

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

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## **HUGO BOSS First Quarter Results 2011**

Claus-Dietrich Lahrs (CEO) | Mark Langer (CFO)

April 28, 2011

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Claus-Dietrich Lahrs (CEO)

## **AGENDA**

**OPERATIONAL HIGHLIGHTS**

**FIRST QUARTER RESULTS 2011**

**OUTLOOK 2011**

**BACKUP**

## **AGENDA**

**OPERATIONAL HIGHLIGHTS**

**FIRST QUARTER RESULTS 2011**

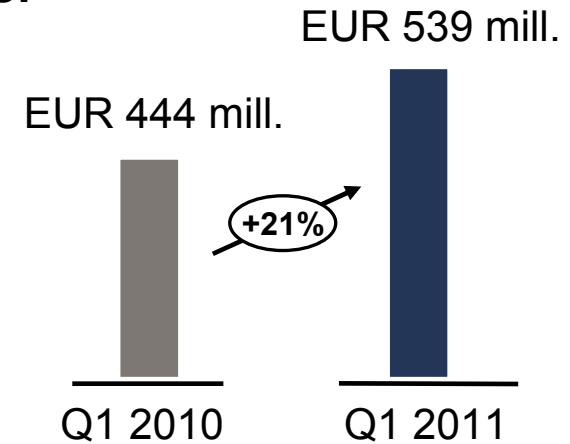
**OUTLOOK 2011**

**BACKUP**

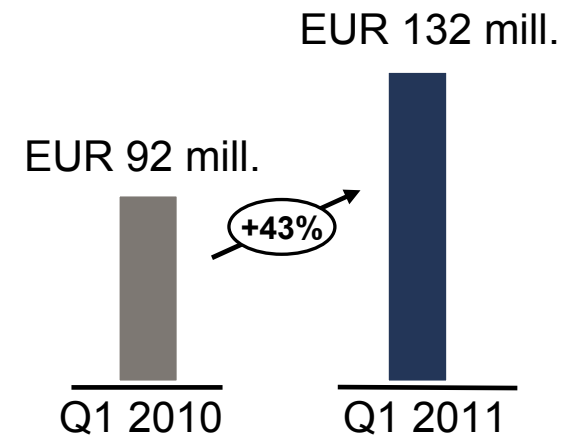
## HUGO BOSS has a strong start to 2011

- Ongoing strong momentum throughout the business
- Double-digit sales increases across all regions, distribution channels and brands
- Significant profitability improvements

### Sales:



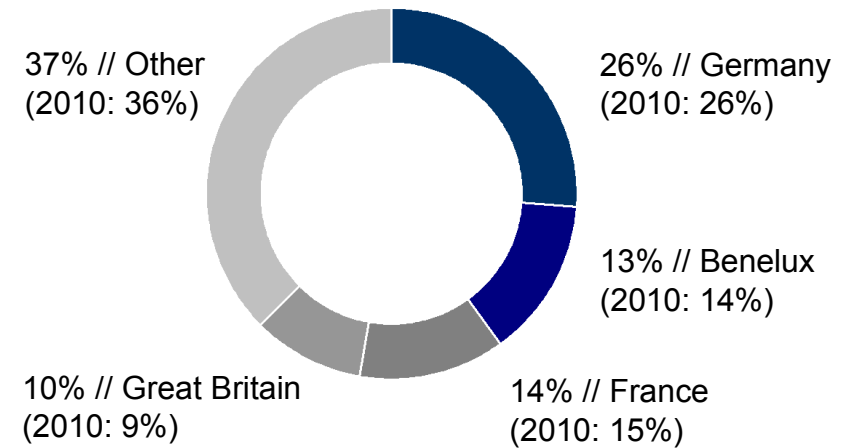
### EBITDA before special items:



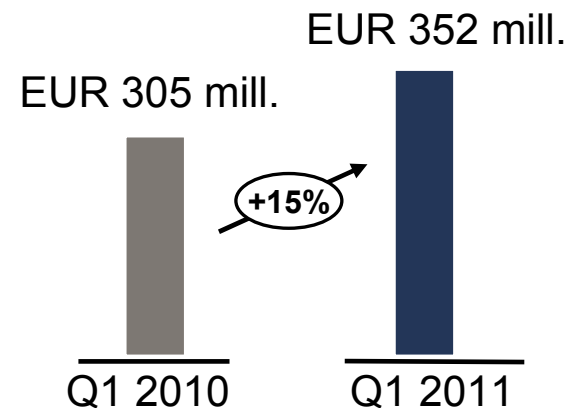
## Robust growth in the key European markets

