

H U G O B O S S

Roadshow London // Citi

HUGO BOSS Company Handout
London, May 04, 2016

Agenda

Operational and financial review first quarter 2016

Strategic outlook 2016

Financial outlook 2016

Agenda

Operational and financial review first quarter 2016

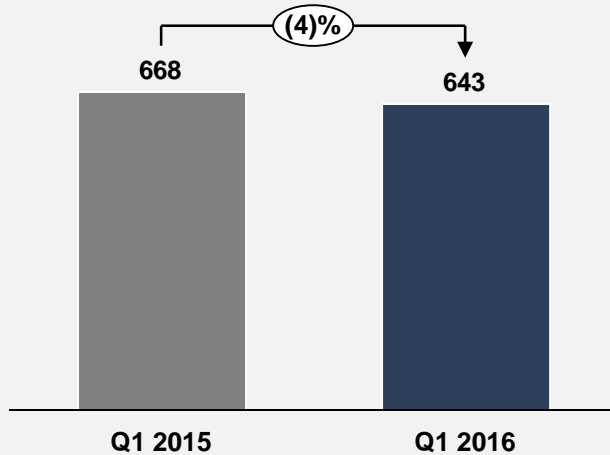
Strategic outlook 2016

Financial outlook 2016

Cautious customer spending and specific market challenges affect quarterly results

Sales

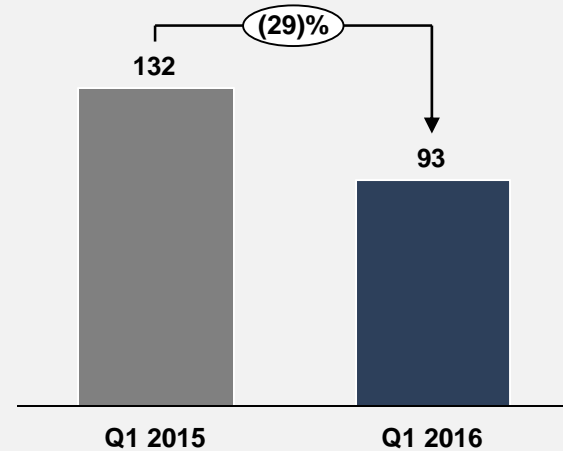
(in EUR million)



((3)% fx-adjusted)

EBITDA before special items

(in EUR million)

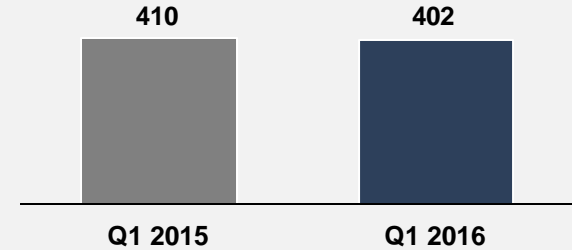


Mixed started to the year in Europe

- Weakness in tourism compounds moderation of local demand
- UK continues growing solidly despite more difficult market backdrop, Italy outperforming
- Sales decline in the Benelux markets and France

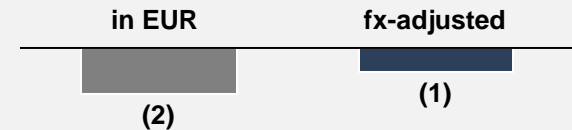
HUGO BOSS Europe sales

(in EUR million)



HUGO BOSS Europe sales

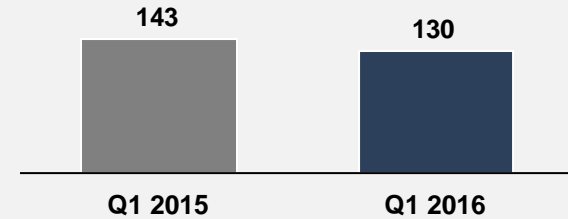
(change versus prior year, in %)



Weakness in the US drags down performance in the Americas

- Robust sales growth in Canada and Central & Latin America
- US business declines across wholesale and own retail channels
- Measures to upgrade distribution in the wholesale channel under way – reduction of off-price business, category migration, expansion of concession business model

HUGO BOSS Americas sales
(in EUR million)



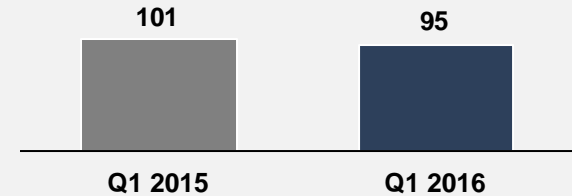
HUGO BOSS Americas sales
(change versus prior year, in %)



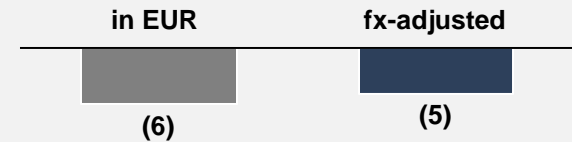
Encouraging consumer reception of price changes in China and Asia

- Solid growth in Japan, momentum in South Korea improves significantly
- Sales in Hong Kong and Macau decline substantially
- Price adjustment and digital marketing focus support strong volume increase in China

HUGO BOSS Asia/Pacific sales
(in EUR million)



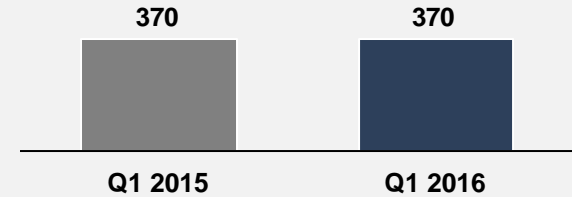
HUGO BOSS Asia/Pacific sales
(change versus prior year, in %)



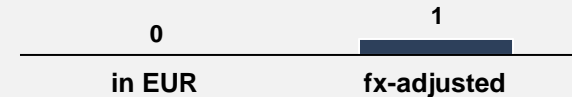
Own retail business grows moderately due to sales contribution from new space

- Comp store sales down 6% on a currency-adjusted basis in the first quarter
- Growth of online business in line with the rest of own retail, insourcing of fulfillment in Europe completed successfully
- Pace of store expansion forecast to moderate in 2016

HUGO BOSS Retail sales
(in EUR million)



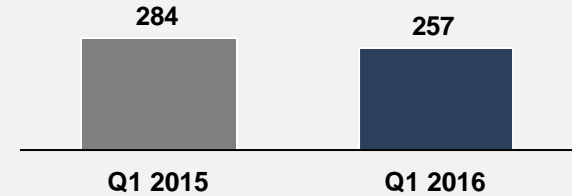
HUGO BOSS Retail sales
(change versus prior year, in %)



Cautious ordering behavior and takeover effects impact wholesale sales

- US wholesale business declines at a double-digit rate
- Cautious retailer sentiment also in Europe
- Takeovers cause shift of sales into own retail business

