

H U G O B O S S

ROADSHOW EDINBURGH // JEFFERIES

HUGO BOSS Company Handout

Edinburgh, March 26, 2015

Mark Langer, CFO | Dennis Weber, Head of Investor Relations

Agenda

Strategic review 2014

Financial performance 2014

Outlook 2015 and beyond

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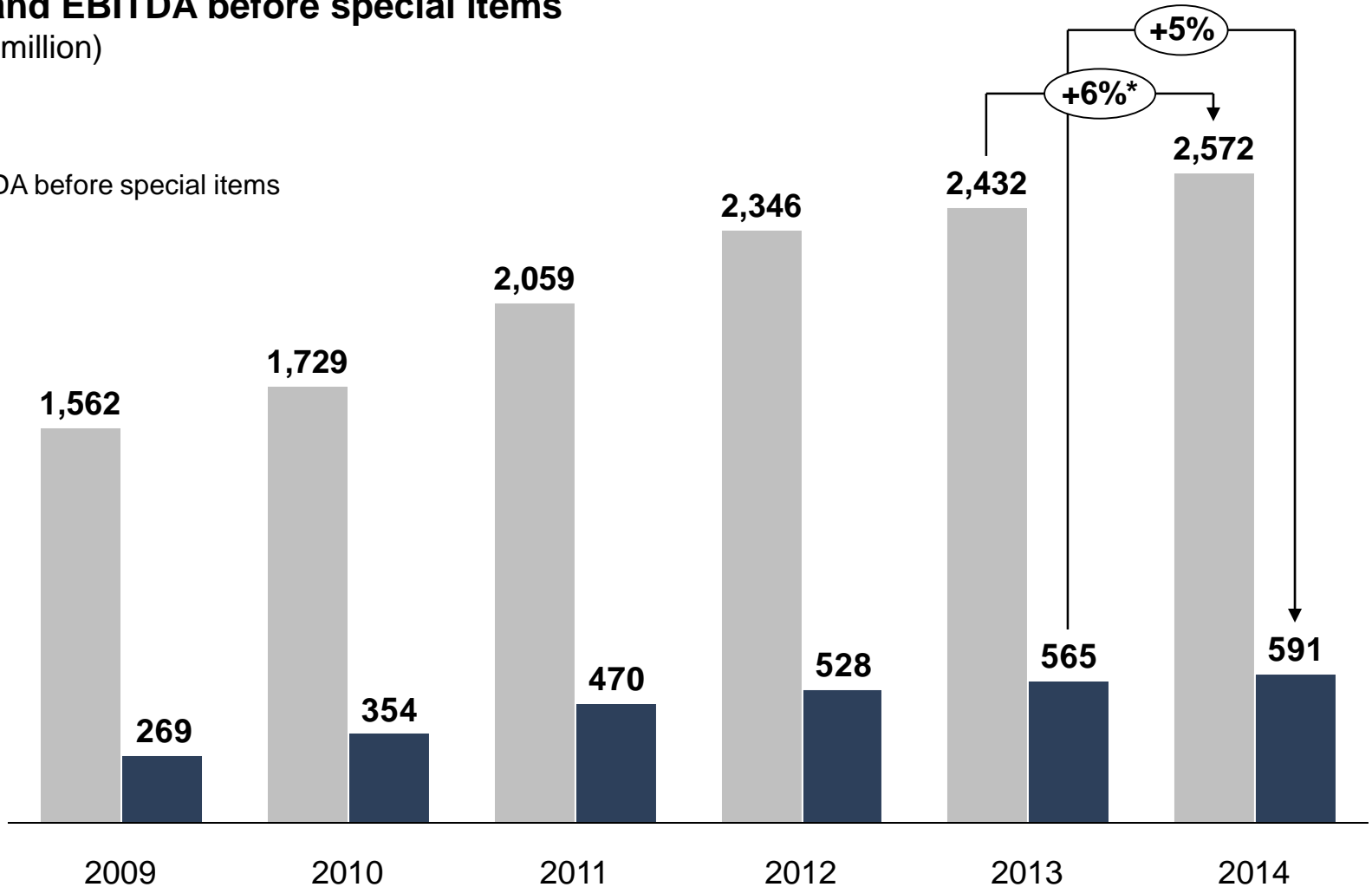
HUGO BOSS achieves solid sales and profit growth in 2014

Sales and EBITDA before special items

(in EUR million)

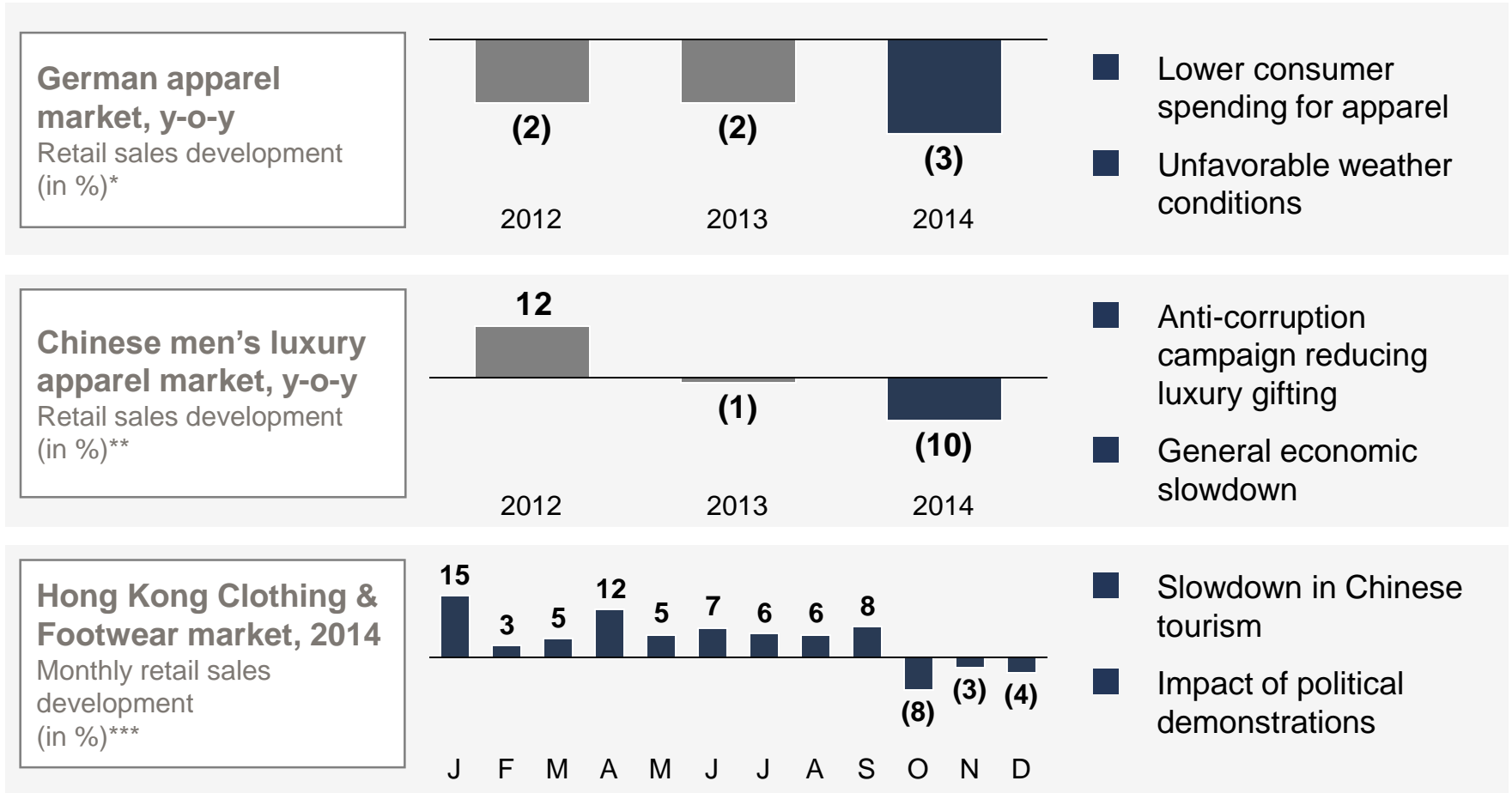
■ Sales

■ EBITDA before special items



*+6% fx-adjusted

Market environment more difficult than expected



*Source: TextilWirtschaft, based on TW-Testclub Panel

**Source: Bain & Company, 2014 China Luxury Market Study

***Source: Hong Kong Census and Statistics Department

Globally balanced footprint secures solid growth

Currency-adjusted sales development

FY 2014

(in %)

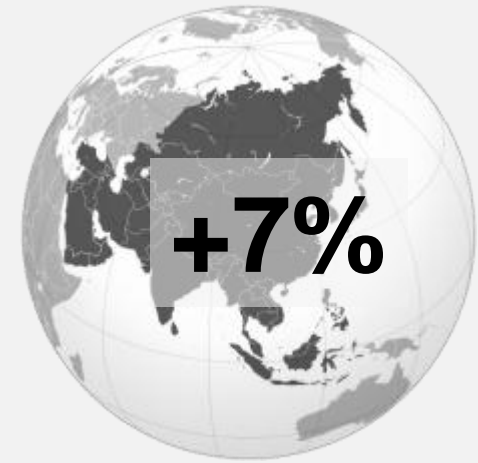
Europe



Americas



Asia/Pacific



Strength in core European markets shields the Group from economic turbulence elsewhere

Retail expansion continues

Number of own retail stores as of December 31, 2014

(December 31, 2013: 1,010)

| | |
|---------------------|--------------------|
| TOTAL | 1,041 (+31) |
| Total selling space | 140,000 sqm (+4%) |
| Openings | 86 |
| thereof takeovers | 20 |
| Closings | 55 |

| | |
|-------------------|------------------|
| Europe* | 595 (+19) |
| Openings | 43 |
| thereof takeovers | 5 |
| Closings | 24 |

