

**H U G O   B O S S**

---

## **ROADSHOW London // Barclays**

Mark Langer, CFO  
London, November 4, 2015

---

## Agenda

---

**Financial Review First Nine Months 2015**

---

---

**Strategic Outlook 2015 and beyond**

---

---

**Financial Outlook 2015**

---

## Agenda

**Financial Review First Nine Months 2015**

**Strategic Outlook 2015 and beyond**

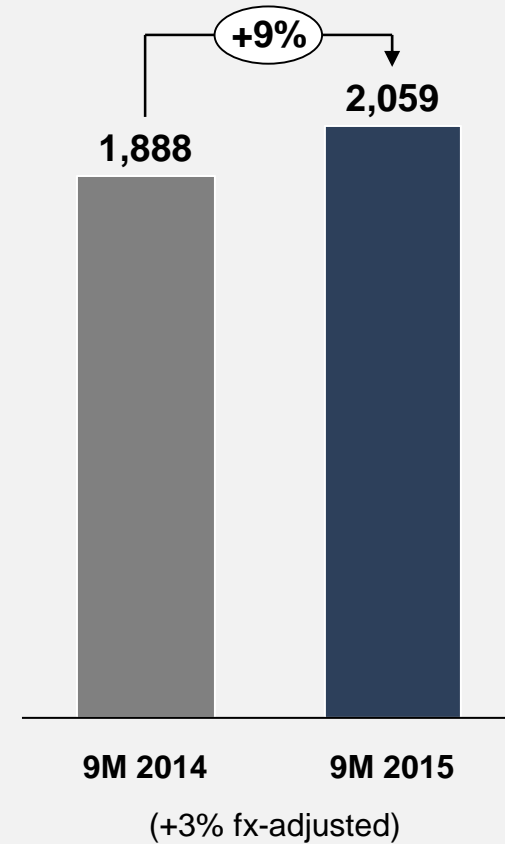
**Financial Outlook 2015**

## Group sales development weakens in third quarter

**Q3 Group sales development**  
(in EUR million)



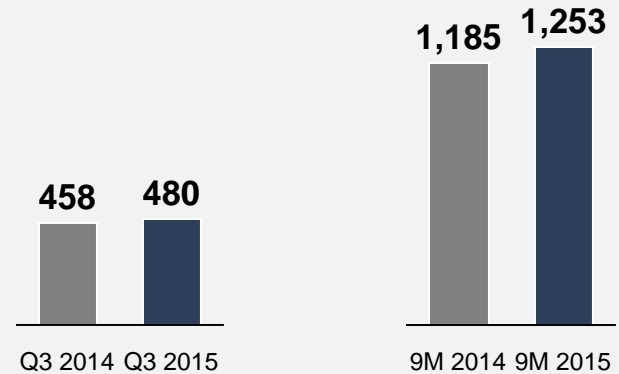
**9M Group sales development**  
(in EUR million)



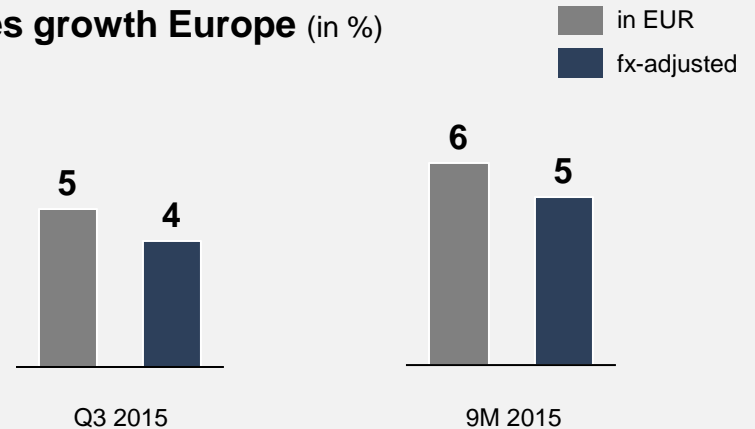
## Europe remains strongest growing region

- UK continues growing at double-digit rates
- Solid performance in Germany and France
- Third quarter trends remain broadly unchanged compared to first half year

**Sales Europe** (in EUR million)



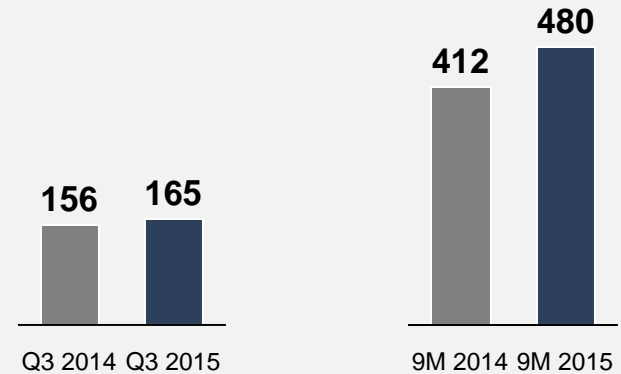
**Sales growth Europe** (in %)



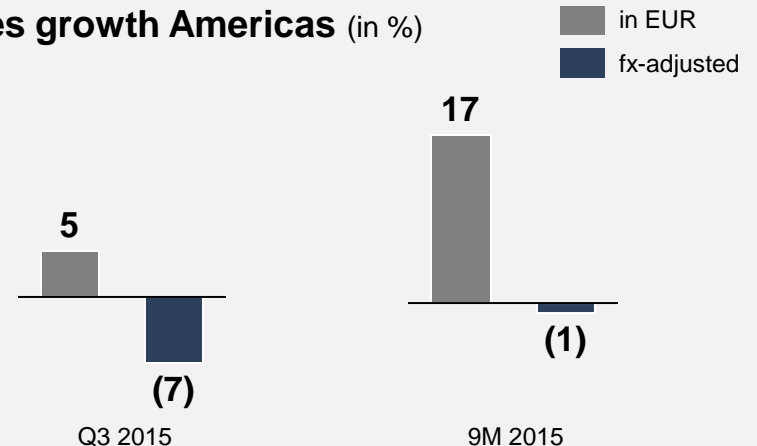
## Region Americas turns more challenging in third quarter

- US business down 10% currency-adjusted in third quarter
- Footfall declines affect retail performance
- Stronger than expected decrease of wholesale business

Sales Americas (in EUR million)



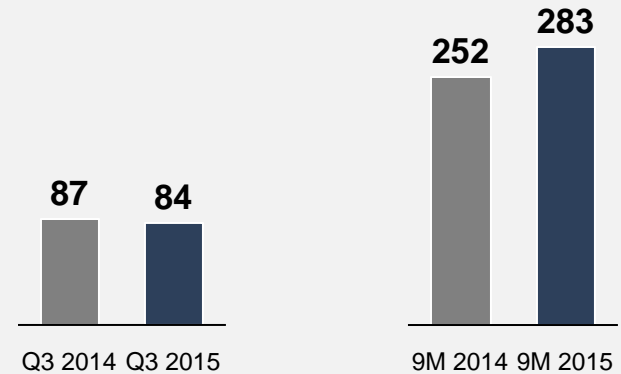
Sales growth Americas (in %)



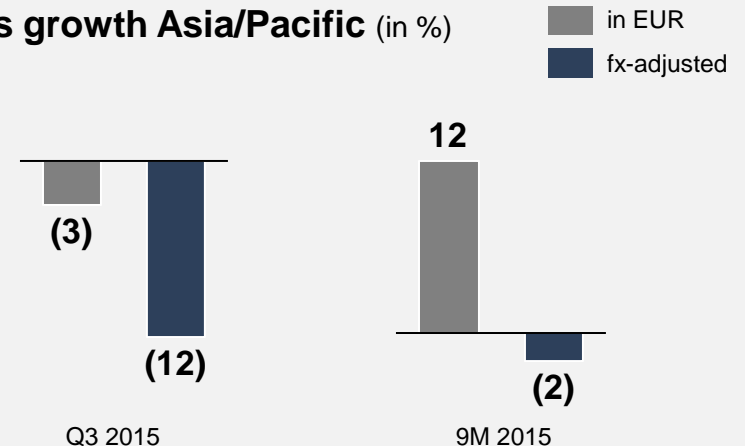
## Performance in Asia/Pacific suffers from negative sales trends in China

- Trends differ significantly by market, Australia and Japan outperforming
- Market deterioration impacts business in China, down 20% in Q3
- Chinese tourism drives sales in rest of Asia and Europe

Sales Asia/Pacific (in EUR million)



Sales growth Asia/Pacific (in %)

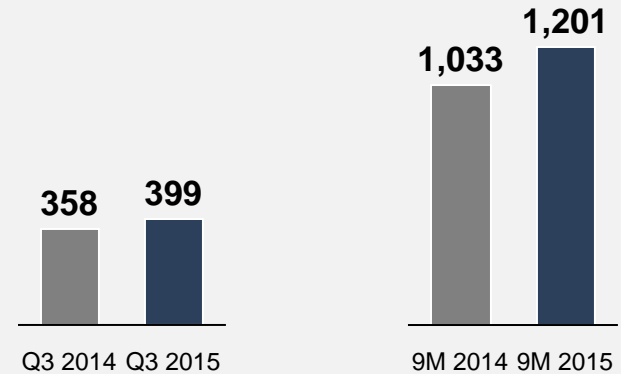




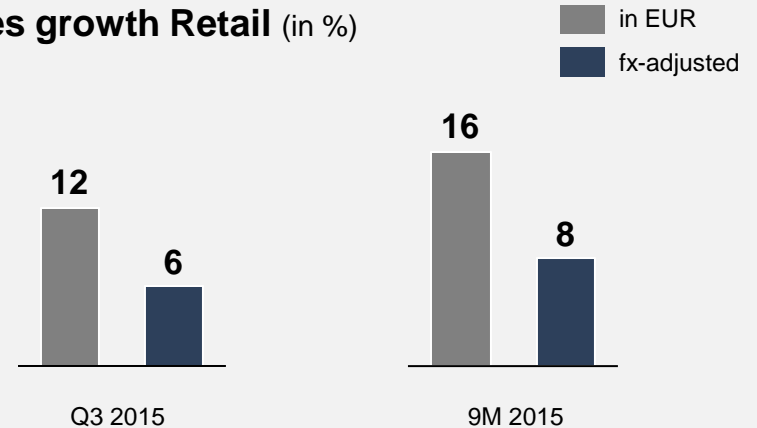
## Retail sales momentum weakens over the course of the third quarter

- Comp store sales up 3% year-to-date, stable versus prior year in Q3
- Third quarter momentum deteriorates after strong start
- Continued strong performance of online business, up 22% year-to-date

**Sales Retail** (in EUR million)



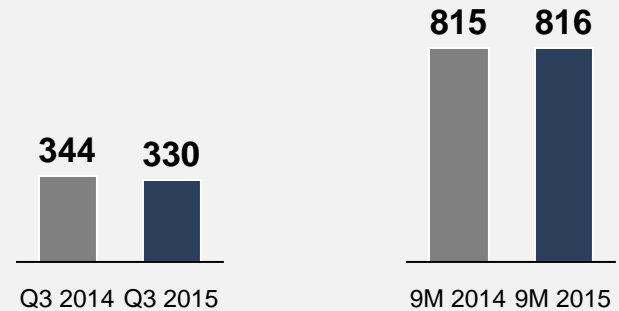
**Sales growth Retail** (in %)



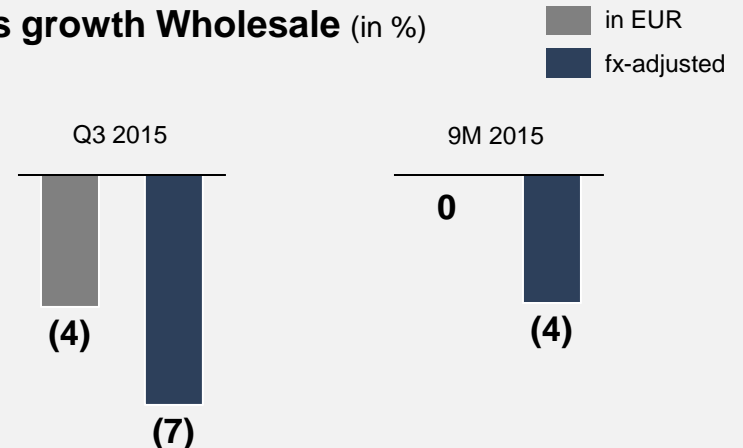
## Wholesale sales decline 7% currency-adjusted in the third quarter