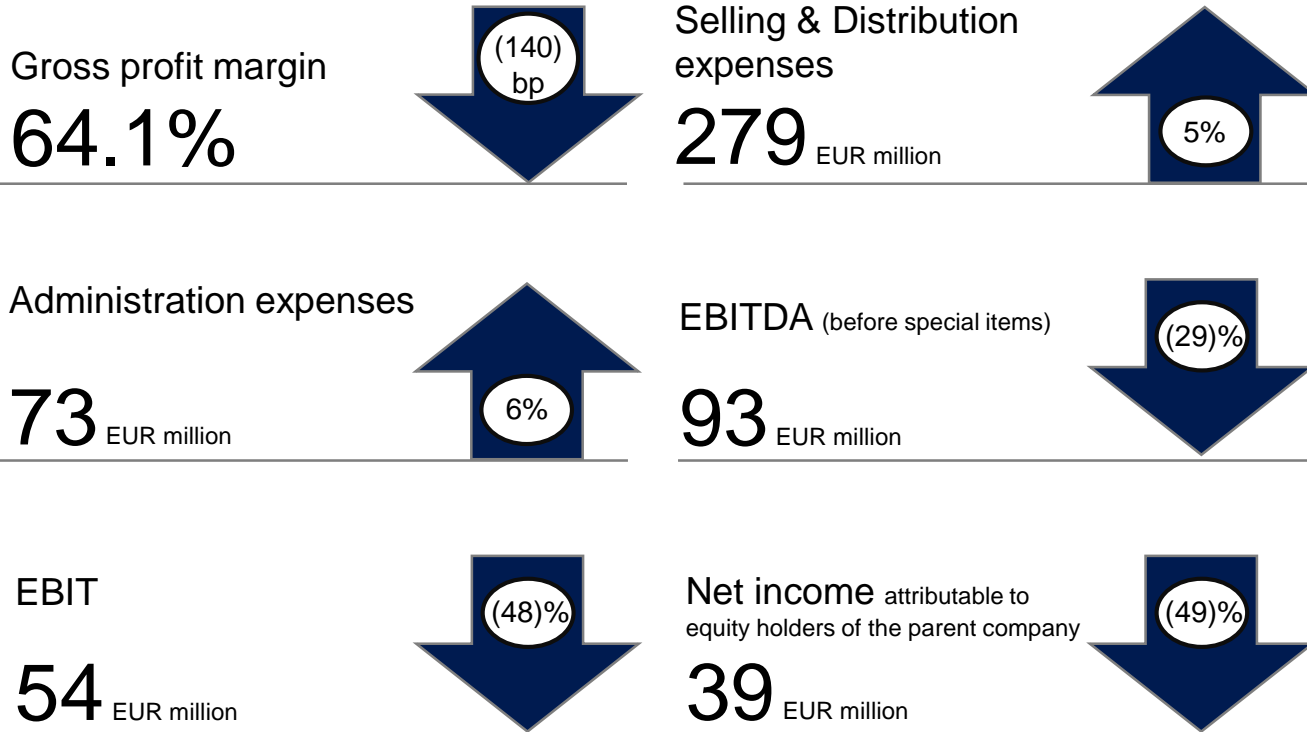
HUGO BOSS Wholesale sales
(in EUR million)



HUGO BOSS Wholesale sales
(change versus prior year, in %)



Significant operating deleverage despite tighter cost management



Operating profits decline in all regions

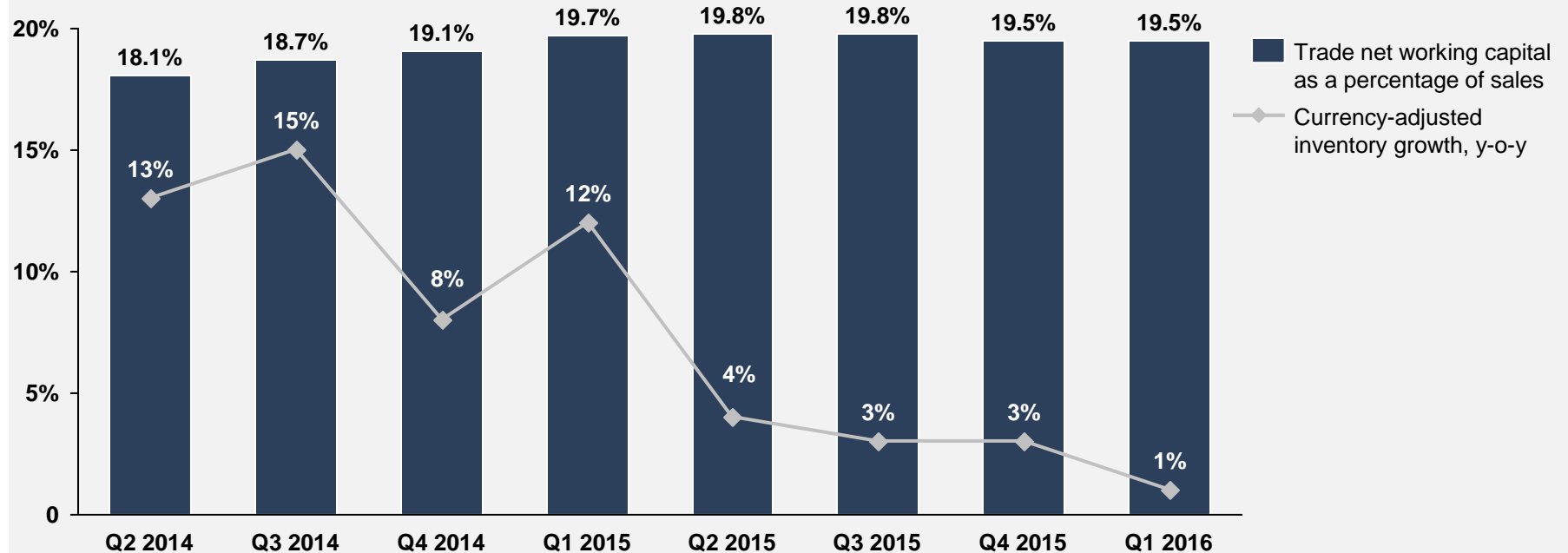
Segment profit

In EUR million	Q1 2016	In % of sales	Q1 2015	In % of sales	Change in %
Europe*	117.9	29.3	131.3	32.0	(10)
Americas	26.5	20.4	32.1	22.4	(17)
Asia/Pacific	17.5	18.4	31.2	31.0	(44)
Licenses	13.4	85.3	10.7	78.0	25
Segment profit operating segments	175.3	27.3	205.3	30.8	(15)
Corporate units/consolidation	(81.8)		(73.8)		(11)
EBITDA before special	93.5	14.5	131.5	19.7	(29)

*Incl. Middle East and Africa

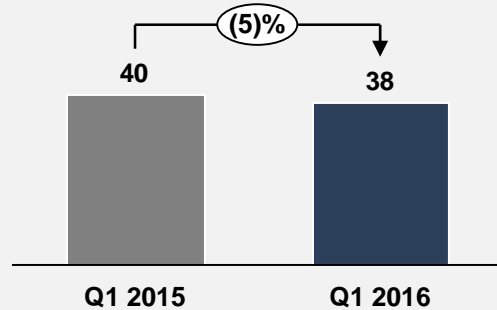
Rate of inventory growth continues to improve

Average trade net working capital as a percentage of sales (in %)
 Currency-adjusted inventory growth, y-o-y



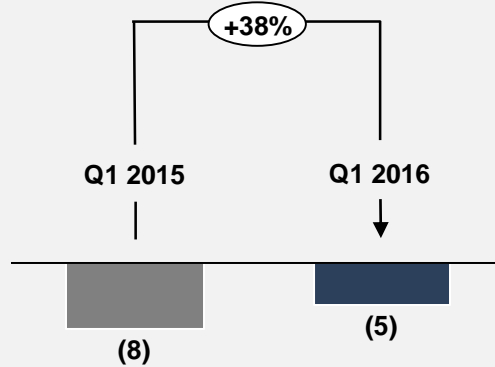
Investments start moderating in the first quarter

Investments
(in EUR million)



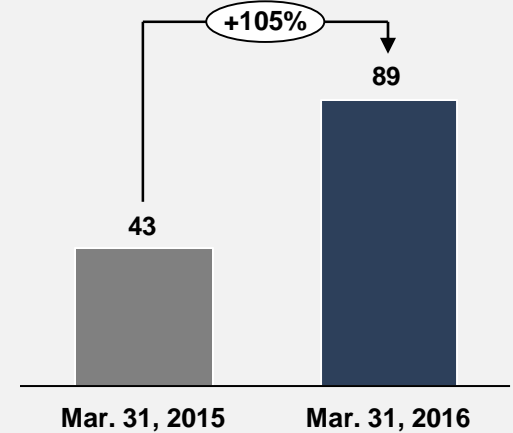
■ Own retail expansion and renovations focal point of investment activity