- Wholesale business recovers compared to prior year quarter
- Significant sales increases in UK (+24%) and Germany (+16%)
- Renewed growth in Southern Europe

### Q1 2011 Sales by Market / Europe:



### Sales / Europe:



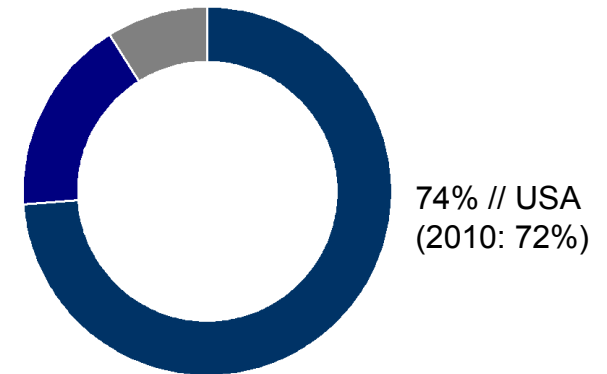
## US wholesale business drives double-digit sales increase in the Americas

- Strength in the US market continues
- HUGO BOSS brand positioning highly attractive to US wholesale partners
- Group wins market share

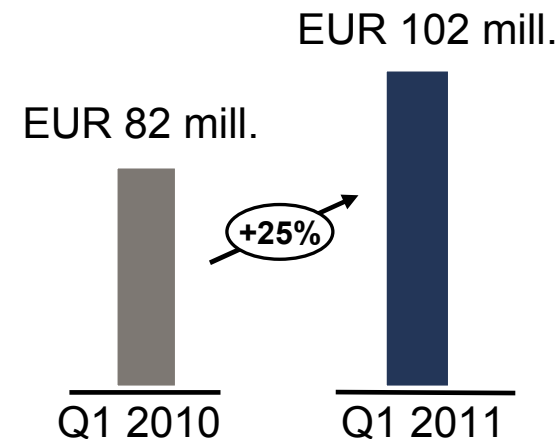
### Q1 2011 Sales by Market / Americas:

9% // Central / South America  
(2010: 9%)

17% // Canada  
(2010: 19%)



### Sales / Americas:

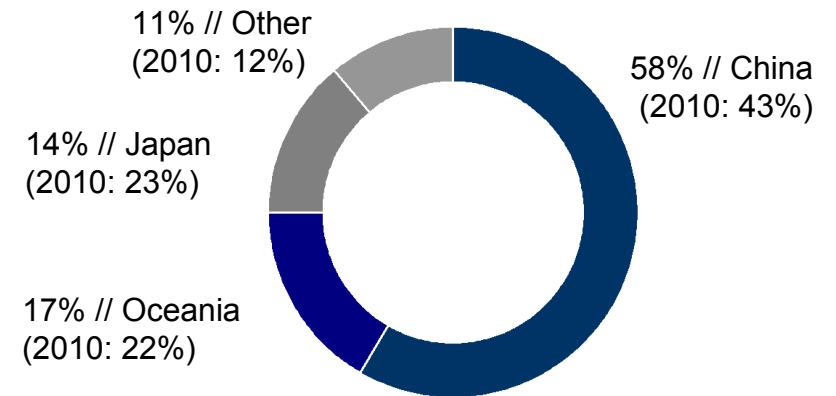




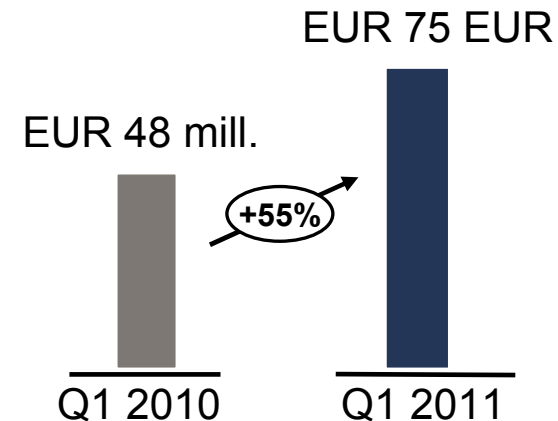
## Booming Chinese market fuels expansion in Asia/Pacific

- Sales in China more than double
- BOSS Selection supports favorable brand perception in luxury segment
- Japanese market recovering slowly