- Weaker than expected sales development in the Americas in the third quarter
- Sales shifts from takeovers have negative impact
- Positive retailer feedback and customer acceptance of category migration strategy in Europe

Sales Wholesale (in EUR million)



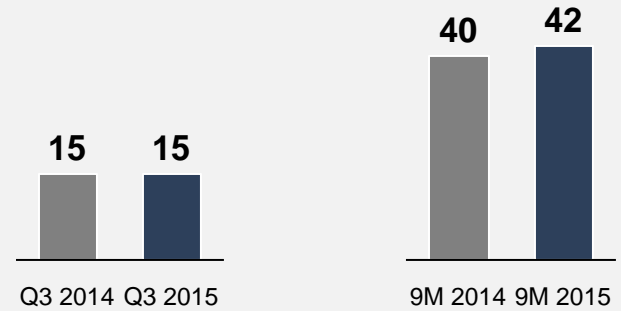
Sales growth Wholesale (in %)



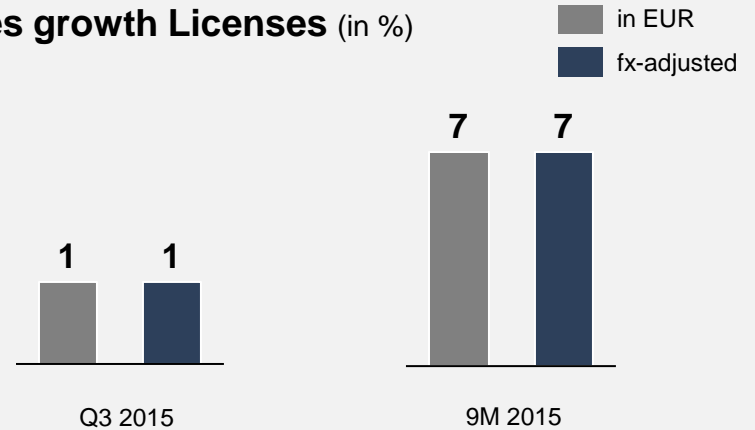
## Watches, eyewear and BOSS The Scent launch drive License business



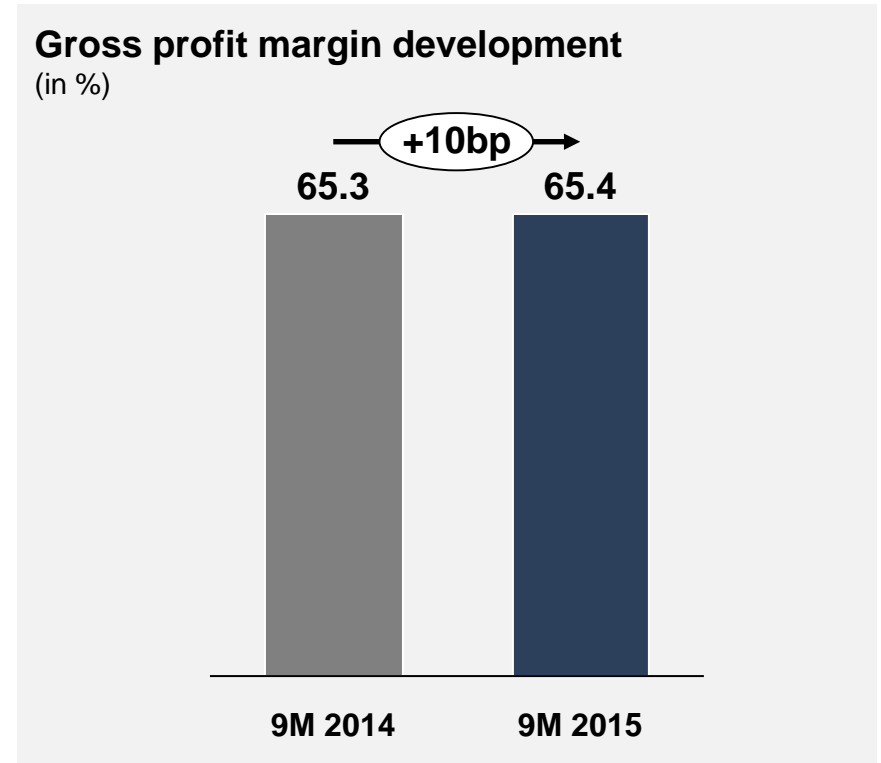
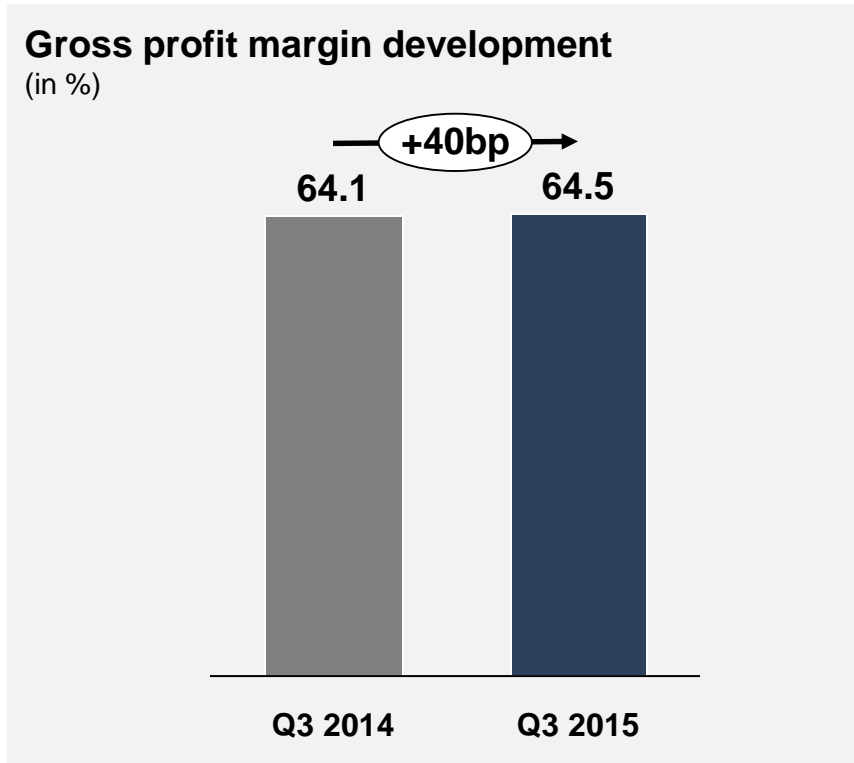
Sales Licenses (in EUR million)



Sales growth Licenses (in %)



## Slight increase of gross profit margin in the first nine months

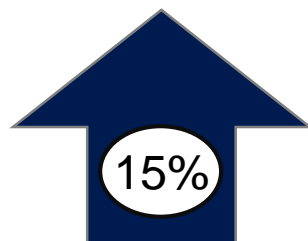


- Positive distribution channel mix supports margin development in the first nine months
- Inventory valuation effects turn neutral in the third quarter
- Higher rebates also in the third quarter limit gross margin expansion

**Weaker than expected sales and gross margin growth weighs on profits**

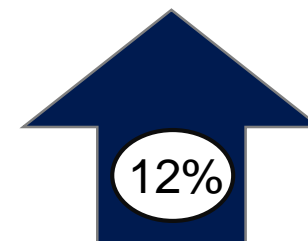
Selling & Distribution Expenses

**813** EUR million



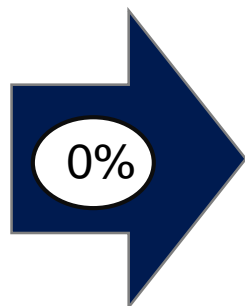
Administration Expenses

**201** EUR million



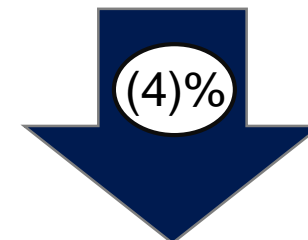
EBITDA (before special items)

**423** EUR million



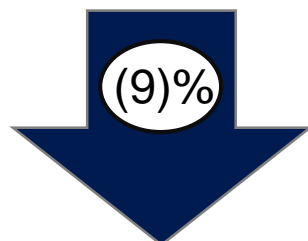
EBIT

**330** EUR million



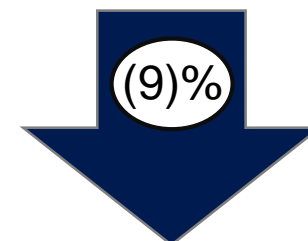
Net Income attributable to equity holders of the parent company

**235** EUR million



Earnings per share

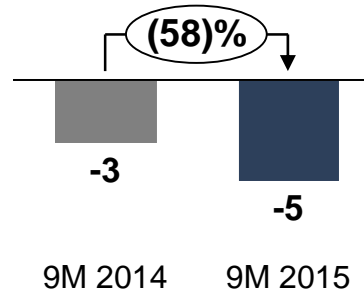
**3.40** EUR



## Adverse currency effects weigh on financial result in the third quarter

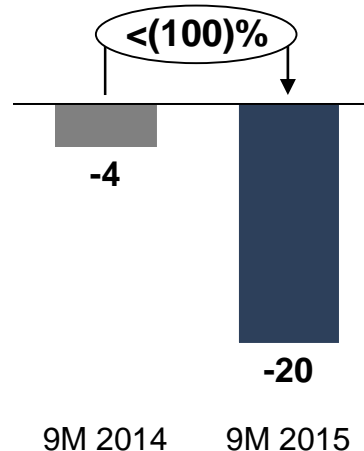
### Financial result

#### Interest income / expenses



- Group's syndicated loan successfully refinanced
- Negative low-single-digit million euro effect in to be incurred in fourth quarter
- Attractive terms drive future reduction of interest expenses

#### Other financial items



- EUR 16 million negative impact in Q3 related to negative exchange rate movements
- Measures taken to mitigate future risk

