

H U G O B O S S

Investor Day 2014

Group Financial Outlook and Strategy

Mark Langer, CFO

Paris, November 19, 2014

Agenda

Review of past financial performance

Current trading update

Financial implications of 2020 growth strategy

Summary

Agenda

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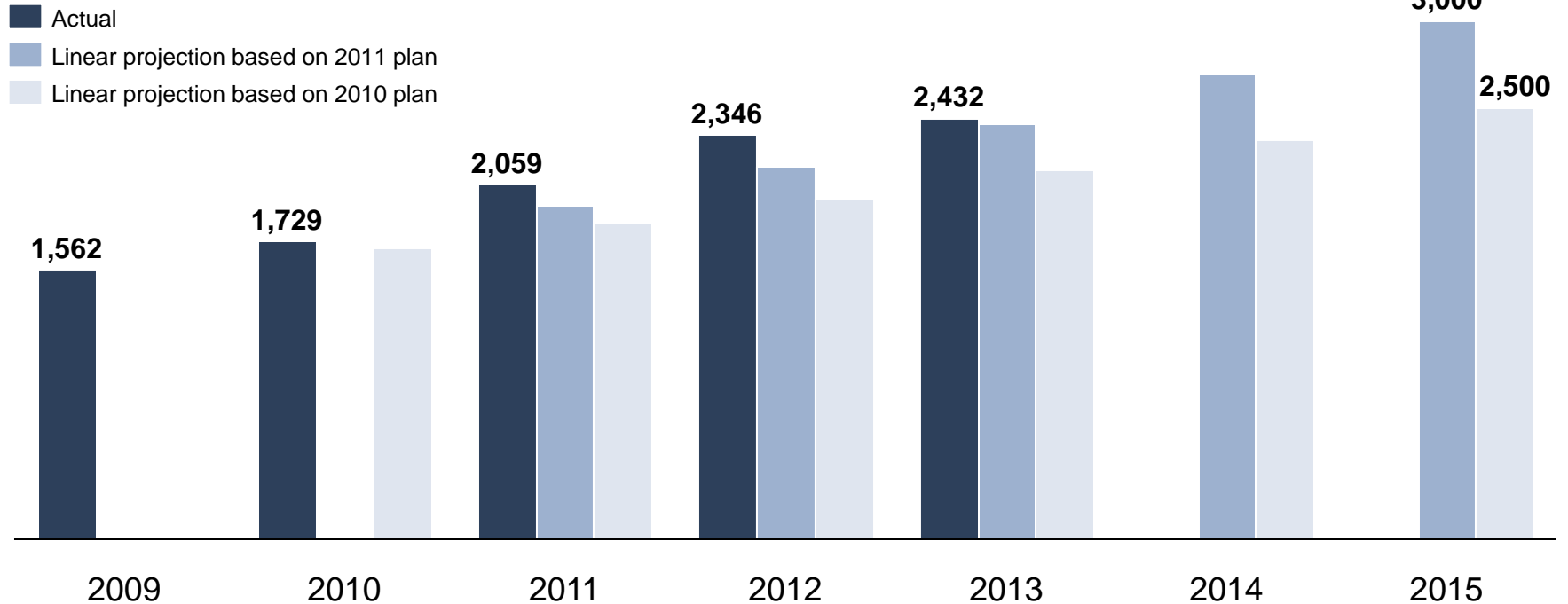
Summary

Group sales performance above original plans



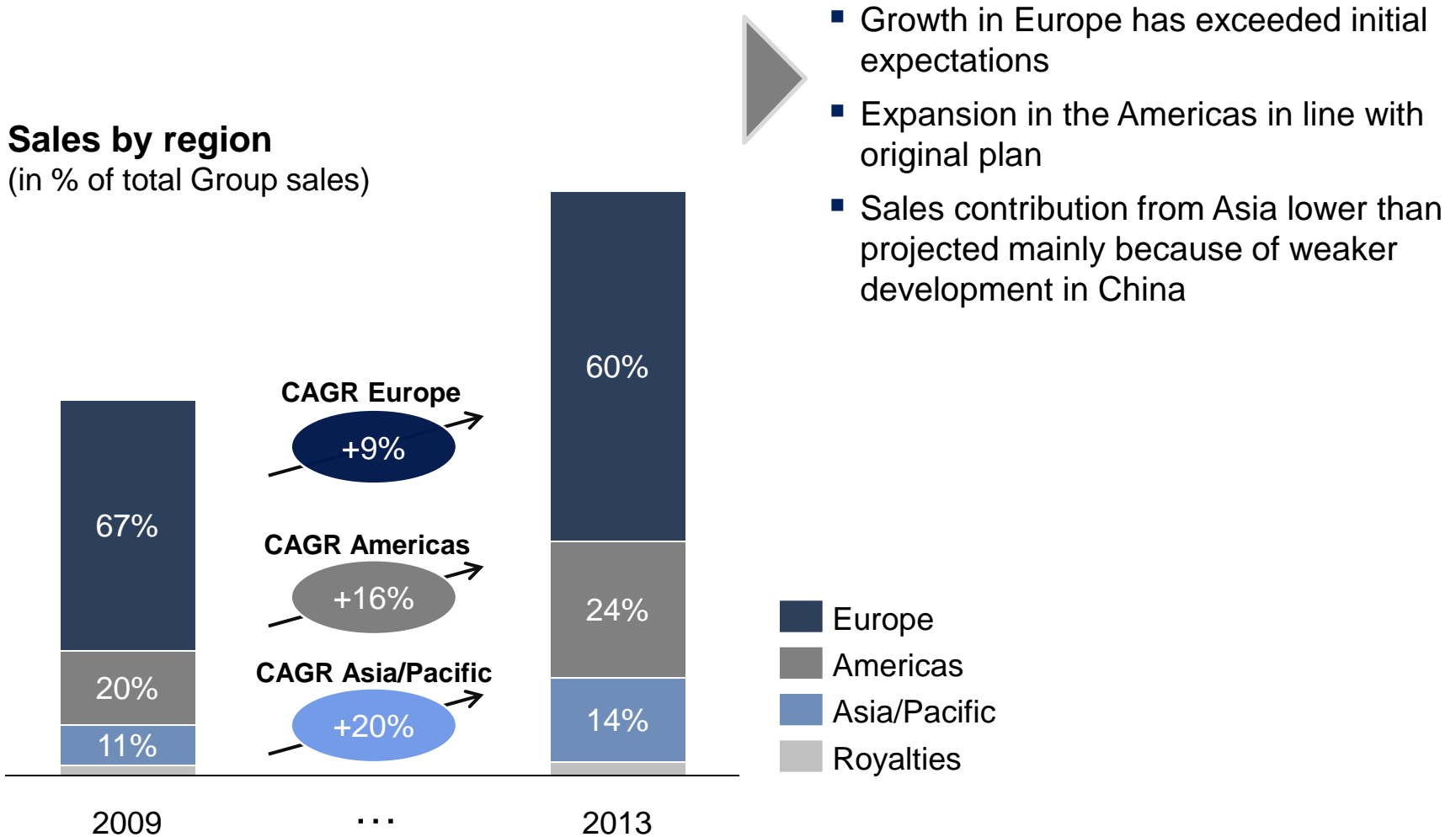
- Average annual growth of 12% between 2009 and 2013
- 2013 sales above levels implied by 2010 and 2011 plans