Free cash flow
(in EUR million)



■ Working capital improvements and lower investments more than offset earnings decline

Net debt
(in EUR million)



■ Net debt remains at low levels despite year-over-year increase

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Strong assets are solid foundation for Group's long-term success

Globally recognized brand



Strong operational infrastructure



Passionate workforce

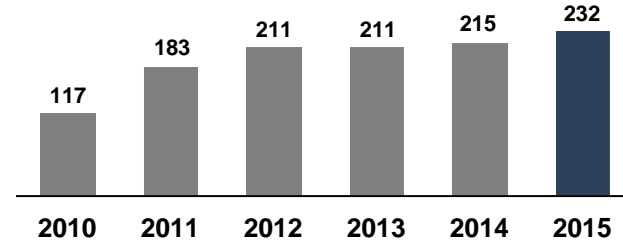


Customer centricity, focus on brand control and global growth ambition to remain cornerstones of Group strategy

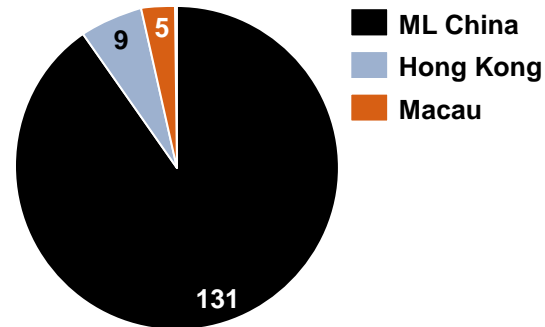
Upgrade of store network in China addresses legacy of prior franchise model

- Upgrade and optimization of retail presence ongoing
- Around 20 store closures planned in 2016
- Renegotiation of rental contracts yields positive results

HUGO BOSS China sales 2010-2015
(in EUR million)



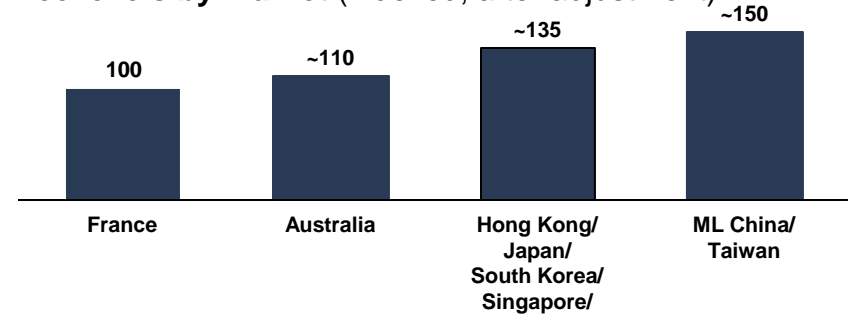
Number of own retail stores in China (Dec 31, 2015)



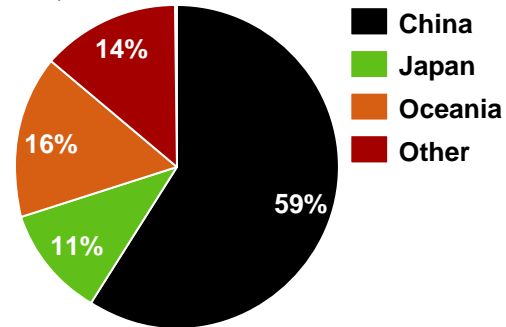
Price adjustments further strengthen the brand's value proposition in Asia/Pacific

- 20% price reduction implemented with the launch of the Spring 2016 collection supports 10% volume increase in Mainland China in the first quarter
- Step up of social media and CRM activities contributes to traffic stabilization
- Smaller adjustments in remaining Asian markets ex Australia and Japan

Price levels by market (indexed, after adjustment)



Asia/Pacific sales split (FY 2015)



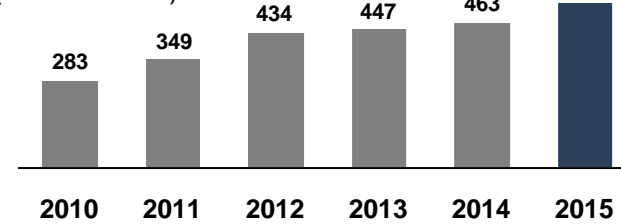
Upgrade of distribution in U.S. wholesale initiated

- Category migration limits exposure of BOSS core brand to promotional retail environment
- Concession agreement with Macy's in place since the end of January
- BOSS core brand presence in off-price concepts to become significantly smaller

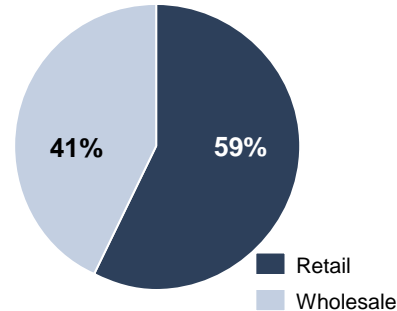


HUGO BOSS U.S. sales 2010-2015

(in EUR million)



U.S. sales mix by distribution channel (2015)



Top 5 U.S. / CAD wholesale partners

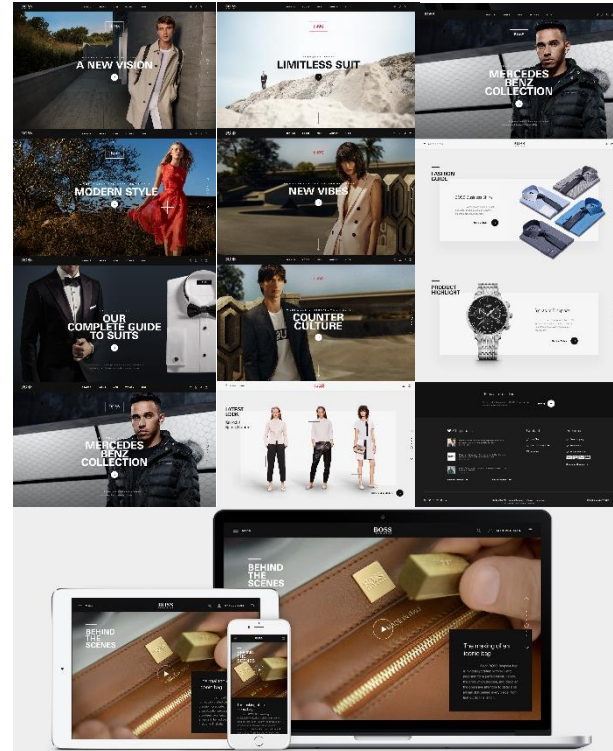
1. Nordstrom
2. Bloomingdale's
3. Hudson's Bay
4. Macy's
5. Dillards

“Man of today” influencer program to re-ignite brand interest in the U.S.