## Currency translation effects distort regional profitability development

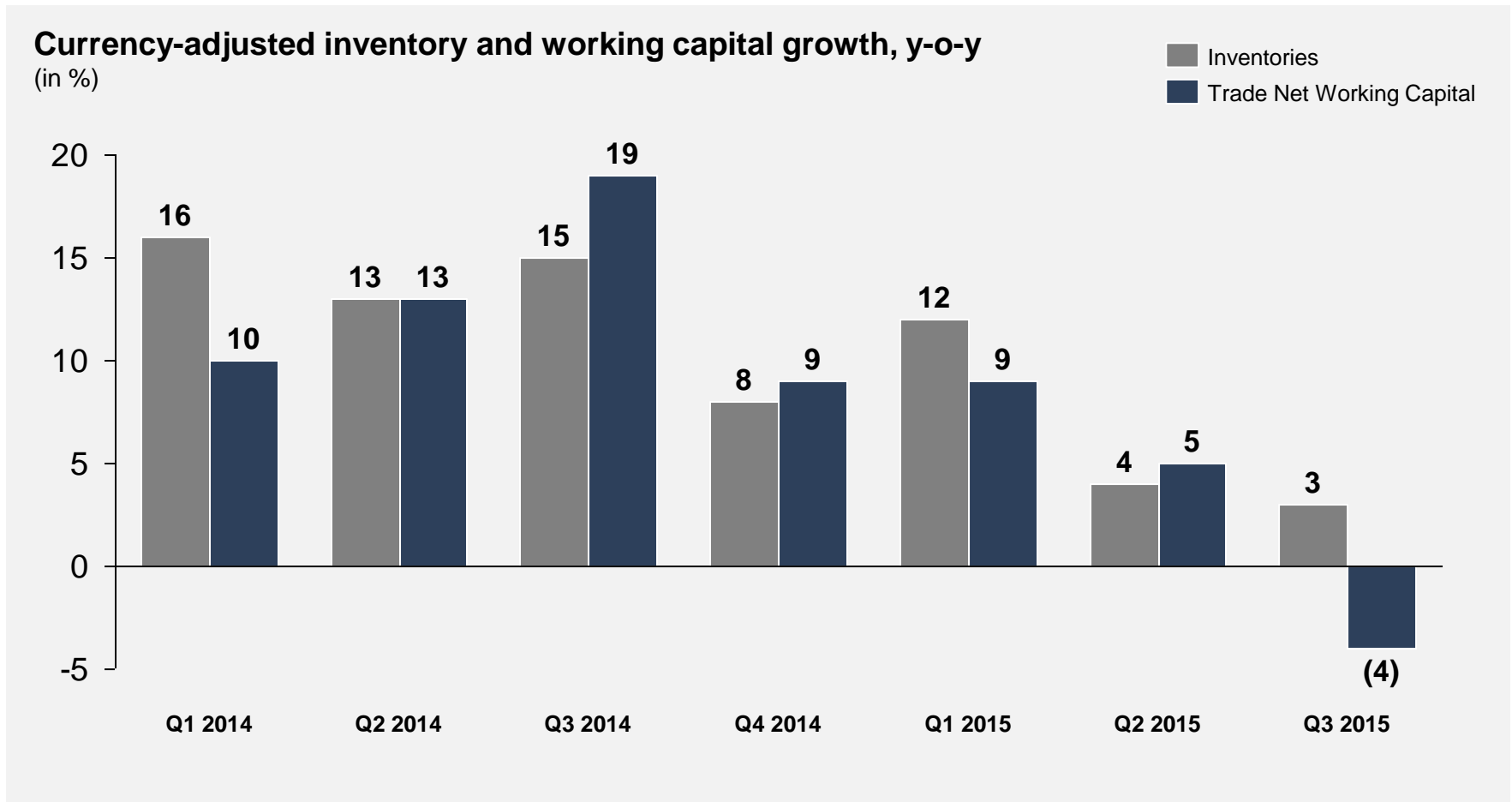
### Segment profit

in EUR million	9M 2015	In % of sales	9M 2014	In % of sales	Change in %
Europe*	403.9	32.2	415.8	35.1	(3)
Americas	130.1	27.1	98.4	23.9	32
Asia/Pacific	70.3	24.8	72.9	28.9	(4)
Licenses	34.6	81.7	33.1	83.5	4
Segment profit operating segments	638.9	31.0	620.2	32.8	3
Corporate units/consolidation	<b>(216.0)</b>		<b>(196.8)</b>		(10)
EBITDA before special items	422.9	20.5	423.4	22.4	0

- Currency effects cause margin decline in **Europe**
- Positive currency translation effects offset underlying gross margin pressure in the **Americas**
- Deteriorating sales trends, takeovers and higher selling and distribution expenses impact margins in **Asia/Pacific**

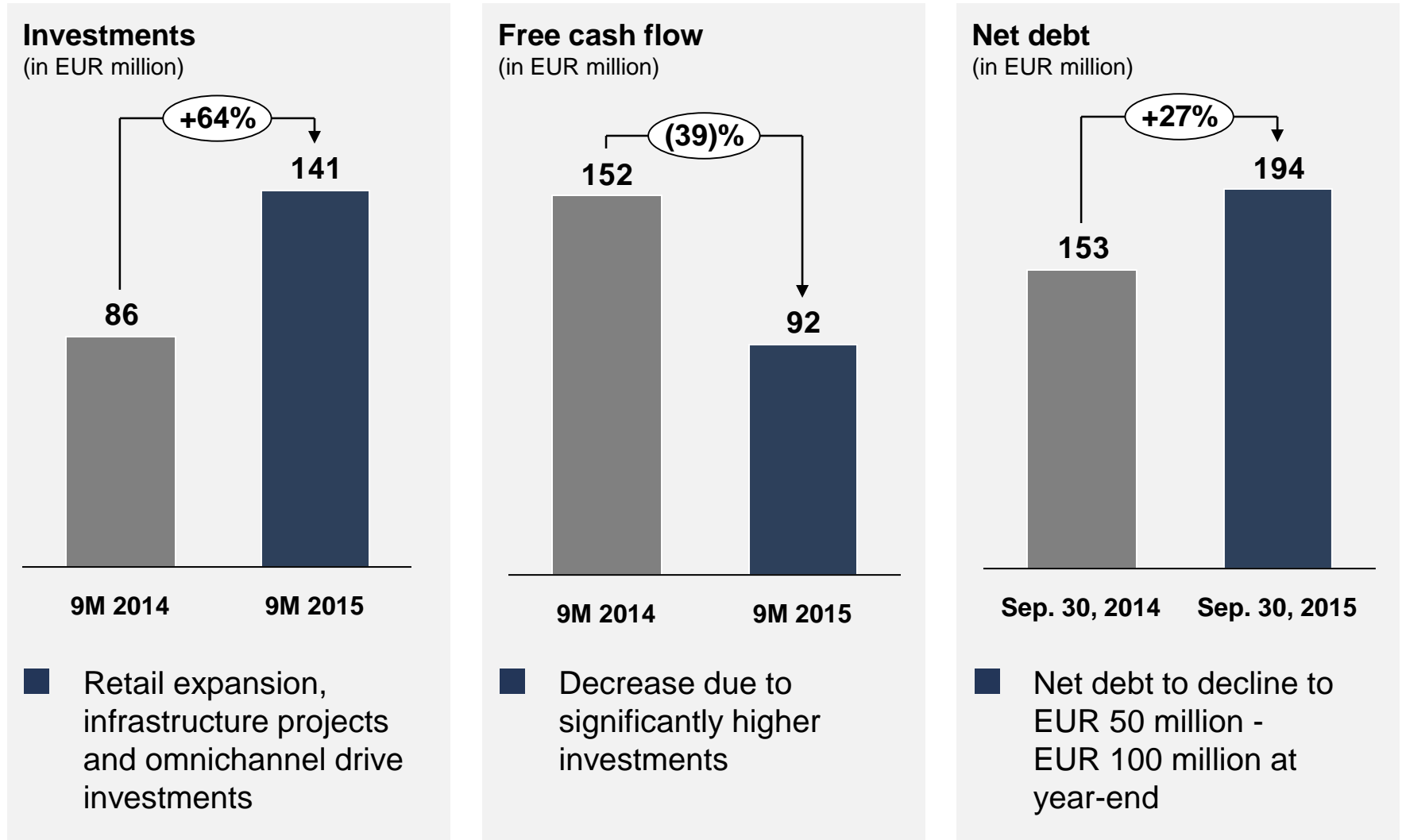
\*Incl. Middle East and Africa

## Working capital management improves sequentially





## Free cash flow declines due to higher capital expenditures



## Agenda

**Financial Review First Nine Months 2015**

**Strategic Outlook 2015 and beyond**

**Financial Outlook 2015**

## Growth strategy 2020 defines 2015 priorities



Elevate the BOSS core brand by engaging consumers emotionally



Leverage the brand's potential in womenswear and shoes & accessories



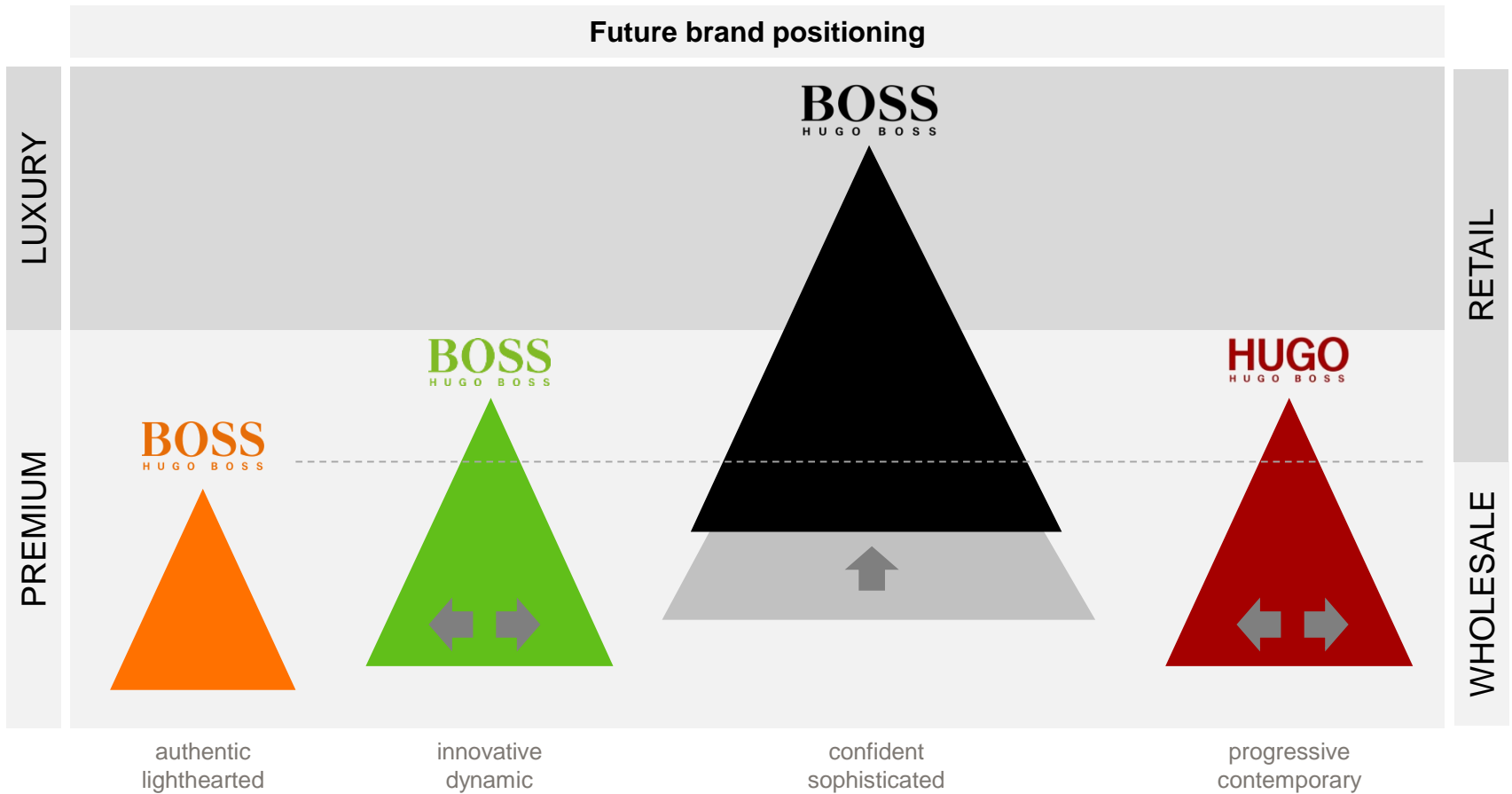
Build omnichannel to drive own retail online and offline



Exploit growth opportunities in under-penetrated markets

Further build the Group's operational strength to enable key strategy implementation

# BOSS brand elevation upgrades the offering and drives retail sales growth



# HUGO and BOSS Green to substitute BOSS in category business

## RETAIL

Own stores to increasingly focus on BOSS core brand exclusively



## WHOLESALE

Presence of BOSS core brand to become limited to shop-in-shops



Category business focused on HUGO and BOSS Green

**HUGO**  
HUGO BOSS

**BOSS**  
HUGO BOSS



## September fashion show underscores BOSS feminine take on tailoring



▶ BOSS Womenswear sales up 10% currency-adjusted in 9M, overall womenswear +3%

## Iconic BOSS Bespoke Bag launches with Fall/Winter 2015 collection



Launch reflects importance of S&A in defining brand identity and driving brand desirability

## New openings and takeovers contribute to own retail store expansion

### Number of own retail stores as of September 30, 2015

(December 31, 2014: 1,041)

