

**H U G O   B O S S**

HUGO BOSS

## Goldman Sachs Roadshow

---

Yves Müller, CFO

Paris, June 15, 2018



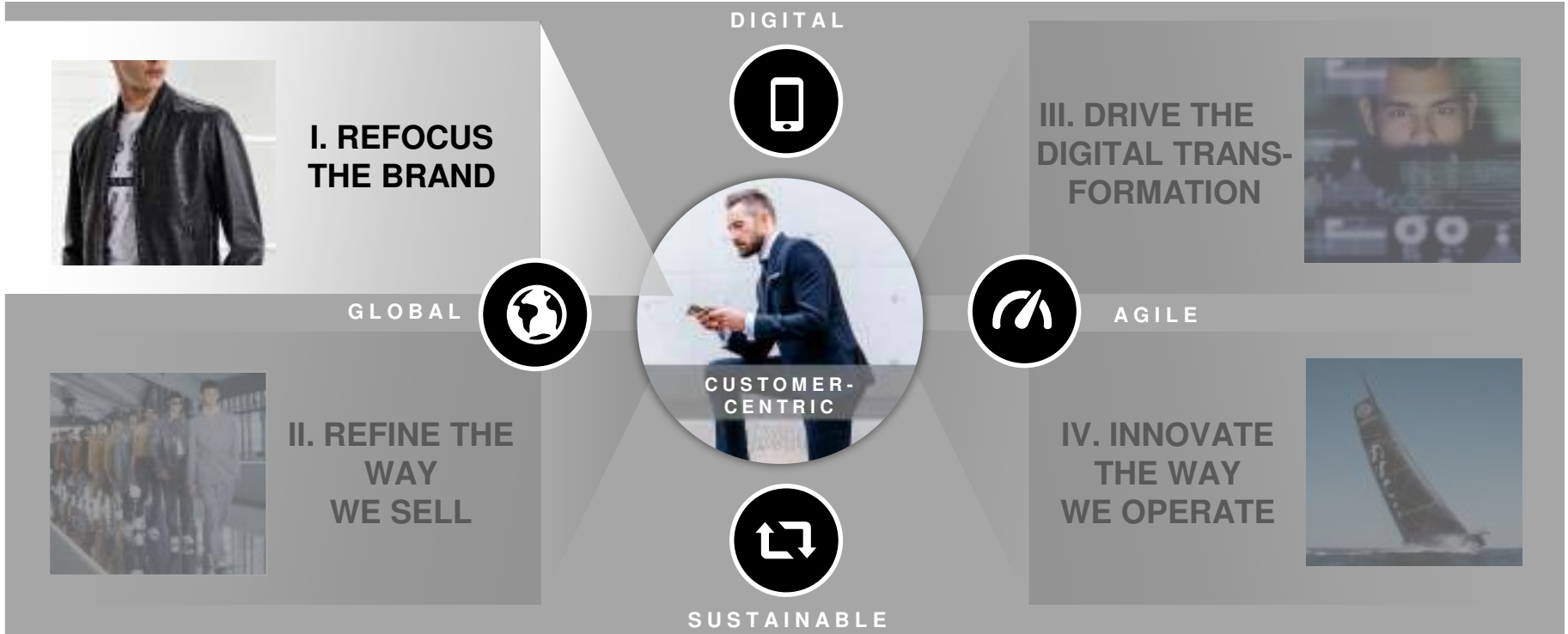


GROUP STRATEGY

## Group strategy focuses on four fields of action



## Strategic Fields of Action



## Two brands: BOSS and HUGO

#THISISBOSS



TWO BRANDS





#IAMHUGO



TWO TARGET CUSTOMERS

TWO BRAND IDENTITIES

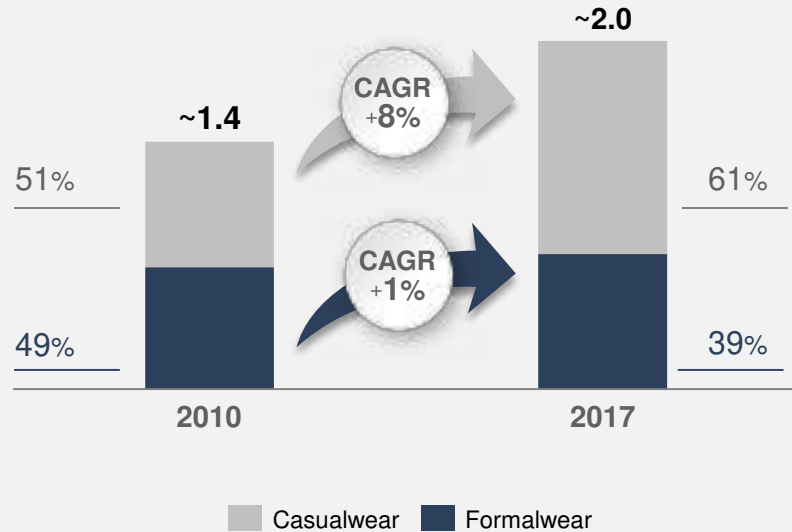
## BOSS and HUGO customers have different attitudes towards fashion

				
	<p>Status-oriented, traditional, rational</p>	<p><b>ATTITUDE</b></p>	<p>Open-minded, individual, spontaneous</p>	
	<p>Classic, modern, sophisticated</p>	<p><b>STYLE</b></p>	<p>Fashion-forward, contemporary, progressive</p>	
	<p>Highest quality, personal assistance</p>	<p><b>EXPECTS</b></p>	<p>Latest fashion trends, urban atmosphere</p>	
	<p>Retail &amp; department stores, online</p>	<p><b>SHOPPING</b></p>	<p>Online, mobile, retail &amp; department stores</p>	
<p><b>DEMANDING QUALITY SEEKER</b></p>		<p><b>OPEN-MINDED LIFE ENTHUSIAST</b></p>		