HUGO BOSS adjusts to changing customer journeys

- hugoboss.com website important mean to engage customers and drive them to store
- Insourcing of online fulfillment in Europe since May prerequisite for planned launch of omnichannel services later in the year
- Marketing spend to prioritize digital over print



CRM and personalized service foster close ties with the customer

- Ongoing rollout of my HUGO BOSS and corresponding in-store application upgrades customer service
- High focus on personnel management and retail trainings



HUGO BOSS EXPERIENCE

Create your **My HUGO BOSS** account and become a member of the exceptional customer programme **HUGO BOSS EXPERIENCE**. If you participate you will enjoy various benefits:

- **ONLINE BENEFITS**
Manage your personal data and view all online and offline purchases of the last 24 months
- **IN-STORE BENEFITS**
Visit us in one of our Stores and enjoy a tailored shopping experience as well as exclusive events
- **SERVICE & INFORMATION BENEFITS**
Get exclusive Services like personal shopping and become a part of the inspiring world of HUGO BOSS
- [Learn more](#)



In-store performance sole driver of retail merchandising decisions in 2016



BOSS
Made To Measure



BOSS
Full Canvas Suits



BOSS
Tailored



BOSS
Premium
Formalwear



BOSS
Premium
Sportswear

~10% of net sales

~90% of net sales

Renewed focus on core menswear business

- Dedicated Board responsibility for brand and creative management established
- Menswear marketing spend to be increased
- Expansion of floor space allocation in own retail



Womenswear remains strategic growth opportunity

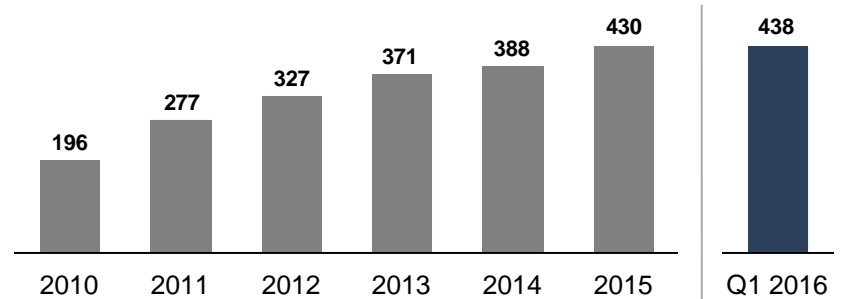
- BOSS Womenswear business has improved significantly under Jason Wu's artistic direction
- Group committed to invest in long-term growth
- BOSS Womenswear continues performing better than overall segment also in the first quarter of 2016



Improvement of retail performance takes priority over further network expansion

- Around 100 store refurbishments planned in 2016
- Detailed analysis of underperforming stores under way
- 12 store openings in the first quarter, around 15 more expected in the further course of the year

Number of HUGO BOSS freestanding stores



BOSS Store
Moscow // Gum
Opening date: November 2016



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Financial outlook for 2016 reconfirmed

Group sales are forecast to increase at low single-digit percentage rate*

Sales by region*



Europe



Americas



Asia/Pacific



Sales by channel*

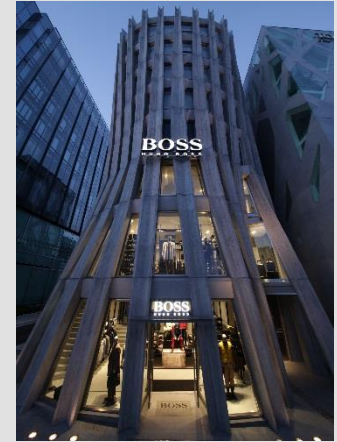
Retail



Wholesale



Licenses



*On a currency-adjusted basis

Free cash flow targeted to exceed prior year level despite earnings decline

Outlook 2016

Sales (currency adjusted)

Low single-digit percentage increase

Gross margin

Stable performance

EBITDA before special items

Low double-digit percentage decrease

Capex

EUR 160 million to EUR 180 million

Free cash flow

Increase

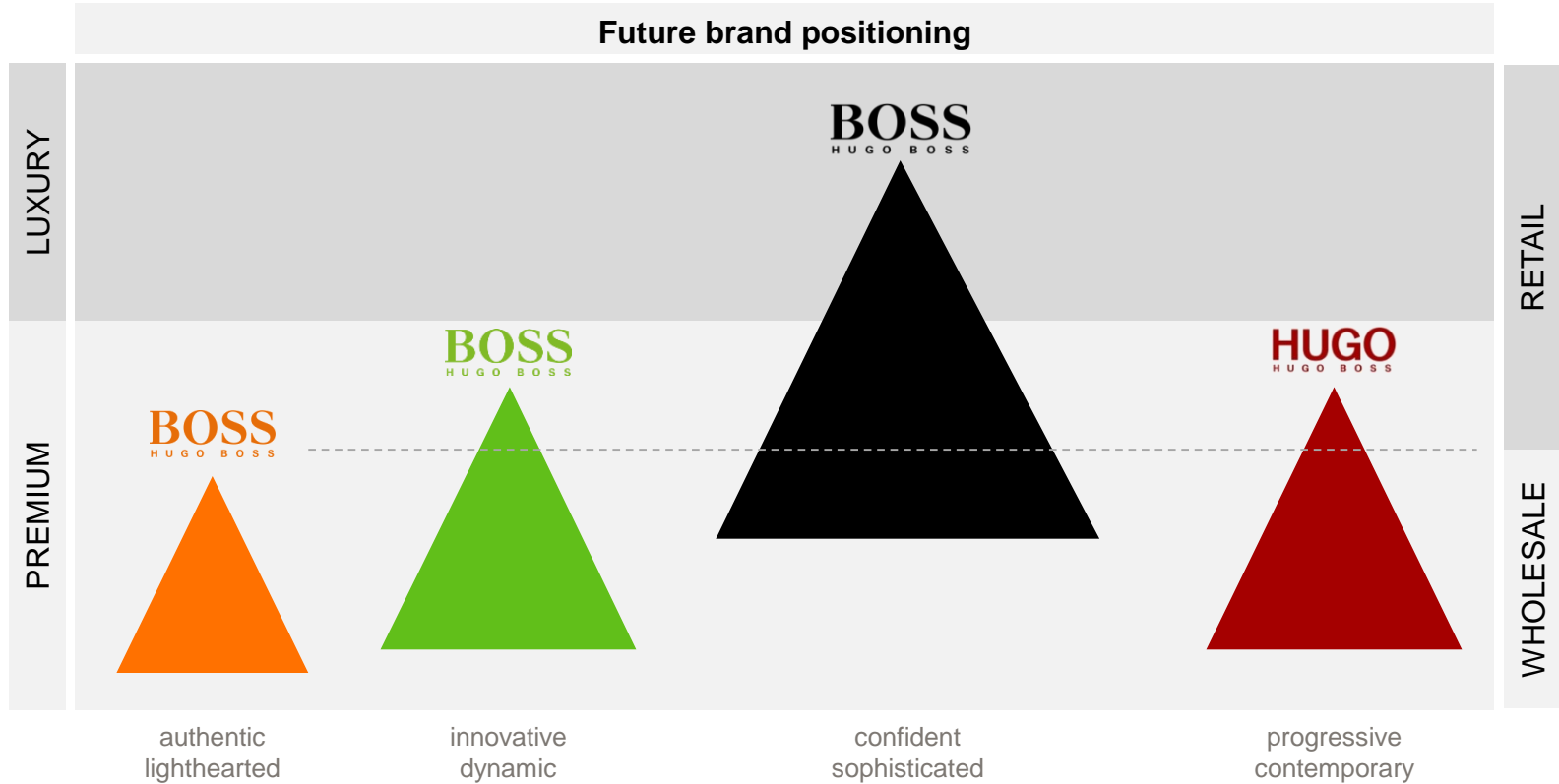
The work on the return to long-term profitable growth has started

- Depressed market environment compounds company-specific challenges
- Multiple measures initiated to increase cost efficiency, improve global brand and price positioning and drive digital transformation
- Organization ready to bring back HUGO BOSS on growth track