<b>TOTAL</b>	<b>1,105 (+64)</b>
Openings	130
thereof takeovers	70
Closings	66

<b>Europe*</b>	<b>602 (+7)</b>
Openings	50
thereof takeovers	9
Closings	43

<b>Americas</b>	<b>221 (+17)</b>
Openings	23
thereof takeovers	16
Closings	6

<b>Asia/Pacific</b>	<b>282 (+40)</b>
Openings	57
thereof takeovers	45
Closings	17

\*Incl. Middle East and Africa



## Takeovers remain part of retail expansion

### South Korea

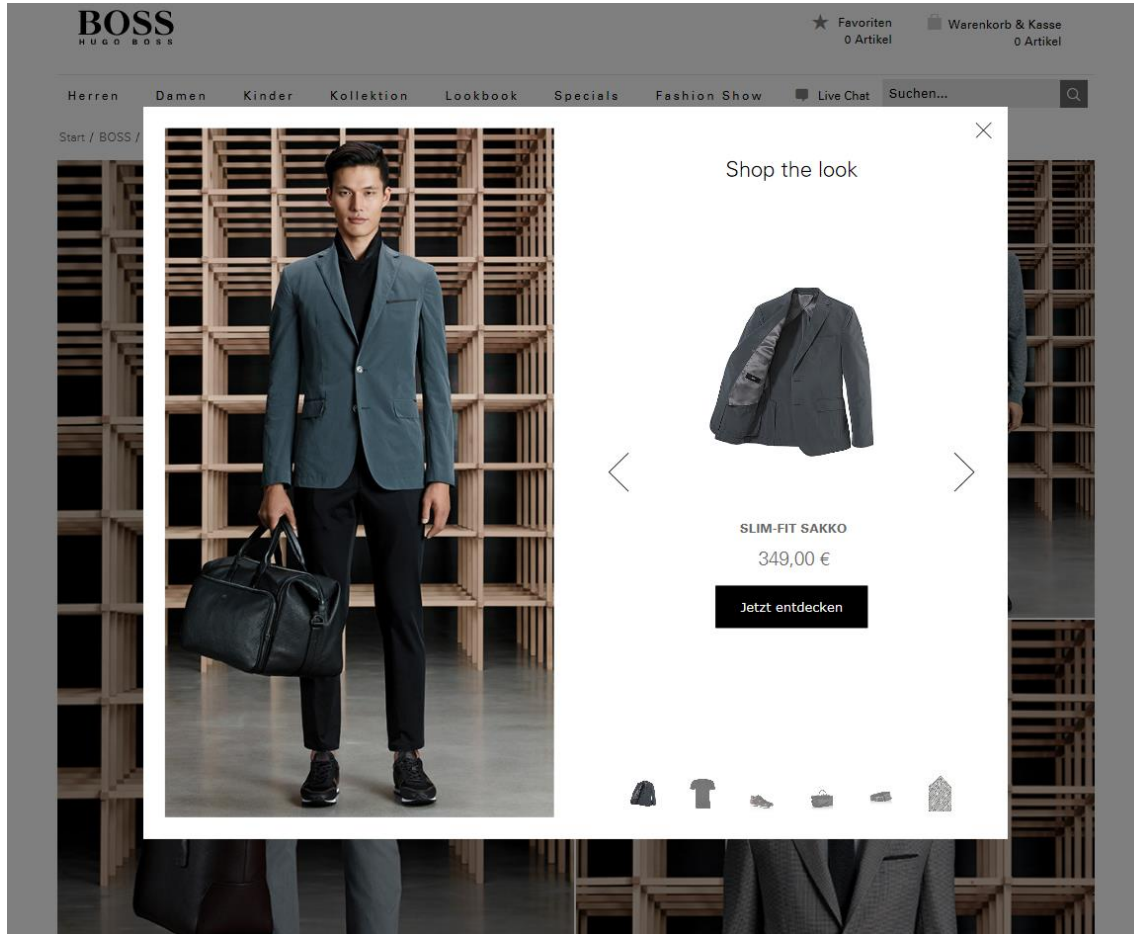
- Key fashion and trend-setting market in Southeast Asia
- Takeover effective March 1, 2015
- 17 freestanding stores
- Direct management of 6 duty free stores to tap full potential of travel retail business

### China

- Takeover of last remaining franchise partner allows full brand control and simplifies distribution structure
- Takeover effective April 1, 2015
- 21 freestanding stores

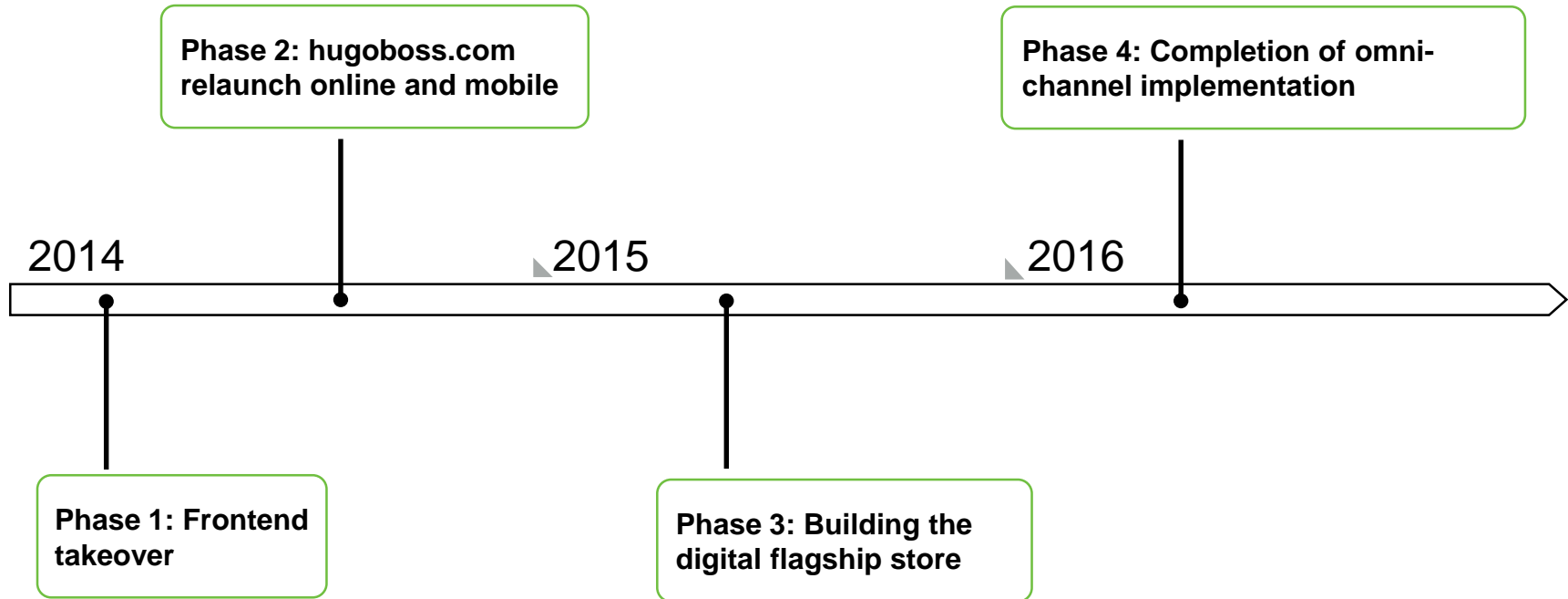
Stronger brand presentation in Asia/Pacific to drive brand perception and sales

## Robust online sales growth reflects progress on road to omnichannel



Online sales up 20% currency-adjusted in the third quarter, +22% in 9M

## Omnichannel model geared to the demands of today's consumer



Implementation of omnichannel business model under way

## Key digital initiatives defined

Initiative	Description and rationale	Status
Launch of own store frontend	Takeover of Demandware software from former fulfillment partner enabling full control	Done
Relaunch of hugoboss.com	Migration of formerly separate eCom and brand worlds driving traffic to store	Done
Mobile store upgrade	Seamless integration of mobile store based on responsive design	Done
Ongoing store upgrades	Addition of new features to drive in-store experience and usability	2015
myhugoboss.com / "Mocca" POS system	Integrated customer database enabling store-driven CRM measures	2015 / 2016
In-store online ordering	iPad-based in-store ordering from significantly wider online offering	2016
Order online, exchange in store	Offering standardized and seamless return process for maximum convenience	2016
Click & Collect	Order online, collect in-store	2016

## Region Europe to lead the Group's growth in 2015

### Europe\*



- Solid growth expected to continue
- Comparison base eases
- Ongoing strength in the UK in particular

### Americas



- Recent weakness expected to persist into the fourth quarter
- Focus on inventory management, upgrade of wholesale distribution and retail execution

### Asia/Pacific



- Premium apparel market in China to remain pressured
- Brand equity and quality of retail management key to long-term growth

\*Incl. Middle East and Africa

## New flat-packed goods distribution center operational since July 2014

### Facts:

Location:  
Filderstadt, Germany

Floor space:  
35,000m<sup>2</sup>

Output:  
Up to 35 million pieces per year

### Key benefits:

- Improved speed-to-market
- Reduced handling costs through comprehensive automation



## Launch of new systems refines retail management

	Retail Merchandise Planning	Retail Assortment Planning
Purpose	<ul style="list-style-type: none"> <li>■ Systems-based planning process based on sales, margins and stock levels</li> </ul>	<ul style="list-style-type: none"> <li>■ SAP-based assortment planning approach based on store capacity, location characteristics and product lifecycles</li> </ul>
Main operational benefits	<ul style="list-style-type: none"> <li>■ Detailed pre-season budgeting based on expected demand</li> <li>■ Flexible in-season monitoring of performance versus plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Improved fit of merchandise offering and product availability</li> <li>■ Consumer-centric collection development</li> </ul>
Main financial benefits	<ul style="list-style-type: none"> <li>■ Higher sales</li> <li>■ Lower inventories</li> </ul>	<ul style="list-style-type: none"> <li>■ Improved full-price sales supporting margins</li> <li>■ Higher inventory turns</li> </ul>
Timing of rollout	<ul style="list-style-type: none"> <li>■ Completion in 2015</li> </ul>	<ul style="list-style-type: none"> <li>■ Started with Fall 2016 collection development</li> </ul>

## Agenda

**Financial Review First Nine Months 2015**

**Strategic Outlook 2015 and beyond**

**Financial Outlook 2015**



## 2015 financial outlook adjusted in October

### Outlook 2015

Sales growth (currency-adjusted)

3% - 5%

Growth of  
EBITDA before special items

3% - 5%

Capex

EUR 220 million – EUR 240 million

Own retail network

Around 65 openings (excl. takeovers)

## HUGO BOSS forecasts a year of solid growth in 2015

- Speed and extent of performance deterioration in China and the US unforeseeable
- Rapid changes in operating environment require organization to become faster and even more customer-centric
- Better sales and earnings trends expected in the fourth quarter



BOSS Store Verona, Italy

---

**BACKUP**

---

## Brand portfolio

**BOSS**  
HUGO BOSS

**BOSS**  
HUGO BOSS

**72%\*** of Group sales  
modern / sophisticated



**8%\*** of Group sales  
modern / active



**BOSS**  
HUGO BOSS

**HUGO**  
HUGO BOSS

**10%\*** of Group sales  
casual / urban chic



**10%\*** of Group sales  
progressive / contemporary



\*as of FY 2014

## Sales by region 2014

### Share of Group sales\*



**Europe**  
(incl. Middle East/Africa)

**61%**

Germany:	17% (of Group Sales)
Great Britain:	10%
France:	7%
Benelux:	6%
Other:	21%