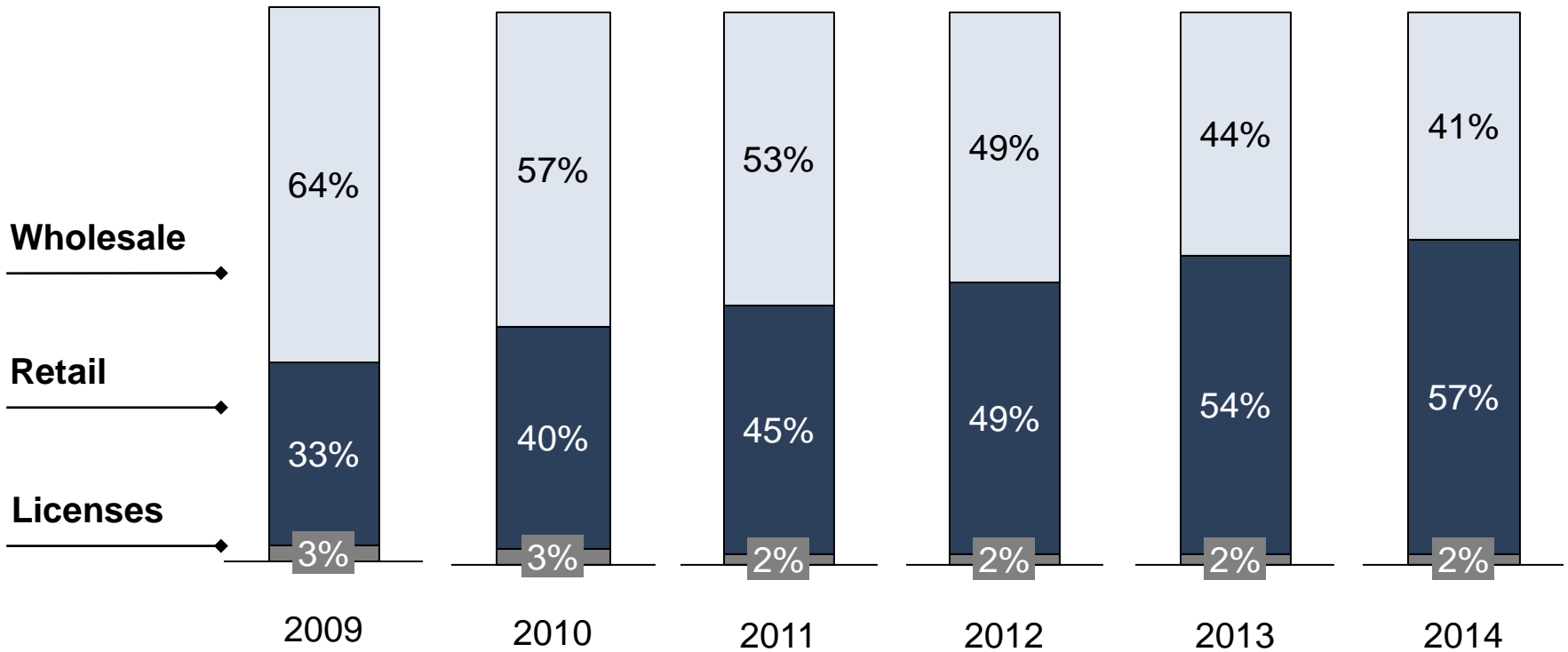
| | |
|-------------------|-----------------|
| Americas | 204 (+4) |
| Openings | 10 |
| thereof takeovers | - |
| Closings | 6 |

| | |
|---------------------|-----------------|
| Asia/Pacific | 242 (+8) |
| Openings | 33 |
| thereof takeovers | 15 |
| Closings | 25 |

*Incl. Middle East and Africa

Expansion and productivity improvements drive expansion of retail share

Sales by distribution channel



Retail to account for at least 75% of Group sales by 2020

HUGO BOSS has reached a new level in womenswear



▶ BOSS Womenswear sales up 18% currency-adjusted, overall womenswear business +11%

HUGO BOSS wins important brand rankings in Germany and China

Germany



- HUGO BOSS named „Best Fashion Brand“
- Independent study conducted by market research institute GfK
- Based on commercial success and emotional appeal
- Sample: 1,000 Germany-based consumers

China



- HUGO BOSS named „Best Fashion Label for Men“
- Independent study conducted by The Hurun Research Institute
- Most important ranking in the Chinese luxury goods market
- Sample: 376 mainland Chinese individuals with a personal wealth of at least RMB 10 million

New flat-packed goods distribution center in Germany fully operational



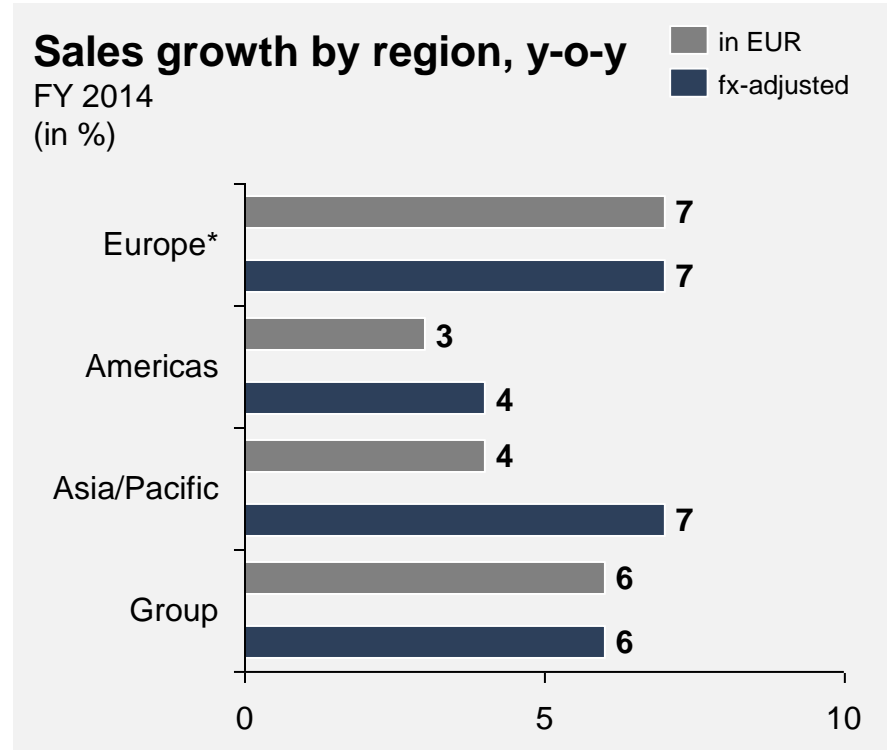
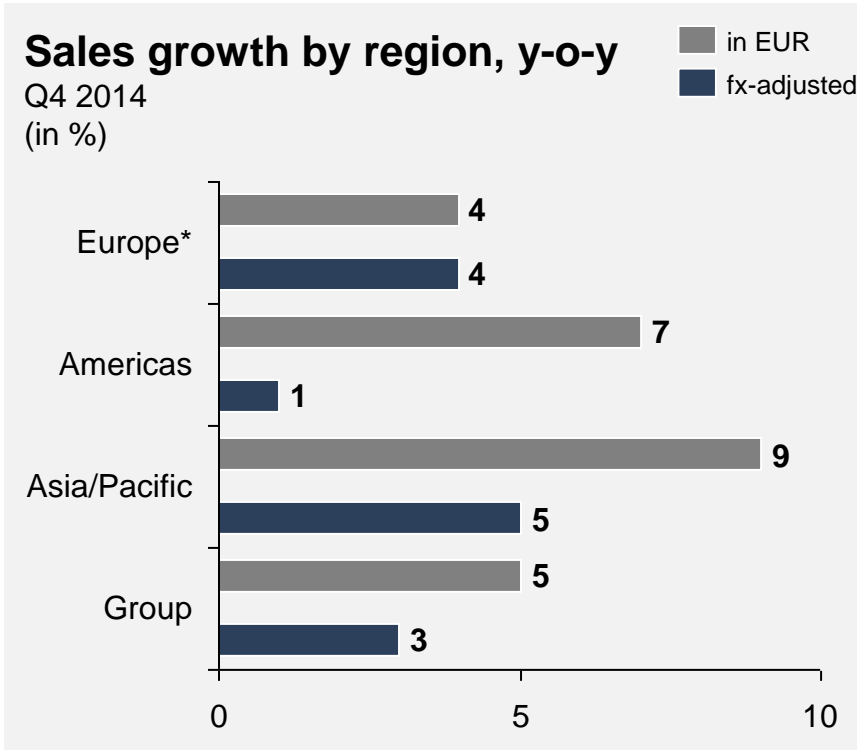
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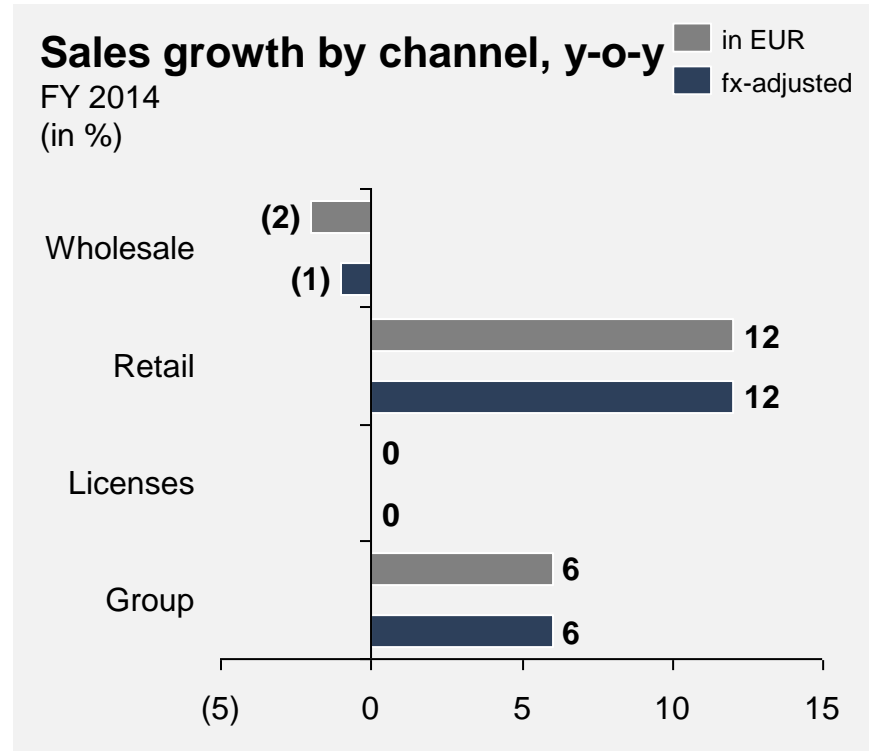
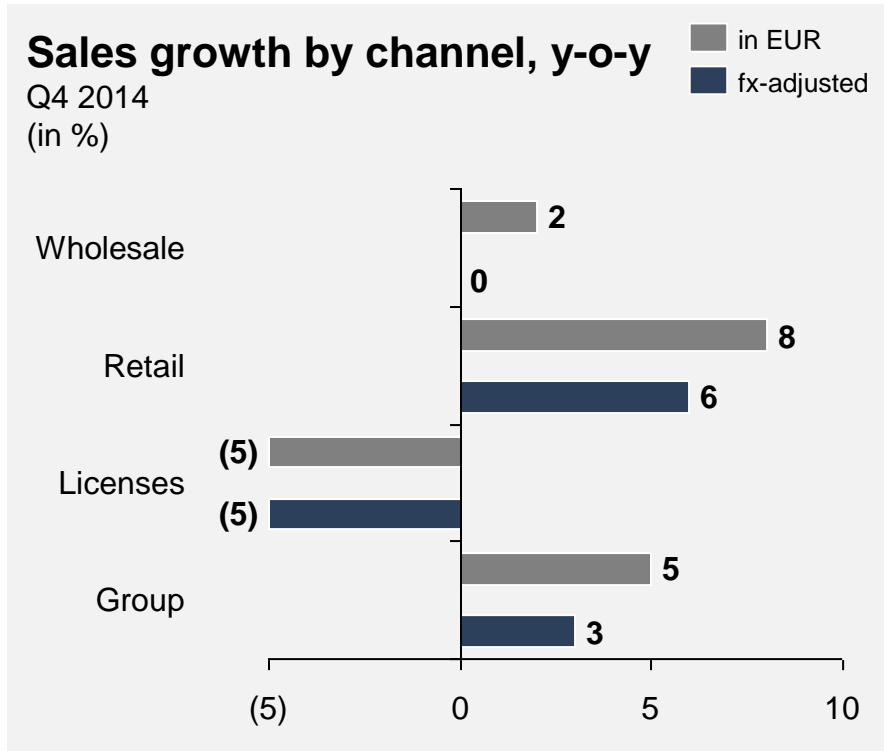
All regions contribute to Group sales growth in 2014



- UK remains **Europe's** fastest growing market, up 16% currency-adjusted in 2014
- Double-digit growth in own retail more than offsets decline in wholesale in the **Americas**
- Growth in **Asia/Pacific** driven by strong performance in Oceania and Japan

