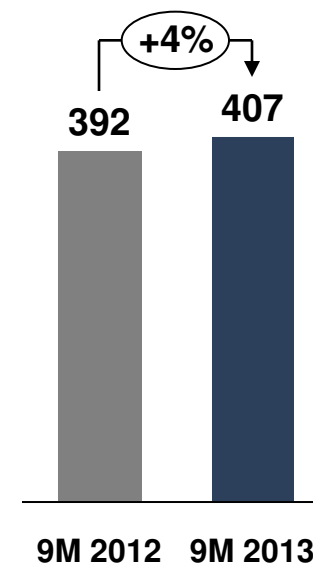
### Nine months results

**Sales**  
(in EUR million)

(+4% fx-adjusted)



**EBITDA before special items**  
(in EUR million)



Integration of BOSS Selection in the core brand BOSS yields positive results



## Moscow store establishes own retail presence in Russia



BOSS Flagship Store, Moscow  
Kuznetsky Most  
Opening: September 2013  
Net size: 693 sqm



## New York flagship store renovated and extended



BOSS Store, New York  
Columbus Circle  
Re-Opening: September 2013  
Net size: 1,084 sqm





## HUGO BOSS celebrates Columbus Circle reopening with impressive video installation



“Anthroposcene”  
660 sqm video installation  
by Marco Brambilla



## Store base in Shanghai upgraded significantly



BOSS Store, Shanghai  
APM Mall  
Opening: August 2013  
Net size: 482 sqm



Concession business model expanded in both the U.S. and Europe



Saks,  
Columbus (OH)



Saks,  
Indianapolis (IN)

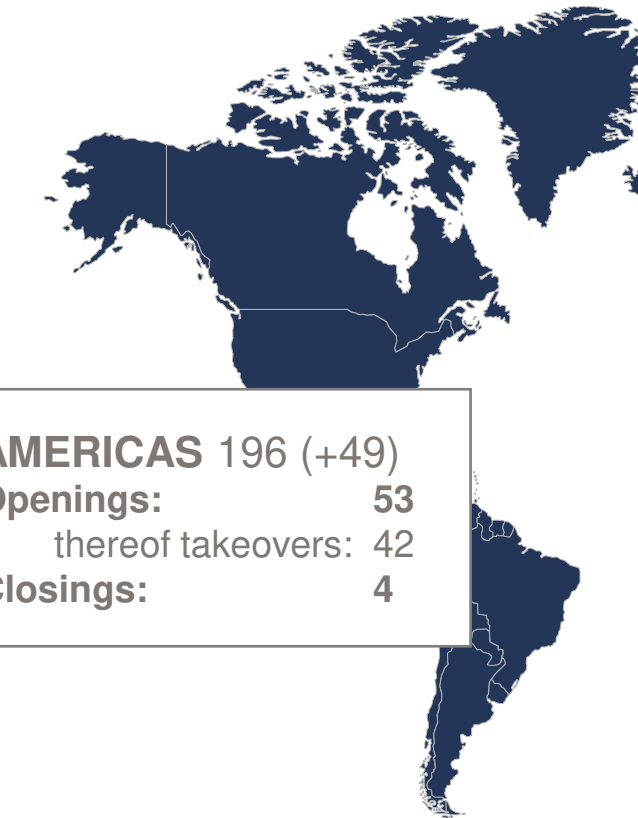


Alsterhaus,  
Hamburg

Takeovers account for majority of new additions to retail universe

Number of own retail stores as of September 30, 2013

(December 31, 2012: 840)



**AMERICAS** 196 (+49)  
**Openings:** 53  
 thereof takeovers: 42  
**Closings:** 4



**EUROPE\*** 570 (+101)  
**Openings:** 108  
 thereof takeovers: 63  
**Closings:** 7

**ASIA/PACIFIC** 226 (+2)  
**Openings:** 22  
 thereof takeovers: 5  
**Closings:** 20

**TOTAL** 992 (+152)  
**Openings:** 183  
 thereof takeovers: 110  
**Closings:** 31

\* incl. Middle East and Africa.