**Americas**

**23%**

U.S.:	18%
Canada:	3%
Central & South America:	2%



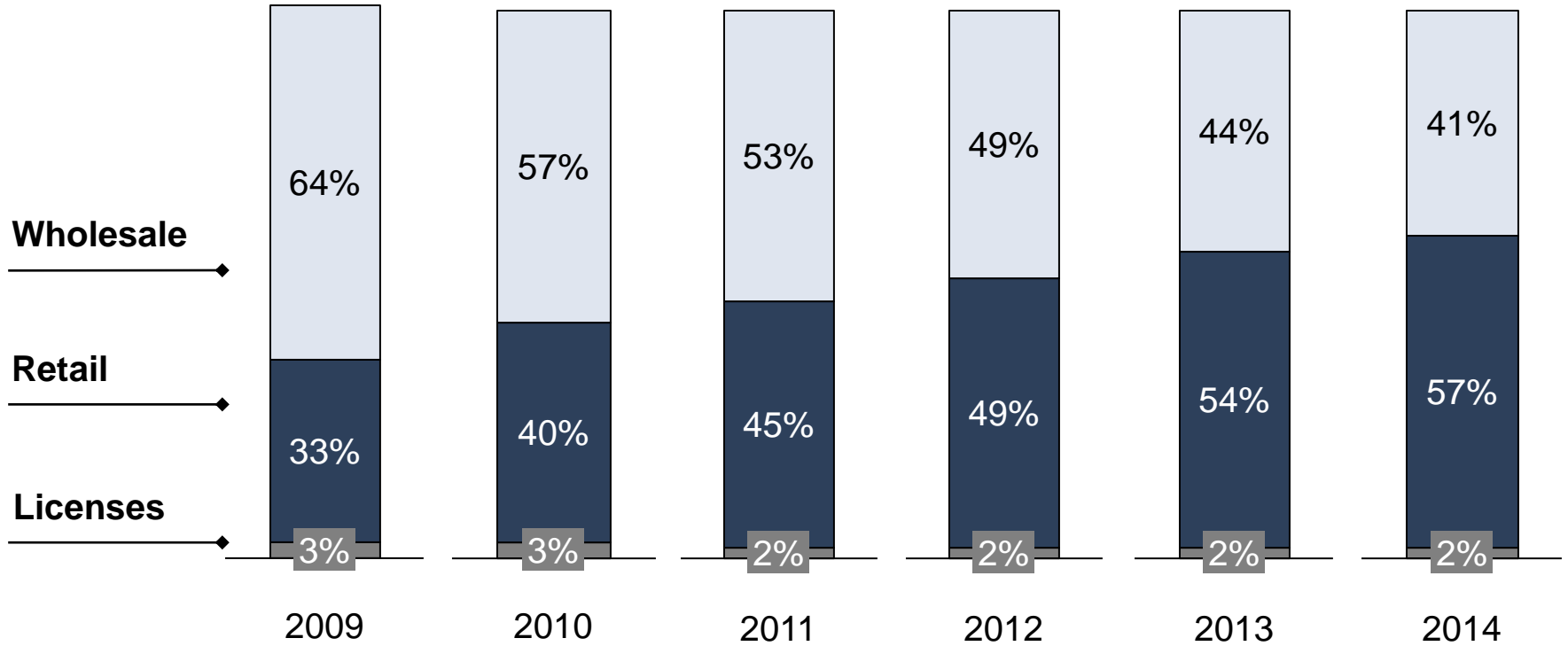
**Asia/Pacific**

**14%**

China:	8%
Oceania:	2%
Japan:	1%
Other:	3%

\*+2% Licenses

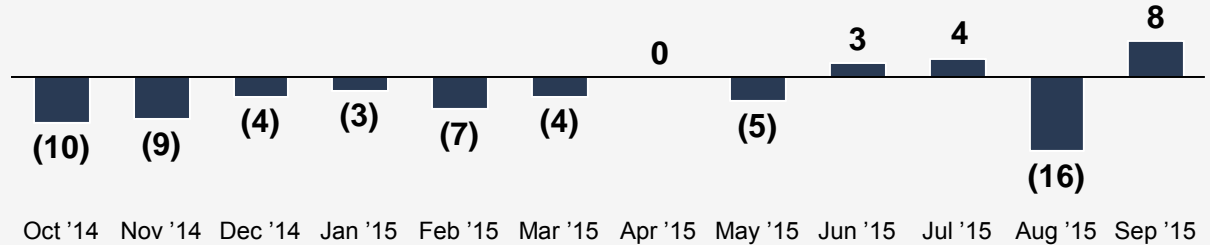
## Sales by distribution channel



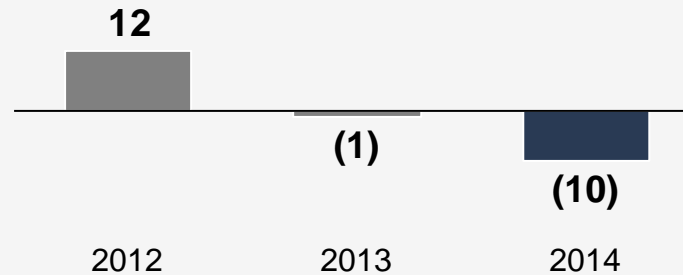
Retail to account for at least 75% of Group sales by 2020

## Key market data

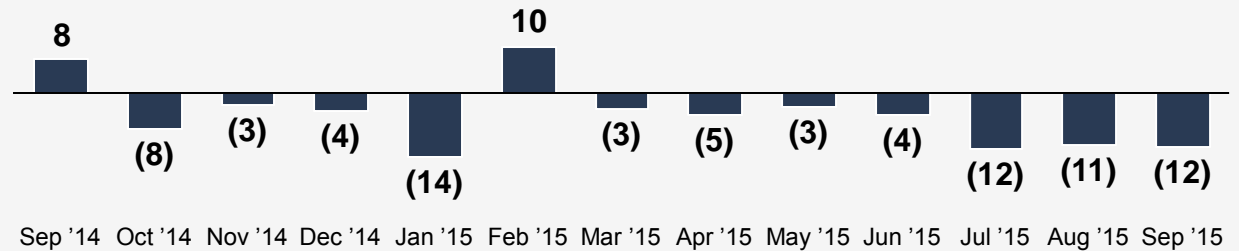
**German apparel market**  
Retail sales growth  
(in %)\*



**Chinese men's luxury apparel market**  
Retail sales growth  
(in %)\*\*



**Hong Kong Clothing & Footwear market**  
Retail sales growth  
(in %)\*\*



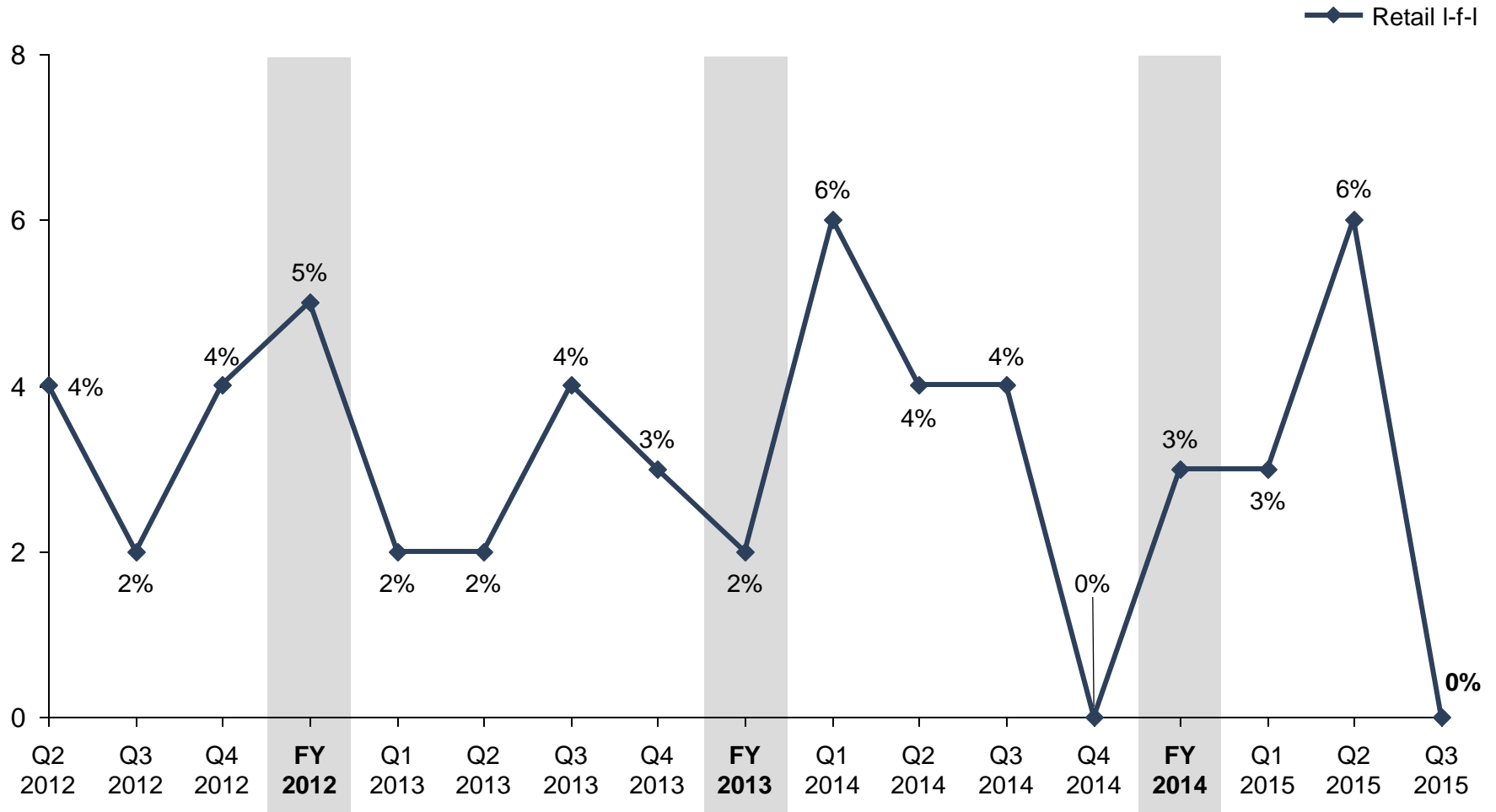
\*Source: TextilWirtschaft, based on TW-Testclub Panel

\*\*Source: Bain & Company, 2014 China Luxury Market Study

\*\*\*Source: Hong Kong Census and Statistics Department

# Retail comp stores sales growth

## Sales growth retail I-f-I\*



\*fx-adjusted



## Income statement

in EUR million	Q3 2015	Q3 2014	Change in %	9M 2015	9M 2014	Change in %
Sales	744.1	716.5	4	2,058.7	1,888.0	9
Cost of sales	(264.4)	(257.3)	(3)	(711.7)	(655.2)	(9)
Gross profit	479.7	459.2	4	1,347.0	1,232.8	9
In % of sales	64.5	64.1	40 bp	65.4	65.3	10 bp
Selling and distribution expenses	(280.6)	(245.5)	(14)	(812.9)	(705.9)	(15)
Administration expenses	(62.8)	(59.1)	(6)	(200.7)	(179.9)	(12)
Other operating income and expenses	(3.7)	(2.6)	(41)	(3.6)	(3.4)	(4)
Operating result (EBIT)	132.6	152.0	(13)	329.8	343.6	(4)
In % of sales	17.8	21.2	(340) bp	16.0	18.2	(220) bp
Net interest income/expense	(1.4)	(1.4)	0	(5.2)	(3.3)	(58)
Other financial items	(16.3)	(1.6)	<(100)	(19.8)	(3.7)	<(100)
Financial result	(17.7)	(3.0)	<(100)	(25.0)	(7.0)	<(100)
Earnings before taxes	114.9	149.0	(23)	304.8	336.6	(9)
Income taxes	(26.4)	(34.3)	(23)	(70.1)	(77.4)	9
Net income	88.5	114.7	(23)	234.7	259.2	<b>(9)</b>
Attributable to:						
Equity holders of the parent company	88.5	114.7	(23)	234.6	258.0	(9)
Non-controlling interests	0	0		0.1	1.2	(92)
Earnings per share (EUR)*	1.28	1.67	(23)	3.40	3.74	(9)
EBITDA before special items	168.1	181.9	(8)	422.9	423.4	0
In % of sales	22.6	25.4	(280) bp	20.5	22.4	(190) bp
Special items	(3.7)	(2.6)	(41)	(3.6)	(3.4)	(4)