### Q1 2011 Sales by Market / Asia:



### Sales / Asia:



## Wholesale business has returned to growth

- Second consecutive quarter of double-digit sales increases
- Brand strength supports good sell-through results in all major markets
- Important selling space gains at key accounts



## Group retail excellence improves steadily

- 8% comp store sales increase in local currencies
- Consumer focus guides retail management decisions
- Merchandise management process significantly improved



## New openings enhance Group store portfolio

- BOSS Black Shop, Kunming, China  
Opening date: January 2011  
Net Size: 268 m<sup>2</sup>
- BOSS Store, Schaumburg / Woodfield, USA  
Opening date: February 2011  
Net Size: 212 m<sup>2</sup>
- BOSS Black Store, Harbin, China  
Opening date: March 2011  
Net Size: 160 m<sup>2</sup>



## Acquisition of 15 franchise stores in the UK completed

- Attractive store portfolio secured
- Integration with existing UK own retail activities well under way
- Positive impact on Group financial results in 2011
- Further store expansion in the UK planned

*HUGO BOSS Store,  
New Bond Street, London:*



*HUGO BOSS Store,  
New Cathedral Street, Manchester:*



## Transition to four season cycle a milestone of project D.R.I.V.E.

- Project D.R.I.V.E. synchronizes product offering with actual consumer buying behavior
- Switch from two major seasons to four-season cycle including monthly themes
- First ever dedicated winter collection to be launched in May



## New schedule of collection offering in four season cycle

	Spring	Summer	Fall	Winter
Dec	Core theme and changing monthly themes			
Jan				
Feb				
Mar		Core theme and changing monthly themes		
Apr				
May				
Jun			Core theme and changing monthly themes	
Jul				
Aug				
Sep				Core theme and changing monthly themes
Oct				
Nov				

Mark Langer (CFO)