Group sales (in EUR million)



Regional mix of Group sales different than expected

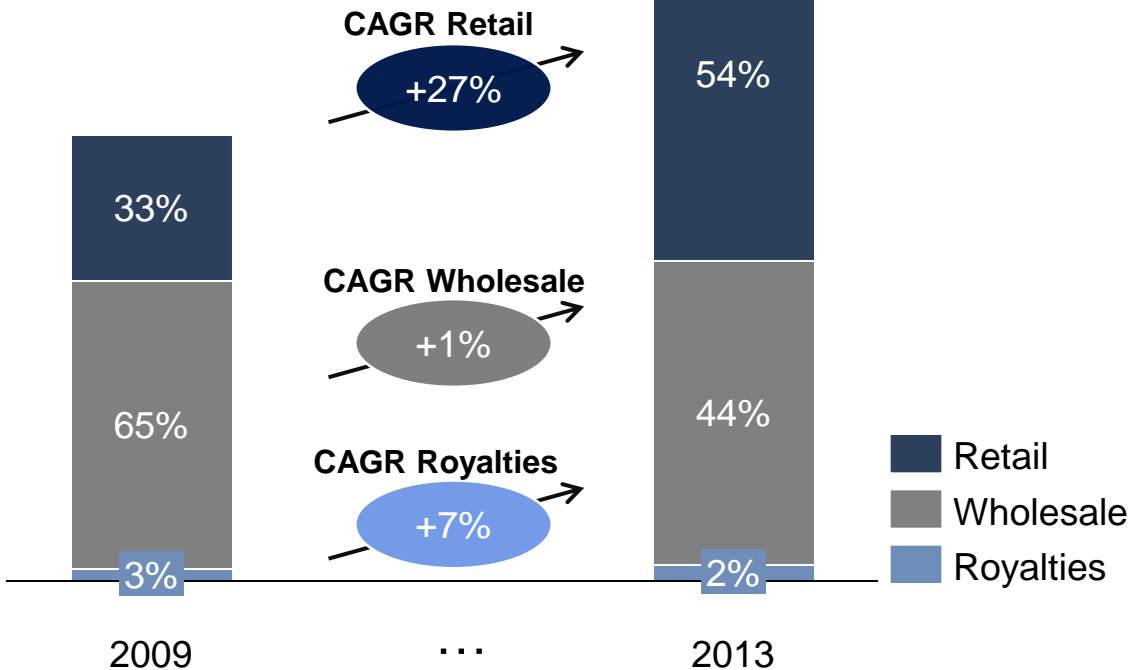
Sales by region
(in % of total Group sales)



- Growth in Europe has exceeded initial expectations
- Expansion in the Americas in line with original plan
- Sales contribution from Asia lower than projected mainly because of weaker development in China

Retail sales growth has outperformed initial expectations

Sales by distribution channel (in % of total Group sales)