\*Basic and diluted earnings per share

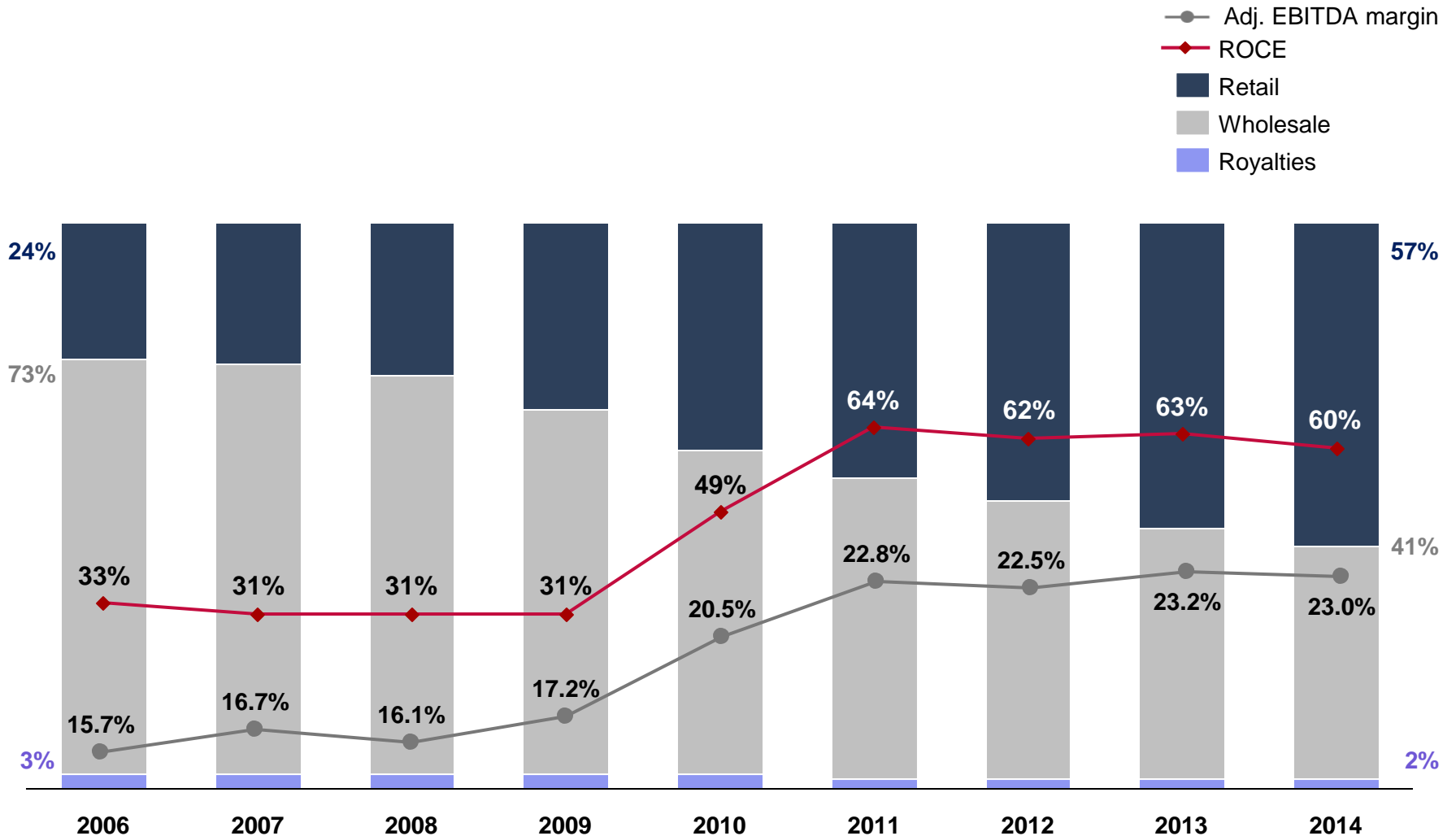
## Multi-Year Overview

in EUR million	2014	2013	2012	2011	2010	2009
<b>Earnings Position</b>						
Sales	2,571.6	2,432.1	2,345.9	2,058.8	1,729.4	1,561.9
Gross profit	1,699.1	1,579.6	1,444.1	1,252.0	1,022.4	836.2
EBITDA	571.5	561.4	523.9	468.0	340.1	226.5
EBITDA before special items	590.8	564.7	528.1	469.5	353.7	269.2
EBIT	448.7	456.2	432.0	394.6	267.9	157.4
Net income attributable to equity holders of the parent company	333.3	329.0	306.5	284.9	188.9	105.5
<b>Financial Position and Dividend</b>						
Free cash flow	268.4	230.0	220.6	194.9	246.3	299.5
Net debt	35.7	57.0	130.4	149.1	201.1	379.1
Capital expenditures	134.7	185.3	165.8	108.5	55.6	48.3
Depreciation/amortization	122.8	105.3	91.9	73.4	72.2	69.1
Dividend	249.8	230.5	215.3	199.1	139.7	66.6
<b>Asset and Liability Structure</b>						
Total assets	1,661.8	1,501.3	1,577.2	1,419.6	1,342.8	1,065.4
Shareholders' equity	843.9	740.3	631.6	517.3	361.2	205.5
Trade net working capital	503.0	431.8	408.5	399.6	322.7	295.6
Non-current assets	660.3	611.5	587.7	503.2	454.5	435.0
<b>Key Ratios</b>						
Gross profit margin in %	66.1	64.9	61.6	60.8	59.1	53.5
Adjusted EBITDA margin in %*	23.0	23.2	22.5	22.8	20.5	17.2
Total leverage**	0.1	0.1	0.2	0.3	0.6	1.4
Equity ratio in %	50.8	49.3	40.0	36.4	26.9	19.3