*Incl. Middle East and Africa

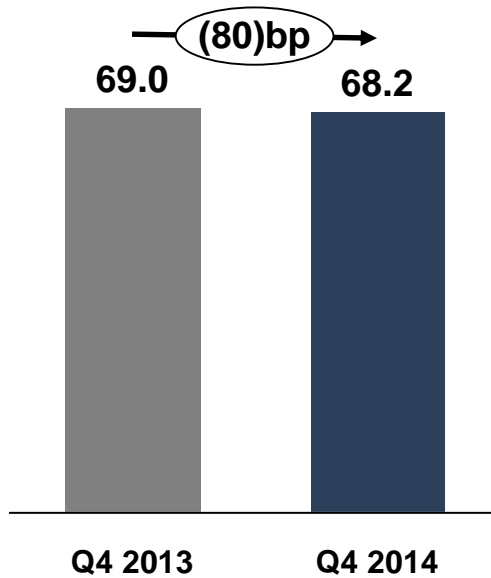
Retail continues to drive Group sales increases



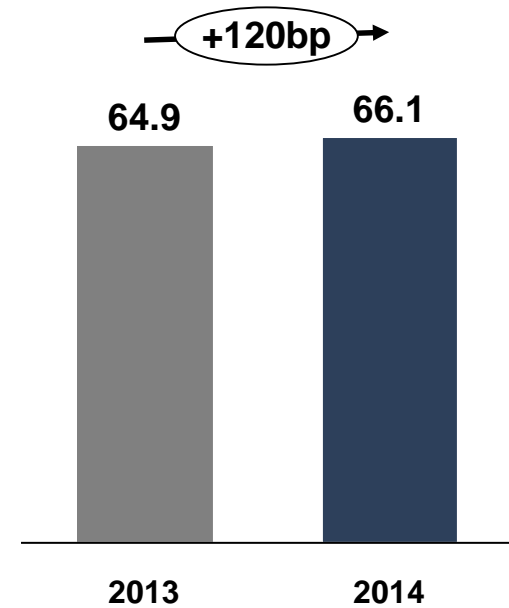
- **Wholesale** performance affected by takeovers and industry consolidation
- Growth in **own retail** supported by store expansion and comp store sales growth of 3% (Q4: 0%)
- Weaker fragrance business offsets improvements in watches and eyewear in **license business**

Robust full year gross profit margin improvement

Fourth quarter



Full year



- Strong comparison base
- Above-average growth of outlet channel
- Moderate increase of rebates

- Positive distribution channel mix
- Lower rebates

EBITDA grows despite higher operating expenses

| in EUR million | | | |
|--------------------------------------|----------------|----------------|-------------|
| | 2014 | 2013 | Change in % |
| Sales | 2,571.6 | 2,432.1 | 6 |
| Gross profit | 1,699.1 | 1,579.6 | 8 |
| In % of sales | 66.1 | 64.9 | 120 bp |
| Selling and distribution expenses | (994.9) | (891.6) | (12) |
| Administration expenses | (236.2) | (228.5) | (3) |
| Other operating income and expenses | (19.3) | (3.3) | >(100) |
| Operating result (EBIT) | 448.7 | 456.2 | (2) |
| In % of sales | 17.4 | 18.7 | (130) bp |
| Financial result | (11.6) | (22.7) | 49 |
| Earnings before taxes | 437.1 | 433.5 | 1 |
| Income taxes | (102.6) | (100.1) | (2) |
| Net income | 334.5 | 333.4 | 0 |
| Attributable to: | | | |
| Equity holders of the parent company | 333.3 | 329.0 | 1 |
| Earnings per share (EUR)* | 4.83 | 4.77 | 1 |
| EBITDA before special items | 590.8 | 564.7 | 5 |
| In % of sales | 23.0 | 23.2 | (20) bp |
| Special items | (19.3) | (3.3) | >(100) |

- Own retail expansion main driver of higher **selling and distribution expenses**
- **Marketing expenditures** increase by 60 basis points to 6.3% of sales
- Moderate increase in **administration costs** demonstrates tight overhead cost management
- **Other operating expenses** linked to distribution changes and consolidation of production facilities
- Improved **financial result** due to reduction of debt and lower interest rates

*Basic and diluted earnings per share

Region Europe records solid margin improvement

Segment profit

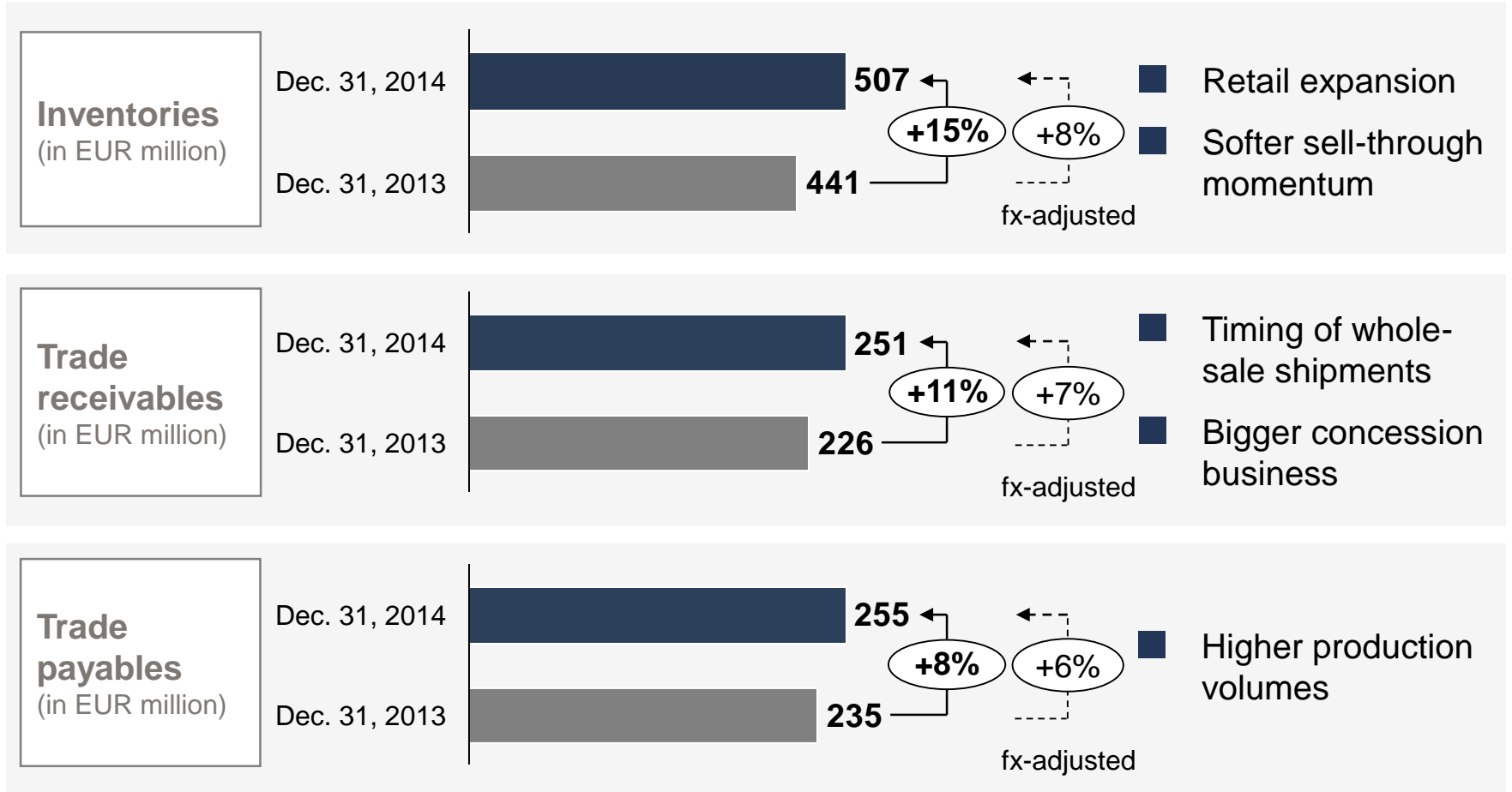
in EUR million

| | 2014 | In % of sales | 2013 | In % of sales | Change in % |
|--|----------------|---------------|----------------|---------------|-------------|
| Europe* | 536.1 | 34.2 | 490.2 | 33.6 | 9 |
| Americas | 151.1 | 25.8 | 152.0 | 26.7 | (1) |
| Asia/Pacific | 112.2 | 31.1 | 117.3 | 33.8 | (4) |
| Licenses | 49.1 | 85.2 | 49.3 | 85.2 | 0 |
| Segment profit operating segments | 848.5 | 33.0 | 808.8 | 33.3 | 5 |
| Corporate units/consolidation | (257.7) | | (244.1) | | (6) |
| EBITDA before special items | 590.8 | 23.0 | 564.7 | 23.2 | 5 |

- Healthy top line growth and better gross margin support operating margin increase in **Europe**
- Higher operating expenses outweigh gross margin improvement in the **Americas**
- Mixed comp store sales performance and cost increases cause operating deleverage in **Asia/Pacific**

*Incl. Middle East and Africa

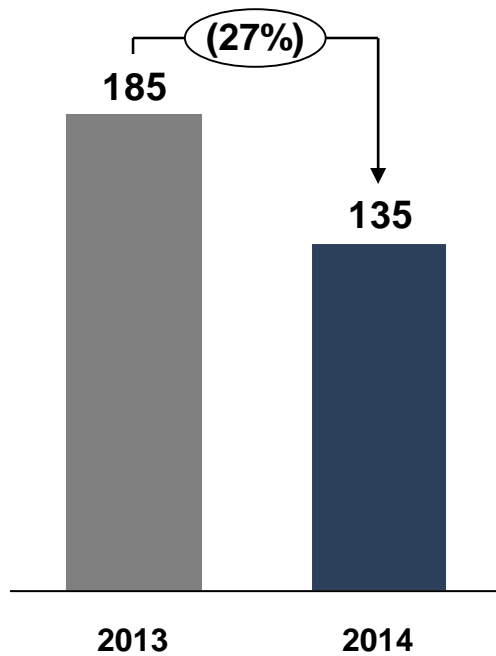
Trade net working capital increases despite moderation of inventory growth



Trade net working capital up 16% to EUR 503 million

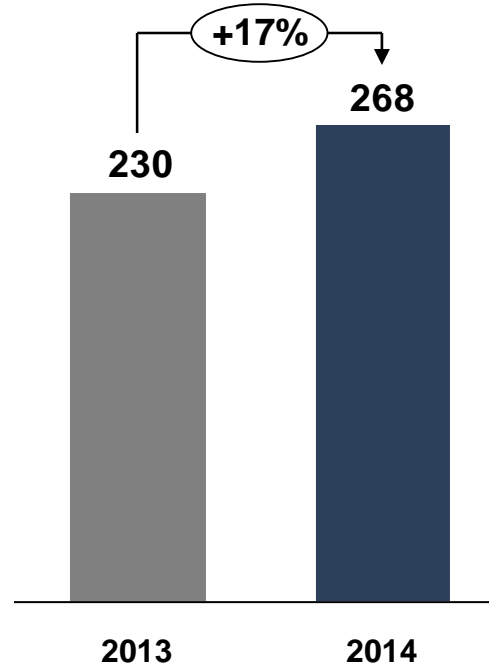
Robust free cash flow growth

Investments
(in EUR million)