## Athleisure influence runs through the core of the BOSS collection

### Split of BOSS brand sales by segment

In EUR billion





## Global pricing architecture implemented to ensure global brand positioning



### Americas

- ▶ Pricing remained virtually unchanged

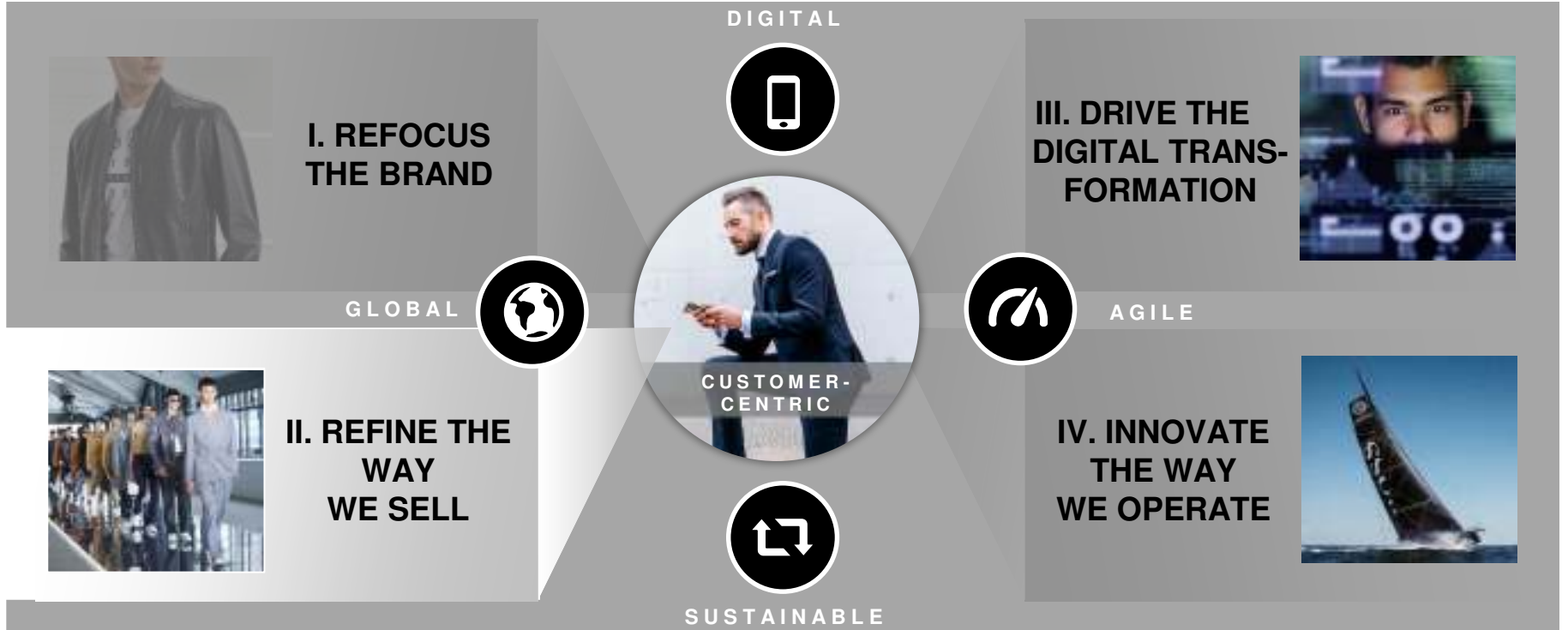
### Europe

- ▶ All European countries now fully aligned

### Asia

- ▶ Price gap narrowed to European levels

## Strategic Fields of Action

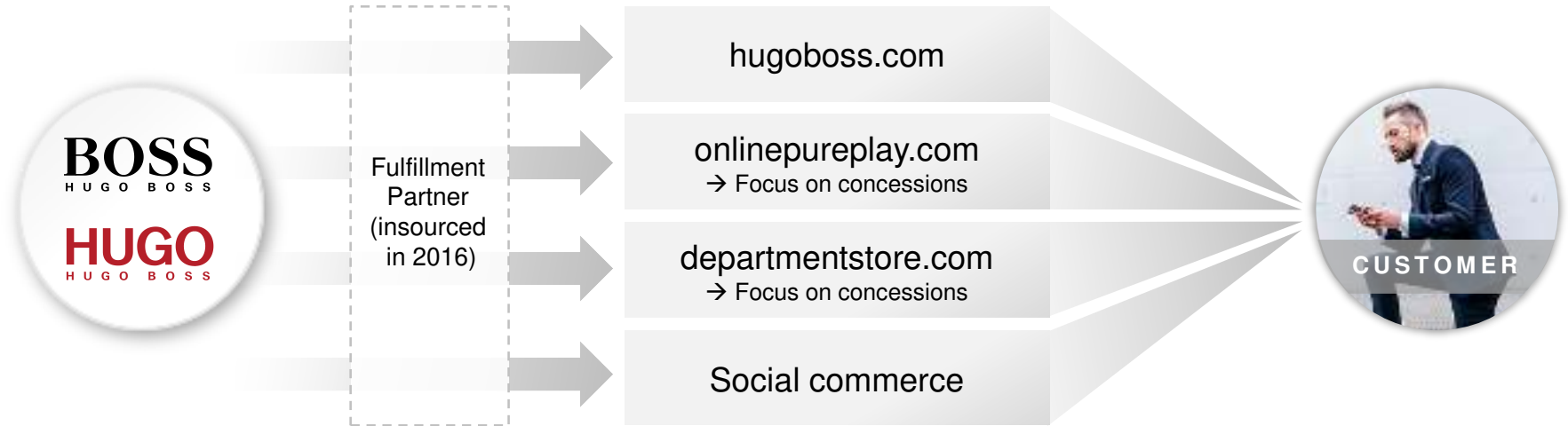


## Three key distribution priorities

**1** Exploit the full potential of online

**2** Increase own retail sales productivity

**3** Further integrate distribution across all channels



## Three key distribution priorities

1

Exploit the full potential of online

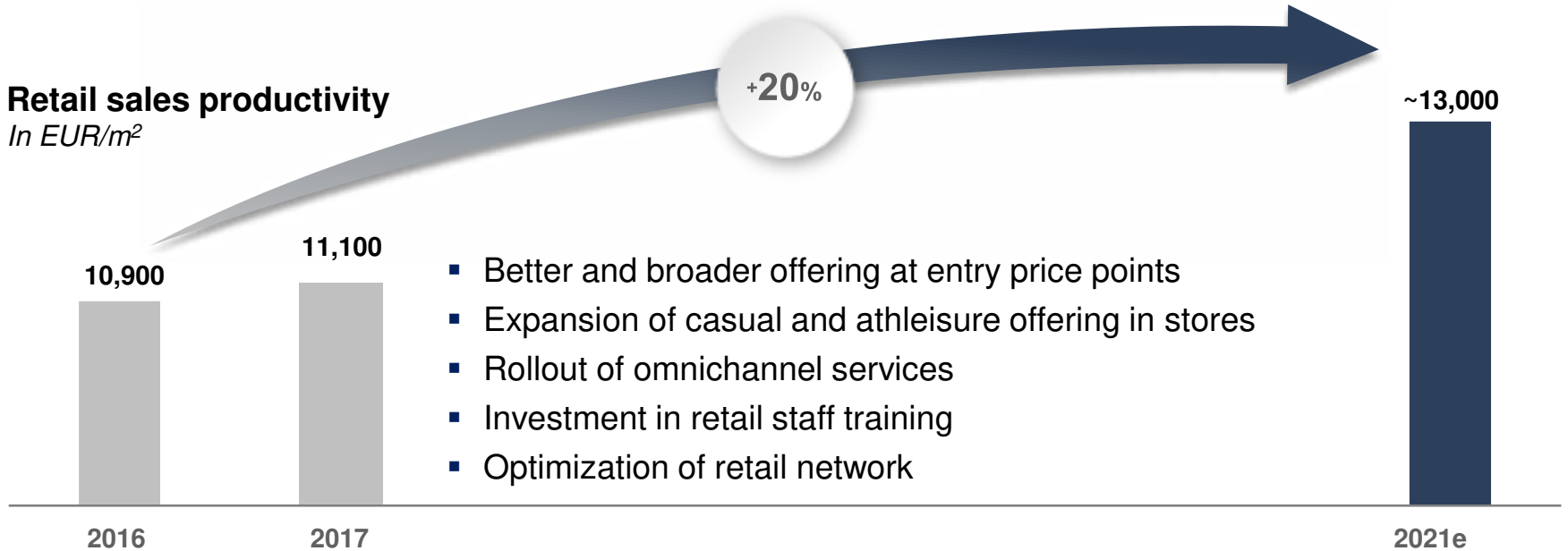
2

Increase own retail sales productivity

3

Further integrate distribution across all channels

### Retail sales productivity In EUR/m<sup>2</sup>



## Omnichannel services link online and physical retailing

1

Exploit the full potential of online



2

Increase own retail sales productivity



3

Further integrate distribution across all channels

## Store renovations will upgrade own retail network



### Openings

- 15-20 freestanding store openings will strengthen the network
- This includes the opening of around 10 HUGO stores