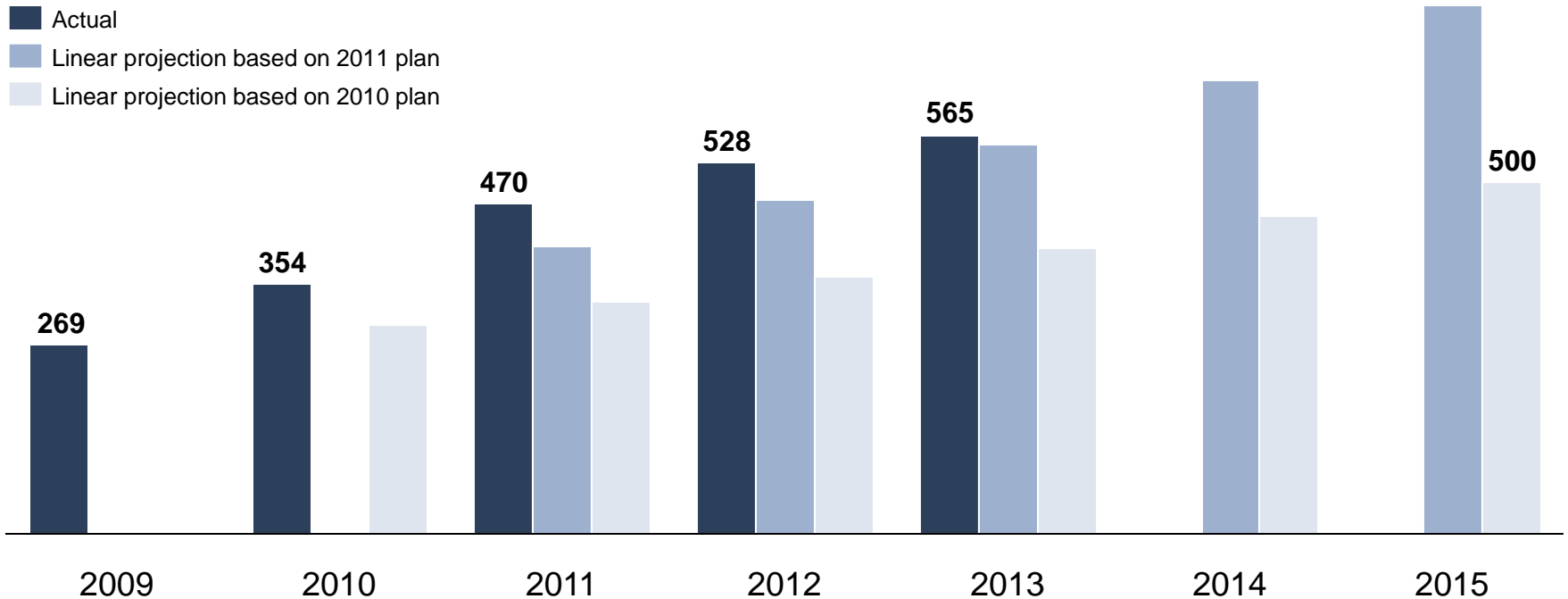
- Retail sales share significantly above original plan
- Wholesale affected by market deterioration and takeovers
- Royalties business in line with expectations

Strong operating profit growth despite most recent moderation



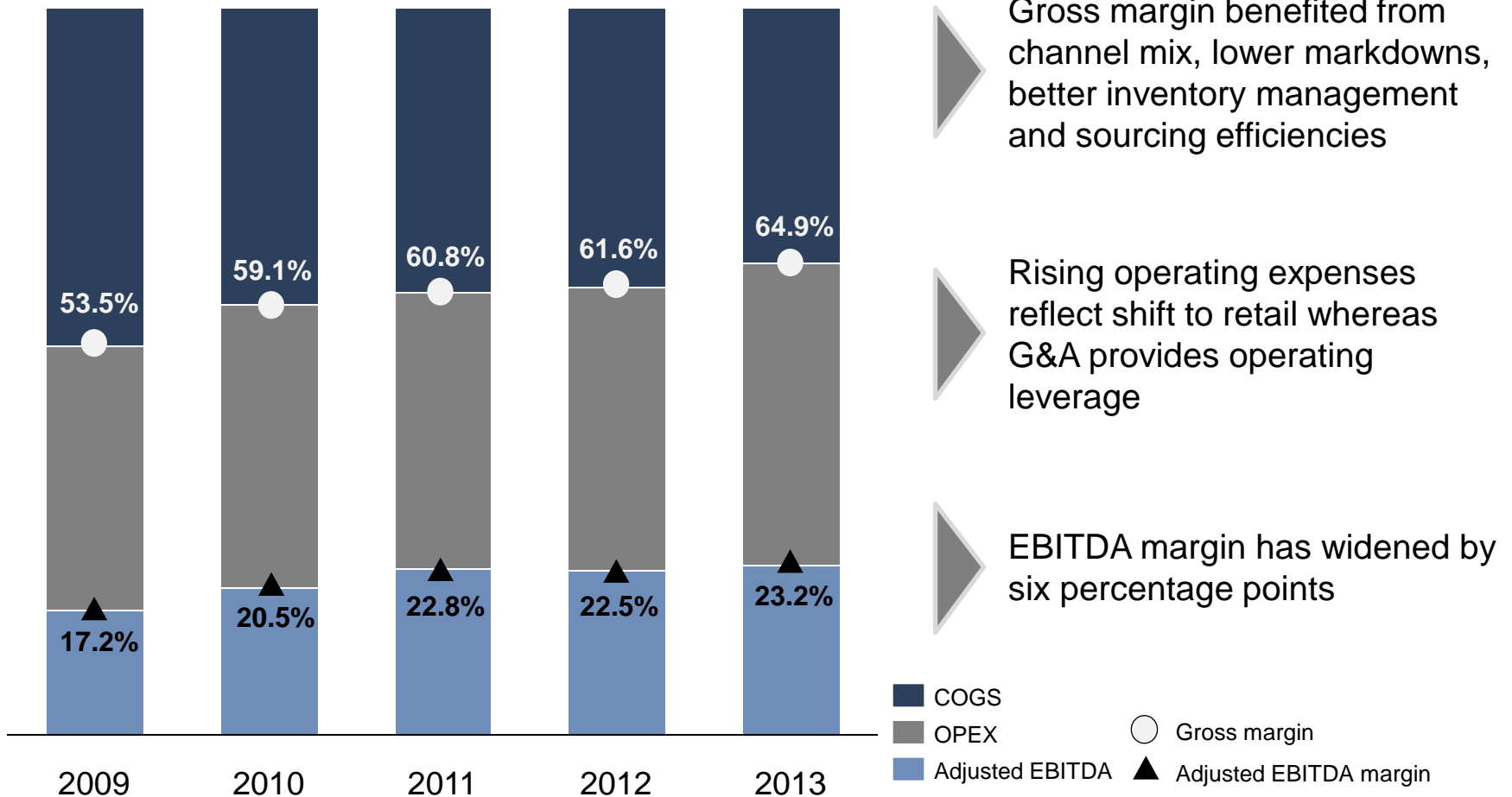
- Group operating profit has more than doubled since 2009
- More moderate progress since 2012