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OPERATIONAL HIGHLIGHTS

**FIRST QUARTER RESULTS 2011**

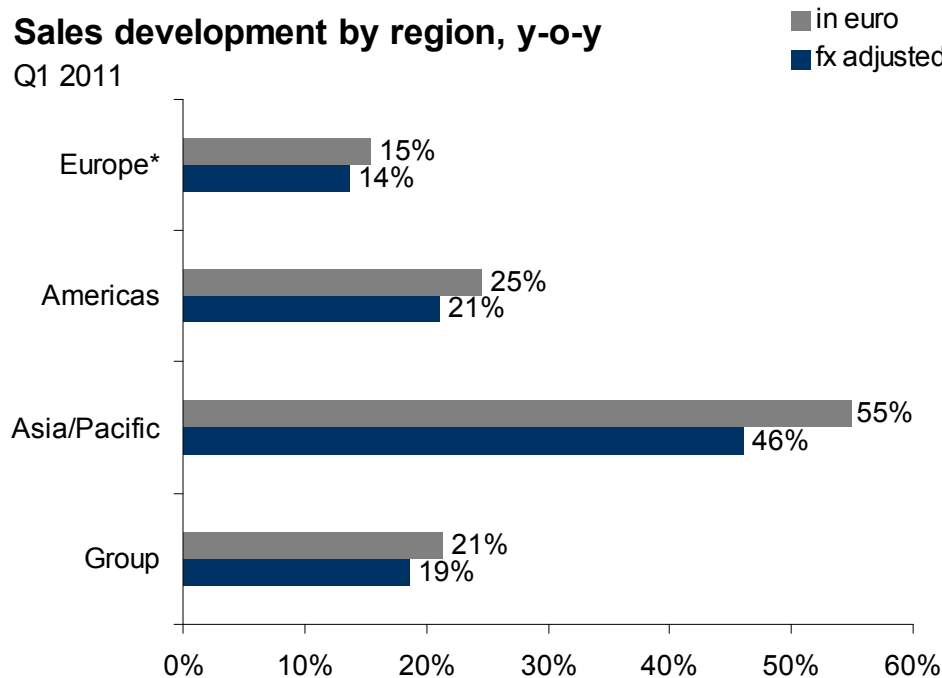
OUTLOOK 2011

BACKUP

## SALES BY REGION – Broad-based growth

### Sales development by region, y-o-y

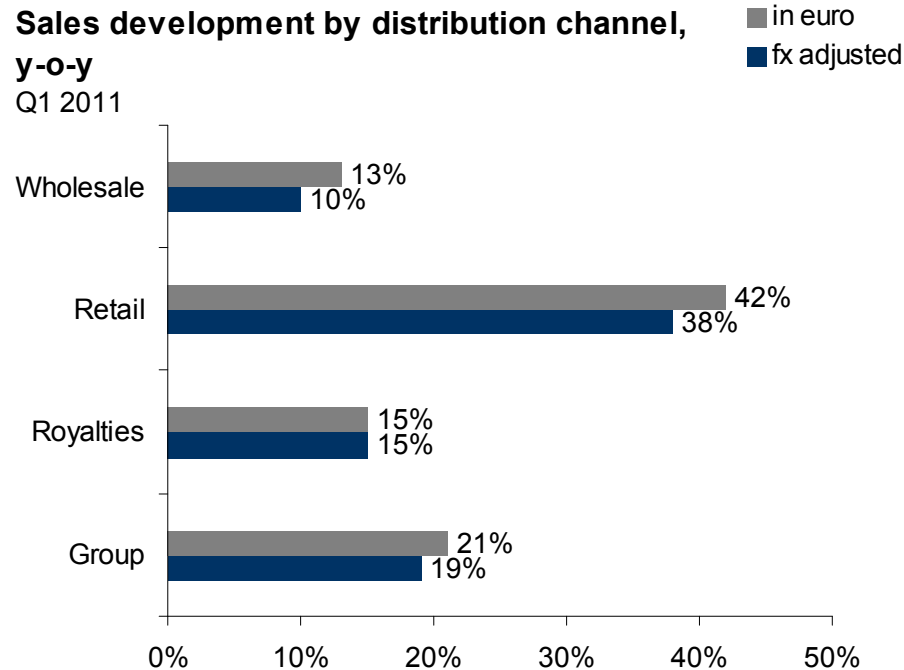
Q1 2011



- Broad-based growth in **Europe** led by the UK and Germany
- Continued strong performance in the US drives increase in the **Americas**
- China major contributor to growth in **Asia/Pacific**

\*incl. Middle East and Africa

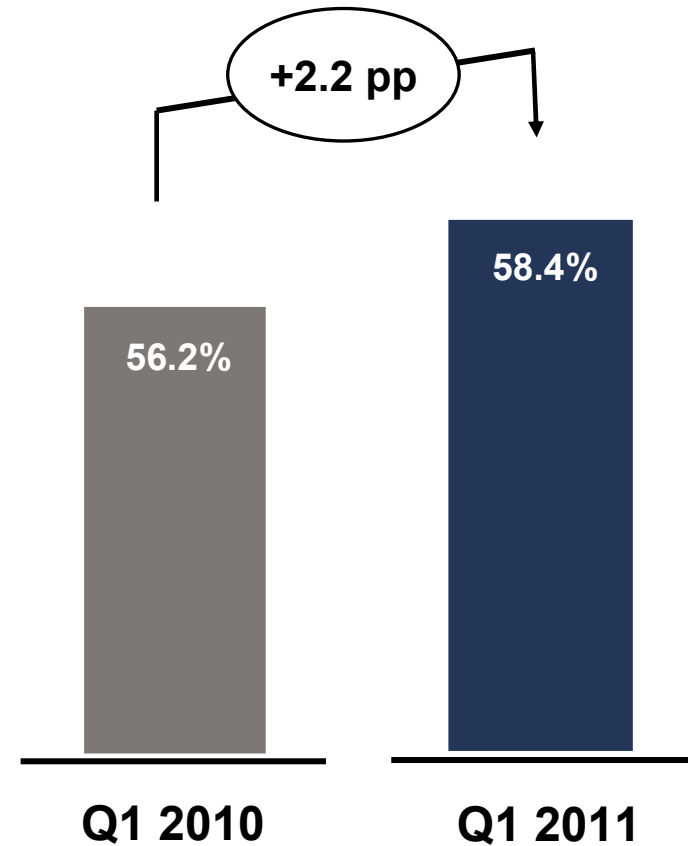
## SALES BY DISTRIBUTION CHANNEL – Double-digit increases in all channels



- **Wholesale** business rebounds from prior year low
- Strong **retail** performance due to store network expansion and comp store sales increase (+8%, currency-neutral)
- Improving fragrance business drives **royalty** sales

## INCOME STATEMENT – Gross profit margin continues to improve

- Own retail expansion
- Consistent pricing strategy
- Impact from higher sourcing costs mitigated by efficiency improvements in sourcing and production