BACKUP

Brand portfolio



Brand portfolio*

BOSS
HUGO BOSS

72% of Group sales
modern / sophisticated



BOSS
HUGO BOSS

9% of Group sales
modern / active



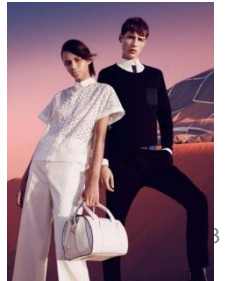
BOSS
HUGO BOSS

9% of Group sales
casual / urban chic



HUGO
HUGO BOSS

10% of Group sales
progressive / contemporary



*as of FY 2015

Sales by region 2015

Share of Group sales*



Europe

(incl. Middle East/Africa)

60%

Germany:	17%
Great Britain:	12%
France:	6%
Benelux:	5%
Other:	20%



Americas

24%

U.S.:	19%
Canada:	3%
Central & South America:	2%



Asia/Pacific

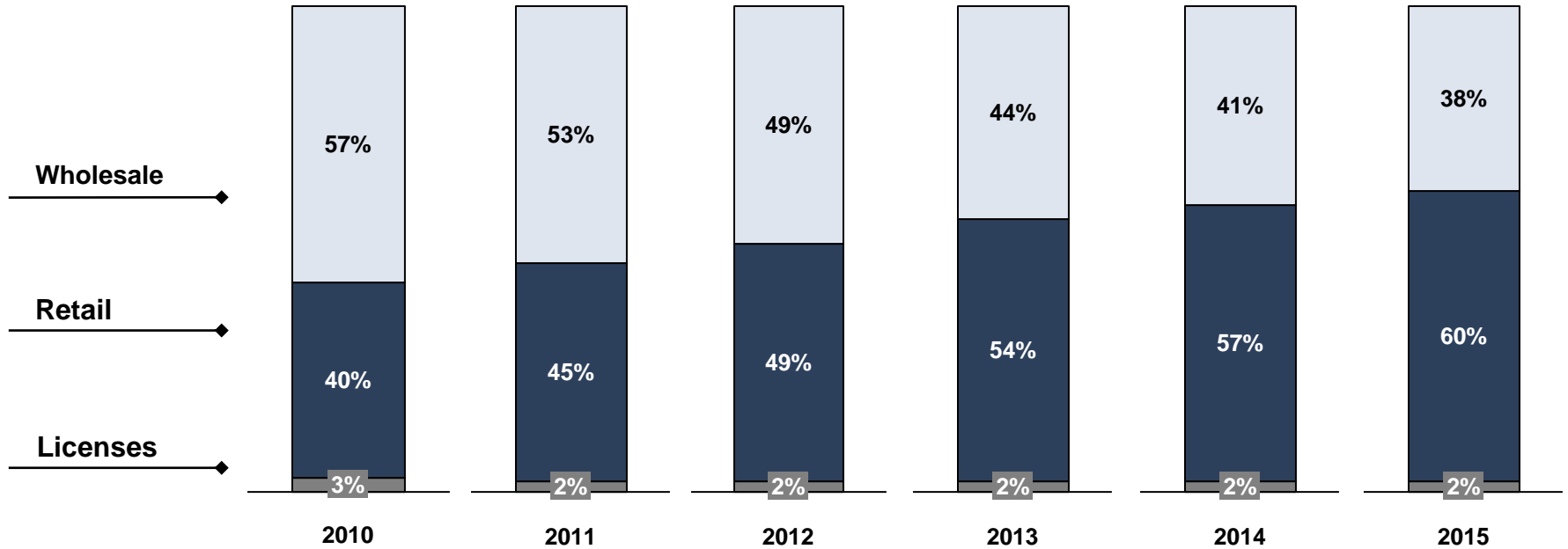
14%

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

*+2% Licenses

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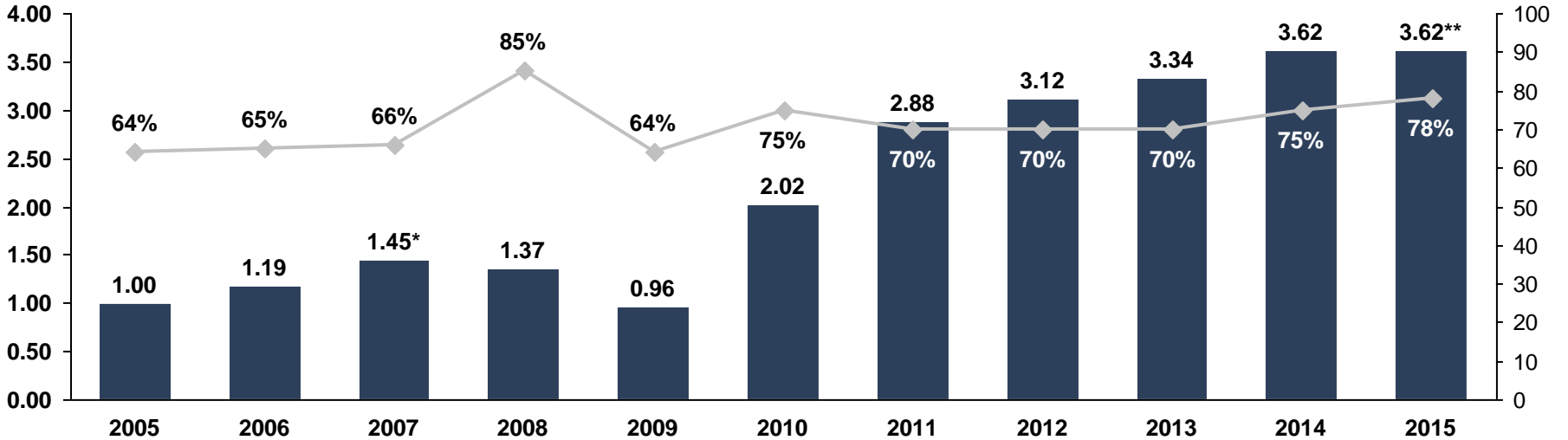
Sales by distribution channel



Dividend proposal underlines financial strength and confidence in long-term growth

in EUR

in %***

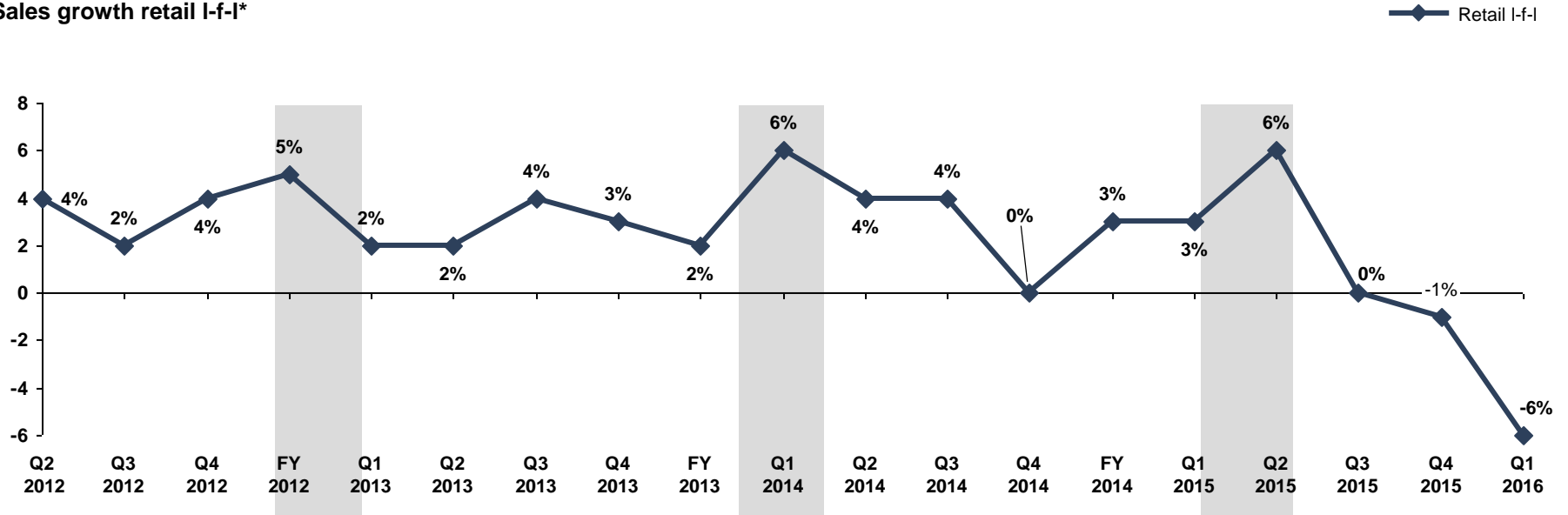


Dividend policy of paying out between 60% and 80% of consolidated net income reconfirmed