EBITDA before special items (in EUR million)



Significant gross margin progress has driven operating margin increases

Gross margin and adjusted EBITDA margin



Past performance in line with financial management principles



Gross margin improvements to at least equal channel mix effect



Retail expenditure growth to be below retail sales growth



G&A expenditures to grow more slowly than top line



Operating profit to grow stronger than top line



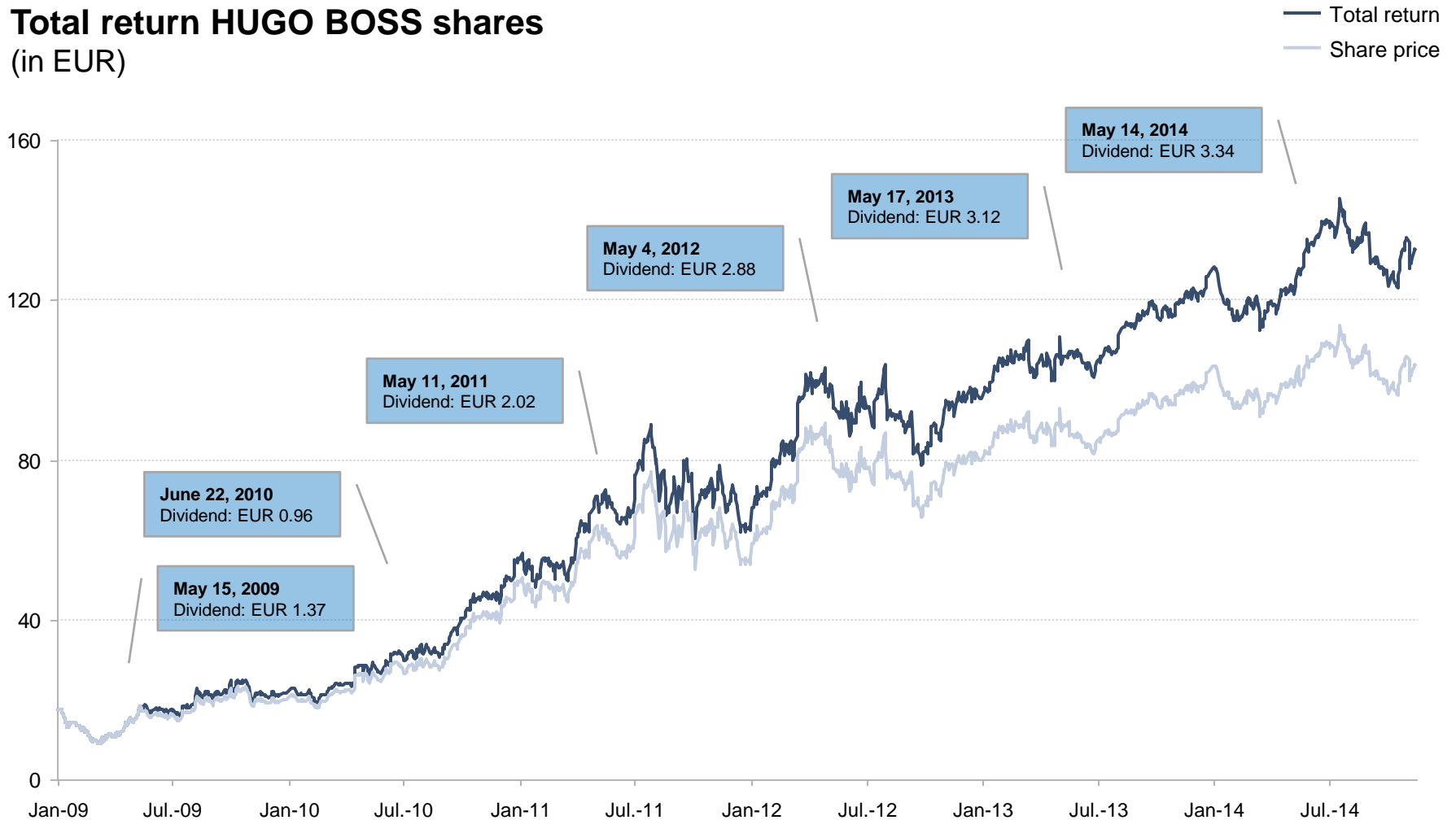
Investments to sustain future profitable growth



Free cash flow generation to fund shareholder returns and further net debt reduction

Financial performance has translated into high total shareholder return

Total return HUGO BOSS shares (in EUR)



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Solid top and bottom line increases in the first nine months of 2014

Sales

1,888 EUR million

+6%*

*+8% fx-adjusted.