## INCOME STATEMENT – First quarter EBITDA margin reaches 24.4%

in EUR million	Q1 2011	Q1 2010	Change in %
<b>Net sales</b>	<b>539.2</b>	<b>444.2</b>	<b>21</b>
<b>Gross profit</b>	<b>314.7</b>	<b>249.6</b>	<b>26</b>
in % of sales	58.4	56.2	2.2 pp
Selling and distribution expenses	(152.5)	(132.8)	(15)
Administration costs and other operating income and expenses	(46.3)	(40.6)	(14)
<b>Operating result (EBIT)</b>	<b>115.9</b>	<b>76.2</b>	<b>52</b>
in % of sales	21.5	17.2	4.3 pp
Financial result	<b>(6.0)</b>	<b>(2.2)</b>	<b>&lt;(100)</b>
Income taxes	(26.4)	(17.7)	(49)
<b>Net income</b>	<b>83.5</b>	<b>56.3</b>	<b>48</b>
Attributable to:			
Equity holders of the parent company	81.9	56.2	46
<b>Earnings per share (EUR)<sup>1</sup></b>			
Preferred share	1.19	0.82	45
<b>EBITDA before special items</b>	<b>131.6</b>	<b>91.8</b>	<b>43</b>
in % of sales	24.4	20.7	3.7 pp

<sup>1</sup> Basic and diluted earnings per share.

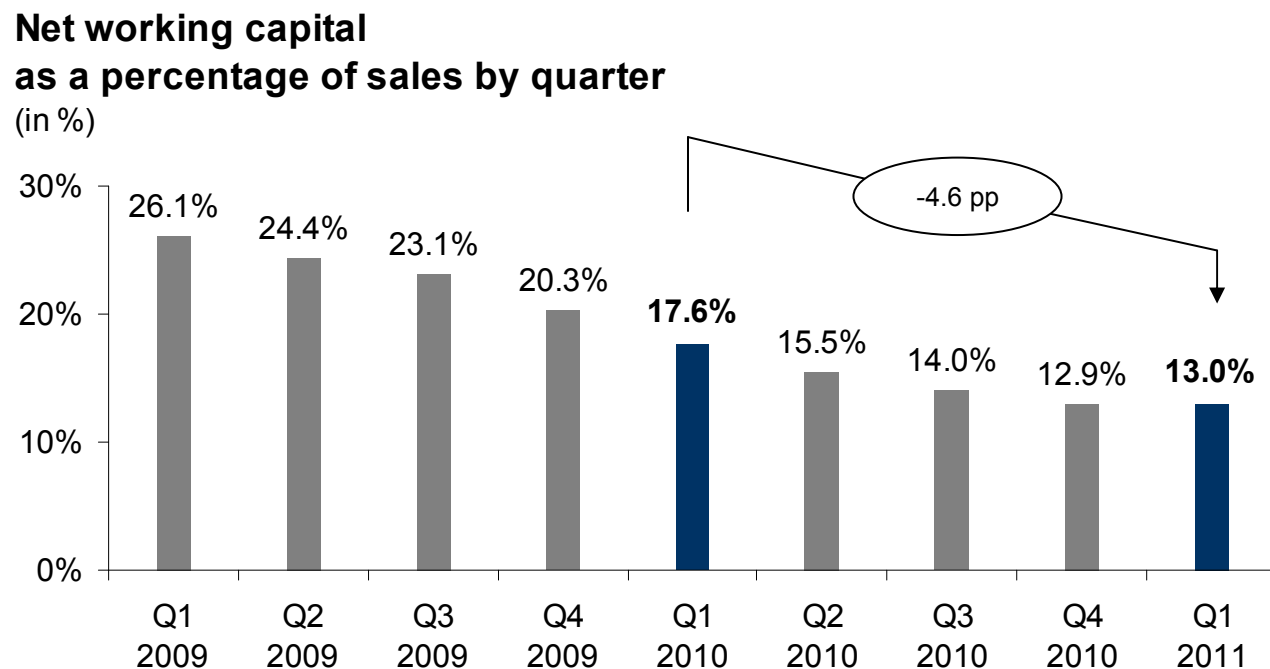
## SEGMENT PROFIT – Strong performance in the Americas and Asia/Pacific