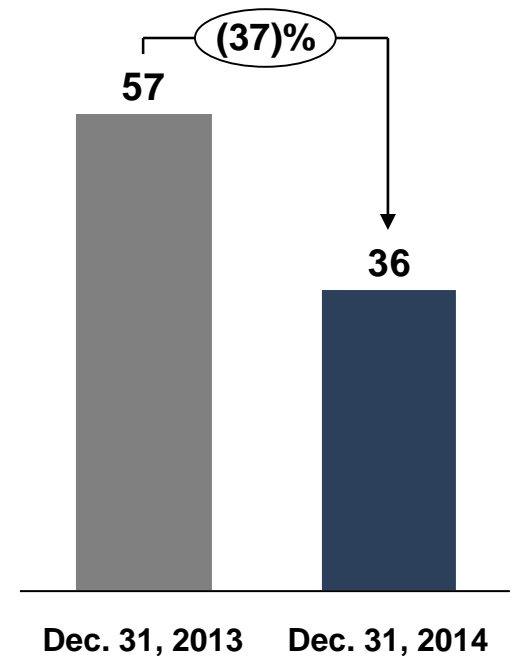
■ Non-recurrence of prior year distribution center investments

Free cash flow
(in EUR million)



■ Increase mainly due to lower investments

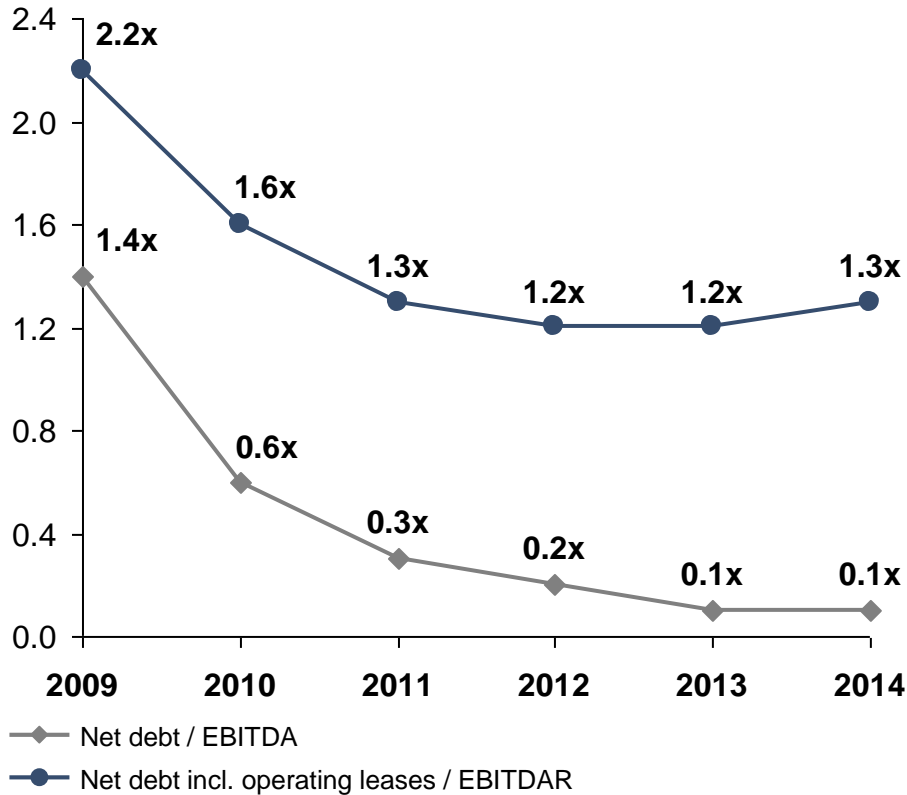
Net debt
(in EUR million)



■ Increase of FCF supports net debt reduction

Adjusted financial leverage has remained broadly stable over the last years

(Adjusted) financial leverage

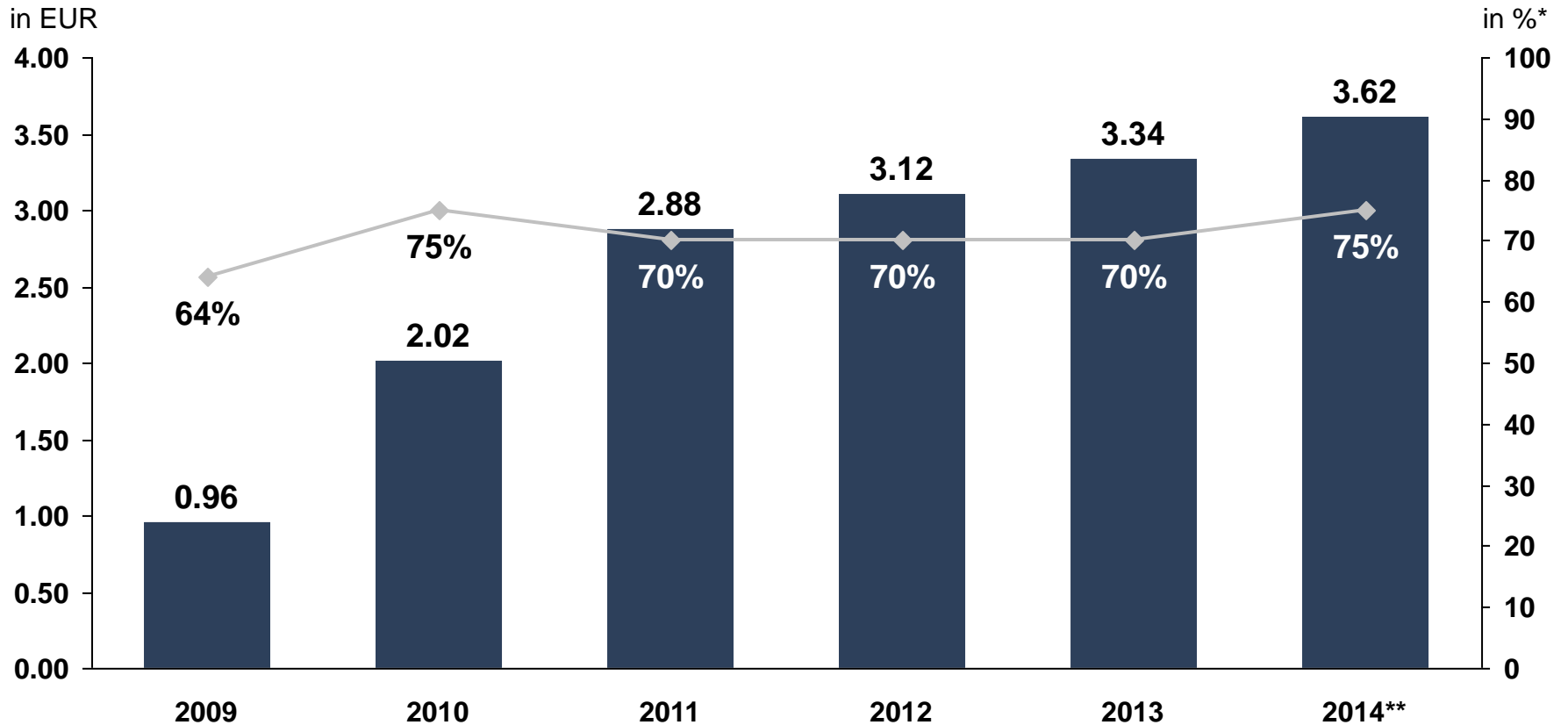


- Adjusted financial leverage reflects profitability improvements offset by higher operating lease obligations
- Management comfortable with current levels of above one

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

Proposed dividend increases payout ratio to 75%

Dividend and payout ratio



Proposal in line with dividend policy of 60% to 80% payout of consolidated net profit

*As a percentage of net profit attributable to the shareholders of the parent company // **2014: Dividend proposal

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Growth strategy 2020 to drive further profitable growth



Elevate the BOSS core brand by engaging consumers emotionally



Leverage the brand's potential in womenswear and shoes & accessories



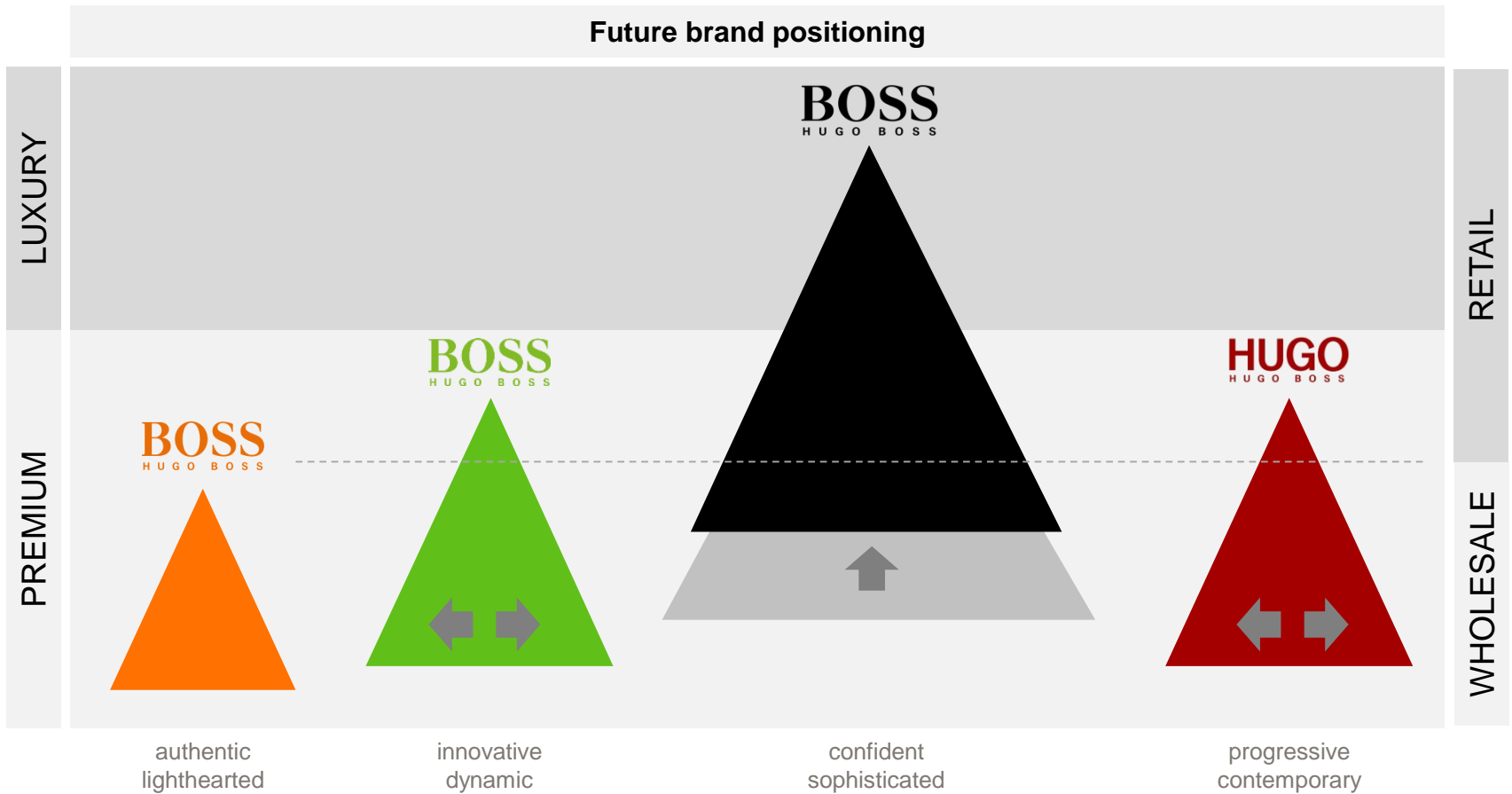
Build omnichannel to drive own retail online and offline