## Agenda

**Operational Highlights**

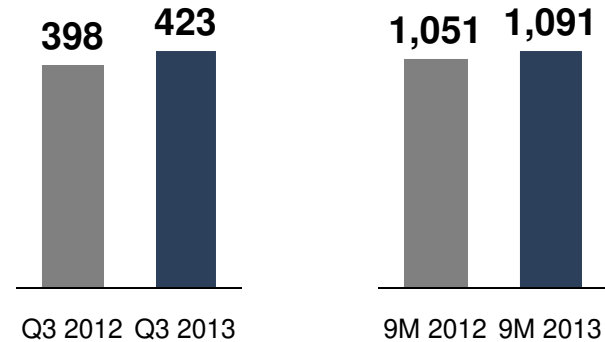
**Nine Months Results**

**Outlook 2013**

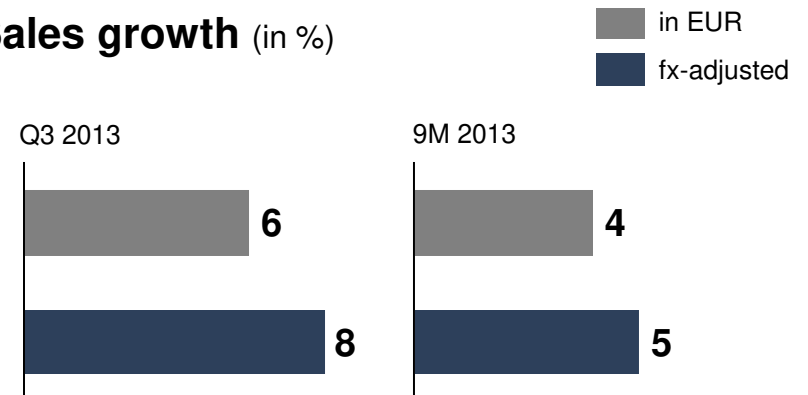
## Improving growth dynamics in Europe

- Sales momentum picks up over the course of the quarter
- Key markets recover from more difficult first half year
- Wholesale trading environment continues to be challenging

**Sales** (in EUR million)



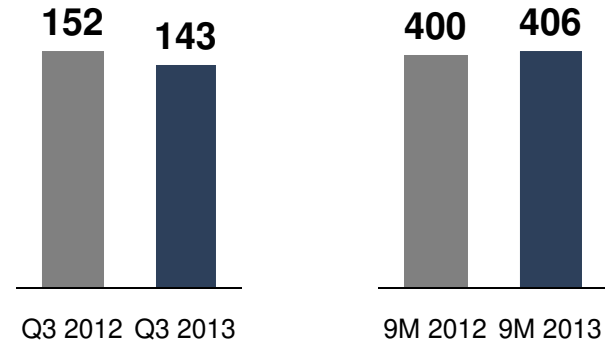
**Sales growth** (in %)



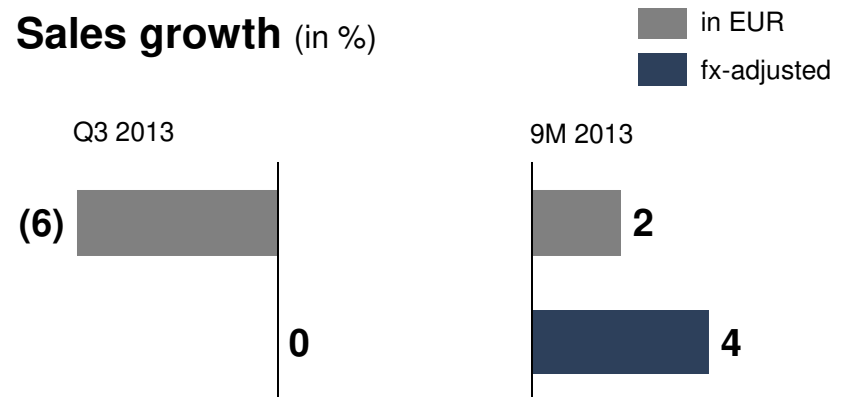
## Mixed quarterly performance in the Americas

- Tough prior year comparison base
- Deteriorating wholesale sentiment
- Solid own retail performance

### Sales (in EUR million)



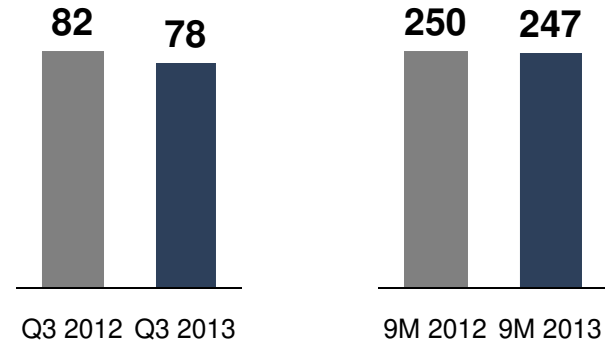
### Sales growth (in %)



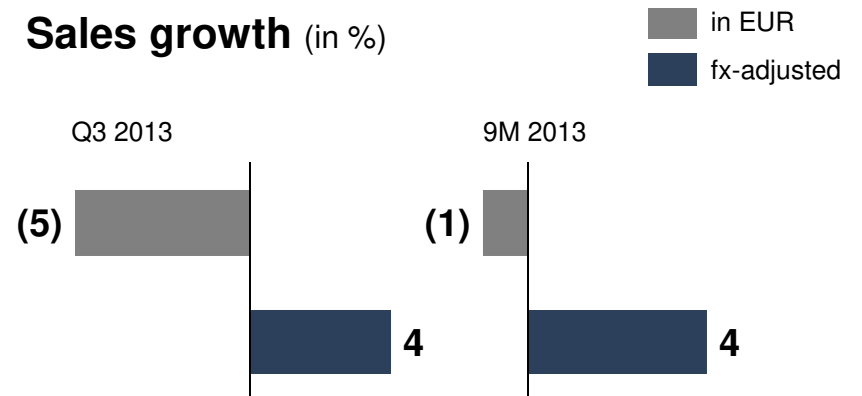
## Trends in Asia broadly unchanged compared to first half year

- Chinese market environment remains challenging
- Robust growth in Hong Kong and Macau
- Japanese business benefits from repatriation of local demand