Gross profit margin

65.3 %

+180
bp

EBITDA margin

(adjusted)

22.4 %

-40
bp

Net income

259 EUR million

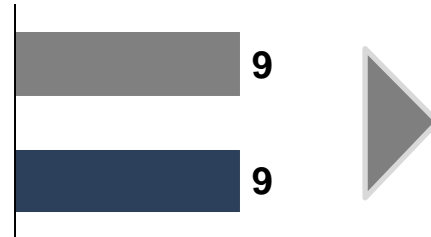
+5%

Diverging trends across the three regions

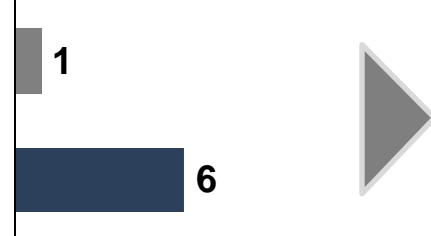


Sales growth, 9M 2014

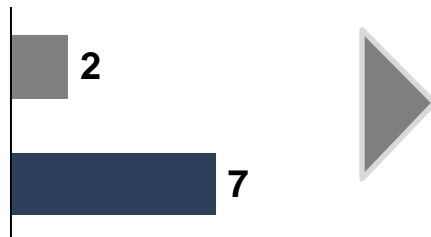
- in EUR
- fx-adjusted



- Strong growth in major markets led by the UK and Germany
- Moderation in retail trends towards end of period



- Momentum has accelerated over the course of the year despite still promotional environment
- Improving shop-in-shop performance



- Solid growth in almost all markets, in particular Australia
- Volatile trading patterns in China restrict visibility on potential market recovery

Full year outlook 2014 reconfirmed

Outlook 2014

Sales growth (currency-adjusted)

6% - 8%

Growth of EBITDA before special items

5% - 7%

Capex

Around EUR 130 million

Own retail network

Around 50 openings
(excl. takeovers)

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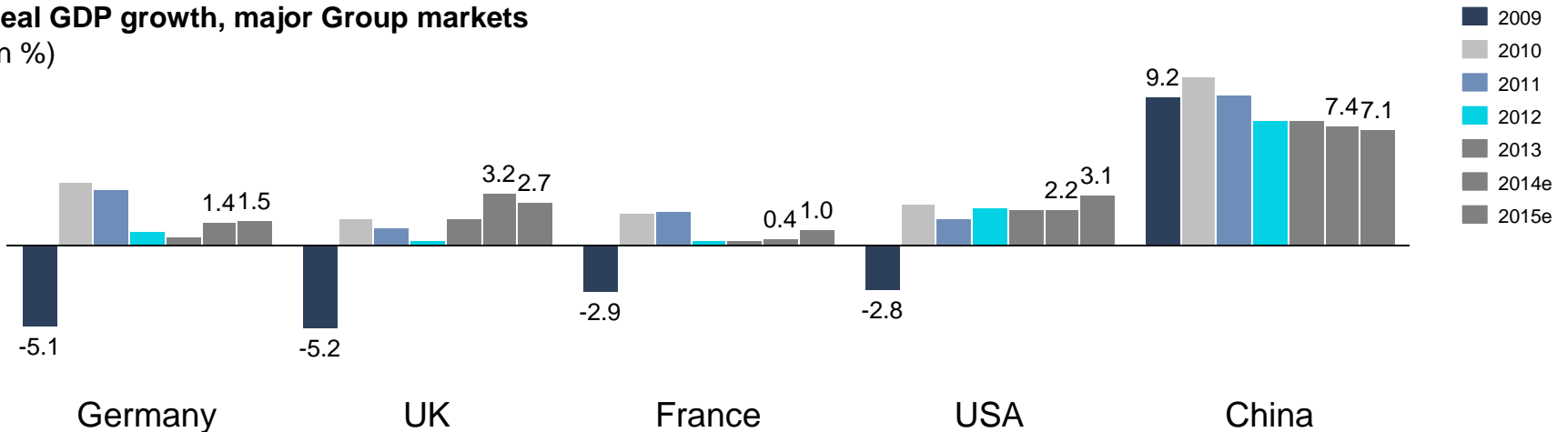
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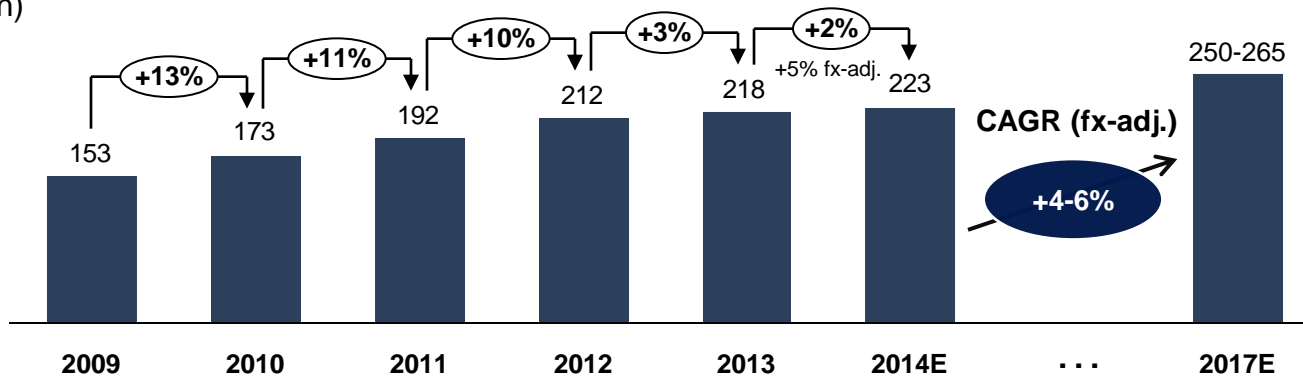
Economic and industry forecasts point to continued external challenges