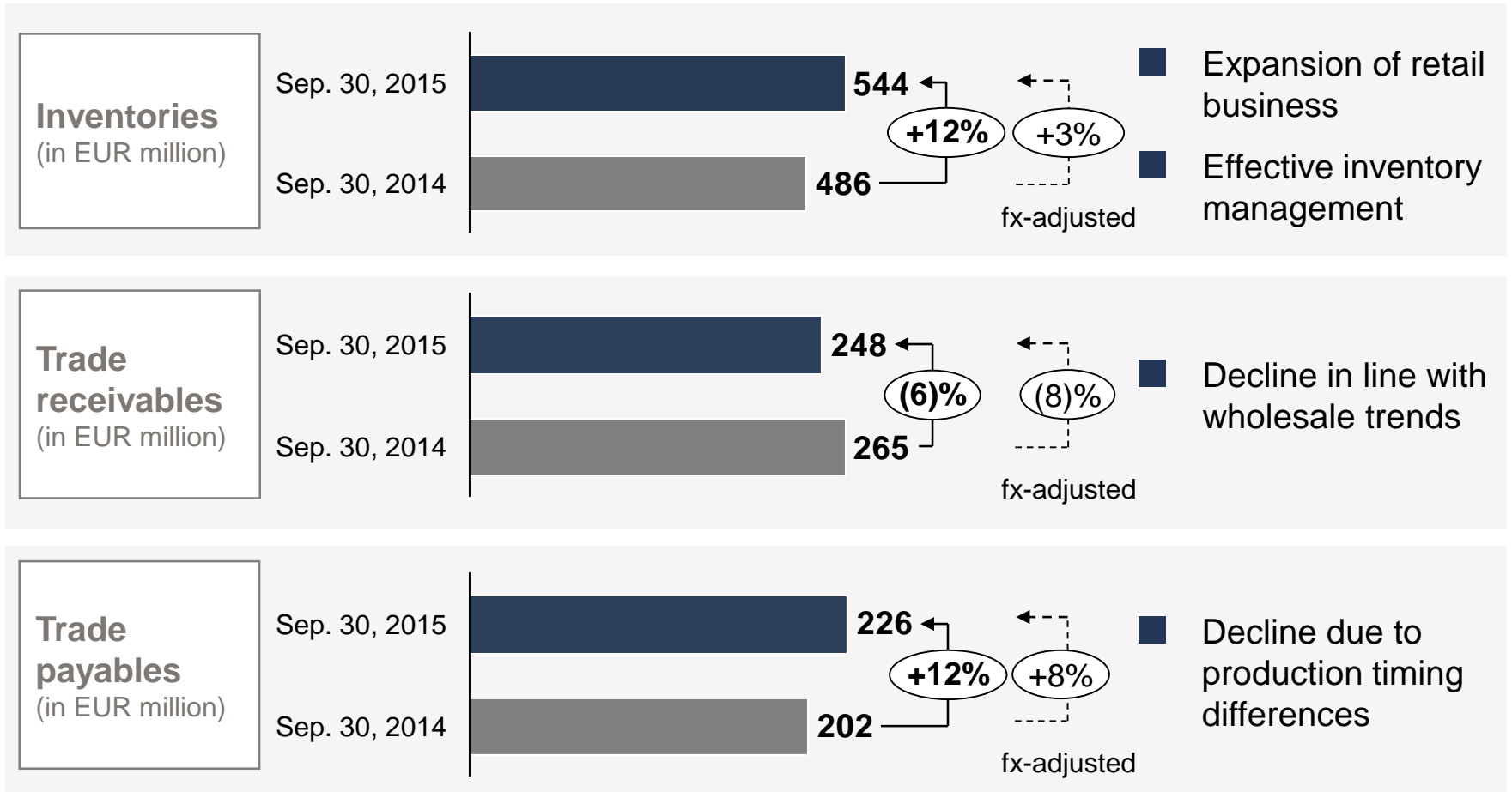
\*EBITDA before special items/Sales

\*\*Net financial liabilities/EBITDA before special items

## EBITDA margin and ROCE vs. channel mix



## Trade net working capital by component

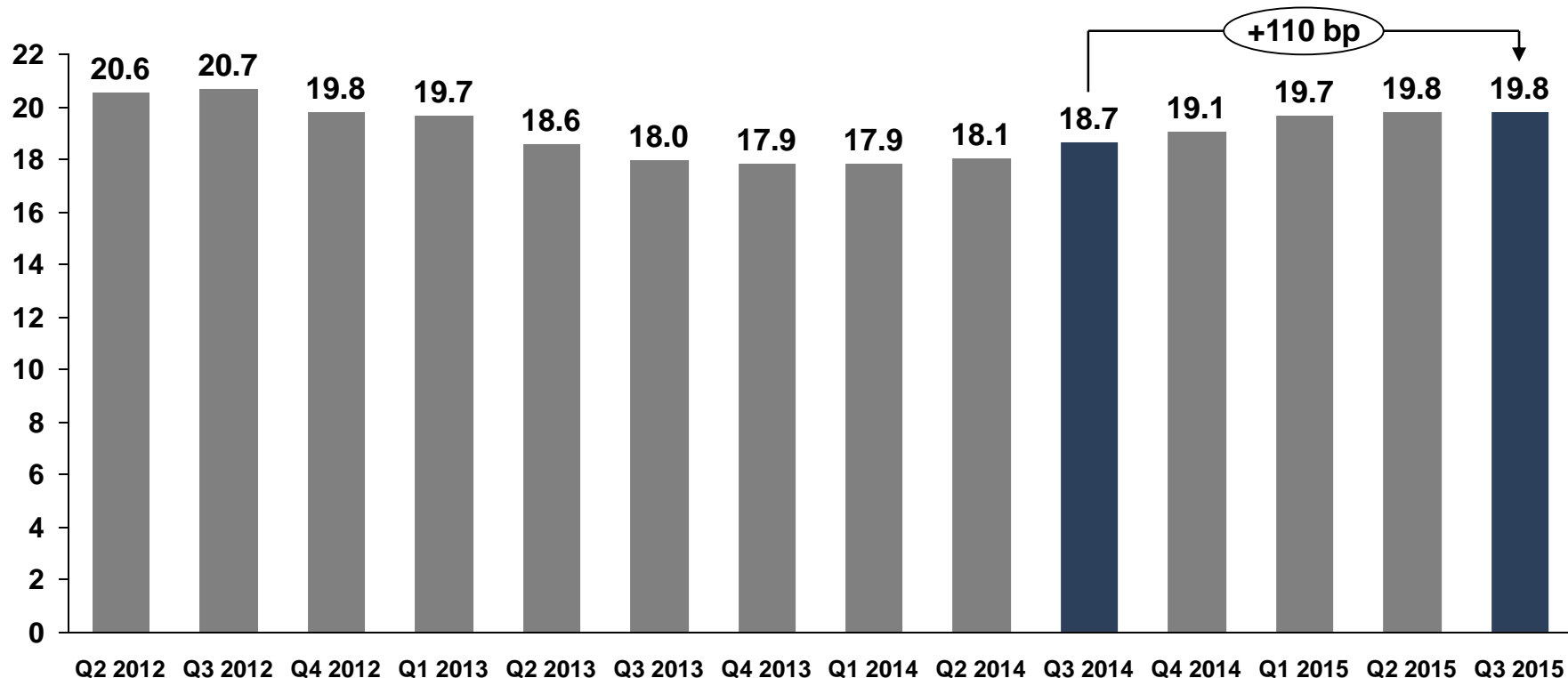


Trade net working capital up 3% to EUR 566 million, down 4% currency-adjusted

## Trade net working capital in relation to sales

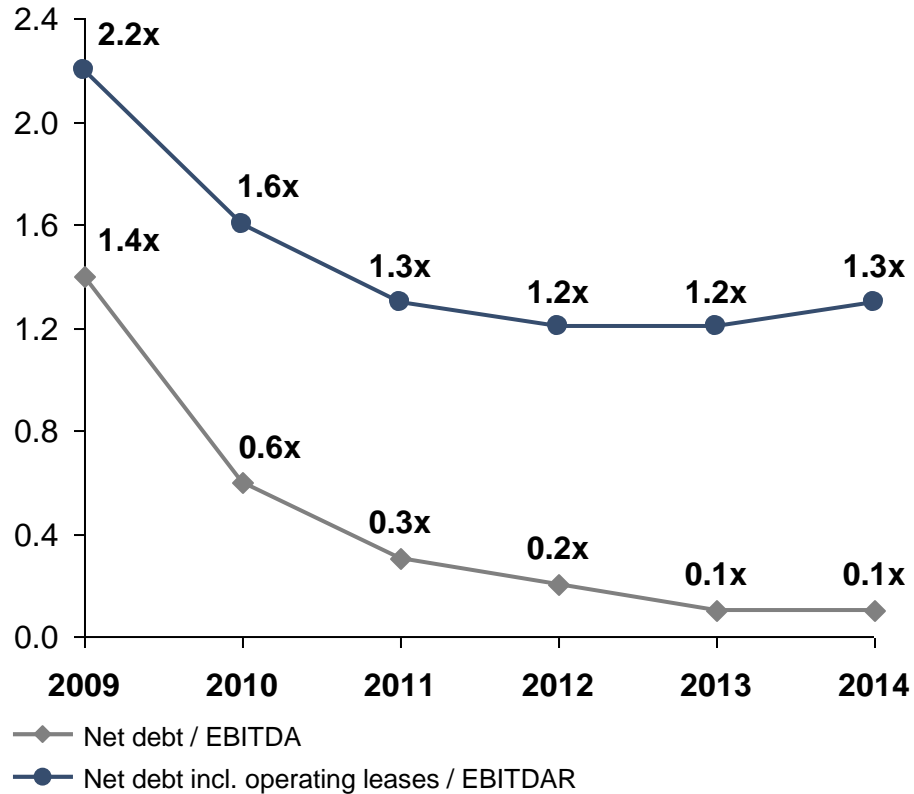
### Average trade net working capital as a percentage of sales by quarter\*

(in %)



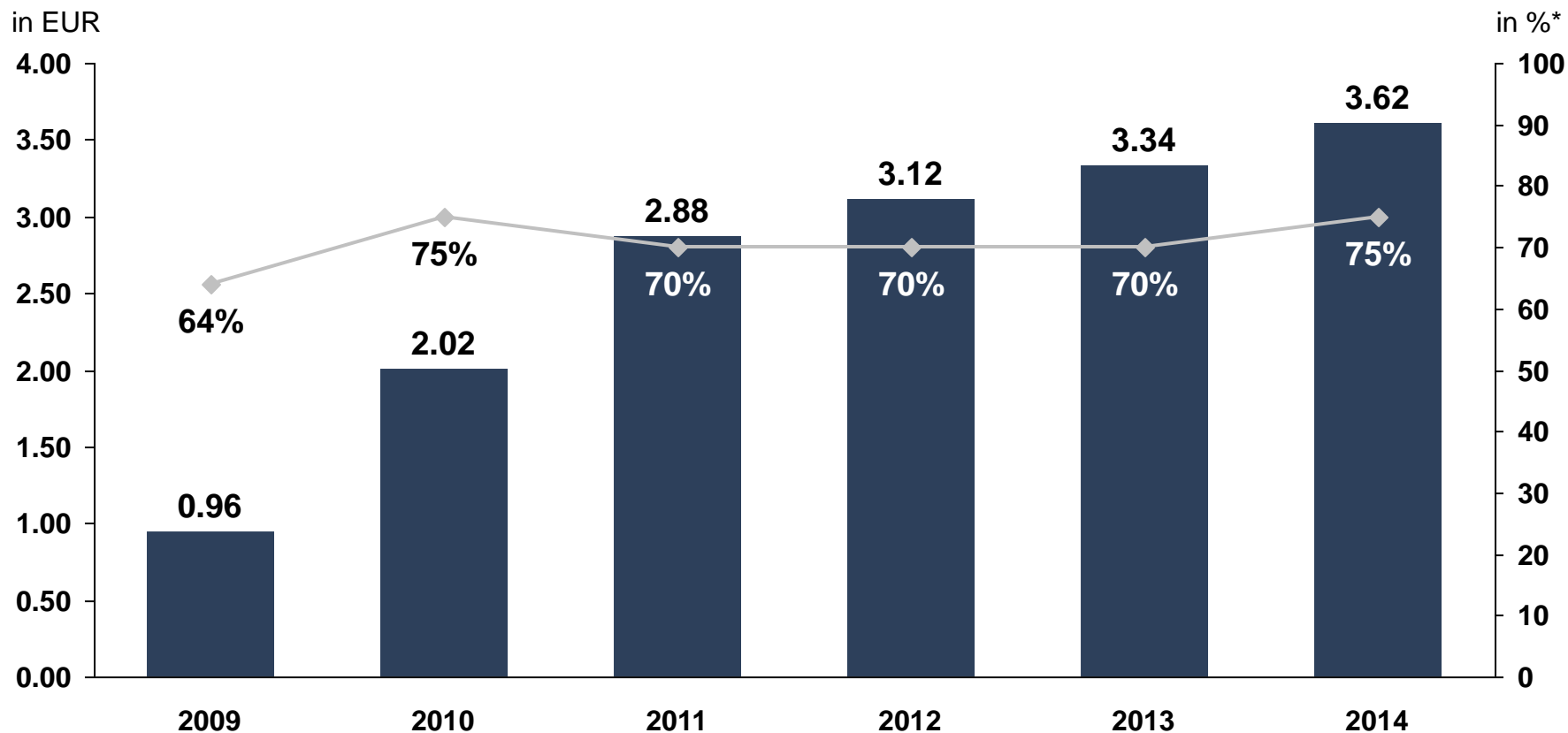
\*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made

## (Adjusted) financial leverage



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

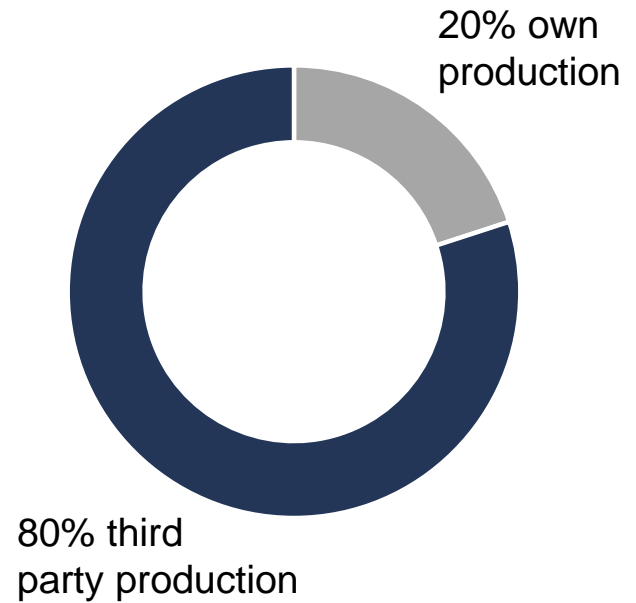
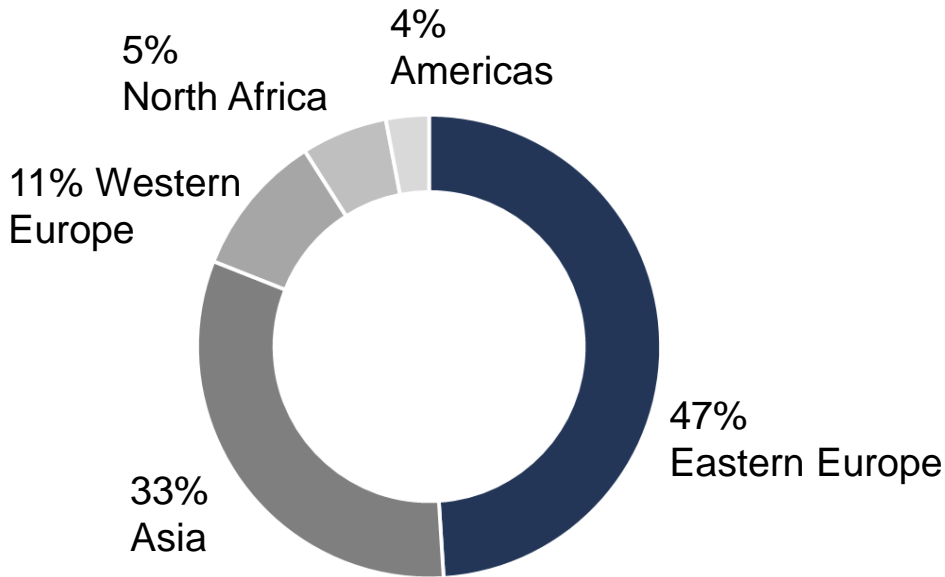
## Dividend and payout ratio



▶ Dividend policy to pay out between 60% and 80% of consolidated net profit

\*As a percentage of net profit attributable to the shareholders of the parent company