### Sales (in EUR million)



### Sales growth (in %)



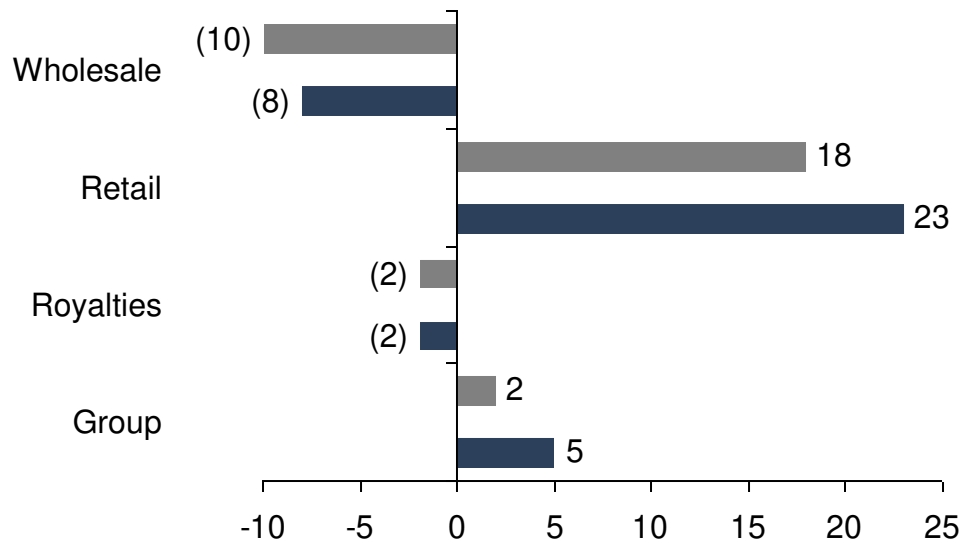


## Retail sales growth accelerates in the third quarter

### Sales growth by channel, y-o-y

Q3 2013  
(in %)

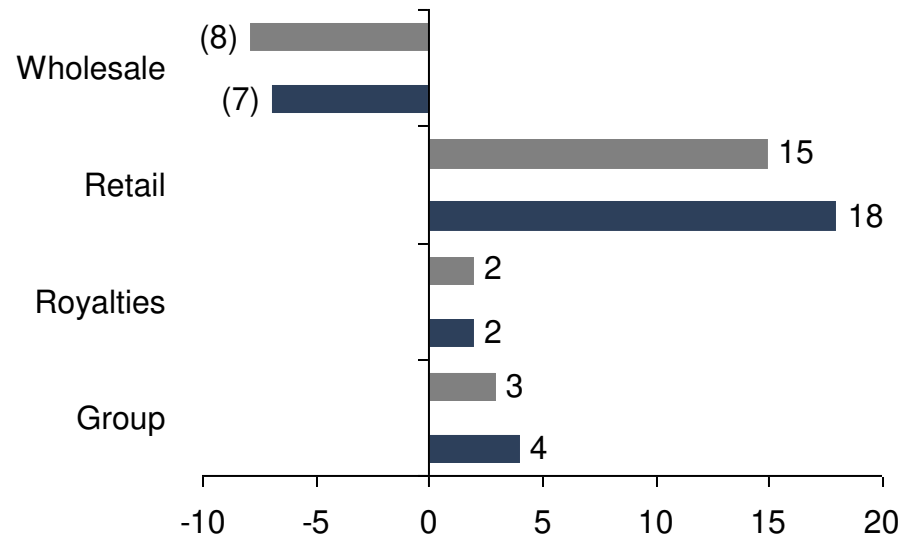
■ in EUR  
■ fx-adjusted



### Sales growth by channel, y-o-y

9M 2013  
(in %)

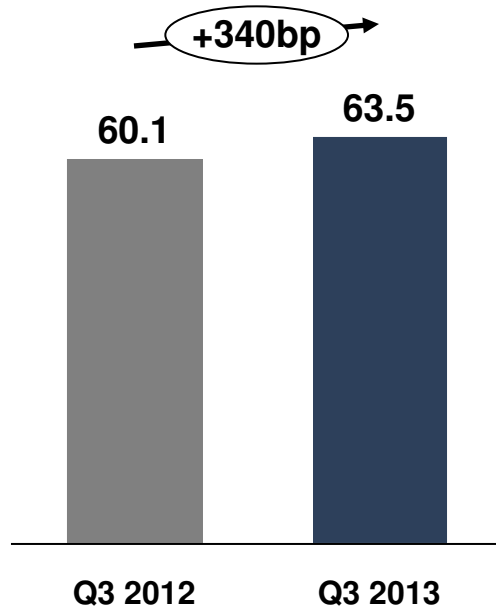
■ in EUR  
■ fx-adjusted



- **Wholesale** development affected by difficult market situation as well as takeover effects
- Third quarter **own retail** growth acceleration supported by improving comp store sales (up 4% in Q3, up 2% year-to-date)
- **Royalties** sales increase in the nine months period driven by eyewear and kidswear