Exploit growth opportunities in under-penetrated markets

Further build the Group's operational strength to enable key strategy implementation

Increasingly nuanced portfolio to support BOSS brand elevation



HUGO and BOSS Green to replace BOSS in category business

RETAIL

Own stores to increasingly focus on BOSS core brand exclusively



WHOLESALE

Presence of BOSS core brand to become limited to shop-in-shops



Category business focused on HUGO and BOSS Green



Coming collections reflect product elevation in BOSS Womenswear



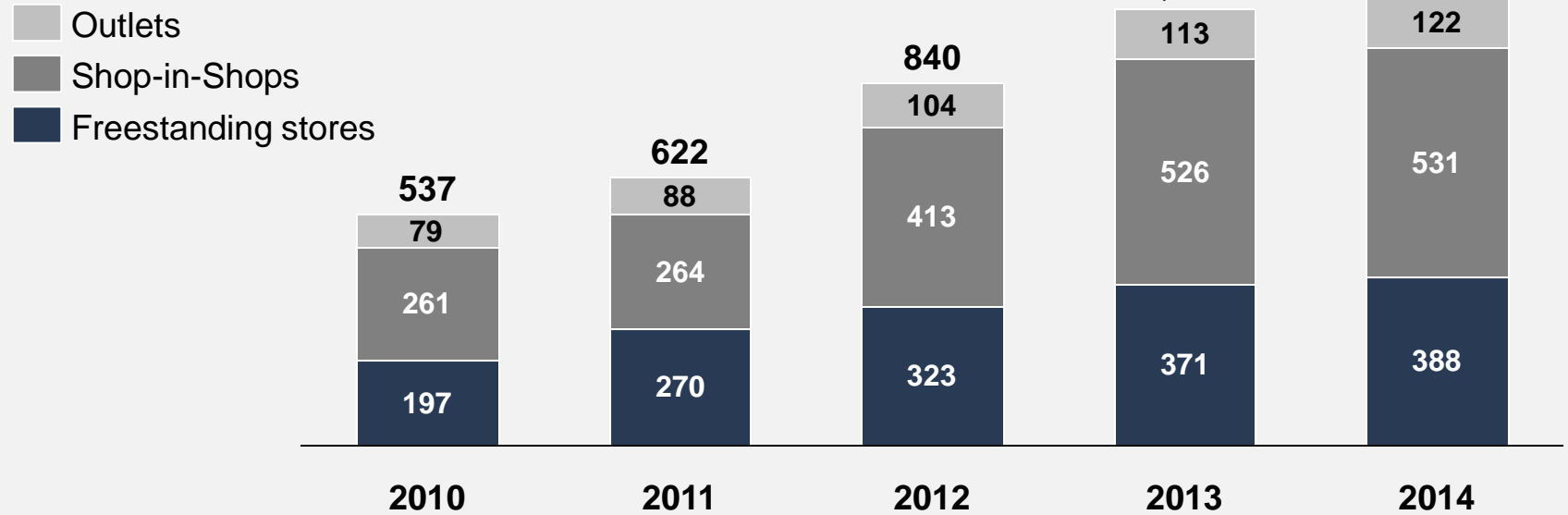
BOSS campaign builds brand's credibility as a fashion destination



New openings and takeovers to contribute to retail expansion

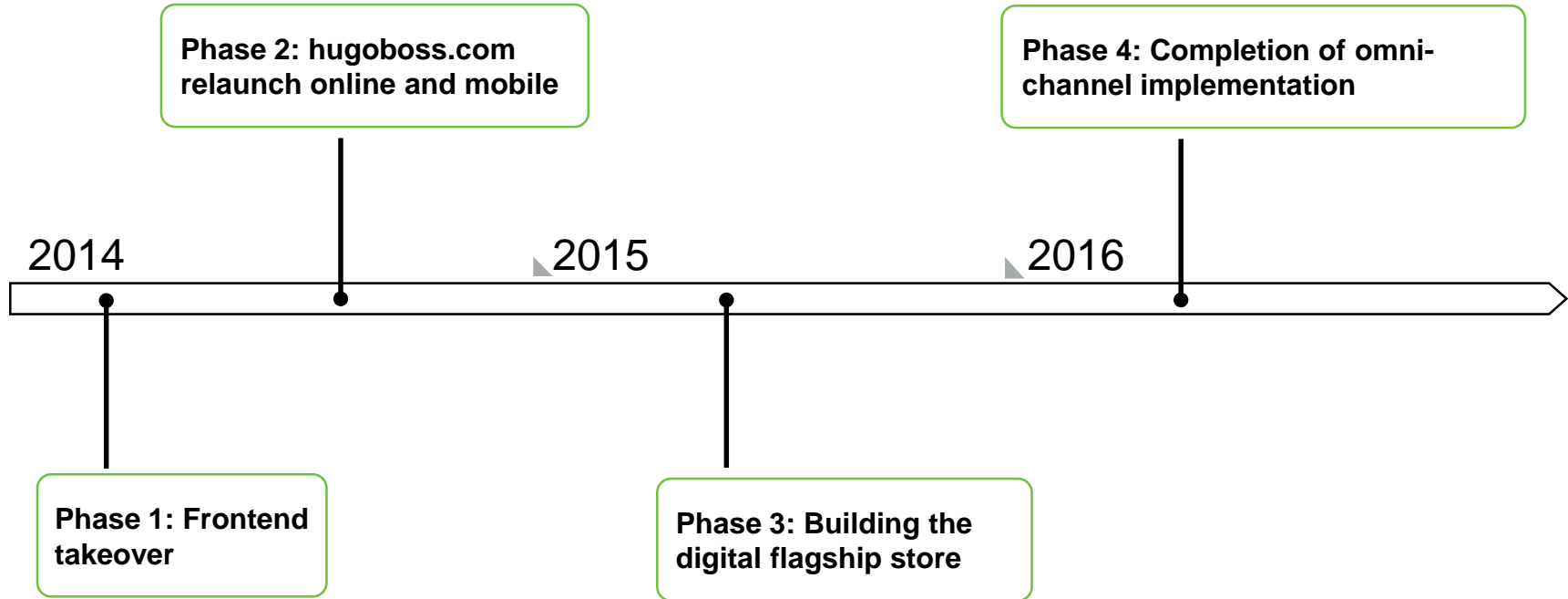
Number of own retail stores

as of December 31



- Around 50 new openings planned in 2015
- Takeovers of franchise stores and shop-in-shops to further add to store count
- Growing importance of renovations

Omnichannel model geared to the demands of today's consumer

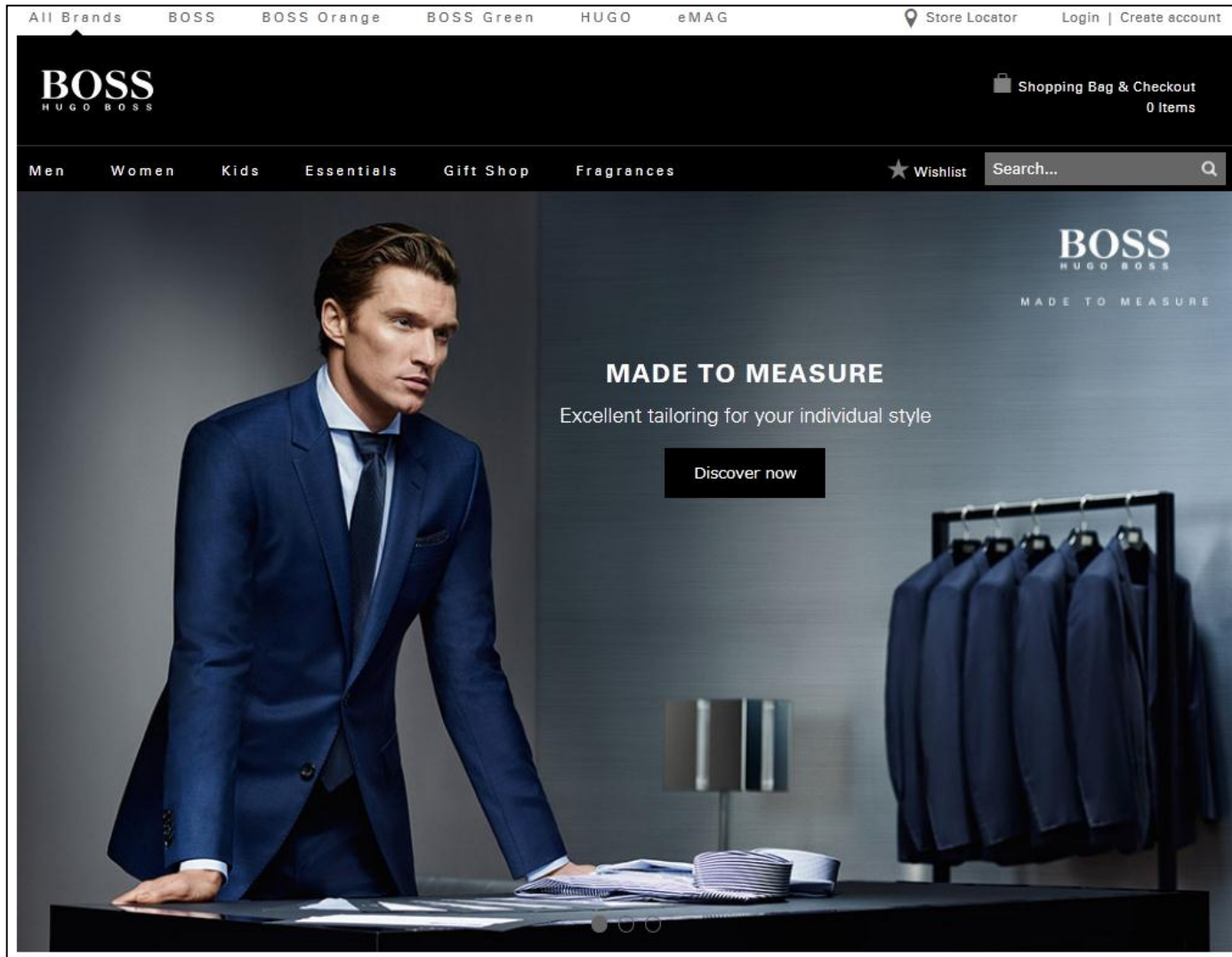


Implementation of omnichannel business model under way

Key digital initiatives defined

| Initiative | Description and rationale | Status |
|-------------------------------------|---|--------|
| Launch of own store frontend | Takeover of Demandware software from former fulfillment partner enabling full control | Done |
| Relaunch of hugoboss.com | Migration of formerly separate eCom and brand worlds driving traffic to store | Done |
| Mobile store upgrade | Seamless integration of mobile store based on responsive design | Done |
| Ongoing store upgrades | Addition of new features to drive in-store experience and usability | 2015 |
| myhugoboss.com / "Mocca" POS system | Integrated customer database enabling store-driven CRM measures | 2015 |
| In-store online ordering | iPad-based in-store ordering from significantly wider online offering | 2016 |
| Order online, exchange in store | Offering standardized and seamless return process for maximum convenience | 2016 |
| Click & Collect | Order online, collect in-store | 2016 |

Takeover of frontend has upgraded overall look and feel



Merger of online store and brand website drives traffic

Before

Two different gateways for eCom store and brand website



Today

Seamless integration of content and commerce



In-store availability feature introduced

All Brands BOSS BOSS Orange BOSS Green HUGO eMAG Store Locator Login | Create account

BOSS HUGO BOSS Shopping Bag & Checkout 0 Items

Men Women Kids Collection Lookbook Specials Fashion Show Search...