*Excluding special dividend of €5.00 per share **Proposal for fiscal year 2015 ***As a percentage of net income attributable to shareholders

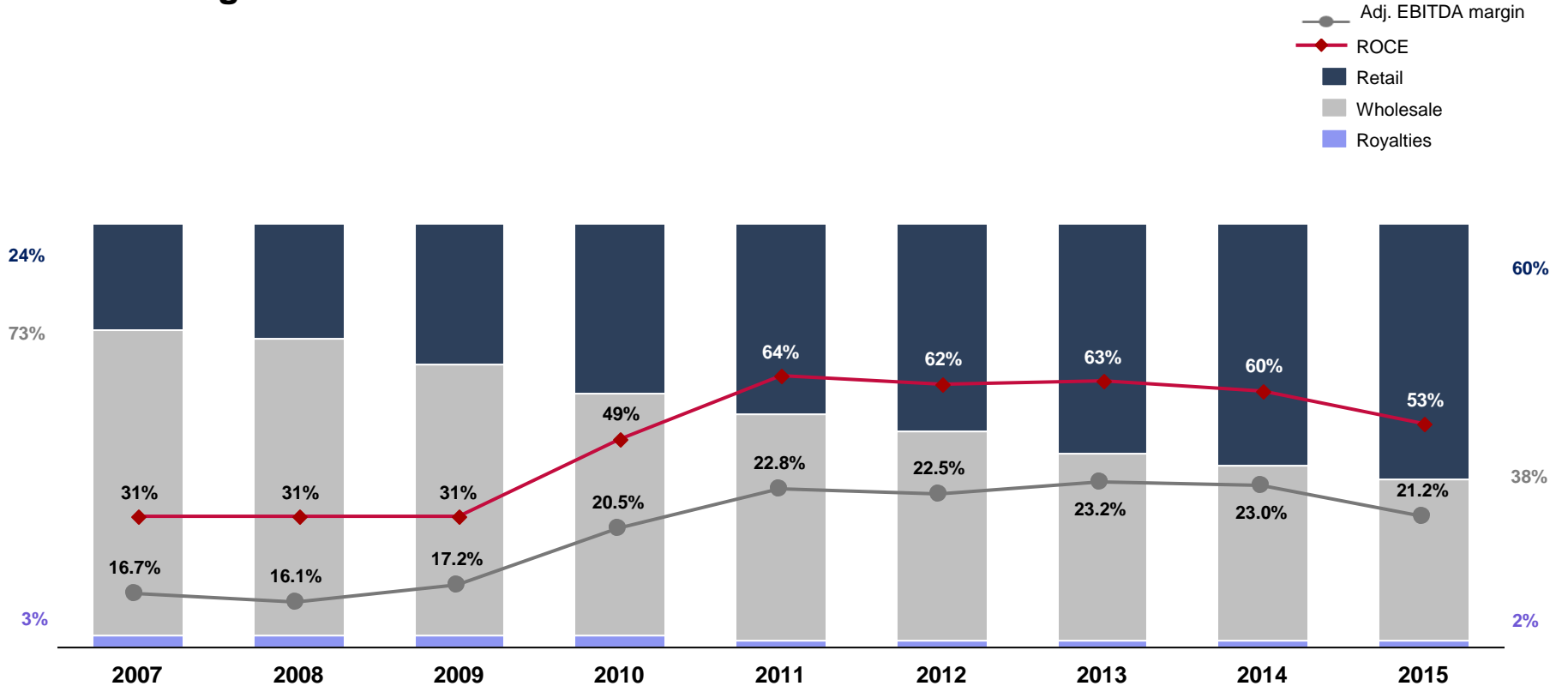
Retail comp stores sales growth

Sales growth retail I-f-I*



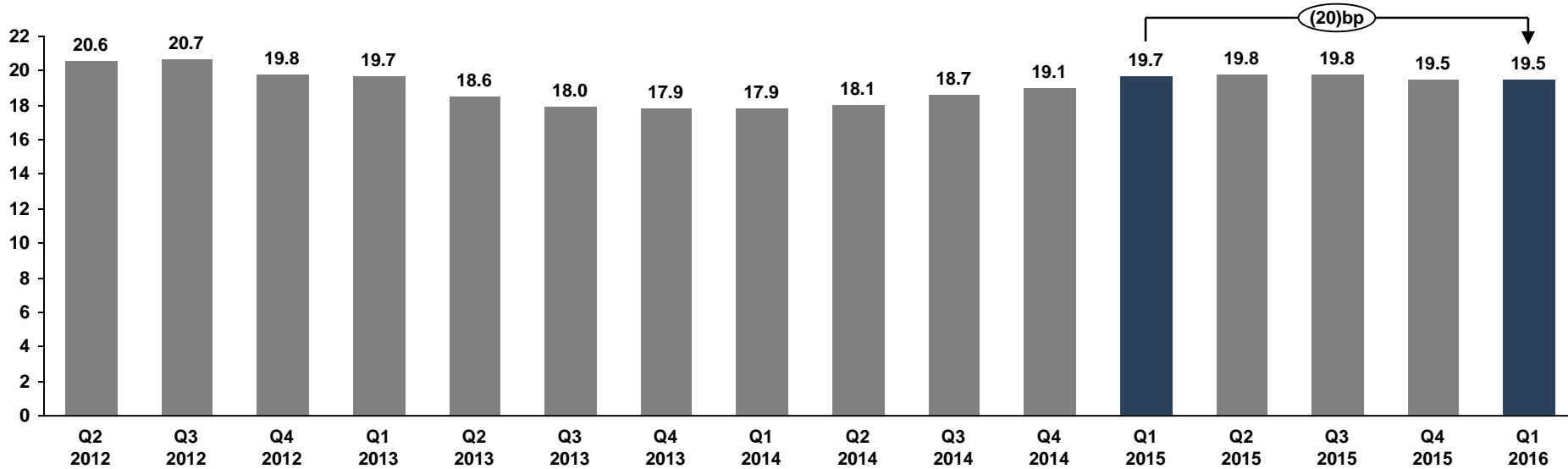
*FX-adjusted

EBITDA margin and ROCE vs. channel mix