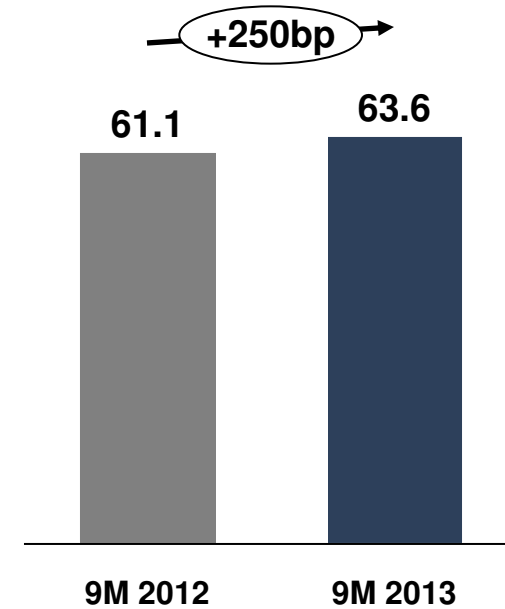
## Gross margin expands strongly

### Third quarter



- Distribution channel mix
- Reduction of mark downs
- Non-recurrence of prior year inventory devaluation effects

### First nine months



- Distribution channel mix
- Non-recurrence of prior year inventory devaluation effects

## EBITDA margin increases despite own retail driven operating expense growth

in EUR million	9M 2013	9M 2012	Change in %
<b>Net sales</b>	<b>1,783.1</b>	<b>1,738.5</b>	<b>3</b>
<b>Gross profit</b>	<b>1,134.7</b>	<b>1,061.7</b>	<b>7</b>
in % of sales	63.6	61.1	250 bp
Selling and distribution expenses	(636.8)	(573.3)	(11)
Administration costs and other operating income and expenses	(160.5)	(156.8)	(2)
<b>Operating result (EBIT)</b>	<b>337.4</b>	<b>331.6</b>	<b>2</b>
in % of sales	18.9	19.1	(20) bp
Financial result	(15.7)	(15.0)	(5)
<b>Earnings before taxes</b>	<b>321.7</b>	<b>316.6</b>	<b>2</b>
Income taxes	(74.0)	(76.0)	3
<b>Net income</b>	<b>247.7</b>	<b>240.6</b>	<b>3</b>
Attributable to:			
Equity holders of the parent company	244.7	237.7	3
<b>Earnings per share (EUR)*</b>	<b>3.55</b>	<b>3.44</b>	<b>3</b>
<b>EBITDA before special items</b>	<b>407.4</b>	<b>391.7</b>	<b>4</b>
in % of sales	22.8	22.5	30 bp

- Own retail expansion main driver of higher **selling and distribution expenses**
- Tight overhead cost management limits increases in **administration costs**
- Adverse exchange rate effects impact **financial result**

\*basic and diluted earnings per share.

## Mixed regional profitability developments

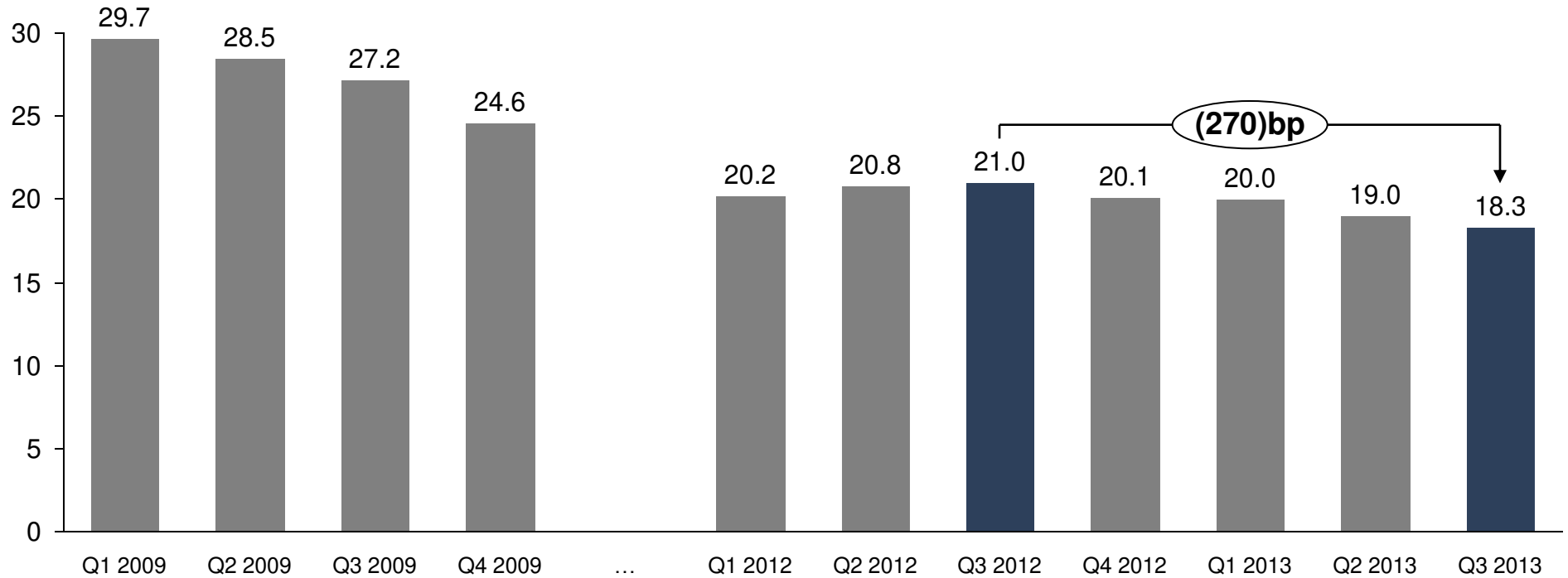
Segment profit in EUR million	9M 2013	in % of sales	9M 2012	in % of sales	Change in %
Europe*	401.1	36.7	392.0	37.3	2
Americas	106.3	26.2	106.3	26.6	0
Asia/Pacific	87.1	35.3	87.0	34.8	0
Royalties	32.7	84.2	33.8	88.7	(3)
Segment profit operating segments	<b>627.2</b>	<b>35.2</b>	<b>619.1</b>	<b>35.6</b>	<b>1</b>
Corporate units / consolidation	219.8		227.4		(3)
EBITDA before special items	<b>407.4</b>	<b>22.8</b>	<b>391.7</b>	<b>22.5</b>	<b>4</b>