Home / BOSS / Men / Clothing / Suits / Slim fit suit 'Huge3/Genius2' in new wool < Back

BOSS HUGO BOSS

Slim fit suit 'Huge3/Genius2' in new wool by BOSS

model Huge3/Genius2 50286515 Dark Blue

£500.00

Including VAT | Standard delivery free

Color: Dark Blue

Size

Select

Find in store Size Chart

Add to Shopping Bag

DESCRIPTION DETAILS MATERIAL & CARE

The model wears size EU/50 and has a height of 188 cm , bust of 93 cm, waist of 78 cm and a hip of 104 cm .

Stylish suit (slim fit) by BOSS made of pure new wool in a checked pattern. The notch lapel of this 2-button jacket is decorated with fine felt on the undercollar. 2 side-back vents, 2 waist darts at the front and 3 panel seams at the back ensure a masculine silhouette and a high level of comfort. The elegant profile of this (Show more...)

- Provides real-time store inventory information
- Enables search for product in other stores
- Locates closest store in relation to customer's IP address or GPS position

Further improvement of retail execution to support solid growth in Europe

- Tough industry environment and weak customer footfall in many markets
- Focus on improving in-store experience as well as customer service and relationship management
- Underpenetrated categories and markets offer attractive opportunities



BOSS Store Zurich, Bahnhofstrasse

Brand control key for success in the Americas

- Promotional market environment set to continue for foreseeable future
- Important retail-related process improvements under way
- Focus on upgrade of brand presentation in US wholesale business



BOSS Store Washington DC, City Center

Strategic progress in China adds to strength of other markets in Asia

- Growing momentum in formalwear to support further share gains in China despite ongoing market weakness
- Confident outlook for Australia and Japan
- Direct control of trendsetting South Korean market to improve market position

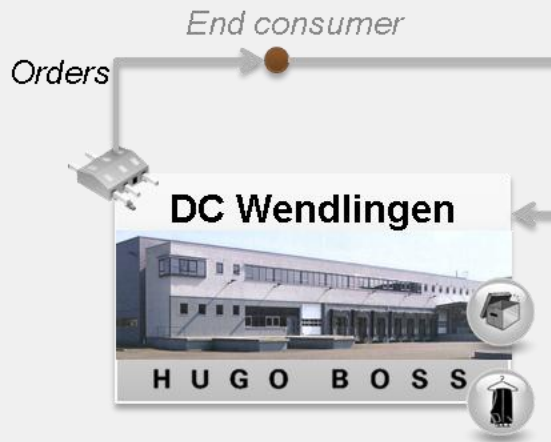


BOSS Store Osaka, Shinsaibashi

B2C distribution center builds foundation for omnichannel

B2C Warehouse Wendlingen, Germany

- Former flat-packed goods facility to serve as a B2C distribution center going forward

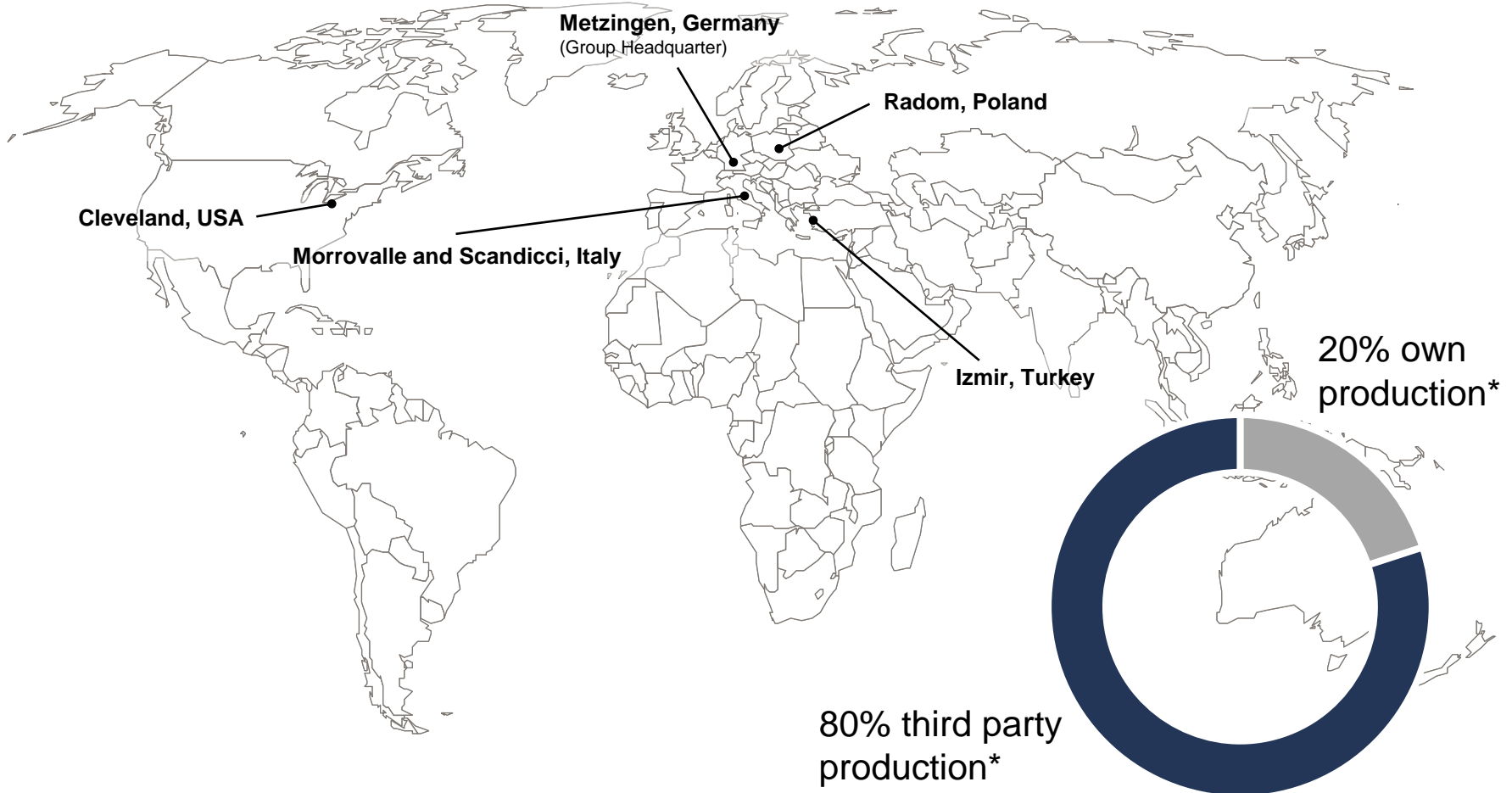


- Key tasks: Storage, packing, return handling, product refurbishment
- Handling of product returns from all European markets and sales channels
- Remodeling currently under way

Launch of new systems refines retail management

| | Retail Merchandise Planning | Retail Assortment Planning |
|---------------------------|--|--|
| Purpose | <ul style="list-style-type: none"> ■ Systems-based planning process based on sales, margins and stock levels | <ul style="list-style-type: none"> ■ SAP-based assortment planning approach based on store capacity, location characteristics and product lifecycles |
| Main operational benefits | <ul style="list-style-type: none"> ■ Detailed pre-season budgeting based on expected demand ■ Flexible in-season monitoring of performance versus plan | <ul style="list-style-type: none"> ■ Improved fit of merchandise offering and product availability ■ Consumer-centric collection development |
| Main financial benefits | <ul style="list-style-type: none"> ■ Higher sales ■ Lower inventories | <ul style="list-style-type: none"> ■ Improved full-price sales supporting margins ■ Higher inventory turns |
| Timing of rollout | <ul style="list-style-type: none"> ■ Completion in 2015 | <ul style="list-style-type: none"> ■ Starting with Fall 2016 collection development |

Consolidation of own production network drives operational efficiency



*Percentage based on procurement volumes

Solid growth of sales and operating profit expected in 2015

Outlook 2015

Sales growth (currency-adjusted)

Mid-single-digit rate

Growth of
EBITDA before special items

5% - 7%

Capex

EUR 200 million – EUR 220 million

Own retail network

Around 50 openings (excl. takeovers)

Clear growth plan in place to overcome external challenges

- Group has coped well with market weakness in 2014
- Multi-faceted opportunities provide numerous levers for long-term growth
- Another year of solid financial performance and important strategic progress ahead



BOSS Store Osaka, Shinsaibashi

BACKUP

Brand portfolio

BOSS
HUGO BOSS

BOSS
HUGO BOSS

72%* of Group sales
modern / sophisticated



8%* of Group sales
modern / active



BOSS
HUGO BOSS

HUGO
HUGO BOSS

10%* of Group sales
casual / urban chic



10%* of Group sales
progressive / contemporary



*as of FY 2014

Sales by region 2014

Share of Group sales*



Asia/Pacific

14%



Europe (incl. Middle East and Africa)