### Closures

- Store closures based on expiration of rental contract

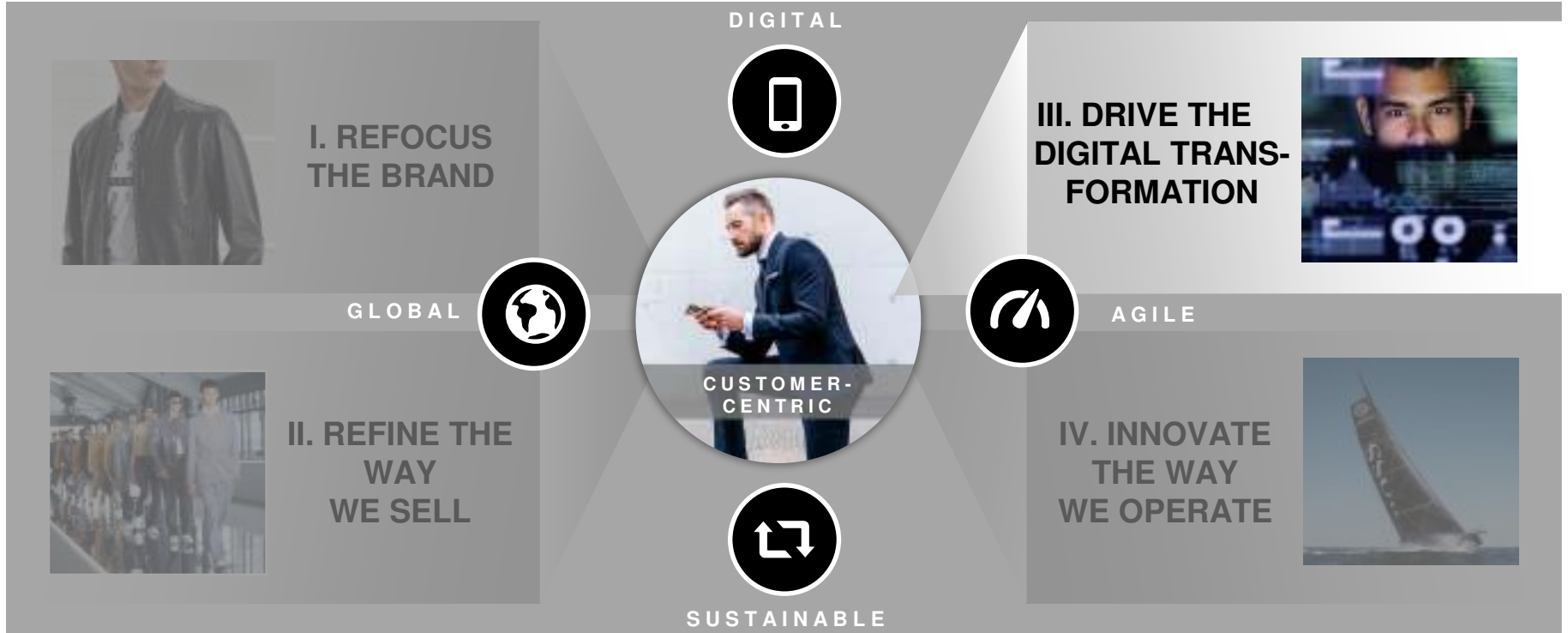


### Renovations

- Renovations to account for the bulk of retail investments

► **Own retail selling space will remain largely stable going forward**

## Strategic Fields of Action



## Digital transformation comprises the entire value chain



**Product & collection  
development**



**Sourcing  
and production**



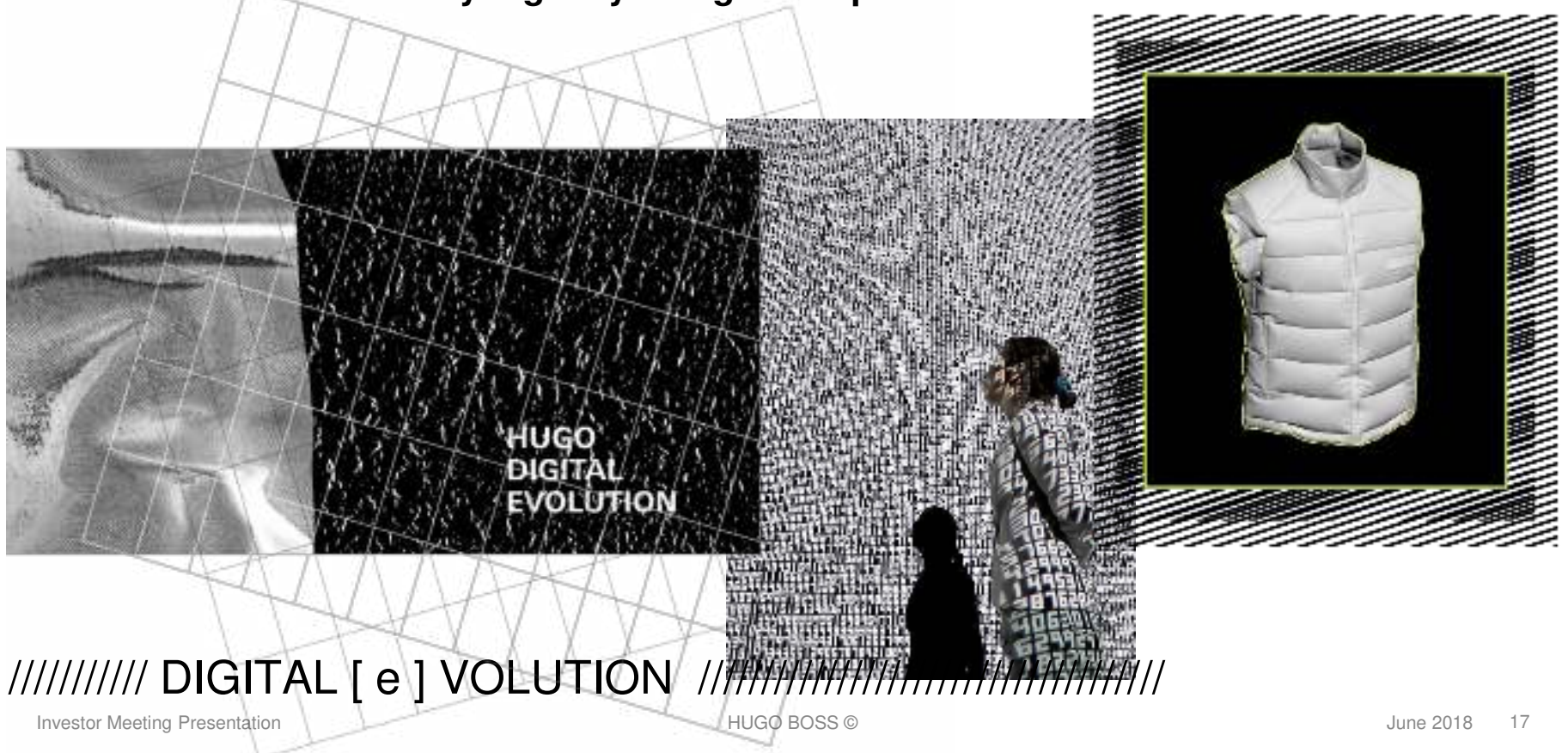
**Distribution  
and logistics**



**Own retail and  
wholesale distribution**

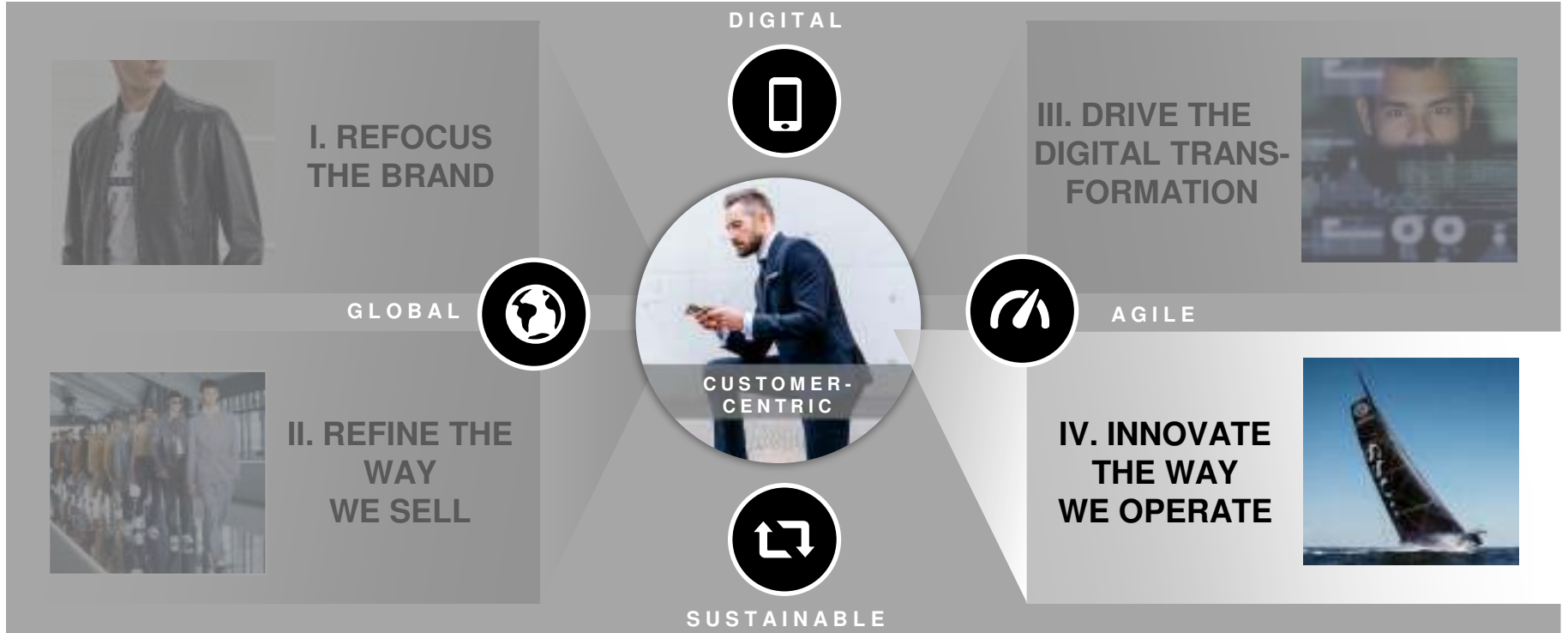


## HUGO will launch first fully digitally designed capsule



////////// DIGITAL [ e ] VOLUTION //////////////////////////////////////