- Retail expansion and takeovers affect operating margin development in **Europe**
- Moderate margin decline in the **Americas** despite decreased markdowns
- Strong gross margin improvement and tight cost management support margin increase in **Asia**

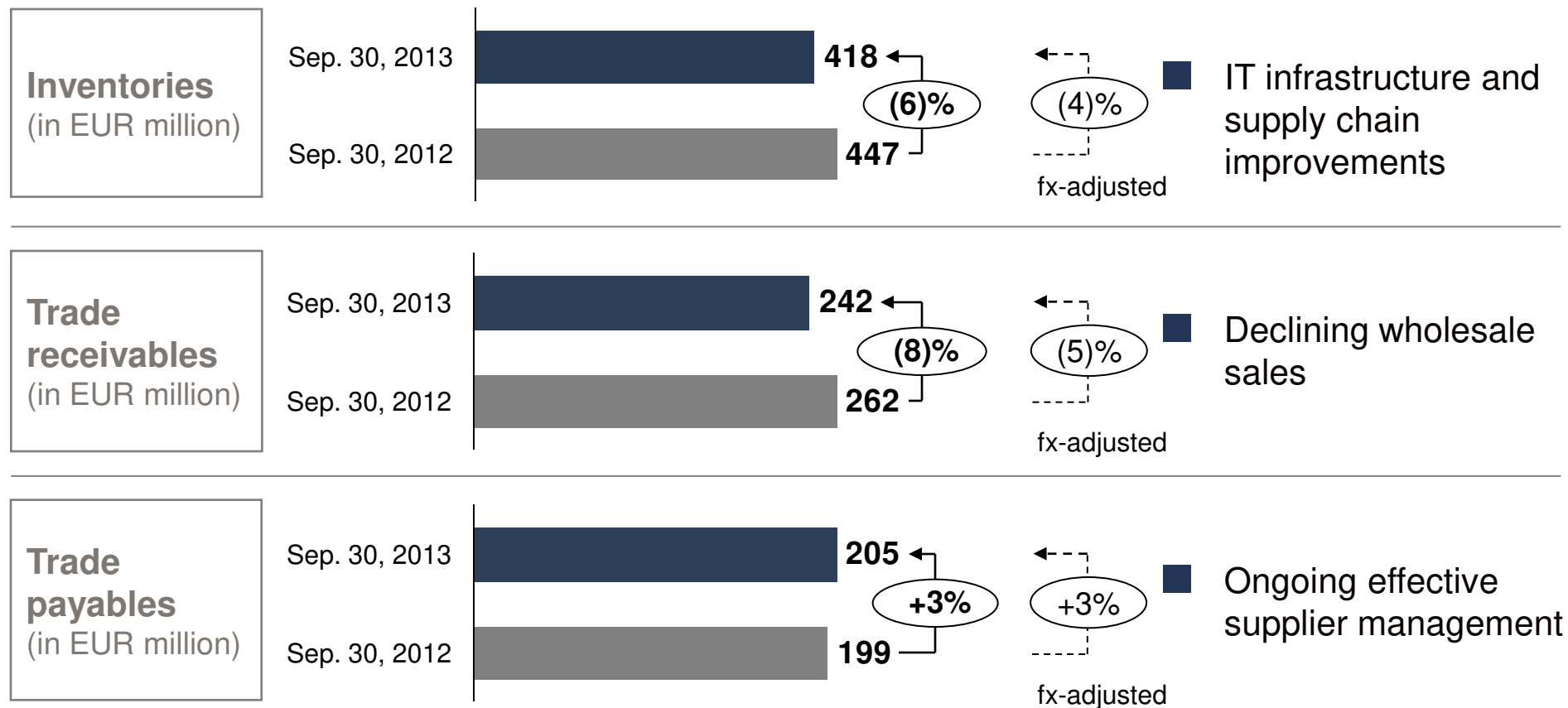
\*incl. Middle East and Africa.