<b>in EUR million</b>	<b>Q1 2011</b>	<b>in % of sales</b>	<b>Q1 2010</b>	<b>in % of sales</b>	<b>Change in %</b>
Europe*	143.8	40.9	119.2	39.1	21
Americas	25.3	24.8	12.8	15.6	98
Asia/Pacific	25.3	33.8	15.4	32.0	64
Royalties	8.8	83.8	7.8	85.5	13
<b>Segment profit operating segments</b>	<b>203.2</b>	<b>37.7</b>	<b>155.2</b>	<b>34.9</b>	<b>31</b>
Corporate units / consolidation	(71.6)		(63.4)		
<b>EBITDA before special items</b>	<b>131.6</b>	<b>24.4</b>	<b>91.8</b>	<b>20.7</b>	<b>43</b>

- Operating profit increases across all segments
- Significant margin improvement in the Americas driven by higher share of own retail and consistent pricing strategy

\*incl. Middle East and Africa

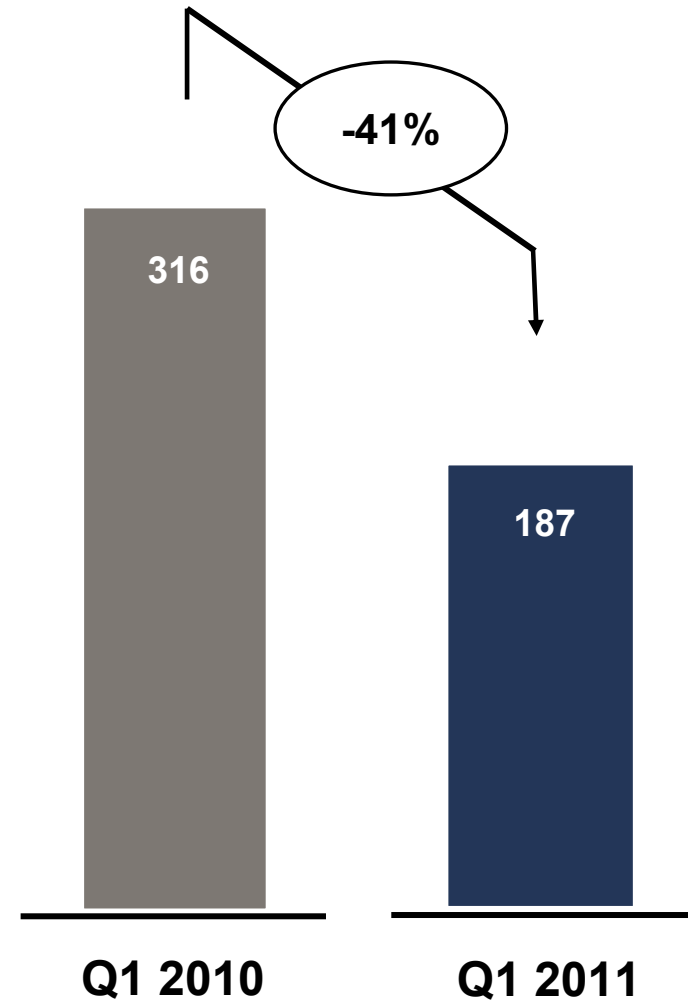
## NET WORKING CAPITAL – Low year-end level stabilized



- **Inventories** increase 28% to EUR 343 million (+22% currency-neutral and excluding China JV)
- **Trade receivables** up 13% to EUR 208 million (+13% currency-neutral)
- **Trade payables** grow 20% to EUR 160 million (+17% currency-neutral)

## NET DEBT – Further reduction in the first quarter

- Net financial liabilities down compared to prior year quarter and year-end level
- Strong free cash flow generation supports progress





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## FINANCIAL GUIDANCE – 2011 targets confirmed

### 2011 Outlook

**Sales growth  
(currency-adjusted)**

**at least 12%**

**Growth of EBITDA before  
special items**

**at least 15%**

**Capex**

**approx. EUR 90 mill.**

**Own retail network**

**Expansion by around 70 stores**

## KEY TAKEAWAYS – HUGO BOSS off to a strong start in 2011

- Continued strong growth momentum in the first quarter
- All brands in good shape
- Execution of growth strategy and implementation of project D.R.I.V.E. key to future success