## Strategic Fields of Action



## Speed drives commercial success





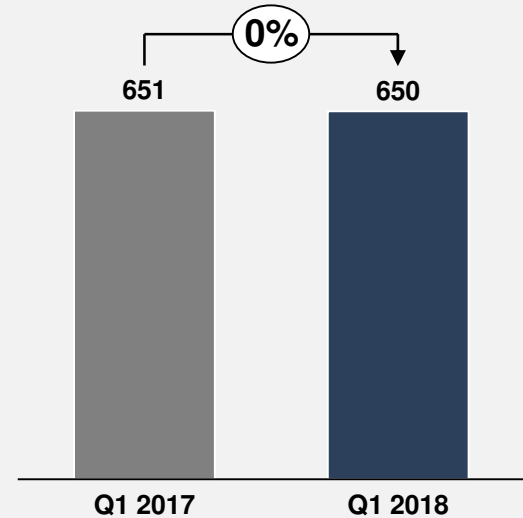
FINANCIAL PERFORMANCE Q1 2018

## HUGO BOSS records solid currency-adjusted sales growth in the first quarter



**Group sales**  
(in EUR million)

+5% fx-adjusted

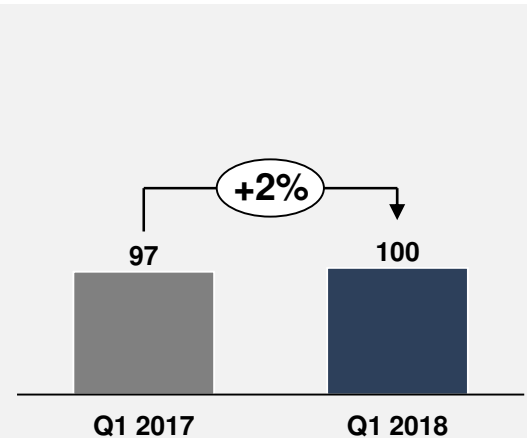
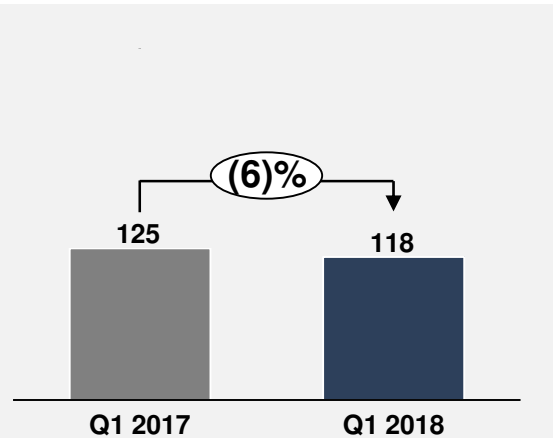
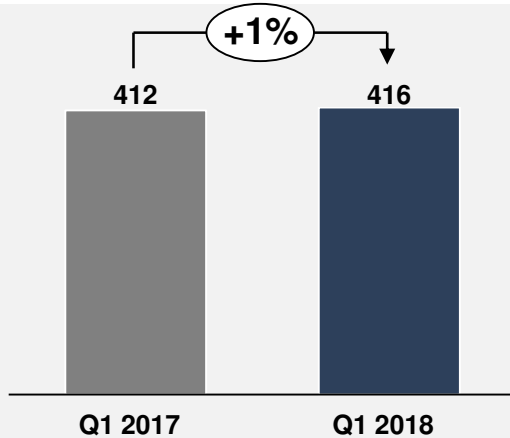


## All regions contribute to currency-adjusted Group sales growth

**Europe Sales\***  
+3% fx-adjusted

**Americas Sales\***  
+7% fx-adjusted

**Asia/Pacific Sales\***  
+12% fx-adjusted



■ Sales increase primarily driven by UK, Benelux and France

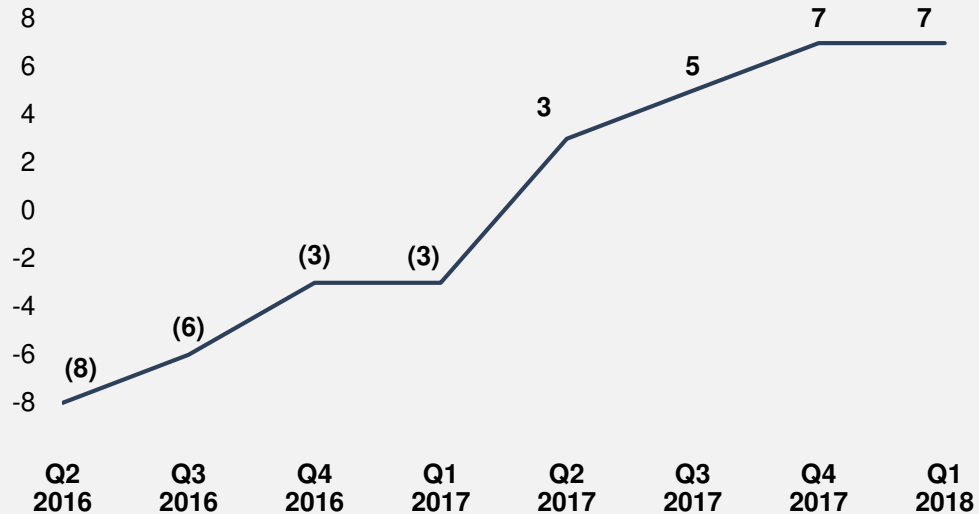
■ U.S. comp store sales growth in the double digits