## Working capital efficiency at record levels

**Average trade net working capital as a percentage of sales by quarter**  
(in %)



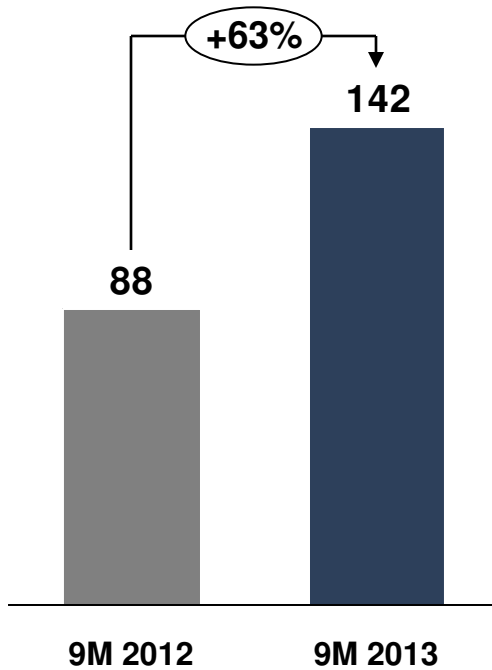
## Broad based trade net working capital improvements



➔ Trade net working capital down 11% to EUR 455 million

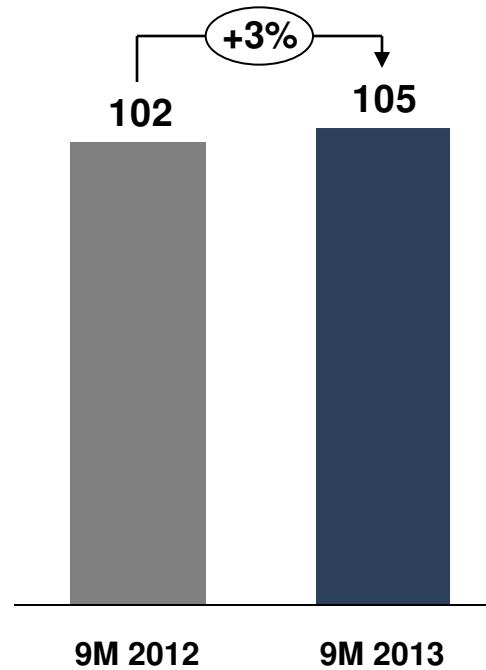
## Free cash flow increases despite higher investments

**Investments**  
(in EUR million)



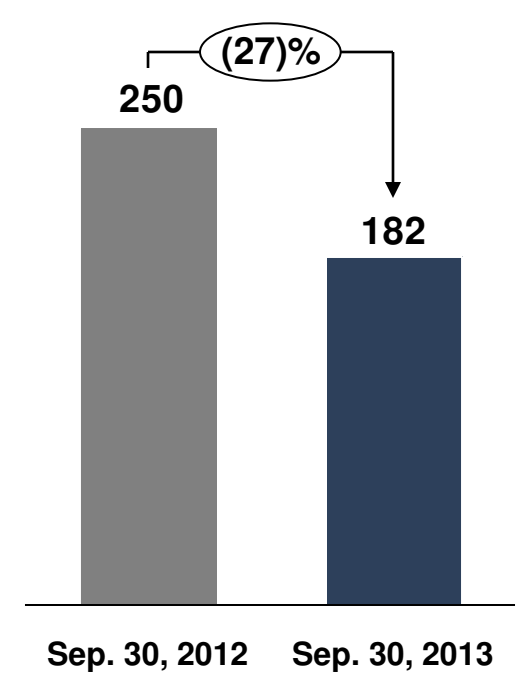
■ Increase due to own retail expansion and infrastructure projects

**Free cash flow**  
(in EUR million)



■ Trade net working capital improvements more than offset higher investments

**Net debt**  
(in EUR million)



■ Strong reduction due to deconsolidation effects

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Full year 2013 targets specified

2013 Outlook

Sales growth (currency-adjusted)

Between 6% and 8%

Growth of EBITDA before special items

Between 6% and 8%

Capex

Around EUR 150 million  
on a comparable basis

Own retail network

Around 50 net organic openings  
+ around 110 shop-in-shop takeovers

## Clear strategy execution drives Group results

- HUGO BOSS has successfully reduced dependence on the wholesale channel
- Own retail focus deeply embedded across the organization
- Further extension of brand control key to medium- and long-term growth