Real GDP growth, major Group markets
(in %)



Source: International Monetary Fund, World Economic Outlook, October 2014

Growth in personal luxury goods market
(in EUR billion)



Source: Bain & Company, Fondazione Altagamma, Altagamma 2014 Worldwide Markets Monitor, October 2014

Group targeting high-single digit annual sales growth on average

Regions

- All regions expected to make positive contributions
- Asia forecasted to grow stronger than the Group average in the medium- and long-term

Distribution channels

- Retail to continue growing at a double-digit rate to at least 75% of Group sales by 2020
 - LFL increases
 - New openings
 - Takeovers
- Wholesale expected to decline gradually

Brand & Gender Lines

- Weight of core brand BOSS to increase further
- Luxury to expand to 20% of core brand BOSS sales by 2020
- Womenswear to grow at a double-digit rate to at least 15% of Group sales by 2020

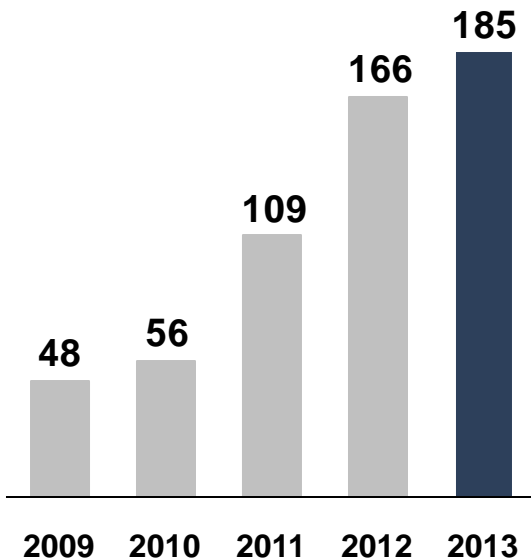
High-single digit annual sales growth on average

Strong commitment to achievement of 25% EBITDA margin target

Comp store sales	<ul style="list-style-type: none"> Higher conversion rates and growing transaction sizes main sources of mid-single-digit sales growth, supporting operating leverage
Gross margin	<ul style="list-style-type: none"> Future increase driven predominantly by channel mix
Marketing	<ul style="list-style-type: none"> Expenditures to remain broadly stable relative to sales
Own retail	<ul style="list-style-type: none"> Expenditures to grow stronger than Group sales, but to decline relative to Retail sales
Other opex	<ul style="list-style-type: none"> Efficiency gains in logistics and disciplined cost management to support growth lower than sales
Non-operating items	<ul style="list-style-type: none"> Declining financial expenses and stable tax rate to support EPS increases higher than EBITDA growth

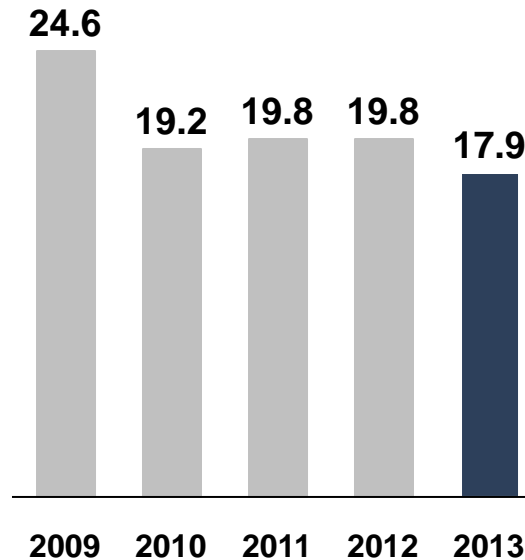
Healthy trends in free cash flow set to continue

Investments
(in EUR million)



Investments to increase again after lower level in 2014

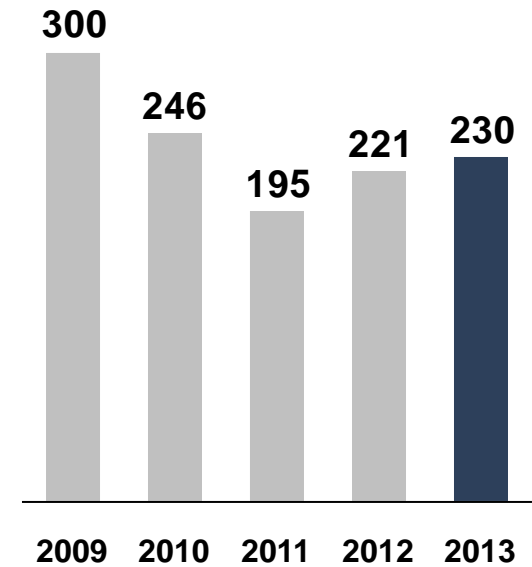
Average trade net working capital as % of sales (in %)*