■ Strong recovery in Hong Kong and Macau contributes to sales increase in China

## First quarter performance confirms good momentum in own retail

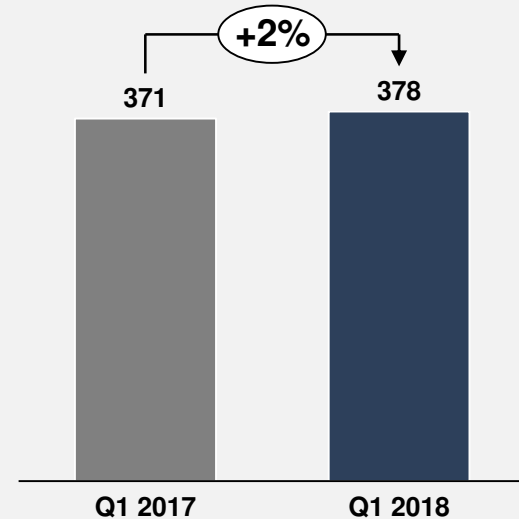
### Comp store sales growth (fx-adjusted)

+7%



### Retail sales (in EUR million)

+8% fx-adjusted



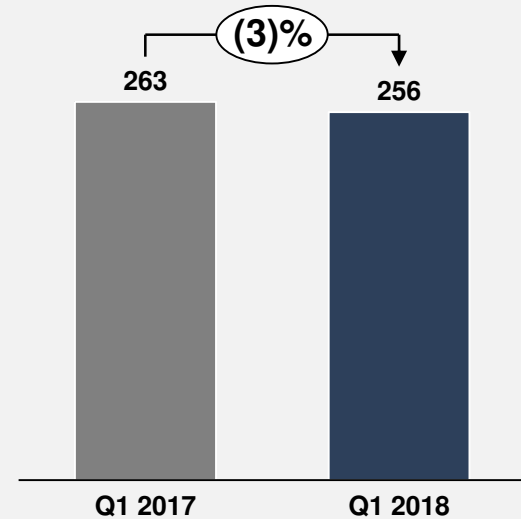
## Mixed sales trends in the wholesale channel

- Wholesale sales decline in the U.S. due to shop-in-shop takeovers now accounted for as own retail
- Online outperforms the physical channel



### Wholesale sales (in EUR million)

+1% fx-adjusted



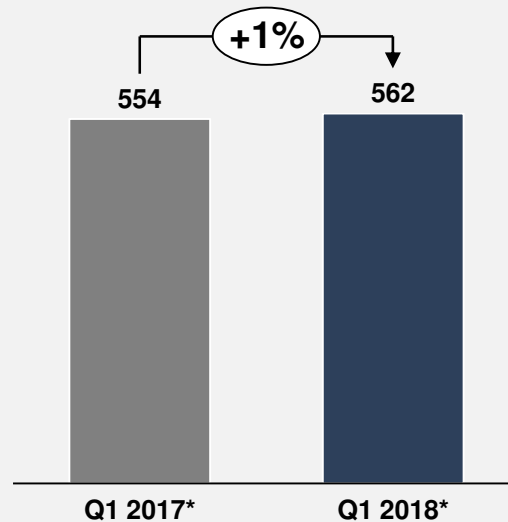


## Casualwear grows disproportionately at both brands

- Collection upgrade drives growth of BOSS Casualwear
- Strategic distribution changes impact HUGO sales
- Menswear up 6%, womenswear down 3%

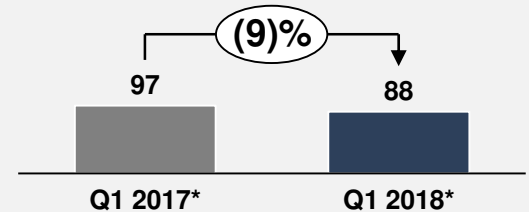
**BOSS**  
HUGO BOSS

+7% fx-adjusted



**HUGO**  
HUGO BOSS

(6)% fx-adjusted



\*in EUR million.

## Operating expense decline supports EBITDA growth

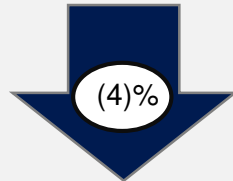
Gross margin

64.0 %



Selling & distribution expenses

272 EUR million



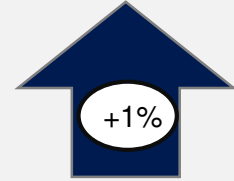
Administration expenses

74 EUR million



EBITDA (before special items)

99 EUR million



EBIT

70 EUR million



Net income

50 EUR million





FINANCIAL AND OPERATIONAL OUTLOOK

## Outlook 2018 reconfirmed



### Group sales

Increase at a low to mid single-digit percentage rate (fx-adjusted)

### Consolidated net income

Increase at a low to mid single-digit percentage rate

### Gross profit margin

Largely stable

### Capital expenditure

EUR 170 million to EUR 190 million

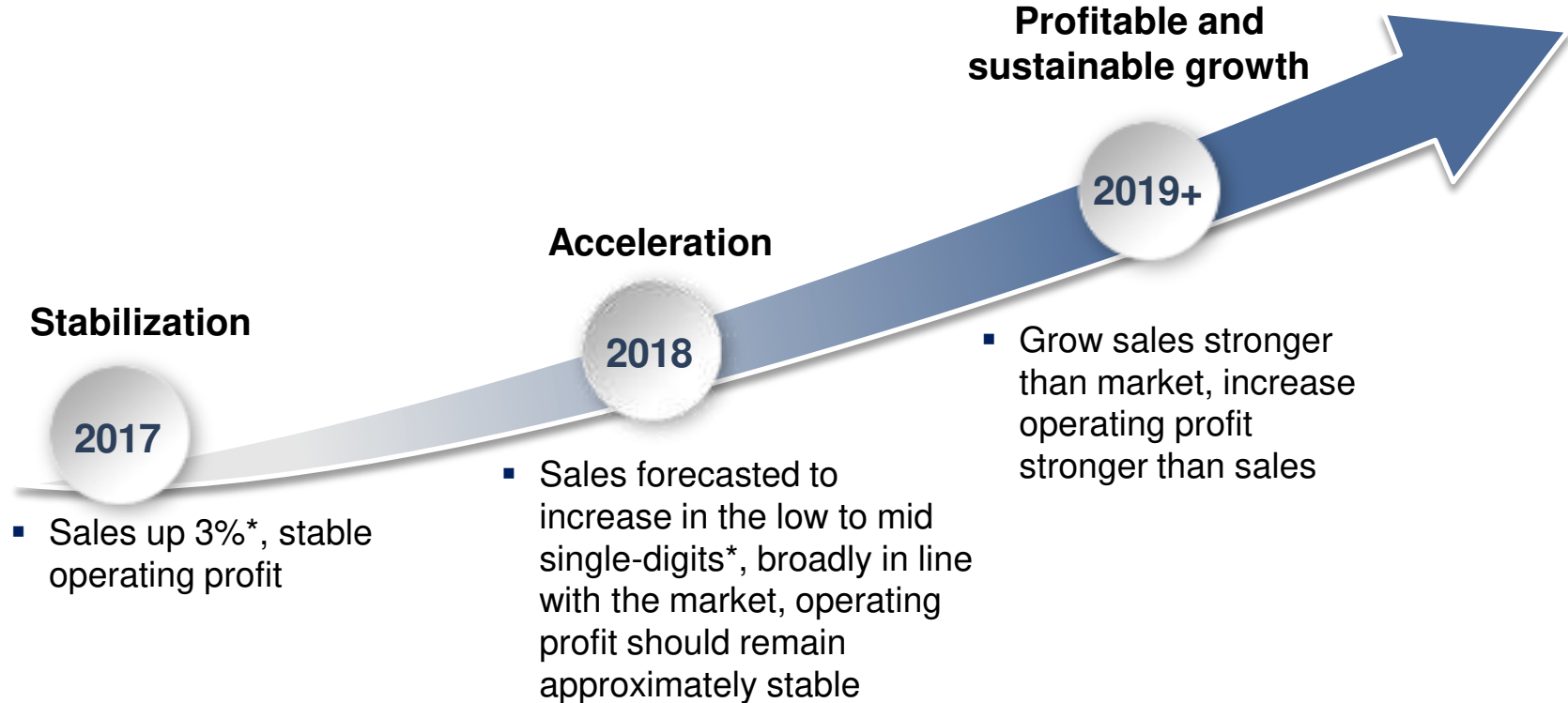
### EBITDA (before special items)