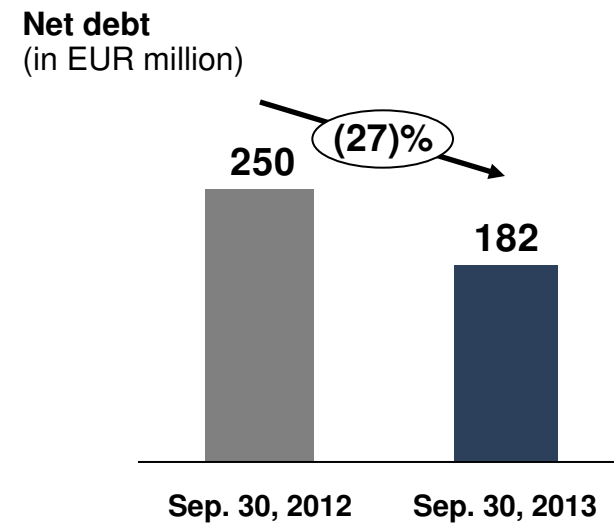
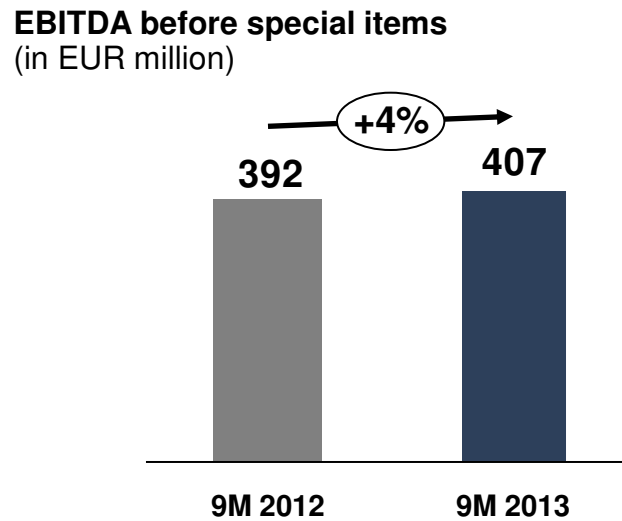
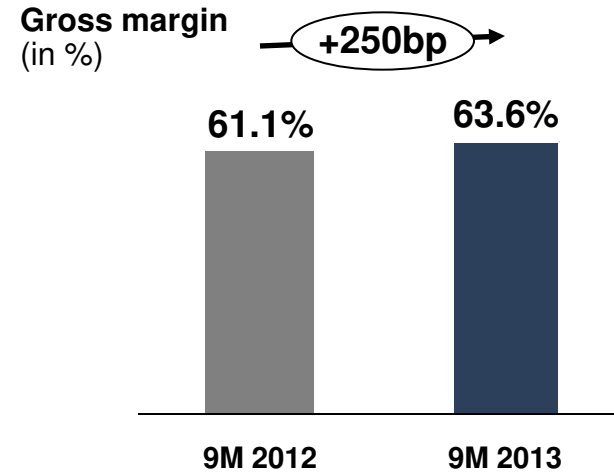
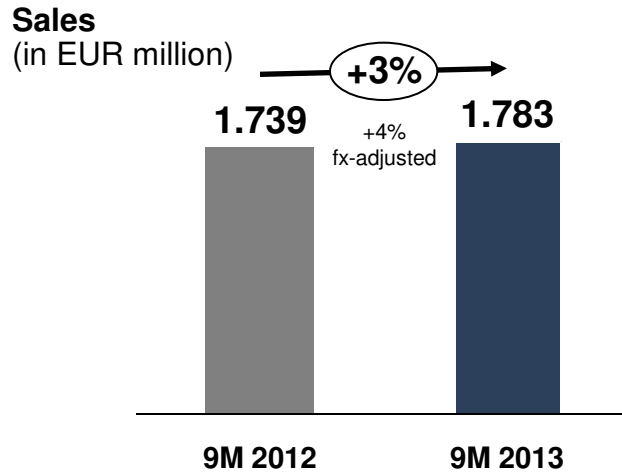
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## QUESTIONS & ANSWERS

