

# HUGO BOSS

Preliminary Results 2019

Metzingen, January 21, 2020

## **HUGO BOSS records strong sales and earnings growth in Q4 – full year targets for 2019 achieved**

### **Q4 2019**

- **Currency-adjusted Group sales up 4% in the final quarter**
- **Sales growth in own retail accelerates to 7% currency-adjusted**
- **EBIT increases by 9% to EUR 122 million\* on a preliminary basis**

### **Full year 2019**

- **Currency-adjusted sales growth of 2%**
- **EBIT of EUR 333 million\* achieved on a preliminary basis**
- **Free cash flow increases to EUR 209 million\* on a preliminary basis**

“We look back on an encouraging fourth quarter. Thanks to a strong increase in sales and earnings, we have achieved our adjusted targets for fiscal year 2019,” says **Mark Langer, Chief Executive Officer of HUGO BOSS AG**. “I am particularly pleased with the progress made along our strategic growth drivers Online and China. We will continue to persistently work on sustainably increasing the desirability of our brands BOSS and HUGO, and ensuring profitable growth for our company.”

HUGO BOSS achieved strong sales growth in the fourth quarter. Currency-adjusted Group sales increased 4% on a preliminary basis. In the reporting currency, this represents an increase of 5% to EUR 825 million (Q4 2018: EUR 783 million). In particular, sales momentum in Europe accelerated in the final quarter. Thanks to double-digit growth in Great Britain and France, currency-adjusted sales in the region

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\* Without taking into account the effects of IFRS 16. These are set out on page 2 f. of this release.

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grew 8%. In Germany, an increase in sales in the own retail business did not fully compensate for a persistently difficult wholesale business. In the Asia/Pacific region, currency-adjusted sales rose 4% in the fourth quarter. This is mainly attributable to the ongoing strong sales momentum in Mainland China, where the Group once again achieved significant double-digit growth. In line with expectations, the environment in Hong Kong, in contrast, remained difficult in the final quarter. As expected, the persistently challenging market environment continued to weigh on sales performance in the U.S. and Canada in the fourth quarter. Overall, currency-adjusted sales in the Americas decreased 7% in the final quarter.

In total, currency-adjusted sales in the own retail business increased 7% in the fourth quarter. On a comp store and currency-adjusted basis, this represents an acceleration in growth to 3%. At the same time, positive effects from the intensification of online partnerships in the concession model over the course of the year and the completed renovations of strategically important BOSS stores carried out in the prior quarters made a disproportionately high contribution to growth in the own retail business. Supported by the strategic expansion of the online concession model, own online sales growth accelerated to 52% in the fourth quarter, adjusted for currency effects. Currency-adjusted sales in the wholesale business decreased 4%. In line with expectations, the market environment in Germany and the U.S. remained particularly challenging. In addition, the intensification of online partnerships in the concession model weighed on the wholesale business.

HUGO BOSS thus achieved its full year 2019 sales and earnings targets as adjusted in October. On a preliminary, non-audited basis, HUGO BOSS records sales of EUR 2,884 million, representing an increase of 3% in the reporting currency as compared to the prior year. This corresponds to a currency-adjusted increase of 2%. Subject to the completion of year-end closing procedures, the Group anticipates that operating profit (EBIT) will amount to EUR 333 million in 2019, excluding the effects of IFRS 16. This corresponds to a decrease of 4% compared to the prior year (2018: EUR 347 million). An increase in EBIT of 9% to EUR 122 million on a preliminary basis in the final quarter largely compensated for the profit decline in the first nine months (2018: EUR 111 million). Taking into account IFRS 16, EBIT on a preliminary basis in

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2019 amounted to EUR 344 million and was thus 1% lower than in the prior year. For the fourth quarter, this corresponds to an increase in EBIT of 12% to EUR 124 million on a preliminary basis.

In addition, HUGO BOSS was able to increase free cash flow on a preliminary basis to EUR 209 million\* (2018: EUR 170 million), mainly reflecting improvements in trade net working capital (TNWC).

The Group will publish its final results for 2019 and provide its financial outlook for the new fiscal year on March 5, 2020. Conference calls, including webcasts, will also be held on that day for media representatives as well as financial analysts and investors. Prior to that, the Supervisory Board will resolve upon the dividend proposal for fiscal year 2019.

If you have any questions, please contact:

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\* Without taking into account the effects of IFRS 16.

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## Sales figures – Q4 2019

	<b>Q4 2019</b>	Q4 2018	Change in %	Change in % <sup>1</sup>
<b>Net sales (in EUR million)</b>	<b>825</b>	<b>783</b>	<b>5</b>	<b>4</b>
<b>Net sales by segments</b>				
Europe incl. Middle East and Africa	499	458	9	8
Americas	169	177	(4)	(7)
Asia/Pacific	131	124	6	4
Licenses	26	24	9	9
<b>Net sales by distribution channel</b>				
Group's own retail business	579	533	9	7 <sup>2</sup>
Wholesale	220	226	(3)	(4)
Licenses	26	24	9	9
<b>Net sales by brand</b>				
BOSS	715	680	5	4
HUGO	110	103	7	5
<b>Net sales by gender</b>				
Menswear	748	707	6	4
Womenswear	77	75	3	1

<sup>1</sup> currency-adjusted.

<sup>2</sup> on a comp store basis 3%.

## Sales figures – fiscal year 2019

	<b>Jan. - Dec. 2019</b>	Jan. - Dec. 2018	Change in %	Change in % <sup>1</sup>
<b>Net sales (in EUR million)</b>	<b>2,884</b>	<b>2,796</b>	<b>3</b>	<b>2</b>
<b>Net sales by segments</b>				
Europe incl. Middle East and Africa	1,803	1,736	4	4
Americas	560	574	(2)	(7)
Asia/Pacific	438	410	7	5
Licenses	84	76	10	10
<b>Net sales by distribution channel</b>				
Group's own retail business	1,869	1,768	6	4 <sup>2</sup>
Wholesale	931	952	(2)	(3)
Licenses	84	76	10	10
<b>Net sales by brand</b>				
BOSS	2,488	2,422	3	1
HUGO	396	374	6	5
<b>Net sales by gender</b>				
Menswear	2,609	2,517	4	2
Womenswear	275	279	(1)	(2)

<sup>1</sup> currency-adjusted.

<sup>2</sup> on a comp store basis 3%.