Development within a range of -2% to +2%

### Free cash flow

EUR 150 million to EUR 200 million

## Strategy execution will drive profitable and sustainable growth



HUGO BOSS

**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%



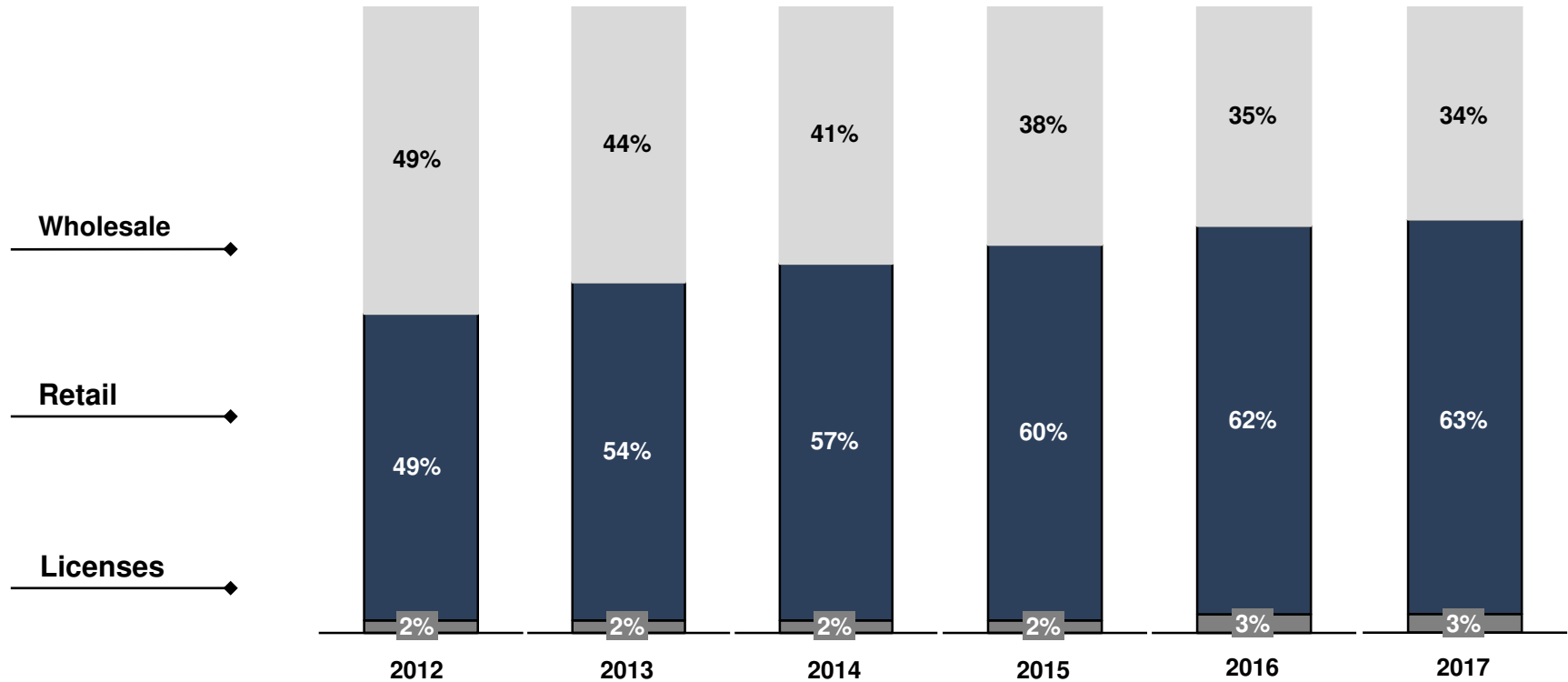
### Asia/Pacific

**14%**

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

\*as of 2017, +3% Licenses

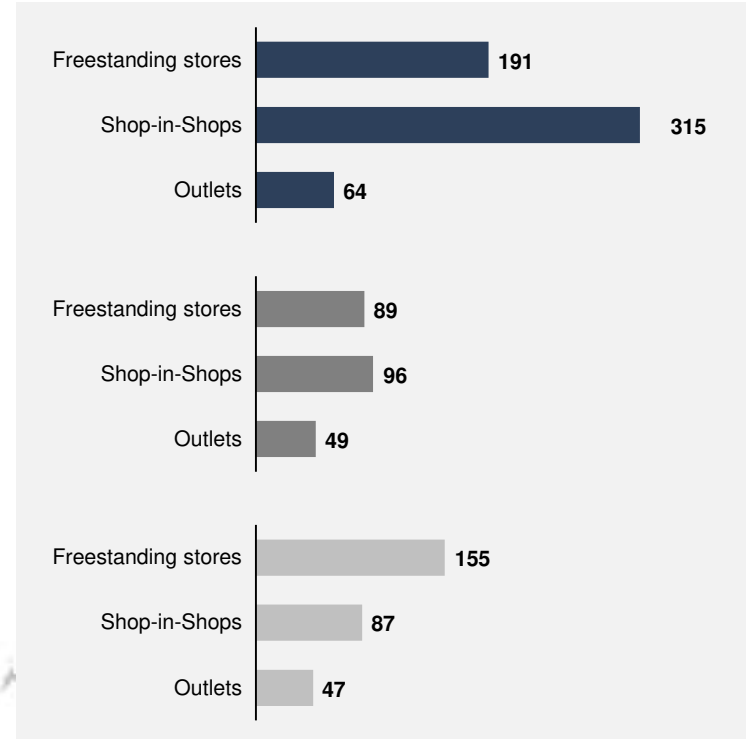
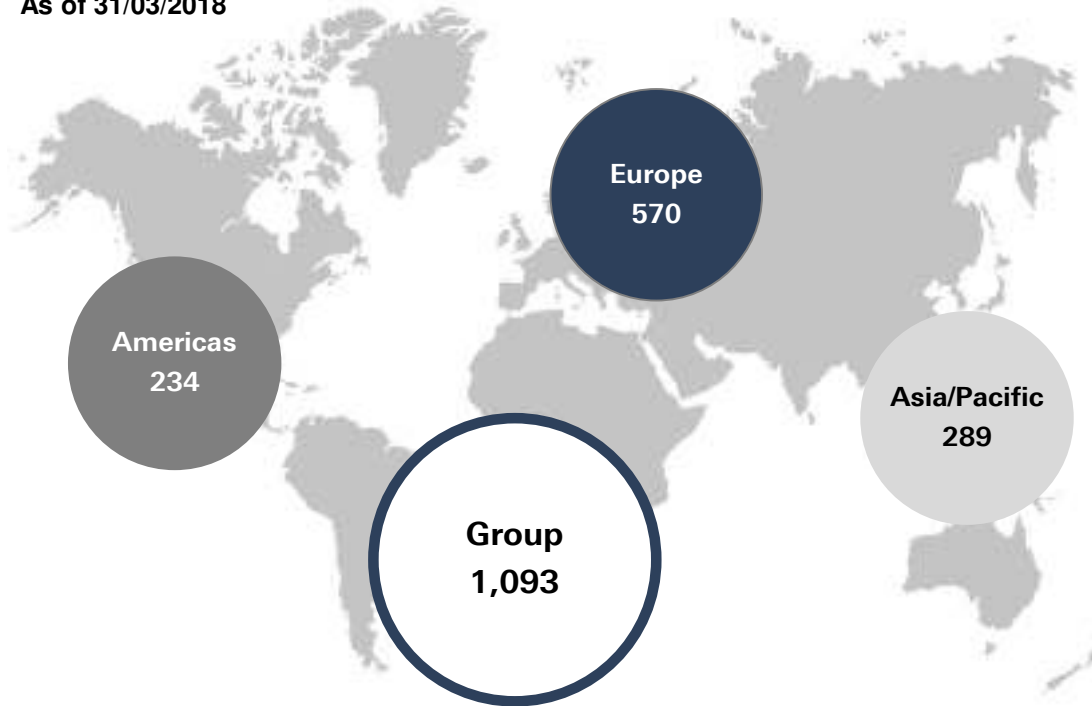
## Sales by distribution channel