# QUESTIONS & ANSWERS

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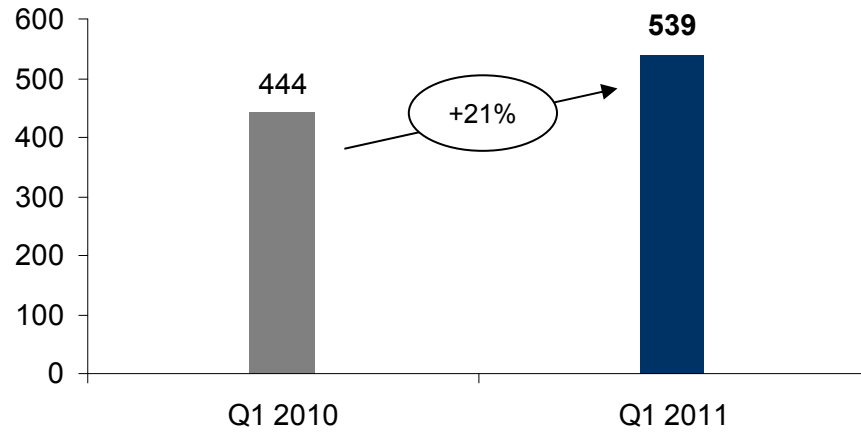
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## FIRST QUARTER RESULTS AT A GLANCE

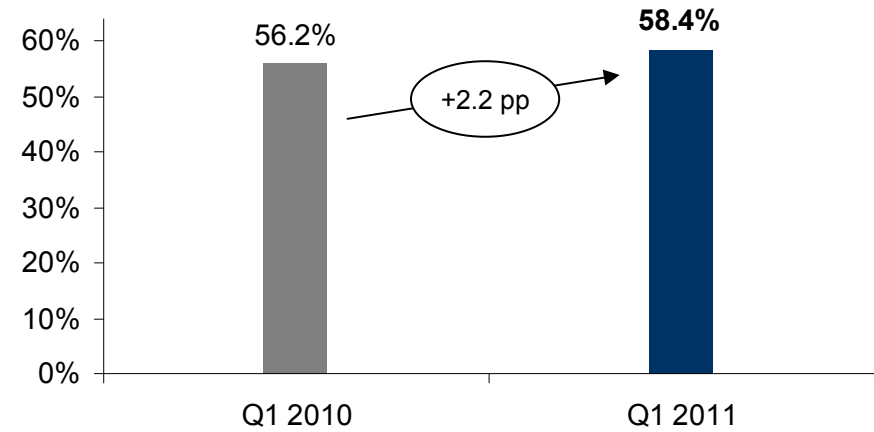
### Sales

(in EUR million)



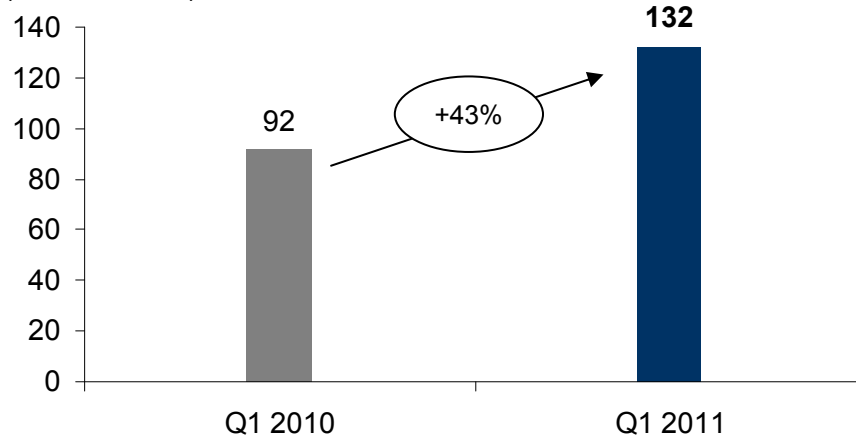
### Gross margin

(in %)



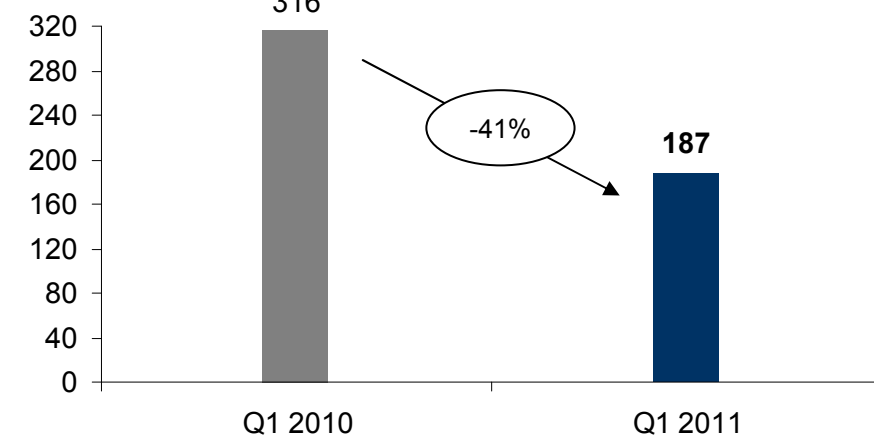
### EBITDA before special items

(in EUR million)