Further reduction targeted

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

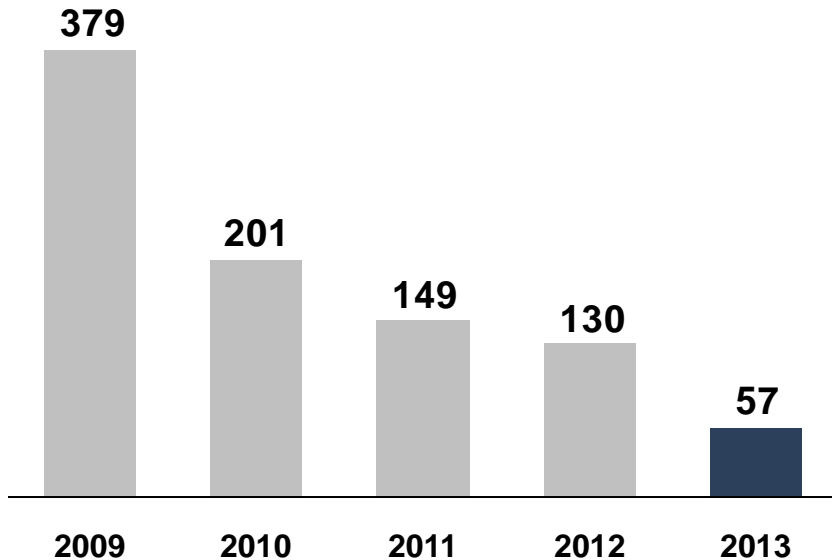
Free cash flow
(in EUR million)



Ongoing support from profit growth and tight working capital management

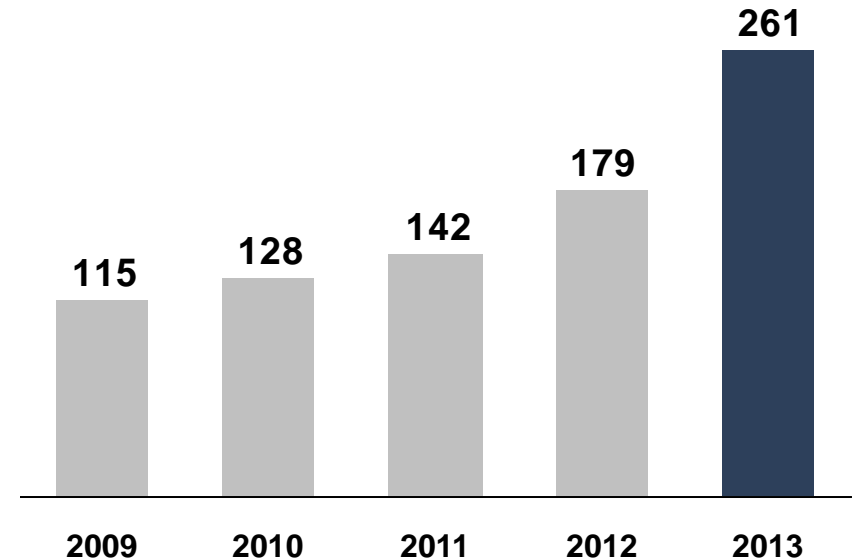
Net debt and annual rent payments moving in opposite directions

Net debt (in EUR million)



- Reflects strong free cash flow
- Decline despite steady increase of dividend payouts

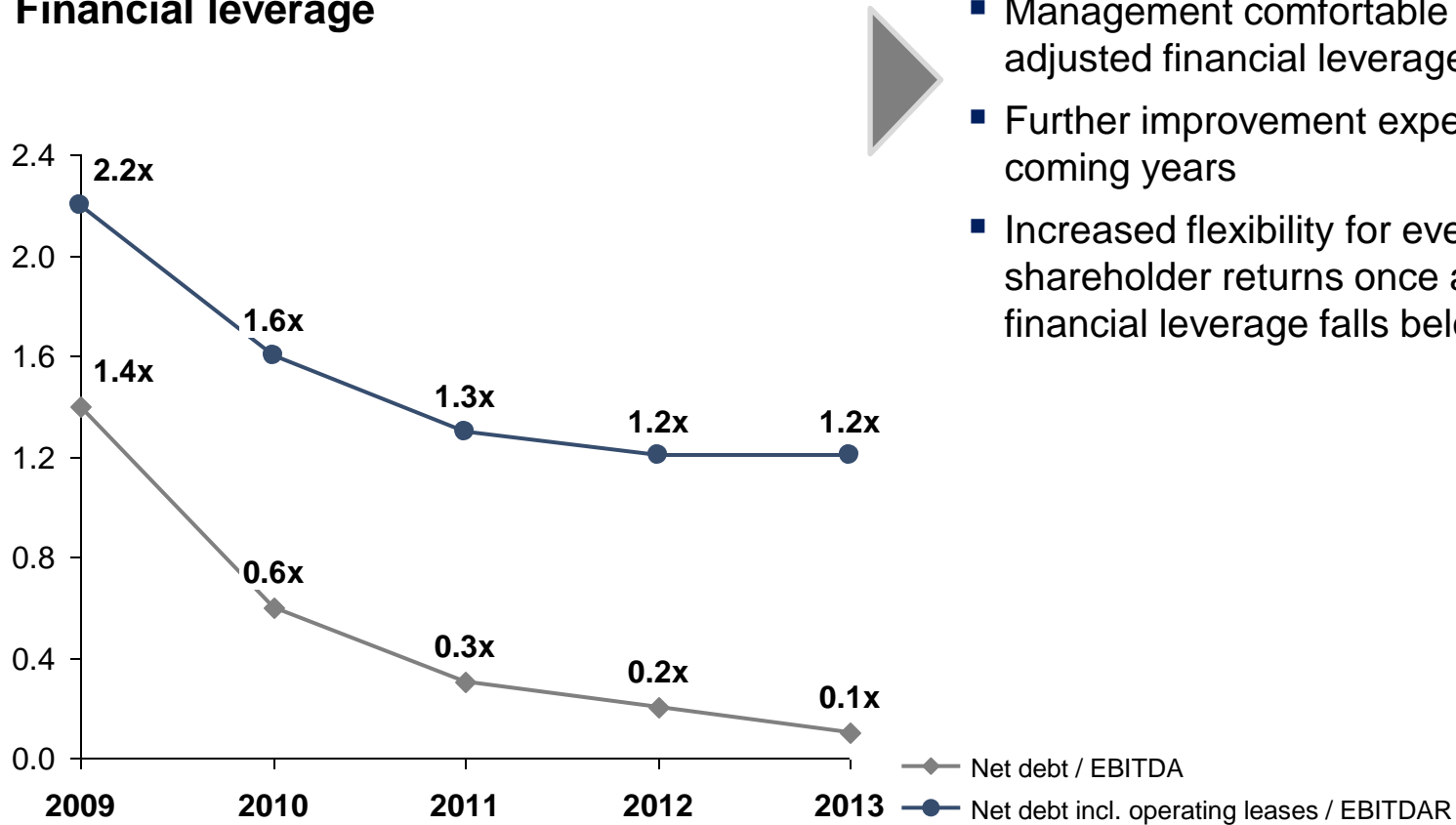
Rent expenses under operating lease obligations (in EUR million)