23%



Americas

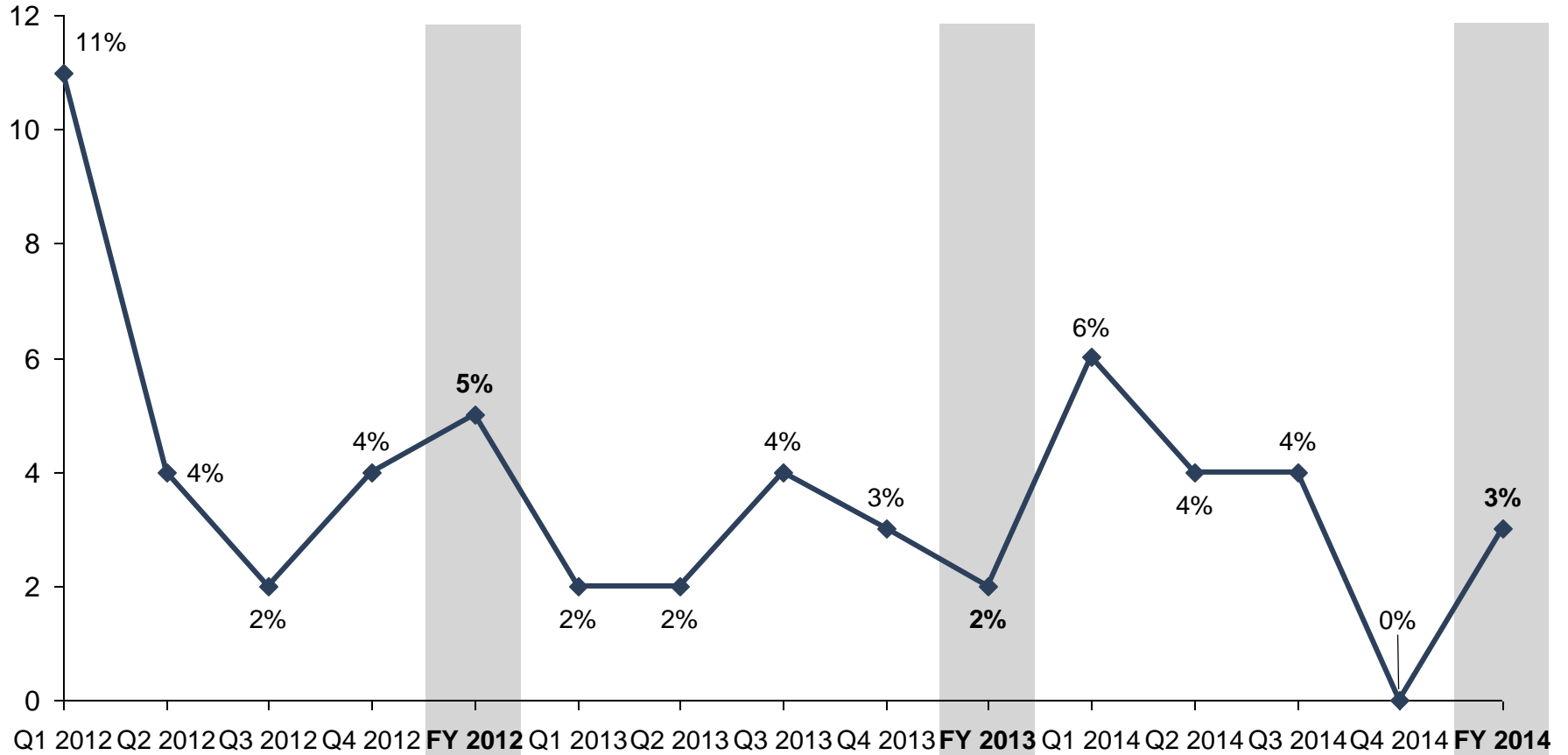
61%

*+2% Licenses

Retail comp stores sales growth

Sales growth retail I-f-I*

◆ Retail I-f-I



*fx-adjusted

Income statement

in EUR million

| | Q4 2014 | Q4 2013 | Change in % | 2014 | 2013 | Change in % |
|--------------------------------------|--------------|--------------|-------------|----------------|----------------|-------------|
| Sales | 683.6 | 649.0 | 5 | 2,571.6 | 2,432.1 | 6 |
| Cost of sales | (217.3) | (200.9) | (8) | (872.5) | (852.5) | (2) |
| Gross profit | 466.3 | 448.1 | 4 | 1,699.1 | 1,579.6 | 8 |
| In % of sales | 68.2 | 69.0 | (80) bp | 66.1 | 64.9 | 120 bp |
| Selling and distribution expenses | (289.0) | (264.5) | (9) | (994.9) | (891.6) | (12) |
| Administration expenses | (56.3) | (64.9) | 13 | (236.2) | (228.5) | (3) |
| Other operating income and expenses | (15.9) | 0.1 | >(100) | (19.3) | (3.3) | >(100) |
| Operating result (EBIT) | 105.1 | 118.8 | (12) | 448.7 | 456.2 | (2) |
| In % of sales | 15.4 | 18.3 | (290) bp | 17.4 | 18.7 | (130) bp |
| Net interest income/expense | (1.1) | (6.9) | 84 | (4.5) | (14.4) | 69 |
| Other financial items | (3.4) | (0.1) | >(100) | (7.1) | (8.3) | 14 |
| Financial result | (4.5) | (7.0) | 36 | (11.6) | (22.7) | 49 |
| Earnings before taxes | 100.6 | 111.8 | (10) | 437.1 | 433.5 | 1 |
| Income taxes | (25.3) | (26.1) | 3 | (102.6) | (100.1) | (2) |
| Net income | 75.3 | 85.7 | (12) | 334.5 | 333.4 | 0 |
| Attributable to: | | | | | | |
| Equity holders of the parent company | 75.3 | 84.4 | (11) | 333.3 | 329.0 | 1 |
| Non-controlling interests | 0 | 1.3 | (100) | 1.2 | 4.4 | (73) |
| Earnings per share (EUR)* | 1.09 | 1.22 | (11) | 4.83 | 4.77 | 1 |
| EBITDA before special items | 167.4 | 157.3 | 6 | 590.8 | 564.7 | 5 |
| In % of sales | 24.5 | 24.2 | 30 bp | 23.0 | 23.2 | (20) bp |
| Special items | (15.9) | 0.1 | >(100) | (19.3) | (3.3) | >(100) |

*Basic and diluted earnings per share

5-Year Overview

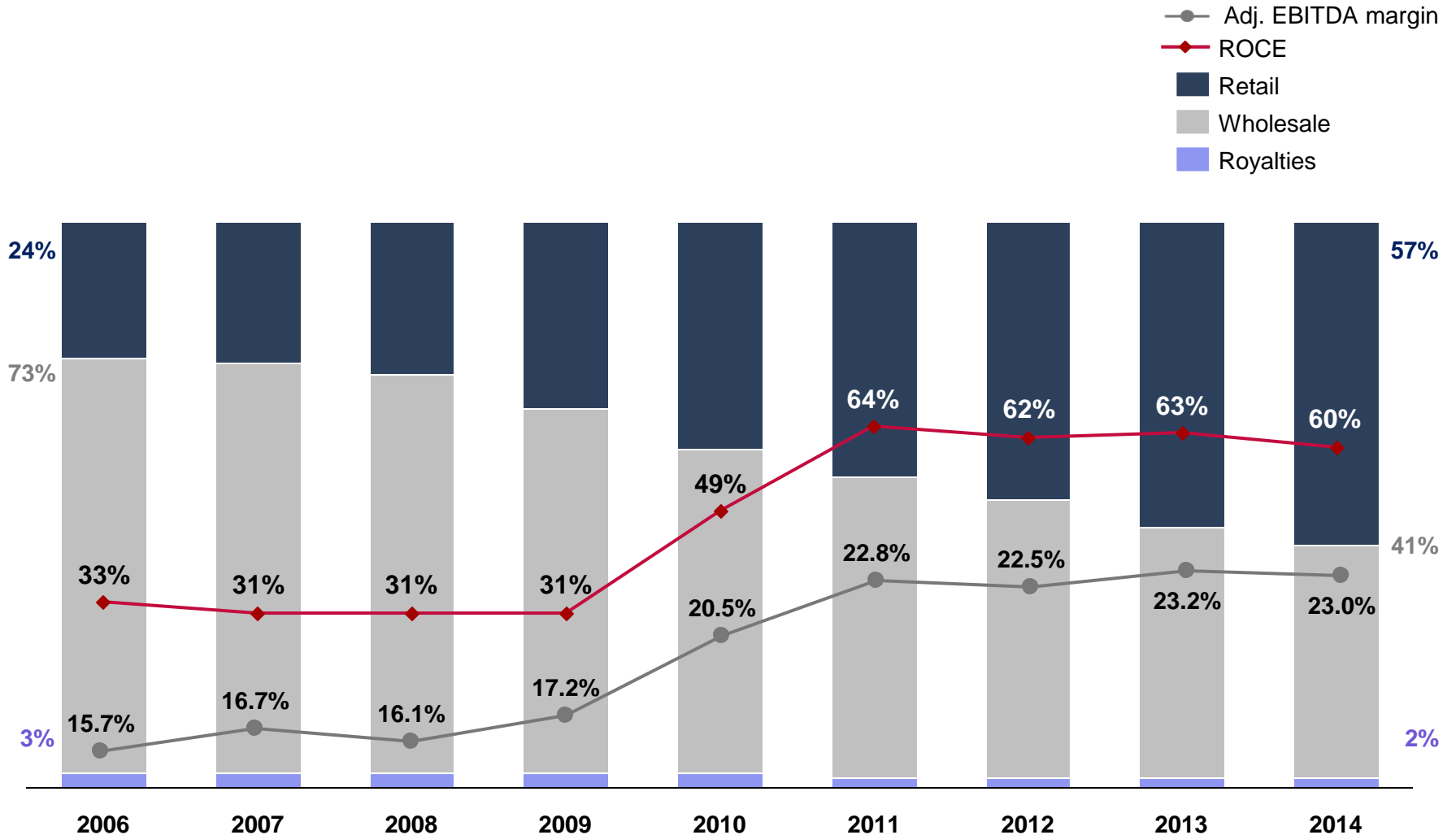
| in EUR million | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------|---------|---------|---------|---------|
| Earnings Position | | | | | |
| Sales | 2,571.6 | 2,432.1 | 2,345.9 | 2,058.8 | 1,729.4 |
| Gross profit | 1,699.1 | 1,579.6 | 1,444.1 | 1,252.0 | 1,022.4 |
| EBITDA | 571.5 | 561.4 | 523.9 | 468.0 | 340.1 |
| EBITDA before special items | 590.8 | 564.7 | 528.1 | 469.5 | 353.7 |
| EBIT | 448.7 | 456.2 | 432.0 | 394.6 | 267.9 |
| Net income attributable to equity holders of the parent company | 333.3 | 329.0 | 306.5 | 284.9 | 188.9 |
| Financial Position and Dividend | | | | | |
| Free cash flow | 268.4 | 230.0 | 220.6 | 194.9 | 246.3 |
| Net debt | 35.7 | 57.0 | 130.4 | 149.1 | 201.1 |
| Capital expenditures | 134.7 | 185.3 | 165.8 | 108.5 | 55.6 |
| Depreciation/amortization | 122.8 | 105.3 | 91.9 | 73.4 | 72.2 |
| Dividend* | 249.8 | 230.5 | 215.3 | 199.1 | 139.7 |
| Asset and Liability Structure | | | | | |
| Total assets | 1,661.8 | 1,501.3 | 1,577.2 | 1,419.6 | 1,342.8 |
| Shareholders' equity | 843.9 | 740.3 | 631.6 | 517.3 | 361.2 |
| Trade net working capital | 503.0 | 431.8 | 408.5 | 399.6 | 322.7 |
| Non-current assets | 660.3 | 611.5 | 587.7 | 503.2 | 454.5 |
| Key Ratios | | | | | |
| Gross profit margin in % | 66.1 | 64.9 | 61.6 | 60.8 | 59.1 |
| Adjusted EBITDA margin in %** | 23.0 | 23.2 | 22.5 | 22.8 | 20.5 |
| Total leverage*** | 0.1 | 0.1 | 0.2 | 0.3 | 0.6 |
| Equity ratio in % | 50.8 | 49.3 | 40.0 | 36.4 | 26.9 |