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**BACKUP**

## Nine months results at a glance



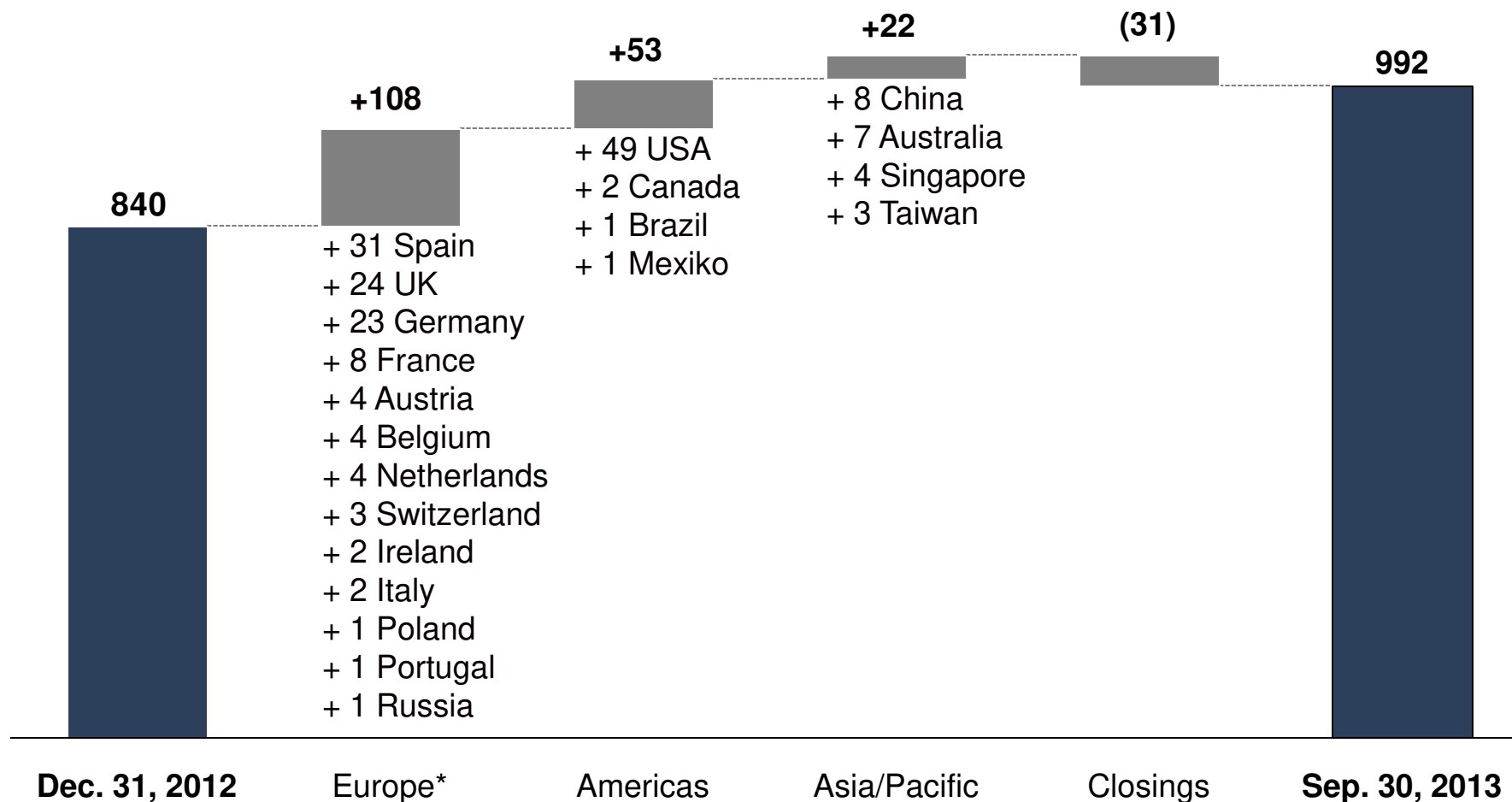
## Profit & loss statement

in EUR million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
<b>Net sales</b>	<b>657.9</b>	<b>646.3</b>	<b>2</b>	<b>1,783.1</b>	<b>1,738.5</b>	<b>3</b>
Cost of sales	(227.3)	(244.9)	7	(613.1)	(642.8)	5
Direct selling expenses	(12.7)	(12.6)	(1)	(35.3)	(34.0)	(4)
<b>Gross profit</b>	<b>417.9</b>	<b>388.7</b>	<b>8</b>	<b>1,134.7</b>	<b>1,061.7</b>	<b>7</b>
in % of sales	63.5	60.1	340 bp	63.6	61.1	250 bp
Selling and distribution expenses	(221.2)	(193.2)	(14)	(636.8)	(573.3)	(11)
Administration costs and other operating income and expenses	(46.2)	(52.7)	12	(160.5)	(156.8)	(2)
<b>Operating result (EBIT)</b>	<b>150.5</b>	<b>142.8</b>	<b>5</b>	<b>337.4</b>	<b>331.6</b>	<b>2</b>
in % of sales	22.9	22.1	80 bp	18.9	19.1	(20) bp
Net interest income/expense	(1.2)	(4.2)	71	(7.1)	(11.6)	39
Other financial items	(3.2)	(2.6)	(23)	(8.6)	(3.4)	< (100)
<b>Financial result</b>	<b>(4.4)</b>	<b>(6.8)</b>	<b>35</b>	<b>(15.7)</b>	<b>(15.0)</b>	<b>(5)</b>
<b>Earnings before taxes</b>	<b>146.1</b>	<b>136.0</b>	<b>7</b>	<b>321.7</b>	<b>316.6</b>	<b>2</b>
Income taxes	(33.6)	(32.6)	(3)	(74.0)	(76.0)	3
<b>Net income</b>	<b>112.5</b>	<b>103.4</b>	<b>9</b>	<b>247.7</b>	<b>240.6</b>	<b>3</b>
<b>Attributable to:</b>						
Equity holders of the parent company	110.9	103.6	7	244.7	237.7	3
Minority interests	1.6	(0.2)	>100	3.0	2.9	5
<b>Earnings per share (EUR)*</b>	<b>1.61</b>	<b>1.50</b>	<b>7</b>	<b>3.55</b>	<b>3.44</b>	<b>3</b>
<b>EBITDA before special items</b>	<b>173.1</b>	<b>165.4</b>	<b>5</b>	<b>407.4</b>	<b>391.7</b>	<b>4</b>
in % of sales	26.3	25.6	70 bp	22.8	22.5	30 bp

\*basic and diluted earnings per share.

## Retail network

### Number of own retail stores:



\*Europe incl. Middle East and Africa.

**Financial calendar 2013/2014**

<b>Date</b>	<b>Event</b>
<b>November 26, 2013</b>	<b>Investor Day, Hong Kong</b>
<b>March 13, 2014</b>	<b>Press and Analysts' Conference</b>
<b>May 7, 2014</b>	<b>First Quarter Results</b>
<b>May 13, 2014</b>	<b>Annual Shareholders' Meeting</b>
<b>July 31, 2014</b>	<b>First Half Year Results</b>
<b>November 4, 2014</b>	<b>Nine Months Results</b>



## **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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