- Vast majority of annual lease payments relate to own retail
- Retail expansion has driven rent increases over the last few years

Adjusted financial leverage has remained stable over the last two years

Financial leverage

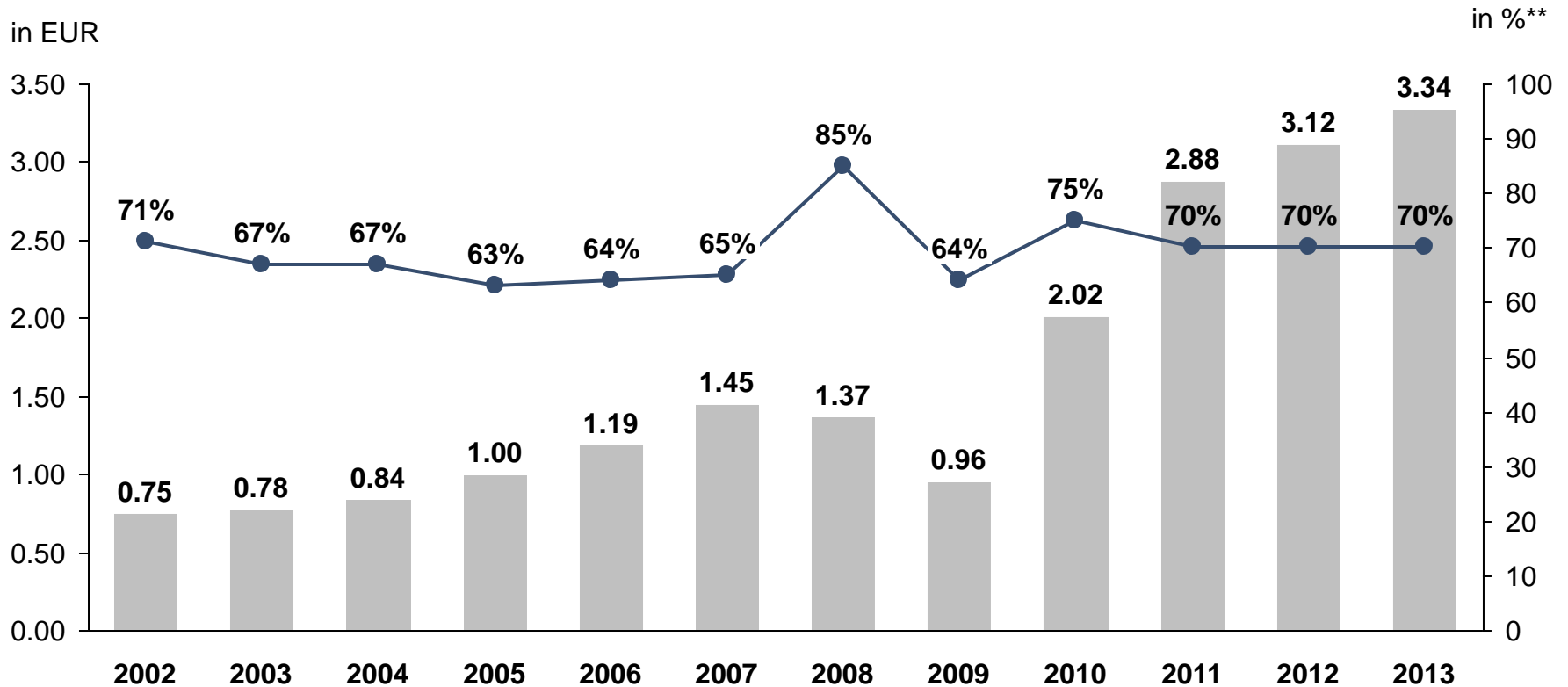


- Management comfortable with current adjusted financial leverage
- Further improvement expected in coming years
- Increased flexibility for even higher shareholder returns once adjusted financial leverage falls below 1x

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

HUGO BOSS to maintain industry-leading dividend payout

Dividend* and payout ratio



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

* Excluding special dividend // ** As a percentage of net profit attributable to the shareholders of the parent company

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Strong financial performance set to continue in future years

- Group has delivered robust financial performance and strong shareholder returns since 2009
- HUGO BOSS on track to achieve 2014 financial targets
- Clear roadmap in place for generation of high-single digit sales growth annually and achievement of 25% EBITDA margin
- Expected future free cash flow generation to increase flexibility for even higher cash returns



Thank you for your attention!

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