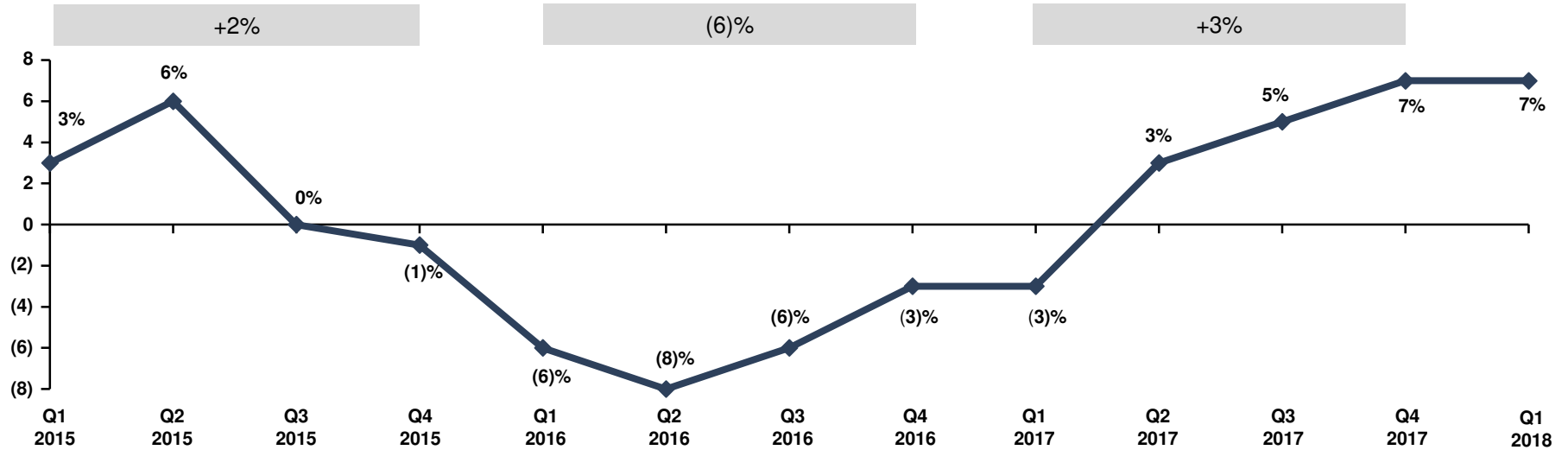
## Number of Group's own retail stores by region

As of 31/03/2018



## Retail comp stores sales

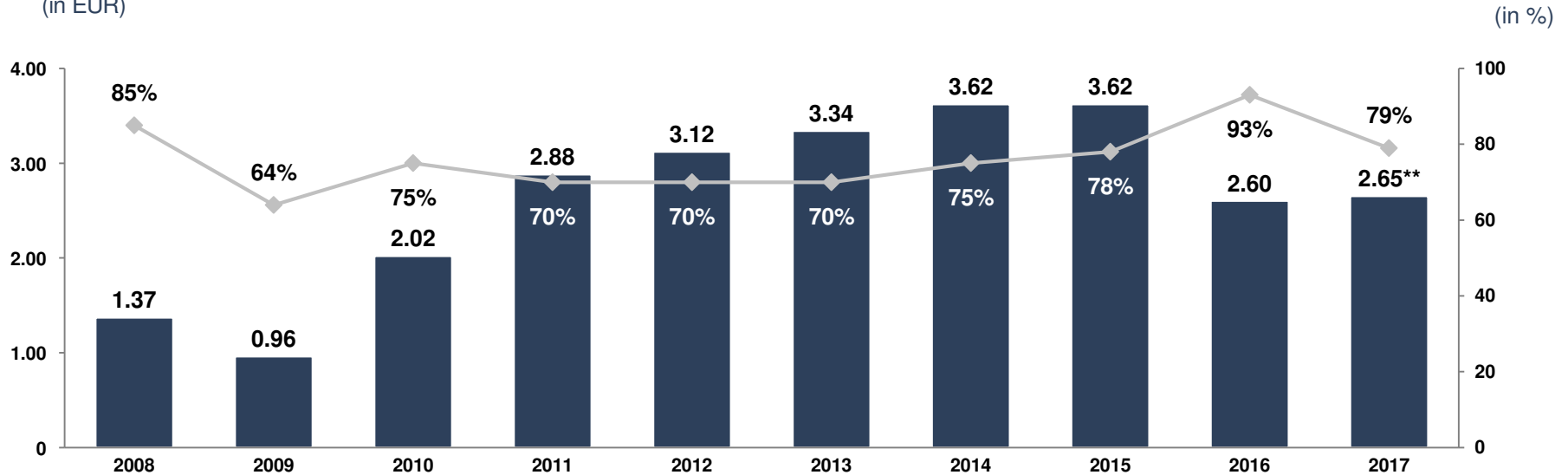
Retail I-f-I sales development\*



\*FX-adjusted

## Dividend policy

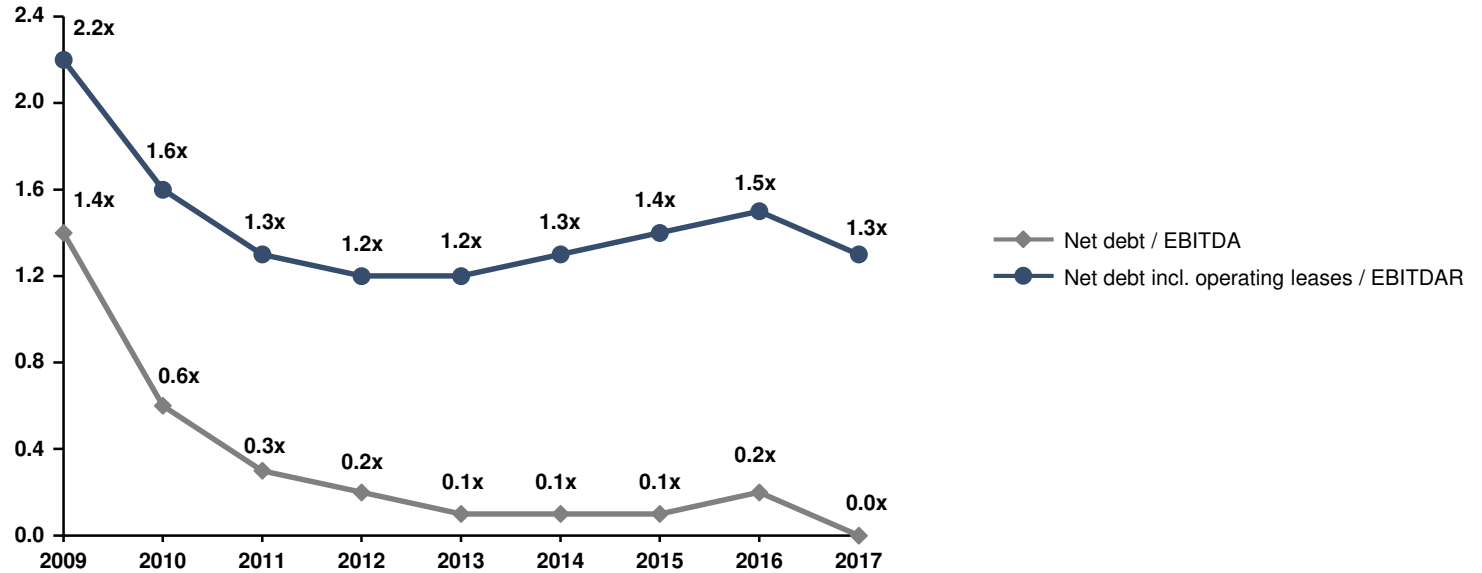
Dividend per share and payout ratio\*  
(in EUR)