## Sourcing and production structure 2014\*



\*Percentage based on value of procurement volumes

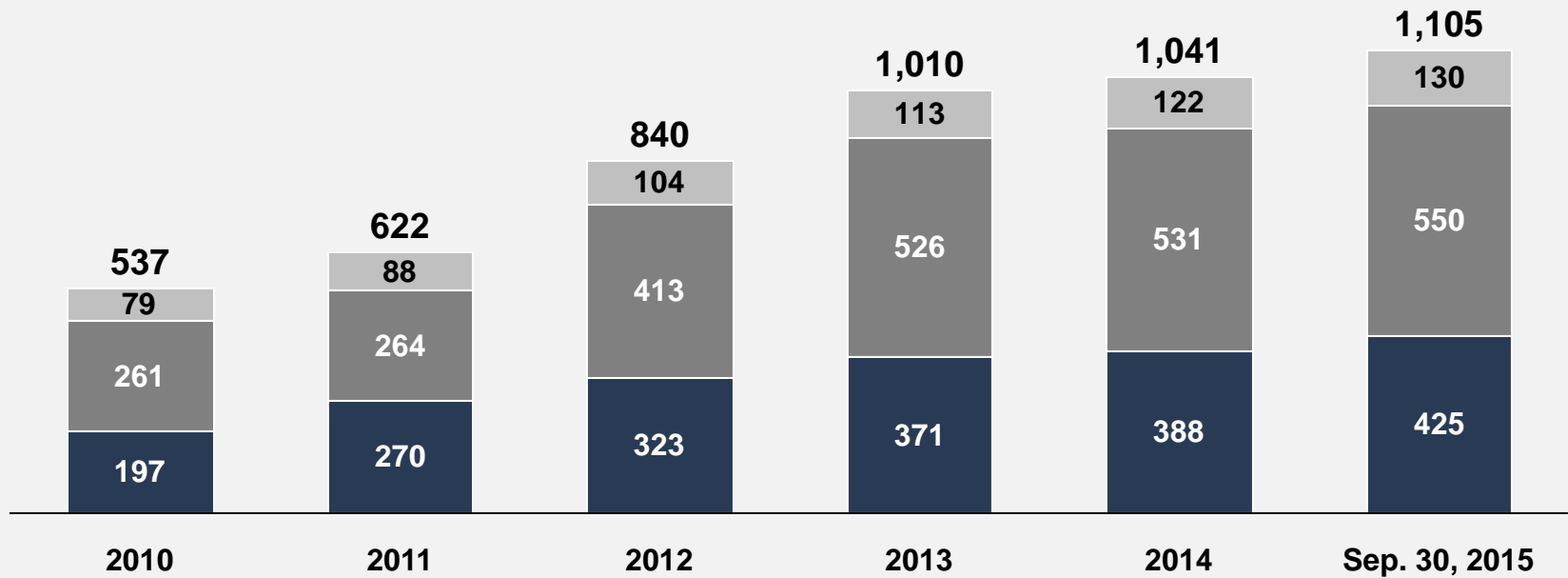


## Retail network

### Number of own retail stores

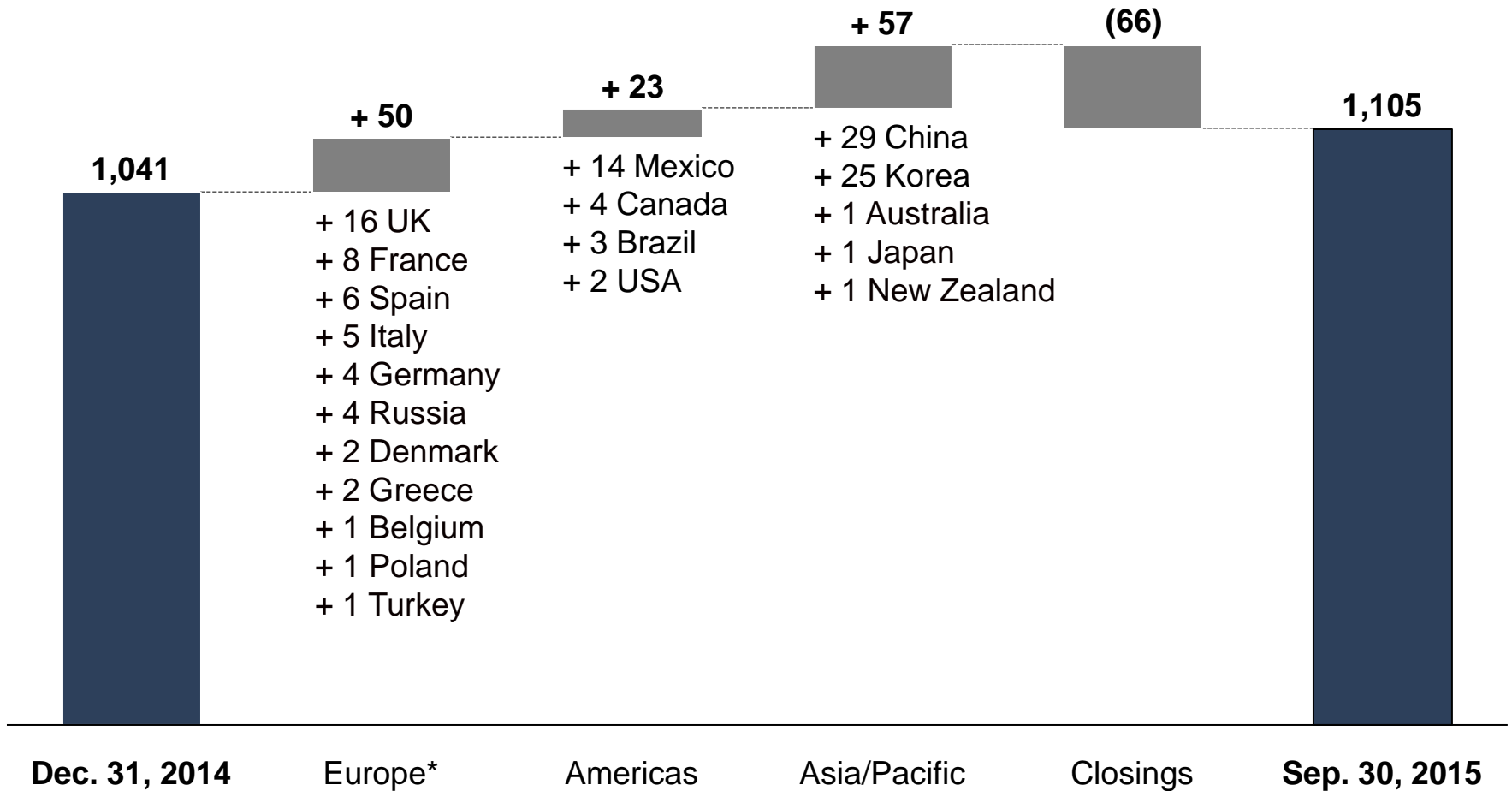
as of December 31

- Outlets
- Shop-in-shops
- Freestanding stores



## Retail network (continued)

### Number of own retail stores and shop-in-shops



\*Europe incl. Middle East and Africa

## HUGO BOSS share

### Key Share Data

ISIN	DE000A1PHFF7
WKN	A1PHFF
Ticker Symbol	BOSS

Stock exchanges: Xetra, Frankfurt/Main, Stuttgart, Dusseldorf, Hamburg, Munich, Hanover, Berlin/Bremen

## Analyst coverage

The HUGO BOSS AG share is covered by the following financial analysts:

Institution	Analyst
Baader Bank	Volker Bosse
Bankhaus Lampe	Peter Steiner
Bank of America Merrill Lynch	Ashley Wallace
Barclays	Julian Easthope
Bryan Garnier	Cédric Rossi
Citigroup	Thomas Chauvet
Commerzbank	Andreas Riemann
Credit Suisse	Guillaume Gauville
Deutsche Bank	Warwick Okines
DZ Bank	Herbert Sturm
Exane BNP Paribas	Luca Solca
Invest Securities	Peter Farren
Goldman Sachs	William Hutchings
Hauck & Aufhäuser	Christian Schwenkenbecher

Institution	Analyst
HSBC	Antoine Belge
Jefferies	Charmaine Yap
J.P. Morgan	Chiara Battistini
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
MainFirst	John Guy
Mirabaud Securities	Alessandro Migliorini
Nomura	Christopher Walker
Nord LB	Wolfgang Vasterling
Oddo Seydler	Martin Decot
RBC	Claire Huff
Société Générale	Thierry Cota
UBS	Fred Speirs

## Level I ADR program

### ADR Details

Market	OTC
Symbol	BOSSY
CUSIP	444560106
Ratio	5 : 1
Country	Germany
Effective Date	Jan 18, 2013
Underlying SEDOL	B88MHC4
Underlying ISIN	DE000A1PHFF7
Depository	BNY Mellon

### Benefits of ADRs for U.S. investors

- Clear and settle according to normal U.S. standards
- Offer the convenience of stock quotes and dividend payments in U.S. dollars
- Can be purchased/sold in the same way as other U.S. stocks via a U.S. broker
- Provide a cost-effective means of international portfolio diversification

**For questions about creating HUGO BOSS ADRs, please contact BNY Mellon:**

#### New York

Rick Maehr / Ravi Davis  
 email: [ADRDesk@bnymellon.com](mailto:ADRDesk@bnymellon.com)  
 Tel: +1 212 815 2264

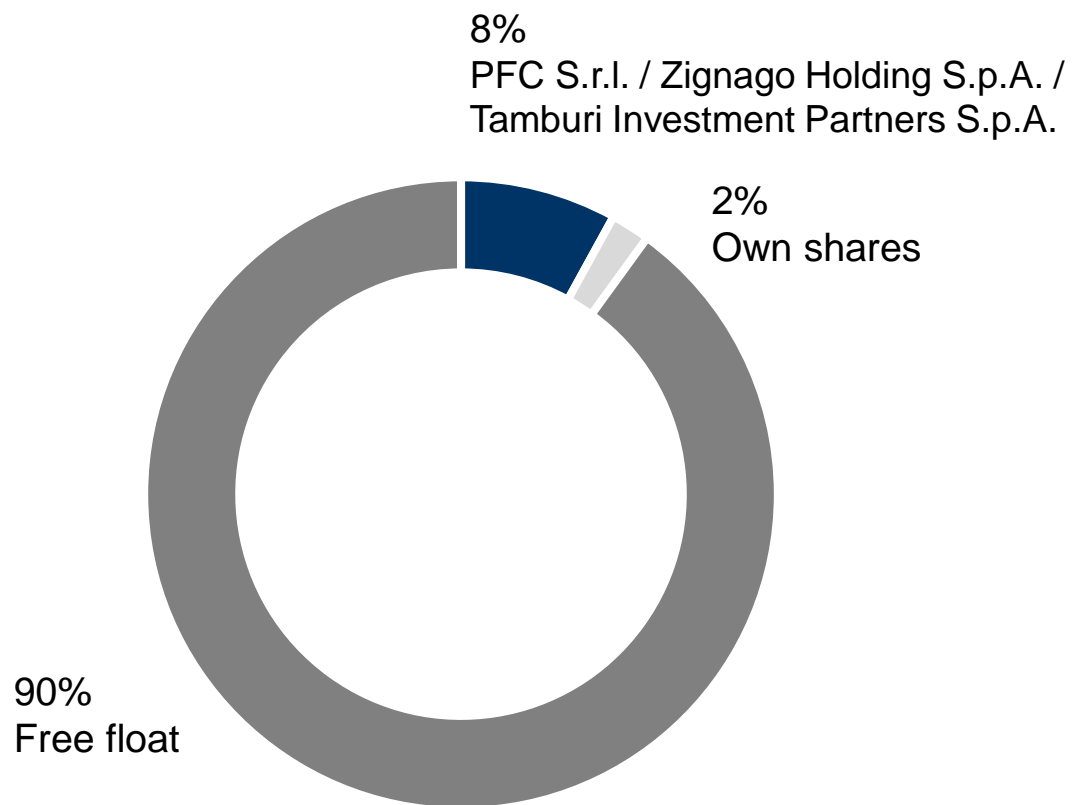
#### London

Jacek Jankowski  
 email: [jacek.jankowski@bnymellon.com](mailto:jacek.jankowski@bnymellon.com)  
 Tel: +44 (0)20 7163 7427

#### Hong Kong

Herston Powers  
 email: [herston.powers@bnymellon.com](mailto:herston.powers@bnymellon.com)  
 Tel: +852 2840 9868

## Shareholder structure\*



\*Source: Share register, voting rights notifications (as of June 10, 2015)

## Financial calendar 2015/2016

Date	Event
November 24, 2015	Investor Day
Early February 2016	Preliminary Results 2015
March 10, 2016	Press and Analysts' Conference
May 3, 2016	First Quarter Results
May 19, 2016	Annual Shareholders' Meeting
August 5, 2016	First Half Year Results
November 4, 2016	Nine Months Results

## Investor Relations contact

**Dennis Weber, CFA**  
**Head of Investor Relations**

Phone: +49 (0) 7123 94 - 86267

E-Mail: [Dennis\\_Weber@hugoboss.com](mailto:Dennis_Weber@hugoboss.com)

Internet: [group.hugoboss.com](http://group.hugoboss.com)



## **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.

**H U G O   B O S S**