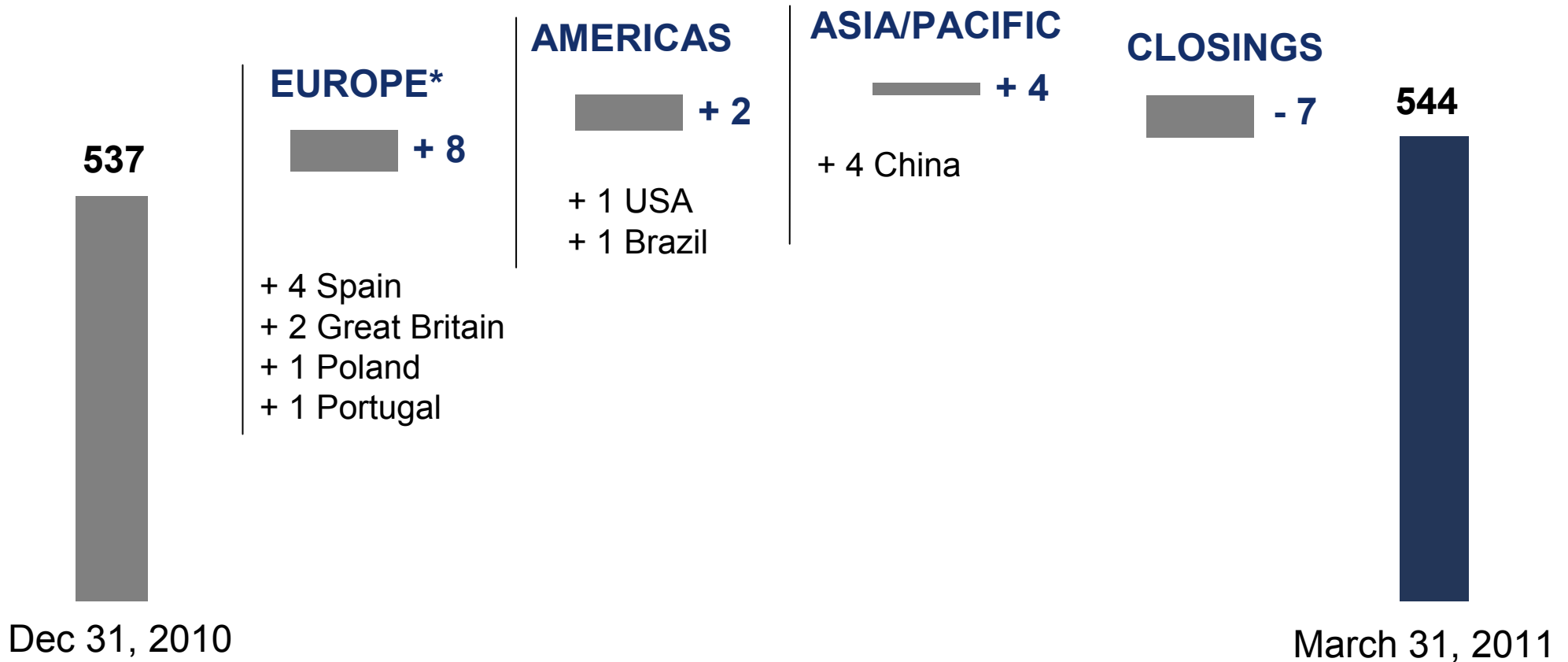
### Net debt

(in EUR million)



## RETAIL NETWORK – Net increase of 7 stores

Number of own retail stores:



\*Europe incl. Middle East / Africa

**FINANCIAL CALENDAR 2011**

<b>Date</b>	<b>Event</b>	<b>Publication</b>
<b>April 28, 2011</b>	<b>First Quarter Results 2011</b>	<b>First Quarter Report 2011</b>
<b>May 10, 2011</b>	<b>Annual Shareholders' Meeting</b>	<b>Video Recording</b>
<b>July 28, 2011</b>	<b>First Half Year Results 2011</b>	<b>First Half Year Report 2011</b>
<b>November 2, 2011</b>	<b>Nine Months Results 2011</b>	<b>Nine Months Report 2011</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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