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

\* As a percentage of net income attributable to shareholders \*\* Proposal for fiscal year 2017

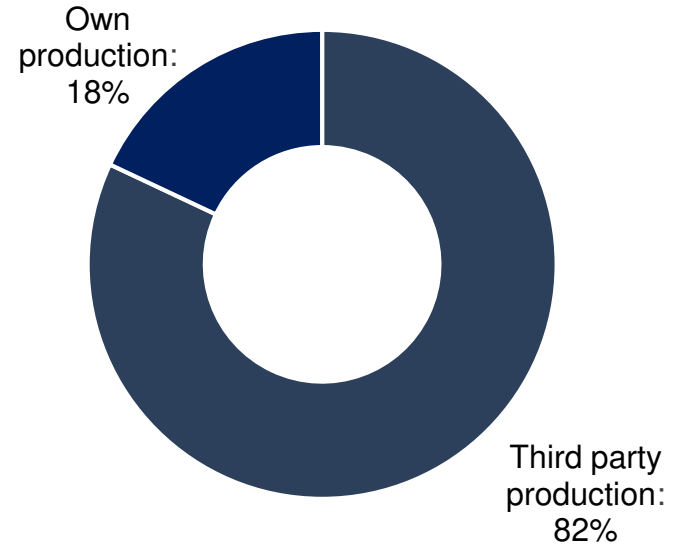
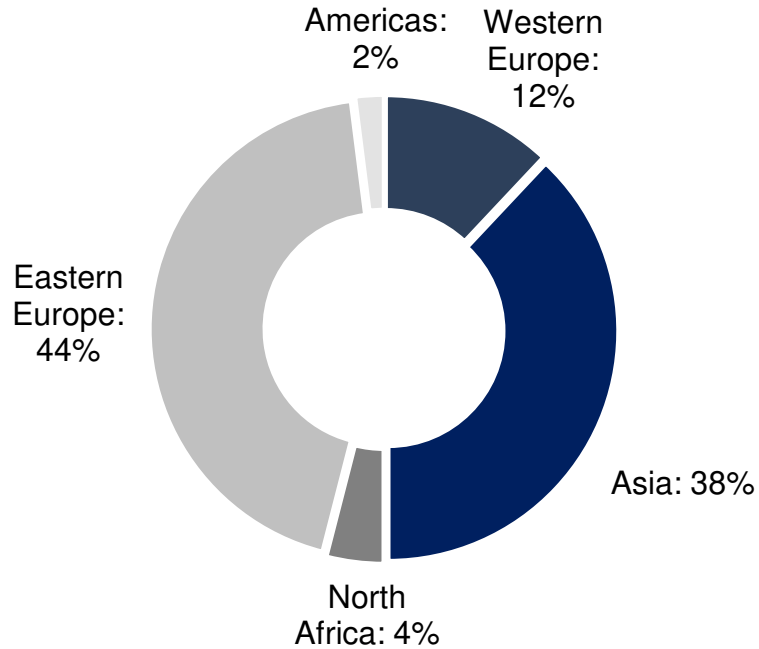
## (Adjusted) financial leverage



**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
<b>Sales</b>	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 % <sup>1</sup>	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 <sup>2</sup>	0,0	0,2	0,1	0,1	0,1
Dividend	183 <sup>3</sup>	179	250	250	231

1 EBITDA before special items/Sales.

2 Net financial liabilities/EBITDA before special items.

3 Dividend proposal.

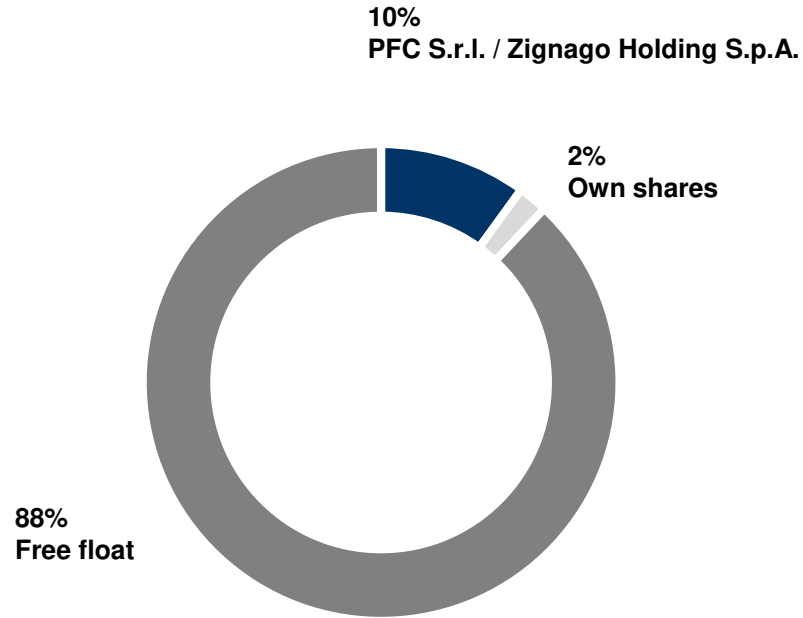
## Analyst coverage

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
Berenberg Bank	Zuzanna Pusz
Bloomberg Intelligence	Chris Chaviaras
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
Evercore ISI	Omar Saad
Exane BNP Paribas	Luca Solca
Goldman Sachs	Alberto D'Agnano
Hamburger Sparkasse	Christian Hamann

Institution	Analyst
Hauck & Aufhäuser	Christian Salis
HSBC	Antoine Belge
Intermonte	Daniele Alibrandi
Invest Securities	Peter Farren
J.P. Morgan	Melanie Flouquet
Kepler Cheuvreux	Jürgen Kolb
LBBW	Thomas Hofmann
M.M. Warburg	Jörg Philipp Frey
Macquarie	Andreas Inderst
MainFirst	John Guy
Mirabaud Securities	Alessandro Migliorini
Morgan Stanley	Elena Mariani
Oddo BHF	Nicolas Kieffer
RBC	Piral Dadhanian
Société Générale	Thierry Cota
UBS	Fred Speirs

## Shareholder structure\*



\*Source: Share register, voting rights notifications (as of May 2018)



## Financial Calendar 2018 and Investor Relations contact

Date	Event
August 2, 2018	Second Quarter Results 2018 & First Half Year Report 2018
November 6, 2018	Third Quarter Results 2018
November 15, 2018	Investor Day in London

## Investor Relations Contact

**Christian Stöhr**  
Head of Investor Relations

Phone: +49 (0) 7123 94 - 87563  
E-Mail: [Christian\\_Stoehr@hugoboss.com](mailto:Christian_Stoehr@hugoboss.com)

**Frank Böhme**  
Senior Investor Relations Manager

Phone: +49 (0) 7123 94 - 87581  
E-Mail: [Frank\\_Boehme@hugoboss.com](mailto:Frank_Boehme@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**