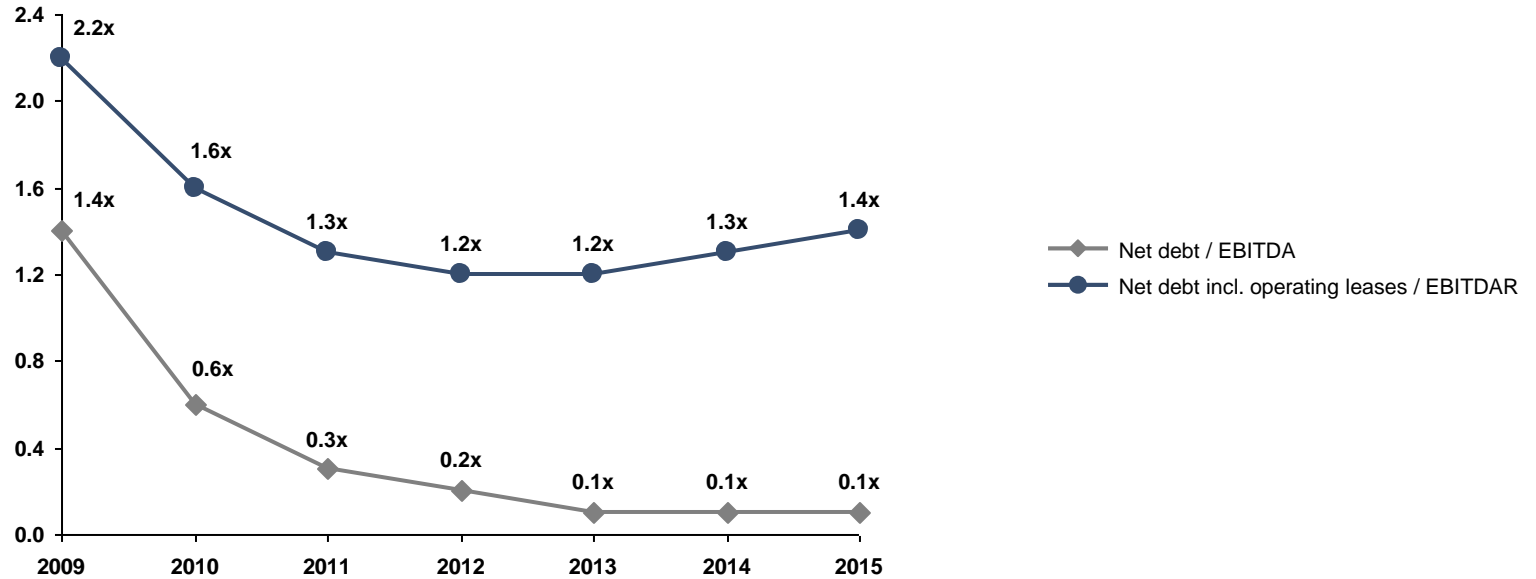
Trade net working capital in relation to sales

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



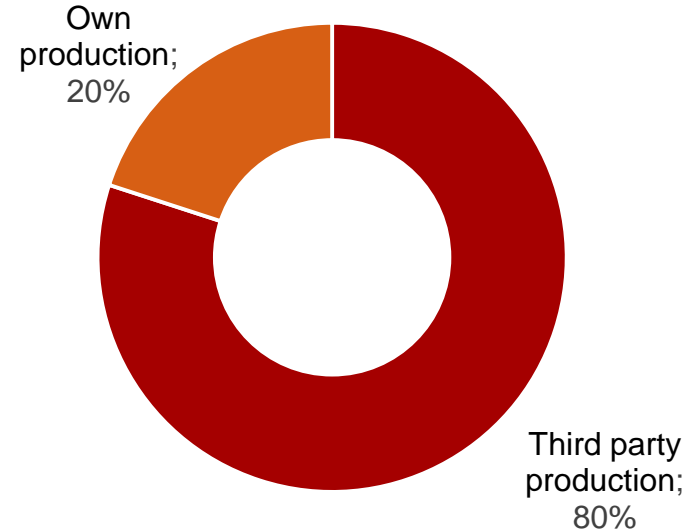
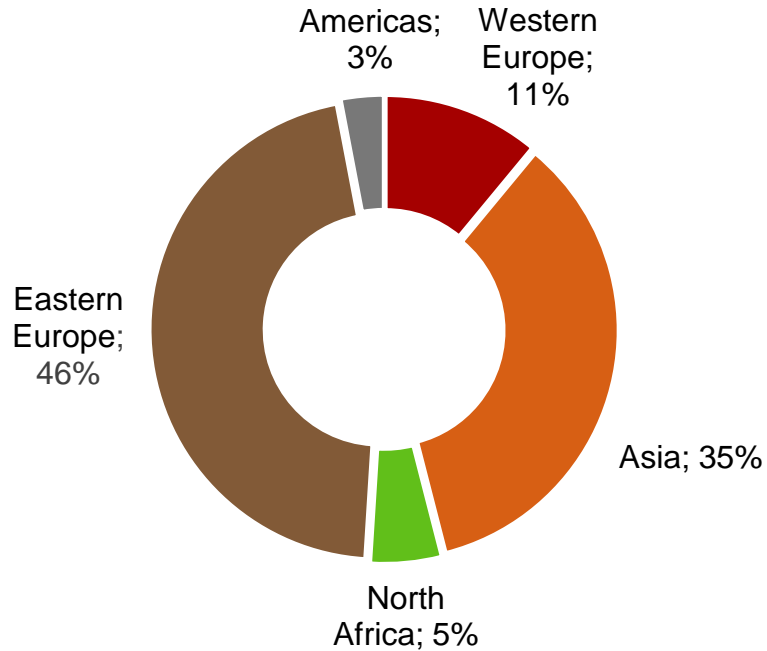
*Certain amounts shown here do not correspond to the figures published in prior years and reflect adjustments made