* Based on dividend proposal

**EBITDA before special items/Sales

***Net financial liabilities/EBITDA before special items and expenses for the stock appreciation rights program

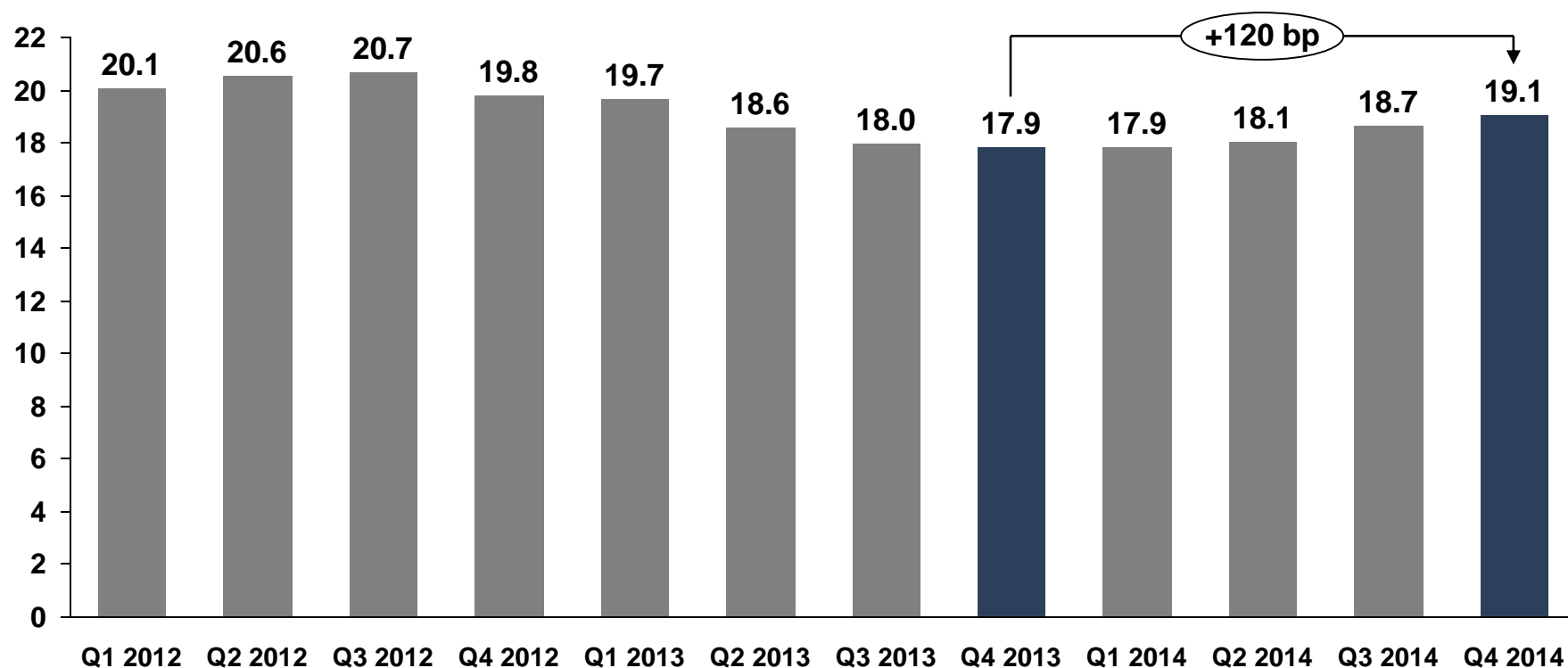
EBITDA margin and ROCE vs. channel mix



Trade net working capital

Average trade net working capital as a percentage of sales by quarter*

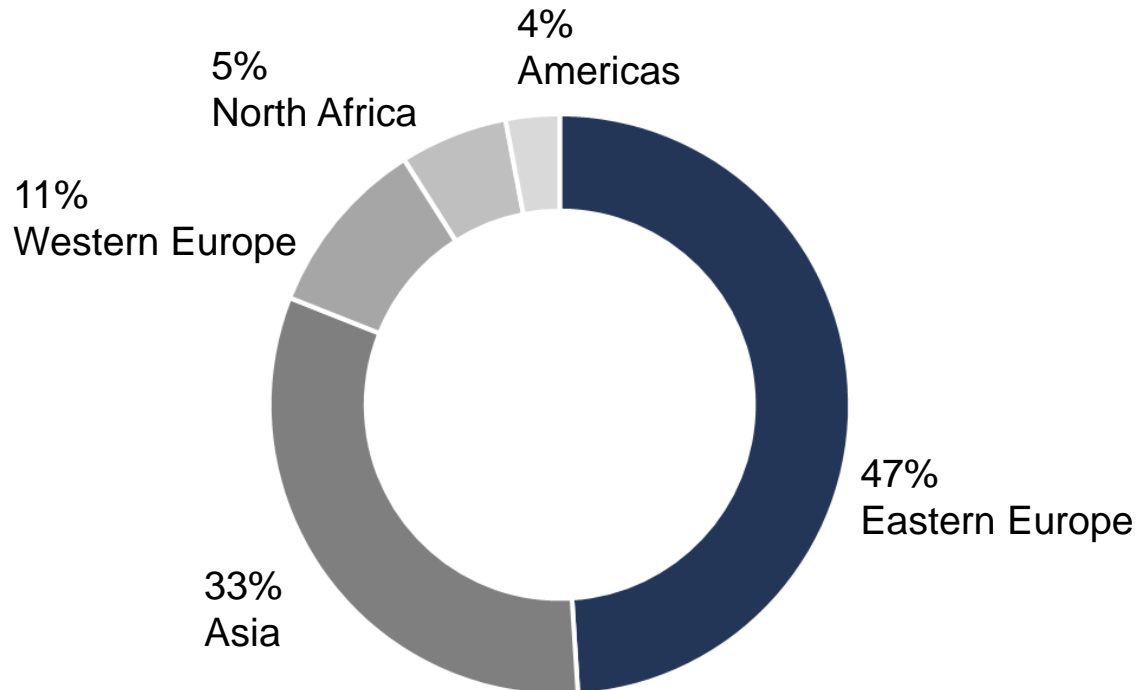
(in %)



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

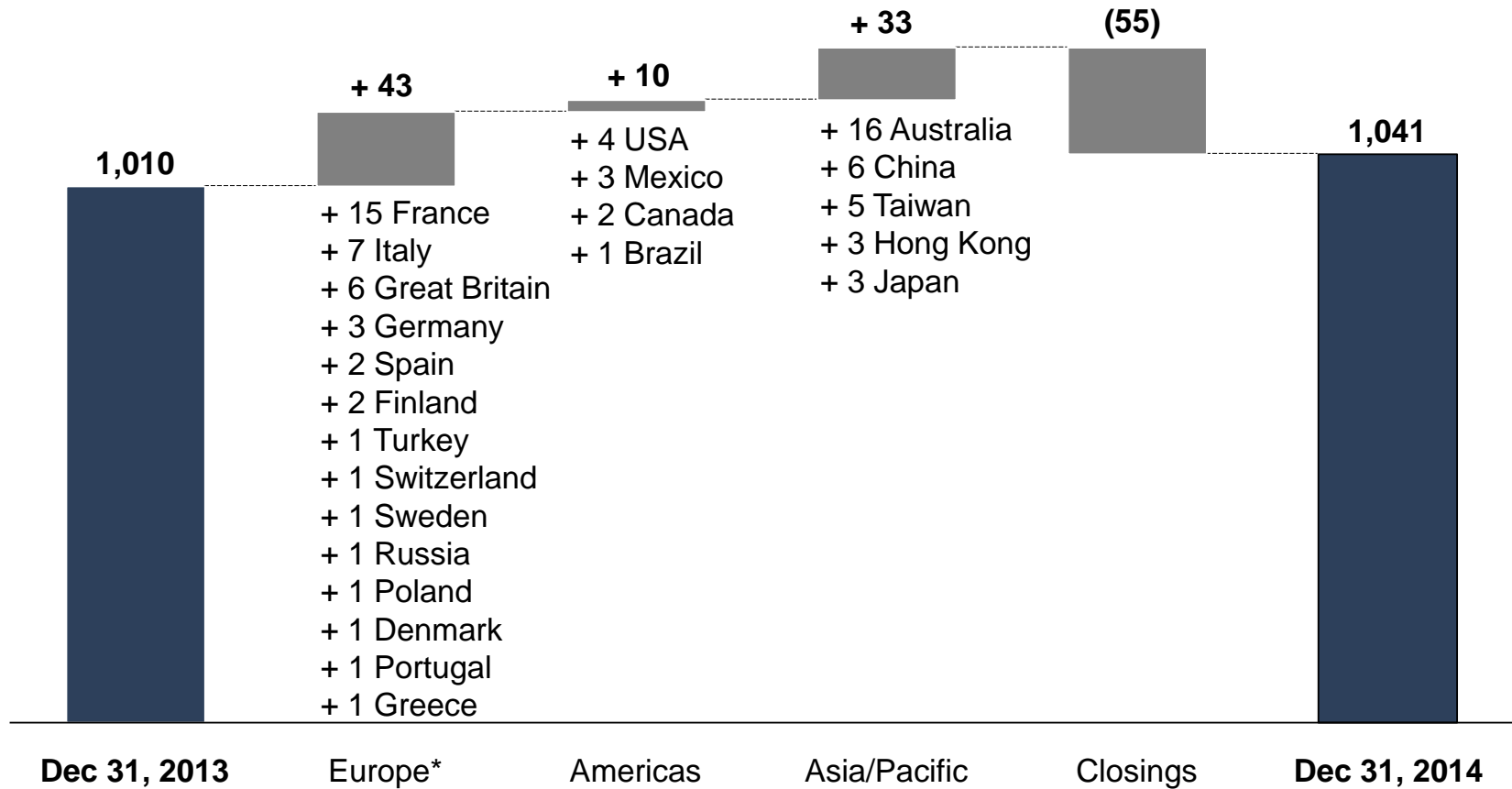
Sourcing structure

Regional split of sourcing and production volume 2014



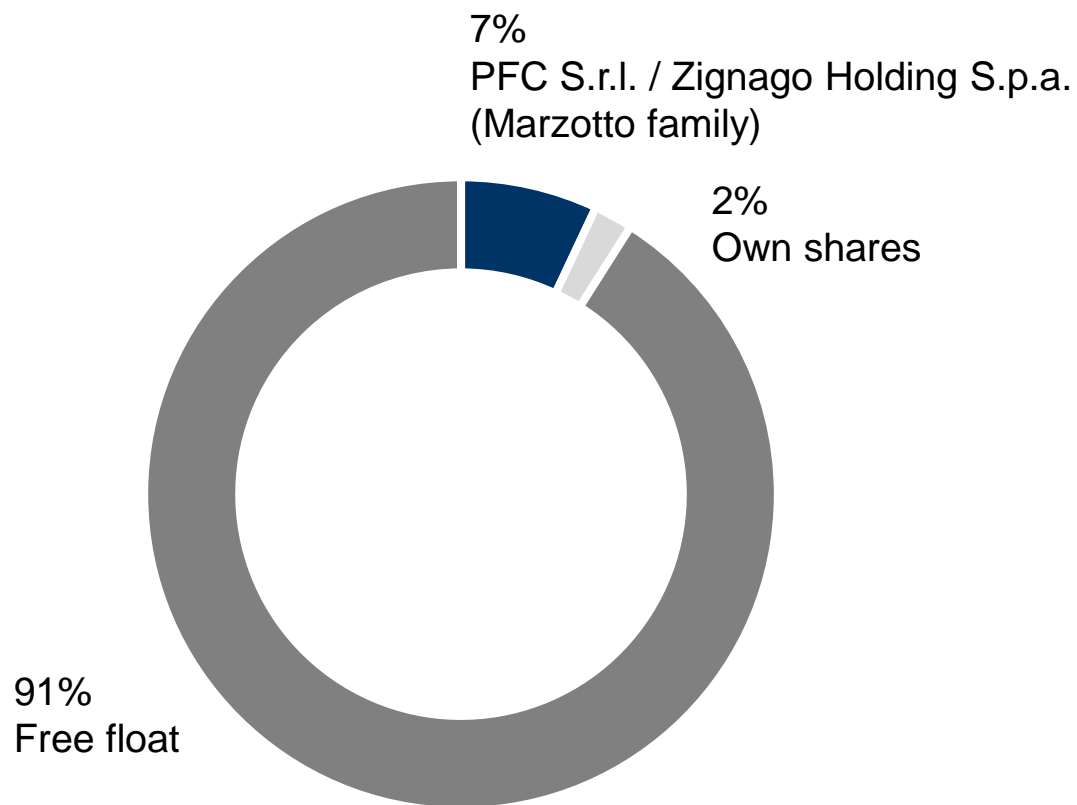
Retail network

Number of own retail stores



*Europe incl. Middle East and Africa

Shareholder structure*



*Based on ad-hoc announcement dated March 16, 2015

Financial calendar 2015

| Date | Event |
|------------------|------------------------------|
| May 6, 2015 | First Quarter Results |
| May 12, 2015 | Annual Shareholders' Meeting |
| August 4, 2015 | First Half Year Results |
| November 3, 2015 | Nine Months Results |

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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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