(Adjusted) financial leverage



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

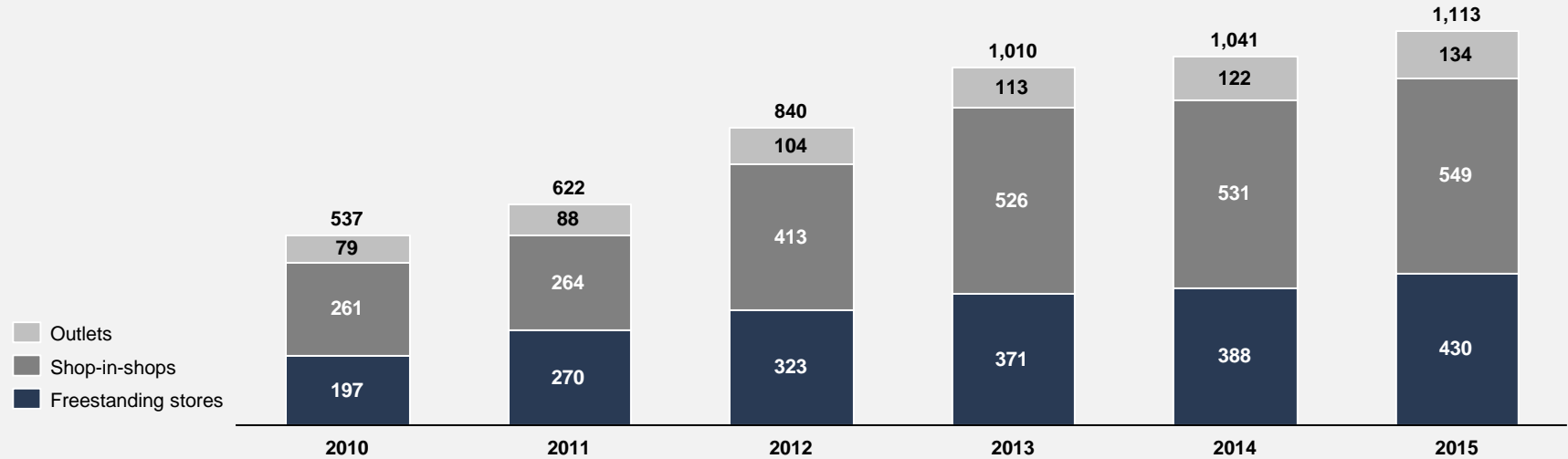
Sourcing and production structure 2015*



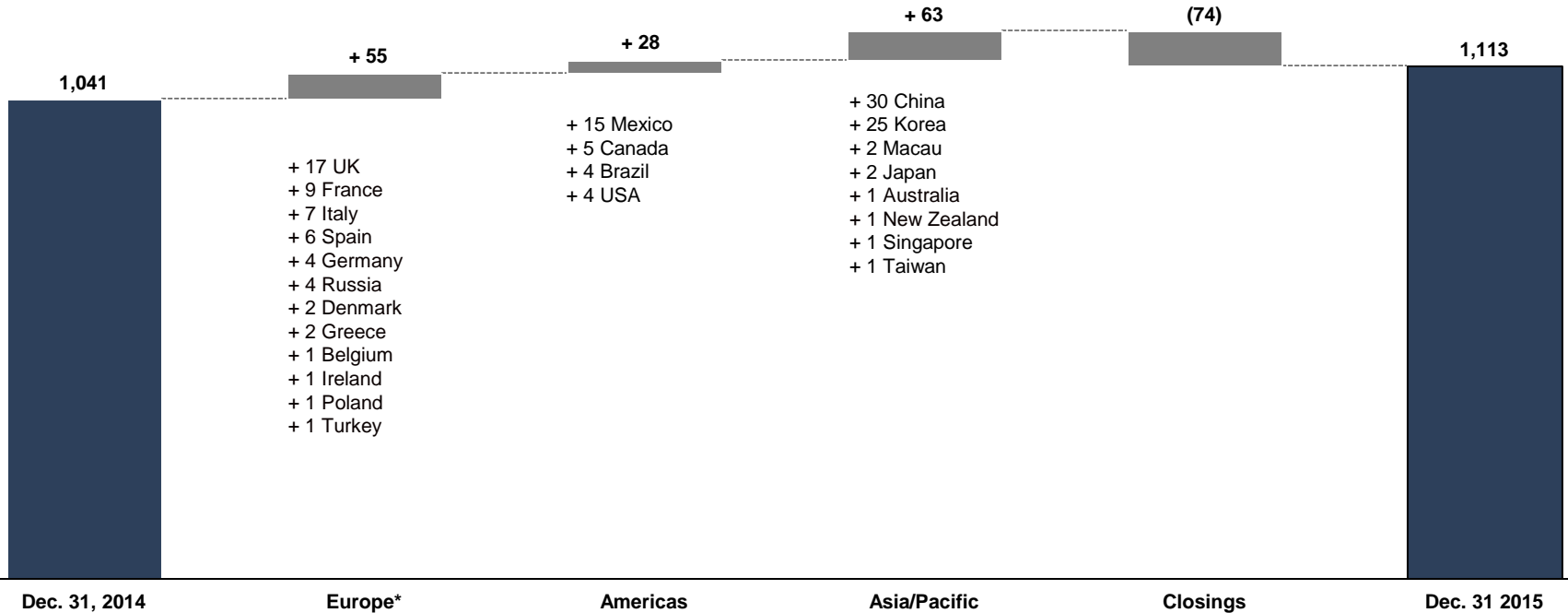
*Percentage based on value of procurement volumes

Retail network

Number of own retail stores
as of December 31



Retail network (continued)



*Europe incl. Middle East and Africa

Multi-Year overview

In EUR million	2015	2014	2013	2012	2011	2010
Sales	2,808.7	2,571.6	2,432.1	2,345.9	2,058.8	1,729.4
Gross profit	1,852.8	1,699.1	1,579.6	1,444.1	1,252.0	1,022.4
EBITDA	589.9	571.5	561.4	523.9	468.0	340.1
EBITDA before special items	594.1	590.8	564.7	528.1	469.5	353.7
EBIT	447.7	448.7	456.2	432.0	394.6	267.9
Net income	319.4	333.3	329.0	306.5	284.9	188.9
Free cash flow	207.6	268.4	230.0	220.6	194.9	246.3
Net debt	82.2	35.7	57.0	130.4	149.1	201.1
Capex	220.3	134.7	185.3	165.8	108.5	55.6
Depreciation/amortization	142.1	122.8	105.3	91.9	73.4	72.2
Dividend	249.8***	249.8	230.5	215.3	199.1	139.7
Total assets	1,800.3	1,661.8	1,501.3	1,577.2	1,419.6	1,342.8
Shareholders equity	955.7	843.9	740.3	631.6	517.3	361.2
Trade net working capital	527.6	503.0	431.8	408.5	399.6	322.7
Non-current assets	764.6	660.3	611.5	587.7	503.2	454.5
Gross profit margin in %	66.0	66.1	64.9	61.6	60.8	59.1
Adjusted EBITDA margin in %*	21.2	23.0	23.2	22.5	22.8	20.5
Total leverage**	0.1	0.1	0.1	0.2	0.3	0.6
Equity ratio in %	53.1	50.8	49.3	40.0	36.4	26.9

*EBITDA before special items/Sales **Net financial liabilities/EBITDA before special items ***Based on dividend proposal of €3.62 per share
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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
equinet	Mark Josefson
Equita	Fabio Fazzari
Exane BNP Paribas	Luca Solca
Goldman Sachs	Richard Edwards
Hauck & Aufhäuser	Christian Schwenkenbecher
HSBC	Antoine Belge

Institution	Analyst
Invest Securities	Peter Farren
Jefferies	Charmaine Yap
J.P. Morgan	Melanie Flouquet
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
MainFirst	John Guy
Metzler	Christian Bruns
Mirabaud Securities	Alessandro Migliorini
Morgan Stanley	Elena Mariani
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
 Tel: +1 212 815 2264

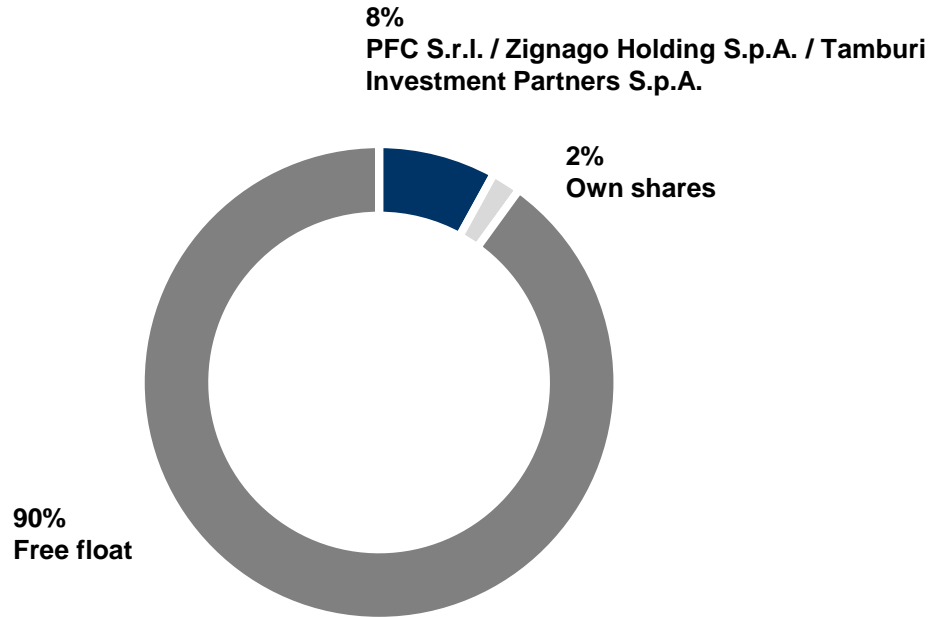
London

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

Hong Kong

Herston Powers
 email: herston.powers@bnymellon.com
 Tel: +852 2840 9868

Shareholder structure*



*Source: Share register, voting rights notifications (as of February, 2016)

Financial calendar 2016

Date	Event
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
Internet: group.hugoboss.com

Frank Böhme,
Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581
E-Mail: Frank_Boehme@hugoboss.com
Internet: 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.

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